

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON
UM 1460

In the Matter of) PUBLIC UTILITY COMMISSION OF) OREGON) DEVELOPMENT OF SMART GRID) OBJECTIVES AND ACTION ITEMS FOR) 2010-2014))) OPENING COMMENTS of the NW Energy Coalition
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The NW Energy Coalition (NVEC) endorses the comments of the Citizens' Utility Board in this proceeding. These comments are in regard to only one additional topic. We believe that the utilities must take a more proactive role in enabling the development by third parties of Smart Grid applications than is discussed in the Staff's Straw Proposal.

NVEC believes that the potential of the Smart Grid to reduce utility costs and emissions is enormous. Two prominent possibilities include:

- Dynamic load response that can provide low-cost reserves of different types to the utility.
- Dynamic load response that can provide ramping, storage and other ancillary services that can integrate renewable generation at low cost.

One can go on about the possibilities, but that is not our point here. Instead, we note that these applications are not yet commercialized—they are only opportunities. To acquire these benefits will require the market to develop the hardware and software needed to control appliances and equipment and communicate with the utility.

But the market will not respond if it cannot either calculate or access the economic value of these applications. What is needed is for each utility to determine its avoided costs of providing these services, and to be required to pay customers or third-party aggregators for them. An analogy would be feed-in tariffs and QF contracts. With these programs, the market knows what it is worth to develop applications, and is assured that price once offered to the utility. The market can then develop the business case for various products, acquire capital, and conduct R&D, confident that it will have a market for its products. Markets need price signals.

NVEC therefore recommends that each utility's SGP include a description of Smart Grid services and benefits, including reserves, ramping, regulation, storage, etc., that end-users might provide to its system. The descriptions should include values (avoided costs) for these services. Finally, the utility should be required to propose tariffs and interconnection standards to enable customers and third-party aggregators to sell these services to the utility.

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