

# *The Brattle Group*

## **Is the smart grid going to fare better in competitive markets?**

**Toby Brown, D. Phil.  
Ahmad Faruqui, Ph. D.**

**Gulf Coast Power Association  
Spring Conference  
Houston, Texas  
April 14, 2010**

Copyright © 2009 *The Brattle Group, Inc.*

Antitrust/Competition   Commercial Damages   Environmental Litigation and Regulation   Forensic Economics   Intellectual Property   International Arbitration  
International Trade   Product Liability   Regulatory Finance and Accounting   Risk Management   Securities   Tax   Utility Regulatory Policy and Ratemaking   Valuation  
Electric Power   Financial Institutions   Natural Gas   Petroleum   Pharmaceuticals, Medical Devices, and Biotechnology   Telecommunications and Media   Transportation

# **A working definition of the smart grid**

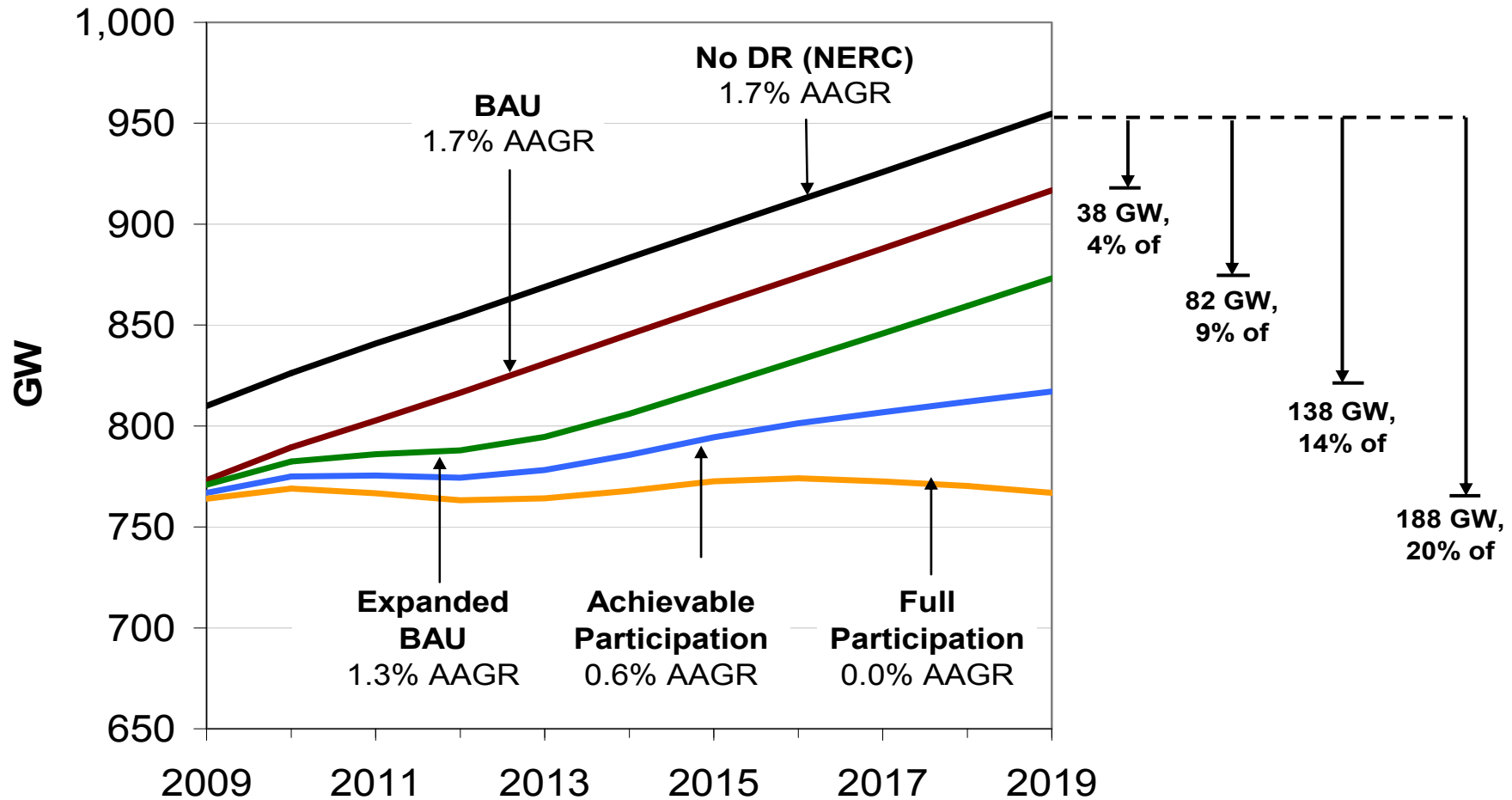
**The smart grid involves the application of digital electronics into activities upstream and downstream of the electric meter**

**I am focusing on those that are downstream of the meter**

**These include demand response, dynamic pricing, energy efficiency, distributed energy storage and plug-in hybrid electric vehicles**

**To further sharpen the focus, I am sticking with demand response and dynamic pricing activities**

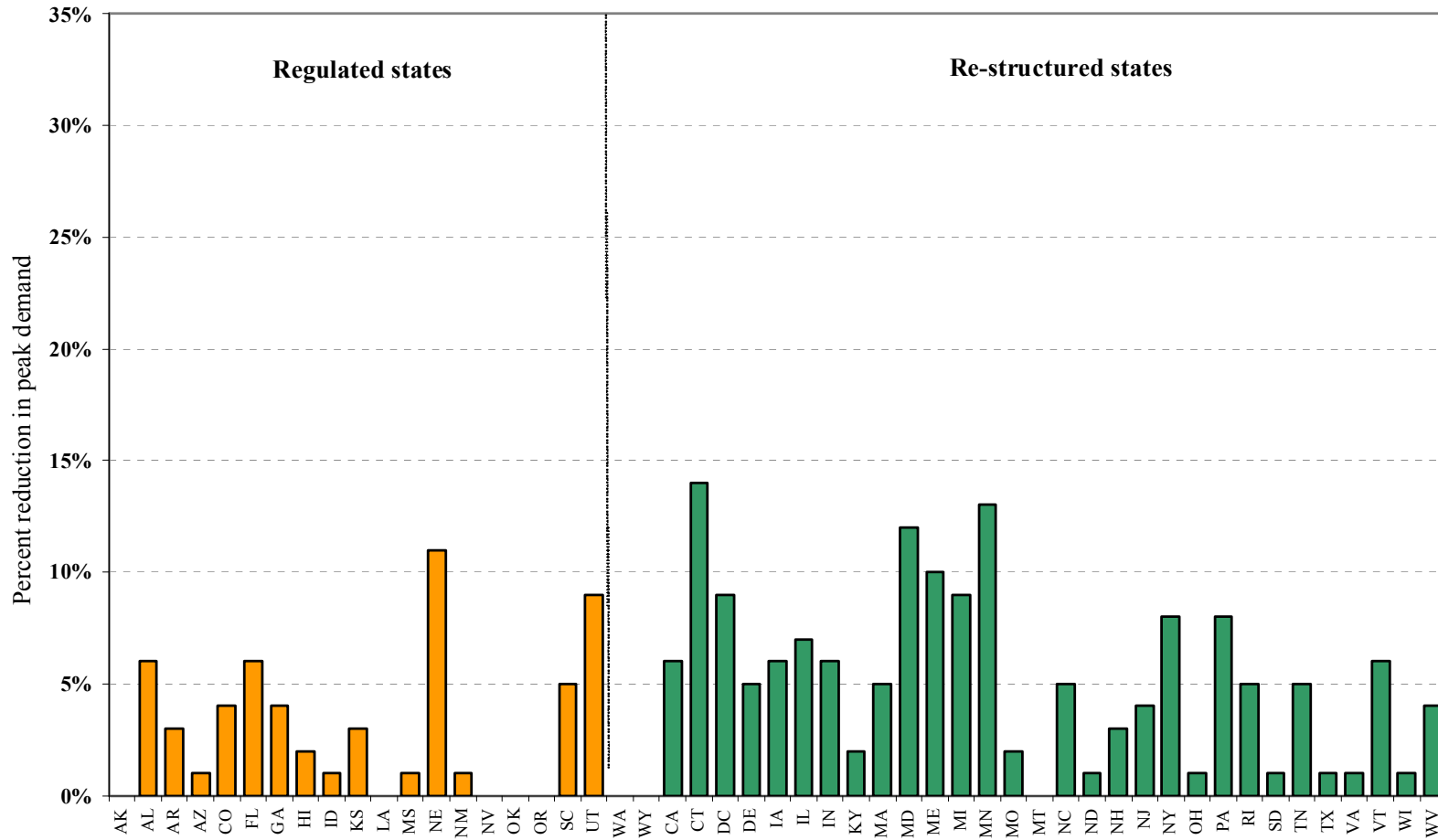
# FERC's projection of demand response





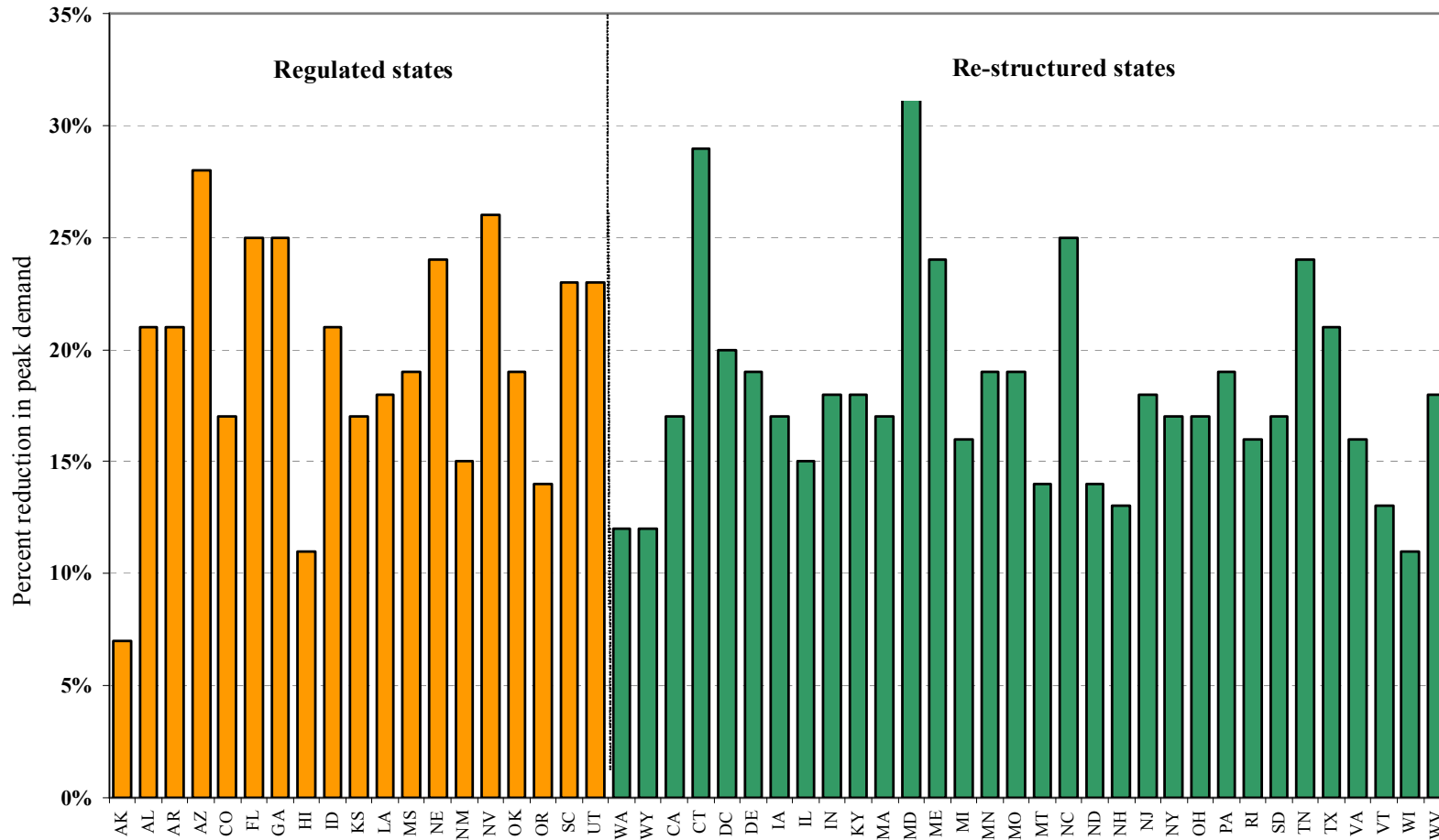
# Current demand response impact by state

2010

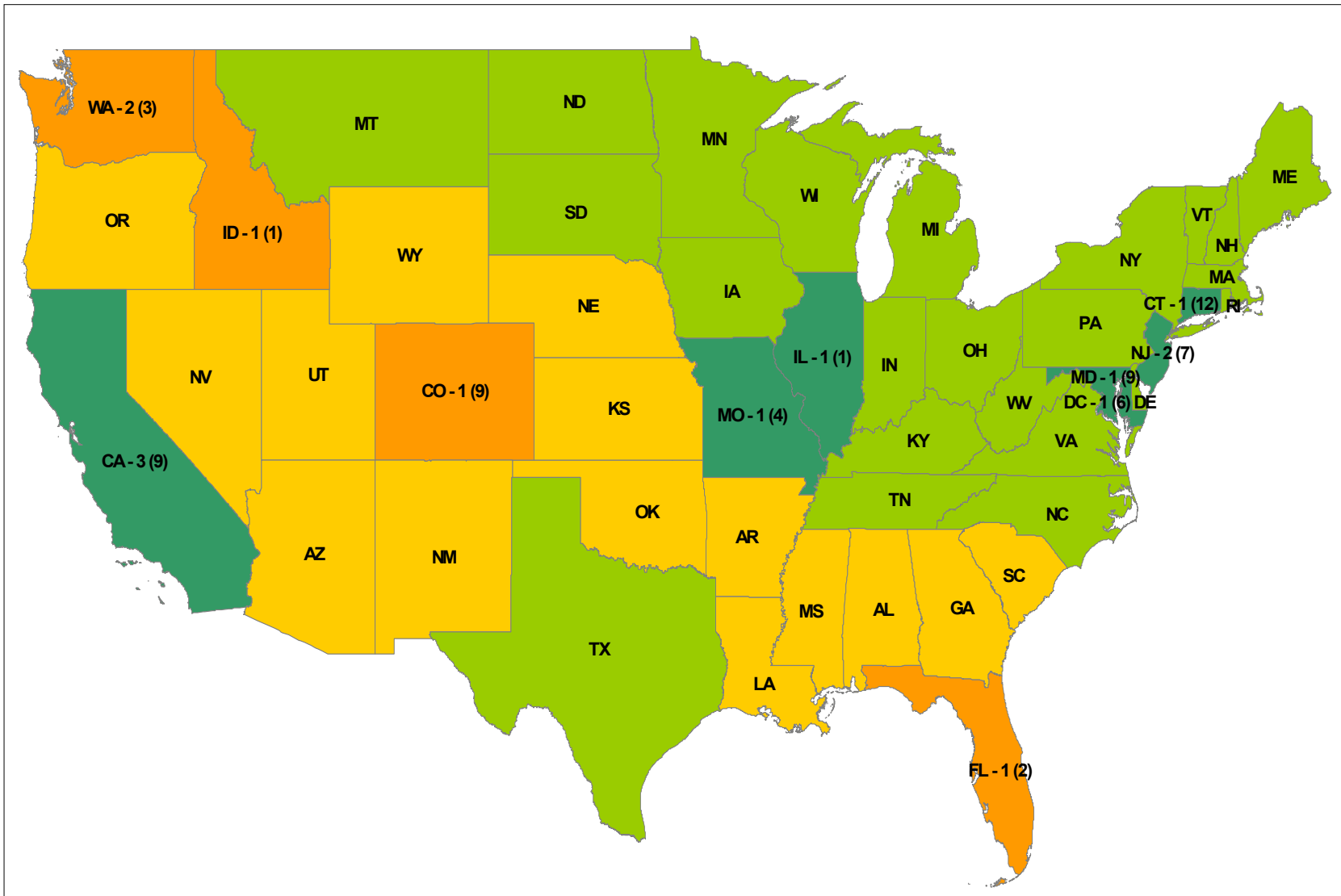


# The full potential of demand response in 2019

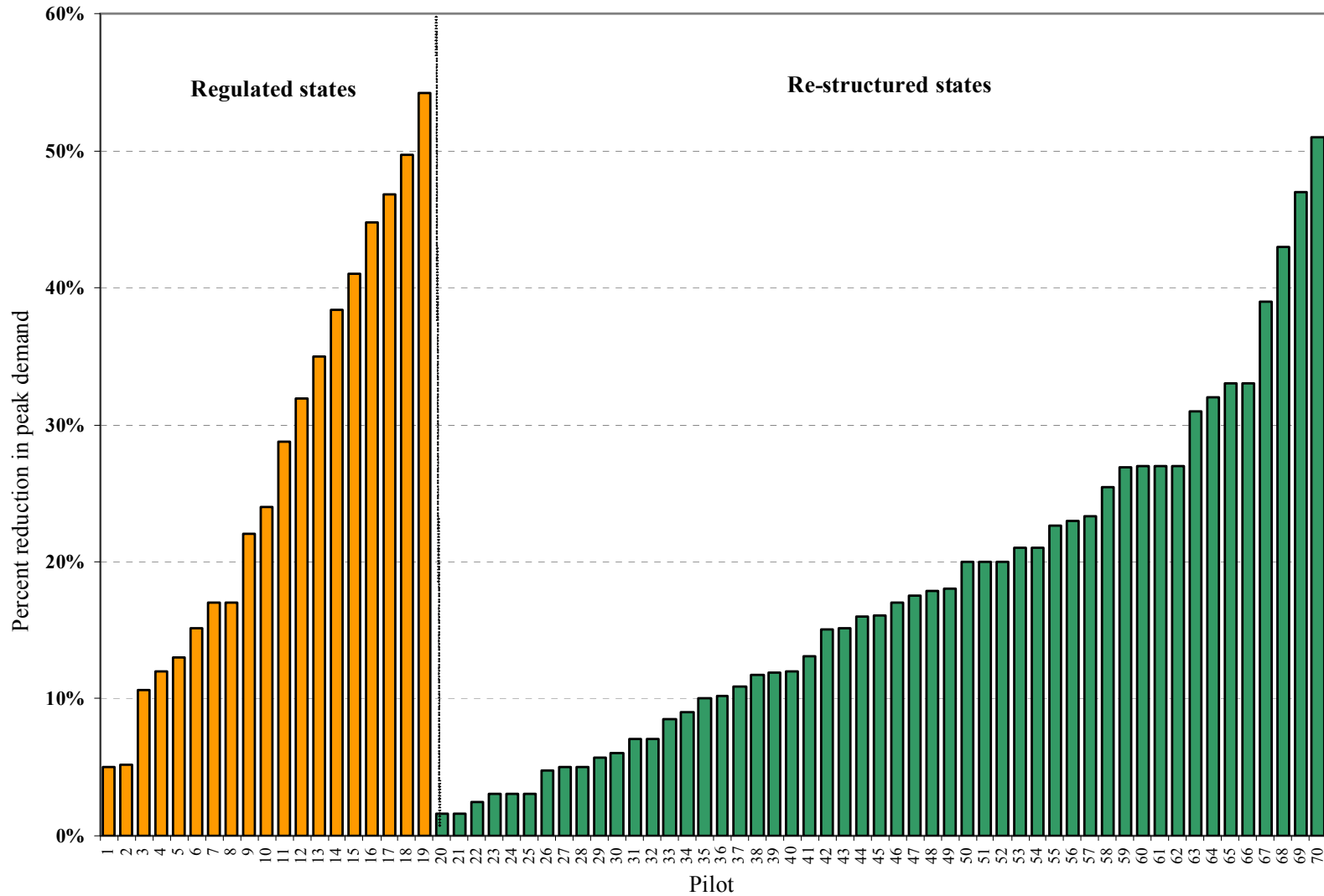
2019 Full participation



# Regulated and re-structured states with pilots



# Pilot impact measurements across states





# Conclusions

**There does not appear to be much difference today in smart grid activity across regulated and restructured states**

**Competitive markets in theory should yield more innovative solutions that expand the set of options available to customers**

**However, the standard offer service, where available, may prove to be an important enabler of the smart grid**