**Governing Green Power II**

**How should utilities of the future make money?**

DRAFT AGENDA

The growth of renewable energy, reduced economies of scale, rapidly falling storage costs, network communication technologies, plus customer self-generation, load shifting and efficiency options, all have the potential to dramatically change the nature of electricity systems. Underlying this is the eroding viability of incumbent regulatory models that govern utility revenue and profit.

A few key issues that this conference will address:

* Profit of investor-owned utilities is typically tied to rate of return on large-scale capital investments, which sets the wrong incentive for utilities to promote less capital-intensive ways of integrating renewables, such as demand response;
* Larger shares of renewables and storage mean fixed costs will increasingly replace fuel costs, potentially making determination of real-time, long-run marginal costs more difficult;
* A potentially growing shortfall in revenue from marginal-cost pricing in covering fixed costs;
* Challenging tradeoffs with regard to cost and stability of choosing the right balance of distributed and centralized generation, storage, and grid infrastructure upgrades.

**Thursday April 12.**

Session 1

11:00 Welcome & Motivation. Dick Pratt, Professor Emeritus & GGPSG

11:15 Introductory comments by Richard Sednao, President and CEO of the Regulatory Assistance Project.

11:30 Brief introductions by all participants.

11:45 Lunch

Session 2. Background presentations.

1:00 Current regulatory structures and legal precedents that guide them: Carl Freedman, Consultant and member GGPSG.

1:45 Natural monopoly regulation confronts renewable energy and distributed resources: Michael Roberts, UH Mānoa and GGPSG*.*

2:30 Break*.*

3:00 Variable pricing and the social cost of renewable energy: Matthias Fripp, UH Mānoa and GGSP

3:45 – 4:30 Moderated breakout session. Discussion Question: What in your opinion is the biggest challenge with meeting our renewable energy goals, and how can we overcome it?

5 – 7:30 Dinner and Keynote presentation by Richard Sedano

How renewable energy and other technologies are affecting regulation around the world.

**Friday April 13.**

Session 3 Focus: What are viable alternatives to a utility profit model based on an allowed rate-of-return for capital investments?

9:00 – 9:30 GGPSG presentation: Three alternatives to cost-of-service regulation, and the strengths and weaknesses of each approach.

[*Note: Alternatives selected for presentation will be intended to provoke thought and illustrate a wide range of possibilities. We encourage participants to bring own alternatives for subsequent breakout sessions*.]

9:30 - 10:30 Discussion groups—participants and facilitators to be assigned in advance. Share views on alternative regulatory structures and work toward consensus.

10:30 - 10:45 Sharing of discussion results by each group, including points of consensus and disagreement.

10:45 – 11:15 Group facilitators meet to consolidate points of consensus from group discussions. Other participants are on break.

11:15 – 11:45 Plenary session to share points of and general feedback.

12:00 – 1:15 Lunch

Session 4 How should we pay for the grid of the future and those who manage it?

1:30 – 2:00 GGPSC presentation: Fixed (non-fuel) costs comprise a rapidly growing share of overall costs. Current methods of fixed cost collection and how they pose a growing problem. Alternative revenue collection methods and the strengths and weaknesses of each.

[*Note: Alternatives selected for presentation will be intended to provoke thought and illustrate a wide range of possibilities. We encourage participants to bring own alternatives for subsequent breakout sessions*.]

2:00 – 3:00 Discussion groups—participants and facilitators to be assigned in advance. Share views on alternative regulatory structures and work toward consensus.

3:00 – 3:15 Sharing of discussion results by each group, including points of consensus and disagreement.

3:15 – 3:45 Group facilitators meet to consolidate points of consensus from group discussions. Other participants are on break.

3:45 – 4:15 Plenary session to share points of and general feedback.

4:15 – 4:45 Concluding statements and next steps.

4:45 Pau Hana