

PLMA Pricing Interest Group In-Person Kickoff Meeting Minutes

November 7, 2016
Delray Beach, Florida

Attendees

<i>Clay Engel, co-chair</i> Consumers Energy Company CLAYTON.ENGEL@cmsenergy.com	<i>Evan Pittman, co-chair</i> Comverge epittman@comverge.com	<i>Allison Hamilton</i> National Rural Electric Cooperative Association
<i>Rich Philip</i> Duke Energy	<i>Stuart Schare</i> Navigant Consulting	<i>Joel Gilbert</i> Apogee Interactive
<i>Brad Davids</i> Nest Labs	<i>Heather Manypenny</i> New Hampshire Electric Cooperative	<i>Laura Elwell-Ham</i> Murata Energy Solutions
<i>Meridith Nierenberg</i> Orange and Rockland Utilities	<i>Brett Feldman</i> Navigant Consulting	

Action Items

- Group members to reach out to Evan and Clay with any suggestions for webinar topic and/or presentations at Spring 2017 conference
- Clay and Evan to collate ideas and distribute to group for feedback by mid-January

Discussion

- I. Introductions
- II. Open discussion on pricing-related topics of interest (see summary below)
- III. Group activities
 - a. Initial focus will include:
 - i. More structured interest group meeting at Spring 2017 PLMA conference with featured presenters (with possible preview webinar a month or so in advance)
 - ii. A half-hour DR dialogue webinar between now and Spring 2017 conference
 - b. Activities discussed for future consideration include:
 - i. Survey of regulators and utilities to capture industry views around pricing
 - ii. Tracking national growth in time-varying pricing programs with updates at PLMA conferences
 - iii. Organizing a panel on the main PLMA conference agenda
 - iv. Posting resources on the interest group website
- IV. Success metrics; agreed to initially target:
 - a. 20 attendees at Spring 2017 in-person meeting
 - b. 50 sign-ups for first DR dialogue
- V. How to expand the reach of the interest group
 - a. Attendees suggested outreach to several specific utilities prominent in the pricing discussion: Oklahoma Gas & Electric, Coops who have introduced mandatory TOU, SMUD, BG&E & Pepco
 - b. Ask regular PLMA attendees who sit in DR group to extend invitation to colleagues in rates/regulatory

- c. Discussed possible future collaboration with other organizations: NRDC, SGCC, EDF, EEI, ACEEE, RMI

Notes from Open Discussion of Pricing Topics

- Customer attitudes/needs/acceptance
 - Program design needs to be more consumer-centric; ask what consumers want, not what utility wants
 - We've trained customers for years to put bill on autopay; how do we now bring their attention back to electricity pricing?
 - What tools do customers need to manage time-varying pricing? Apps, thermostats, IHDs, gamification? What solutions will they adopt themselves in the marketplace vs. what should utility provide?
 - Utilities must focus on building blue-sky relationship with customers, not waiting for emergency (e.g., storm) to engage
 - Low-income customers need extra attention
 - Often renters, not owners
 - Often used as an objection to time-varying pricing, so very important to understand potential impact on them
- Implementation challenges
 - Need coordination across DSM programs and utility departments
 - Best practices for marketing to drive enrollment; want to see success/failure stories from other utilities
 - How and what data should be shared with customers?
- Rate design
 - Sometimes hard to have impactful (i.e., highly time-differentiated) rates while maintaining revenue neutrality
 - Merits of demand charges vs. fixed charges
 - How important is it to have a "dispatchable" element in a pricing program; are regularly scheduled TOU rates enough to have impact on capacity needs?
 - Other novel rate designs that tie better to cost causation?
- Program design
 - Merits of opt-in vs. opt-out
 - How does behavioral DR with no price signal compare to price-based?
 - Does PTR elicit effective response?
 - Are there "double dipping" challenges in which customers are unfairly benefitting from participation in multiple pricing and DR programs?
 - What impact is pricing having on traditional DR "baselining" approaches?
- Impact of wholesale market structure/conditions
 - Wholesale market conditions generally not favorable to DR right now: fewer energy price spikes, abundant generation capacity
 - But there is an increased need for flexible, i.e. fast ramping, capacity for renewable integration
 - Seeing uptick in bilateral contracts for capacity with utility billed by generator based on peak demand; hard to manage peak demand via price signal to customer because it's hard to predict system peak demand

- What impact is slow load growth having on utility incentives to implement DSM programs? Are incentives different for IOUs vs public power?