Truce!

I have been directly associated with the Distributed Generation initiatives for the last eight years, and before that, by proxy for 20 years through the various attempts at natural gas driven air compressors.

I may be a slow learner but there is a certain timelessness to this issue that seems to endure both technological and structural change.

You can ask anyone in the business and they will tell you that the electric utilities hate cogeneration and do not now, and never have had a “cooperative intent” towards its deployment. For the electric utility, this is a “win-lose” situation and they use all available resources to make cogen difficult to site.

The methods used are not those of a normal competitive market, driven toward lower cost offerings by improved products and services, but the reverse. The utility’s goal is to add cost to competitive offerings, protecting the profitability of their “cost plus fixed fee” business. That’s why we have exit fees, stranded costs, standby rates, engineering interconnect studies and who knows what next. Frankly, the creativity in this area is very impressive.

The DG community, for their part, is doing what they can to influence regulatory policy and standards, but this is an effort with limited commercial leverage. And, it looks like just another chapter in the battle against the utilities with a very effective rear-guard action.

Today, the discussion is about Distributed Generation. The words may have changed, but not much else has. Those utilities that openly favor DG are thinking substation deployment, under their ownership and control. Cogen is never discussed and end-user power quality never measured. On-site and self-generation are different versions of the same win-lose situation, discouraged much the same way as cogen.

Collectively, we are doing a disservice to our customers and putting them and their businesses at risk in what looks like a ‘high-stakes” poker game. For those “utility types” that may be confused, the customer is the one with the meter, not the PUC (public utility commission).

Distributed generation has enormous potential, if used properly and deployed in the context of the overall system reliability and efficiency. I am very frustrated by the continued lack of progress and have not yet seen the kind of leadership needed to reach this end.

It is time to compromise and to really do some serious integrated resource planning & optimization. One of the key unresolved issues in most states is the ownership of these embedded distributed generating assets, by the so-called distribution companies. Theoretically, Disco's are not supposed to own generating assets, and if they could, it would certainly become the "mother of all loop-holes."

This is not a perfect fix, but I am interested in progress, not perfection. I recommend that we let the electric utilities own distributed generating assets, restricting that ownership to the customer side of the meter and subject to customer dispatch.

Two good things happen on the customer side of the meter - cogeneration and power quality. Neither of these services can be provided from the utility-side of the meter, and both are products that can be sold for a premium. Restricting the deployment to the customer side of the meter will necessitate that the equipment to be "right-sized" and prevent the utility from reconstituting itself around the substation.

It is important that the DG and electric utility communities find a way to work together for a common good to maximize the opportunity presented by DG, and to provide the appropriate level of service to our customers. I firmly believe that customers are beginning to take matters into their own hands, one way or the other, and that collectively, we have a finite amount of time to get this right.

This can be a win-win, folks!

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