

May 19, 2017

Memo for: the RI DPUC and OER Staffs

From: Pete Galvin (signed)

Subject: Request for Stakeholder Comment, Electric Utility Business Model, Power Sector Transformation Study

I have been impressed with the presentations to date, and the breadth of your initiative. This request for comment is consistent with that approach. Unfortunately, stakeholders like myself, who are not immersed in the day to day operations of the current system, will require more detailed explanatory materials about the existing system in order to fully assist you in considering alternatives. This is particularly so with respect to alternative approaches to compensation. I suspect the Governor and her staff, and legislators, will be in a similar position. I recommend you consider doing a spreadsheet of sorts summarizing current policies, and then some pros and cons for each alternative under consideration.

That said, I do think that letting open market companies (e.g., broadband firms) into the operation of the grid, while providing perhaps more innovative new products for electricity users, and perhaps financial savings, will require some significant oversight changes. A simple example of the need involves Verizon, whose fiber optic cable service I use to connect to the world. Recently, the company decided to get out of the business of running an e-mail service, and gave users 30 days notice to move to other providers. Obviously, this kind of free-market decision would not be acceptable for connections that control electricity use in some manner. There are also security concerns in this regard, and as has been discussed at one of our sessions, the use of a special highly protective channel, like fire services, will be required.

I also want to point out that the options posed did not include a more traditional alternative – turning the operations of an enhanced communications and electrical system to a semi-government agency so as to eliminate profitability issues. This is not intended in any way to be a criticism of National Grid, nor of the many valuable things that have been done with funding surcharges (e.g., energy conservation and renewable efforts), but the pros and cons should be explored like any other as you look at ways to reduce costs and deal with technological change over time. There are some members of the public who favor such a rethinking, and they will look for this in your report.

Finally, I would note that with respect to energy storage as a possible service that the utility could perform, I presume this refers to storage capacity for consumers who cannot afford or otherwise locate for on-site installation, or for multi-day power outages where feasible. The same is true for auto energy, whatever the electric source.

Thanks for your efforts. (PS – Today is the due date and I see no comments posted. I hope you will post mine and all the others very soon.)

