

# Advocate Goals, Interests and Concerns

Consumer Advocates of PJM States (CAPS)  
PJM Annual Meeting  
May 14, 2018

# Goals for the Advocate Offices

## Member Goals:

Affordable and Reliable Energy Policy.

## CAPS Goals:

- ▶ Use resources to provide meaningful and constructive contributions to the stakeholder process.
- ▶ Maintain an open dialogue with members of the stakeholder community.

# Advocate Issues of Concern

- ▶ Constant, Unending Change and the Rapid Pace of Change across Markets.
- ▶ Planning Models.
- ▶ Transmission Costs.
- ▶ Support for the role of the IMM.
- ▶ Reasonable Prices.
- ▶ The Lack of Prioritization of Major Consumer Initiatives (e.g. Demand Response and Transmission Costs).

# What We Are Targeting For Consumers in 2018....



- ▶ An **appreciation** that load pays to make the RTO function.
- ▶ More **focus** on true market mechanisms and less on administrative mechanisms.
  - The current construct has created a sizeable reserve margin, fuel diversity, and reasonable prices for customers.
- ▶ **Communication!** Things are happening extremely fast. There more communication on the objective and quantifiable reasons for PJM's positions and clear identification of the reasons for the urgency/timeline behind the initiatives.

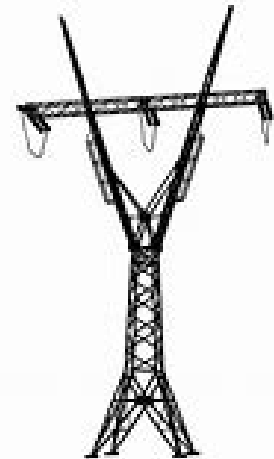
# Transmission – Cost Caps



- ▶ CAPS members are encouraged by PJM's revised templates that provide transparency and organization of the transmission projects for stakeholders.
- ▶ PJM should differentiate between cost estimates and cost caps – who is in the best position to mitigate risk.
- ▶ Expand voluntary cost caps to include ROE and capital structure while preserving FERC's ratemaking authority.

# Transmission – Supplemental Projects

- ▶ PJM has the best capability to evaluate the need, value, and costs of these projects.
- ▶ Stakeholders need PJM to take additional steps to provide greater transparency of these projects.
- ▶ The process needs to be reformed to allow for greater time and review to ensure meaningful stakeholder input.



# Energy Price Formation

- ▶ **Prioritizing** matters is extremely helpful and critical to Stakeholder engagement!
- ▶ Stakeholders are (still) asked to continually **juggle multiple significant market issues and proposed changes** at once:
  - Resilience – including Energy Price Formation.
  - Reserves.
  - Fuel Security.
  - Variable Operations & Maintenance Initiative.
- ▶ *Problems* needs to be clearly defined.
- ▶ *Objectives* needs to be defined.
- ▶ *The Reasons for and Basis for Urgency* needs to be defined (and reasonably allocated).
- ▶ **Consumer impact should be on forefront of evaluation and review process:**
  - Cost is vital to be quantified and analyzed – particularly, on overlapping matters.
  - Cost impacts are difficult to evaluate for so many moving pieces – difficult to provide. Process should not move forward without an analysis of consumer impact.
  - Load pays – consumers have a right and need to know the cost of each proposal.

# Resilience

- ▶ Consumers would like more clarity on the following:
  - The system is resilient – what is new?
  - What is the “new” goal (metrics are needed)
  - Much of the focus should be on the distribution system where most of the outages have occurred.
- ▶ *Resilience* is not:
  - Energy Price Formation.
  - Fuel Security.
- ▶ Market issue or Operations issue?





# Demand Response

- ▶ “Consumer response to price is essential to efficient and competitive market outcomes....”
- ▶ “The more that demand actively participates in electricity markets, the more competitive and robust the market results....”

\*Demand Response Strategy, PJM Interconnection, June 28, 2017 (white paper), Executive Summary, Page 1.

# Barriers to Consumer Participation in Demand Response Programs

- ▶ PJM's Forecasting Methodology will not appropriately recognize peak shaving activity by consumers that has been part of a Demand Response Program.
- ▶ PJM needs to maintain a Program that recognizes the value of residential curtailment capability.
- ▶ Customers experience costs when participating in these programs and if their value is not reflected in the wholesale market, it is very difficult to provide sufficient incentives for customers to participate.