



NATIONAL GUIDELINES for DISTRIBUTED GENERATION

EnergyMarketers.com

A. Regulators Should Unbundle and Redesign Distribution Rates, Eliminate Penalties, Redundant Charges, Barriers to Entry, and Implement Tariffs that Encourage Investment

1. Regulated services must be fully unbundled to increase consumer options.
2. Standby rates and demand charges should be eliminated or at a minimum such rates must be structured to give credit to investments in distributed generation with the capacity reduction and environmental benefits provided to the entire distribution system.
3. Exit fees, penalties and economic barriers to new investments in distributed generation must be eliminated.
4. Adopt distribution and transmission pricing policies that reflect the location-specific value of investments in distributed generation.
5. Encourage distribution utilities and Independent System Operators to acquire capacity and ancillary services from investors in distributed generation.
6. Adopt distribution-planning principles that serve all customer classes, not just electricity-consuming customers.
7. Distributed generation investors must be permitted to choose among products that are differentiated with respect to time (time-of-use and real-time pricing), location (geographically based incentives), and quality/reliability (interruptible/curtailable service options).

B. Utilities Must Provide Equal, Non-Discriminatory Access to Markets for Power and Auxiliary Services

1. Consumers must have access to the full range of regulated distribution services and unregulated ancillary services at non-discriminatory rates and terms.
2. Distributed generation investors must have access to wholesale markets for ancillary services.
3. Local utilities must be required to facilitate local retail markets for the sale of power from distributed generation resources.

C. Federal and State Governments Must Adopt Uniform Technical Requirements and Procedures for Interconnection of Distributed Generation Technology

1. Adopt expedited uniform practices and policies for the review, study and approval of investor requests for interconnection.
2. Adopt the IEEE's standard technical interface requirements for interconnection.
3. Adopt a uniform distributed generation technology certification (type-testing) process.
4. Adopt uniform metering, power control and telemetry requirements.
5. Adopt a uniform contract setting forth the rights and responsibilities of utilities and distributed generation investors.
6. Adopt an expedited dispute resolution process.

D. Reasonable Environmental Regulations and Wide-Scale Education Are Critical

1. Encourage the adoption of emissions standards for distributed generation based on the best available control technology (BACT) for distributed generation, not the BACT for a central power plant.
2. BACT should not be applied to distributed generation located in "attainment" areas.
3. Provide wide-scale education to make local air district officials aware of the BACT for distributed generation technologies.

E. Utilities Should Only Perform Natural Monopoly Functions

1. The utilities' role in the competitive marketplace should be defined as no-frills, wires only distribution companies.
2. As utilities fully unbundle competitive services from monopoly services and provide consumers credits equal to historical embedded costs to shop for competitive products, services, information and technology, the utilities obligation to serve should be converted into an obligation to timely and reliably connect new customers and new energy supplies.