2018 RESIDENTIAL DEMAND CHARGES CONFERENCE

May 15-16, 2018
Radisson Nashville Airport
Nashville, TN

“This was one of the most engaging conferences I’ve attended in a while. From the diverse opinions and fact based results, lessons learned and real experiences, and audience participation and collaboration, I received a lot of take backs to my organization.”

Director Financial Planning, Fayetteville Public Works Commission

POST-CONFERENCE WORKSHOP
Avoided Costs: What is Distributed Generation Worth?
WEDNESDAY, MAY 16, 2018
OVERVIEW

Traditionally, residential rate design has done an imperfect job of recovering fixed costs appropriately. The standard residential rate has consisted of a customer charge and a consumption-based charge for a long period of time regardless of energy consumption. Until recently, rate structures treated residential customers equally in terms of their demand. Discrepancies between customer consumption patterns were only treated at a high level, with different tiers to account for differences in home size and energy consumption. However, with the proliferation of distributed energy resources this model is rapidly evolving in favor of more detailed demand charges.

As customers continue to put solar panels on their roofs, purchase efficient lighting, install smart thermostats, and focus on energy conservation to consume less from the grid, they use a smaller volume of the service utilities have historically charged for—electrons. Utilities, on the other hand, still need to maintain the grid and meet peak demand reliably when many customers come home from work and turn on many appliances at the same time. Under current consumption-based charges with less electron purchases, utilities are not getting as much income as before, which is leading many companies to explore implementing residential demand charges to help with fixed cost recovery.

EUCI’s 7th residential demand charges conference will bring together thought-leaders among utilities, industry experts and solution providers who will take a deep dive into the issues, pain points and resolutions around residential demand charges. Attendees will take away valuable knowledge about this innovative rate design option for their company and have the opportunity for quality networking with industry peers.

LEARNING OUTCOMES

• Examine the role that behavioral economics plays for utilities in creating efficient pricing
• Discuss the rate design challenges of accommodating distributed energy
• Discuss issues that utilities can expect to encounter with residential demand charges
• Explain multi-part (including demand charges), time differentiated pricing for residential and small commercial customers
• Examine the impact that imposing a residential demand charge has on various stakeholders including solar advocates, intervenors and the utility
• Discuss the effectiveness of each different rate design proposals including TOU, energy rates, demand charges, critical peak pricing and higher fixed charges
• Interpret and share details where utilities have successfully engaged consumers
• Evaluate different utilities’ offering of a demand rate to their residential customer base

WHO SHOULD ATTEND

Professionals working in the following areas will benefit from attending this event:
• Rate design, product development and customer strategy
• Pricing and load research
• Cost of service
• Financial analysis
• Utility “customer-facing” executives
• Regulators and staff
• Legal counsel
• Regulatory affairs
• Ratepayer advocacy
AGENDA

TUESDAY, MAY 15, 2018

8:00 – 8:30 am  Registration and Continental Breakfast

8:30 – 8:40 am  Conference Announcements

8:40 – 9:00 am  Welcome Address: Commissioner's Perspective on Rate Design
Commissioner Kenneth C. Hill will welcome conference attendees to the great city of Nashville and provide a regulatory perspective on some emerging rate design issues like distributed generation and dynamic pricing.

Kenneth C. Hill, Commissioner, Tennessee Public Utility Commission

9:00 – 9:30 am  A Difference of Opinion on Certain Elements of Rate Design
Rate Design experts Ahmad Faruqui with the Brattle Group and Jim Lazar with the Recovery Assistance Project (RAP) agree on the fundamentals of rate design: A fixed charge, a demand charge, and time-varying energy charges. However, they strongly disagree on what goes into each of these categories. This session will set the tone for the conference as Mr. Faruqi and Mr. Lazar will methodically go through their differences and discuss why each takes the position they do.

Ahmad Faruqui, Principal, The Brattle Group
Jim Lazar, Senior Advisor, Regulatory Assistance Project

9:30 – 10:15 am  Keynote Address: A Walk on the Frontier of Rate Design
In this keynote address, renowned energy economist Ahmad Faruqui will share his front-line experiences and discuss the reasons why some utilities are beginning to offer innovative rate choices to accommodate customers. The presentation will examine how behavioral economics shows that customers have diverse preferences and to meet their needs, utilities that create an efficient pricing frontier are better aligned to give customer want they want.

Ahmad Faruqui, Principal, The Brattle Group

10:15 – 10:30 am  Morning Break

10:30 – 11:15 am  Rate Case Proposal and Settlement at El Paso Electric
In its 2017 general rate case in Texas, El Paso Electric Company proposed a new rate class and mandatory rate structure, including monthly demand charges, for residential customers with distributed generation and net energy metering. In the settlement that ultimately resolved the case, EPE and solar advocates and intervenors agreed upon a new minimum bill structure that increased fixed cost recovery from new DG customers but maintained a single class of residential ratepayers.

James Schichtl, VP Regulatory Affairs, El Paso Electric Company

11:15 am – 12:00 pm  The Infotricity Utility – An Evolutionary Step
A small municipal utility in Glasgow, Kentucky went far beyond just demand-based rates for all customer classes. They went there and beyond into a fully non-volumetric retail electric power rate environment. This is the story of why, how, and the many dramas that unfolded after the 2016 implementation of this new approach to the electric power business. William Ray, CEO of Glasgow EPB will tell the fascinating story of what happened, and what lies ahead.

William J. Ray, CEO, Glasgow EPB

12:00 – 12:30 pm  The Changing Marketplace at TVA: Electric Rates and Demand Charges
In today's world, people have unique ways to access and use energy. Rather than simply purchasing energy from local power companies, consumers are generating a portion of it themselves by using distributed energy resource technologies like solar panels, which causes TVA's power sales to decrease. Because of the changing electric marketplace, TVA is in the middle of a multi-year process to change its rate structure to ensure the safety, reliability and resilience consumers in the Tennessee Valley have come to expect.

Jay Erickson, Senior Pricing Specialist, Tennessee Valley Authority (TVA)
AGENDA

TUESDAY, MAY 15, 2018 (CONTINUED)

12:30 – 1:30 pm  Group Luncheon

1:30 – 2:15 pm  Examination of Multi-Part Time-Differentiated Pricing
This session will illustrate the development of multi-part (including demand charges), time differentiated pricing for residential and small commercial customers as implemented by Duke Energy. It will also explore possible improvements in matching individual customer revenues to the cost of serving these customers afforded by such designs. Emphasis will be placed on explaining the designs to intervening parties and regulators.

Jeff Bailey, Director of Pricing and Analysis, Duke Energy

2:15 – 3:00 pm  The Elimination or Reduction of Demand Charge Tariffs
Current rate design that includes demand charges based on individual customer maximum demand encourages nonresidential customers to control their own bills without regard to the impact that their consumption and production has on the grid. Getting rate design right will ensure that price signals conveyed to the customer reflect power system needs and power system costs. Shifting cost recovery to Time of Use (TOU) energy charges improves equity and efficiency. In this session, rate design expert Jim Lazar will talk about how well-designed pricing will induce cost-effective use of energy efficiency, self-generation, and demand response for the benefit of both nonresidential and residential customers.

Jim Lazar, Senior Advisor, Regulatory Assistance Project

3:00 – 3:30 pm  Afternoon Break

3:30 – 4:15 pm  A Consumer Perspective on Residential Demand Charges
From a consumer perspective, demand charges can be viewed as another means of collecting the residential class revenue requirement by increasing what is essentially a fixed monthly charge and reducing the variable kWh portion of the charge. Other proponents view demand charges as a means of changing customer behavior and sending a “price signal” about peak usage. Neither approach has been widely accepted by state regulators and residential consumer advocates have uniformly opposed reliance on demand charges or higher fixed monthly charges. So, what is a utility to do? Barbara Alexander, Barbara Alexander Consulting LLC, will discuss the practical implications and options to demand charges for residential customers.

Barbara Alexander, Consumer Affairs Consultant, Barbara Alexander Consulting LLC

4:15 – 5:15 pm  Residential Demand Charges Panel Discussion: Pitchforks or Open Arms
In response to solar panels, Powerwalls and conservation behaviors, utilities are seriously considering residential demand rates as a viable option. But moving in the demand rate direction is not a simple matter, like an aircraft carrier changing course. In the past, just the mention of residential demand charges could result in visions of pitchforks. However, in this brave new world, demand charges are becoming more of a consideration for many utilities. Our panel of experts will weigh in on this controversial topic and questions from the audience are highly encouraged.

Ahmad Faruqui, Principal, The Brattle Group
Jim Lazar, Senior Advisor, Regulatory Assistance Project
Barbara Alexander, Consumer Affairs Consultant, Barbara Alexander Consulting LLC
James Schichtl, VP Regulatory Affairs, El Paso Electric Company
Brian Pippin, Manager, Strategic Customer Solutions, Jacksonville Electric Authority
8:00 – 8:30 am  Continental Breakfast

8:30 – 9:15 am  Rate Design for Net Energy Metered Customers
The proliferation of rooftop solar and net energy metering (NEM) has led to significant debate regarding the ratemaking methods that ought to be applied to the affected customers. Rate design proposals include time-of-use (TOU) energy rates, demand charges, critical peak pricing, and higher fixed charges. In addition, some have proposed establishing a separate NEM customer rate class for cost allocation purposes. This presentation will discuss the effectiveness of each of these options.
_Daniel G. Hansen, Ph.D., Vice President, Christensen Associates Energy Consulting_

9:15 – 10:00 am  Demand Rate Implementation: When Failure is Not an Option
Demand rate billing is a promising option for utilities seeking to align their cost and revenue structures while reducing the sharp spikes in demand that occur during peak times. But will customers accustomed to a consumption model understand and accept a completely new way of thinking about how they use energy? JEA is conducting a pilot to determine just that. In this presentation, Program Manager Brian Pippin details the lessons JEA has learned in testing demand billing. From marketing and communications to electric meter services, learn key tips for easing your utility’s transition to a residential demand rate.
_Brian Pippin, Strategic Customer Solutions Manager, Jacksonville Electric Authority (JEA)_

10:00 – 10:15 am  Morning Break

10:15 – 11:00 am  Innovative Rate Design at Xcel Energy
Innovative rate design is pivotal in providing Xcel the opportunity to recover their authorized revenue requirement. The rapid changes in today’s world has Xcel and other utilities looking forward to a world with high levels of energy efficiency, distributed generation (DG), and customer options for onsite backup supply. In this session, Scott Brockett will talk about innovative rate designs at Xcel including the company’s experience with residential demand charges.
_Scott Brockett Director, Regulatory Administration & Compliance, Xcel Energy_

11:00 – 11:45 am  Residential Demand Charges: A Look at Consumer Advocacy & Regulatory Considerations
Electric Utilities are increasingly proposing residential demand charges in a regulatory setting. This presentation will provide consumer advocate perspectives on residential demand charges, or what utilities and other interested stakeholders can anticipate consumer advocates may support in a regulatory proceeding requesting residential demand charges, including examining recent regulatory proceedings. This presentation will also explore how consumers may respond to different rate strategies.
_Lauren H. Bidra, Staff Attorney, State of Connecticut Office of Consumer Counsel_

11:45 am  Conference Adjourns

“Great conference! EUCI always does a great job in putting together interesting relevant conference.”
Pricing Manager, Alabama Power
POST-CONFERENCE WORKSHOP

Avoided Costs: What is Distributed Generation Worth?

WEDNESDAY, MAY 16, 2018

12:30 – 1:00 pm   Workshop Registration
1:00 – 4:30 pm   Workshop Timing

OVERVIEW

One of the challenges that distributed energy generation (DEG) poses for utilities is recovery of distribution fixed costs. Residential demand charges offer an approach to the challenge of recovering costs. The other side of the DEG challenge is determining how to compensate the DEG facility for the energy that it generates. Under net energy metering, the utility implicitly pays the full retail rate for this energy, at least down to zero net consumption. What should the utility pay for DEG? “Avoided cost” is the usual reply. However, estimates of avoided cost range from a low defined by wholesale energy prices alone to a high that encompasses a broad range of possible cost impacts. This workshop will brief attendees on DEG pricing alternatives and then focus on the schools of thought that produce these highly disparate estimates of what a DEG provider should be paid.

The revenue recovery workshop was a popular feature of our previous residential demand charges conference and this workshop will provide an updated review of the avoided cost controversy.

LEARNING OUTCOMES

• Discuss the incentives aspects of alternative DEG pricing approaches
• Explain avoided cost and its components
• Evaluate the interpretations of these components
• Discuss why avoided cost practitioners are far apart in their views

“A great conference to learn the latest regarding rate design the issues surrounding it.”

Pricing Analyst II, Tucson Electric Power
WORKSHOP AGENDA

I. Who Cares About Avoided Cost?
II. Defining Avoided Cost
III. Avoided Cost and Rate Design
IV. Developing Avoided Costs for Distributed Energy Resources
V. Mispricing Issues
VI. Pricing Distributed Energy
VII. Summary

WORKSHOP INSTRUCTOR

Bruce Chapman
Vice President, Christensen Associates Energy Consulting, LLC

Bruce R. Chapman is a Vice President at Christensen Associates Energy Consulting. He specializes in the design and pricing of retail electricity pricing products that improve the efficiency of pricing relative to traditional rates, and in costing methods that underpin these prices. He has managed and participated in projects that have developed such innovative products as critical-peak pricing, real-time pricing, and fixed billing. He has also reviewed and recommended modifications to distributed generation and standby rate designs. Mr. Chapman regularly presents costing and pricing principles to industry stakeholders.
INSTRUCTIONAL METHODS

Case Studies, Panel Discussions and PowerPoint presentations will be used in the program.

REQUIREMENTS FOR SUCCESSFUL COMPLETION

Participants must sign in/out each day and be in attendance for the entirety of the conference to be eligible for continuing education credit.

IACET CREDITS

EUCI has been accredited as an Authorized Provider by the International Association for Continuing Education and Training (IACET). In obtaining this accreditation, EUCI has demonstrated that it complies with the ANSI/IACET Standard which is recognized internationally as a standard of good practice. As a result of their Authorized Provider status, EUCI is authorized to offer IACET CEUs for its programs that qualify under the ANSI/IACET Standard.

EUCI is authorized by IACET to offer 1.0 CEUs for the conference and 0.4 CEUs for the workshop.

CPE CREDITS

EUCI is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.learningmarket.org.

Upon successful completion of this event, program participants interested in receiving CPE credits will receive a certificate of completion. EUCI is authorized by CPE to offer 12.0 credits for the conference and 4.0 credits for the workshop.

There is no prerequisite for this course. Program Level 1: Beginner and Intermediate, Delivery Method: Group-Live, Advanced Preparation: None

EVENT LOCATION

A room block has been reserved at the Radisson Nashville Airport, 1112 Airport Center Drive, Nashville, TN 37214, for the nights of May 14-15, 2018. Room rates are US $135 plus applicable tax. Call 1-615-889-9090 or click here for reservations and mention the EUCI event to get the group rate. The cutoff date to receive the group rate is April 30, 2018 but as there are a limited number of rooms available at this rate, the room block may close sooner. Please make your reservations early.

REGISTER 3, SEND THE 4TH FREE

Any organization wishing to send multiple attendees to this conference may send 1 FREE for every 3 delegates registered. Please note that all registrations must be made at the same time to qualify.
A room block has been reserved at the Radisson Nashville Airport, 1112 Airport Center Drive, Nashville, TN 37214, for the nights of May 14-15, 2018. Room rates are US $135 plus applicable tax. Call 1-615-889-9090 or click here for reservations and mention the EUCI event to get the group rate. The cutoff date to receive the group rate is April 30, 2018 but as there are a limited number of rooms available at this rate, the room block may close sooner. Please make your reservations early.


**2018 RESIDENTIAL DEMAND CHARGES CONFERENCE ONLY MAY 15-16, 2018: US $1395 EARLY BIRD on or before APRIL 27, 2018: US $1195**


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**EVENT LOCATION**

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**ENERGIZE WEEKLY**

EUCI’s Energize Weekly e-mail newsletter compiles and reports on the latest news and trends in the energy industry. Newsletter recipients also receive a different, complimentary conference presentation every week on a relevant industry topic. The presentations are selected from a massive library of more than 1,000 current presentations that EUCI has gathered during its 30 years organizing conferences.

**Sign me up for Energize Weekly**

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**SUBSTITUTIONS & CANCELLATIONS**

Your registration may be transferred to a member of your organization up to 24 hours in advance of the event. Cancellations must be received on or before April 13, 2018 in order to be refunded and will be subject to a US $195.00 processing fee per registrant. No refunds will be made after this date. Cancellations received after this date will create a credit of the tuition (less processing fee) good toward any other EUCI event. This credit will be good for six months from the cancellation date. In the event of non-attendance, all registration fees will be forfeited. In case of conference cancellation, EUCI’s liability is limited to refund of the event registration fee only. For more information regarding administrative policies, such as complaints and refunds, please contact our offices.

EUCI reserves the right to alter this program without prior notice.