



The Edison Foundation

INSTITUTE for
ELECTRIC INNOVATION

Executive Summary

The Role of Electric Companies in Providing Distributed Energy Resources and Other Energy Services

February 2018

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EXECUTIVE SUMMARY

This issue brief presents the fundamental reasons why electric companies should be able to offer energy services beyond electricity supply and energy grid services directly to customers and to participate in competitive markets for these services. These services include customized or bespoke energy products/services that meet customer demands for renewable energy, integrated energy management solutions, energy storage, microgrids, electric vehicle charging, private or community solar, energy efficiency, and other services. Because distributed energy resources (DERs) and other energy services can have benefits and costs for both the energy grid and the customer, it may be useful to identify at least two categories of energy services: (i) services primarily meeting customer needs and (ii) services primarily meeting energy grid needs.

This issue brief explains why it is critical for electric companies to be able to offer energy services beyond electricity supply and energy grid services to customers. Electric companies are well-positioned to grow the market for DERs and other energy services and expand customer access to these services. Electric companies also can extract the most value from these services, and their participation will result in more competition and lower costs for all customers.

To achieve the greatest benefits from DERs and other energy services – regulators, policymakers, electric companies, and other stakeholders must think differently about regulation and customers. A first step is to ensure that the pricing of retail electricity supply and energy grid services is transparent, cost-based, and distinct from the pricing of services that could be offered competitively. A second step is to put rules and regulations in place to ensure a level playing field among all participants – third-party providers and electric companies alike. A third step is to ensure that competitive energy services are paid for by those customers who benefit from them.

This issue brief includes real-world examples of DERs and other energy services being offered by electric companies today to illustrate how regulations and state policies are successfully navigating electric company participation, including electric vehicle charging infrastructure in California; private solar PV in Arizona; customer-sited and distribution grid energy storage in select locations; and energy efficiency programs nationwide.