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PROJECT NO. 34610

IMPLEMENTATION PROJECT
RELATING TO ADVANCED
METERING

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PUBLIC UTILITY COMMISSION
OF TEXAS

RESPONSE TO REQUEST FOR COMMENTS

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RESPONSE TO REQUEST FOR COMMENTS

Reliant Energy, Inc. submits this response to the request for comments on advanced metering implementation filed in this project on October 22, 2007. Reliant appreciates the opportunity to respond to this list of issues and looks forward to working with staff and other interested parties on the priorities to be addressed. Reliant respectfully suggests that the first order of business for this implementation project should be to set priorities for implementation items that must be accomplished in time for summer 2008 product offerings, so that retail electric providers (REPs) can plan accordingly and the ERCOT system and end-use customers can receive the benefits of mass market demand response.

I. Priorities for Summer 2008

The Commissioners have been clear, both as a body and in individual remarks, that they expect one of the benefits of advanced metering deployment to be new retail product offerings for end-use customers.¹ Reliant is anxious to fulfill this expectation by launching new products that leverage the deployment of advanced meters. However, that goal is not possible to achieve until a sufficient number of meters are deployed and the necessary data is available to support the products (both at a TDSP portal and locally at the home of the customer). The top priorities for summer 2008 are data availability,

¹ See, e.g., Project No. 31418, *Order Adopting New §25.130 and Amendments to §§25.121, 25.123, 25.311, and 25.346 as Approved at the May 10, 2007 Open Meeting*, p. 23 (emphasis added): “[Advanced metering] technology **will allow a REP to provide** additional consumption information and **specific products, including prepayment** and time of use which will allow customers to better manage their energy usage.”

See also, Chairman Hudson’s Keynote Address to the Gulf Coast Power Association Fall Conference, October 3, 2007. <http://www.gulfcoastpower.org/newsflash/newsflash.asp?Mode=View&articleid=1564&Category=Presentations>. The presentation states that to allow “an expensive piece of [advanced meter] hardware to languish, underutilized...is not an acceptable outcome.”

settlement to support end-use product offerings, and two-hour reconnection to support compliance with the prepay rule. To demonstrate progress in using the functionality of advanced meters, the Commission should identify certain reasonable key targets for processes that should be in place by summer 2008.

As the market prepares to incorporate advanced metering into retail product offerings, it has become evident that certain opportunities exist that will maximize the benefits of the Commission's implementation efforts. In other words, by designating just a few tasks as high priority for resolution, the Commission can ensure that REPs have the tools to offer a variety of retail advanced metering products for summer 2008, including demand response, time-of-use, and prepay. Due to the lead time required for rolling out an innovative product and having customers on the product by May 1, 2008, REPs need the assurance by February 2008 that these three priority items have been addressed and a solution will be in place by May 1, 2008.

Meter Data Availability

Advanced meter data should be collected by TDSPs and made available to ERCOT, REPs, and customers. Prepay service of the type envisioned by the Commission's pre-pay rule requires a daily read from the TDSP advanced meter which needs to be transmitted to the REP. REPs will pass this information on to pre-pay customers so they can manage their usage within their budget. For the most basic time-of-use (TOU) products, the advanced meter needs to be read twice a day and the data made available to REPs. Demand response products will need 15-minute kWh usage transmitted to REPs. However, Reliant believes that the 15-min kWh data transfer will not be necessary for the launch of summer 2008 demand response products if an appropriate surrogate settlement process is in place, as discussed in the ERCOT Settlement section below. In addition, TDSPs must support the full functionality of advanced meters, and consistently supply the resulting data to REPs. A REP cannot enroll customers in a product for which it cannot be sure that the data necessary to provide the customer the benefits of the product will be consistently available from all the advanced meters.

Discussions related to time-of-use products have been particularly disappointing. Specifically, one TDSP has informed Reliant that it cannot currently, or at any time in the near future, support TOU with the advanced meters it has deployed to date. Rather, to make a TOU offering for summer 2008, Reliant would have to request and pay for the replacement of the new advanced meter with a TOU meter—at a tariffed cost of approximately \$190 for the meter, and additional charges for programming the meter. The Commission should ensure that installed advanced meters are providing the data that the TDSP is collecting to the market for use by ERCOT, REPs and end-use customers.

ERCOT Settlement

ERCOT must provide appropriate settlement with each REP who has customers on advanced meter products. Unless the settlement of these products appropriately reflects the customer's actual time differentiated usage, the offering of these products provides no benefit to the REP through a reduced load shape, nor any incentive to customers to change their usage patterns. ERCOT must make changes to the current settlement system to reflect the new innovative products or implement temporary measures to effect settlement while a longer-term solution is developed. The effort to institute a summer 2008 demand response settlement process has begun at ERCOT and discussions are focused on defining a demand response naming schema (e.g. DR0001-Reliant AC program, DR0002-Reliant Water Heater Program, etc.) and developing load profiles and sampling methodology for demand response products. Demand response load profiles will take time to develop and, in addition, the ERCOT Protocols require at least 150 days' notice to all market participants prior to the addition of a new load profile. A new demand response load profile would have to be developed by no later than December 1, 2007 in order to be available for use in demand response offerings for summer 2008.

Recently, in its recommendation for adoption in Project No. 34706, *PUC Rulemaking to Amend ERCOT Emergency Interruptible Load Service*, Commission staff added an exemption to IDR meter installation for customers participating in aggregations of EILS resources if a statistically valid alternative to universal IDR metering for measurement and verification consistent with industry best practices can be developed and approved by ERCOT. A similar type of statistically valid alternative could be used

for settlement of demand response products for summer 2008, while a longer term settlement solution is developed. There are many demand response programs in operation throughout the country, as well as in Texas, so the data to estimate the effect of a demand response product is available and should be used. As a short-term summer 2008 solution, a demand response estimate could be developed and applied as a reduction to the total adjusted metered load for a REP based upon the number of the REP's customers on a demand response product that is triggered in a settlement interval.

Technology exists for mass market customers and the ERCOT system to benefit from demand response programs in the coming summer. However, this demand response potential cannot be fulfilled unless and until an appropriate settlement process is in place that reflects the demand reduction provided by these customers.

Pre-Pay Two-Hour Reconnect Requirement

The requirement for a two-hour reconnect timeframe is not supported by existing market transactions, and §25.498 imposes no obligation on the TDSPs to comply with such a standard for advanced meters. As addressed in the Commission's recently-concluded rulemaking, the benefits of prepay electric service are many, including immediate feedback on energy consumption, real-time adjustment to meet budgetary goals, and significant reduction (>10%) in overall consumption. Moreover, the rule has imposed an additional implementation requirement on this product. Beginning June 1, 2008, electric service must be restored within two hours of a customer's payment that restores his/her account to a positive credit balance. For meters with remote disconnect/reconnect, the technical capability exists to reconnect a customer within two hours; the issue is how to differentiate the reconnect request so that the TDSP knows that a two-hour reconnect is required. The result is that TDSP advanced meters cannot currently be used to offer prepay. In short, the lack of daily meter reads, the need to transmit the daily read data to the REP, the need to allow access to or transmit the daily read data to the REP, and the lack of a market process for a two-hour reconnect are the chief impediments to the introduction of prepay service to customers with advanced meters—impediments that can be overcome in this implementation project.

II. Topics Listed in Request for Comments

- a. *Business to Business Processes related to:*
 - i. *Home Area Network (HAN)*
 - ii. *Web Portal Functionality Prioritization*

Reliant recommends that this issue be redefined to identify specific processes that should be available by summer 2008 as described above. While business-to-business processes are both critical and relevant, before such issues can be examined, TDSPs must be collecting the necessary data before the market can tackle the problem of how REPs can effectively receive it from the TDSPs. In other words, implementation efforts must first focus on deployment and data collection.

- b. *Security*

Security is an important issue, and one that is embedded in all other topics. More so than many of the other issues on the list for comment, security lends itself to discussions that are primarily technical rather than policy-oriented. However, in its policy discussions surrounding advanced meter security, the Commission and interested parties should be mindful of the fact that ease of customer use of devices is key to the success of the market segment offering advanced-metering related products. For example, in establishing security with various devices that comprise a HAN, set-up must be quick and easy, without requiring human intervention from TDSP or REP, and must be relatively transparent to the customer by using existing data, such as meter number, account number, ESI, phone number, or similar alternatives for security purposes. The security should utilize standards already in place within the adopted industry standard protocols, and should not require TDSPs to hold customer specific information or have additional customer contact.

- c. *Settlement*

As discussed previously, innovative products cannot be offered by REPs unless they are assured that such products will be settled appropriately. For this reason, settlement touches virtually all other implementation topics.

d. Standardization across ERCOT

Reliant agrees that standardization across ERCOT is ideal. Like security, standardization is a topic that is reflected in all implementation issues. Reliant looks forward to working among all interested parties to develop standards to facilitate market development. However, standardization as a part of a long-term solution should not be used to stand in the way of getting functionality in the market for summer 2008 for some demand response programs, prepay, and time of use products.

e. Customer education

Reliant believes that customer education related to advanced meter retail products is best left to individual REPs that will offer it as a means of competitive differentiation. Moreover, highly technical and widely differentiated product offerings do not lend themselves to a large-scale campaign like Texas Electric Choice. Therefore, discussion of advanced metering customer education should be low priority for this project, and for the Commission's education campaign.

f. Required changes in commission rules resulting from deployment

As mentioned previously, this project should address the implementation of the recently-adopted §25.498 to allow the offering of prepay electric service to customers via a TDSP advanced meter

g. Other

As discussed previously, Reliant recommends that interested parties make a commitment to prioritize issues in this project in a manner that will allow product offerings using advanced meters to be available for summer 2008. Specifically, implementation should focus on the process of getting data from the meter to the REP, making settlement changes as needed, and on creating a market process that will allow two-hour reconnect for prepay service using a TDSP advanced meter that has remote disconnect/reconnect capability.

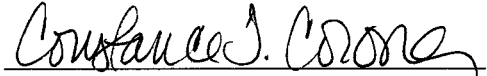
III. Conclusion

Reliant is encouraged by the Commission's commitment to facilitating implementation in a way that will get products to market as soon as possible. Innovative

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retail products cannot be deployed in any significant way until the data from the advanced meters is available for use by REPs and their customers, and by ERCOT for settlement. Reliant respectfully requests that the Commission focus in this project on certain priorities that will allow innovative products to be offered by REPs by no later than next summer: meter data availability, ERCOT settlement, and two-hour reconnect for prepay service.

Respectfully submitted,



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