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# E3's Full Value Tariff Proposal





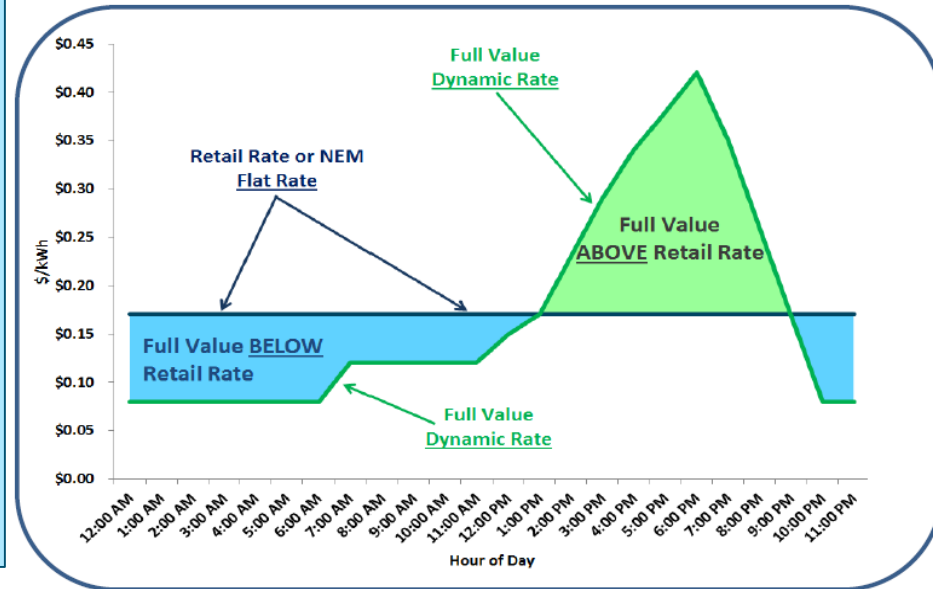
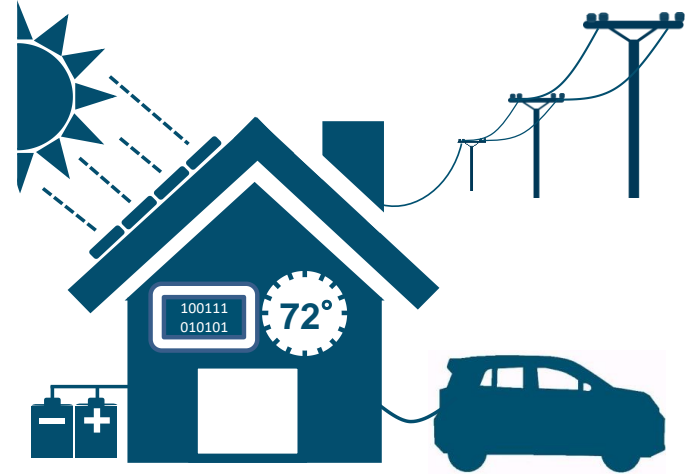
# E3's Full Value Tariff Study

- **The study was prepared for and involved close consultation with the New York Public Service Commission Staff and the New York State Energy Research and Development Authority**
- **The study presents a number of choices and options**
- **The study examines the creation of a conceptual, but implementable full value tariff (FVT) with illustrative rate levels based on sound economic principles to achieve the following goals:**
  - To more accurately compensate customer and third party contributions to managing the grid
  - To collect utility embedded costs equitably and efficiently
  - To increase competition for distribution services
  - To lower customer costs through more efficient use of the distribution system



# E3's Straw Proposal for a Full Value Tariff (FVT) to Enable DER Business Models and Better Utility Cost Recovery

- Existing rates do not effectively encourage dispatchable DERs nor do they allow for efficient recovery of utility costs
- E3's FVT proposal is a three-part rate compensates DER at the dynamic rate level
- FVT can explicitly accommodate externality value for reduced GHG and air emissions to provide full value to customers
- The FVT would initially be opt-in and provides numerous 'levers' to transition over time to remove any abrupt impacts on customers
- The FVT can form the basis of an initial 'Smart Home' Rate





# Key Innovations of E3's FVT Proposal

The Full Value Tariff has several innovations that can serve as an important tool to achieve a number of diverse goals

## Enables Smart Grid Technologies

- The FVT's dynamic prices sends technology agnostic signals to enable a whole host of DERs
  - More Efficient Appliances
  - Storage
  - Smart EV charging
  - Smart HVAC
  - Smart Water Heaters
  - Smart Inverters

## Innovative Pricing

- D" value of utility distribution and sub-transmission translated to customers as "prices to beat" to enable DER participation in managing the costs of the grid
- Sources of value can be communicated in a variety of ways including hourly real-time price signals

## Enables Utility Business Model Change

- Encourages creating business models that can lead to greater customer adoption of high value DERs rather than DERs that have low, zero, or negative value
- Utilities can begin to offer new and different products/services

## Rationalization of Rate Design

- Utility costs have better and more transparent fixed cost recovery through the FVT's network subscription charge, potentially forestalling future issues with retail rates like net energy metering cost shifts



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