

TRANSFORMATION OF THE ELECTRICITY INDUSTRY



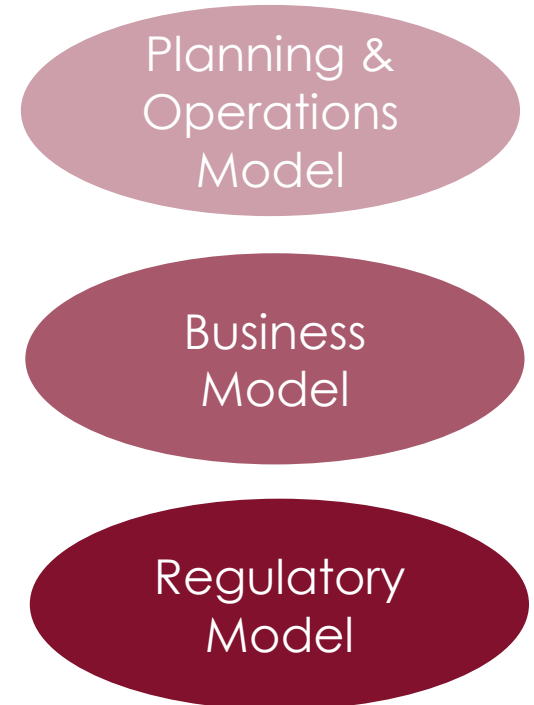
Absolutes

- Safety
- Reliability

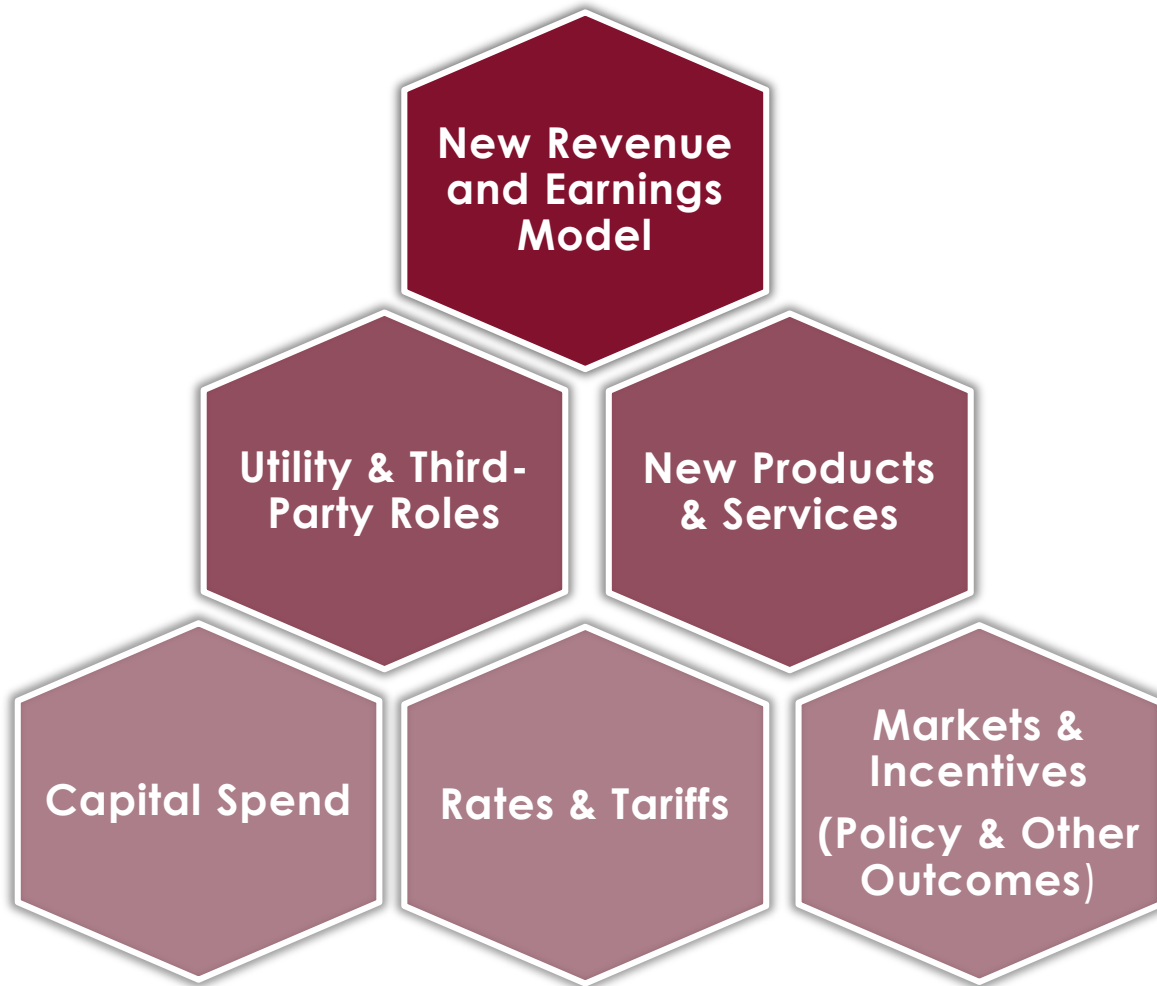
Frequently Expressed

- Affordability
- Resiliency
- Clean
- Economic Growth

- **Supply:** Cleaner, with distributed energy resources
- **Products and Services:** innovative P&S
- **Markets and competition:** wholesale and retail design, including competitive service providers
- **Regulated Pricing and Compensation:** efficient pricing for grid access and value-based compensation for DERs
- **Utility Roles:** (a) DSO/DSP, (b) interconnect, integrate and support DER deployment, and (c) enable optimization of supply, load, and DERs with customer choice
- **Technology Platform:** technologies that provide visibility and control of DER and generate information and insights to support participant decision-making



DESIGNING A REGULATORY FRAMEWORK THAT IS ALIGNED WITH NEW BUSINESS AND PLANNING & OPERATIONS MODELS



CHALLENGES

- Complexity of an Integrated Market Design
- Willingness of policy makers to accept market outcomes
- Conflicts between policy and market outcomes
- Transition from legacy pricing and DER compensation to more economically efficient pricing and valuation
- Outdated earnings and regulatory models
- Role of the Utility vs. Third-Parties
- Delivering Benefits to Low-and-Moderate Income Customers