

RHODE ISLAND

DIVISION OF PUBLIC UTILITIES AND CARRIERS

Power Sector Transformation: Technical Session and Inquiry into the Utility Business Model

April, 24th 2017

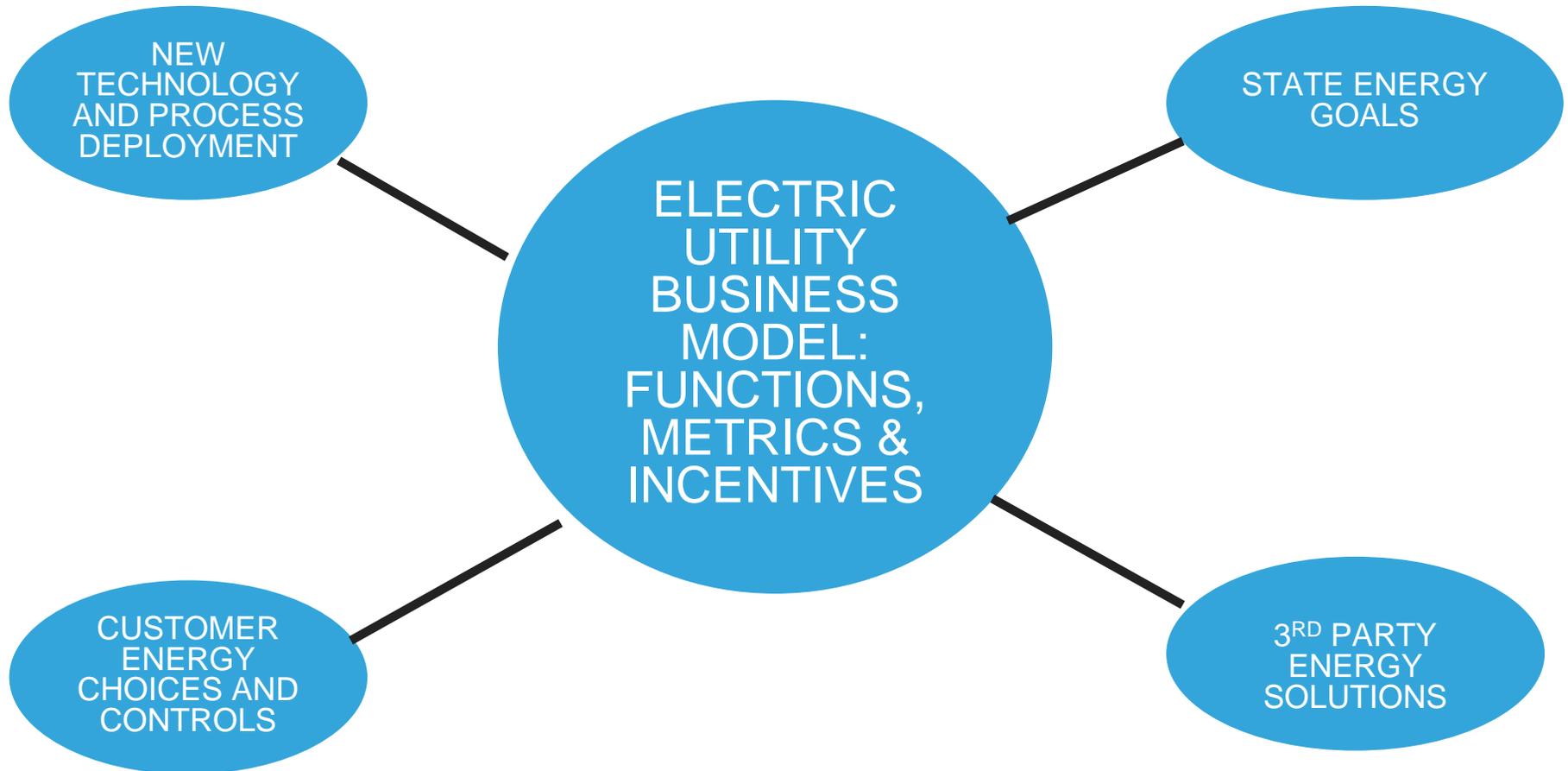


POWER SECTOR TRANSFORMATION

Will shape the ongoing transformation of the electric grid to achieve three policy objectives:

- ◆ Control the long-term costs of the electric system: *system efficiency*
- ◆ Build a flexible grid to integrate more clean energy generation: *system flexibility*
- ◆ Give customers more energy choices: *customer choice*

UTILITY BUSINESS MODEL



UTILITY BUSINESS MODEL CONSIDERATIONS

- Infrastructure Bias: the underlying cost of service model incentivizes infrastructure development over alternative solutions
- Existing precedents: Rhode Island has in place narrow performance incentives. Can these become a foundation for broader review?
- Risk of Obsolescence: how can a business model incentivize long-term technology planning?
- Connectivity: how can a business model incentivize use of software and services which form a key part of data-rich industries?

WHAT FUNCTIONS SHOULD THE UTILITY PERFORM?

- Reliability services
- Data connectivity services
- Network integration services
- Distribution planning services
- Transaction clearing services
- Home energy optimization services
- Data analytic services

HOW SHOULD THE UTILITY BE COMPENSATED FOR THESE SERVICES?

- Should each function fall under the same form of compensation?
- How much of utility revenue should be tied to performance metrics?
- Should rewards and penalties be symmetrical?
- What should metrics measure?

UTILITY BUSINESS MODEL NEXT STEPS

- Questions document released by April 28th
- Responses requested by Monday, May 15th
- Submit by electronic mail to dpuc.powersectortransformation@dpuc.ri.gov
- Straw document for comment in early June.

