

Smart Grid Workshop # 2
June 29, 2010, 9:00 AM - 5:00 PM
Room 450 Governor Office Building
200 Madison Street, Jefferson City, MO. 65102

Workshop Notes and Topic Discussions

Objectives of Workshop

1. Obtain input from consumer groups and stakeholders regarding Smart Grid deployment.
2. Address and discuss the issues, questions and concerns from the previous Smart Grid Workshop conducted on May 18, 2010.

During the May 18, 2010 workshop, the following topics, issues and information were identified for discussion in this workshop.

1. **Timely cost recovery; enhancing the ability of IOU's to recover Smart Grid deployment costs vs. present method. How do we comply with the PURPA Section 111 (d) (18) and (19) requirements regarding "Consideration of Smart Grid Investments?" Where do we stand today and what are the plans to meet these requirements?**
 - A. Brenda Wilbers DNR –The discussions so far are not enough to cover the requirements in PURPA.
 - B. Natelle Dietrich-MOPSC – Staff is undecided on what exactly needs to be done, upon further review staff will have a better understanding of what exactly needs to be done to meet the requirements.
 - C. Brenda Wilbers-DNR –Some options for providing information to customers concerning the types of electrical generation sources could include a notice on the bill or publish the information online. Have a standardized way to distribute information to the customer.
 - D. Ryan Kind – OPC – Timely cost recovery – OPC is opposed to a surcharge or other single issue rate making proposal for the timely cost recovery of smart grid deployment costs.
 - E. Lois Lechti – KCP&L – Which component is driving the cost for recovery? KCP&L does not feel that there should be a one size fits all cost recovery approach for this group of costs.
 - F. Don Johnston – Noranda- I don't feel that there should necessarily be another cost recovery mechanism for smart grid deployment, as utilities are already undertaking steps towards deployment. Some of those costs are already being recovered in current rates.

2. Cyber security requirements for Smart Grid

Bill Menge- KCP&L –We will look to comply with the NERC cyber security requirements.

3. What role will consumers play in Smart Grid deployment? What are the lessons learned from deployments in CA and MA?

- A. Lois Lechti – KCP&L – Consumer reaction will drive deployment. If customer impact / savings are not there, and interest is lacking, motivation and drive will not be there.**
- B. Bill Menge – KCP&L – It will be a process, instant knowledge is not reality. Customer education phased in which will proceed according to the scope and size of deployment. Plans should allow for flexibility, as plans will change**
- C. Mark Nealon – Ameren – Ameren will be following the pilots to see customer reaction and costs. Customers need more than one form of education. They must be comfortable and have knowledge of what payment structures they are entering. Must understand the smart appliances and products and how to use them properly. Time of Use rate structure (TOU) must be opt-in, can not be forced on customers. Deploying smart meters, if by mandate, should be coupled with customer education, and an opt-in policy.**
- D. Ryan Kind – OPC – agrees with KCP&L and Ameren comments. Customer education will be much more effective if stakeholder involvement occurs. Failed plans in other states lacked this aspect and failed.**
- E. Don Johnston –Noranda- Customers do not want to deal with complexity in their bills. I believe smart grid will be more effective with smart appliances that communicate with the grid, instead of the customer driving the decisions (to some extent). People want simplicity and low cost. Excess information may just be excess information to a majority of customers.**
- F. Dan Boyt – Crowder College-Customers are facing increasing costs due to inflation. Giving customers the tools to take control can empower customers. Opt-in vs. mandatory program – many customers will see benefits even if they are disinterested and not really involved.**

4. Impact of Smart Grid with respect to demand response.

No discussion on this topic.

5. How do we effectively engage customers with respect to Smart Grid deployment?

- A. Brenda Wilbers -DNR – We would like customers to be to have more information available to make better informed decisions.
- B. Randy Gross – MOPSC – On option is to provide education to middle school and high school students so they can share this information with older family members and be the drivers for adopting new technology.
- C. Lois Lechti-KCP&L – We promote actively engaging customers regarding smart grid. Customers are interested and responding, but it is not a one size fits all situations.
- D. Bill Menge – KCP&L – Currently working with the schools is being considered.
- E. Don Johnston –Noranda- Looking at TOU rates will be a factor in which customers have the ability to adjust their personal usage. Would like to see customers that are interested in having the ability to engage in TOU rates, as well as technology that is promoted by TOU rates.
- F. Ed Hedges – KCP&L – Smart grid now is more of a vision that is going to evolve but this has not happened yet. There are many aspects of a smart grid to consider. We believe that the consumer side and grid side can be considered separately.

6. How do customers want to be engaged and how much Smart Grid do they want?

- A. Bill Warner – DNR – Early adopters want to be engaged, and they will be involved by any means available. Rates could be one way they are engaged, by using TOU rates, they would shave peak usage and their bills.
- B. Dan Boyt –Crowder College- MERAT building under development will be net positive – pushing energy instead of consuming.

7. Additional workshops, other needs? Something the commission should be doing to encourage customer and consumer use, interest in smart grid?

Brenda Wilbers-DNR-We believe there should be another workshop.

8. Should there be State adopted customer privacy rules?

No discussion on this topic.

9. More workshops? New rulemaking? Specific items that would require a rulemaking?

- A. Don Johnston-Noranda - If a policy is adopted, which encourages consumers to conserve, the utility may not recover some costs, therefore causing further rate cases. This issue has been raised before and should be considered in any following discussions.
- B. Ed Hedges-KCPL – New asset types which should be clearly identified and the life of those assets should also be known.

10. How do we implement transparent cost benefit studies before the investments are made to strike a balance between ROI for ratepayers and shareholders?

No Discussion on this topic.