

In the Matter of the PowerForward Collaborative.)	
)	Case No. 18-1595-EL-GRD
In the Matter of the PowerForward Distribution System Planning Working Group.)	
)	Case No. 18-1596-EL-GRD
)	

I. INTRODUCTION

The Public Utilities Commission of Ohio’s (“PUCO”) PowerForward initiative is an opportunity to focus on maximizing the benefits that customers receive from investments in the electric grid and minimizing the costs that they pay for those investments. More importantly, the PUCO should give consumers the protection of Ohio law that requires utilities to provide safe, reliable, and affordable service.

The PUCO’s recently-published *PowerForward: A Roadmap to Ohio’s Electricity Future* (the “PowerForward Roadmap”)¹ provides a starting point for Ohio utilities that are investing in grid-modernization. But there is more work to be done before utilities invest in—and charge customers for—hundreds of millions (if not billions) of dollars of utility infrastructure. Recognizing this, the PUCO established three stakeholder groups: a PowerForward Collaborative, a Distribution System Planning Workgroup, and a Data and Modern Grid Workgroup.

¹ Available at <https://www.puco.ohio.gov/industry-information/industry-topics/powerforward/powerforward-a-roadmap-to-ohios-electricity-future/>.

The PUCO also directed each electric distribution utility (“EDU”) in Ohio to prepare and publicly file two reports regarding their current capabilities by April 1, 2019: (i) the status of the utility’s grid architecture, and (ii) a current-state assessment of its distribution system, which will address the utility’s ability to safely integrate distributed energy resources and other new technology.²

The Office of the Ohio Consumers’ Counsel (“OCC”) represents 4.5 million residential customers of Ohio’s electric distribution utilities. OCC appreciates the opportunity to share comments on this important initiative and recommends that the PUCO adopt the consumer-protection recommendations below. OCC looks forward to continuing to work with the PUCO Staff and other parties through the various PowerForward workgroups created in these cases.

II. RECOMMENDATIONS

A. **The EDUs’ grid architecture reports must be sufficiently detailed to enable a thorough examination and assessment of customer benefits and costs by the PUCO and other stakeholders.**

The utilities’ grid architecture status reports need to contain sufficient detail to enable parties to understand the grid capabilities that exist today for at least the five major categories (Field Automation, Substation Automation, Operational Communications Infrastructure, Sensing and Measurement, and Operational Analytics) identified in the PowerForward Roadmap.³ Understanding today’s capabilities is essential before moving forward with plans to enhance or expand the utilities’ grid that may

² Case No. 18-1595-EL-GRD, Entry (November 14, 2018), ¶¶5-6; Case No. 18-1596-EL-GRD, Entry (November 14, 2018), ¶5.

³ PowerForward Roadmap at 16.

require customers to pay hundreds of millions of dollars. For instance, many of Ohio's electric utilities have implemented technologies such as supervisory control and data acquisition (SCADA), outage management systems, and asset management programs in recent years. A thorough understanding of these capabilities as they exist today, to be provided in the grid architecture report, is necessary to evaluate the benefits and costs of future enhancements that may be proposed in the utilities' grid architecture initiatives.

Further, the PUCO has approved riders that result in customers paying for smart grid capabilities such as distribution automation, smart meters, volt-var optimization, and associated analytics, among other things.⁴ The grid architecture status reports need to identify and describe how and when these programs will be integrated into the existing electric distribution grid over the next several years. And consumers should be protected from redundant investments or planned obsolescence.

In the PowerForward Roadmap, the PUCO expressed a desire to implement performance based ratemaking in approving charges to customers for grid modernization.⁵ Hence, the grid architecture status reports should identify specific performance measures to be used in evaluating the effectiveness of the investments that have been and could be made to the grid. To the extent that the PUCO has approved an EDU's grid modernization rider that does not include specific performance measures, the PUCO should adopt appropriate performance measures, as part of the rider, that will be used to evaluate the effectiveness of the EDU's grid modernization programs. The effectiveness of the grid modernization programs should be used in deciding if the

⁴ See, e.g., AEP Ohio gridSMART I and II riders, Duke Energy Ohio DR-IM rider, and FirstEnergy AMI rider.

⁵ PowerForward Roadmap at 27.

existing or new riders should be abolished, modified, or continued. And all grid modernization investments should remain subject to traditional ratemaking principles, such as the used and useful standard and prudence, for determining whether consumers should pay costs.

B. The EDUs' grid architecture status reports should include information about the impact that customer-funded distribution system capital investment riders are having on grid modernization and the customers served by grid modernization.

The PUCO has approved distribution system capital investment riders, for utilities to charge costs to customers, for each of the EDUs, as reflected in the PowerForward Roadmap.⁶ Under these riders, which are favorable to utilities, utilities charge customers for grid expenditures on an accelerated and expedited basis and, in many instances, before the prudence and used and useful standards are being met for determining whether customers should pay.⁷ Customers have paid hundreds of millions of dollars to utilities under these riders. Customers generally fund a return on and of these distribution infrastructure modernization investments through this single-issue ratemaking.

Despite the money that utilities charge customers through these riders, there are often few (if any) details about the specific programs that customers are funding. Little is known about how these programs are helping customers. For the PUCO to better determine the status of the grid architecture, the grid architecture status reports should include a description of the programs that customers are funding through the capital investment riders. And the reports should describe the impacts of such customer funding

⁶ PowerForward Roadmap at 26.

⁷ R.C. 4928.143(B)(2)(h).

on distribution grid modernization, as well as issues that concern customers, including reliability of the grid.

Further, these riders should be subject to the PowerForward Roadmap’s policy that electric utilities investing in grid modernization “will have to bear some risk for their failure to either hit performance benchmarks or contain costs within approved levels.”⁸

These benchmarks should be monitored and measured on a going-forward basis to evaluate the effectiveness of each EDU’s capital investment rider in fulfilling PowerForward objectives for utility customers.

C. In addition to requiring EDUs to describe their involvement in distributed energy resources in the current state assessment reports, the PUCO must ensure that sufficient consumer protections exist as distributed energy resources and behind-the-meter services are being considered.

The PowerForward Roadmap provides that the pursuit of an enhanced customer experience through innovation is more likely to succeed in the competitive marketplace than in a regulated environment.⁹ OCC recommends that the collaborative and working group processes safeguard a level competitive playing field for net metering and distributed energy resources (“DER”) customers. Captive monopoly local distribution customers should not be required to fund any renewable or storage service located on a customer’s premise after the meter.

If storage services are permitted and deployed on the utility’s side of the meter to enhance service reliability, the PUCO should establish guidelines or rules that prevent these services from participating in wholesale markets beyond any level needed to

⁸ PowerForward Roadmap at 27.

⁹ PowerForward Roadmap at 23.

enhance local distribution reliability. That is, these captive-customer funded generation-like services should not be permitted to participate in wholesale markets for the sole purpose for producing revenues and profits because this captive customer subsidized generation will adversely impact wholesale markets to the detriment of consumers. Likewise, to the extent EDU storage services result in wholesale market revenues, such monies should be used to defray the cost of the storage facilities that the captive EDU customers have funded.

Consistent with the PowerForward Roadmap, the PUCO should endeavor to promote a fair, open, and transparent marketplace for the provision of unregulated DER services.

D. In addition to the grid architecture status reports and current state assessments, the PUCO should protect consumers by initiating rules to establish minimum content for future grid modernization proposals.

The Attorney Examiner found that any applications for future investment should include at the onset all infrastructure required to support future functionality.¹⁰ In this regard, all costs that the utility wants consumers to pay for implementing grid modernization proposals should be identified upfront in the application. This is especially important because for some Ohio EDUs, grid modernization to date has been charged to customers through multiple riders, thus making it very difficult, if not impossible, for stakeholders (and the PUCO) to know what customers are actually being charged for grid modernization. And such an approach to date has been a hurdle to know what benefits (if any) are being delivered to consumers from these investments. Transparency in reporting

¹⁰ Case 18-1595-EL-GRD, AE Entry (November 14, 2018 at 3).

of grid modernization costs and benefits is essential to protect customers from being charged twice for the same or similar investments and to make sure that customers receive the benefits of grid modernization.

Consistent with the PowerForward Roadmap, the PUCO should consider adopting rules that describe the minimum content for future grid modernization proposals and that help ensure that customers actually receive the promised benefits. The proposed rules should require detailed program descriptions similar to the requirements for electric security plan distribution infrastructure modernization proposals in Ohio Adm. Code 4901:1-35. This would include, but not be limited to, cost-benefit analysis, performance measures based on actual quantifiable benefits, and prudence reviews to validate that the benefits actually exceed the costs.

E. To protect consumers, the PUCO should require an open and transparent review process of the grid architecture status reports and the current assessment reports after they are filed including an opportunity for comments, discovery, and an evidentiary hearing, if necessary, to resolve any issues for consumers.

The roadmap provides that requests for grid modernization investment should include a cost-benefit analysis with the application so that the PUCO and stakeholders can transparently evaluate whether a grid modernization investment should be made in the first place.¹¹ Transparency and evaluation by the PUCO and stakeholders should be extended to both reports. The grid architecture status reports are intended to inform where each EDU stands in terms of advancing a modern grid architecture based on the PowerForward Roadmap. This baseline capability documentation might be used for the

¹¹ PowerForward Roadmap at 27.

purpose of determining where there are needs and priorities for additional investment that could cost consumers hundreds of millions, (if not billions) of dollars.

Further, while the reports are supposed to be filed by each EDU by April 1, 2019, there is not an established procedural process where stakeholders can share concerns or recommendations with the PUCO. Quite possibly, the status reports could initiate as many questions as answers.

The PUCO should establish a procedural process for the review of the grid architecture status reports and the current assessment reports that is open and transparent. To facilitate the examination of the reports by stakeholders, the PUCO should give parties the ample rights of discovery that they are entitled to by law and PUCO rules.¹² In addition, the PUCO should provide parties with adequate time for a thorough review and the opportunity to file comments on the reports. There should be a separate, staggered deadline for filing comments on each EDU's assessment report so that comments on all the reports are not due on or around the same day. The PUCO should also consider the possibility of further proceedings, including evidentiary hearings if necessary, to address any unresolved or matters in controversy.

III. CONCLUSION

Consumers can benefit from grid modernization, but only if it is done right. These cases offer hope that utility investments in grid modernization, when properly planned and with sufficient oversight and consumer safeguards, can actually deliver to customers the most benefits for the least cost. These comments provide suggestions for much-

¹² R.C. 4903.082; Ohio Adm. Code 4901-1-16.

needed consumer protections regarding the grid architecture and current state assessment reports to be filed by Ohio's electric utilities.

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CERTIFICATE OF SERVICE

It is hereby certified that a true copy of the Comments were served upon the persons listed below via electronic transmission this 4th day of December 2018.

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Summary: Comments Comments by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Healey, Christopher Mr.