

Distributed Generation – Implications for Utilities and Commissions

Remarks for Georgia Public Service Commission
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In Docket No. 39732 – October 20, 2015 Workshop
to Examine Issues Related to the Value of Renewables and Distributed Energy Resources
in Preparation for the Georgia Power 2016 Integrated Resource Plan

Thank you for the opportunity to participate in this important workshop about how renewable energy and distributed energy resource values can be incorporated into integrated resource planning. I appreciate the opportunity to participate in this workshop, and welcome the opportunity to learn more about this vitally important subject from the many other participants in Docket No. 39732.

Before I begin, let me please give a couple of disclaimers about the remarks I am about to present. First, please understand that the ideas I am going to present are my own, and are not necessarily those of other staff or leadership at NRRI. Nor should my remarks be understood as representing the views of the NRRI board of directors.

Also, at the outset, I wish to say that I am, personally, a supporter of renewable and distributed energy, but I strive to be a fan without being a fanatic. Recognizing my personal preferences for clean, renewable, and distributed energy, I try to maintain a healthy skepticism in the work I do to understand distributed energy technologies and how regulation and utility business models might best be adapted to them.

With that, let me say that I am fully supportive of and I heartily congratulate you all on this effort that you are engaged in now, exploring the best means of including analysis of renewable energy and distributed energy resources in integrated resource planning. This process is similar to other efforts around the U.S., as other states are grappling with many of the same issues. In my recent research for NRRI Report No. 15-08 (p. 2), I report:

Comprehensive reviews about the future of electric utility regulation and business models for utilities, about “grid modernization,” or explicitly about distributed solar business

models and their impacts on utilities and ratepayers, are already underway in Arizona, California, Colorado, Hawaii, Massachusetts, and New York and just starting in the District of Columbia (in Docket FC1130) and Minnesota (in Docket 15-556)

Clearly, this is one of the most important current challenges facing the public utility industry and its regulators. This weekend alone my email included these headlines:

- Hawaii PUC ends net metering program;
- APS claims \$67 monthly solar cost shift in new regulatory filing;
- Supreme Court hears arguments over FERC demand response rule;
- Why energy storage is key to a future with ‘no more gas turbines’;
- Solar plus storage can protect vulnerable communities at no net cost;
- Making solar panels cheaper by making less waste [German researchers technique reducing material losses by 50% while using 80% less energy to manufacture];
- EPA Administrator Gina McCarthy “Clean energy innovation drives economic growth;”
- Three ‘power plays’ for utilities seeking growth;
- The economics of clean power and how the market has outmaneuvered the political forces, so far;
- Becoming customer-centric: Two utilities embrace technology and innovation;
- Distributed Energy Resources can already balance themselves on a local microgrid;
- November conference “Integrating solar, energy storage, and microgrids”; and, just in time,
- “‘Energize’ Your Neighborhood with Energy-Themed Pumpkins.”

Thus, I want to say congratulations, again, to everyone participating in this Docket, for grappling with the many challenges associated with what could prove to be the most sweeping changes in U.S. energy infrastructure and policy in several generations.

Before going any further, I want to take a minute to talk about the elephant in the room. Reading the comments and reply comments submitted thus far in Docket No. 39732, I am reminded of the ancient parable about several different people exploring an elephant. In some

versions of the story, they are blind people and in others they are in a darkened room. This parable, which has been a part of various cultures for hundreds of years, teaches us that our subjective experience can be true, but at the same time it can be seriously limited by failing to account for other truths, or a totality of truth. The American poet John Godfrey Saxe, in the mid-1800s, summarized the parable, writing:

And so these men... disputed loud and long.
Each in his own opinion exceeding[ly] stiff and strong.
Though each was partly right,
And all were in the wrong!

And, I should add, perhaps it is not merely coincidental that this same poet, Mr. Saxe, is also the author of the famous quote: “Laws, like sausages, cease to inspire respect in proportion as we know how they are made.” In any case, reviewing the comments and reply comments so far leaves me with the distinct impression that where the ideas diverge, it is likely evidence of partial truths held by different parties, each examining different components of the renewable energy and distributed energy resources “elephant.” I am reminded of the saying that I learned from energy policy researcher Amory Lovins, “In god we trust; all others bring data.” My belief is that most of the differences seen today in the positions of the parties participating in this docket, will eventually be reduced or eliminated by detailed analysis of actual data drawn from real-life examples, and I hope that my remarks today will help in some small way to shed light on the important questions the Georgia Commission is exploring here.