

## Midwest CHP Meeting

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# DG Tariffs: FERC, NARUC, & Some State Points of View

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# Planning in FERC SMD

[http://www.ferc.fed.us/Electric/RTO/Mrkt-Strct-comments/discussion\\_paper.htm](http://www.ferc.fed.us/Electric/RTO/Mrkt-Strct-comments/discussion_paper.htm)

- ¶335 – Regional Planning Process encompassing transmission, generation, and demand-response
- ¶347 – Planning process ID's all system expansion needs
- ¶348 – ITPs issue RFPs and parties may respond with proposals to expand grid, add generation (including DG), or implement demand response.
- ¶349 – ITP acts as clearinghouse for proposed projects.
- ¶520 -- Annual process, with planning horizon (e.g., 3-years) determined by region

# New FERC White Paper...

- Drop requirement for RFP-driven, all-source planning process
- Greater state & regional planning
- No minimum level of resource adequacy
- Regional transmission plans presented to siting authorities

# New FERC White Paper (2)...

- SMD implementation schedule: tailored, regional
- Market mechanisms to manage congestion included; LMP preferred
- "RTO must encourage market-motivated operating and investment actions for preventing and relieving congestion"
- Include ancillary services markets
- Include demand-response priority

# New FERC White Paper (3)...

- The RTO or ISO is responsible for assessing the impact of [transmission enhancement] proposals in the regional transmission plan while also considering the need... in view of opportunities for energy efficiency, demand response, and new generation technologies, consistent with the policy direction of the regional state committee.

- EEI Summary of FERC White Paper, April 30, 2003

# Interconnection

- Technical Standards thru IEEE P1547, et al.  
<http://grouper.ieee.org/groups/scc21/1547>
- Administrative, contractual, tariff standards thru States for retail, FERC for wholesale
- NARUC "Model DG Interconnection Agreement and Procedures for States"  
<http://www.naruc.org/dgiaip.html> &  
<http://nri.ohio-state.edu/programs/electric/distributedgeneration/main.html>
- FERC ANOPR Standardized Procedures for Interconnecting Small Generators – Aug 16, 2002  
[http://www.ferc.gov/electric/gen\\_inter.htm](http://www.ferc.gov/electric/gen_inter.htm)

# NARUC on Interconnection

- 20 MW or less may have little impact on high voltage T facilities, much greater impact on D system
- Thus NARUC Small Generators Model Rule:
  - ✓ super-expedited process for generators that pass standardized technical screens
  - ✓ efficient study procedures for others
  - ✓ a national standard for states & interconnection providers: more customer friendly and less of a barrier

# NARUC on Interconnection (2)

- If a retail customer enters into a FERC-regulated transaction to sell power to the grid in a FERC-regulated market, then NARUC asks that FERC separate this transaction from the states' continuing jurisdictional responsibility over the physical interconnection of small generators to the local distribution system that all states regulate to serve retail customers safely, reliably, and at just and reasonable prices.



# NARUC on Rate/Tariff Needs

- Combined heat and power
- Peak shaving
- Back-up power
- Primary power
- Load following
- Renewable energy support

# Making simple, fair markets...

- All-source bidding for G, T, & D + demand-response
  - proposed for T in FERC SMD
- Interconnection standards
- Rate structures
- Demand-response in all markets
- De-averaged Distribution Credits  
[www.rapmaine.org/distribution.html](http://www.rapmaine.org/distribution.html)

# NARUC on Demand Response

- State action required for retail customers to have demand-response options
- If states allow such participation, demand-response programs could operate through the RTO tariff

# NARUC on Demand Response (2)

- NARUC says FERC strongly advocates demand response to limit supplier market power, enhance reliability and resource adequacy, and limit price volatility.

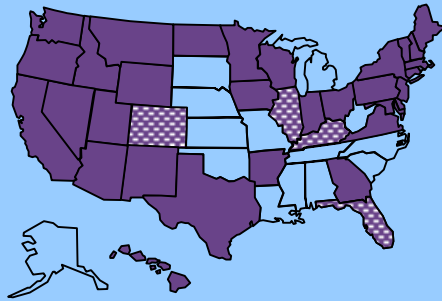
See: [www.naruc.org/programs/dgia/index.shtml](http://www.naruc.org/programs/dgia/index.shtml)

# D-Response in FERC White Paper

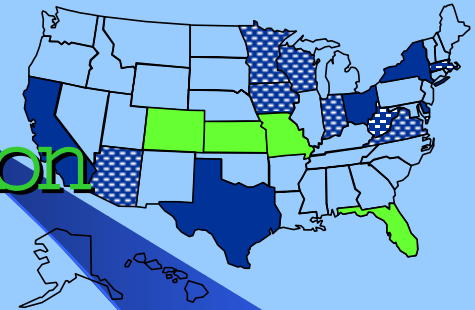
- RTO spot-markets must facilitate ability of demand-response to prices
- RTOs must work with states to facilitate demand-response operated under retail tariffs
- FERC *Order 2000*: no provision for G or D-R resource adequacy

# Major State Policies for DG

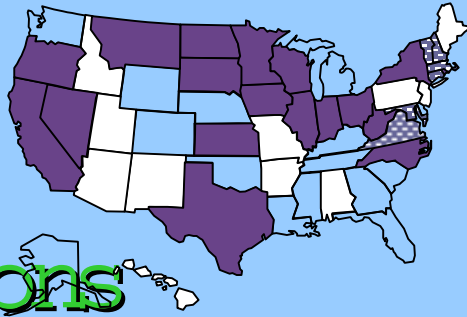
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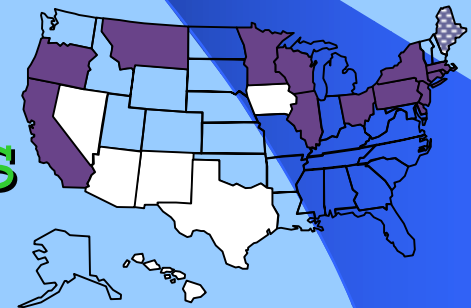
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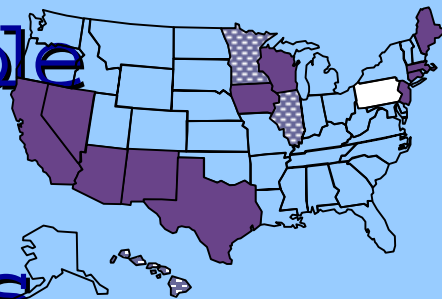
Property  
Tax  
Exemptions



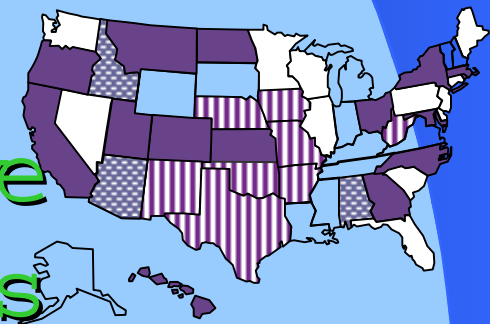
Public  
Benefits  
Trust



Renewable  
Portfolio  
Standards



Tax  
Incentive  
Programs



# DER Resources

- California "DG Strategic Plan"  
[http://www.energy.ca.gov/reports/2002-06-12\\_700-02-002.PDF](http://www.energy.ca.gov/reports/2002-06-12_700-02-002.PDF)
- Distributed Power Coalition of America [www.distributed-generation.com/dpca/](http://www.distributed-generation.com/dpca/)
- Interstate Renewable Energy Council [www.irecusa.org](http://www.irecusa.org) — see DSIRE database
- U.S. DOE "Best Practices" [www.oit.doe.gov/bestpractices/](http://www.oit.doe.gov/bestpractices/)
- U.S. DOE Distributed Energy Resources Program:  
[www.eere.energy.gov/der/](http://www.eere.energy.gov/der/)
- World Alliance for Decentralized Energy  
<http://www.localpower.org/>

# DER References

- Borbely, Anne-Marie and Kreider, Jan F. (2001). *Distributed Generation: The Power Paradigm for the New Millenium*. New York: CRC, [www.crcpress.com](http://www.crcpress.com)
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- Patterson, Walt. (1999). *Transforming Electricity*. Earthscan, [www.rija.org](http://www.rija.org). See also *Keeping the Lights On* (PDF; March 2003).
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