

Framework for VRET Models Table, July 3, 2014

Basic Structure			
Resource Owner	Utility Role	Relationships	Notes/Comments
(1) Third Party (IPP, ESS)	1.a.		This model looks a lot like direct access. There is no role for the utility to play as a broker -- leave it to the buyers/sellers or agents for one or both. There are businesses that perform this function so the utility does not need to be saddled with the task.
	1.b.		This model may be appealing if it enables partial-load service (e.g., 25 MW of a 100 MW load) and customers with multiple meters in different locations (e.g., grocery stores in six different towns, all served by the same utility).
	1.c.		Whether utility should aggregate demand first then takes bids, or take bids and then offer service to customers (see 1.d.), or something in between (such as indicative bids or conditional customer commitments) is not clear. Not likely to be FERC implications as the process appears to be a variation on utility procurement to serve end-use customers. Not a product for ESS to serve since the arrangement is with the utility. It might be a useful model, however, to serve customers which loads are of insufficient size for service from an ESS. If utility affiliate is eligible to bid then stringent safeguards would be required to ensure a fair process and decision.
	1.d.		See comments for 1.c.
(2) Regulated Utility	2		It may not be possible to separate the regular customers of the utility from the customers opting for this product. Establishing a utility affiliate to procure resources and provide service would make more sense
(3) Utility Affiliate	3.a.		Agree that this is effectively the same as 1.a. but allowing utility affiliate involvement would require much greater regulatory scrutiny to ensure separation of costs and no provision of advantages through things like T&D service to the utility affiliate.
	3.b.		Agree this resembles 1.b. and would require safeguards to ensure fair competition and no incumbent utility advantage.

(4) Customer Owned			If customer-owned resource is not on site the provision of service should be like direct access with respect to transmission and ancillary services.
(5) Market-Based (REC Product)	5.a.		There is no barrier to this model today. Customer is free to purchase unbundled RECs in the markets that sell them. This does not affect regulated service under standard commercial/industrial tariffs.
	5.b.		This model is no different from utility ownership model 1.b. or 2, depending on whether the bundled product that the utility sells to the customer is from a power-purchase agreement (1.b.) or a utility-owned asset (2). Same comments apply here to those rows, respectively.
(6) 3rd Party (Transmission VRET)			Appears to be the same as 1.a.