



**CITY OF LEBANON**  
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August 17, 2020

**Via Electronic Mail**

Ms. Debra A. Howland  
 Executive Director  
 NH Public Utilities Commission  
 21 S. Fruit Street, Suite 10  
 Concord, NH 03301-7319

RE: DE 19-197  
 Development of a Statewide, Multi-Use Energy Data Platform

Dear Ms. Howland,

Earlier this afternoon I electronically filed, in three parts, the testimony for the “Local Government Coalition” (LGC), consisting of the consolidated intervenors City of Lebanon, Town of Hanover, Community Choice Partners, Inc., Kat McGhee, and Patricia Martin. Though Bates page numbering was applied sequentially to all of the testimony and attachments, no overall index was provided, the index to Dr. Farid’s testimony was missing page references, and at the last minute I realized I could not apply Bates numbering to his Attachment A, so I removed it. I have revised his index page and added headers to all attachments, so I am refileing all 3 Parts of our testimony to include the updated Farid attachment index and identifying headers on all attachments, which could replace today’s original filing.

Here is an overall index to the Testimony, including the attachments of witness S. Golding :

- Testimony of **Clifton Below** Bates p. 1.
- Testimony of **April Salas**, Bates p.12
- Testimony of **Kat McGhee**, Bates p. 19
- Testimony of **Samuel Golding**, Bates p. 41
  - Attachment 1, Golding CV Bates p. 85
  - Attachment 2, CPNH Summit Agenda Bates p. 89
  - Attachment 3, ERCOT TAC documents Bates p. 99
- Testimony of **Dr. Amro Farid** Bates p. 129
- Index to Attachments to Testimony of A. Farid Bates p. 167

Yours truly,

*Clifton Below*

Clifton Below, Assistant Mayor, City of Lebanon  
 cc: Service List, via e-mail

**THE STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISISON  
DE 19-197**

**Electric and Natural Gas Utilities  
Development of a Statewide, Multi-use Online Energy Data Platform**

Testimony of Clifton C. Below

On behalf of  
City of Lebanon, NH &  
Local Government Coalition (“LGC”)

August 17, 2020

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**I. Introduction and Qualifications**

1 **Q. Please state your name, business address and position relative to this docket.**

2 A. My name is Clifton C. Below and my personal office address is 1 Court Street, Suite 300,  
3 Lebanon, NH 03766. The City's business address is 51 N. Park St, Lebanon, NH 03766. I am a  
4 Lebanon City Councilor, Assistant Mayor, and Chair of the Lebanon Energy Advisory  
5 Committee created by the Council. I am authorized by the City Manager and Council to  
6 represent the City in this proceeding on a volunteer basis.

7 **Q. Have you previously testified before this Commission?**

8 A. Yes, I provided pre-filed direct and rebuttal testimony and live testimony in DE 16-576  
9 concerning alternative net metering tariffs. I provided pre-filed and live testimony in DE 17-189  
10 concerning Liberty's battery storage and time-of-use rate pilot and I also provided pre-filed  
11 testimony in DE 19-064, Liberty's recent distribution rate case, all on behalf of the City of  
12 Lebanon.

13 **Q. Please describe your relevant experience and expertise regarding electric utilities.**

14 A. A detailed background statement can be found at p.66 of my testimony attachments in  
15 DE 19-067 found under tab 43<sup>1</sup>. I will only highlight a few keys elements of my background  
16 here. During my tenure as a State Representative from 1992-1998 I served on the House  
17 Science, Technology, and Energy Committee where I was heavily involved in energy and  
18 regulatory legislation. As Chair of the Policy Principles, Social and Environmental Issues  
19 Subcommittee of the Retail Wheeling and Restructuring Study Committee in 1995 I facilitated  
20 a consensus building legislative and stakeholder process that resulted in recommended

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<sup>1</sup> [https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-064/TESTIMONY/19-064\\_2019-12-10\\_COL\\_ATT\\_TESTIMONY\\_FILED\\_12-09-19.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-064/TESTIMONY/19-064_2019-12-10_COL_ATT_TESTIMONY_FILED_12-09-19.PDF).

1 “Restructuring Policy Principles” that became the core of NH’s Electric Utility Restructuring  
2 statute, RSA 374-F, that was enacted to restructure and guide the future regulation of electric  
3 utilities in NH . In 1998 I was elected to the NH Senate, serving on the energy and utility  
4 policy committees throughout my six-year tenure. From 1997-2004 I served on the Advisory  
5 Council on Energy of the National Conference of State Legislatures (NCSL), including 3 years  
6 as Chair, which advised NCSL staff on emerging energy issues that may need the attention of  
7 state legislatures. I also served on the Energy & Electric Utilities Committee, Assembly on  
8 Federal Issues of NCSL where, as Chair in 2000-2001, I facilitated a consensus based  
9 comprehensive update of NCSL’s National Energy Policy. I testified on behalf of NCSL  
10 before the United States Senate Committee on Energy and Natural Resources on “Electric  
11 Industry Restructuring,” focusing on transmission and jurisdictional issues. I also served as a  
12 member of the National Council on Electricity Policy Steering Committee from 2001-2004,  
13 which was a policy collaborative with NARUC, NGA, and NASEO.

14 In late 2005 I was appointed to serve as a NHPUC Commissioner with my tenure  
15 ending in February 2012. During that time, I served on the FERC-NARUC Smart Grid and  
16 Demand Response Collaborative, 2008-2011, and on the Electric Power Research Institute  
17 (EPRI) Advisory Council, 2009-2011 and its Energy Efficiency/Smart Grid Public Advisory  
18 Group, 2008-2010. I also served in a variety of other capacities, including as a Vice Chair of  
19 NARUC’s Energy Resources and Environment Committee, as a member and Co-Chair of the  
20 NEEP Steering Committee for the Regional Evaluation, Measurement & Verification (EM&V)  
21 Forum, and as President of NECPUC. Through my involvement in NCSL, NARUC,  
22 NECPUC, ISO New England stakeholder processes and particularly with EPRI I was fortunate  
23 to enjoy numerous deep dives into emerging issues in the electric utility industry at the

1 intersection of technology, science, policy, markets, and regulation, including grid  
2 modernization, smart rates, market design, energy efficient technologies, and distributed  
3 energy resource issues.

4 **II. Overview of Testimony**

5 **Q. For whom are you testifying?**

6 A. While I represent the City of Lebanon in this proceeding, Staff recommended and the  
7 Commission ordered in its April 17, 2020 Secretarial Letter granting interventions that the City  
8 Lebanon, Town of Hanover, Kat McGhee, Patricia Martin, and Community Choice Partners,  
9 Inc.(Samuel Golding) consolidate our interventions. We have dubbed ourselves the “Local  
10 Government Coalition” as two of the parties represent NH municipalities and the others are, to  
11 varying degrees, representative of community and local public interests.

12 **Q. Would you describe your participation in this proceeding to date?**

13 A. I actively participated in all or nearly all of the 8 or 9 technical sessions held thus far, as  
14 well as numerous side conversations with various intervenors and utilities. I assisted in  
15 preparing scoping comments filed as tab 27 in the DE 19-197 docket book on behalf of the  
16 City of Lebanon, and in the development of the use cases, also known as stakeholder  
17 requirements. as filed in tab 34. I also assisted with preparing responses to the Joint Utilities  
18 Comments on that document, filed as tab 47.

19 **Q. Would you summarize your testimony?**

20 A. Yes. My testimony puts the testimony of others LGC members and advisors in context  
21 and helps to fill in the blanks on the myriad of issues that need to be addressed in this  
22 proceeding. I would note that almost all the work being done by the LGC in this proceeding is

1 being done on a volunteer basis (in our “spare time”), so we have not been as comprehensive,  
2 thorough, or coordinated as ideally we might be. Our testimony focuses on the following:

- 3 • The needs, vision, and use cases that this data platform should support.
- 4 • The optimal process and methods for developing the data platform, to achieve a high  
5 level of functionality and value for stakeholders and the evolution of the distribution  
6 grid and electricity system generally, while managing costs to a reasonable level.
- 7 • The need for a governance system that gives stakeholders a meaningful voice and place  
8 at the table as the data platform is developed and evolves over time.
- 9 • Some characterization of potential costs and benefits of the energy data platform,  
10 whether a cost/benefit analysis is a requirement of this proceeding, and suggestions for  
11 containing costs.
- 12 • Other issues in RSA 378:51-52 that the Commission needs to consider.

13 The testimony of other witnesses for the Local Government Coalition is summarized as follows.

14 **April Salas**, Sustainability Director for the Town of Hanover, describes Hanover’s  
15 experience in working to obtain community energy data in the past to highlight the costly and  
16 burdensome nature of the current status of electric data access in New Hampshire, and to explain  
17 why Hanover and other municipalities need better and timely access to community level energy data  
18 with an ability to regularly refresh and update the data as a foundational issue to support community  
19 energy and climate goals.

20 **Kat McGhee**, as a longtime software program manager, focuses her testimony on the  
21 insights and approaches she sees as necessary in order to successfully launch the software  
22 aspects of this data platform project. She describes five areas of energy data hub concepts for  
23 software project methodology where the LGC and some other stakeholders seemed to be in

1 general agreement with the joint utilities during pre-testimony discussions. These broad  
2 concepts for software project methodology encompass: 1) use of a logical data model standard,  
3 incorporation of 2) individual utility customer data, and 3) aggregated and anonymized data, 4)  
4 an extensible architecture and 5) use of agile software development methods. She also addresses  
5 issues around statutory requirements and governance.

6 **Samuel Golding of Community Choice Partners** provides context regarding the new  
7 Community Power Aggregation market that will soon launch in New Hampshire, along with  
8 relevant insights regarding how fully restructured markets rely on market frameworks for  
9 governance and operations in practice, such that the Commission may make an informed  
10 decision in this docket, particularly in regard to how best to structure governance of the statewide  
11 data platform to align with electric utility restructuring mandates under RSA 374-F. His analysis  
12 includes an evaluation of the state of the retail electricity market in New Hampshire.

13 **Dr. Amro Farid**, technical advisor to the City of Lebanon and the Local Government  
14 Coalition, testifies that a shared integrated grid is the leading industrial concept for New  
15 Hampshire to achieve its legislative objectives and that such a shared integrated grid cannot be  
16 achieved without a data platform as a foundational element that engages the participation and  
17 communication of grid stakeholders. He identifies the broad and diverse categories of  
18 stakeholders that he expects will use a fully and properly developed platform and summarize the  
19 stakeholder requirements and use cases of the Local Government Coalition. He testifies that  
20 such a data platform, if developed following the best practices of software systems engineering,  
21 is technically feasible, commercially viable, and very much in the best interest of the New  
22 Hampshire public. He recommends best practices for the governance, development, design, and  
23 implementation of a multi-use, online, energy data platform.

1       **III. Detailed Discussion of Issues**

2       **ISSUES:**

3       **Q. Does RSA 378:52-54 require the PUC, Utilities, or other stakeholder to undertake a**  
4       **benefit/cost analysis to determine if development and implementation of a multi-use, state-**  
5       **wide data platform is in the public interest?**

6       A. No. The plain language and findings clause of Chapter 386, NH Laws of 2019  
7       indicates that there is a rebuttable presumption that development of such a data platform is in  
8       the public interest. RSA 378:51, I states that the “commission shall require electric and natural  
9       gas utilities to establish and jointly operate a statewide, multi-use, online energy data platform”  
10       and goes on to enumerate matters that the Commission should determine in this adjudicated  
11       proceeding. An overall cost-benefit analysis and determination that the data platform is for the  
12       public good is not one of them. The findings clause of SB 284 clearly indicated that the  
13       legislature finds development of such a platform to be a foundational matter for needed  
14       progress in multiple policies and proceedings. The language of RSA 378:51, II provides an  
15       escape, an opportunity for a party to rebut the presumption that proceeding with  
16       implementation of the data platform is in the public interest, but the party putting forth that  
17       concern would have the burden to show that “the cost of the platform to be recovered from  
18       customers is unreasonable and not in the public interest.”

19       **Q. Do you have a view on standards for data accuracy?**

20       A. Yes. While requiring the use of validated revenue grade meter data is appropriate for  
21       all revenue related purposes and many other use cases, there are use cases and applications  
22       where access to raw meter data on near real-time basis – that is as it is collected to the extent  
23       available or meter like data from other sources that may not be revenue grade – would be

1 useful and have value to customers and third parties. The important thing is to make the nature  
2 and source of the data properly identified and disclosed so the user of the data can understand  
3 any limitations or inaccuracies that might be inherent in the raw or non-revenue grade data.

4 **Q. Do you have a view on standards for data retention?**

5 A. Yes. Although there are FERC standards that apply to utility operations under federal  
6 jurisdiction that may help inform retention policies for state jurisdictional retail meters and  
7 distribution utility operations, they should not be assumed to be generally applicable to this  
8 data platform for state jurisdictional utility operations and metering, nor to third party sources  
9 of data that might available through the platform. Furthermore, informed customer choice  
10 should help drive requirements on third parties when customers choose to share their data with  
11 them, or even to release it publicly where it can exist in perpetuity. If a customer wants their  
12 individual customer data to be warehoused by a vendor indefinitely, they should be able to do  
13 so.<sup>2</sup> Just as one example, there might be value to a municipality to be able to go back and  
14 review 10 or 20 years' worth of consumption or DG production data.

15 **Q. Do you have a view on standards for data availability?**

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<sup>2</sup> For example, I have installed 3 revenue grade secondary meters on my home PV system production feed into my panel, my interface with the distribution grid, and the common area load at the commercial building I manage. The meter data is pushed to secure cloud based storage every second or two (once per minute is the default setting). From my phone I can view all the electricity characteristics at these 3 points in near real time (within seconds). The most recent 1,000 reads are stored and then the data is compiled into 15-minute intervals and securely stored in the cloud for the life of my meter, or until I delete it, at no additional cost. The vendor provides users with API options to share the data, including preconfigured options to link it several different third parties, one of which, PV Output is a site where the data can be shared publicly with other PV producers around the world. Links related to these options that are commercially available today are as follows: <https://documents.ekmmetering.com/api-docs/?shell#introduction>, <https://www.ekmmetering.com/pages/pv-output>, <https://www.ekmmetering.com/pages/wattvision>, <https://www.wattvision.com/>, <https://www.dexma.com/>, <https://lucidconnects.com/>. I have managed to write an API script myself that allowed me to download years' worth of PV production data at hourly intervals and convert it to an Excel file.

1 A. Yes, most data should be available at same interval as it is sourced with near real time  
2 access to raw meter data and system data where needed to support particular use cases and  
3 applications. For energy management, situational awareness, demand response, load  
4 curtailment, battery dispatch, & other innovative applications, including supporting  
5 development of a retail/distribution system level transactive energy systems<sup>3</sup> near real-time  
6 access to certain data may be of considerable value and importance.

7 **Q. Do you have a view on standards for data privacy?**

8 A. Yes. As a starting point the protections of RSA 363:38 must be observed where  
9 applicable. However many forms of data that may be available through the platform may not  
10 qualify as “individual customer data” (ICD) as defined in RSA 362:37, I and as referenced at  
11 various points in RSA 378:51-52. Not all data requires the same level of privacy and  
12 protection - some purely public data might be available through the platform, while other data,  
13 such as some system data, might merit a degree of protection somewhere between that afforded  
14 under RSA 363:38 and fully public data that has no privacy protections. Paraphrased, ICD is  
15 defined in RSA 363:37, I as data about the quantity, characteristics, or time of consumption of  
16 electricity, natural gas, or water, or related services, along with other information that, singly  
17 or in combination that would allow someone to identify a specific customer, or associate such  
18 data with any one individual customer. So data that has been effectively anonymized or  
19 aggregated such that that it cannot be associated or attributed any one individual customer,  
20 should not need the level of protection required for ICD

21 **Q. Do you have a view on standards for data aggregation & anonymization?**

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<sup>3</sup> For an overview of transactive energy please see <https://www.nist.gov/engineering-laboratory/smart-grid/hot-topics/transactive-energy-overview> and this Pacific Northwest National Laboratory site: <https://www.pnnl.gov/building-grid-integration>

1 A. Yes. Regarding the needs for the development of municipal and county aggregations  
2 pursuant to RSA 53-E, also called community power aggregations (CPAs), it would be most  
3 appropriate to look to rulemaking for CPAs, as that is likely to occur, along with the needs for  
4 data access, prior to implementation of a data platform. Aggregation standards need to take  
5 into account their practical implications

6 **Q. Do you have a view on security and the requirements for platform access?**

7 A. Yes, obviously cybersecurity and secure access to the platform are important. However  
8 qualifications requirements for registration to access the data platform should be  
9 commensurate with the level of access sought and authorized. For example, the owner of a one  
10 or a few multi-tenant building who wants aggregated load data for their whole building in  
11 order to benchmark it with Portfolio Manager, should not need the same level of security  
12 screening as a large corporate competitive energy supplier. NDAs should not be required for  
13 users who do not seek access to any ICD or otherwise sensitive or confidential data.

14 **Q. Do you have any ideas on cost controlling strategies?**

15 A. Yes, one thought is don't reinvent the wheel if it's not necessary. As Dr. Farid points  
16 out, there may be parties that already have developed software that could be adapted to be the  
17 core of an energy data hub, such as mPrest, Kavala Analytics at an affordable price. There are  
18 other parties to the proceeding that may have products that should be considered. Another  
19 product that has a cybersecure data sharing platform is the open source Volttron software<sup>4</sup>  
20 developed with funding from the US Department of Energy. There may be grants there are  
21 available, including, depending on the outcome of the election in November, possibly new

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<sup>4</sup> <https://volttron.org/>

1 federal funding in 2021 for economic recovery, that like ARRA grants for “shovel ready”  
2 projects.

3 **Q. Does that conclude your testimony?**

4 A. Yes it does.

**STATE OF NEW HAMPSHIRE**  
**BEFORE THE**  
**PUBLIC UTILITIES COMMISSION**

**Docket No. DE 19-197**

**Electric and Natural Gas Utilities**

**Development of a Statewide, Multi-use Online Energy Data Platform**

**TESTIMONY OF**

**APRIL SALAS**

**August 12, 2020**

**On behalf of**

**The Town of Hanover**

**& the Local Government Coalition**

1 Q. State your name, title, organization, and business address.

2 A. April Salas, Sustainability Director, Town of Hanover, 41 South Main Street, Hanover, NH  
3 03755.

4 Q. Describe your professional role and your professional background.

5 A. I am employed professionally as both Chief Sustainability Officer for the Town of Hanover  
6 and Executive Director of the Revers Center for Energy at Dartmouth's Tuck School of Business. I  
7 have nearly two decades of public and private sector experience in energy finance, power delivery,  
8 energy reliability, markets analysis, sustainability, data, and new technology integration. The Revers  
9 Center – one of six research centers at Tuck – helps build pathways of learning and connection to  
10 industry for MBA students, to include advising on climate, sustainability, and clean energy related  
11 projects with companies leading the charge on sustainable innovation. Additionally, I co-teach a  
12 course in Morocco focused on energy innovation in frontier economies, lead consulting projects in  
13 Singapore and Australia, and work domestically with companies and students wishing to explore all  
14 aspects of sustainability, climate, and clean energy.

15 Prior to Tuck, I began my career in energy finance consulting in mid-/downstream oil and  
16 gas. I have held various senior positions within the US Department of Energy in power delivery,  
17 energy reliability and systems analysis, including directing the White House's Quadrennial Energy  
18 Review Task Force Secretariat, the State Energy Assurance Program – working to monitor and  
19 upgrade the US electric, petroleum, and natural gas infrastructure – and leading Planning and  
20 Analysis for all federal energy emergency response events with FEMA. I am a founder a global  
21 energy security advisory program, supporting DOE's country-to-country engagements, as well as US  
22 government support to international energy emergency response. I have represented US government  
23 energy security interests at NATO, led engagements in Colombia, Haiti, Iraq, and within the EU.

1 My current work focuses on helping Hanover achieve its 100% renewable energy targets by  
2 2050, and working with companies on re-envisioning their role in climate mitigation. I hold an MBA  
3 from Cornell University's Johnson School; two Masters degrees, in International Security and  
4 Economics, with a focus on energy poverty and development; and a BA from the College of William  
5 and Mary.

6 **Q.** Are there other aspects of your professional background that have relevance to this docket?

7 **A.** Yes. I have over 17 years' experience in infrastructure systems analysis, including key  
8 leadership roles in the public and private sector, including consulting with multi-national energy  
9 companies, leading a multi-million dollar American Reinvestment and Recovery Act (ARRA)  
10 programs focused on state energy assurance and resilience, leading efforts for the White House  
11 Office of Science, Technology, and Policy and Secretary of Energy's Quadrennial Energy Review  
12 Second Installment that focused on a comprehensive review of the US electricity system, published  
13 on January 6, 2017. (The Quadrennial Energy Review (QER) Task Force released the second  
14 installment of the Quadrennial Energy Review report titled "[Transforming the Nation's Electricity](#)  
15 [System](#)"<sup>1</sup>.) The preponderance of my work at U.S. Department of Energy was in the program office,  
16 The Office of Electricity Delivery and Energy Reliability. I was the Director of Planning and  
17 Analysis Team within US DOE, in charge of all visualization platforms, data, and analysis reporting  
18 to FEMA, Secretary of Energy and the White House for any federal energy disaster declaration,  
19 including FEMA's ESF-12. Tasked with working with industry asset owner operators, states, local  
20 government and throughout the federal interagency, under my leadership, we oversaw the  
21 establishment of a multi-million dollar environment for analysis for geo-located energy infrastructure  
22 (EAGLE-I), including, near real time feeds of 15 min or less interval data on the electric power

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<sup>1</sup> <https://www.energy.gov/policy/initiatives/quadrennial-energy-review-ger/quadrennial-energy-review-second-installment>

1 system. This included multiple investor owned utility direct feed data, as well as, 'scraped' data, for  
2 more than 75 million electric customers across the United States. The program includes specificity of  
3 data fidelity, security, data anonymization, and various user defined views that dictated what data  
4 was made available. Under our office, also included experts leading in cyber security of energy  
5 delivery systems, and we worked across OE to incorporate data and security controls, related to other  
6 programs we led, including the deployment of smart meters nationwide, as well as, additional  
7 controls on higher voltage aspects of the system. We successfully worked through many of the  
8 concerns that have been raised regarding secure access to data, nearly a decade ago.

9 **Q.** What is the purpose of your testimony?

10 **A.** The purpose of my testimony is to describe Hanover's experience in working to obtain  
11 community energy data in the past, and to highlight the costly and burdensome nature of the current  
12 status of data access in New Hampshire. Hanover is glad to see the state and the Public Utilities  
13 Commission undertaking this docket. We feel that a Statewide, Multi-use Online Energy Data  
14 Platform would be of great value to all communities of the state.

15 My testimony does not speak to all of the aspects of the statute or of this subject. We are  
16 appreciative of the hard work of other intervenors and leaders in the process such as the Consumer  
17 Advocate, Clean Energy NH, and partners in the Local Government Coalition, and we hope to work  
18 with all parties, utility and non-utility, to help develop a successful Energy Data Platform that is  
19 beneficial for the state. Additionally, I would like to contextualize that the current national and state  
20 level data available to communities is of insufficient fidelity in order for us to undertake efforts to  
21 meet our local and regional energy goals. We have attempted to engage our investor owned utility in  
22 the resurgence of these programs to no avail. We have simply exhausted all options. The process is  
23 timely, costly, and requires expertise that is not broadly available to most NH communities.  
24 Additionally, lack of cohesion and consistency around data requests on an individual and ad hoc

1 basis, in fact, poses greater strain on utility resources and inhibits our ability to access our own  
2 information in a replicable fashion. We feel that this increases costs, not lowers costs, to rate payers,  
3 as a result.

4 **Q.** What is the current state of customer access to data in New Hampshire as experienced by the  
5 Town of Hanover?

6 **A.** In Hanover's experience, it is incredibly laborious, time- and resource-intensive, and costly  
7 to gain access to energy data.

8 Hanover undertook an effort to obtain our town wide usage data from our single investor  
9 owned utility between 2018 and 2019. We had to leverage regulatory authority that already allows  
10 for a data request once per year; experienced significant push back despite the existing authority to  
11 do so; were required to obtain and sign non-disclosure agreements (NDAs) and authorizations from  
12 the six largest customers in Hanover, which took upwards of six months, to obtain the data from our  
13 utility, despite those customers having consented. We were required to obtain written approval by all  
14 large users (G-1) before our utility was willing to provide aggregated total usage information.

15 **Q.** What data were you requesting?

16 **A.** Hanover requested total community-wide electricity consumption data organized by  
17 customer rate class. This included rate class, and 30 min – 1 hour interval data for a 12 month period,  
18 dating back three years.

19 **Q.** What costs did Hanover incur in its attempts to acquire energy data?

20 **A.** The costs incurred by Hanover included staff time of Town Manager, Department of Public  
21 Works Director, Planning and Zoning Director, Sustainability Director, and employment of a  
22 consultant for six months-time, which consultant alone totaled well over \$14,000 in consulting fees,  
23 representing over 35% of our entire program budget. It also delayed development of a baseline

1 benchmark and the analysis and action plan that follows, so there is a cost in terms of delayed  
2 progress on our climate action and sustainability goals and potential lost opportunities.

3 **Q.** How long did it take to acquire the data?

4 **A.** It took approximately six months of effort to acquire the data.

5 **Q.** What was the quality of the data received after these efforts?

6 **A.** The data we eventually received was poorly organized data. The data was not provided in a  
7 consistent or structured way, which made analyses difficult. In some instances, we discovered  
8 inaccuracies in the data. The data immediately began to degrade with time, and there does not appear  
9 to be an easy process to replicate our data acquisition efforts. We do not have an easy way to update  
10 the data.

11 **Q.** Do believe other cities and towns have similar experiences to Hanover in their attempts to  
12 acquire energy data?

13 **A.** Hanover participates in numerous statewide networks related to municipal energy issues  
14 include membership with Clean Energy NH, participation a quarterly Municipal Round Table on  
15 Energy and Climate convened and facilitated by Conservation Law Foundation, the University of  
16 New Hampshire Sustainability Fellows Program, and other networks. Through these networks, it is  
17 my understanding that many cities and towns of New Hampshire experience similar difficulty,  
18 delay, and cost in attempting to gain access to their energy data, but I cannot speak to the specifics of  
19 those communities' experiences.

20 **Q.** For what reasons are you seeking energy data.

21 **A.** In May 2017, the Town of Hanover adopted a commitment to achieving 100% renewable  
22 electricity on a community-wide basis by 2030, and 100% renewable transportation and thermal  
23 sectors on a community-wide basis by 2050. We are one of several communities in New Hampshire  
24 with similar ambitious renewable energy goals. In the Fall of 2017, the Town of Hanover engaged

1 the consultant 3Degrees to help develop our energy strategy. Our top priority at present is 100%  
2 renewable electricity. The first step towards achieving this goal is to understand Hanover's total  
3 electricity consumption.

4 Baseline data and benchmarking are critical components of achieving our community's  
5 energy goals. We need data to motivate residents to invest in energy conservation and green energy,  
6 to measure effectiveness of community driven energy efficiency programs like Weatherize  
7 campaigns (marketing NHSaves Home Performance with Energy Star [HpWES]), motivating  
8 participation in our Solarize public education campaigns, and, perhaps most importantly,  
9 implementing Hanover Community Power under RSA 53-E Relative to Aggregation of Electric  
10 Customers by Municipalities and Counties. For our Community Power Aggregation, we will need  
11 quality data that defines the total community load, customer type, load curves, etc. to be able to  
12 procure cost-effective of green power, and implement community-based strategies to shave peaks,  
13 deploy local Distributed Energy Resources (DERs) and self-generate at least a portion of our own  
14 power for the aggregation. For Community Power Aggregations to be successful, it is critical that  
15 communities like Hanover not only have access to data, but also have the ability to regularly update  
16 data streams in an easy manner that does not add costs or burden.

17 **Q.** Is there anything else you would like to add to your testimony?

18 **A.** No. This concludes my testimony.

STATE OF NEW HAMPSHIRE  
BEFORE THE  
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DE 19-197

**Electric and Natural Gas Utilities**  
**Development of a Statewide, Multi-use Online Energy Data Platform**

DIRECT TESTIMONY OF KAT MCGHEE, M.ED., PMP  
MEMBER OF THE LOCAL GOVERNMENT COALITION

AUGUST 17, 2020

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1 **1. Introduction to Witness:**

2 ***Q. Please state your name, business address and occupation?***

3 My name is Kat McGhee. My business address is 33 N State Street, LOB 304, Concord, NH 03301, as  
4 a member of the Science, Technology and Energy Committee of the New Hampshire House of Rep-  
5 resentatives. By profession, I am a Software Program Manager, retired, I hold a current Project  
6 Management Professional (PMP) designation from the Project Management Institute.

7 ***Q. On whose behalf are you testifying in this proceeding?***

8 I am testifying as an Eversource customer and New Hampshire ratepayer on my own behalf  
9 and on behalf of the Local Government Coalition. As the chair of the House committee charged with  
10 passing the underlying bill (SB284) that initiated this proceeding, I was involved in many meetings  
11 and conversations with the Senate and House energy committees who sponsored and passed the  
12 bill in 2019. In having worked with the utilities and other energy stakeholders from then until now,  
13 I hope to identify both the benefits of the statewide, energy data platform and some of the foreseea-  
14 ble obstacles that warrant PUC consideration.

15 ***Q. Summarize your qualifications and experience:***

16 I hold a Master of Education degree from Cambridge College and have held a Project Man-  
17 agement Professional designation from the Project Management Institute or the past 16 years. My  
18 most recent position was at Skillsoft e-Learning Corporation where I was a Software Program Man-  
19 ager in the Program Management Office. I supervised a variety of international, cross-functional  
20 teams in the engineering division for Skillsoft. Enterprise-wide project management was my pri-  
21 mary role in the prior 15 years of my career at John Hancock Financial Services in Boston where I  
22 worked as a dedicated consultant to the Chief Information Officer from the Technical Education  
23 Center on Organizational Development My expertise is in the people and process side of making  
24 complex, technology-based projects achieve their intended aims. Beyond my professional

1 experience, I have gained knowledge on the New Hampshire and New England energy landscape as  
2 both a citizen activist during the Northeast Energy Direct (NED) gas pipeline project and as an com-  
3 munity volunteer serving as the Chair of a town task force on the (NED) Kinder Morgan project and  
4 the Hollis representative to the Nashua Regional Planning Commissions' Energy Facility Advisory  
5 Committee. Interacting with state and regional energy agency leaders and testifying in legislative  
6 proceedings on potential energy projects, I built knowledge based on the history and changing  
7 characteristics of the New Hampshire energy portfolio and the regional planning efforts of the Inde-  
8 pendent System Operators of New England I (ISO-NE).

9 Since joining the Science, Technology & Energy Committee in November of 2018, I have bene-  
10 fited from input of energy sector subject matter experts, including the state's utilities, NEPOOL, NH  
11 Electricity Coop, Clean Energy NH, and NH DES. I have attended conferences, hearings and work-  
12 shops including the most recent 10-year strategic planning session of the ISO-NE in Boston during  
13 the fall of last year. During that conference, at which members of both the NH PUC and the NH Office  
14 of Strategic Initiatives were in attendance, the keynote speaker (and closing panel) spoke of the  
15 need for a tool that that could bring better visibility to the ISO New England and other stakeholders  
16 of the distributed energy resources (DER) connected to the distribution grid and the role they play  
17 in the New England power system. The keynote speaker spoke candidly about how our lack of en-  
18 ergy data insight was the primary impediment holding back the optimization of grid modernization,  
19 distributed energy integration and energy efficiency. It is this type of industry knowledge that  
20 prompted me to intervene in docket DE19-197.

## 21 2. Principal Testimony of Witness

22 *Q. Please summarize your testimony.*

23 As a longtime software program manager, my testimony will focus on the insights  
24 and approaches I see as necessary in order to launch a successful software project on

1 behalf of the state of New Hampshire. I base my testimony on the knowledge gained from  
2 working with the OCA since the spring of 2019 and on the outcomes defined through a pro-  
3 cess of creating User Stories during the Technical Sessions by the most active intervenor  
4 parties to the DE19-197 docket on the development of an Energy Data Hub (a term coined  
5 by Clean Energy New Hampshire). My testimony augments the Local Government Coalition  
6 testimony of Clifton Below, Amro Farid, Samuel Golding, and April Salas. In the field of soft-  
7 ware project management, defining good processes and hiring the right people are key fac-  
8 tors to the success of a project that are often overlooked. The context of the software pro-  
9 ject, which is unfortunately being conjoined with the adjudicative process, requires nu-  
10 anced approaches to the people and process aspects of its leadership, collaboration, tech-  
11 nical decision-making and on-going governance that will shape its success.

12 ***Q. What vision will be achieved by building a statewide energy platform?***

13 A. The meta vision for a statewide energy data platform is that it can portray the distrib-  
14 uted energy system beyond traditional electric and gas utility areas and give the state, NH utilities  
15 and other energy stakeholders greater knowledge to inform their energy planning decisions and  
16 investments. The findings section of SB284, which is Chapter 286:1, NH Laws of 2019, lists the rea-  
17 sons for establishment of an energy platform as follows:

18 *I. In order to accomplish the purposes of electric utility restructuring under RSA 374-F, to*  
19 *implement fully the state energy policy under RSA 378:37, and to make the state's energy systems*  
20 *more distributed, responsive, dynamic, and consumer-focused, it is necessary to provide consum-*  
21 *ers and stakeholders with safe, secure access to information about their energy usage. Access to*  
22 *granular energy data is a foundational element for moving New Hampshire's electric and natural*  
23 *gas systems to a more efficient paradigm in which empowering consumers is a critical ele-*  
24 *ment. By enabling the anonymized aggregation of community-level energy data and requiring a*  
25 *consent-driven process for access to or sharing of customer-level energy usage data, the state can*  
26 *open the door to innovative business applications that will save customers money, allow them to*  
27 *make better and more creative use of the electricity grid as well as other utility services, and facil-*  
28 *itate municipal and county aggregation programs authorized by RSA 53-E. Such a program of*  
29 *robust data is also likely to be useful in local planning, conducting market research, fostering*

1 *increased awareness of energy consumption patterns, and the adoption of more efficient and sus-*  
2 *tainable energy use.*

3 *II. Implementation of a multi-use, online data platform is, in light of electric industry re-*  
4 *structuring pursuant to RSA 374-F, well-calculated to advance the objectives of recent and ongo-*  
5 *ing proceedings at the public utilities commission, including IR 15-296 (Grid Modernization), DE*  
6 *16-576 (Alternative Net metering Tariffs), DE 15-137 (Energy Efficiency Resource Standard), and*  
7 *DE 17-136 (implementation of Energy Efficiency Resource Standard for 2018-2020).*

8 An automated energy data hub supports all kinds of immediate needs for energy stakehold-  
9 ers trying to understand their investments and their overall energy portfolio, but it can also be em-  
10 ployed to support automated reporting toward such strategic functions as integrated resource  
11 planning, DER load management and asset optimization for greater efficiency and cost savings.  
12 These features would be based upon the use of systems data that is not currently agreed to as part  
13 of the initial development project. But the intent of a statewide data platform is that it will help  
14 drive innovation in NH's energy economy today and support strategic improvements like grid mod-  
15 ernization and energy efficiency efforts tomorrow. That means the project itself needs to be con-  
16 ceived as a swiss army knife for energy data. In an information age, this means that the Energy Data  
17 Hub will be built with a finite set of requirements and achieve a specific set of outcomes, but it will  
18 be architected to accommodate new energy data types and sources, along with more robust queries  
19 as time and energy management activities require and maintenance costs allow.

20 ***Q. What functionality should the Energy Data Hub initially deliver?***

21 During the Technical collaboration on this docket a finite set of User Stories was developed  
22 to define the features of the platform in its initial iteration (See Appendix A to Ethan Goldman's tes-  
23 timony). Earlier versions of these User Stories have been widely circulated and acknowledged by  
24 most stakeholders in the docket as a reasonable set of clear objectives. That is a huge hurdle toward  
25 being able to pursue an RFI/RFP because it clearly defines the outputs of the system and the vari-  
26 ous energy data seekers who will be served as well as the systems' attributes required in terms of  
27 support for state of art security, data handling, change-management procedures and versioning  
28 protocols. The User Stories were developed to be compatible with agile software development

1 methods. Agile software teams use a specific set of methods and tools to achieve rapid turnaround  
2 of software that can be tested and improved in a cycle until the defined 'sprint'(bundle of agreed  
3 upon requirements for that short development cycle, generally 2-4 weeks) is declared complete.  
4 Agile is basically a rapid software development method that focuses a team with all the skills  
5 needed to complete the coding, bug fixes and testing, to learn, adapt and move on through the re-  
6 quirements leveraging their collaboration as an accelerant. The reason this project lends itself to an  
7 agile approach is that this is the most efficient software method to limit the time to market, which  
8 in turn limits the cost, while being capable of delivering an innovative and sophisticated data sys-  
9 tem where there are lots of unknowns at the outset.

10 The feature definitions listed in RSA 378:51 relate to deliverables of the software aspect of  
11 the project. How each will be delivered will come down to the decisions of the software team as  
12 part of the development of their project sprints. That sprint plan will define the scope, timeline and  
13 cost to deliver the NH Energy Data Hub. If the PUC orders that the project be run using the agile  
14 software method, which the utilities software leads have also agreed is the best approach, then by  
15 definition, the project will be integrating existing national (Green Button) & logical, energy data  
16 model standards (as was recommended by the OCA ; further defined by Dr. Amro Farid) because  
17 they are defined in the law as a required outcome .

18 The project will also be required to include: an easy to use interface, supporting relational  
19 data-sets, opt-in access/permissions and a data privacy policy consistent with RSA 363:38 , as well  
20 the ability to allow for municipal utilities and deregulated rural electric coops to join in the use of  
21 the platform and share data subject to conditions... these are the defined deliverables of the system  
22 to be developed. These were listed up front as being integral to the success of the software project,  
23 but how these features are delivered in a cohesive plan, cannot truly be defined until someone who  
24 understands both the software and the energy universe is engaged to lead the project. The point  
25 here is that this list, as well as the list in RSA 378:51 (b) specifying the standards to be included:

1 "data accuracy, retention, availability, privacy and security, including the integrity and uniformity of  
2 the logical data model, would be incorporated into any software development plan." It should be  
3 understood that these lists were included to provide a definitional framework of features that are  
4 essential to the proper construction of a state-of-the-art Energy Data Hub; it should not be con-  
5 strued as an expectation that the PUC must define the details of these technical aspects of the pro-  
6 ject. The PUC would include these terms in a 'make it so' order. If they are listed as requirements of  
7 the system, the PUC need not prescribe how the technical team meets those requirements.

8         Because this attempt to combine the extensive work of the OCA and the LGC in defining Use  
9 Cases into an initial set of User Stories to supply a clear definition of the outputs of the Energy Data  
10 Hub, I believe the User Stories document represent a reasonable universe of system functionality  
11 that is easy for non-technical stakeholders to consume. In the Local Government Coalition filings, I  
12 am aware that there are additional Use Cases that have been identified that may be appropriate to  
13 include in the scope of the initial project, or kept in mind for a future project that requires in con-  
14 sideration in the initial system design.

15         At a more granular level of functionality description (as evinced by the User Stories docu-  
16 ment) the platform will provide the ability to aggregate (roll up), anonymize (use energy data with-  
17 out revealing customer information) and integrate various types of metered electric energy data  
18 (electric, gas...) into a format that allows it to be viewed in a meaningful way. This is achieved by  
19 adopting a logical data model standard to which each electric data input source conforms, in effect  
20 making apples and oranges, appear as all apples for the sake of the energy data system in which the  
21 data reside. This provides New Hampshire with the ability to see all of its electric energy inputs  
22 combined and not in silos by type or utility area. The ability to define a municipal project, coop, or  
23 community power aggregator area in the system will provide the capability to 'see' our energy in  
24 the way we need to see it, to undertake meaningful management and to leverage elusive

1 efficiencies. Without this functionality, the project would not meet its defined set of data seeker  
2 outputs or its statutory definition.

3 In meetings with the utilities during the Technical Session's phase of the docket, we gained  
4 agreement on five energy data hub concepts (though specifics of each remain to be defined and this  
5 is largely due to the need for more discussion/collaboration than the process allowed) the fifth be-  
6 ing the software project methodology:

- 7 1) a logical data model standard
- 8 2) individual utility customer data
- 9 3) aggregated and anonymized data
- 10 4) an extensible architecture
- 11 5) agile software development method

12 It should also be noted there was a good amount of discussion around the utility-proposed  
13 idea of building (or buying) a **virtual platform** (see a more fulsome definition in testimony of  
14 Ethan Goldman on behalf of CENH) that uses secure API's to transmit and translate data from dis-  
15 parate energy sources into consistent data formats that can then be served up by the Energy Data  
16 Hub. This approach has merit in that it adopts an architecture that works well for a nimble hub.  
17 The API structure is modular, if you will, and that means problems can be isolated and new func-  
18 tionality, easily and cost effectively tacked on as needed. Just as a decision needs to be made on  
19 whether to have a *Physical* or *Virtual* platform, the decision of whether to *Build* or *Buy* is also critical  
20 to defining the scope, time and cost of this software project. My view is that buying the services  
21 from a company or companies that do this work all day long is preferable. They bring a wealth of  
22 expertise that can aid in the process and they work under contract for specified outcomes, at a  
23 specified price, thus managing the economic risk.

24 This does not preclude the utilities' role by sourcing the software work, in fact, it simplifies  
25 the complicated relationship between being asked to design a system for everyone in a

1 marketplace, while being a major competitor in that marketplace. It also allows for a control of the  
2 costs by separating the billing for work from the utilities' IT resources to a separate vendor, better  
3 from a management perspective as well as separating a single class of stakeholders from the cost to  
4 build being passed on to the ratepayer. While on the subject of costs, I do not have enough infor-  
5 mation to devote a separate section to the idea of "reasonable usage costs being charged to data  
6 seekers as a way of off-setting costs recovered from utility ratepayers." My only comment from a  
7 process perspective is that having a fee for service model penalizes some users rather than sup-  
8 porting a state sanctioned data service for all where adequate permissions and authorities apply. If  
9 we are going to supply access to New Hampshire's energy data, the cost of development and ongo-  
10 ing maintenance should be absorbed into the cost of electric utility customer services. It should be  
11 viewed as an investment in a modern grid infrastructure.

12         Once an independent technical project leader is hired and put in place, the utilities can es-  
13 tablish a management process for partnering with a vendor. The utilities would still be supplying  
14 their technical leads to provide oversight of the development and input into the decision-structure,  
15 but they would be outsourcing the day to day development rather than assuming a new project for  
16 utility IT resources. The view of the required cost for this scale of project, when priced by an en-  
17 ergy utility to build in-house vs. a more-nimble utility API company that specializes in this work, is  
18 likely not even close. In fact, initial discussions on project cost by the OCA Finance Director revealed  
19 that there are vast differences in project pricing depending upon whether or not you are looking at  
20 companies who dedicate their business to this type of data project and have a well-defined RFP.

21         There are experts for hire in all of these fields and most utility software data companies  
22 have experience with the latest approaches to implementing data access, while providing *safe-*  
23 *guarded* data services. So again, we do not have to have to answer these questions to be able write  
24 in an order that they be adequately answered within the scope of the project to come. The concept  
25 of the platform is embraced by those who long for transparency and innovation and the ability to

1 truly meet the vision of utility market deregulation and modernization. This project may well be  
2 equally resisted by those who do not view that 'new energy world' as either preferable (to the sta-  
3 tus quo) or profitable.

4 *Q. How can the PUC define approaches that aid in the success of the software project?*

5 As early as Spring of 2019, I became aware of a challenge to the State's pursuit of SB284.  
6 The challenge begins with the non-technical stakeholders trying to properly understand pieces of a  
7 software project that cannot be defined without the expertise of a technical software lead or data  
8 architect and a project plan. We have been attempting to answer questions that belong in phase 2  
9 or 3 of a project, without actually having defined or initiated the project, for as many months as I  
10 have been involved. The adjudicative proceeding has added to the conflation of cross-purposes into  
11 the process, by asking for levels of detail on various features (change management, security stand-  
12 ards, versioning...) because they are defined in the law, but that cannot be answered by anyone but  
13 the technical project leader who has not yet been engaged. We cannot price the project without de-  
14 fining its scope (deliverables) and timeframe (plan). With the existing high-level system require-  
15 ments and the User Stories, it may be possible at the conclusion of discovery to put out RFI/RFPs  
16 for cost estimates from companies in the utility data space who do this type of work (configuring  
17 API's to translate energy data from source to server). But we should understand that unlike PUC  
18 dockets that do not include a software project component, there will be a lot of unknowns in terms  
19 of defining how problems should be solved in the automation of New Hampshire's energy data, that  
20 cannot and should not be written in stone before the project team is formed. What we have been  
21 doing is trying to develop a definitional framework that allows the project its best chance at suc-  
22 cess. In this regard, the well-intentioned efforts to include the proper elements of the software pro-  
23 ject in the bill and its resulting law, gave us the unintended consequence of forcing the PUC to ask  
24 for answers to questions best defined by a process that has not yet begun. This is in effect, a cart be-  
25 fore the horse problem.

1 Another area where a clear set of approaches needs definition is in project leadership.  
2 There is the natural competition between energy stakeholders and differing views on approach  
3 even amongst the 3 major utilities that make assigning them the 'design' responsibility problematic  
4 in achieving the project's key objectives. To democratize the state's energy data is a new paradigm  
5 and it is not one that the utilities are embracing as a whole. The process of designing and develop-  
6 ing a democratized Energy Data Hub must at the very least be objective. This is not to say we should  
7 design by committee, that too, is problematic. I suspect the reason the 3 utilities were named as the  
8 co-responsible parties for getting the design and operation pieces off the ground is that a project of  
9 this complexity must have a defined leader. The utilities have technical expertise, human resources  
10 and the ability to recover costs in a state where new budget allocations are a rarity, so they rose to  
11 the top of the list, even though they do not all view the ability to provide access to energy data and  
12 the attendant loss of control of that data, as a benefit to them or their customers. The lack of leader-  
13 ship from the state is also a problem. Stakeholder leadership will be important to governance, but  
14 for the software project that designs the energy data hub, it is the abdication of responsibility on  
15 the part of the state that yielded project ownership to the utilities. The PUC should consider how  
16 this process might be implemented so that the software project decision-making is not without  
17 broader input.

18 But events will proceed from the current reality! New Hampshire has no Department of En-  
19 ergy, our IT Department is not looking to take on a project of this scale, and in general, the state's  
20 inability to supply ownership & leadership for this innovative project has been a glaring issue that I  
21 raised in my original scoping document. The greatest challenge of this effort is making sure the us-  
22 age of energy data is developed with the needs of all its stakeholders in mind. Although the utilities  
23 got the hot potato by statute, the PUC can and should outline a process by which a technical project  
24 lead who may be engaged by, but not employed by, the utilities is given the autonomy to manage  
25 the project without the influence of any (or all 3), of the major utilities to limit the global benefits of

1 an energy data hub or their competitors ability to utilize the system as intended by legislation and  
2 the resulting user stories. This means the design will still be technically under the utilities, but the  
3 process will be once removed for the sake of providing a tool that is not biased or limited in per-  
4 spective or functionality.

5 Another issue that has arisen in terms of approach is the discussion about the use of sys-  
6 tems data. This is another example of how the utilities business philosophy presents a narrowcast  
7 understanding of how data can be used, because it reflects their historical perspective and that view  
8 is somewhat in conflict with the objectives of the energy data hub. These discussions of what data is  
9 needed are appropriate, and they are part of the give and take of defining the project's scope. In a  
10 conference call with one of the utilities, a representative expressed the belief that talking about in-  
11 cluding systems data was 'dangerous'. This feeling may be derived from a sense in the utility com-  
12 munity that systems data must be guarded for security reasons. In that light, it is a reasonable fear  
13 from their perspective; however, it belies the fact that New Hampshire is rightly pursuing the abil-  
14 ity to keep current with energy data usage and grid modernization efforts being undertaken across  
15 the country. Other jurisdictions are grappling with all the same technical challenges from data  
16 standards to security – but these are solvable problems that are not preventing states from pursu-  
17 ing the ability to make their energy data into actionable information. Some of the utilities agree  
18 with this progress and are willing to discuss specific data types that can reasonably be provided  
19 and to provide reasons why others might be problematic. But this is an example of the need for an  
20 objective technical project leader being inserted into the mix, who is not representing any particu-  
21 lar stakeholder perspective or interest, being appointed as soon as possible to take the technical as-  
22 pects of the work forward in a stakeholder-agnostic manner.

23 Those of us with software experience have argued that working to exclude certain types of  
24 data as a means of minimizing the complexity of the system (and its testing phase) is a less effective  
25 approach than defining what the system needs to deliver and then developing the appropriate data

1 architecture to support it. That is how you build a better system. It is not a zero-sum game – but try  
2 explaining that to lawyers! If system data is not included in the flagship project, it is important to  
3 understand that the extensibility concept is meant to support the capacity for future expansion to-  
4 ward enhanced capability when the state is ready to pursue it. There is no bad data and there is no  
5 reason to exclude or preclude entire data types simply because it seems to remove complexity. It is  
6 a false choice.

7         The approach for designing this energy data tool needs to be consistent with Chapter 286:1,  
8 NH Laws of 2019: to create a ***more distributed, responsive, dynamic, and consumer-focused*** state  
9 energy data system. Acknowledging that the system will be dynamic tells us that the platform is not  
10 intended as a static tool – one and done. The Energy Data Hub acts as a foundation for moving for-  
11 ward on New Hampshire’s strategic energy goals and must be designed to adapt to meet future  
12 goals as needed. In similar fashion to the requirement for *dynamism* and *extensibility*, the original  
13 language identifies the use of *a logical data model standard*, (originally set forth by the Office of the  
14 Consumer Advocate), to employ an existing national energy data standard to bring disparate energy  
15 data into a common, useful data format that supports robust reporting and analysis. The law also  
16 includes the definition of integrating and obtaining certification for the national Green Button  
17 standard; this requirement is also included as a way to state that New Hampshire wants to leverage  
18 existing energy security, delivery and accuracy frameworks to help us avoid costly reinvention of  
19 ‘an available’ wheel.

20         At some point during the proceedings, I started to hear the Energy Data Hub referred to as a  
21 customer utility tool. I believe this framing diminishes the original vision set forth in SB284. The  
22 ‘customer-focus’ of which I believe the RSA 378:37 language refers are the broad cross section of  
23 consumers seeking to produce, manage, sell, smartly consume, and analyze their own energy.

24         Language from Chapter 286:1, NH Laws of 2019 is useful to supply context here:

1           *By enabling the aggregation and anonymization of community-level energy data and re-*  
2           *quiring a consent-driven process for access to or sharing of customer-level energy usage*  
3           *data, the state can open the door to innovative business applications that will save custom-*  
4           *ers money, allow them to make better and more creative use of the electricity grid as well*  
5           *as other utility services, and facilitate municipal and county aggregation programs author-*  
6           *ized by RSA 53-E.*

7           *Such a program of robust data is also likely to be useful in local planning, conducting mar-*  
8           *ket research, fostering increased awareness of energy consumption patterns, and the adop-*  
9           *tion of more efficient and sustainable energy use. . . .*

10           *Implementation of a multi-use, online data platform is, in light of electric industry restruc-*  
11           *turing pursuant to RSA 374-F, well-calculated to advance the objectives of recent and ongo-*  
12           *ing proceedings at the public utilities commission, including IR 15-296 (Grid Moderniza-*  
13           *tion), DE 16-576 (Alternative Net metering Tariffs), DE 15-137 (Energy Efficiency Resource*  
14           *Standard), and DE 17-136 (implementation of Energy Efficiency Resource Standard for*  
15           *2018-2020).*

### 16   3. Statutory Requirements

#### 17       ***Q. Do you have any concerns about the statutory requirements?***

18           Yes, it is somewhat problematic that the statutory requirements for this docket overlap with  
19           the need for a software project that should be independent of any particular energy stakeholder.

20           Under RSA 378:51, "Online Energy Data Platform Established" section 1 charges the commis-  
21           sion with requiring "electric and natural gas utilities to establish and jointly operate a statewide,  
22           multi-use, online energy data platform." An important point to reiterate from this initial line is the  
23           lack any identified leadership from within the State of New Hampshire governmental framework. If  
24           a Department of Energy is hence established, it would be important to make sure they have voice  
25           on any pending project and in the ongoing governance for this statewide, energy data hub. Since  
26           the impetus for providing broader access to energy data is derived from the changing landscape of  
27           the deregulated electricity market and more specifically, RSA 53E:3, it is unfortunate that there is  
28           no readily available state agency configured to play a necessary role in the establishment and oper-  
29           ation of the data platform. The reason the language might be problematic is that the establishment  
30           of the platform needs to be informed by more than the electric and gas distribution utilities. The

1 lens through which the utilities view data access is far too narrow to embrace the needs of the dis-  
2 tributed energy market of the present and future.

3 It is true that the utilities play an invaluable role in the state's ability to establish a data plat-  
4 form for its energy needs, but it is important for the PUC to acknowledge that the distribution utili-  
5 ties have business incentives that may run counter to the establishment of a truly agnostic energy  
6 data hub. For this reason, I want to emphasize that it is only for the state's lack of a logical home for  
7 this project that the language of RSA 378:51-4 installed the utilities to "establish and operate" the  
8 platform in RSA378:51 and to "design and maintain" in RSA 378:52. This language does not pre-  
9 clude the creation of a coalition of key NH energy stakeholders dedicated to requirements' defini-  
10 tion, vendor selection, Agile project implementation, rollout and communications strategies, estab-  
11 lishing change-management and versioning protocols and advocating for the importance of pursu-  
12 ing a non-for-profit governance model in the Data Platform Council (terminology from CENH testi-  
13 mony). In fact, I would argue that this level of collaboration is essential to the success of the Energy  
14 Data Hub in the absence of direct and relevant state leadership.

#### 15 4. Governance – the Critical Element

##### 16 *Q. What factors are necessary for creating a governance model that works?*

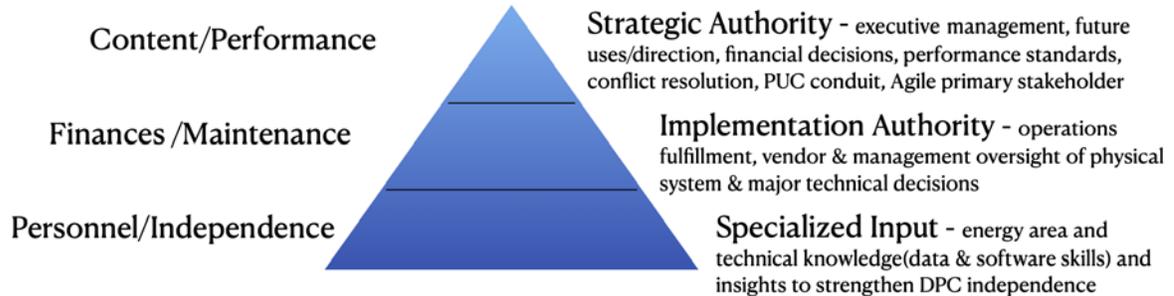
17 On the topic of governance, the place to start is with the timing of the need for oversight and  
18 decision-making. In the absence of a ready-made body who has the expertise to properly manage an  
19 energy software project (many intervenors were eyeing the formulation of the Grid Modernization  
20 Stakeholder Working Group to potentially fulfill this role), it becomes extremely important to look  
21 at who is involved in critical decisions, from the start of the resulting order of this adjudicative pro-  
22 cess. Defining what types of resources and skills must be represented, identifying those partici-  
23 pants and determining an appropriate make up of representative stakeholders is key.

24 In the meetings surrounding the Technical Session calendar, I pulled together some thoughts  
25 on Governance to aid a conversation and I am inserting the PDF diagram below. I heard the concern

1 in meetings with the Consumer Advocate that a governance body for the Energy Data Hub would  
2 need to have 'teeth'. To me, that means that both decision-making authority and independence, in-  
3 cluding an annual maintenance budget authority would be required to support nimble decisions  
4 that avoid bureaucratic delays that incumber efficient response time to critical issues.

5 Before I walk through the processes defined in the high-level diagram below, I want to say that  
6 I am in favor of launching the Data Platform Council simultaneous to the launch of the software pro-  
7 ject. This means the council will be involved with the project decisions as they evolve and this will  
8 help them develop a more sophisticated knowledge of features, issues and requirements. This level  
9 setting can only enhance the ability of those who serve as members on the stakeholder council. The  
10 timing of forming the Data Platform Council addresses the issue of assigning total authority for de-  
11 sign and establishment of the platform to the utilities as that was clearly defined in the absence of  
12 any governing mechanism that could be authorized to ensure system decisions are relayed, under-  
13 stood and agreed to by a broader coalition of stakeholders to produce the best platform for the New  
14 Hampshire energy economy. So while the statute passes the hot potato to the utilities because they  
15 were the only available designee at the time the law was conceived and passed, the project success  
16 will be predicated on an ability to design and form a meaningful coalition of energy stakeholders  
17 who are involved with the platform from the start and for whom sufficient authority is established.

# Governance model



## NH Data Platform Council

Kat McGhee, NH State Rep 2020

1  
2 The top right side of the pyramid starts with **Strategic Authority**: on the left side of the dia-  
3 gram are some corresponding components of a highly functioning governance council. They have  
4 vision and direction-setting responsibilities for content (which features and capabilities are in-  
5 cluded) and performance (the determine whether the platform meets identified standards and  
6 whether they must be improved) as they are being defined during the software project develop-  
7 ment. This requires governance to include what I've labeled as strategic authority. The council will  
8 be semi-autonomous (teeth) in its executive management of the platform: defining future uses, de-  
9 livering financial decisions within their budget authority, and voting on conflict resolution. When  
10 there are issues that cannot be resolved or that exceed the base line authority of the council's an-  
11 nual budget (which is rolling and does not need to be spent, but will be predicated on a reasonable  
12 maintenance allowance plus a future-feature fund), then the PUC is to be used as arbiter. This cre-  
13 ates ownership and authority and also democratizes control for the platform, while streamlining  
14 the red tape to decision-making.

1 The other major consideration for the council would be defining the standards for Data Plat-  
2 form Hub performance. I would recommend defining a performance based reward system to create  
3 a positive feedback loop for the utilities (as the major data source and platform data intermediary  
4 as well as the direct link to any API or platform vendor partner relationship); meeting or exceeding  
5 system performance goals around usage, bug fixes/turnaround time for fixes, query response time  
6 and processing of requests in general etc., The Data Platform Council will be responsible for defin-  
7 ing the performance criteria and assessing whether the utilities are meeting their goals for provid-  
8 ing adequate performance as an ongoing exercise. It there is to be a performance based monetary  
9 incentive program for the utilities, that would also need to be defined by the DPC.

10 The second rung of the pyramid is defined as **Implementation Authority**. This governs opera-  
11 tional fulfillment for the software project and the project as a whole, major vendor or contract deci-  
12 sions, management oversight of physical systems issues that require action or technical decisions  
13 related to operations maintenance of the system. These are not day to day issues, but rather issues  
14 of systemic import. A potential hierarchy for the organizational flow might be: the Data Platform  
15 Council is at the top of the organizational chart for oversight of the implementation and manage-  
16 ment decisions being made day to day by the utilities and their vendor partners in delivering the  
17 Data Platform Hub to market. As an executive body, the council is instilled with the authority to rep-  
18 resent the interests of all stakeholders and the energy economy in their perspective and their deci-  
19 sion-making. Enabling this type of an org chart hierarchy formalizes the collaborative process, pro-  
20 vides it with the necessary 'teeth' and dispels the fear that this will become a utility-only driven  
21 project.

22 In order to properly advise and vote on decisions of strategic and technical importance, the  
23 council will need to include both executive level and software experienced members. It has been  
24 suggested in draft testimony I have seen that the ability for the Data Platform Council to hire  
25 needed expertise is an option that will pay for itself as most of the members will likely receive no

1 compensation for their participation. However, it is my contention that the make-up of the council  
2 itself needs to address the need for technical experts who can objectively delineate and explain the  
3 issues under review. It is very likely that council members from the utilities will include IT candi-  
4 dates who are working on or familiar with the Data Platform Hub project. It is essential to counter-  
5 balance their perspectives with technical members who are non-utility stakeholders.

6 And that leads into the final rung of this simple pyramid: **Specialized Input** In order for the  
7 Data Platform Council to function properly it requires adequate representation of personnel with  
8 energy area knowledge (CPA's, municipal & county government, Clean Energy groups, utilities) and  
9 of course technology professionals with specialties in data development/management and energy.  
10 This make-up serves the purpose of incenting and reinforcing transparency and independence.

11 It is preferable to include technical professionals with an interest in helping the project suc-  
12 ceed to hiring someone to attend DPC meetings. But, if we are going to run a successful Agile soft-  
13 ware project, then the vendor partner we engage to implement the Data Platform Hub may become  
14 the logical participant/representative to report to and inform the DPC on project decisions. This  
15 would become part of the RFP to any potential vendor partner who will have to demonstrate their  
16 Agile experience. But the agile process features in-person reporting to and sprint-level communica-  
17 tion with the '**primary stakeholder**' as part of the agile process. So, for the purposes of the software  
18 project, the Data Platform Council must be enacted in tandem with the agile project, in order to per-  
19 form the 'primary stakeholder' role. The objective collaboration between the Agile Project Leader  
20 and the Data Platform Council as primary stakeholder, creates a level of direct communication that  
21 will be essential to a well-run software project.

22 Below you will find an inserted image that details a potential blueprint for the formulation  
23 of a Data Platform Council process that is designed to meet these objectives.

Mission Statement: The Platform Data Council (DPC) provides the vision, oversight and functional decision-making for the statewide, multi-use, online energy data platform by supporting the goals of the State of New Hampshire and its energy economy.

**Governance categories:**

1. Vision/Strategic Direction (Executive)
2. Operational & Performance-Based Oversight (Functional)

**Function #1: Vision/Strategic Direction**

- **Who:** 13 member Data Platform Council guides the strategic direction of the platform in line with its full potential for the State of New Hampshire
  - 6 energy stakeholder members: 3 of whom have technical or software experience sufficient that they can contribute to discussions/decisions around technology and implementation (potential pool of candidates: DE 19-197 working group; grid mod working group); energy stakeholders should include no less than 1 NH community power planner
  - 4 utility members (1 per utility, plus 1 technical lead)
  - 2 State of NH members (Dept of Energy, OCA, PUC, ST&E etc.)
  - 1 Ratepayer member
- **What:** (2 key activities)
  1. **Implement existing order/scope**  
The governance board will:
    - provide prioritization of outcomes at sufficient levels of granularity to create meaningful project sprints for an Agile software project
    - determine a baseline vision/scope for the initial project & timeframe
    - develop an RFP process to determine ideal value (build/buy)
    - define agile project work team and regular reporting schedule
    - act as 'primary stakeholder' for the platform project
    - provide PUC with initial project cost and annual budget estimate
    - define Data Platform Hub standards of performance and points of intervention for the PUC for non-performance
  2. **Prioritize/propose new orders to expand initial platform scope**
    - Board will prioritize and propose new functionality (consensus and non-consensus recommendations) based on the broader interests of all stakeholders for future feature needs
    - **Recommend new orders to expand Hub scope:** PUC Commission approval prior to initiating new projects beyond initial scope
    - Board to recommend new projects via subsequent orders
- **How: Decision-Making process:**
  3. **Implement existing order/scope:** Binding board vote - does not require PUC involvement. The Platform Governance Board requires an annual budget to support operational decision-making.

1

## 2 4. Conclusions – Collaboration is the point

### 3 *Q. Do you have any closing remarks?*

4 As an intervenor with the Local Government Coalition I am inclined to say a word about

5 how our local governments will be buoyed by the advancement of a true Data Platform Hub. As

1 April Salas' testimony reflects, we very much take for granted that everyone will make-due in New  
2 Hampshire, without much attention to well-designed systems or useful resources. Our inability to  
3 perform seemingly simple tasks in order to improve our use of energy and make progress against  
4 climate plans that are required by the state are also an important impetus for the Data Platform  
5 Hub project. The economic benefits of taking this technological step are difficult to quantify; it is  
6 much like our inability to perceive how the telephone would facilitate streamlined communication,  
7 commerce and ultimately pave the way for other disruptive and transformative technologies, be-  
8 fore we decided to make access to that enabling technology readily available.

9         It's about dipping a strategic toe into the world of information systems and creating an abil-  
10 ity for New Hampshire to leverage a small investment for a huge energy and environmental return.  
11 Creating the ability to measure and manage our energy data is the future. It is through foresight and  
12 forbearance and sheer will (our only plentiful resources!) that we have pulled together a concept  
13 that puts New Hampshire in a position to define a better platform than some who came before us,  
14 California, Texas and New York most recently come to mind. But I'm sure there are many more ex-  
15 amples of states who recognize that defining a proper window into their changing energy landscape  
16 is essential and rudimentary. It is not far-fetched or overly ambitious to recognize that the opportu-  
17 nities of our investments in our energy economy will only be realized when we have the ability to  
18 understand where we are, where we want to go, and how best to get there. That is what access to  
19 our energy data promises.

20         I thank you for your time and indulgence and realize that it is a tricky dance to try to navi-  
21 gate through a unique proceeding that is not designed to allow for some of the very critical pieces  
22 this data project requires.

23         It is further appropriate to say that my time intervening on this project has renewed my  
24 faith that there is such a thing as self-interested altruism. Unlike me, an Eversource customer, com-  
25 munity representative and member of Science, Technology & Energy Committee who couldn't find a

1 way out of seeing this valuable project through, there are many who have devoted countless hours,  
2 with no remuneration, to see this innovative project through to its potential.

3 If it sometimes seems as if the intervenors and the utilities are talking about different pro-  
4 jects, then I feel the case before you has been made. I have great respect for our utility providers  
5 and for their participation in this process. They have a great deal of value to add to the project and  
6 it is to their credit that they have made time for numerous adjunct meetings to ease communication  
7 between the parties and offer their input.

8 The concept of collaboration is my concluding point. We have seen that getting on the same  
9 page requires a process that supports vehicles for building understanding. It takes longer, and  
10 greater inclusion to make a collaborative process succeed. But it is also the way we secure the most  
11 powerful result. Asking the questions until we understand each other's perspectives gets us to the  
12 sweet spot of actual progress. What are your needs? What are your desires? What are your con-  
13 straints? How do we get the greatest return on our investment? What are the opportunity costs if  
14 we delay making this happen now? What are the potentials we aim to reach? How do we create the  
15 balance needed for healthy collaboration?

16 You are charged with balancing our concerns for this collaboration, managing expectations  
17 and producing the best outcome for New Hampshire consumers and communities. I hope that my  
18 testimony provides food for thought and aids you in your charge.

19 Thank you for the opportunity to submit my testimony.

**THE STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSISON**

**DE 19-197**

**Electric and Natural Gas Utilities**

**Development of a Statewide, Multi-use Online Energy Data Platform**

Testimony of Samuel Nash Vautier Golding

On behalf of  
Local Government Coalition

August 17, 2020

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**I. Introduction and Qualifications**

1 **Q. Mr. Golding, would you please state your name, business address, and occupation?**

2 A. My name is Samuel Nash Vautier Golding. My business address is 12 S. Spring Street,  
3 Concord, NH 03301. I am president of Community Choice Partners, Inc., a consultancy that  
4 specializes in the design and operation of power enterprises operating in competitive markets and  
5 is dedicated to maximizing democratic, informed decision-making in the energy industry. Our  
6 clients reflect the diversity of the energy industry and have included: city and county  
7 governments, municipal and investor owned utilities, Community Power Aggregation (“CPA”)  
8 agencies, energy technology and software companies, labor unions and electrical contractor  
9 associations, and a variety of consumer advocate, environmental and social justice nonprofits.

10 **Q. Please describe your formal education and relevant professional experience.**

11 A. I received an undergraduate degree in International Political Economy from Colorado  
12 College in 2006. I entered the utility industry in 2007 and assumed responsibilities that focused  
13 on evaluating the performance of demand-side management programs, conducting electricity  
14 and natural gas demand-side management and demand response potential studies at the utility  
15 and state territory levels, tracking hundreds of distributed energy resource technologies and  
16 customer-facing smart grid applications emerging across organized electricity markets, and  
17 contributing to ‘Utility of the Future’ strategies. These experiences revealed the limitations of  
18 utility operations and state regulatory governance models in terms of responsibly managing  
19 technological change and maximizing public benefits.

20 In 2011, I became the managing director of the consultancy that originally created  
21 Community Choice Aggregation (“CCA”), and later founded Community Choice Partners in  
22 2013. Based on my professional experience operating and designing CCA agencies, I created

1 the “CCA 2.0” and “CCA 3.0” maturity models for the California CCA industry (which  
2 delineate specific structural improvements to CCA operations and joint action governance  
3 models, respectively) and helped to educate and align industry stakeholders in this capacity in  
4 California.<sup>1</sup>

5 In New Hampshire, I am informally advising a coalition of municipalities that are  
6 forming the “Community Power New Hampshire” Joint Action enterprise (“CPNH”) as a  
7 means to extend sophisticated power agency operations, unbiased advice and regulatory  
8 intervention support to all Community Power Aggregations that launch throughout the state.  
9 My activities supporting the development of this initiative and market over the last year have  
10 included, in addition to direct work products: discussions and correspondence with the  
11 Governor’s Office of Strategic Initiatives and Office of Consumer Advocate, legislators,  
12 regulatory professionals, local elected officials and staff; presentations to local energy  
13 committees, the Conservation Law Foundation’s Municipal Roundtable, and Clean Energy  
14 New Hampshire’s Local Energy Solutions conference; and briefings to Commission staff  
15 regarding the drafting of CPA market rules as well as participation in technical workshops and  
16 stakeholder meetings to discuss related matters.

17 **Q. Have you prepared a summary of your qualifications and experience?**

18 **A.** Yes. Exhibit 1 to my testimony summarizes my qualifications and experience.

19 **Q. Have you previously submitted testimony in regulatory proceedings?**

20 **A.** I have previously submitted testimony to the California Public Utilities Commission on  
21 behalf of the Utility Consumers Action Network (UCAN), a ratepayer advocacy nonprofit, in  
22 regard to San Diego Gas & Electric’s Electric Procurement Revenue Requirement forecast,

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<sup>1</sup> For example, refer to my “Community Choice 2.0 & 3.0 Tutorial Workshop” agenda: <https://app.box.com/file/433445758440>

1 with a focus on the inaccuracies in utility forecasting caused by market settlement cost shifts  
2 stemming from the inappropriate withholding of customer usage data from Community Choice  
3 Aggregators by the utility on an operational basis (Application 20-04-014).

4 **Q. Describe your involvement in DE 19-197 up until this point.**

5 **A.** I have participated actively in technical sessions and in informal conversations with  
6 stakeholders throughout this docket process. In addition, I facilitated Q&A calls for parties  
7 during which two vendors presented on their relevant experiences in other organized electricity  
8 markets. These were recorded and sent to the docket list,<sup>2</sup> along with a separate recording that  
9 one of the vendors had previously made for the docket list.<sup>3</sup>

10 **Q. Please summarize any additional electric regulatory experience.**

11 **A.** In New Hampshire, I participated in the PUC's informal workshop regarding rule  
12 drafting for Community Power Aggregation (a proceeding for which has yet to formally open),  
13 and have facilitated bilateral calls between the CPNH coalition, PUC staff, OCA, utilities, and  
14 other stakeholders regarding the rule drafting process, with a particular focus on utility data  
15 sharing and related matters.

16 I am also party to Case Number 14-01211 in New York (Proceeding on Motion of the  
17 Commission to Enable Community Choice Aggregation Programs), where I submitted  
18 descriptions of Community Choice operating and governance models during the initial rule  
19 drafting process, and in Docket No. 20-05-13 (Study of Community Choice Aggregation) in  
20 Connecticut, which recently opened and where I participated in the first technical workshop. In  
21 the California market, I have prepared regulatory filings for the County of Los Angeles (A.14-

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<sup>2</sup> Recordings available online:

<https://transcripts.gotomeeting.com/#/s/38ee31a47a913e07d9059f4bc737a3bf03b154fca86543a82f293e6cc3fc2960>

<sup>3</sup> Recording available online: <https://app.box.com/s/qjkb4e4skxpzhrwkktxp1z50xvv7mhl>

1 05-024) and for the ratepayer advocate nonprofit UCAN (R.17-06-026), both on the subject of  
2 the expansion of the Community Choice industry and corresponding market. I also protested  
3 SCE Advice Letter No. 3781-E, on the grounds that restricting access to interval usage data  
4 degrades the accuracy of Community Choice forecasting capabilities, and independently  
5 submitted to the Commission the compilation “*Energy Risk Management Policies of*  
6 *Community Choice Aggregators*” and the report “*The Theory and Evolution of Community*  
7 *Choice in California*”.<sup>4</sup> The latter included a detailed description of Community Choice  
8 operating models along with a summary of deficient utility business processes and data access  
9 barriers that jeopardize the innovative potential and financial competitiveness of Community  
10 Choice agencies.

## 11 **II. Overview of Testimony**

### 12 **Q. What is the purpose of your testimony?**

13 A. The purpose of my testimony is to provide the Commission with context regarding the  
14 current state of the competitive retail market and the new Community Power Aggregation market  
15 that will soon launch in New Hampshire, along with relevant insights regarding how fully  
16 restructured markets rely on market frameworks for governance and operations in practice, such  
17 that the Commission may make an informed decision in this docket, particularly in regard to how  
18 best to structure governance of the statewide data platform to align with electric utility  
19 restructuring mandates under RSA 374-F.

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<sup>4</sup> Refer to: Samuel Golding, “The Theory and Evolution of Community Choice in California”, 11 June 2018.  
Available online:

[http://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Public\\_Website/Content/Utilities\\_and\\_Industries/Energy\\_-\\_Electricity\\_and\\_Natural\\_Gas/Community%20Choice%20Partners\\_DraftGreenBookComments.pdf](http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Utilities_and_Industries/Energy_-_Electricity_and_Natural_Gas/Community%20Choice%20Partners_DraftGreenBookComments.pdf); and Samuel Golding, “Energy Risk Management Policies of Community Choice Agencies”, 11 July 2018. Available online: [http://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Public\\_Website/Content/Utilities\\_and\\_Industries/Energy\\_-\\_Electricity\\_and\\_Natural\\_Gas/Community%20Choice%20Partners\\_CustomerChoiceSupplementalComments.pdf](http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Utilities_and_Industries/Energy_-_Electricity_and_Natural_Gas/Community%20Choice%20Partners_CustomerChoiceSupplementalComments.pdf).

1 **Q. Please summarize your testimony.**

2 A. My testimony characterizes: the current state of public confidence in the utility  
3 industry; the extent and performance of the competitive retail market in New Hampshire; the  
4 structure, performance metrics and governance framework used in fully restructured  
5 competitive retail markets; my observations regarding New Hampshire's default service  
6 practices in relation to the goals of the Electric Utility Restructuring Act; recent controversies  
7 regarding utility investments in the retail value chain that structurally foreclose market-driven  
8 innovation in favor of utility-controlled innovation; the statutory authorities, business model  
9 and political drivers of CPAs and how they are naturally aligned with the development of market  
10 frameworks as called for under RSA 53-F; and the anticipated expansion and sophistication of  
11 New Hampshire's CPA market due to the rapid progress of the Community Power New  
12 Hampshire joint-action initiative.

13 My testimony concludes by recommending that the Commission adopt a market  
14 framework for governing the statewide data platform, for the sake of facilitating a number of  
15 reforms necessary to begin aligning New Hampshire's market structure, operational practices  
16 and utility infrastructure investment decisions with the Electric Utility Restructuring Act.

17 **III. Detailed Discussion of the Issues and Proposed Conditions**

18 **Q. How does the establishment of a statewide, multi-use online energy data platform**  
19 **relate to The Electric Utility Restructuring Act (RSA 374-F)?**

20 A. SB 284 was authorized by the Legislature explicitly "in order to accomplish the purposes  
21 of electric utility restructuring under RSA 374-F"<sup>5</sup> The purposes of RSA 374-F<sup>6</sup> include:

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<sup>5</sup> Available online: [https://legiscan.com/NH/text/SB284/id/2012441/New\\_Hampshire-2019-SB284-Amended.html](https://legiscan.com/NH/text/SB284/id/2012441/New_Hampshire-2019-SB284-Amended.html)

<sup>6</sup> Available online: <http://www.gencourt.state.nh.us/rsa/html/XXXIV/374-F/374-F-mrg.htm>

1 (1) The “development of competitive markets for wholesale and retail electricity services”,  
2 “a more efficient industry structure and regulatory framework”, and “unbundling of  
3 prices and services” as a means to these ends;

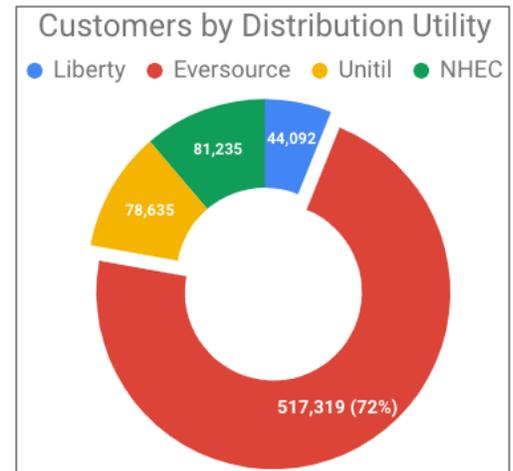
4 (2) Consistency with part II, article 83 of the New Hampshire constitution, specifically that  
5 “Free and fair competition in the trades and industries is an inherent and essential right of  
6 the people and should be protected against all monopolies and conspiracies which tend to  
7 hinder or destroy it.”, a corresponding reliance on competitive markets to provide  
8 “incentives to operate efficiently and cleanly”, “new and improved technologies “ and  
9 “appropriate price signals”, so as to “improve public confidence in the electric utility  
10 industry”; and

11 (3) The incorporation by reference to fifteen “interdependent policy principles” that were  
12 “intended to guide the New Hampshire public utilities commission” — including that the  
13 “commission should adapt its administrative processes to make regulation more efficient  
14 and to enable competitors to adapt to changes in the market in a timely manner. The  
15 market framework for competitive electric service should, to the extent possible, reduce  
16 reliance on administrative process.”

17 I recommend that the Commission consider the statewide data platform as the backbone  
18 of the market framework called for under The Electric Utility Restructuring Act. Expansive,  
19 reliable and transparent data interchange and analysis must be sufficient to facilitate the nimble  
20 decision-making and rule changes necessary to not unduly delay innovation in market  
21 operations, and also sufficient in terms of tracking the range of metrics that the Commission and  
22 others should rely upon to analyze and support the performance of the market going forward.

1 **Q. How would you characterize the current state of public confidence in the electric**  
 2 **utility industry?**

3 **A.** While it is difficult to provide a definitive or  
 4 comprehensive answer, I can offer relevant observations  
 5 regarding Eversource, which is the largest distribution  
 6 monopoly in the state, as shown in the graph to the right:



7 I found it notable that 300 people reportedly gathered  
 8 last year to celebrate the rejection of Eversource’s Northern  
 9 Pass Transmission project by burning a wooden effigy of a  
 10 transmission tower. This is a picture from that event,  
 11 published in the Union Leader:<sup>7</sup>



12 I would also direct the Commission to the article  
 13 “This Means War”, published in December 2019 by Don  
 14 Kreis, who leads New Hampshire’s Office of Consumer  
 15 Advocate (“OCA”).

16 The article pertains to Eversource’s investment in retail electric meters and refers to  
 17 testimony of Paul Alvarez of The Wired Group, a consultancy hired by the OCA. It reads, in  
 18 part:

19 “We have a theory about why Eversource made such an imprudent choice, and it is not  
 20 pretty. By 2013, when [Eversource] made the decision to install meters that could not  
 21 provide interval usage data, it was clear that such data presented several types of

<sup>7</sup> Union Leader, “16-foot effigy of transmission tower burned to celebrate demise of Northern Pass,” 18 August 2020. Available online: [https://www.unionleader.com/news/business/energy/16-foot-effigy-of-transmission-tower-burned-to-celebrate-demise-of-northern-pass/article\\_f3d3e94d-2ffc-598e-8ea6-8f958cfc8e77.html](https://www.unionleader.com/news/business/energy/16-foot-effigy-of-transmission-tower-burned-to-celebrate-demise-of-northern-pass/article_f3d3e94d-2ffc-598e-8ea6-8f958cfc8e77.html)

1 economic harm to [Eversource],” Alvarez testifies. “For example, research indicates that  
2 the time-varying rates AMI meters make possible can reduce both system peak demand  
3 and energy use. “[Eversource] profits increase when the Company invests in the  
4 transmission and distribution infrastructure required to satisfy system peak demand,  
5 biasing the Company against time-varying rates and peak-time rebate programs,” Alvarez  
6 continues. “[Eversource] profits decrease when energy sales volumes fall between rate  
7 cases, biasing the Company against the conservation potential offered by AMI  
8 meters.” Disallowing that \$42 million investment as imprudent would send a message to  
9 utility shareholders everywhere that in New Hampshire we expect investor-owned  
10 utilities to act in the best interests of their customers if they expect a return on their  
11 investment.”<sup>8</sup>

12 Mr. Alvarez also publishes “Customer Value Rankings” annually that compare “the  
13 benefits customers receive from utilities ... to the funds utilities spend, and for which customers  
14 must pay”.<sup>9</sup> According to a 2017 study published in The Electricity Journal, which was authored  
15 by Mr. Alvarez and the National Renewable Energy Laboratory, Eversource’s subsidiary Public  
16 Service Company of New Hampshire scored relatively low in the ranking: 85<sup>th</sup> out of 102  
17 utilities surveyed.<sup>10</sup> (The utility also came in 91<sup>st</sup> out of 105 in terms of customer satisfaction in  
18 a related survey.<sup>11</sup>)

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<sup>8</sup> Don Kreis, “This Means War,” IndepthNH.org. 21 December 2019. Available online: <http://indepthnh.org/2019/12/21/electric-rate-cases-in-nh-this-means-war/>

<sup>9</sup> Available online: <http://www.utilityevaluator.com/customer-value-rankings.html>

<sup>10</sup> Paul Alvarez and Sean Ericson, “Measuring distribution performance? Benchmarking warrants your attention”, The Electricity Journal (31, 2018). Available online:

<https://nebula.wsimg.com/aeda0aa942afd82b7b05f3bc8bdfd83c?AccessKeyId=490265DE4F8DABB7CA08&disposition=0&alloworigin=1>

<sup>11</sup> The Wired Group, “2018 Customer Satisfaction Survey”. Available online:

<https://nebula.wsimg.com/e63753ee4a7d49577733972d88958b86?AccessKeyId=490265DE4F8DABB7CA08&disposition=0&alloworigin=1>

1           It is also relevant to note that Eversource’s subsidiaries Western Mass Electric Company  
2 and Connecticut Light and Power ranked even lower in terms of customer value, at 99<sup>th</sup> and 97<sup>nd</sup>,  
3 respectively. Most recently in Connecticut, the utility has come under what appears to be severe  
4 criticism due to widespread outages during Tropical Storm Isaias, to the extent that one of the  
5 longest-serving state representatives called for a breakup of the utility, explaining that  
6 “Eversource has become a multi-state conglomerate... It’s proven that it’s gotten too big to  
7 deliver reliable service”.<sup>12</sup>

8           On the basis of these observations, I believe it is reasonable to conclude that public  
9 confidence in New Hampshire’s largest utility, at least, may not be very high.

10 **Q.     Would you refer to New Hampshire’s current market as “fully restructured”?**

11 **A.**     No. In the USA, the only market that has fully restructured is ERCOT in Texas. There  
12 are a number of additional organized electricity markets, particularly in Europe and Oceania, that  
13 have fully restructured as well.

14 **Q.     How would you characterize New Hampshire’s current market?**

15 **A.**     I would characterize it as partially restructured. Horizontal separation of transmission,  
16 generation and supply from distribution and retail has been accomplished, and distribution  
17 utilities no longer own wholesale generation (though it took until 2019 for Eversource to  
18 complete its generation divestiture despite the fact that the Legislature enacted the Electric  
19 Utility Restructuring Act in 1996, i.e. the first restructuring act in the nation).

20           However, utilities have not been quarantined to operating the distribution grid, and  
21 instead remain integrated within the retail market in ways that I believe structurally disadvantage

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<sup>12</sup> Ridgefields' HamletHub, "State Rep. John Frey Calls for Eversource to be Dismantled", 10 August 2020. Available online:  
<https://news.hamlethub.com/ridgefield/life/67277-state-rep-john-frey-calls-for-eversource-to-be-dismantled>

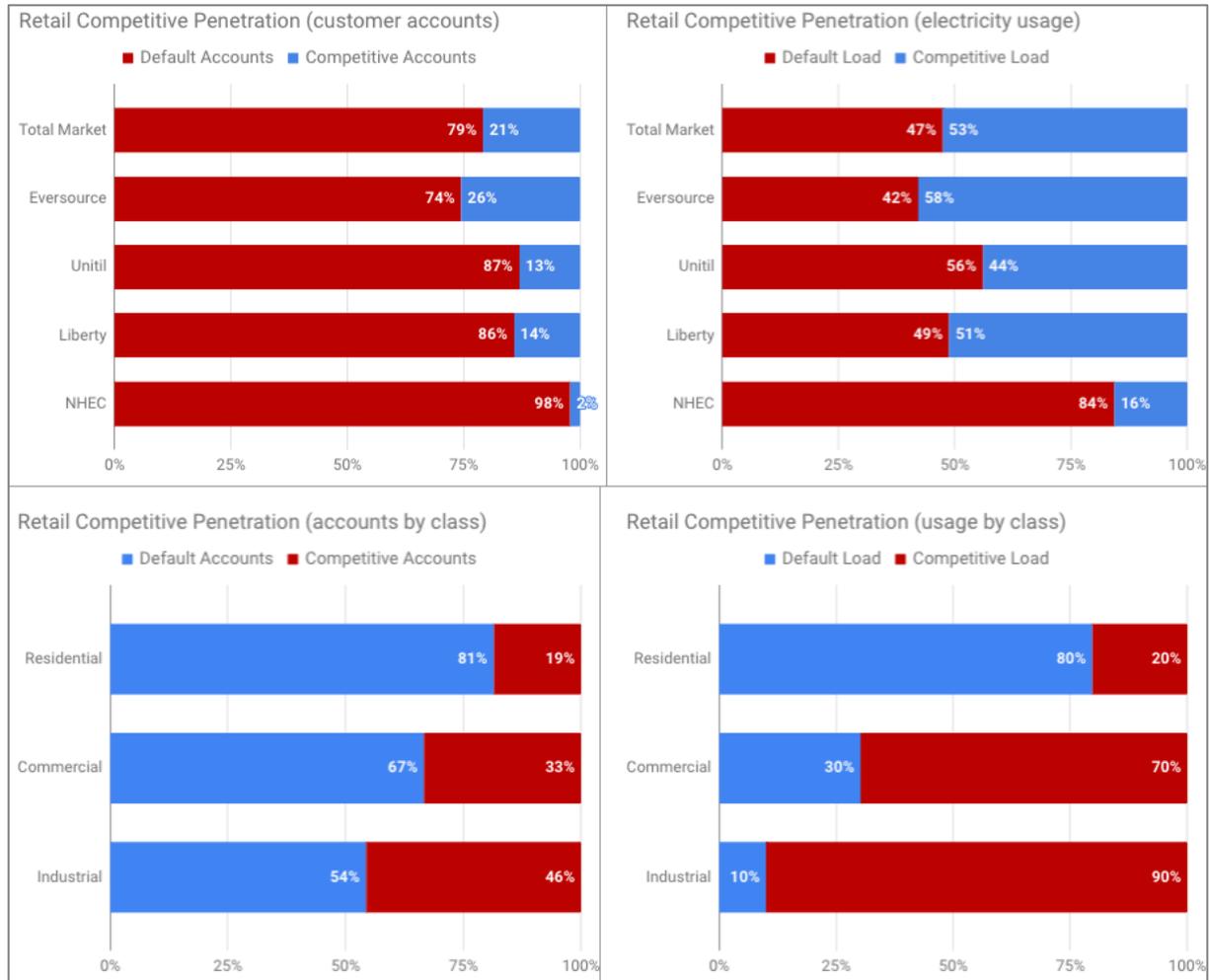
1 retail competition and foreclose retail innovation and choice in services for the majority of  
2 customers.

3 Moreover, it appears that almost all decision-making is still carried out through  
4 administrative procedures and not through a transparent and responsive “market framework” that  
5 would “enable competitors to adapt to changes in the market in a timely manner” as called for  
6 under RSA 374-F.

7 The lack of a holistic, responsive and market-based decision-making framework means  
8 that decisions regarding the functionality of the retail market remain heavily, and almost  
9 certainly unduly, mediated by the monopoly distribution utilities.

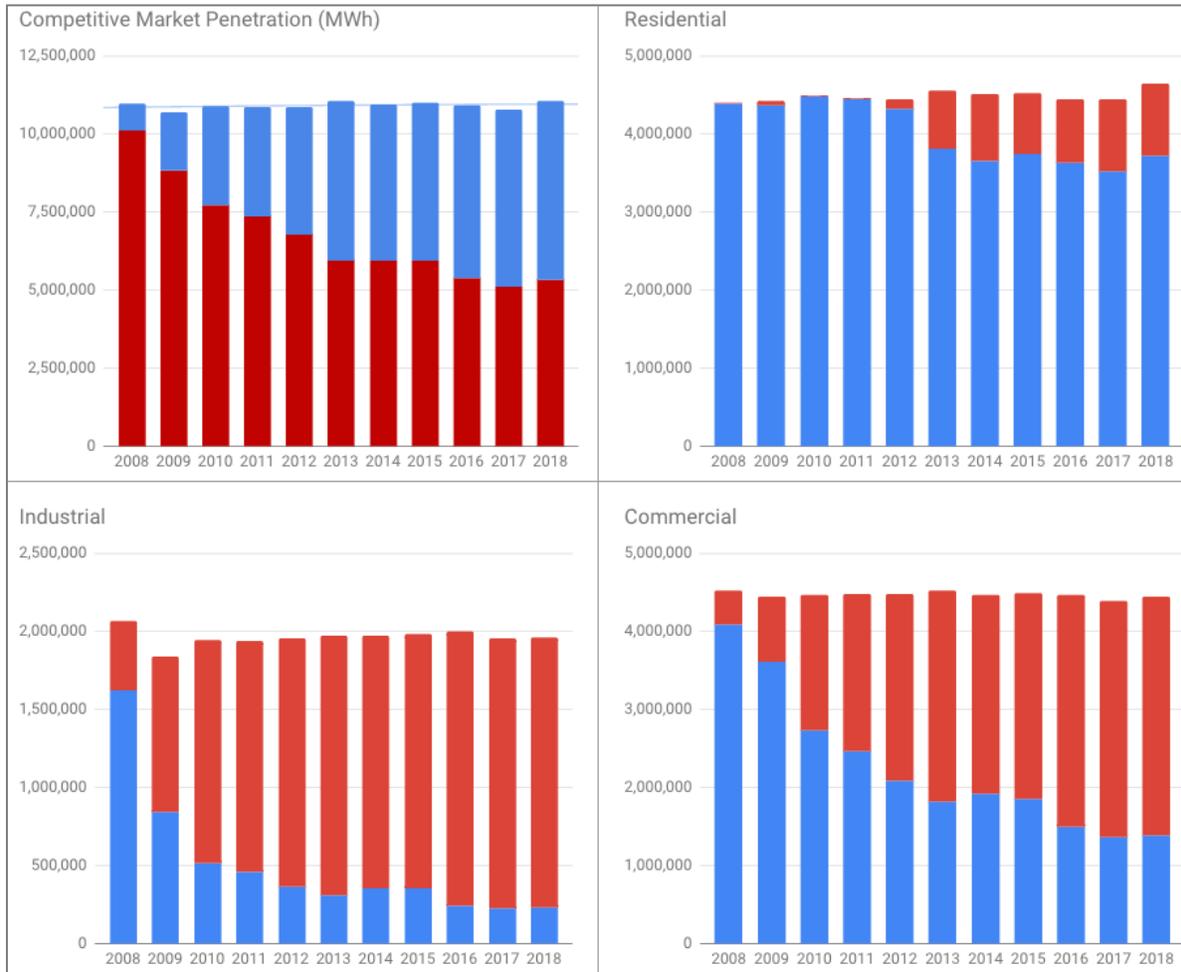
10 **Q. What is the current state of retail market competition in New Hampshire?**

11 **A.** Approximately four out of five customers remain on default service provided by the  
12 distribution utilities, while the customers on competitive supply account for about half of total  
13 electricity usage. Based on EIA 861 datasets from 2018, I have prepared the following graphs to  
14 show the penetration of retail market competition by utility:

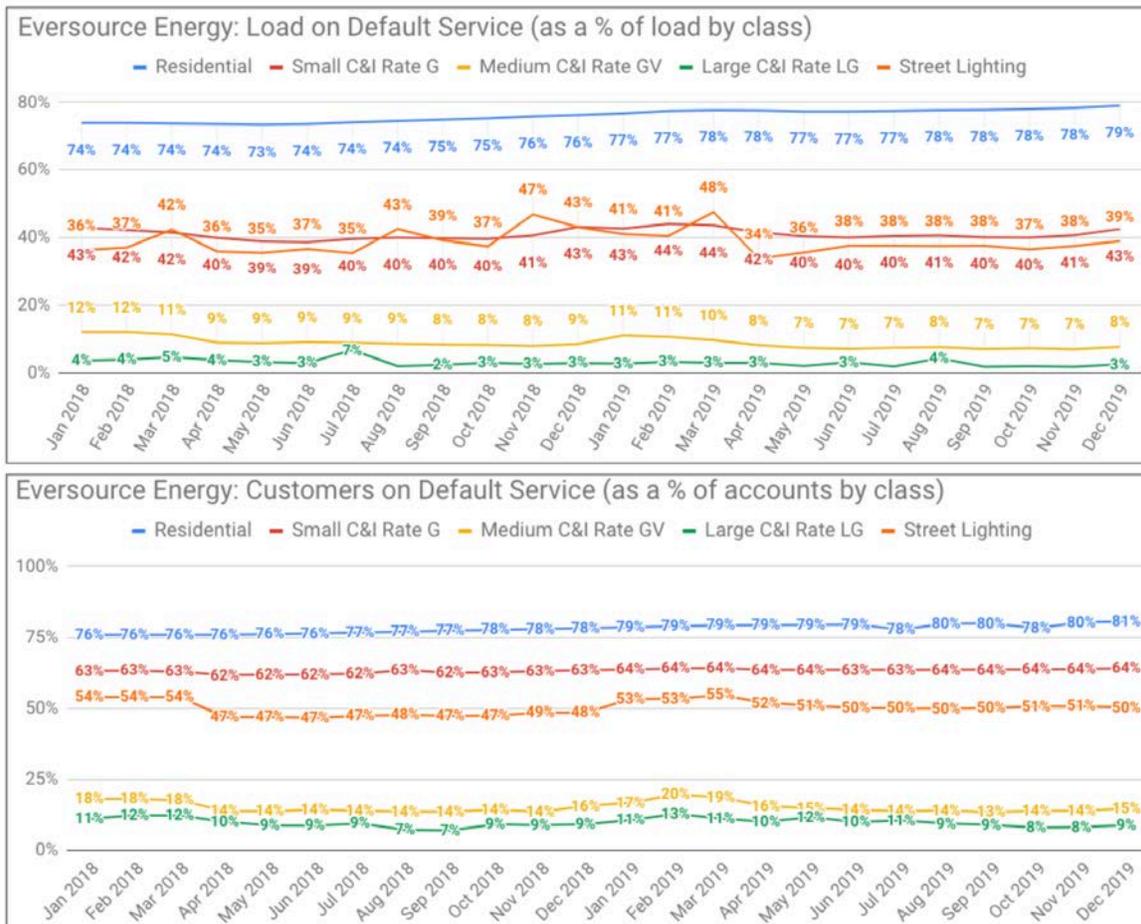


1  
 2 There are also 143 registered aggregators listed on the Commission’s website.<sup>13</sup> These  
 3 entities do not take title to power, but rather act as energy advisors and brokers to customers.  
 4 Despite this, New Hampshire’s competitive retail market appears to have seen little growth since  
 5 approximately 2013. The graphs below, prepared based on EIA 861 datasets for 2008 through  
 6 2018 along with more recent quarterly migration reports for Eversource specifically, show the  
 7 extent of the competitive retail market overall and by customer sector:

<sup>13</sup> Website available online: <https://www.puc.nh.gov/Consumer/Aggregators.html>



1



1  
 2 Competition appears weak within the small commercial class and particularly anemic in  
 3 the residential sector. The table below, based on data from the PUC’s website,<sup>14</sup> shows the 29  
 4 Competitive Electric Power Supplier (“CEPS”) actively offering service to different customer  
 5 classes across the four distribution utility territories open to customer choice:

<sup>14</sup> Website available online: <https://www.puc.state.nh.us/Consumer/Residential%20Suppliers.html>

CEPS Service by Customer Class & Distribution Company Territory							
	Residential	Commercial	Commercial & Industrial	Eversource	Unitil	Liberty	NHEC
Think Energy (ENGIE Retail)	Red	Red	Red	Blue	Blue	Blue	Blue
Power New England	Red	Red	Red	Blue	Blue	Blue	Blue
Ambit Northeast	Red	Red	Red	Blue	Blue	Blue	Blue
E.N.H. Power	Red	Red	Red	Blue	Blue	Blue	Blue
North American Power and Gas	Red	Red	Red	Blue	Blue	Blue	Blue
FairPoint Energy, LLC	Red	Red	Red	Blue	Blue	Blue	Blue
Town Square Energy	Red	Red	Red	Blue	Blue	Blue	Blue
Direct Energy Services	Red	Red	Red	Blue	Blue	Blue	Blue
XOOM Energy	Red	Red	Red	Blue	Blue	Blue	Blue
Constellation NewEnergy	Red	Red	Red	Blue	Blue	Blue	Blue
Direct Energy Business	Red	Red	Red	Blue	Blue	Blue	Blue
Direct Energy Business Marketing (Hess)	Red	Red	Red	Blue	Blue	Blue	Blue
ENGIE Resources	Red	Red	Red	Blue	Blue	Blue	Blue
MP2 Energy NE	Red	Red	Red	Blue	Blue	Blue	Blue
South Jersey Energy Company	Red	Red	Red	Blue	Blue	Blue	Blue
First Point Power	Red	Red	Red	Blue	Blue	Blue	Blue
NextEra Energy Services	Red	Red	Red	Blue	Blue	Blue	Blue
REP Energy	Red	Red	Red	Blue	Blue	Blue	Blue
Calpine Energy Solutions	Red	Red	Red	Blue	Blue	Blue	Blue
EDF Energy Services	Red	Red	Red	Blue	Blue	Blue	Blue
Everyday Energy	Red	Red	Red	Blue	Blue	Blue	Blue
Texas Retail Energy	Red	Red	Red	Blue	Blue	Blue	Blue
Viridian Energy	Red	Red	Red	Blue	Blue	Blue	Blue
Champion Energy Services	Red	Red	Red	Blue	Blue	Blue	Blue
CS Berlin Ops	Red	Red	Red	Blue	Blue	Blue	Blue
Sunwave USA Holdings	Red	Red	Red	Blue	Blue	Blue	Blue
Reliant Energy Northeast	Red	Red	Red	Blue	Blue	Blue	Blue
Mega Energy of New Hampshire	Red	Red	Red	Blue	Blue	Blue	Blue
Ethical Electric	Red	Red	Red	Blue	Blue	Blue	Blue
<b>Active CEPS:</b>	<b>9</b>	<b>27</b>	<b>22</b>	<b>28</b>	<b>23</b>	<b>17</b>	<b>14</b>

1

2

Apparently, out of the 29 CEPS currently offering service in New Hampshire, only 9

3

offer service to residential customers and only 4 of those serve all four distribution utility

4

territories. Only 2 CEPS offer service to all customer classes across all utilities.

5

Based on EIA 861 datasets, the charts below show the market share of the 28 CEPS

6

serving customers in 2018 along with two metrics to measure market power and concentration:

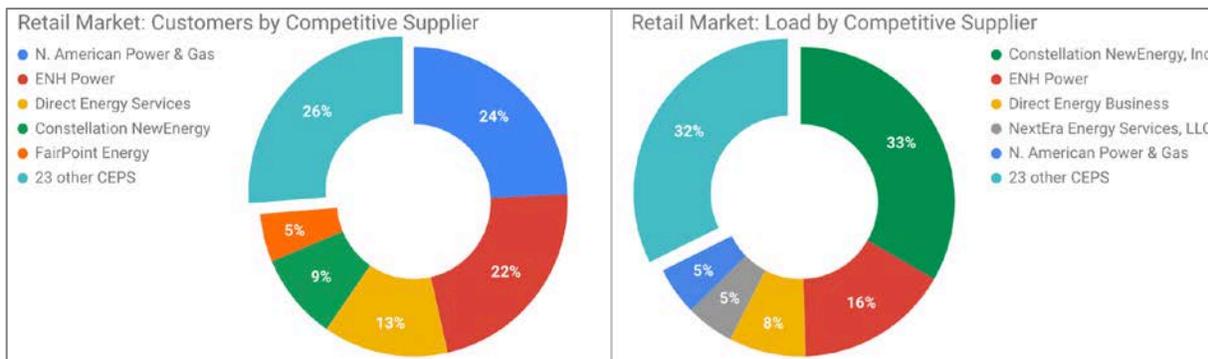
7

the Herfindahl-Hirschman Index (HHI score) and concentration ratio of the 3 largest CEPS based

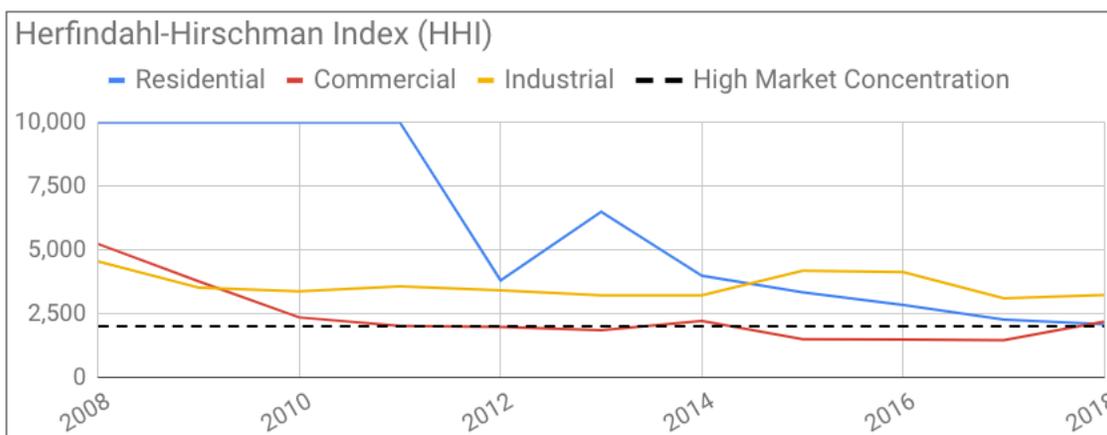
8

on their percentage of load served (CR3). Note that 2018 market share and CR3 are calculated

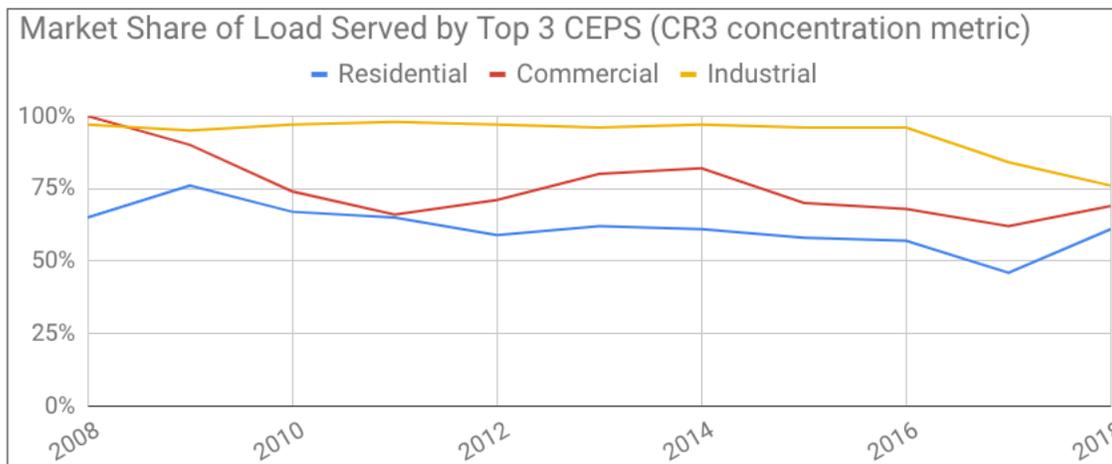
1 relative to the active retail market (i.e. excluding customers on default service from the  
 2 baseline).<sup>15</sup>



3



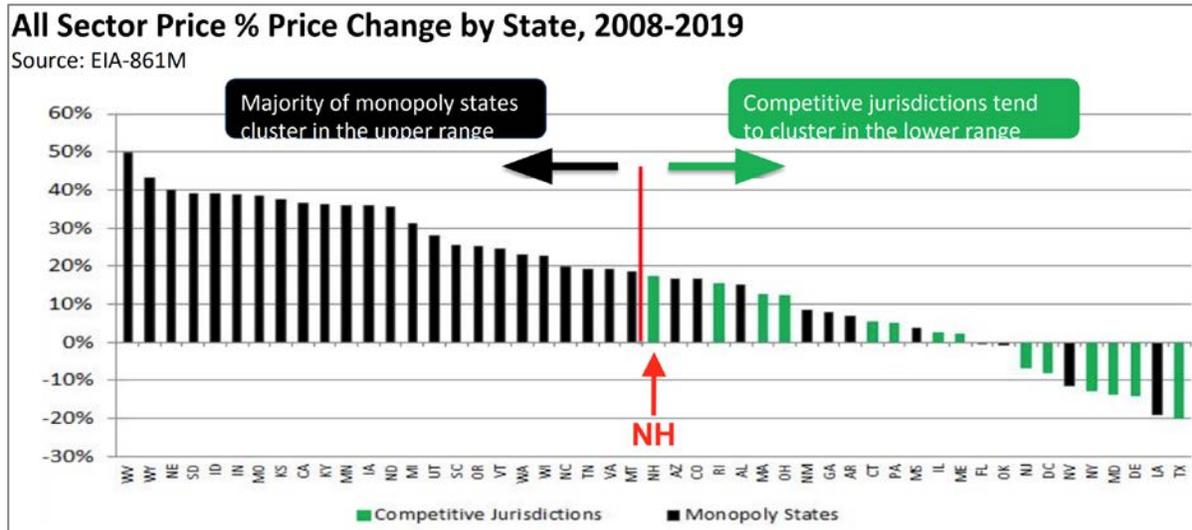
4



5

<sup>15</sup> Also note that Constellation NewEnergy and Constellation Energy Services were combined in certain years, as they were formally combined in 2017. See online here: [https://www.puc.nh.gov/Regulatory/Docketbk/2016/16-869/LETTERS-MEMOS-TARIFFS/16-869\\_2017-09-05\\_CES\\_NOTICE\\_MATERIAL\\_CHANGE.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2016/16-869/LETTERS-MEMOS-TARIFFS/16-869_2017-09-05_CES_NOTICE_MATERIAL_CHANGE.PDF)

1 In terms of the market’s overall performance relative to other states in terms of price  
 2 changes, the chart below is taken from the Retail Energy Supply Association (based upon EIA  
 3 861 data and covers the period 2008 through 2019):

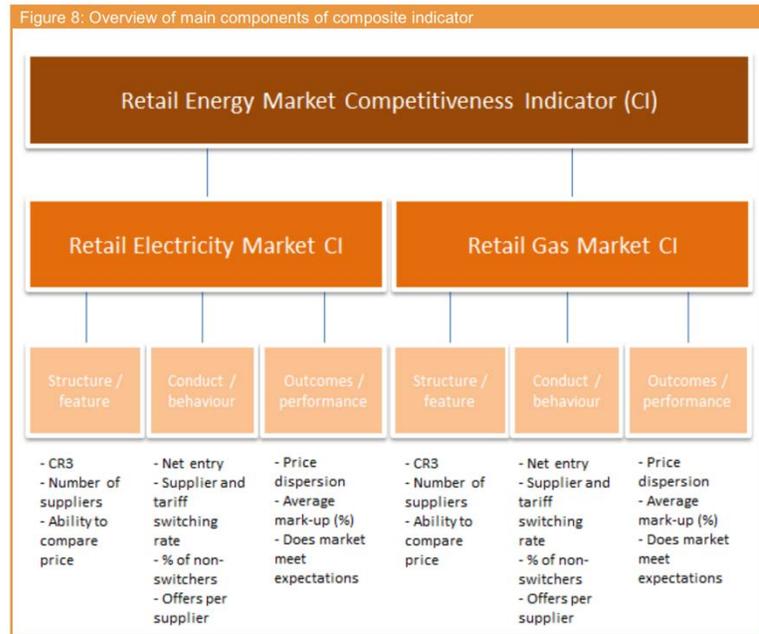


4  
 5 **Q. What other metrics are used to track the maturity of retail energy markets?**

6 **A.** The Texas ERCOT market tracks the number of retailers and number of products offered,  
 7 distinguishing between residential and non-household sectors, retail price trends compared to  
 8 their last regulated rate, unique visitors to the “Power to Choose” website (a one-stop shopping  
 9 portal), and the number and tenor of complains overall and by retailer. These are reported to their  
 10 Legislature in annual “Scope of Competition in Electric Markets in Texas” reports.<sup>16</sup>

11 European state regulators have been collaborating for over a decade to harmonize market  
 12 structures that promote retail competition and have developed more granular metrics to do so that  
 13 take into account the diversity of member state market structures and enabling infrastructure (e.g.  
 14 smart meters). Below is a useful, if somewhat dated, high-level graphic in this regard:

<sup>16</sup> Website available online: <https://www.puc.texas.gov/industry/electric/reports/scope/Default.aspx>



17

1  
 2 The Council of European Regulators (CEER) developed a joint roadmap and framework  
 3 to evolve and harmonize mature retail energy markets across states by 2025. Their annual “self-  
 4 assessment reports” summarize key market properties, metrics and gap analyses across states.

5 The “8 key properties critical for a well-functioning market” identified are described as:<sup>18</sup>

- 6 • **Low concentration within a relevant market** where, in general, a high number of  
 7 suppliers and a low market concentration are seen as one of the indicators of a  
 8 competitive market structure.
- 9 • **Low market-entry barriers** in order to facilitate market entry and growth for new  
 10 market actors (i.e. suppliers and third parties) as well as innovation (including demand  
 11 response).

<sup>17</sup> IPA Advisory Limited, “Ranking the Competitiveness of Retail Electricity and Gas Markets: A proposed methodology,” Agency for the Cooperation of Energy Regulators. 4 September 2015. Available online: [https://www.acer.europa.eu/en/Electricity/Market%20monitoring/Documents\\_Public/IPA%20Final%20Report.pdf](https://www.acer.europa.eu/en/Electricity/Market%20monitoring/Documents_Public/IPA%20Final%20Report.pdf)

<sup>18</sup> “CEER Roadmap to 2025 Well-Functioning Retail Energy Markets: 2018 Self-Assessment Status Report”, Council of European Energy Regulators. 30 October 2019. Available online: <https://www.ceer.eu/documents/104400/-/-/89206356-85ff-9977-1ba9-3a8262fe00e3>

- 1       • **A close relationship between wholesale markets and retail prices** to ensure that  
2       consumers receive correct price signals, which is an important incentive for demand  
3       response. In addition, the mark-up between wholesale and retail prices reveals whether  
4       consumers are paying a fair price.
- 5       • **A range of offers, including demand response.** In a well-functioning market retailers’  
6       ability to offer a significant number of commercial options is coupled with consumers’  
7       ability to compare the offers and take informed decisions.
- 8       • **A high level of awareness and trust**, which is an important precondition for consumer  
9       participation.
- 10      • **The availability of empowerment tools** such as a verified price comparison tool,  
11      historical consumption data and a standardized supplier switching process.
- 12      • **Sufficient consumer engagement** where switches, renegotiations and prosumers are  
13      assessed on a yearly basis. In general, a well-functioning market is one in which a  
14      significant number of consumers engage with the market on a regular basis.
- 15      • **Appropriate protection:** In well-functioning retail energy markets, consumers enjoy an  
16      appropriate level of protection and there are specific measures to protect those defined as  
17      vulnerable customers
- 18      The 25 metrics used to track progress within each of the 8 key properties above are  
19      summarized in the table below:<sup>19</sup>

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<sup>19</sup> “CEER Roadmap to 2025 Well-Functioning Retail Energy Markets: 2018 Self-Assessment Status Report”, Council of European Energy Regulators. 30 October 2019. Available online: <https://www.ceer.eu/documents/104400/-/-/89206356-85ff-9977-1ba9-3a8262fe00e3>

Metric #	KEY PROPERTY	HARMONISED DEFINITIONS OF METRICS
<a href="#">1</a>	<b>Low Concentration within a relevant market</b>	Herfindahl-Hirschman Index
<a href="#">2</a>	<b>Low market entry barriers</b>	Time needed and cost of accessing well-functioning wholesale markets and licencing/balancing regimes
<a href="#">3</a>		Percentage of consumers connected to "bundled" DSOs
<a href="#">4</a>		Percentage of consumers with regulated energy prices
<a href="#">5</a>		Number of common standards for consumer data & for DSO-supplier contract or existence of data hub
<a href="#">6</a>		Availability of time-of-use metering and – where applicable – additional fee paid by the consumer to be able to have time-of-use prices vs. traditional metering
<a href="#">7</a>	<b>Close relationship between wholesale markets and retail prices</b>	Correlation between wholesale and retail energy prices
<a href="#">8</a>		Mark-up between wholesale and retail energy prices
<a href="#">9</a>	<b>A range of offers, including demand response</b>	Availability of a variety of pricing and billing options
<a href="#">10</a>		Availability of value added services for implicit demand response and self-generation
<a href="#">11</a>		Availability of online offers
<a href="#">12</a>		Availability of contracts guaranteeing the origin of energy
<a href="#">13</a>		Availability of explicit demand response offers
<a href="#">14</a>	<b>High level of awareness and trust</b>	Percentage of consumers knowing they can switch supplier
<a href="#">15</a>		Percentage of consumers who know that DSOs are responsible for the continuity of supply and, where applicable, of metering
<a href="#">16</a>		Percentage of consumers trusting the energy market
<a href="#">17</a>	<b>Availability of empowerment tools</b>	Percentage of consumers having access to at least one independent and verified PCT
<a href="#">18</a>		Percentage of consumers having access to online historical consumption info
<a href="#">19</a>		Percentage of consumers having access to standardised supplier switching process (and its duration)
<a href="#">20</a>	<b>Sufficient consumer engagement</b>	Supplier switching rate
<a href="#">21</a>		Percentage of inactive consumers
<a href="#">22</a>		Percentage of prosumers
<a href="#">23</a>	<b>Appropriate protection</b>	Time between notification to pay and disconnection for non-payment
<a href="#">24</a>		Percentage of disconnections due to non-payment
<a href="#">25</a>		Percentage of suppliers using min standards for key info in advertising and bills

1

2 **Q. How are fully restructured markets governed in practice?**

3 **A.** Fully restructured markets rely on a market-based institutional decision-making  
 4 framework to replace retail regulation (administrative regimes) wherever appropriate to do so.

5 Governance is structured as a participatory process within which market participants act  
 6 in a collaborative fashion, overseeing the necessary business processes and change management  
 7 protocols to ensure that the functions previously performed by distribution utilities are carried  
 8 out by non-utility entities in an optimal fashion. Data sharing and transparency is, of course, a  
 9 necessary and foundational component of a market-based governance regime (more so than  
 10 under political regimes e.g. retail regulation).

1 The Texas ERCOT market provides an example of a market framework governance regime:

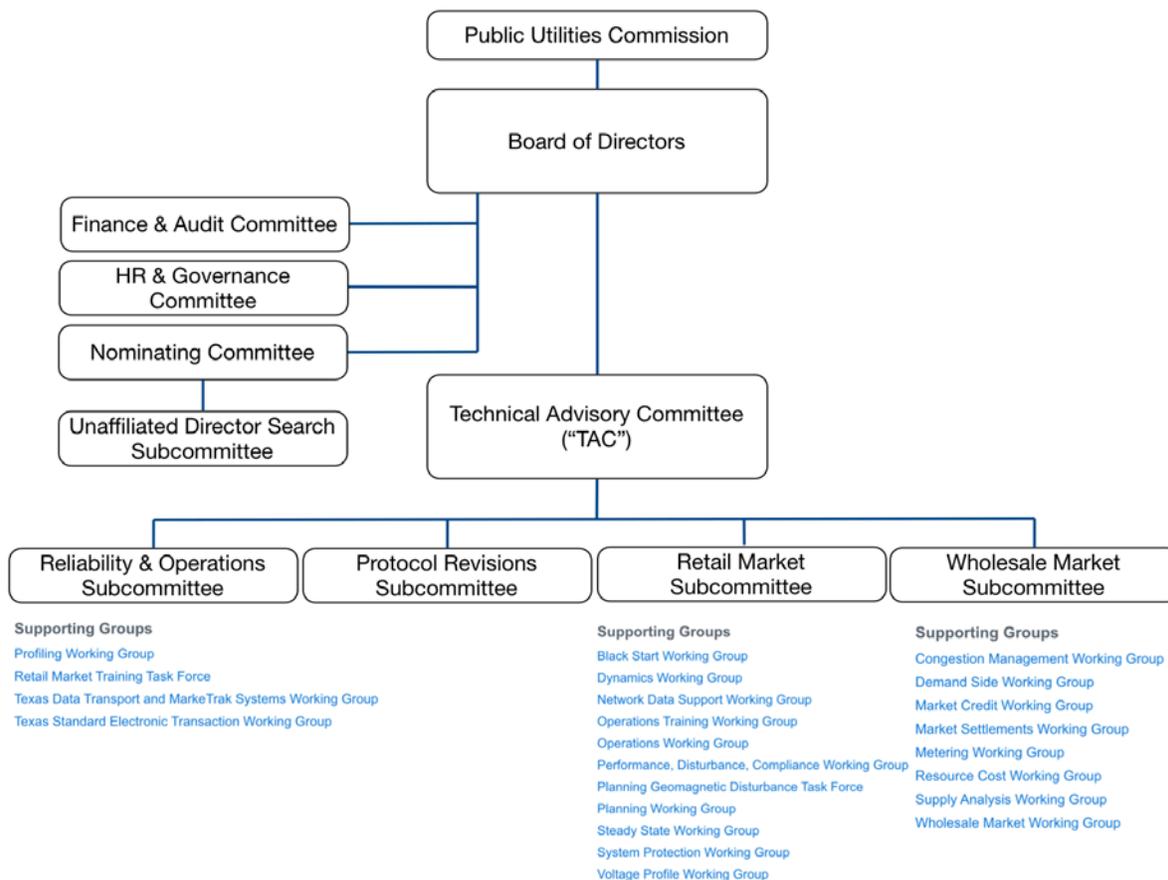
- 2 • The ERCOT Board of Directors is a “16-member "hybrid" board consisting of:  
3 independent members (unaffiliated with the power industry), consumers and  
4 representatives from industry market segments”<sup>20</sup> that meets every month.
- 5 • The Technical Advisory Committee (TAC) is similarly constituted and “makes  
6 recommendations to the board regarding ERCOT policies and procedures and is  
7 responsible for prioritizing projects through the protocol revision request, system change  
8 request and guide revision processes.”<sup>21</sup>
- 9 • There are four main subcommittees that report to the TAC (Protocol Revisions,  
10 Reliability and Operations, Retail Market and Wholesale Market), and a number of  
11 working groups and task forces that form as needed to inform decision-making on more  
12 targeted issues.

13 I have prepared the organization chart below based on a survey of ERCOT’s website,  
14 which provides substantial training materials, meeting notices and records, committee and  
15 subcommittee governance documents and membership lists, and a complete set of market rules  
16 and operating procedures (such as guides for commercial operations, data transport, load  
17 profiling, etc., and Standard Electronic Transaction "swimlanes", which are reference documents  
18 outlining the business process lifecycle for retail market transactions):

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<sup>20</sup> Website available online: <http://www.ercot.com/committee/board>

<sup>21</sup> Website available online: <http://www.ercot.com/committee/tac>



1

2

Below is a table showing the current Technical Advisory Committee members

3

representing each “customer segment”:<sup>22</sup>

<b>Consumer</b>	Residential: Shawnee Claiborn-Pinto – OPUC Residential: Eric Goff Commercial: Phillip Boyd – City of Lewisville Commercial: Chris Brewster – City of Eastland Industrial: Garrett Kent – CMC Steel Texas Industrial: Bill Smith – Air Liquide
<b>Cooperative</b>	John Dumas – Lower Colorado River Authority Clif Lange – South Texas Electric Cooperative Roy True – Brazos Electric Power Cooperative Michael Wise – Golden Spread Electric Cooperative
<b>Independent Generator</b>	Bob Helton – Engie North America Ian Haley – Luminant Generation Colin Meehan – First Solar Bryan Sams – Calpine Corporation
<b>Independent Power Marketer</b>	Kevin Bunch – EDF Trading North America Jeremy Carpenter – Tenaska Power Services

<sup>22</sup> Document available online:

[http://www.ercot.com/content/wcm/key\\_documents\\_lists/27308/2020\\_Segment\\_Representatives.TAC.June.doc](http://www.ercot.com/content/wcm/key_documents_lists/27308/2020_Segment_Representatives.TAC.June.doc)

	Clayton Greer – Morgan Stanley Resmi Surendran – Shell Energy North America
<b>Independent Retail Electric Provider</b>	Bill Barnes – Reliant Energy Retail Services Eric Blakey – Just Energy Texas Sandy Morris – Direct Energy Shannon McClendon – Demand Control 2
<b>Investor Owned Utility</b>	Walter Bartel – CenterPoint Energy Collin Martin – Oncor Electric Delivery Keith Nix – Texas-New Mexico Power Company Richard Ross – AEP Service Corporation
<b>Municipal</b>	Dan Bailey – Garland Power and Light Jose Gaytan – Denton Municipal Electric Alicia Loving – Austin Energy David Kee – CPS Energy

1           The key takeaway is that governance over the market framework must be structured in a  
 2 manner to leverage and be responsive to the collective insights and requirements of market  
 3 participants, which are naturally focused on assessing and removing barriers to operational  
 4 efficiencies. This type of governance regime, in my opinion, is the foundation upon which  
 5 market rules and enabling infrastructure investment decisions should be made in order to  
 6 successfully promote decentralized coordination and market-based innovation.

7 **Q.     What are the key functional characteristics of a “fully restructured” market?**

8 **A.**     Broadly speaking, the purpose of any market is to allow entities that compete with one  
 9 another to offer customers new products and services that efficiently balance supply and demand  
 10 and create surplus value for society. Successful markets ensure that competitors have low  
 11 barriers to entry, that common information and communication technology supports broad-based  
 12 market innovation, that customers are both free to choose new products and services and  
 13 protected from predatory behavior, and that particularly vulnerable customers are provided relief  
 14 from acute hardship.

15           In the electric power sector, utilities perform a network function (connecting supply and  
 16 demand) by operating the physical platform (the distribution grid) that delivers power to, from

1 and across retail customers. It is both a natural monopoly and a horizontal segment, in that it is  
2 the bridge between the wholesale power grid and retail customers, within which unchecked  
3 monopoly power could easily foreclose retail market competition; consequently, it is a service  
4 regulated by the state.

5 This physical platform must be complemented with a market platform that facilitates  
6 transactions between the wholesale generation market, the distribution utility, and the non-utility  
7 entities that serve retail customers and manage portfolios of distributed energy resources.

8 The generic objective of the market platform is to ensure that non-utility entities have low  
9 barriers to entry and are able to engage in “permissionless” innovation — particularly valuable in  
10 the current context of rapid technological change<sup>23</sup> — competing against one another to induce  
11 retail customers to choose new products and services that accurately reflect system costs and risk  
12 drivers, and which balance supply and demand more cost-effectively in relation to wholesale  
13 market dynamics and network constraints — and to do so in standardized fashion, regardless of  
14 which distribution utility happens to serve a given customer.

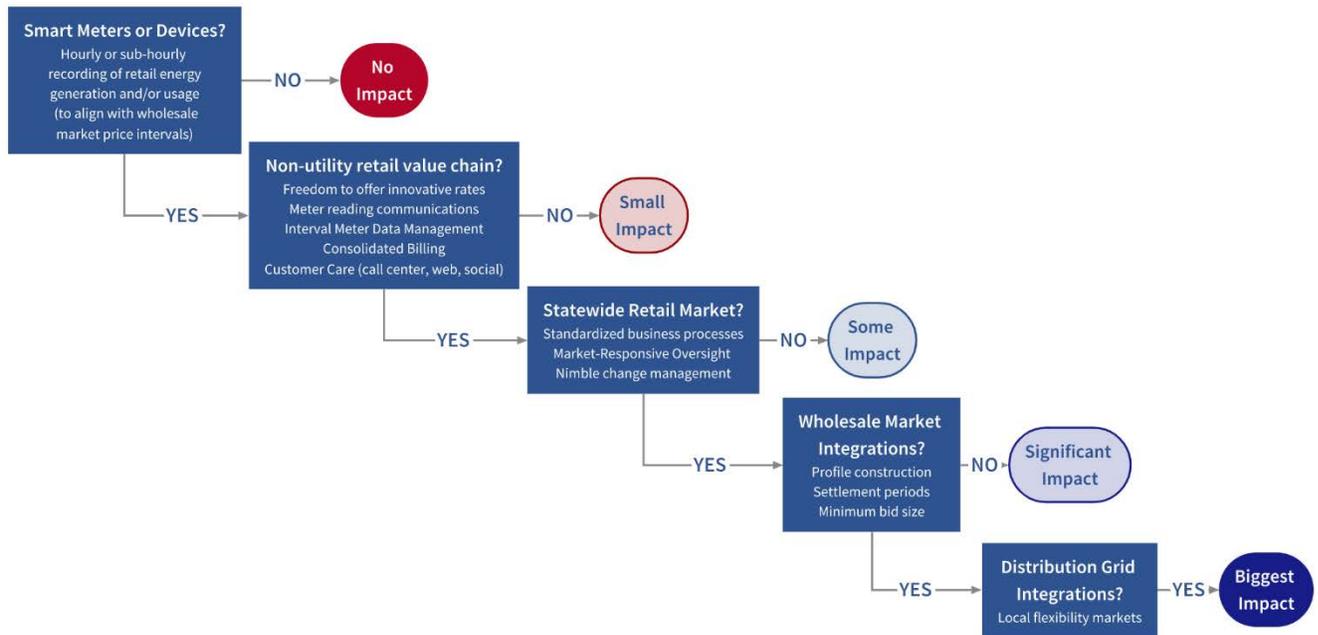
15 The practical process of such retail product innovation<sup>24</sup> requires non-utility entities to  
16 perform a linear and inter-related sequence of steps across the “retail value chain”, which refers  
17 to the infrastructure and business processes that span customer-facing functions (metering, data  
18 management, rate structures, billing and customer engagement) and flow into wholesale market  
19 and network integration functions (e.g. settlement profile construction, non-utility consolidated  
20 billing protocols, interconnection standards, ADMS / DERMS integrations, etc.).

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<sup>23</sup> Refer to Lynne Kiesling and Michael Giberson, "The need for electricity retail market reforms," Regulation. Fall 2017. Available online: <https://www.cato.org/sites/cato.org/files/serials/files/regulation/2017/9/regulation-v40n3-4.pdf>.

<sup>24</sup> For a list of innovative retail products, refer to page 25 of this report: Dr. Philip R. O'Connor, “Restructuring Recharged,” Retail Energy Supply Association. April 2017. Available online: [https://www.resausa.org/sites/default/files/RESA\\_Restructuring\\_Recharged\\_White%20Paper\\_0.pdf](https://www.resausa.org/sites/default/files/RESA_Restructuring_Recharged_White%20Paper_0.pdf).

1 To illustrate these concepts, I have prepared a simple diagram<sup>25</sup> showing the inter-related  
 2 nature of the retail value chain, market structure and system integrations along with the impact  
 3 on retail product innovation. It is a “hierarchy of barriers” to be read from left to right:



4  
 5 Any barrier or non-alignment in the different functions that comprise the retail value  
 6 chain will foreclose (preclude or raise the cost of) market innovation, as a problem in one step  
 7 will cause unintended consequences or fully block progress in other steps. Thus, in a restructured  
 8 market, monopoly power is carefully “quarantined” such that distribution utilities are “wires  
 9 only” network companies that have little to no direct role in or control over the retail value chain  
 10 and thus do not engage directly with customers, apart from receiving outage calls and  
 11 interconnection requests.

12 In unbundling these functions from distribution utility service, regulators may choose to  
 13 standardize enabling infrastructure directly through regulated (that is, socialized) investments.

<sup>25</sup> Based upon a similar diagram in the 2017 NordREG report “Flexible demand for electricity and power: Barriers and opportunities”, available online: <http://norden.diva-portal.org/smash/get/diva2:1167837/FULLTEXT01.pdf>.

1 Smart Meters and data platforms are a prime example of such common, market-enabling  
2 infrastructure. For example, regulators in the Texas ERCOT market chose to direct distribution  
3 utilities to deploy AMI smart meters that record retail customer usage in 15-minute intervals,  
4 which aligns with the wholesale market price intervals. The interval data generated is sent by  
5 distribution utilities directly to the market operator for load settlements each trading day and also  
6 posted to the Smart Meter Texas<sup>26</sup> data platform for use by each customers' retailer (without  
7 requiring separate customer authorizations, as the market operator tracks customer switching) for  
8 load forecast submissions to the wholesale market operator and other such applications, as well  
9 as to various non-utility entities (with explicit customer authorization).

10 In Europe, CEER has established frameworks and guiding principles regarding the  
11 management of customer data for the purpose of encouraging competitive retail markets,<sup>27</sup> and  
12 various European countries have established data platforms similar to ERCOT in terms of data  
13 interchange and business processes, such as Denmark's Energinet data hub:

14 "The purpose of the data hub is to ensure uniform communication methods and  
15 standardized processes for market participants in a non-discriminatory, objective and  
16 transparent way so as to create relatively low market entry barriers. All metering data and  
17 all necessary information for settlement purposes, e.g. electricity taxes and network  
18 tariffs, are collected in the data hub. Furthermore, the process of, for example, supplier  
19 switching, is handled in the data hub. The detailed requirements, rights and obligations of  
20 the relevant market participants in terms of the data hub, and thereby also the

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<sup>26</sup>Website available online: <https://www.smartmetertexas.com/aboutus>

<sup>27</sup> Council of European Energy Regulators, "CEER Advice on Customer Data Management for Better Retail Market Functioning", 19 March 2015. Available online: <https://www.ceer.eu/documents/104400/-/-/dbcc2cb1-5035-3a5e-6ba8-59de0d60915c>

1 functionalities of the data hub, are set in regulations issued by Energinet within the  
2 framework of the Danish Electricity Supply Act.”<sup>28</sup>

3 Alternatively, markets may establish standardized technical requirements for such  
4 infrastructure and processes for non-utility entities to adhere to in the provision of services. For  
5 example, the Australian Energy Market Operator has established “Meter Data Management  
6 Procedures”<sup>29</sup> and a “Guide to the Role of the Metering Coordinator”.<sup>30</sup>

7 I have prepared the following table, based off of the Brattle Group’s 2018 report  
8 “International Experiences in Retail Electricity Markets,” to show how various organized  
9 electricity markets rely on market entities or regulated utilities to perform select retail value  
10 chain functions:<sup>31</sup>

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<sup>28</sup> Council of European Energy Regulators, “Roadmap 2018 Self-Assessment Status Report”, at p. 22/74 available online: <https://www.ceer.eu/documents/104400/-/-/89206356-85ff-9977-1ba9-3a8262fe00e3>.

<sup>29</sup> AEMO, "MSATS PROCEDURE: MDM PROCEDURES", 1 December 2017. Available online: [https://www.aemo.com.au/-/media/Files/Electricity/NEM/Retail\\_and\\_Metering/Market\\_Settlement\\_And\\_Transfer\\_Solutions/2017/MSATS-Procedures-MDM-Procedure-V333.pdf](https://www.aemo.com.au/-/media/Files/Electricity/NEM/Retail_and_Metering/Market_Settlement_And_Transfer_Solutions/2017/MSATS-Procedures-MDM-Procedure-V333.pdf).

<sup>30</sup> AEMO, "GUIDE TO THE ROLE OF THE METERING COORDINATOR", 1 December 2017. Available online: [https://www.aemo.com.au/-/media/Files/Electricity/NEM/Retail\\_and\\_Metering/Accreditation/Guide-to-role-of-Metering-Coordinator.pdf](https://www.aemo.com.au/-/media/Files/Electricity/NEM/Retail_and_Metering/Accreditation/Guide-to-role-of-Metering-Coordinator.pdf).

<sup>31</sup>The Brattle Group, "International Experiences in Retail Electricity Markets: Consumer Issues", The Australian Competition and Consumer Commission. June 2018. Available online: [https://brattlefiles.blob.core.windows.net/files/14257\\_appendix\\_11\\_-\\_the\\_brattle\\_group\\_-\\_international\\_experiences\\_in\\_retail\\_el\\_.pdf](https://brattlefiles.blob.core.windows.net/files/14257_appendix_11_-_the_brattle_group_-_international_experiences_in_retail_el_.pdf).

**Status of Enabling Market Services for Residential Customers**

Residential Customer Retail Value Chain:	Billing	Metering	Meter Reading	Credit & Collections	Outage Reporting	
<b>United States of America</b>						
Illinois	Stalled	Utility	Utility	Stalled	Utility	Competitive
New York	Competitive	Utility	Utility	Competitive	Utility	Stalled
Pennsylvania	Stalled	Utility	Utility	Stalled	Utility	Utility
Texas	Competitive	Utility	Utility	Competitive	Unknown	Unknown
<b>Europe</b>						
France	Competitive	Utility	Utility	Competitive	Unknown	Unknown
Germany	Competitive	Competitive	Competitive	Competitive	Unknown	Unknown
Great Britain	Competitive	Competitive	Competitive	Competitive	Utility	Unknown
Italy	Competitive	Competitive	Competitive	Competitive	Unknown	Unknown
Netherlands	Competitive	Competitive	Competitive	Competitive	Unknown	Unknown
<b>Oceania</b>						
Australia (VC)	Competitive	Utility	Utility	Competitive	Utility	Unknown
Australia (rest of NEM)	Competitive	Competitive	Competitive	Competitive	Utility	Unknown
New Zealand	Competitive	Competitive	Competitive	Competitive	Unknown	Unknown

1  
2  
3  
4  
5

Fully restructured markets naturally rely on competitive entities to provide default service to customers, though the extent to which regulatory oversight over how the competitive market sets the default rates varies by jurisdiction. The table below is also based off of the aforementioned Brattle Group report:

**Market Survey: Oversight of Default Supply Prices**

Market	Transitioning	Regulators
Texas*	United Kingdom	Pennsylvania**
Australia (NEM)	Italy	New York***
Germany	Netherlands	Illinois***
New Zealand		France

\*Competitive Retailers provide default supply  
 \*\*Distribution Utilities provide default supply  
 \*\*\*Default Supply transitions to Market / Community Power  
 (customers may opt-back to Regulators / Distribution Utilities)

6

7 **Q. How would you characterize New Hampshire’s current retail market structure?**

1 Each distribution utility has been left responsible for default retail service, and therefore  
 2 left in control of the retail value chain for most customers in their respective territories; each has  
 3 differential capabilities and business processes in regard to the retail value chain (i.e. metering,  
 4 meter reading, meter data management, billing systems, customer information management  
 5 systems, call centers, local program administration, load forecasting and settlement profile  
 6 construction, etc.).

7 The retail market remains operationally fragmented as a consequence, balkanized by  
 8 utility territory instead of unified across the natural boundaries of the state. To visualize this  
 9 aspect of the market structure I have prepared the heat map graphic below, in which each  
 10 rectangle is a municipality sized by number of housing unit and grouped by county (i.e. under the  
 11 red headings). As context, 116 of New Hampshire’s 246 municipalities (47% of municipalities,  
 12 and 42% of the population) are served by two or more distribution utilities:



13

1           On an individual utility basis, my impression is that there are a number of long-standing  
2 and inter-related inefficiencies that have reinforced one another in maintaining this  
3 administrative and structural regime. My general observations are as follows:

- 4           • Universal service has long-accustomed distribution utilities in general to view customers  
5           on an aggregate basis, and to allocate their resources accordingly — investing in  
6           metering, billing, customer care systems and associated staffing resources designed to  
7           manage the vast majority of customers as large, homogenous groups that do not require  
8           differential and customized retail services.
- 9           • This aggregate approach to customer portfolio management appears reinforced by the  
10          manner in which distribution utilities have been relied upon to provide default electricity  
11          supply to customers: under a nonselective wholesale portfolio strategy that simply  
12          procures fixed-price, load following supply for customer classes under short-term (e.g. 6-  
13          month) contracts. This strategy transfers all market price and swing risk throughout the  
14          contract term onto suppliers, which must price and embed the risk as a premium into  
15          supply costs (i.e. without regard to how retail customers could be engaged and  
16          incentivized to shift usage to lower-price market intervals and outside of capacity-  
17          constrained periods e.g. by using devices such as smart thermostats, water heater  
18          switches, storage systems, etc. coupled with predictive intelligence to shape demand).
- 19          • The distribution utilities' retail value chain has continued to be largely aligned with this  
20          nonselective procurement strategy: the utility is charged for electricity regardless of the  
21          market price or customer usage is at a given moment, passes through these charges to  
22          customers in a similar fashion, and has little incentive to modernize its retail value chain

1 (meters, communications, data management, billing and customer information systems,  
2 etc.) or associated wholesale processes (profile construction, load forecasting, market  
3 settlements, etc.). The usage of most default service customers is not individually  
4 recorded on an hourly or sub-hourly basis, but once a month — the utility load  
5 forecasting and settlement relies on statistically-derived load “profiles” that approximate  
6 what customers within a class are using, in aggregate and on average within a given  
7 hourly, and calibrated with upstream measurements of actual electricity flow (i.e. at  
8 substations).

- 9 • In this fashion, the current regime reinforces an unnatural separation of horizontal  
10 segments (wholesale and retail) that are actually highly interdependent, should be treated  
11 as such, and which require common enabling infrastructure and a market framework to  
12 reconnect in order to for market participants to allocate capital and manage costs more  
13 efficiently. This continued separation has foreclosed market driven innovation in  
14 promoting and integrating customer technologies,
- 15 • In this fashion, regulated utility default service appears to function in a way that  
16 *maintains* the unnatural separation of interdependent horizontal segments, and thus  
17 *elevates* risk, cost and capacity investments for customers. In essence, all customers pay  
18 more because certain customers are fundamentally driving up costs — above the level  
19 they otherwise would, if they were more actively engaged and provided with innovative  
20 retail services and technologies to assist them in modifying their usage to minimize  
21 wholesale cost/risk and infrastructure investments for peak generation, transmission and  
22 distribution network capacity (for themselves, and thus the entire customer portfolio).

1           The procurement strategy and retail value chain dynamics described above ignore the  
2 customer value that could be created on an individual retail customer and portfolio basis through  
3 a unified and competitive market framework. In my opinion, these structures, along with the  
4 administrative decision-making process and general perspective held by most stakeholders  
5 involved in those processes, collectively poses high barriers to the development of a competitive  
6 retail market in New Hampshire to serve the remaining four-fifths of customers.

7 **Q.     Have distribution utilities' recent investment decisions in the retail value chain**  
8 **hindered or supported the development of a competitive retail market?**

9 **A.**     I believe that distribution utilities' recent investment decisions in the retail value chain  
10 have hindered the development of a competitive retail market.

11           To take one example, Eversource is currently defending its decision to upgrade its retail  
12 customer meters and associated data management, billing and customer information systems.  
13 They have done so in a manner that precludes the collection and dissemination of hourly or sub-  
14 hourly retail meter usage data, which the competitive market needs in order to cost-effectively  
15 create innovative retail products that reflect cost-risk drivers on the wholesale market and other  
16 horizontal segments of the electricity industry (e.g. generation, transmission and distribution  
17 network capacity constraints). Based off of their investment decision, the competitive market for  
18 most customers is constrained to settling load based on generic, class-average profiles, which  
19 forecloses innovation that would otherwise help individual customers (and thus in aggregate, the  
20 state as a whole) help to manage their energy costs and risks.

21           What I find most notable in this process is that, as Commission staff noted, Eversource  
22 began these upgrades based on its own internal evaluation and only informed the Commission

1 after the infrastructure deployment had commenced.<sup>32</sup> In response to criticism that they should  
 2 have installed a “smart meter” system capable of supporting interval data collection and thus  
 3 market innovation, Eversource defended their decision by claiming that other investor owned  
 4 utilities had made similar decisions that year (in 2012), and cited a Green Tech Media news  
 5 article that “concluded that AMI or smart meter deployment was on a downward trend, due to a  
 6 lack of stimulus funding to help cover the costs of AMI deployment.”<sup>33</sup>

7 As context, I have prepared the following tables based on EIA 861 data showing the  
 8 installation of smart meters (“AMI”) compared to the meters Eversource installed (“AMR”) to  
 9 replace electro-mechanical meters (“EM”) over the period 2013 through 2018 — in New  
 10 Hampshire and for the country overall:



11 Eversource’s decision stands in contrast to the direction of its peers across the industry —  
 12 notwithstanding their cherry-picking of examples and a speculative news article to the contrary.  
 13

<sup>32</sup> DOCKET NO. DE 19-057, "Direct Testimony of Richard Chagnon", 20 December 2019. At p. 31-32. Available online: [https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-057/TESTIMONY/19-057\\_2019-12-23\\_STAFF\\_TESTIMONY\\_CHAGNON.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-057/TESTIMONY/19-057_2019-12-23_STAFF_TESTIMONY_CHAGNON.PDF)

<sup>33</sup> Docket No. DE 19-057, "Rebuttal Testimony of Penelope McLean Connor", 3 March 2020. At pp. 17-18. Available online: [https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-057/TESTIMONY/19-057\\_2020-03-04\\_EVERSOURCE\\_REBUTTAL\\_TESTIMONY\\_CONNER.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-057/TESTIMONY/19-057_2020-03-04_EVERSOURCE_REBUTTAL_TESTIMONY_CONNER.PDF)

1           Regarding the impact this decision had on the development of retail product innovation,  
2 Eversource defended its decision by stating: “Further, it was reasonable to move forward with  
3 the AMR initiative because it takes time for new rates to incent behavior and it was unclear at the  
4 time whether the ultimate solution could be more dynamic than time-varying rates (“TVR”).  
5 Today, Eversource can accomplish peak load reduction without TVR, and with the maturation of  
6 demand management programs, such rates are not necessary to support customer participation in  
7 these programs.”<sup>34</sup>

8           What this situation demonstrates to me is that, under New Hampshire’s current  
9 governance framework, a monopoly distribution utility was allowed to unilaterally decide to  
10 invest in infrastructure that structurally foreclosed competitive retail market customer  
11 engagement and product innovation in favor of retail products and programs controlled by the  
12 utility directly — which necessarily must be governed through administrative proceedings.

13           I consider this to be anti-competitive behavior, carried out in the most structural way  
14 imaginable and without knowledge or permission of the Commission or market participants who  
15 should rightly have been fully engaged throughout the evaluation process.

16 **Q. Do you expect that Community Power Aggregators will help to fully implement**  
17 **RSA 374-F?**

18 **A.** Yes, I expect Community Power Aggregators (“CPAs”) will play a critical role in fully  
19 implementing RSA 374-F, both directly in carrying out their functions in the market and by  
20 advocating for rule changes and utility investment decisions that support the creation of a  
21 unified, innovative and competitive retail market.

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<sup>34</sup> Ibid., at p. 4.

1 Under RSA 53-E, CPAs can become the default provider of competitive electricity service  
2 to retail electric customers. The retail value chain functions naturally fall within that  
3 responsibility, and my understanding is that CPAs have unique statutory authority to assume  
4 direct control or meaningful oversight of these functions:

- 5 • Electricity meter specifications and ownership, the alternate use of comparable  
6 intelligent monitoring devices, and the associated Information and Communications  
7 Infrastructure (ICT);
- 8 • Technical and business process requirements to use data in market operations  
9 (profiling, forecasting and settlements) and capacity cost allocations;
- 10 • Customer Information Systems (CIS) and customer care functions (apart from reporting  
11 outages and responding to interconnection requests, which would remain within the  
12 distribution utilities' natural domain);
- 13 • CPA consolidated billing;
- 14 • Local programs.

15 CPAs are competitive energy agencies that are overseen by communities. To perform  
16 their core operational functions, CPAs integrate different service providers and advisors that  
17 have evolved insights, platforms and institutional capacity in competitive markets, and employ a  
18 limited number of expert staff and independent advisors to ensure sufficient oversight and  
19 strategic direction. CPAs are thus a mechanism to rapidly expand the scope of competitive third-  
20 party expertise operating within a given market, to transfer such knowledge to the communities  
21 involved, and to bring these perspectives to bear on decision-making at the local and state levels.

1           The business model of a CPA is that of an aggregator,<sup>35</sup> which “acts as an intermediary  
2 between electricity end-users and [distributed energy resource] owners and the power system  
3 participants who wish to serve these end-users or exploit the services provided by these  
4 [distributed energy resources].”<sup>36</sup>

5           The business model of an aggregator is predicated on maximizing customer value, which  
6 requires considering and optimizing how individual customers use energy and the value they  
7 place on different products to meet their underlying needs (the customer’s total energy value  
8 chain), creating new retail products, executing on customer engagement and education,  
9 facilitating project financing and development, and thereafter intelligently managing the  
10 customer relationship and integration of distributed energy resources into retail, wholesale and  
11 network markets to maximize the creation of value.

12           This task is beyond the capacity of any one enterprise, particularly given factors such as:  
13 the size and diversity of a CPAs customer portfolio, the pace at which technologies and  
14 consumer preferences are evolving, increasing opportunities for distributed energy resources,  
15 onsite storage and fuel-switching (e.g. beneficial electrification) that entail complex valuations  
16 and technology configurations, and so on.

17           As a consequence, the natural role of a CPAs is to position itself as a form of ‘network  
18 manager’ and ‘aggregator of aggregators’: connecting its customers to innovative companies that  
19 specialize in engaging customers and offering new technologies and enabling services, and then  
20 facilitating the necessary ‘behind the scenes’ processes and transactions required to integrate

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<sup>35</sup> Note that this term is a generic industry term, not to be conflated with the specific definition under PUC 2000.

<sup>36</sup> Scott Burger et al., "A Review of the Value of Aggregators in Electricity Systems", MIT CEEPR. January 2016. Available online: <http://ceepr.mit.edu/files/papers/2016-001.pdf>

1 these assets into portfolio risk management, power market operations, and system planning (and  
2 monetize them to the maximum degree possible).

3 CPAs are also naturally incentivized to lower wholesale cost and risk by unlocking retail  
4 demand flexibility and the intelligent management of distributed energy in new ways (i.e. in  
5 ways that incumbents are either unwilling or unable to do), because CPAs launch with no pre-  
6 existing assets and must therefore construct a wholesale book and portfolio strategy aligned with  
7 their retail usage profile.

8 Thus, active management of the CPA's retail cost / risk profile unlocks a source of  
9 competitive advantage, creating new value for individual customers and the aggregation overall.  
10 The practical process of doing so creates mutually beneficial relationships between the CPA and  
11 the third-party innovators relied upon to create new customer products:

- 12 • CPAs are able to capture a portion of the customer value created, strengthen customer  
13 relationships and brand recognition, lower costs and risks for the customer base overall  
14 (customer portfolio value) and gain competitive insights into evolving technology  
15 applications and market dynamics in ways that far exceed their internal capacity.
- 16 • Innovative energy companies gain new market opportunities, and a partner that has both  
17 the political legitimacy, technical knowledge and financial incentives to help the market  
18 function more efficiently over time. For example:
  - 19 • CPAs are able to make decisions locally and rapidly to refine products and operations in  
20 response to market feedback and evolving dynamics;
  - 21 • CPAs also can work over the longer-term with utilities, regulators and other stakeholders  
22 to modernize infrastructure, market processes and regulations.

1           In both cases, CPAs bring a valuable operational perspective that understands the types of  
2 competitive services that customers and communities want, and the evolving state of the  
3 commercial landscape.

4           CPAs can also create new value by leveraging their customer, community and inter-  
5 governmental knowledge and relationships to accelerate market opportunities and drive down  
6 transaction costs in unique ways. For example, by electrifying entire public transit fleets, or  
7 adopting reach codes and educating contractor networks to speed adoption of new technologies,  
8 and in numerous other ways that reflect local preferences.

9           The ‘network manager’ role of CPAs also leads to value creation on the grid  
10 infrastructure side of the business, as CPAs are naturally incentivized to aggregate grid-edge  
11 assets and encourage the development of new transactions and products with distribution utilities  
12 to manage local grid constraints and reduce stress on grid assets (to defer replacements and  
13 expansions).

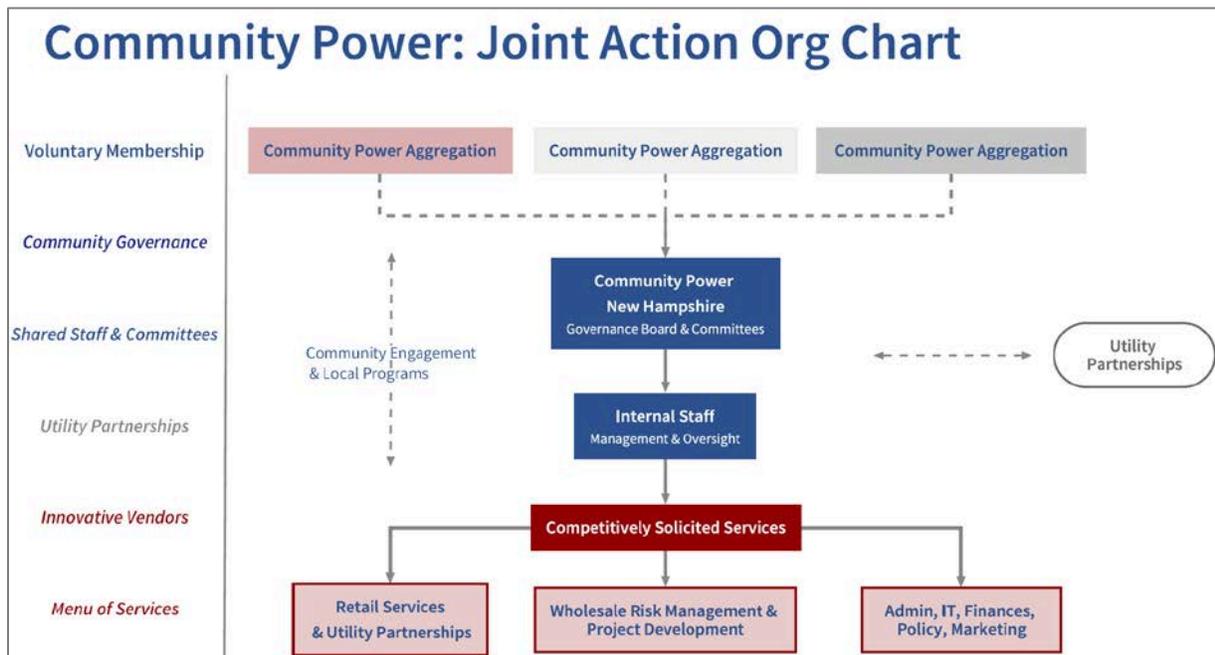
14           Lastly, aggregators naturally seek economies of scale and scope in order to lower the  
15 transactional costs associated with all of the above aforementioned activities. This encourages  
16 the formation of Joint Powers Authorities (also allowed under RSA 53-E), wherein multiple  
17 CPAs join together to share various services and programs deployed over their combined  
18 territories.

19           In these ways, the statutory authorities, business model and political drivers of CPAs are  
20 naturally aligned with the development of market frameworks as called for under RSA 53-F.

21 **Q.    On what timeline and manner do you expect the Community Power Aggregation**  
22 **market to develop in New Hampshire?**

1 **A.** Assuming that the Commission authorizes the full authorities of CPAs enabled by RSA  
 2 53-E in market rules, I expect Community Power service to expand relatively rapidly in New  
 3 Hampshire, both in terms of customers served and in extent of geographic territories, and in a  
 4 manner that encourages operational and political coordination across individual CPAs for the  
 5 explicit purpose of modernizing New Hampshire’s competitive retail market.

6 Within that context, I have been informally advising a group of municipalities since  
 7 December 2019 regarding the “Community Power New Hampshire”<sup>37</sup> initiative (CPNH) to  
 8 establish an independent Joint Action Authority to provide shared services and political  
 9 coordination on a statewide basis. Below is a high-level operating model diagram:



10

<sup>37</sup> Website available online: <http://www.communitypowernh.org/>

1 I have attached an article published in New Hampshire Municipal Association’s Town &  
 2 City magazine,<sup>38</sup> along with the agenda for CPNH’s June 5<sup>th</sup> 2020 Community Power Summit  
 3 that convened over 80 representatives from 30 municipalities interested in the initiative. These  
 4 representatives were primarily local energy committee members, local elected officials and staff,  
 5 and we estimated that the combined default supply load from the municipalities in attendance  
 6 accounted for approximately 25% of the load currently served by distribution utilities. The  
 7 following graphic and CPA market forecast table were based on an informal survey of attendees:



8

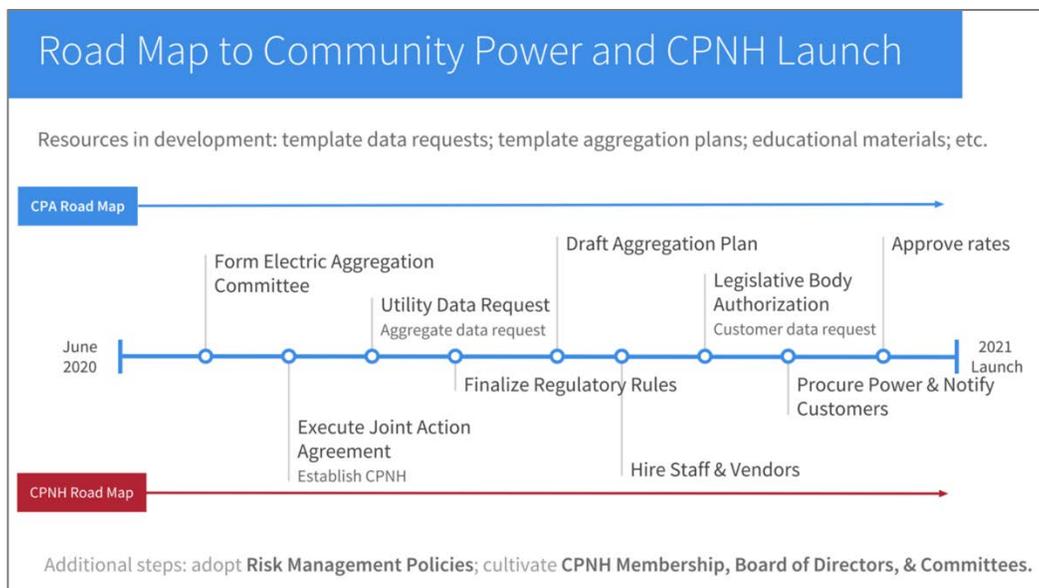
		Default Service Metrics (estimates based on downscaling 2018 / 19 actuals)			
Anticipated CPA Launch	Municipalities	CPA Accounts	CPA MWh / yr	% Statewide Default MWh	CPA Supply Receipts
2021	10	82,437	754,588	15%	\$69,969,716
2022	7	33,482	302,118	6%	\$27,589,655
TBD	14	24,109	216,710	4%	\$20,006,927
<b>Total</b>	<b>31</b>	<b>140,028</b>	<b>1,273,416</b>	<b>25%</b>	<b>\$117,566,299</b>

9

<sup>38</sup> Community Power New Hampshire, "Community Leaders Join Together to Develop Community Power New Hampshire", NHMA Town & City Magazine. May/June 2020. Available online: <https://www.nhmunicipal.org/town-city-article/community-leaders-join-together-develop-community-power-new-hampshire>.

1 Most recently, four municipalities have taken the lead in drafting a Joint Powers  
 2 Agreement to establish CPNH as an independent entity and have issued a request for legal  
 3 services to finalize the draft agreement by mid-September 2020.<sup>39</sup>

4 The joint action agency intends to launch member CPA programs in “early 2021” and  
 5 provides the following high-level process and timeline for participating communities in their  
 6 online FAQ:<sup>40</sup>



7  
 8 **Q. How does the establishment of a statewide, multi-use online energy data platform**  
 9 **relate to Community Power Aggregations authorized under SB 286?**

10 **A.** My testimony has explained how the statutory authorities, business model and political  
 11 drivers of CPAs are naturally aligned with the development of market frameworks as called for  
 12 under RSA 53-F — and how the CPA market should be expected to grow rapidly and in an  
 13 operationally-coordinated fashion under the Community Power New Hampshire joint action

<sup>39</sup> Website available online: <https://lebanonnh.gov/bids.aspx?bidID=143>

<sup>40</sup> CPNH, “COMMUNITY POWER SUMMIT FAQ & GUIDELINES,” July 2020. Available online:  
[http://www.communitypowernh.org/uploads/1/3/1/3/131383190/community-power-faq\\_june-30-2020.pdf](http://www.communitypowernh.org/uploads/1/3/1/3/131383190/community-power-faq_june-30-2020.pdf)

1 enterprise. Consequently, I urge the Commission to fully anticipate and leverage the role of  
2 CPAs in terms of helping to govern the design, implementation and evolution of the statewide  
3 data platform.

4 **Q. How should the statewide, multi-use online energy data platform be governed?**

5 **A.** The energy industry as a whole, particularly the electricity industry, is now in a period of  
6 rapid, system-wide and fundamental technological transformation that is arguably rendering  
7 administrative approaches to retail regulation outdated, inefficient and unable to meet the  
8 challenge of accelerating market distortions and shifting consumer choice expectations. A market  
9 framework that creates a continuous process of rapid, decentralized coordination to manage the  
10 complexity of these challenges is clearly warranted going forward.

11 Based on my evaluations of New Hampshire's current retail market structure, the state  
12 has a long way to go in seeing through The Electric Utility Restructuring Act (RSA 374-F) to  
13 completion. I believe that New Hampshire as a whole can make relatively rapid progress in  
14 establishing a unified, modern and competitive retail electricity market — provided that the  
15 Commission directs stakeholders work together in a market framework that elevates the role of  
16 market participants, and does not continue to provide monopoly utilities with undue influence  
17 over the operational data interchange protocols, business processes and retail customer value  
18 chain infrastructure investments upon which retail competition succeeds or fails in practice.

19 A sensible, if not necessary, first step in making meaningful progress in this regard is the  
20 establishment of a market framework that aligns with the purposes of the Electric Utility  
21 Restructuring Act — specifically, the guiding principal therein that the “commission should  
22 adapt its administrative processes to make regulation more efficient and to enable competitors to

1 adapt to changes in the market in a timely manner. The market framework for competitive  
2 electric service should, to the extent possible, reduce reliance on administrative process.”

3 The backbone of any such market framework is expansive, reliable and transparent data  
4 interchange — the establishment of which is the focus of this proceeding — sufficient to  
5 facilitate the nimble decision-making and rule changes necessary to not unduly delay innovation  
6 in market operations, and also sufficient in terms of tracking the range of metrics that the  
7 Commission and others should rely upon to analyze the performance of the market.

8 When designing the governance framework, I urge the Commission to consider how  
9 customers and municipalities are the best judges of how to meet their own requirements and  
10 preferences in the market, but that they are often not able to be fully informed or engaged in the  
11 decision-making process. They should be freely supported by a competitive industry in this  
12 capacity — e.g. Community Power Aggregators, CEPS, brokers, innovative distributed energy  
13 aggregators, etc. — that understands how to meet their requirements better than distribution  
14 utilities do. Further, competitive market entities have incentives and technical abilities that are  
15 more aligned with retail market innovation compared to distribution utilities. Therefore, the  
16 governance framework should be primarily designed to fully engage and leverage these market  
17 stakeholders in the decision-making process.

18 In that context, I would also urge the Commission to fully consider how CPAs are unique  
19 in terms of their local control governance, democratic legitimacy, technical knowledge and  
20 default customer base responsibilities in terms of both wholesale risk management and retail  
21 value chain functions. They have both the incentives and the authority to meaningfully contribute  
22 to the Commission’s complex task of seeing through the Electric Utility Restructuring Act to its  
23 completion.

1           In support of this recommendation, my testimony has provided several examples of how  
2 fully restructured markets have created nimble governance frameworks reliant upon market  
3 participants and customer representatives to continuously reform and evolve operating rules and  
4 data exchange procedures. I would recommend that the Commission look to how the Texas  
5 ERCOT market has structured its governance, specifically their Technical Advisory Committee  
6 (TAC) charter, customer representative segments and subcommittee protocols, which I have  
7 attached for reference. Additional governance <sup>41</sup>materials are available online. The Commission  
8 could implement a similar market-based framework in this proceeding, giving due consideration  
9 to the elevated role that market participants, and CPAs in particular, should be expected to play  
10 within this governance framework. The Commission should also consider employing a hearing  
11 officer, when necessary, in elevating any governance matters to the Commission to resolve.

12 **Q.     Does this conclude your testimony?**

13 A.     Yes.

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<sup>41</sup> Website available online: <http://www.ercot.com/committees>



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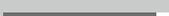
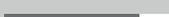
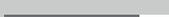
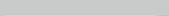
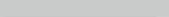
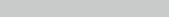
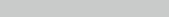
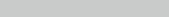
## MOTIVATION

- |                |               |
|----------------|---------------|
| Community      | Adaptation    |
| Collaboration  | Resilience    |
| Bipartisanship | Affordability |
| Effectiveness  | Innovation    |

## CAPACITY

- |             |   |
|-------------|---|
| Awareness   |  |
| Originality |  |
| Teamwork    |  |
| Leadership  |  |

## EXPERTISE

- |                      |   |
|----------------------|---|
| Agency Design        |  |
| Agency Operations    |  |
| -Risk Management     |  |
| -Origination         |  |
| -Distributed Energy  |  |
| -Retail Products     |  |
| -Regulatory Affairs  |  |
| -Compliance          |  |
| -Budgeting           |  |
| -Change Management   |  |
| Board Engagement     |  |
| Public Engagement    |  |
| Industry Connections |  |

## PROFILE

Political Economist, analyst and executive management consultant. Architect of Community Choice agency governance and operating models, utility partnerships, regulatory strategies and market reforms. Educator recognized as an industry expert, technologist & strategist. Advisor to Community Choice agencies, Investor Owned Utilities, public power, municipalities, public advocates, labor and civic groups, and technology firms.

## EXPERIENCE

- **Community Choice Partners, Inc.** 2013- Present  
*Principal Consultant & Founder*

**Architect of Community Choice “2.0 & 3.0” maturity models.**

Advisor to executives and senior staff on agency design and operational realignments, key performance indicators, vendor assessments, staffing plans and culture, regulatory intelligence and strategies, public relations and political campaigns, and stakeholder education.

- **Local Power, Inc.** 2011 - 2013  
*Managing Director*

**Consultancy that created Community Choice Aggregation.**

Responsibilities included managing projects, staff, and daily operations, in addition to consulting on financial modeling, Distributed Energy and customer-facing smart grid applications.

- **KEMA, Inc.** 2007 - 2011  
*Senior Energy Analyst*

**Global leader in Smart Grid and utility management consulting.**

Responsibilities included tracking hundreds of emerging technologies, Distributed Energy forecasting for states and utility territories, supporting grid integration simulations and ‘Utility of the Future’ management consulting teams.

## EDUCATION

-  **Bachelor of Arts, International Political Economy** 2006  
*Colorado College*

**Study Abroad:** Fudan University & Maastricht University

**Thesis:** “Retreat from Kyoto”, analyzing why and how Federal energy policy became increasingly undemocratic over a period of 40 years.

Bates Page 85

# SELECT PROJECT QUALIFICATIONS

## UTILITY CONSUMER ACTION NETWORK

Nonprofit “utility watchdog” in San Diego. Lead expert in Phase 2 PCIA workshops and proceeding. Analysis of utility retail value chain barriers, cost shifting implications, and mitigating solutions re: structural market reform.

**Q1 2019 — ONGOING**

## IBEW LOCAL 11 & NECA LOS ANGELES

Local labor union & electrical contractors association. Engaged to educate broad range of stakeholders in Los Angeles on CCA 2.0 & 3.0 design and the PCIA reform risk through reports, meetings and board presentations. Initial focus on “South Bay” and “West Side” cities that subsequently joined the Clean Power Alliance. Work products received endorsements from: a Governor of the California Independent Grid Operator (CAISO), the former Assistant General Manager of the Northern California Power Agency (NCPA), the Chair of the Democratic Party Environmental Caucus, the California Alliance for Community Energy (CACE), the Executive Director of 350.org, the Sierra Club Angeles Chapter, and other civic organizations.

**Q3 2016 — Q1 2017**

## COUNTY OF LOS ANGELES

Drafting and submittal of “PCIA Homework” filing to CPUC. Summarized extant PCIA methodology, methodological flaws that would have to be reformed prior to further growth of CCA industry, and a variety of related issues (e.g. IRP coordination, POLR, CAM). Recommended procedural steps for CPUC along with CCA 2.0 & 3.0 design strategies for the industry to manage near-term risks. Subsequent recognition for correctly identifying ‘over the horizon’ issues that are challenging the industry at present.

**Q1 2016**

## CITY OF SAN DIEGO

Subcontractor to the Protect Our Communities Foundation. Correctly identified that San Diego was sufficiently large to trigger the reformation of the PCIA (an ‘industry first’). Recommended a partial enrollment strategy to manage regulatory risk, and provided CCA energy and financial proforma forecasts accompanied by CCA 2.0 design advice. **Q4 2013 — Q4 2014**

**CCA Agency:** CPUC proceeding survey and strategic advice on DER services & utility Grid Modernization

**Q2 2019 — ONGOING**

## LONG BEACH ENERGY RESOURCES DEPT

Engaged by municipal utility staff to support their CCA feasibility study effort. Review of bid submissions, scope of work negotiations with multiple contractors, regular project management support, analytical peer review, education for city staff on CCA issues and assistance in coordination with operational CCAs, public power entities and SCE over the course of the project.

**Q2 2018 — Q4 2019**

## EAST BAY COMMUNITY ENERGY

Expert review and advice in the selection of a portfolio manager to assist in the launch and early-stage operations of the CCA; strategy discussions to evolve front-office structures and risk management capabilities.

**Q4 2017**

## SONOMA CLEAN POWER

Technical, financial and strategic consulting services during Phase 2 and 3 (full enrollment) through staff onboarding: load & revenue forecasting; customer data analytics (CCA INFO Tariff and utility EDI data); power supply contract management; procurement support including forecasting of open energy and capacity positions; validation of invoiced PPAs and CAISO wholesale market pass-through costs (charge codes); a variety of monthly, quarterly and annual compliance reports (EIA, CAISO, CEC and CPUC); select regulatory intelligence, business process streamlining & CCA staff tutorials; and program financial “proforma” modeling (for internal budgeting & to support creditworthiness assessments of the agency as a counterparty to suppliers).

**Q4 2013 — Q4 2014**

## DISTRIBUTED ENERGY ASSESSEMENTS

**2011 to 2013**

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION  
CALIFORNIA ENERGY COMMISSION (PIER)  
CITY OF BOULDER, COLORADO**

**2007 to 2010**

**UTILITIES: PG&E, SCE, SDG&E, SoCalGas (CA); HECO, MECO, MELCO (HW); XCEL ENERGY, PRPA (CO); NIPSCO (IN).  
STATES OF RHODE ISLAND, CONNECTICUT & MISSOURI  
CALIFORNIA PUBLIC UTILITIES COMMISSION**

## CONFIDENTIAL CLIENTS

**Investor Owned Utility:** community partnership advice for markets in which CCA is not enabled

**Q2 2019 — ONGOING**

**The Waking Giant: Community Power Market Design** (webinar). Municipal Sustainable Energy Forum. 15 July 2020.

**Community Power: Design Insights for New Hampshire** (panelist). Clean Energy NH's Local Energy Solutions Conference. 15 Nov 2019.

**Impacts and Opportunities of Extending the Day Ahead Market to the Energy Imbalance Market** (moderator) and **Aligning Transmission with Local Capacity Needs** (panelist). Infocast 11th Annual Transmission Summit West. 22-23 Oct 2019.

**Community Power Design for New Hampshire**. Conservation Law Foundation's Municipal Roundtable. 18 Sept 2019 & City of Lebanon Energy Action Committee. 29 Aug 2019.

**Deep Decarbonization: Reforming Governance** (webinar). Municipal Sustainability Forum. 23 July 2019.

**Actionable Reforms to Governance and Operational Models to Rapidly Decarbonize Across Different Market Structures**. Presentation at the National Renewable Energy Laboratory, workshop on "*Maximizing DER Value for All Stakeholders*". 30 May 2019.

**Community Choice: Insights for Utility & Community Partnerships**. CCA CEO panel + Q&A for the Board and Executives of an Investor Owned Utility. Q2 2019.

**Meeting RPS Requirements in the Customer Choice Era**. Panel with Monica Padilla and Amanda Singh. Infocast California Renewable Energy Procurement Summit. 30 April 2019.

**Requirements to Operate a Community Choice Agency** (presenter), **Data Analytics: Best Practices and a Vision for the Future** (moderator) and **Load Profiling and Other Fundamentals of Effective Procurement** (moderator). Infocast CCA Summit in San Francisco. 28-30 Dec 2018.

**Community Choice Aggregation 101**. Presentation to the American Public Power Association (at the CEO's request). 6 Sept 2018.

**Emerging Opportunities in California**. Panelist at The Business of Local Energy Symposium CCA Conference. 4 June 2018.

**Energy & Community Choice Aggregation**. Panelist with Nick Chaset, Pradeep Gupta and Don Bray. Association of Bay Area Governments (ABAG) General Assembly. 31 May 2018.

**Community Choice 2.0 & 3.0 Insights**. Interview for the Stratton Report. 15 May 2018.

**CCA 2.0 and 3.0 Tutorial Workshop**. Organizer of 8-hour workshop at the Infocast CCA Summit. 24 April 2018.

**Community Choice Aggregation — Power to the Community**. Panel with Ted Bardacke and Julia Pyper (Green-tech Media) at the UCLA & USC Energy Innovation Conference. 16 April 2018.

**Community Choice Aggregation: Best Practices, Lessons Learned & Distributed Energy Integration** (webinar). Municipal Sustainability Forum. 30 Nov 2017.

**What's your view of the PCIA exit fee debate and how does this relate to Community Choice 2.0 and 3.0?** Interview for the Stratton Report. 15 Nov 2017.

**Strategic Insights from Deconstructing CCA & IOU Economics**. Presentation at the Infocast Community Choice Energy Summit. 14 Nov 2017.

**LA Cities Meetup: CCA 2.0 & 3.0 Program Design Options + LACCE Review**. Workshop presentation for the City of Santa Monica. 2 Nov 2017.

**Expert Panel: Debate on California's Energy Future & Community Choice**. Panel with Matthew Marshall and Gerry Braun. Municipal Sustainability Forum. 22 May 2017.

**Executive Briefing: The Community Choice Aggregation Market**. Panel with Mark Fillingner and Amanda Rosenberg. Solar Power Finance & Investment Summit. 21 March 2017.

**Expert Panel: Updates on Community Choice Aggregation Structures in US, CA and NY** Panel with Neil Alexander. Municipal Sustainability Forum. 18 April 2017.

**Community Choice Aggregation: Program Design Evolution and Outlook (webinar)**. Municipal Sustainability Forum. 17 Jan 2017.

## SELECT PUBLICATIONS &amp; ANALYSES

**Community Power Design for New Hampshire.** The Conservation Law Foundation's Municipal Roundtable. 18 September 2019.

**Bill is step toward true community energy.** The Concord Daily. Community Choice Partners, Inc. 23 July 2019.

**SB 286-FN-Local, Relative to Aggregation of Electric Customers by Municipalities and Counties.** Strategy memo to the New Hampshire Governor's Office of Strategic Initiatives. Community Choice Partners, Inc. 17 July 2019.

**Understanding the Community Choice Energy (R)evolution in California.** LinkedIn article. Community Choice Partners, Inc. 15 Oct 2018.

**Energy Risk Management Policies of Community Choice Agencies.** Comments to the California Public Utilities Commission "Customer Choice En Banc". Community Choice Partners, Inc. 2018.

**The Theory and Evolution of Community Choice in California.** Comments on the California Public Utilities Commission "draft Green Book". Community Choice Partners, Inc. 2018.

**Protest Letter to SCE Advice Letter No. 3781-E.** Comments to the California Public Utilities Commission. Community Choice Partners, Inc. 2018.

**Advanced Energy Services: Interviews with Five Leading Portfolio Management Companies.** South Bay Clean Power initiative. Community Choice Partners, Inc. 2017.

**CCA Financial Strategy and Regulatory Risk Analysis.** South Bay Clean Power initiative. Community Choice Partners, Inc. 2017.

**CCA 2.0 & 3.0 Business Plan.** South Bay Clean Power initiative. Community Choice Partners, Inc. 2017.

**Response of the County of Los Angeles to Optional Homework Assignment in Preparation for the March 8 Workshop on PCIA Reform.** Comments to the California Public Utilities Commission. Community Choice Partners, Inc. 2016.

**CCA 2.0 as a Service: Bid in Response to RFP 15-001.** Submission to Redwood Coast Energy Authority. Community Choice Partners, Inc. 2016.

**San Luis Obispo Renewable Energy Secure Community.** California Energy Commission, Public Interest Energy Research (PIER). Local Power, Inc. 2013.

**CleanPowerSF (various reports and proforma results).** San Francisco Public Utilities Commission. Local Power, Inc. 2013.

**Boulder's Energy Future: Localization Portfolio Standard - Electricity and Natural Gas.** City of Boulder, Colorado. Local Power, Inc. 2011.

**Fast Automated Demand Response to Enable the Integration of Renewable Resources.** Lawrence Berkeley National Laboratory and KEMA, Inc. 2012.

**Assessment of the Benefits and Costs of Seven PIER-Supported Projects.** California Energy Commission. KEMA, Inc. 2010.

**Review of Energy Efficiency Program Savings Estimations in Annual Reports and Measurement and Evaluation Studies.** California Energy Commission. KEMA, Inc. 2010.

**Missouri Statewide DSM Market Potential Study.** Missouri Public Service Commission. KEMA, Inc. 2010.

**Colorado DSM Market Potential Assessment.** Xcel Energy. KEMA, Inc. 2010.

**Connecticut Electric Residential, Commercial, and Industrial Energy Efficiency Potential Study.** Connecticut Energy Conservation Management Board. KEMA, Inc. 2010.

**Platte River Authority Climate Action Plan.** Platt River Power Authority. KEMA, Inc. 2009.

**Pacific Gas & Electric SmartAC™ 2008 Residential Ex Post Load Impact Evaluation and Ex Ante Load Impact Estimates.** PG&E. KEMA, Inc. 2009.

**Final Report: Pacific Gas and Electric SmartAC™ Load Impact Evaluation.** PG&E. KEMA, Inc. 2008.

**2004/2005 Statewide Express Efficiency and Upstream HVAC Program Impact Evaluation.** CPUC, CEC, PG&E, SCE, SDG&E, SoCalGas. Itron and KEMA, Inc. 2008.

# COMMUNITY POWER SUMMIT

*“By Communities, For Communities”*

Friday, June 5<sup>th</sup>, 2020

1 PM to 4 PM

*Dear Community Leaders of New Hampshire,*

*Thank you for accepting this invitation to join your fellow community leaders, and town, city, and county staff and officials for this three hour online interactive workshop on Community Power.*

*The Community Power Law ([RSA 53-E](#)) enables local governments (cities, towns, and counties) to become the default electricity providers for their residents and businesses – to offer innovative customer services and local programs, to competitively procure electricity supply, and to work with regulators, utilities, and businesses to modernize our electricity system. Community Power Aggregations (CPAs) represent an enormous opportunity for our communities and our state as a whole, and it is you, our state’s local and community leaders, that are now equipped with the authority and the tools to lead the evolution of our electricity system.*

*In this workshop, we will come together to learn about Community Power and efforts to establish Community Power New Hampshire (CPNH), a locally governed public power nonprofit to provide enabling services to participating CPAs. We look forward to collaborating with you in leading the development of New Hampshire’s Community Power marketplace.*

*Sincerely,*

*CPNH Organizing Group*

[www.communitypowernh.org](http://www.communitypowernh.org)

## COMMUNITY POWER SUMMIT SCHEDULE

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12:45 PM — 1:00 PM: *log-in early for assistance using the online platform (optional)*

1:00 PM – 1:40 PM: *Welcome | Breakout Group Introductions | Context*

1:40 PM – 2:10 PM: *Keynote by Girish Balachandran, CEO of Silicon Valley Clean Energy | Q/A*

2:10 PM – 3:40 PM: *CPNH Joint-Action: Panel Discussion & Breakout Groups | Report Back*

3:40 PM – 4:00 PM: *Road Map to Community Power and CPNH Launch | Adjourn*

## COMMUNITY POWER SUMMIT PURPOSE

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1. Build understanding of Community Power and CPNH Joint Action
2. Foster peer-to-peer engagement and relationship building
3. Hear new insights and concerns to inform the organizational design of CPNH
4. Assess which resources should be prioritized and developed to enable Community Power implementation for participating communities

## ZOOM VIRTUAL MEETING GUIDELINES & TIPS

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- You can control whether you see all the participants or just the speaker by going to the top right corner of your Zoom screen and toggling between Gallery View and Speaker View.
- **Please mute your microphone when you are not speaking.** You can find the microphone by hovering over the bottom of the screen with your cursor. The microphone will be on the far-left side. Click on the microphone icon and it will toggle between Mute and Unmute.
- **If you want to speak or ask a question, please type an asterisk (\*) into the Chat box.** We will use these asterisks to create a “stack” of participants who would like to speak. We will call on participants in the order that they sent an asterisk.
- You can **find the Chat by hovering over the bottom of the Zoom screen** and looking for the Chat icon. Click on the icon and a Chat area will appear on the right side of your Zoom screen. To send an asterisk to the Chat, go to the bottom of the Chat area (where it says “To: Everyone”), type an asterisk (\*) and hit Return.

## COMMUNITY POWER SUMMIT AGENDA

### Welcome | Breakout Group Introductions | Context

1 PM – 1:40 PM

The Summit will begin with a short summary of “*How to Use Zoom*” and “*Guidelines for Participating in Virtual Meetings*.”

We will then set the stage with an overview of the Summit Agenda & Purpose, along with a review of the opportunities Community Power presents to democratize energy governance, lower energy costs, spur decarbonization and local renewable energy development, and harness market competition to drive innovation in electricity markets.

Afterwards, all participants will be divided into random breakout groups of five and be asked to:

1. Briefly introduce themselves;
2. Share a 60-second story of one energy project their community is proud to have implemented (or looks forward to implementing).

We will then regroup before transitioning to our keynote speaker.

### Keynote by Girish Balachandran, CEO of Silicon Valley Clean Energy | Q&A

1:40 PM – 2:10 PM



**Girish Balachandran**  
Chief Executive Officer



**Silicon Valley Clean Energy (SVCE)** is redefining the local electricity market in Santa Clara County, California, by providing its residents and businesses with new renewable and carbon-free clean energy choices at competitive rates. For the thirteen communities that govern SVCE, the community-owned agency serves as the official electricity provider — on a mission to reduce dependence of fossil fuels by providing carbon-free, affordable and reliable electricity and innovative programs at-scale across all communities.

As the Chief Executive Officer, Girish Balachandran develops and implements strategies to empower the Silicon Valley Clean Energy (SVCE) team and community to achieve its ambitious decarbonization goals. Girish leads the passionate employees of SVCE as they creatively solve challenges in the electric supply, built environment and transportation sectors. Girish has more than 29 years of experience in California utilities, including serving as the General Manager of Riverside Public Utilities (RPU) and Alameda Municipal Power (AMP) and previously working for the City of Palo Alto Utilities.

- *Participants who have questions are invited to type their questions, or to type an asterisk (“\*”) into the Zoom Chat during the presentation.*
- *After the Keynote, participants who have indicated they have a question for the speaker by typing an asterisk (“\*”) into the Zoom Chat will be called upon to ask their question.*
- *We will follow-up to answer any questions left unaddressed (due to time constraints).*

# CPNH Joint Action: Panel & Breakout Group Discussions | Report Out

2:10 PM – 3:40 PM

## CPNH JOINT ACTION PANEL DISCUSSION (45 minutes)

The communities of Hanover, Lebanon, Nashua, and Cheshire County are leading an effort to establish CPNH as a new, locally governed public power nonprofit to provide enabling services to Community Power Aggregations through a voluntary and flexible membership structure.

Representatives from these communities will provide an update on the status of CPNH development in a panel discussion format.

### Joint Action Panelists



**Julia Griffin is the Town Manager of Hanover**, a position she has held since 1996. Prior to that, she was City Manager for the City of Concord. As Hanover staff for the Sustainable Hanover Committee, she spends considerable time working on sustainability and renewable energy programs for the Town and its residents.

**Clifton Below is serving his 3rd term on the Lebanon City Council** where he serves as Assistant Mayor and Chair of the Lebanon Energy Advisory Committee (which acts as the Lebanon Electric Aggregation Committee pursuant to RSA 53-E:6). He served as a Public Utilities Commissioner for the State of New Hampshire (2005-2012) and in the state legislature as a Representative and Senator (1992-2004) where he always served on the energy committees.



Mr. Below is the primary author of SB286 (the Community Power Law) and co-authored RSA 374-F (the “*Electric Utility Restructuring Act*”).



**Rod Bouchard is Assistant County Administrator for Special Projects & Strategic Initiatives for Cheshire County.** He serves as senior manager for operational issues with Cheshire County. Mr. Bouchard has over 40 years of experience in information technologies with firms such as AT&T’s Advanced IP division, Intel On-line Services, The Hartford Insurance Group, and Computer Systems Research of Avon, CT (where he was a principal partner).

**Doria Brown is the Energy Manager for the City of Nashua**, where she works on energy efficiency projects, greenhouse gas accounting, and energy procurement.

Prior to her work with the City of Nashua, Ms. Brown was the Sustainability Specialist at Worthen Industries, where she helped to implement the manufacturing company’s sustainability programs.



Ms. Brown graduated from Franklin Pierce University with a BS in Environmental Science (concentrating in Hydrology and Chemistry), enjoys working in the industry and thinks that “*It’s an amazing time to be in Energy in New Hampshire!*”

## JOINT ACTION BREAKOUT GROUPS (45 minutes)

Following the Panel Discussion, attendees will be divided into twelve separate Breakout Groups:

- Each breakout group will have approximately 6-8 participants.
- The Facilitator will open the breakout group by reading aloud the purpose of the breakout group:
 

*“To facilitate engagement and discussion among participants, and to collect comments, questions, and feedback. Not all questions will be answered during the breakout session, but questions will be recorded and collected for follow up after the Summit.”*

The facilitator will be responsible for ensuring each participant has opportunity to contribute to each discussion question (including themselves), and for keeping the group on-track and on-time.

- Each Breakout Group will include a “CPNH Affiliate and Note-Taker” (who has been involved with the organizing of CPNH). This person will answer questions about CPNH (to the best of their ability at this early stage) and will take notes.

### *Discussion Questions for Participants*

1. What is your name, affiliation, and in one sentence, one thing you would like your community to achieve through Community Power? (5 minutes)
2. What unanswered questions or concerns do you have about Community Power or about CPNH? (10 minutes)

*(We will follow-up to address any unanswered questions, which will also inform CPNH’s next steps.)*

3. Is your community interested in participating in CPNH? (25 minutes)
  - a. What’s your understanding of how the organization would function in practice?
  - b. What level of participation would your community expect to contribute to CPNH’s governance, oversight of staff & operations, legislative affairs, other committees, etc.?
  - c. What resources should CPNH committees prioritize developing and sharing to enable participating member communities to implement Community Power?
  - d. What’s the best way for communities to collaborate prior to the formal launch of CPNH?
4. Facilitator invites each Breakout Group Member to share any closing thoughts? (5 minutes)

## Roadmap to Community Power & CPNH Launch | Adjourn

**3:40 PM – 4 PM**

Following the Breakout Groups, CPNH affiliates will share one key takeaway from the discussions with collective group.

We will conclude the Summit with a roadmap from today through the launch of CPNH and the first-mover Community Power Aggregations, next steps, and closing remarks.

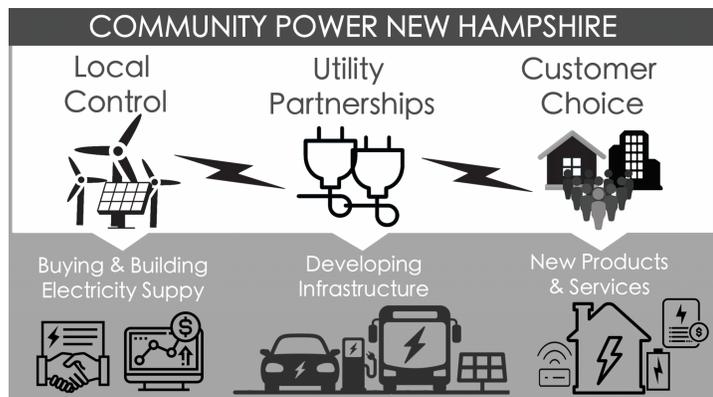
Post-Summit, attendees will receive:

1. Additional follow-up materials;
2. Responses to any questions left unaddressed (due to time constraints).

# Community Leaders Join Together to Develop Community Power New Hampshire

***This article is authored jointly by a coalition of community representatives and supporting partners working to form Community Power New Hampshire***

New Hampshire's Community Power law (SB 286; RSA 53-E) became effective October 1, 2019. It authorizes local governments (cities, towns, and counties) to become the default electricity provider for their residents and businesses — to offer innovative customer services and programs that communities want, to competitively procure electricity supply, and to work with regulators, utilities and competitive businesses to modernize our electrical grid and market infrastructure.



Unlocking the full range of municipal authorities enabled by RSA 53-E could be a game changer for our communities, local infrastructure and the competitive retail electricity market. Successful implementation requires coming up to speed on industry best-practices, navigating complex regulations, coordinating across utilities, and contracting for an array of sophisticated services. That takes a level of expertise and scale beyond the capacity of many municipal governments — now more than ever, given the COVID-19 crisis and our economic outlook.

New Hampshire

Town and City

Magazine -

May/June 2020

Community Choice Aggregation (CCA) Empowers Municipalities to Take Control of their Community's Energy Costs

Community Leaders Join Together to Develop Community Power New Hampshire

Moving Toward a More Democratized Electric System

Improving the Resiliency of New Hampshire's Buildings

What Every New Hampshire Town & City Needs to Know About Solar Energy Today

NHMA's Government Finance Director, Barbara Reid, to Retire in June!

LEGAL Q&A: Using Revolving Funds for Municipal Group Net Metering

We believe that joining together to launch Community Power programs is the surest way to create a more coordinated, competitive, decarbonized, and locally governed electricity sector. That's why our group — representing energy committees, town managers and sustainability staff, elected officials, city energy managers, county administrators, and regional planning commissions — is developing Community Power New Hampshire (CPNH).

CPNH is being designed as a new joint action legal entity — governed by communities to serve communities under a voluntary and flexible membership structure — to clear the way for cities, towns, and counties across New Hampshire to launch Community Power programs in 2020 and 2021. Each community will help oversee the enterprise, while controlling their individual electricity rates, program services and policy goals. Once formed, CPNH will competitively enlist best-in-class service providers to support the launch of initial Community Power Programs and provide new members with a menu of services. As CPNH grows, all members will benefit from greater economies of scale, proven best-practices and expert regulatory and policy engagement — all of which supports the evolution of our statewide competitive retail market.

To guide the design of CPNH, we have identified the following goals for Community Power Programs (CPPs), some of which may be prioritized over others by different communities:

1. Strengthen local control and choice: CPPs may craft their own energy portfolios and evolve them over time, set rates for their customers, and allocate surplus revenues for their community.
2. Control and reduce cost: CPPs will have access to competitive rate offerings relative to their utility's de-fault energy service, and the ability to better manage electricity cost drivers (e.g. capacity costs).
3. Accelerate decarbonization through renewable energy: CPPs may procure renewable energy by purchasing Renewable Energy Credits, contracting with existing renewable energy generators, or enabling construction of new renewable energy systems.
4. Stimulate competitive, local markets to benefit customers and communities: CPPs will enable market-driven innovation in customer services and distributed energy technologies (including dynamic and real-time pricing options, onsite generation,

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**HR REPORT: Proposed "Card Check" Union Election Bills – Historical Context for an Old Proposal**

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**NHARPC CORNER: Rail Trail Planning in New Hampshire Enhancing Transportation, Recreation, Economies, and Health**

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**TECH INSIGHTS: Is Your IT Ready to Support Remote Work?**

energy storage, electrification of transportation and heating sectors, and energy efficiency).

5. Modernize infrastructure to strengthen markets and energy resiliency: CPPs may further enable retail market innovation, Smart Cities and energy security for critical facilities through the targeted deployment of advanced meters and communications, distributed energy technologies and microgrids – working in partnership with distribution utilities and others to modernize our shared infrastructure and regulations.
6. Enhance local and regional coordination: CPPs may collaborate on electrifying transportation, streamlining permitting for innovative technologies, and removing other barriers to progress – working together with Regional Planning Commissions, counties, and other partners and coordinating with the Public Utility Commission and Legislature.

CPNH development activities are organized into the four working groups listed below. We're working together upfront to leverage our collective re-sources, minimize staff time and avoid duplicative overhead – and invite local governments interested in Community Power to join and support any area of interest:

### Governance Agreement

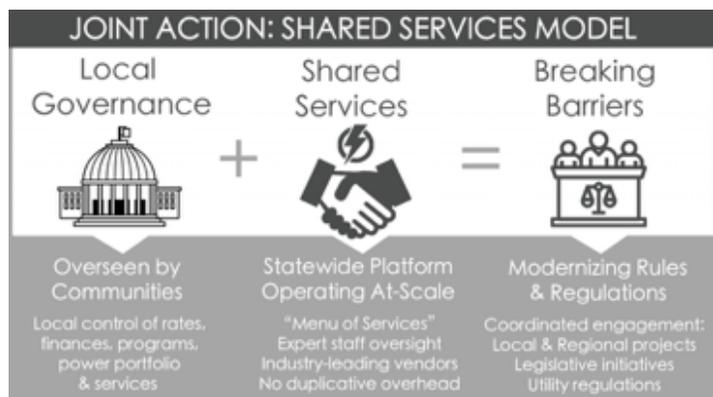
Municipal attorneys are reviewing a Joint Powers Agreement (authorized by RSA 53-A), a contract among local governments to create CPNH. Over the coming months, we will work together to refine the details including the process by which additional local governments may join CPNH.

### Regulatory and Legislative Engagement

The Public Utilities Commission is considering a rulemaking process that will affect Community Power programs. Coordination with electric distribution utilities is an important part of Community Power, and the process for enabling the full range of authorities granted by RSA 53-E needs to be clarified by the Commission. CPNH organizers are already actively engaged in this regulatory process.

### Operating Model Design

CPNH will likely rely on expert staff for oversight along with competitive service providers for operations, including: (1) active management of a diversified portfolio of wholesale energy contracts and participation in ISO New England electricity markets, and (2) retail customer services including meter communications, data management, call centers and billing.



Careful thought will be given to how CPNH's in-house expertise and contracted services will evolve with the market over time.

## Community Engagement

Municipalities across New Hampshire, seventy of which have Local Energy Committees, are interested in how Community Power could offer meaningful control over their energy future.

We believe CPNH is the most efficient and pragmatic way to secure that objective and invite other communities to join our initiative. Over the coming months, we will provide toolkits and templates, and work with partners like NHMA, Clean Energy NH and Regional Planning Commissions to spread the word.

Learn more about CPNH and how to join via our website: [www.CommunityPowerNH.org](http://www.CommunityPowerNH.org).

Save the Date: CPNH will host a virtual Community Power Summit on Friday June 5th.

### NH Community Power coalition members:

*Town of Bristol: Paul Bemis, Bristol Energy Committee*

*Town of Harrisville: Mary Day Mordecai, Ned Hulbert, Planning Board*

*Town of Hanover: Julia Griffin, Town Manager; April Salas, Sustainability Director*

*City of Lebanon: Clifton Below, Assistant Mayor; Tad Montgomery, Energy and Facilities Manager*

*City of Nashua: Doria Brown, Energy Manager*

*Cheshire County: Rod Bouchard, Assistant County Administrator / Special Projects and Strategic Initiatives*

**Community Power NH supporting partners:**

*Dori Drachmann, Co-founder, Monadnock Sustainability Hub*

*Dr. Amro M. Farid, Thayer School of Engineering at Dartmouth*

*Samuel Golding, President, Community Choice Partners*

*Jill Longval, Rockingham Planning Commission*

*Henry Herndon, Clean Energy NH*



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Technical Advisory Committee  
Procedures**

**TAC Approved: May 29, 2020**

**Effective as of June 1, 2020**

**ERCOT**  
**Technical Advisory Committee Procedures**

These Technical Advisory Committee (TAC) Procedures are based upon incorporated provisions of the ERCOT Bylaws. Upon amendment of the ERCOT Bylaws, these Procedures should be reviewed to ensure consistency with any Bylaws revisions.

**I. FUNCTIONS OF TAC**

**A. Duties**

The TAC shall make recommendations to the Board as it deems appropriate or as required by the Board and perform any other duties as directed by the Board. TAC shall have the authority to create subcommittees, task forces and work groups, as it deems necessary and appropriate to conduct the business of TAC. TAC shall review and coordinate the activities and reports of its subcommittees.

**B. Studies**

The TAC shall itself, through its subcommittees, or through ERCOT staff, make and utilize such studies or plans as it deems appropriate to accomplish the purposes of ERCOT, the duties of its subcommittees and the policies of the Board. Results of such studies and plans shall be reported to the Board as required by the Board.

**C. Prioritization of Projects Proposed by the Market**

The TAC shall be responsible for setting the priority of projects approved through the NPRR, SCR and guide revision processes. TAC may delegate the responsibility for recommending the priority of market projects to one of its subcommittees.

**II. MEMBERSHIP**

**A. Qualifications and Appointment**

TAC Representatives, as defined in the ERCOT Bylaws Section 3.1, TAC Representatives, shall be elected or appointed according to the provisions of the ERCOT Bylaws and procedures established by the ERCOT Board. An Entity and its affiliates that are Members of ERCOT shall have no more than one representative on TAC.

**B. Term of Representatives**

TAC Representatives shall be selected annually in December of each year for service in the following calendar year.

**C. Membership**

The TAC shall be comprised of Representatives of Members from each Market Segment as defined in the ERCOT Bylaws: Independent Retail Providers (and Aggregators), Independent Generators, Independent Power Marketers, Municipals, Cooperatives, Investor Owned Utilities, and Consumers. The Corporate Members of each Segment are responsible for electing or appointing their Representatives to TAC. In addition, the ERCOT Chief Operating Officer (COO) or the ERCOT CEO's designee shall be an ex-officio, non-voting member of TAC. If a Member elects to

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engage a consultant to represent them at TAC and/or TAC subcommittees, such consultant shall disclose the Entity or Entities it is representing at each meeting.

D. Vacancies

Vacancies shall be filled in the manner prescribed by the ERCOT Bylaws.

**III. CHAIR AND VICE-CHAIR**

A. Qualifications and Appointment

As provided in the ERCOT Bylaws, the Chair and Vice-Chair shall be elected by TAC and confirmed by the ERCOT Board.

B. Duties

The Chair shall be responsible for setting the agenda and presiding over all TAC meetings. The Chair shall also report to the Board on behalf of TAC. The Vice-Chair shall act as Chair at TAC meetings in absence of the Chair.

C. Election Process

ERCOT staff will open the floor for nominations for the Chair. Once nominations have been closed, TAC Representatives will cast votes on the nominations for Chair. If there is more than one nomination, ballots will be used for casting votes. Each TAC Representative will be allowed one vote. The candidate receiving a simple majority (51%) of TAC Representatives voting will be elected. If no simple majority is reached, ERCOT staff will identify the two candidates receiving the most votes and conduct another vote. Votes will be conducted until either a simple majority of the TAC is reached or an acclamation of TAC. Following election of the Chair, the Chair election process will be utilized for selecting the Vice-Chair.

**IV. MEETINGS**

A. Quorum and Action

As provided in the ERCOT Bylaws: Fifty-one percent (51%) of eligible, Seated Representatives of TAC shall constitute a quorum required for the transaction of business; and abstentions do not affect calculation of a quorum. Each voting member represented on TAC may designate, in writing, an Alternate Representative who may attend meetings, vote on the member's behalf and be counted toward establishing a quorum. Each voting member represented on TAC may designate in writing a proxy who may attend meetings and vote on the member's behalf, but shall not be counted toward establishing a quorum. If the TAC Representative wishes to designate an Alternate Representative or proxy, a notification of the designation of such Alternate Representative or proxy must be sent to ERCOT and shall be valid for the time period designated by the TAC Representative. TAC Representatives may participate in the meeting via telephone, but may not vote via telephone and participation via telephone shall not count towards a quorum.

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**B. Meeting Schedule**

The TAC and its subcommittees shall meet as often as necessary to perform their duties and functions.

**C. Participatory Voting:**

As provided in the ERCOT Bylaws, each Segment may choose to utilize "Participatory Voting" as follows:

If a Segment chooses to engage in Participatory Voting, each TAC Representative elected to serve and present at the meeting shall be required to vote the decision of the majority of Corporate Members of their Segment in attendance at a TAC meeting. A Corporate Member may delegate an employee or agent other than the Member representative to vote on its behalf for purposes of Participatory Voting. If a Corporate Member of a Segment using Participatory Voting is unable or does not wish to attend a TAC meeting, such Member may deliver a written proxy, at any time prior to the start of the meeting to a Participatory Voting delegate of any Member of the same Segment. A Corporate Member delegate in attendance at a TAC meeting may give written proxy to a Participatory Voting delegate of any Member of the same Segment during such meeting. If the consumer Segment chooses to utilize "Participatory Voting", each consumer type (retail, commercial and industrial) with representative(s) present shall each have equal voting strength in determining how the TAC Representatives of the Segment shall vote.

**D. Notification**

As provided in the ERCOT Bylaws, all meetings of the TAC shall be called by the Chair and all such meeting notices shall be sent in writing (including e-mail or fax) to each member at least one week prior to the meeting. All agenda items requiring a vote of TAC must be noticed for a vote with supporting documentation published at least one week prior to the meeting. Material that becomes available less than one week prior to the meeting may be considered if a majority of the TAC agrees to consider the additional material. An emergency meeting of the TAC may be held with less than one week notice if a majority of the members of TAC consent to the meeting. Any ERCOT Member may request notification of TAC meetings.

**E. Conduct of Meetings**

The Chair shall preside at all meetings and is responsible for preparation of agendas for such meetings. In the absence of the Chair, the Vice-Chair or another TAC Representative shall preside at the meeting. The Chair, or the presiding Member, shall be guided by Appendix A, ERCOT Meeting Rules of Order, in the conduct of the meetings. ERCOT staff shall be responsible for recording minutes of TAC meetings and distributing such minutes and other communications to all members of TAC and any other parties who express an interest in receiving such information. TAC meetings and TAC subcommittee meetings may be attended by any interested observers; provided, however,

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persons may be excluded from portions of TAC meetings and TAC subcommittee meetings where third party confidential information is presented or discussed (e.g., confidential vendor or bid information and generation unit information). Participants shall disclose the Entity or Entities they are representing at each TAC and/or TAC subcommittee meeting.

**F. Voting**

In matters determined by the Chair to require a vote of TAC, or when any TAC Representative requests a vote on an issue, each TAC Representative shall have one vote. As provided in the ERCOT Bylaws, an act of TAC requires affirmative votes of: (i) two-thirds of the Eligible Voting Representatives of TAC; and (ii) at least 50% of the total Seated Representatives. For purposes of voting on TAC, TAC representatives shall not have their votes included in the total number of votes from which the requisite percentage of affirmative votes is required for action if: (i) they are not present and have not designated a proxy, or (ii) they abstain from voting.

**G. Electronic Mail Voting**

In matters determined by the Chair to require a vote of TAC which are urgent or otherwise require action prior to the next meeting, a vote via electronic mail (e-mail vote) may be utilized. A request for an e-mail vote can only be initiated by the Chair or Vice Chair. An e-mail vote is permitted provided a notification is distributed to the TAC distribution list that includes a detailed description of the issue or proposition and accompanied by supporting documentation. For e-mail votes, a quorum of Standing Representatives must participate in the vote. Participation requires casting a vote or abstaining. Votes shall be submitted to ERCOT for tallying by the close of two Business Days after notification of the vote. Votes are tallied in the same manner as a regular meeting. The final tally shall be distributed to the TAC distribution list and posted on the ERCOT website.

**V. SUBCOMMITTEES**

**A. Duties**

Subcommittees shall make recommendations to TAC as they deem appropriate or as required by TAC and shall perform any other duties as directed by TAC.

**B. Alternate Representatives and Proxies**

Each Standing Representative of a subcommittee may designate in writing an Alternate Representative who may attend meetings, vote on the Standing Representative's behalf and be counted toward establishing a quorum. Each Standing Representative of a subcommittee (except for the Protocol Revision Subcommittee (PRS)) may designate, in writing, a proxy who may attend meetings and vote on the member's behalf, but shall not be counted toward establishing a quorum. If the Standing Representative wishes to designate an Alternate Representative or proxy, a notification of the designation of such Alternate Representative or proxy must be sent

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to ERCOT and shall be valid for the time period designated by the Standing Representative. Alternate Representatives, if not employed by the voting member thereby represented, must be confirmed in writing by such member (signed by a duly authorized representative of the member).

**C. Chair and Vice Chair**

Unless otherwise directed by TAC, the Standing Representatives of each subcommittee shall elect a Chair and Vice-Chair from the subcommittee's standing membership for a term of one year on a calendar year basis. The Chair and Vice-Chair shall be confirmed by TAC. Each Chair shall be responsible for setting the agenda and presiding over respective subcommittee meetings. The Chair shall also report on subcommittee activities and present recommendations to TAC. The Vice-Chair shall act as Chair at subcommittee meetings in the absence of the Chair.

**D. Meetings and Notification**

The subcommittee Chair is responsible for calling meetings as often as necessary for the subcommittee to perform its duties and functions. Meeting notices shall be sent to each Standing Representative, the subcommittee distribution list, and posted on the ERCOT website at least one week prior to the meeting, unless an emergency condition requires a shorter notice.

In addition, subcommittee meetings are attended by ERCOT Staff person(s) who coordinate ERCOT support of the meeting, including meeting arrangements, meeting minutes, and ERCOT Staff participation in the meeting.

**E. Appeal Procedures**

Any Entity that demonstrates it is affected by a TAC subcommittee decision (including but not limited to those listed in Protocol Section 21, Revision Request Process) may appeal the TAC subcommittee vote to TAC utilizing the following process:

1. Any appeal (including requested relief) must be submitted to ERCOT ([RevisionRequest@ercot.com](mailto:RevisionRequest@ercot.com)) within seven days after the date of the TAC subcommittee vote.
2. Appeals shall be heard at the next regularly scheduled TAC meeting that is at least seven days after the date of the requested appeal.
3. The appropriate TAC subcommittee Chair or Vice-Chair shall designate a TAC subcommittee advocate to defend the TAC subcommittee vote prior to the TAC meeting.
4. ERCOT shall notify the TAC and the relevant TAC subcommittee of the appeal and the TAC subcommittee advocate.
5. The appealing party and the TAC subcommittee advocate shall provide a position statement to ERCOT prior to the TAC meeting. Any other interested Entity may also provide a position statement to ERCOT prior to the TAC meeting. Position

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statements should be submitted to ERCOT by no later than 1700 Central Prevailing Time on the day prior to the TAC meeting.

6. ERCOT will distribute all position statements to the TAC.
7. The TAC Chair or Vice-Chair will allocate a designated amount of time on the agenda for consideration of the appeal allowing for the appealing party, TAC subcommittee advocate, and any Entities providing position statements to address the TAC on the TAC subcommittee vote.
8. An appeal of a TAC subcommittee vote does not require a motion by the TAC. TAC shall vote on the appealing party's requested relief after consideration of the appeal. If the TAC vote fails to grant the appealing party's requested relief, the appeal shall be deemed rejected by TAC unless at the same meeting TAC later votes to recommend approval of, defer, remand or refer the issue. The rejected appeal as well as any other TAC votes shall be subject to appeal pursuant to ERCOT Board Policies and Procedures, Section VIII. Appeal Procedures.
9. The TAC Chair or Vice-Chair may override any deadline in this Section for good cause shown.

An expedited process may be utilized for appeals of (a) TAC subcommittee votes related to decisions on items designated as Urgent; or (b) any other TAC subcommittee vote that the TAC Chair or Vice-Chair designates as urgent. Such appeals must be submitted to ERCOT ([RevisionRequest@ercot.com](mailto:RevisionRequest@ercot.com)) within 48 hours after the end of the relevant TAC subcommittee meeting and shall be heard at the next regularly scheduled TAC meeting.

F. Working Group/Task Force

1. Comments or Revision Requests. Working groups and task forces must obtain approval from the governing TAC subcommittee (or TAC if the working group or task force reports directly to TAC) prior to submitting to ERCOT for official posting of new Revision Requests or comments on Revision Requests when the governing TAC subcommittee (or TAC if the working group or task force reports directly to TAC) is not the next approval authority of such new Revision Requests or comments.
2. Chair and Vice Chair. Participants at working group and task force meetings will offer nominations for Chair and Vice Chair which will be subject to approval by TAC or the governing TAC subcommittee.

G. Standing TAC Subcommittees

There shall be four standing TAC subcommittees with representatives as follows:

1. Retail Market Subcommittee (RMS); Reliability and Operations Subcommittee (ROS); and Wholesale Market Subcommittee (WMS)

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**Membership:** Membership shall consist of one to four Standing Representatives from each Segment elected or appointed by the voting members of the respective Segment, with the exception of the Consumer Segment. The Consumer Segment shall consist of three subsegments (Residential, Commercial, and Industrial). The number of Standing Representatives for each Segment shall be determined by the TAC members representing that Segment. Standing Representatives, if not employed by the voting member thereby represented, must be confirmed in writing by such member (signed by a duly authorized representative of the member). These will be the voting members of the subcommittee. ERCOT shall appoint appropriate staff member(s) to attend and participate in the subcommittee meetings. A Member entity and its affiliates that are also ERCOT Members shall have no more than one representative per TAC subcommittee as it pertains to Section V. G. 1.

**Quorum:** At least one Standing Representative from each of four Segments and a majority of the Standing Representatives must be present at a meeting to constitute a quorum. Standing Representatives may participate in the meeting and vote via telephone, but participation via telephone shall not count towards a quorum.

**Votes:** Each Segment shall have a Segment Vote of 1.0 except the Consumer Segment, which shall have a Segment Vote of 1.5. Segment Votes shall be equally divided into Fractional Segment Votes among the Standing Representatives, designated Alternate Representatives and proxies of each Segment that cast a vote. The Consumer Segment Vote shall be equally divided into a Fractional Segment Vote of 0.5 for each of the three subsegments. The Fractional Segment Vote for each subsegment of the Consumer Segment is allocated to the Standing Representatives, designated Alternate Representatives, and proxies of the subsegment casting a vote. For the Consumer Segment, if no Standing Representative from a subsegment is present at a meeting, the Consumer Segment vote is allocated equally to the subsegment(s) that cast a vote. If a representative from a subsegment abstains from a vote, the fraction of the Consumer Segment Vote allocated to such representative is not included in the vote tally.

**Voting:** Only Standing Representatives, their designated Alternate Representative, or proxy may vote. A motion of the subcommittee passes when a majority (unless a two-thirds vote is required for the motion as prescribed in Appendix A, ERCOT Meeting Rules of Order) of the aggregate of the Fractional Segment Votes are (i) affirmative, and (ii) a minimum total of three. The results of all votes taken will be reported to TAC, whether or not the vote passed.

**Abstentions:** In the event that a voting member, their designated Alternate Representative, or proxy, is not present during a roll call vote, or abstains from voting, that member's fractional vote will be reallocated equally among the remaining voting members of that Segment; except for the Consumer Segment.

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**E-Mail Voting:** An e-mail vote is permitted provided a notification is distributed to the subcommittee distribution list that includes a detailed description of the issue or proposition. A request for an e-mail vote can only be initiated by the Chair or Vice Chair. A quorum of Standing Representatives must participate in the e-mail vote. Participation requires casting a vote, or abstaining. Votes shall be submitted to ERCOT for tallying by the close of two Business Days after notification of the vote. Votes are tallied in the same manner as a regular meeting. The final tally shall be distributed to the subcommittee distribution list and posted on the ERCOT website.

2. Protocol Revision Subcommittee (PRS)

The PRS is mandated by the ERCOT Protocols.

**Membership:** Membership shall consist of two Standing Representatives from each Segment. Each Standing Representative may designate in writing an Alternate Representative who may attend meetings, vote on the Standing Representative's behalf and be counted toward establishing a quorum. However, Standing Representatives at PRS may not assign proxy

**Quorum:** In order to take action, a quorum must be present. A quorum is defined as at least one Standing Representative in each of at least four Segments.

**Votes:** At all meetings, each Segment shall have one Segment Vote. The representative of each Voting Entity, present at the meeting and participating in the vote, shall receive an equal fraction of its Segment's Vote, except for the Consumer Segment which shall be divided into three subsegments (Residential, Commercial, and Industrial) that receive one third of the Consumer Segment Vote. Within each Consumer Segment subsegment, the representative of each Voting Entity casting a vote shall receive an equal fraction of its subsegment's vote. For the Consumer Segment, if no representative from a subsegment casts a vote, such subsegment's fractional vote is allocated equally to the subsegment(s) that cast(s) a vote. For purposes of counting votes in the Consumer Segment, an abstention shall not be considered as a cast vote.

**Voting Entities:** Entities entitled to vote (Voting Entities) are ERCOT Corporate Members, ERCOT Associate Members, and ERCOT Adjunct Members. Voting Entities must align themselves each calendar year with a Segment for which they qualify or, for Adjunct Members, a Segment to which they are similar. Voting Entities that align themselves with a Segment must be aligned with that same Segment for all TAC subcommittees, and remain aligned with that Segment for the entire calendar year. For each Subcommittee that is part of Section V. G. 2., a Member entity and its affiliates that are also ERCOT Members must designate one Segment in which to participate and vote for the Subcommittee term

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regardless of the Segment for which the entity or its affiliate qualifies. Once the designation is made an entity and its affiliates may not vote in another Segment for one calendar year in that Subcommittee; provided, however, that if due to changed circumstances Members subject to such designation become no longer affiliated, the Members no longer affiliated shall each, upon notifying ERCOT, thereafter be eligible to participate and vote in the Subcommittee in a Segment for which it is eligible. If multiple affiliates attend a meeting, the Corporate Member shall designate the Voting Entity.

If Alternate Representatives are not employed by the voting member thereby represented, they must be confirmed in writing by such member (signed by a duly authorized representative of the member). Voting Entities must be present at the meeting to vote as they are not allowed to vote via the telephone or to designate a proxy.

**Voting:** Only one representative of each Voting Entity present at the meeting may vote. Voting Entities may be represented by a direct employee, or may file a letter of agency designating an individual not directly employed by the Voting Entity to vote on its behalf. Agents holding letters of agency for more than one Voting Entity may vote on behalf of only one Voting Entity at any particular meeting.

A motion of the subcommittee passes when a majority (unless a two-thirds vote is required for the motion as prescribed in Appendix A, ERCOT Meeting Rules of Order) of the aggregate of the fractional Segment Votes are (i) affirmative, and (ii) a minimum total of three. The results of all votes taken will be reported to TAC, whether or not the vote passed.

**Abstentions:** In the event that a representative of a Voting Entity abstains from a vote, the Segment Vote is allocated among the members casting a vote. Abstentions within the Consumer Segment shall be addressed as described above.

**E-Mail Voting:** An e-mail vote is permitted provided a notification is distributed to the subcommittee distribution list that includes a detailed description of the issue or proposition. E-mail votes for PRS are primarily conducted for administrative purposes. A request for an e-mail vote can only be initiated by the Chair or Vice Chair. For e-mail votes, each Standing Representative shall have one vote and a quorum of Standing Representatives must participate in the vote. Participation requires casting a vote or abstaining. The affirmative votes of eight Standing Representatives shall be the act of the subcommittee by e-mail vote. Votes shall be submitted to ERCOT for tallying by the close of two Business Days after notification of the vote. A PRS e-mail vote on a request for Urgent Status shall be submitted to ERCOT for tallying within 48 hours. The final tally shall be distributed to the subcommittee distribution list and posted on the ERCOT website.

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**VI. ~~MODERATING REMOTE MEETINGS FOR TAC AND TAC SUBCOMMITTEES~~**

Under extenuating circumstances (an emergency or public necessity, including but not limited to an imminent threat to public health or safety, or a reasonably unforeseen situation) and after consulting with the TAC Chair and Vice Chair, the ERCOT General Counsel may declare that remote voting is permitted for TAC and TAC Subcommittee duties and functions. A notice will be sent to all ERCOT Members and a Market Notice will be sent to all Market Participants when such a declaration begins and when the return to normal meeting procedures resumes. Any such meeting must use conference telephone or other similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each person participating in the meeting to communicate with all other persons in the meeting. Participation in a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. In such meetings, TAC and TAC Subcommittees may vote via such electronic communications system. If necessary as determined by the Chair and Vice Chair, validation of the votes taken via such electronic communications system will be conducted after the meeting.

**VII. AMENDMENT**

These Procedures may be amended upon motion by any member of TAC and approval of that motion by vote of TAC, provided such amendment may not be in conflict with the ERCOT Bylaws, Board Procedures, or Board resolutions. The ERCOT Board may, upon its own motion, amend these Procedures upon reasonable notice to the TAC membership.

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**Appendix A, ERCOT Meeting Rules of Order**

**Introduction:**

These rules of order provide parliamentary procedure at all TAC and TAC Subcommittee meetings and are intended to ensure order and fairness in the decision making process. The minimum quorum to convene a meeting shall be as described in the TAC Procedures for each respective stakeholder group. Robert's Rules of Order shall guide stakeholder meetings in all areas not addressed by the ERCOT Protocols, ERCOT Bylaws, TAC Procedures, subcommittee charters, or these rules. Any conflicts between these rules and Robert's Rules of Order shall be determined in favor of these rules.

**Main Motions**

Main motions are used to present new business, such as action to be taken on Revision Requests, concepts, and methodologies.

Main Motion Examples:

<b>YOU WANT TO:</b>	<b>YOU SAY:</b>	<b>2ND?</b>	<b>DEBATE?</b>	<b>AMEND?</b>
Endorse "X" methodology	I move to endorse "X" methodology	Yes	Yes	Yes
Take action as defined in Protocol Section 21 on an NPRR (e.g., recommend approval, reject, defer decision, refer or remand)	I move to recommend approval of NPRR	Yes	Yes	Yes

**Secondary Motions**

Secondary motions address procedural issues and assist with the order and management of the meeting. They are applicable to pending main motions and discussion items equally.

Secondary Motion Examples:

<b>YOU WANT TO:</b>	<b>YOU SAY:</b>	<b>2ND?</b>	<b>DEBATE?</b>	<b>AMEND?</b>
Close the meeting	I move to adjourn	Yes	No	No
Take break	I move to recess for	Yes	No	Yes
Lay aside temporarily	I move to table/defer	Yes	Yes	Yes
Return to a previously tabled item	I move to remove from the table the item regarding*	Yes	Yes	Yes
Stop debate and vote	I call the question*	Yes	No	No

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Limit or extend debate	I move that debate be limited/extended to*	Yes	No	No
Refer to another stakeholder group	I move to refer the motion/discussion to	Yes	Yes	Yes
Modify the wording of a motion	Will you accept a friendly amendment to	No	No	No
Modify the wording of a motion	I move to amend the motion to	Yes	Yes	Yes
Withdraw motion	I withdraw my motion	No	No	No
Reconsider a previous motion	I move to reconsider	Yes	Yes	Yes
Ask a question on the rules	Question on the rules/point of order	No	No	No
Suspend the rules of Notice	I move to waive notice for*	Yes	Yes	No

\* Requires a two thirds vote in favor for approval.

**Motion Descriptions:**

**Table:**

This motion postpones a discussion item indefinitely or for a specified time. If a time is specified the group may return to the discussion item prior to the expiration of the specified time with the adoption of a motion to *take from the table*. If no time to return to the item was specified the chair may direct the return to the item at their discretion.

**Call the question:**

This motion closes debate and is applicable only to the immediately pending motion. Once adopted, no further debate is allowed and a vote on the pending question must immediately be conducted. If a *motion to call the question* is adopted while an amendment is pending, then a vote is taken immediately on the amendment. Once the vote on the amendment is complete, then debate on the main motion may continue. To be applicable to a main motion, a *motion to call the question* must be adopted while the main motion is immediately pending. This motion requires a two thirds vote in favor for approval.

**Limit/Extend debate:**

The *motion to limit debate* requires that all debate regarding a particular pending motion be completed before the expiration of a specified amount of time. The allotted time for discussion may be extended through a *motion to extend debate*. The chair must immediately conduct a vote on the pending motion at the expiration of time. This motion requires a two thirds vote in favor for approval.

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**Refer:**

The Chair may, without objection by any voting member, direct any discussion item to any working group or task force of the subcommittee, or request review by any other TAC Subcommittee. If adopted, this motion requires the Chair to take this action per the direction of the motion.

**Friendly Amendment:**

This is a request to revise the language of a pending motion and is directed at the mover and second of a pending motion. If accepted by the mover and the second, the pending motion is amended without the need for action by the group. If the friendly amendment is opposed by either the pending motion mover or the second, then the pending motion remains in its original form. If the friendly amendment is accepted by the mover, but opposed by the main motion second, and the second is withdrawn, the Chair may solicit an alternate second. If an alternate second is provided, the pending motion is amended without the need for action by the group. This motion has the same class and rank order as the more formal *motion to amend*. A pending motion may also be amended through the formal amendment process (see “Amend” below).

**Amend:**

If adopted, this motion revises the language of the pending motion regardless of opposition by the pending motion mover or second. This motion itself requires a second and is adopted by a vote of the group per TAC Procedures.

**Waive Notice:**

The usual course of business for TAC and TAC Subcommittees is to post and distribute a meeting agenda indicating items upon which respective groups will be voting at least one week in advance. Adoption of a *motion to waive notice* authorizes a vote upon items with insufficient notice. This motion requires a two thirds vote in favor for approval.

**Withdraw:**

This is a unilateral action by the mover or the second of a pending motion. If the mover withdraws, the pending motion is terminated. If the second withdraws, then the motion remains as a properly laid motion without a second for which any other member may second. A *withdrawal* by either the mover or the second ceases to be available once the Chair has begun the vote on the motion or while a *motion to call the question* is pending.

**Reconsider:**

This motion renews consideration of a particular item or motion previously considered during the current meeting. The mover of a *motion to reconsider* must be a member that voted on the prevailing side of the motion to be reconsidered, and must clearly identify the motion or action to be reconsidered. Once a *motion to reconsider* has been adopted by the committee, any member may move to void, amend or, reinstate the motion or decision that is reconsidered. If a *motion to reconsider* has been adopted regarding a particular item, but no further action is then taken, the previous motion or decision remains in effect as if the *motion to reconsider* had not been adopted. For the purposes of this paragraph, a meeting held over multiple days shall

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be considered as a single meeting if it is held by the same stakeholder group and the days of the meeting are contiguous.



### **ERCOT TAC Representatives – 2020**

<b>Consumer</b>	Residential: Shawnee Claiborn-Pinto – OPUC Residential: Eric Goff Commercial: Phillip Boyd – City of Lewisville Commercial: Chris Brewster – City of Eastland Industrial: Garrett Kent – CMC Steel Texas Industrial: Bill Smith – Air Liquide
<b>Cooperative</b>	John Dumas – Lower Colorado River Authority Clif Lange – South Texas Electric Cooperative Roy True – Brazos Electric Power Cooperative Michael Wise – Golden Spread Electric Cooperative
<b>Independent Generator</b>	Bob Helton – Engie North America Ian Haley – Luminant Generation Colin Meehan – First Solar Bryan Sams – Calpine Corporation
<b>Independent Power Marketer</b>	Kevin Bunch – EDF Trading North America Jeremy Carpenter – Tenaska Power Services Clayton Greer – Morgan Stanley Resmi Surendran – Shell Energy North America
<b>Independent Retail Electric Provider</b>	Bill Barnes – Reliant Energy Retail Services Eric Blakey – Just Energy Texas Sandy Morris – Direct Energy Shannon McClendon – Demand Control 2
<b>Investor Owned Utility</b>	Walter Bartel – CenterPoint Energy Collin Martin – Oncor Electric Delivery Keith Nix – Texas-New Mexico Power Company Richard Ross – AEP Service Corporation
<b>Municipal</b>	Dan Bailey – Garland Power and Light Jose Gaytan – Denton Municipal Electric Alicia Loving – Austin Energy David Kee – CPS Energy



# **Electric Reliability Council of Texas**

## **RETAIL MARKET SUBCOMMITTEE PROCEDURES**

**TAC Approved  
May 24, 2018**

**Effective as of June 1, 2018**

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## **ERCOT Retail Market Subcommittee**

### **Subcommittee Structure**

The structure of the subcommittee is included in the Technical Advisory Committee Procedures, Section V, Subcommittees. The Retail Market Subcommittee (RMS) will follow the election process as described in the Technical Advisory Committee Procedures, Section III, Chair and Vice-Chair, C, Election Process.

### **Scope**

The Retail Market Subcommittee (RMS), reporting to the Technical Advisory Committee (TAC), evaluates, and reviews issues related to the operation of the retail market in the ERCOT Region and makes recommendations for improvement, when deemed appropriate, to TAC. The RMS will be responsible for monitoring Public Utility Commission (PUCT) rulings as they apply to Retail Markets and Retail Market Participants and ensure that PUCT requirements are reflected in the ERCOT Market Guides and Protocols. The guiding principle behind the work of the RMS is to help ensure an efficient and nondiscriminatory retail market for all Market Participants.

The functions of this subcommittee include oversight of, but are not limited to:

- Retail transactions and business processes
- Retail market testing
- Retail Reports and Extracts
- Data Transport
- Retail Metering
- Market Participant communication needs for retail operations issues
- Load Profiling
- Retail Market Training

The subcommittee will also promptly prepare and submit a revision request for any issues identified that require a change to the ERCOT Protocols and Guides. The subcommittee shall communicate with other TAC subcommittees, and shall report back to the RMS on a regular basis. Furthermore, the subcommittee will review Nodal Protocol Revision Requests for effects on the retail market.

The subcommittee will report to TAC on a regular basis or as otherwise directed by TAC. The subcommittee will continually evaluate subcommittee functions to identify those that could potentially be performed by ERCOT and submit any recommended changes to TAC. The subcommittee chair will normally attend TAC meetings.

### **Standing and Ad Hoc Working Groups**

In order to discharge its responsibility, the subcommittee may form standing working groups and temporary or ad hoc working groups with representation of each working group being appointed or approved by the subcommittee. The members of the working group shall elect from amongst themselves a chair and vice chair, subject to confirmation by the RMS, for a one-year term on a calendar year basis or until the working group is no longer required. The subcommittee will direct these working groups, make assignments and retire the working groups as necessary.

All subcommittee working groups are responsible for reporting planned activities/projects and results to the subcommittee for review and to submit any budget requirements to the subcommittee to be forwarded to TAC for approval. All working group actions are subject to subcommittee review. Materials submitted by working groups that require RMS approval will be submitted to RMS members for review one week prior to the scheduled RMS meeting.

# 2020 RMS Goals

TAC Approved June 24, 2020

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1. Align Retail Market Subcommittee Goals with TAC goals and the strategic vision of the ERCOT Board of Directors.
2. Maintain rules that support Retail Market processes and promote market solutions that are consistent with PURA and PUC.
3. Collaborate with WMS to ensure the incorporation of demand response and load participation in the Wholesale market including participation in the ERCOT annual demand response survey.
4. Support ERCOT's initiatives to develop retail processes for integrating or transitioning Load into ERCOT as needed.
5. Explore and implement Retail Market enhancements, process improvements, cost efficiencies, and evaluate lessons learned from previous events.
6. Maintain market rules that support open access to the ERCOT retail market.
7. Continue to work with ERCOT to develop Protocols and other market improvements that support increased data transparency and data availability to the market.
8. Assess and develop Retail Market training initiatives that may include ERCOT's Learning Management System's (LMS) online modules and Instructor Led Market Training courses and/or webinars.
9. Assess and improve communications and notifications processes for all Market Participants including ERCOT.
10. Work with ERCOT staff and Transmission and Distribution Service Provider staff to address issues and facilitate improvements to market rules pertaining to load profiling as reflected in the ERCOT Protocols and the Load Profiling Guide.
11. Monitor Retail Load Profiling Annual Validation.
12. Support retail system testing and implementation and continue to monitor performance post-implementation.
13. Support ERCOT's Summer preparedness efforts including Mass Transition drill and associated workshops.



### **ERCOT RMS Representatives – 2020**

<b>Consumer</b>	Chris Brewster – City of Eastland Shawnee Claiborn-Pinto – OPUC
<b>Cooperative</b>	Christian Powell – Pedernales Electric Cooperative Connie Hermes – South Texas Electric Cooperative Daniel Kueker – Brazos Electric Power Cooperative Frank Wilson – Nueces Electric Cooperative
<b>Independent Generator</b>	John Schatz – Luminant Generation Angela Ghormley – Calpine Corporation
<b>Independent Power Marketer</b>	John Moschos – Tenaska Power Services Emily Black-Huynh – EDF Trading North America
<b>Independent Retail Electric Provider</b>	Eric Blakey – Just Energy Norm Levine – Direct Energy Kyle Patrick – Reliant Energy Retail Services Amir Khan – Chariot Energy
<b>Investor Owned Utility</b>	Jim Lee – AEP Service Corporation Debbie McKeever – Oncor Electric Delivery Diana Rehfeldt – Texas-New Mexico Power Company Kathy Scott – CenterPoint Energy
<b>Municipal</b>	Wayne Callender – CPS Energy Timothy Crabb – City of College Station Robert Heimer – Austin Energy David Werley – Bryan Texas Utilities



# **Electric Reliability Council of Texas**

## **RELIABILITY AND OPERATIONS SUBCOMMITTEE PROCEDURES**

**TAC Approved  
March 23, 2017**

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## **ERCOT Reliability and Operations Subcommittee**

### **Subcommittee Structure**

The structure of the subcommittee is included in Section V. of the Technical Advisory Committee (TAC) Procedures.

### **Scope**

The Reliability and Operations Subcommittee (ROS), reporting to the TAC, evaluates and reviews ERCOT system studies and is responsible to review operations of ERCOT in relation to system security, Operating Guides application, and emergency operations. The ROS will be responsible for monitoring Public Utility Commission (PUCT) rulings as they would apply to Market Participants responsible for reliability and ensure that PUCT requirements are reflected in the Operating Guides and Protocols. The ROS performs such other duties as it deems appropriate and makes recommendations to TAC. It is the TAC's expectation that the subcommittee chairs will coordinate with each other, particularly on issues being addressed in one subcommittee that may have an impact on or require input from another subcommittee.

The primary functions of ROS are the development, review and maintenance of Operating Guides, Planning Guides, and other planning criteria and the review of ERCOT reports and operations related to the reliable operation of the ERCOT System. The ROS will perform ERCOT Protocol required review of Ancillary Service provision and commercially significant constraints. The ROS will periodically review ERCOT reports and procedures relating to planning assessment, Partial Blackout or Blackout restoration procedures, coordination of protective relay settings, operational communication facilities, operating reserve obligations, emergency operations, abnormal system conditions, transmission interconnections to generation, coordination of Outage schedules and other activities as they apply to reliability and operations. The ROS will review ERCOT Protocol revisions as they may impact ERCOT System reliability and operations.

The subcommittee will report to the TAC on a regular basis or as otherwise directed by the TAC. The Subcommittee chair will normally attend TAC meetings.

### **Standing and Ad Hoc Working Groups**

In order to discharge its responsibility, the subcommittee may form standing working groups and temporary or ad hoc task forces with representation on each working group being appointed or approved by the subcommittee. The subcommittee chair, with subcommittee approval, will appoint the chair for each working group to the shorter of a one-year term on a calendar year basis or until the working group is no longer required. The subcommittee will direct these working groups and make assignments as necessary.

Black Start  
Dynamics  
Network Data Support

Operations Training  
Operations  
Outage Coordination  
Performance, Disturbance, and Compliance  
Planning  
Resource Data  
Steady State  
System Protection  
Voltage Profile

The Subcommittee may form other standing working groups and temporary or ad hoc task forces on an as needed basis.

All subcommittee working groups are responsible to report planned activities/projects and results to the subcommittee for review and to submit any budget requirements to the subcommittee to be forwarded to TAC for approval. All working group actions are subject to subcommittee review.

#### **Working Group/Task Force Comments or Revision Requests**

ROS Working Groups and Task Forces shall submit Revision Requests and comments per paragraph (F) of Section V, Working Group/Task Force Comments or Revision Request, of the TAC Procedures.

# **Electric Reliability Council of Texas**

## **WHOLESALE MARKET SUBCOMMITTEE PROCEDURES**

**TAC Approved  
May 25, 2017**

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## **ERCOT Wholesale Market Subcommittee**

### **Subcommittee Structure**

The structure of the subcommittee is included in Section V. of the TAC Procedures.

### **Scope**

The Wholesale Market Subcommittee (WMS), reporting to the Technical Advisory Committee (TAC), evaluates, and reviews issues related to the operation of the wholesale market in the ERCOT Region and make recommendations for improvement, when deemed appropriate, to TAC. The WMS will be responsible for monitoring Public Utility Commission (PUC) rulings as they apply to Wholesale Markets and Wholesale Market Participants and ensure that PUC requirements are reflected in the ERCOT Market Guides and Protocols. The guiding principle behind the work of the WMS is to help ensure an efficient and nondiscriminatory wholesale market for all Market Participants.

The functions of this subcommittee include, but are not limited to:

- Provide input into changes to Ancillary Services provisions of the Protocols
- Provide policy input into evaluations of Resource adequacy in the ERCOT Region
- Involvement in the Settlement rules review and compliance process at the QSE level
- Review and comment on Settlement metering standards and guides
- Monitor of Ancillary Service market operation, Competitive Constraints and congestion
- Review/monitor the dispatch process and dispatcher behavior

The subcommittee will also promptly prepare and submit a revision request for any issues identified that require a change to the ERCOT Protocols. The subcommittee shall communicate with other TAC subcommittees, and shall report back to the WMS on a regular basis. Furthermore, the subcommittee will review Nodal Protocol Revision Requests for effects on the wholesale market.

The subcommittee will report to TAC on a regular basis or as otherwise directed by TAC. The subcommittee will continually evaluate subcommittee functions to identify those that could potentially be performed by ERCOT and submit any recommended changes to TAC. The subcommittee chair will normally attend TAC meetings.

### **Standing and Ad Hoc Work Groups**

In order to discharge its responsibility, the subcommittee may form standing work groups and temporary or ad hoc work groups with representation on each work group being appointed or approved by the subcommittee. The subcommittee chair, with subcommittee approval, will appoint the chair for each work group to the shorter of a one-year term on a calendar year basis or until the work group is no longer required. The subcommittee will direct these work groups and make assignments as necessary.

All subcommittee work groups are responsible to report planned activities/projects and results to the subcommittee for review and to submit any budget requirements to the subcommittee to be forwarded to the TAC for approval. All work group actions are subject to subcommittee review.



# **Electric Reliability Council of Texas**

## **PROTOCOL REVISION SUBCOMMITTEE PROCEDURES**

**December 1, 2011**

## **ERCOT Protocol Revision Subcommittee**

### **Purpose**

These procedures are intended to define the roles of participants in the Protocol Revision Subcommittee (PRS), the process for addressing revisions requests, and the relationship with the Technical Advisory Committee (TAC) and other TAC Subcommittees.

### **Subcommittee Structure**

The structure of the PRS is included in Section V. Subcommittees, of the TAC Procedures. The PRS will follow the election process as described in the Technical Advisory Committee Procedures, Section III, Chair and Vice-Chair, C, Election Process.

### **Scope**

The PRS, reporting to the TAC, is responsible for reviewing and recommending action on formally submitted Nodal Protocol Revision Requests (NPRRs) and System Change Requests (SCRs) (“Revision Request”). PRS may refer Revision Requests to working groups or task forces that it creates or to existing TAC subcommittees, working groups or task forces for review and comment on the Revision Requests; however, the PRS shall retain ultimate responsibility for the processing of all Revision Requests. The PRS is also responsible for assigning a recommended priority and rank for any Revision Requests and guide revisions that require an ERCOT project for implementation.

The procedure and timeline for addressing Revision Requests is detailed in Protocol Section 21, Revision Request Process.

### **Urgent Revision Requests**

Protocol Section 21.5, Urgent Nodal Protocol Revision Requests and System Change Requests, defines Urgent Revision Requests. Revision Requests meeting the criteria will require special processing by the PRS. The following addresses the procedure the PRS will follow when presented with a Revision Request for which Urgent status is requested.

1. If a submitter requests Urgent status, the complete Revision Request is forwarded to the e-mail distribution list of the PRS and Urgent status will be considered at the next regularly scheduled PRS meeting or, if PRS leadership deems necessary, a special meeting of the PRS.
2. If the PRS acts to grant the Revision Request Urgent status, the Urgent Revision Request will be considered on an urgent timeline as outlined in Protocol Section 21.5.

**TAC**

The PRS shall communicate and submit a PRS Report to TAC for all Revision Requests submitted to and reviewed by the PRS according to the timeline described in Protocol Section 21.

1. The PRS shall respond to clarifying questions from TAC, relating to the PRS Report.
2. The PRS shall respond to a Revision Request that has been remanded to PRS from TAC with an amended PRS Report.

**Emergency and Special Meetings**

Emergency and special meetings will be called at the discretion of the PRS Chair or Vice-Chair to facilitate discussions related to Revision Requests and/or guide revisions.

**2020 PRS Goals**  
**TAC Approved June 24, 2020**

- Process NPRRs and SCRs in accordance with Protocol Section 21, Revision Request Process.
- Review the Business Case for each NPRR and SCR that requires an ERCOT project for implementation to ensure that it provides adequate justification for the project.
- Assign a recommended priority and rank for each NPRR, SCR, and guide revision that requires an ERCOT project for implementation.
- Consider requests and assignments from the ERCOT Board and TAC in a timely and diligent manner.
- Review Other Binding Documents (OBDs) annually for elimination or incorporation into Protocols/Market Guides.
- Review aging projects at least annually and make recommendations if additional actions are needed.

**THE STATE OF NEW HAMPSHIRE**

**BEFORE THE**

**PUBLIC UTILITIES COMMISSION**

**DE 19-197**

**Electric and Natural Gas Utilities**

**Development of a Statewide, Multi-use Online Energy Data Platform**

Testimony of Dr. Amro M. Farid

On behalf of  
City of Lebanon, NH &  
Local Government Coalition

August 17, 2020

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1 **I. Introduction and Qualifications**

2 **Q1.1. Please state your name, business address, and position relative to this docket.**

3 A1.1. My name is Dr. Amro M. Farid. I am an Associate Professor of Engineering at the  
4 Thayer School of Engineering at Dartmouth<sup>1</sup> and an Adjunct Associate Professor of Computer  
5 Science at the Department Science at Dartmouth College, which is located at 14 Engineering  
6 Drive, Hanover, NH. I am also the Chief Executive Officer of Engineering Systems Analytics  
7 (ESA) LLC which is located at 89 Washburn Hill Road, Lyme NH.

8 **Q1.2. Please describe your background and qualifications as they relate to energy data  
9 platforms and software development.**

10 A1.2. I received my B.Sc. in 2000 and M.Sc. in 2002 from the MIT Mechanical Engineering  
11 Department. I received my Ph.D. in Engineering in the area of Industrial Automation and  
12 Control Systems Engineering from the University of Cambridge (UK) in 2007. In addition to the  
13 formal positions stated above, I am the director of the Laboratory for Intelligent Integrated  
14 Networks of Engineering Systems (LIINES) at the Thayer School of Engineering at Dartmouth.<sup>2</sup>  
15 I am a research affiliate at the MIT Mechanical Engineering Department. I currently also serve  
16 as Chair of the Council of Engineering Systems Universities<sup>3</sup> (CESUN). I am the Chair of the  
17 IEEE Smart Cities Technical Activities Committee<sup>4</sup>, the Chair of the IEEE Smart Buildings  
18 Loads and Costumers Architecture Subcommittee<sup>5</sup>, and the Co-Chair of the IEEE Systems, Man  
19 & Cybernetics Technical Committee on Intelligent Industrial Systems<sup>6</sup>. I am a senior member of  
20 the IEEE and a member of the ASME and INCOSE.

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<sup>1</sup> <https://engineering.dartmouth.edu/people/faculty/amro-farid>

<sup>2</sup> <https://amfarid.scripts.mit.edu/>

<sup>3</sup> <https://cesun.org/>

<sup>4</sup> <https://smartcities.ieee.org/about/ieee-smart-cities-committees>

<sup>5</sup> <https://site.ieee.org/pes-sblc/subcommittees/>

<sup>6</sup> <https://sites.google.com/view/ieee-smc-tc-iis/>

1           As an academic, I maintain an active and broad computational research expertise in  
2 intelligent energy systems across five research themes: smart power grids, energy-water nexus,  
3 electrified transportation, industrial energy management, and interdependent smart city  
4 infrastructures. Consequently, we have extensive experience in software engineering and “Big  
5 Data Analytics” as they pertain to energy applications. I have published over 140 peer-reviewed  
6 publications in these areas. Our research projects have been externally funded by ISO New  
7 England, the Electric Power Research Institute, the Department of Energy, the Department of  
8 Defense, the National Science Foundation, and Mitsubishi Heavy Industries. This academic  
9 research has led to several notable achievements of particular relevance to this docket. 1) The  
10 Dartmouth-LIINES has published some of the latest methodological research supporting the  
11 integration of variable renewable energy, energy storage, and demand-side resources. 2) We  
12 have conducted the 2017 ISO New England System Operational Awareness and Renewable  
13 Energy Study (SOARES) and presented it to ISO New England stakeholders in 2018. 3) We  
14 have published the first book on the “energy Internet of Things” (eIoT). It discusses how  
15 network-enabled energy devices (or the energy Internet of Things) will play an indispensable  
16 role in bringing about a cost-effective transition to sustainable energy. 4) We have published  
17 extensively on distributed-ledger based “Transactive Energy” markets and control systems where  
18 deregulated retail electricity markets support near real-time transactions of electricity from  
19 distributed energy resources (DERs) in a manner that is similar to the energy markets found in  
20 wholesale independent system operators. The Dartmouth-LIINES has also completed several  
21 relevant publications on the Shared Integrated Grid, in general, and the more specific cases of  
22 New England region and the State of New Hampshire.

1 As a professor, I actively teach a course on model-based systems engineering which  
2 explains how to collaboratively architect, design, and ultimately implement complex engineering  
3 systems including, specifically, complex software systems. I also actively teach a course in  
4 power systems engineering from technical, economic, and policy perspectives.

5 As a small business owner of ESA LLC, we have developed the Electric Power  
6 Enterprise Control System (EPECS) Simulator and licensed it to ISO New England for their  
7 planned integration of variable renewable energy, energy storage, and demand-side resources. It  
8 was the central software used in the SOARES study. ISO New England is currently using the  
9 EPECS and plans on doing so until 2025 (at a minimum).

10 **Q1.3. Have you previously testified before this Commission?**

11 A1.3. No, I haven't.

12 **Q1.4. On whose behalf are you testifying?**

13 A1.4. I am testifying on behalf of the City of Lebanon & the Local Government Coalition. I  
14 am also testifying as an Eversource customer and New Hampshire ratepayer on my own behalf.

15 **Q1.5. In what capacity are you working with the City of Lebanon & the Local  
16 Government Coalition?**

17 A1.5. I am serving as a volunteer technical advisor to the City of Lebanon in its development  
18 and implementation of a community power aggregation that realizes a "shared integrated grid" in  
19 accordance with the legislative objectives of Senate Bill 284 and RSA 53-E as amended by  
20 Senate Bill 286. To that end, for several years, the Dartmouth-LIINES has been working with  
21 the City of Lebanon and Liberty Utilities to develop a prototype for a distributed-ledger-based  
22 transactive (real-time-pricing) energy platform that combines all three elements of a shared  
23 integrated grid.

1 **Q1.6. Explain the interest of the City of Lebanon and the Local Government Coalition in**  
2 **the creation of a statewide, multi-use online energy data platform.**

3 A1.6. The City of Lebanon and the Local Government Coalition are interested in the  
4 development and implementation of a community power aggregations that realize a “shared  
5 integrated grid” in accordance with the legislative objectives of Senate Bill 284 and RSA 53-E as  
6 amended by Senate Bill 286. As Section III details, the statewide multi-use online energy data  
7 platform, herein simply called data platform, is an integral and essential part of realizing such a  
8 shared integrated grid.

9 **Q1.7. Please describe your involvement in DE 19-197 to date.**

10 A1.7. I have attended most or all of the technical sessions and provided commentary in my  
11 areas of expertise. I was the first author to Local Government Coalition scoping comments  
12 [LGC-2020-1], identification of use cases [LGC-2020-2], and the responses to Joint Utility  
13 Comments [LGC-2020-3].

14 **II. Overview of Testimony**

15 **Q2.1. What is the purpose of your testimony?**

16 A2.1. The purpose of my testimony is to testify that a shared integrated grid is the leading  
17 industrial concept for New Hampshire to achieve its legislative objectives. Furthermore, such a  
18 shared integrated grid cannot be achieved without a data platform that engages the participation  
19 and communication of grid stakeholders. It is foundational. I then testify that such a data  
20 platform, if developed following the best practice of software systems engineering, is technically  
21 feasibly, commercially viable and very much in the best interest of the New Hampshire public.

22 **Q2.2. Would you summarize your testimony?**

23 A2.2. This testimony is part of the overall testimony provided by the Local Government

1 Coalition and augments the testimony provided by Clifton Below, Samuel Golding, April Salas,  
2 and Kat McGhee.

3 I have divided my testimony into four sections labeled below as Section 3-7. Section 3  
4 describes what is meant by a Shared Integrated Grid and explains how it meets the legislative  
5 objectives of Senate Bill 284 and RSA 53-E. Section 4 identifies the broad and diverse  
6 categories of stakeholders that I expect would use this data platform. Section 5 describes the  
7 best software systems engineering practice to identify the data platform's stakeholder  
8 requirements and then translate them into a set of functional requirements stated in a technical  
9 language appropriate to a software systems engineer. It also summarizes the Local Government  
10 Coalition's stakeholder requirements as detailed in the scoping comments [LGC-2020-1] and use  
11 cases [LGC-2020-2]. Section 6 provides general guidance on how to best implement the data  
12 platform including its inclusion of customer data, market/financial data, and system data, its use  
13 of widely accepted international standards from the IEC, and finally the availability of viable  
14 commercial solutions on the market today. Section 7 concludes with guidance on the data  
15 platform's governance to maximize the likelihood that New Hampshire's legislative objectives  
16 are realized.

### 17 **III. Shared Integrated Grid as a Realization of Legislative Objectives**

#### 18 **Q3.1. What is meant by a Shared Integrated Grid?**

19 A3.2. The term Shared Integrated Grid has been developed by the Electric Power Research  
20 Institute (EPRI) as the leading institution of electric industry research & development in the  
21 United States. A shared integrated grid consists of 1) network-enabled distributed energy  
22 resources and devices, 2) customer engagement in time-responsive retail electricity services (e.g.  
23 real-time pricing), and 3) community-level coordinated exchanges of electricity.

1           The first of these is equivalently called the “energy Internet of Things”. The second of  
2 these is often referred to as transactive energy services. In the New Hampshire context, the third  
3 of these is most easily understood as community power aggregations (CPAs). Our recent open-  
4 access book, *eIoT: The Development of the Energy Internet of Things in Energy Infrastructure*,  
5 commissioned by EPRI is attached as Attachment G [Muhanji 2019] explains how these three  
6 elements combine to create a shared integrated grid. I have also presented on the topic of the  
7 Shared Integrated Grid, the energy Internet of Things, and eIoT information standards at a recent  
8 workshop hosted by EPRI and Stanford University. See slides attached as Attachment C [Farid  
9 2020].

10           Mike Howard President and CEO of EPRI describes the shared integrated grid in his  
11 September 2018 article in the EPRI Journal<sup>7</sup>. On the same page, hyperlinked below is a video  
12 that explains the shared integrated grid<sup>8</sup>. Though the video is worth watching for the graphics,  
13 for convenience, it is transcribed here: “Imagine an energy future when smart appliances, water  
14 heaters, thermostats energy, storage, electric vehicle chargers, and rooftop solar are more than  
15 customers assets. They are energy solutions integrated with electric grid planning and operation  
16 that can enhance resiliency and provide value to customers at all levels of the grid, creating a  
17 shared integrated grid. Much like the mobile apps that make subletting an apartment today easier  
18 than ever before, network operators can seamlessly enable a shared integrated grid by  
19 introducing a platform to better utilize shared energy resources. By connecting to this platform  
20 through an app many different businesses can offer shared energy solutions for customers  
21 enabling next-generation demand response, more efficient use of grid assets, more robust

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<sup>7</sup> <https://eprijournal.com/welcome-to-the-new-world-of-the-interactive-energy-customer/>

<sup>8</sup>Shared Integrated Grid by EPRI: <https://youtu.be/PknNLOtnCxQ>

1 ancillary services, and improved hosting capacity to support more electric vehicles and solar PV  
2 on the grid. Smart water heaters that work hardest when electricity demand or prices are low,  
3 thermostats that enable network operators to reduce peak demand and operate distribution assets  
4 more efficiently, and customer-owned chargers that fuel electric vehicles with the capability to  
5 shift charging to times of excess generation capacity.

6 “In this future, grid investments can expand to include acquiring grid services from  
7 customers’ assets. Transmission and distribution companies can harness these emerging  
8 technologies which provide customer energy solutions and grid support. Participating customers  
9 can receive incentives to share their resources for grid support, and society can benefit through a  
10 lower overall cost for all customers. Realizing this vision requires a platform that fully integrates  
11 grid planning and operation with those distributed energy resources that customers have opted in  
12 to share with the grid. In addition to buying a water heater from a store or website, a customer  
13 can purchase it from any qualifying solution provider through a shared integrated grid e-  
14 commerce platform, by logging into an app that is integrated with the network operations and  
15 planning system, and with one simple click selecting a smart water heater to be installed by a  
16 trusted service provider, with incentives based on the customers’ needs and the value to the grid.  
17 For customers, the app can provide customized alerts over the life of an appliance identifying  
18 service needs and offering energy-saving tips. For network operators, the same platform serves  
19 as a standard interface connecting the asset to utility planning systems and distribution operation  
20 systems and linking to aggregated services for the bulk power system, through secure interfaces  
21 enabling real-time operation and planning, with a customer-owned asset like a water heater  
22 treated as a wire's asset for the purpose of grid investment planning. The result: a connected  
23 device such as a water heater can then optimize energy use based on grid needs shifting from

1 heating water as needed over the course of the day to working at times when energy demand is  
2 low and limiting use when demand is high, all without impacting the customer's comfort.

3 Through this approach, the definition of transmission and distribution investments  
4 expands to include grid services delivering greater value to customers and all levels of the grid.  
5 Connected technologies can create a shared integrated grid, a new e-commerce reality, and a  
6 win-win situation for network operators and every customer; a cost-effective approach that  
7 enables better-informed resource planning and strategic capital investments at the individual  
8 customer level; unlocking better service quality, improving the customer experience, and  
9 providing greater value by integrating resources from the customer's home to the community and  
10 the grid as a whole. The shared integrated grid, a key component of the integrated energy  
11 network can provide for clean cost-effective electricity with greater customer choice, comfort,  
12 convenience, and control The Electric Power Research Institute is leading collaboration with  
13 industry and other stakeholders to enable this customer-focused energy future.”

14 Another video on the same page explains the role of the interactive energy customer in  
15 the shared integrated grid<sup>9</sup>. For convenience, it is transcribed here: “The grid that has served  
16 electric utility customers well for more than a century is changing, adapting to new demands, and  
17 evolving to meet new expectations. Originally designed for one-way service the grid has  
18 become an integrated energy network, an enabler of new technologies that provide greater  
19 customer choice and enhanced service reliability and affordability. In an era of e-commerce  
20 enabled by mobile apps increasingly connected customers expect streamlined access to products  
21 and services that align with their lifestyle. A convergence of new technologies and rising

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<sup>9</sup>The Interactive Energy Customer by EPRI: <https://youtu.be/-hpxUymaR48>. See also The Six Cs by EPRI: <https://youtu.be/15A8WKFXt1k>.

1 customer expectations presents forward-thinking utilities greater opportunities to connect with  
2 customers, when and how they want to become more than an energy provider: an energy partner,  
3 making a better quality of life possible for all. The interactive energy customer is central to a  
4 shared integrated grid, one that redefines utility capital investments by encouraging customer-  
5 specific improvements that deliver value to all, empowering customers to make better energy  
6 management decisions, enabling utilities to better draw from customer-owned resources, to  
7 actively manage today's resources and better plan for the future, enhancing cybersecurity to  
8 securely manage the data, making this new utility reality possible and encouraging efficient  
9 electrification to make the most of our natural resources while delivering reliable, safe,  
10 affordable, and cleaner energy. The technology to enable this energy future already exists,  
11 customers are ready for the change, forward-thinking utilities can take a bold step forward by  
12 embracing new and emerging technologies to expand their energy service capabilities, enhance  
13 service quality, drive greater value, and better engage with the interactive energy customer.”

14 **Q3.2. What are the legislative objectives of Chapter 286, NH Laws of 2019 (SB 284)?**

15 A3.2. In the enactment of SB 284, the legislature found that:

16 *“In order to accomplish the purposes of electric utility restructuring under RSA 374-F, to*  
17 *implement fully the state energy policy under RSA 378:37, and to make the state's energy*  
18 *systems more distributed, responsive, dynamic, and consumer-focused, it is necessary to*  
19 *provide consumers and stakeholders with safe, secure access to information about their*  
20 *energy usage. Access to granular energy data is a foundational element for moving New*  
21 *Hampshire's electric and natural gas systems to a more efficient paradigm in which*  
22 *empowering consumers is a critical element. By enabling the aggregation and*  
23 *anonymization of community-level energy data and requiring a consent-driven process*  
24 *for access to or sharing of customer-level energy usage data, the state can open the door*  
25 *to innovative business applications that will save customers money, allow them to make*  
26 *better and more creative use of the electricity grid as well as other utility services, and*  
27 *facilitate municipal and county aggregation programs authorized by RSA 53-E. Such a*  
28 *program of robust data is also likely to be useful in local planning, conducting market*  
29 *research, fostering increased awareness of energy consumption patterns, and the*

1           *adoption of more efficient and sustainable energy use.” (Chapter 286:1, NH Laws of*  
2           *2019)*

3   **Q3.3. What are the legislative objectives of RSA 53-E?**

4   A5.2. RSA 53-E:1 states:

5           *“The general court finds it to be in the public interest to allow municipalities and*  
6           *counties to aggregate retail electric customers, as necessary, to provide such customers*  
7           *access to competitive markets for supplies of electricity and related energy services. The*  
8           *general court finds that aggregation may provide small customers with similar*  
9           *opportunities to those available to larger customers in obtaining lower electric costs,*  
10           *reliable service, and secure energy supplies. The purpose of aggregation shall be to*  
11           *encourage voluntary, cost-effective and innovative solutions to local needs with careful*  
12           *consideration of local conditions and opportunities.”*

13   **Q3.4. How does a shared integrated grid realize the legislative objectives of SB 284 and**  
14   **RSA 53-E?**

15   A3.4. The shared integrated grid as it is described in my response to Q3.1 is entirely consonant  
16   with the legislative objectives of SB 284 and RSA 53-E. It specifically enables the state’s  
17   energy systems to become more distributed, responsive, dynamic, and consumer-focused. It  
18   promotes innovative business applications that will save customers money, allow them to make  
19   better and more creative use of the electricity grid, and facilitate municipal and county  
20   aggregation programs authorized by RSA 53-E. It will enable animated and competitive retail  
21   electricity markets and help customers to obtain lower electric costs, reliable service, and secure  
22   energy supplies. In short, the shared integrated grid is the leading industrial concept for New  
23   Hampshire to achieve its objectives.

24           While a shared integrated grid can realize the legislative objectives of SB 284 and RSA  
25   53-E, in many ways its implementation has been elusive for a variety of non-technical and often

1 implicit barriers. The distinguished energy economist Dr. Ahmad Faruqui<sup>10</sup> in his recent article  
2 in the journal Regulation entitled “Refocusing on the Consumer: Utilities regulation needs to  
3 prepare for the “prosumer” revolution” recounts the more than 50-year saga of trying to advance  
4 a basic building block of grid modernization: customer access to meaningful choices of time-  
5 varying rates. [Faruqui 2020]<sup>11</sup>. He summarizes this saga and the current state grid  
6 modernization in this way:

7       It’s obvious that both regulators and energy executives are frozen in time and they know  
8 it. They spend much of their time blaming each other for the delays. The blame game  
9 continues unabated at many industry events. The pace, ambiguity, and inconclusiveness  
10 of this regulatory drama seem to be a reenactment of the play Waiting for Godot. . . .

11       While every state is in a big rush to move ahead with decarbonization and has specified  
12 some very aggressive timelines for becoming 100% decarbonized, just about all the  
13 policy solutions are on the supply side. There is almost no inclusion of dynamic load  
14 flexibility, which could help deal with the intermittent nature of renewable energy.

15       For those of us who work in the electric utility industry, the time has come to rethink  
16 regulation, reimagine the utility, and reconnect with the real customer. That journey can  
17 no longer be delayed. . . .

18       This journey will involve finding new ways to engage with customers and observing  
19 those customers in real-time to understand their energy-buying decisions. Unless these  
20 steps are undertaken, the customer is going to leave both the utility and the regulator in  
21 the dust.

22       The enactment of SB 284 (Data Platform) and SB 286 (RSA 53-E and RSA 374-F  
23 amendments) provide a legal pathway to overcome these implicit barriers.

24 **Q3.5. How is a statewide, multi-use online energy data platform an integral and essential**  
25 **part of realizing such a shared integrated grid?**

26 A3.5. The 1) network-enabled distributed energy resources and devices, 2) customer

---

<sup>10</sup> <https://www.brattle.com/experts/ahmad-faruqui>

<sup>11</sup> Attachment D, also found at <https://www.cato.org/sites/cato.org/files/2020-03/regv43n1-6.pdf>.

1 engagement in time-responsive retail electricity services (e.g. access to real-time pricing), and 3)  
2 community-level coordinated exchanges of electricity supply and related services all require a  
3 state-wide, multi-use online energy data platform as a prerequisite information infrastructure.  
4 The statewide multi-use online energy data platform would allow for network-enabled  
5 distributed energy resources and devices to communicate the prices and quantities of electricity  
6 services that they provide or utilize in real-time. The data platform would allow customers to  
7 engage by sending and receiving their consumption and distributed generation data and reporting  
8 the status of energy storage capacity to charge or discharge, not unlike spinning reserve. The  
9 data platform would send and receive the price and quantity data inherent to the coordinated  
10 exchange of electricity at the community level. In short, there is no shared integrated grid  
11 without a data platform that engages the participation and communication of grid stakeholders. It  
12 is foundational.

#### 13 **IV. Identification of Stakeholder Users of the Statewide Multi-Use Online** 14 **Energy Data Platform**

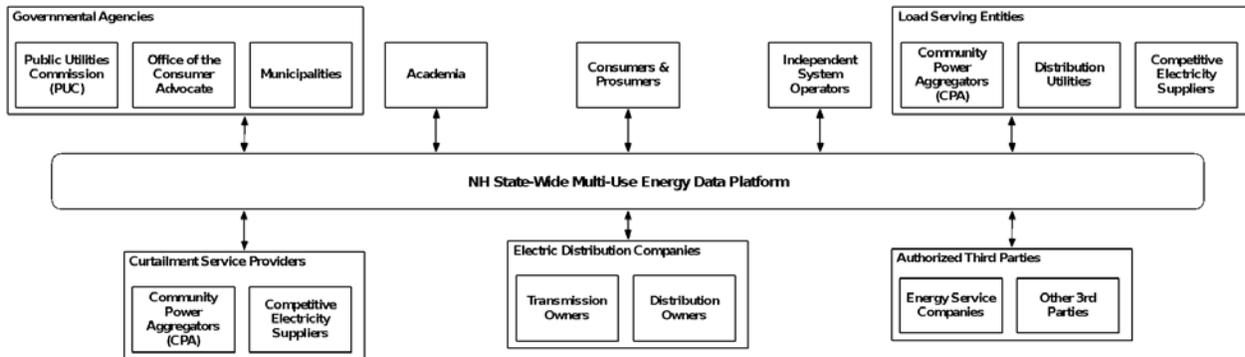
15 **Q4.1. Should the NHPUC Order in DE 19-197 specify the categories of stakeholder users**  
16 **of the statewide multi-use online energy data platform?**

17 A4.1. Yes. It would be impossible to define the energy data platform with any level of  
18 precision without stating explicitly the stakeholder uses of the data platform.

19 **Q4.2. What are the categories of stakeholder users of the statewide multi-use online**  
20 **energy data platform?**

21 A4.2. RSA 378:50 specifically mentions customers, utilities, service providers as defined in  
22 RSA 363:37 and the office of the consumer advocate but does not explicitly state these  
23 stakeholders as explicit users of the data platform. Nevertheless, in order to meet the legislative

1 objectives of SB 286 and RSA 53-E, a broad diversity of stakeholders should be allowed access  
 2 to the data platform. Please see *Figure 1* below.



3  
 4 *Figure 1. Interfaces between a NH State-Wide Multi-Use Energy Data Platform and NH Energy*  
 5 *Stakeholders*

6 In Attachment K, labeled [LGC-2020-2], the Local Government Coalition identifies 15  
 7 categories of stakeholders.

## 8 **V. Determination of Stakeholder Requirements and Data Platform Function**

9 **Q5.1. Should the NHPUC Order in DE 19-197 determine the stakeholder requirements of**  
 10 **the Data Platform?**

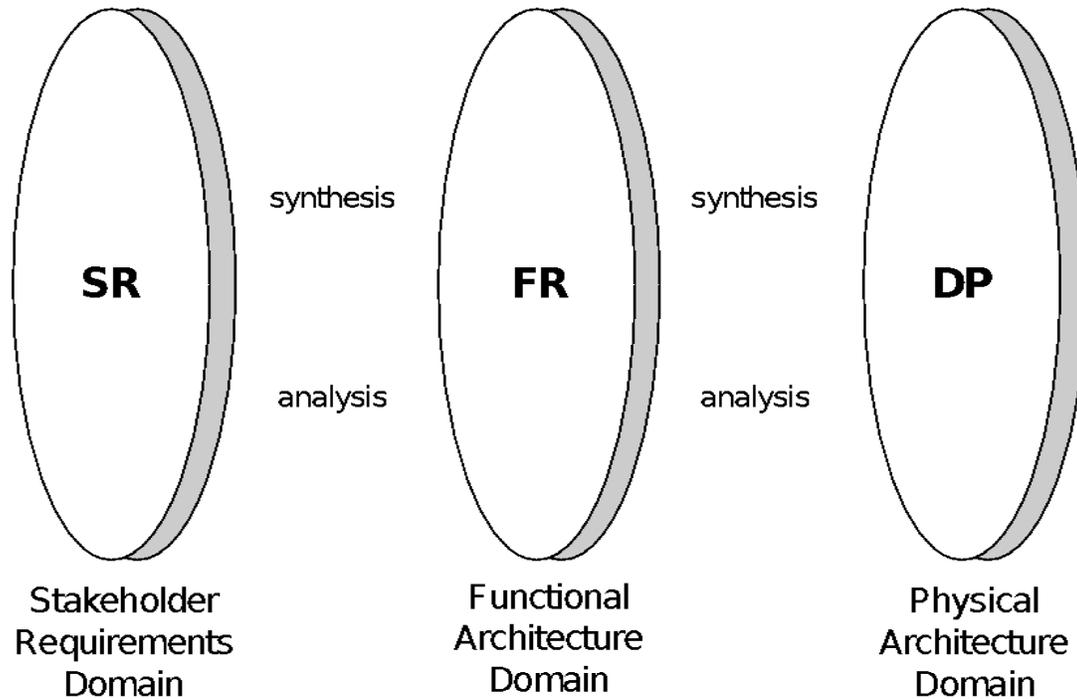
11 A5.1. Yes. RSA 378:51-54 provides several high-level requirements for the data platform.

12 RSA 378:51, II requires: “The commission shall open an adjudicative proceeding ... to  
 13 determine governance, development, implementation, change management, and versioning of the  
 14 statewide, multi-use, online energy data platform.” From an engineering perspective, the first  
 15 step in the development of any technical artifact is to define its stakeholder requirements and so  
 16 we would expect this docket to do so as well.

17 **Q5.2. Should the NHPUC Order in DE 19-197 specify the functional requirements of the**  
 18 **Data Platform?**

19 A5.2. No. It is very important in software systems engineering to distinguish between

1 stakeholder requirements and functional requirements. Please see *Figure 2* below which is  
 2 drawn from our recent publication identified as Attachment B, [Farid 2016].



3  
 4 *Figure 2. Three Domains of Engineering System Design and Development [Farid 2016]*

5 The domain of stakeholder requirements is developed in an open forum of relevant  
 6 stakeholders stated in the “language of the stakeholder” — be it of a lay, legal, business, or  
 7 technical nature. The proceeding of this docket is a good example. Functional requirements, in  
 8 contrast, are part of the functional architecture. They are stated in the language of a technically  
 9 minded software engineer so that a group of engineers can straightforwardly implement them  
 10 following a software engineering process. The distinction between the stakeholder requirements  
 11 and the functional requirements means that the former must be reconciled and translated into the  
 12 latter in a process that systems engineers call “requirements engineering”. This requirements  
 13 engineering process is often done by a small group of technically-trained (software) systems  
 14 engineers. The technical activity of requirements engineering requires painstaking attention to

1 detail and follows established formal methods. The interested reader is referred to several  
2 dedicated texts on requirements engineering<sup>12,13,14</sup>. Furthermore, the LGC scoping comments  
3 marked as Attachment J, [LGC-2020-1] provide an extensive discussion of requirements  
4 engineering as it pertains to this docket.

5 Therefore, it would be entirely inappropriate for an adjudicative regulatory process to  
6 conduct the requirements engineering process. It is unreasonable to expect the intervenors of the  
7 docket to follow the best practice of the technically-oriented process of requirements  
8 engineering.

9 The conceptual answer above is also the overwhelming precedent of industrial practice.  
10 Large complex systems, be they software systems or physical systems have been deployed by  
11 many federal government agencies including the Department of Defense, NASA, and the  
12 Department of Energy. As a general rule, the stakeholders (e.g. the government agency) defines  
13 the stakeholder requirements and then a contracted engineering organization conducts the  
14 requirements engineering process to produce the functional requirements.

15 **Q5.3. Should the Utilities specify the functional requirements of the Data Platform?**  
16 **Platform?**

17 A5.3. No. The engineering organization conducting the requirements engineering process is  
18 not necessarily the same as the engineering organization that designs, develops, and deploys the  
19 software system itself. Indeed, it is inadvisable to have them be the same when the design and  
20 development organization is operating as a monopoly, as is the case here.

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<sup>12</sup> K. Pohl, Requirements Engineering: Fundamentals, Principles, and Techniques. Springer Publishing Company, Incorporated, 2010.

<sup>13</sup> B. Berenbach, D. Paulish, J. Kazmeier, and A. Rudorfer, Software and Systems Requirements Engineering: in Practice. McGraw-Hill, Inc., 2009.

<sup>14</sup> E. Hull, K. Jackson, and J. Dick, Requirements engineering. Springer Science and Business Media, 2010.

1 Two types of problems can occur. First, the design and development engineering  
2 organization can state the functional requirements in such a way that they themselves create a  
3 highly inflated estimate of the design and development cost overall or selectively for certain  
4 requirements. This is a very real financial incentive against the interests of stakeholders.  
5 Furthermore, the design and development engineering organization can state the functional  
6 requirements with an “inward focus” rather than a stakeholder focus. As discussed in  
7 Attachment D [Faruqui 2020], utilities need to be “customer,” or more generally, stakeholder  
8 focused rather than utility-focused. Instead, if another engineering organization states the  
9 functional requirements, then there is no such financial incentive. They would state the  
10 functional requirements in as straightforward a manner as possible to facilitate competitive cost  
11 estimates.

12 The second problem arises from the distinction between validation and verification<sup>15</sup>.  
13 Verification is the process of matching the developed software system to the specified functional  
14 requirements. It determines if the system has been “built right”. Validation is the process of  
15 matching the developed software system to the stakeholder requirements. It determines if the  
16 “right system” has been built. When the engineering company responsible for requirements  
17 engineering is the same as the engineering company responsible for the design and development,  
18 then the distinction between verification and validation is blurred and the “right system” may  
19 never be deployed or be “built right”. Ultimately, verification should be done by the engineering  
20 organization responsible for design, developments, and deployment of the software system and  
21 validation should be done by the engineering organization responsible for requirements

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<sup>15</sup> D. M. Buede, *The Engineering Design of Systems: Models and Methods*. Hoboken, N.J.: John Wiley & Sons, 2nd ed., 2009.

1 engineering.

2 Finally, as a practicing engineer with an expertise in software systems engineering, I do  
3 not interpret RSA 378:52, I that states: “the utilities shall design and operate the energy data  
4 platform” to mean that they shall also specify the functional requirements. The processes of  
5 design and operation happen after the specification of functional requirements not during.  
6 Furthermore, I do not interpret RSA 378:52, I to mean that the utilities shall exclusively conduct  
7 all technical activity related to the data platform. Given the fact that the electricity and natural  
8 gas distribution utilities operate as monopoly service providers and have a vested interest in their  
9 current business model, which includes growth in invested capital and profits that are closely  
10 related to growth in distribution system capacity, often driven by growth in coincident peak  
11 demands, I do not believe it to be in the best interest of the New Hampshire public to do so.

12 **Q5.4. Are there commercially viable engineering organizations with expertise in**  
13 **requirements engineering?**

14 A5.4. Yes, absolutely. The well-known names are Navigant, Booz Allen Hamilton, Exponent,  
15 and Accenture. Beyond these, there is no shortage of niche engineering consultancies that are  
16 often less expensive.

17 **Q5.5. Should the NHPUC Order in DE 19-197 use an agile software engineering process to**  
18 **identify stakeholder requirements?**

19 A5.5. No, the question is a logical non-sequitur. Returning back to *Figure 2*, any software  
20 engineering process be it “traditional software engineering” or “agile software engineering” is  
21 defined as the process of transforming the (technical) functional requirements into the software  
22 system itself — shown as the physical architecture in *Figure 2*. Consequently, the domain of

1 agile software engineering is downstream and not concerned with the identification of  
2 stakeholder requirements.

3 **Q5.6. Should the Utilities design, develop, and deploy the energy data platform using an**  
4 **agile software engineering process?**

5 A5.6. Yes, the energy data platform should be designed, developed, and deployed using an  
6 agile software engineering process.

7         As an active computational research academic and a CEO of a software development  
8 organization, we practice agile software engineering every day. It has no doubt become the best  
9 practice of software engineering in the last two decades. In traditional software engineering, the  
10 process of taking the functional requirements and turning them into the software system itself  
11 happens in one large development cycle called the “systems engineering vee”. In contrast, agile  
12 software engineering uses several full development cycles. Consequently, project risks, costs,  
13 and lead times can often be controlled more effectively than traditional software engineering. It  
14 helps software engineers develop effective software products of increasing complexity with each  
15 passing iteration. A highly simplified but entirely adequate depiction is shown in *Figure 3* taken  
16 from Slide 15 of Unutil’s Slide Deck entitled: “Platform Development and Oversight DE 19-197  
17 Technical Session”.

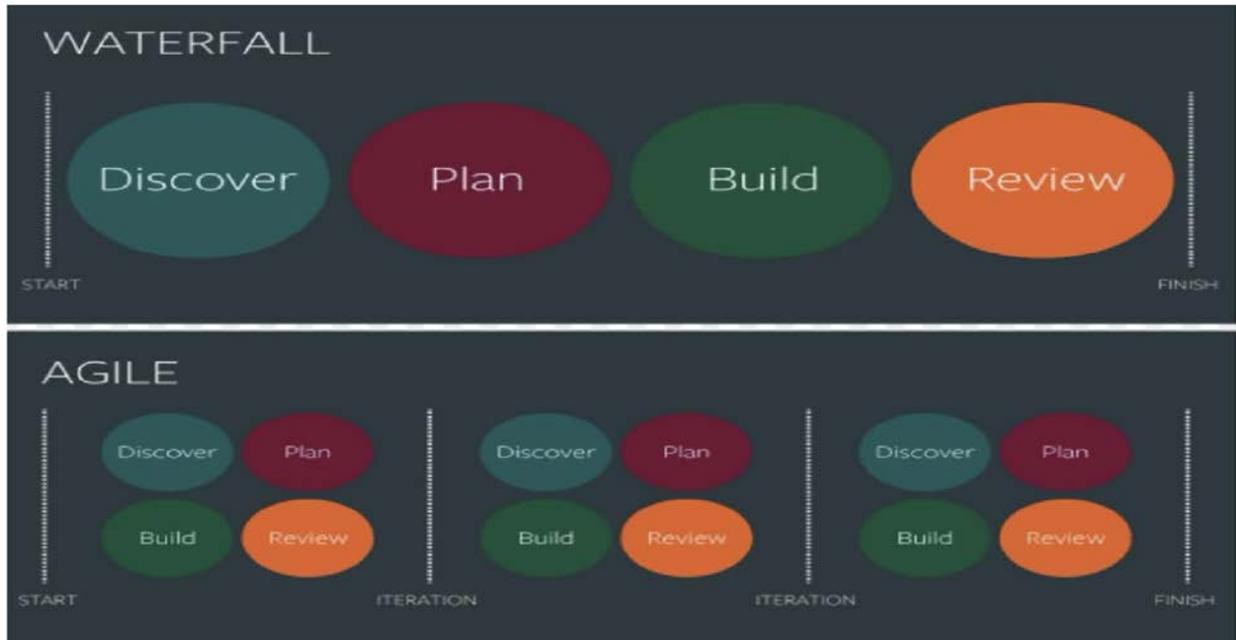


Figure 3. Unitil's Graphical Contrast of Traditional (Waterfall) vs Agile Software Engineering

Nevertheless, the answer to this question should be taken in the context of Answer 5.4 above, and Answer 5.13 below.

**Q5.7. Is it a valid alternative to delegate the determination of stakeholder requirements to a governing “data platform council” responsible for the governance of the data platform?**

A5.7. Not by default. While a governing “data platform council” can potentially determine a set of functional requirements for the data platform using an open process of stakeholder engagement, it is not clear how the stakeholder requirements that they determine would have any binding effect on how the utilities “design and operate the energy data platform” as in RSA 378:52, I. In other words, the governing data platform council would first require a strong governance mandate that the utilities would have to follow, short of an adjudicated appeal to the Commission. Furthermore, such a data platform council would have to operate in a manner that is at least as open as this DE 19-197 docket in order for it to gain acceptance by this docket’s diversity of intervenors.

1 **Q5.8. Is it a valid alternative to delegate the determination of the functional requirements**  
2 **to a governing “data platform council” responsible for the governance of the data**  
3 **platform?**

4 A5.8. No. The requirements engineering process of reconciling and translating stakeholder  
5 requirements to functional requirements is a technical process that is best conducted by an  
6 engineering organization with that specific expertise.

7 **Q5.9. How far can the NHPUC Order in DE 19-197 proceed with the remaining technical**  
8 **aspects identified in RSA 378:51 prior to the determination of the data platform’s**  
9 **functional requirements?**

10 A5.9. Not at all with any specificity. In any engineering design or systems engineering process,  
11 be it for software or otherwise, be it agile or otherwise, the functional requirements must first be  
12 defined as a closed set and agreed upon. No other technical activities can proceed with any level  
13 of specificity without defining such functional requirements.

14 Part of the challenge of the DE 19-197 Docket thus far is that it has sought to have  
15 specific answers to the identification of standards, the development of a user-friendly interface,  
16 the development of a logical data model, privacy of data, security of data, software development,  
17 software implementation, change management, and versioning all before the functional  
18 requirements have been fully determined. Consequently, my testimony on these items, out of  
19 engineering diligence and best practice, is made in general rather than specific terms.

20 **Q5.10. Then what are the stakeholder requirements to which the statewide multi-use online**  
21 **platform must adhere?**

22 A5.10. The complete set of functional requirements must come from the totality of stakeholders  
23 intervening in this docket. That said, I’d like to identify several high-level stakeholder

1 requirements on behalf of the Local Government Coalition. The functionality of the statewide  
2 multi-use online energy data platform must:

- 3 1. Be compliant with all Federal and NH laws. In particular, we note that the  
4 implementation of a statewide multi-use energy data platform must specifically support  
5 the authorities granted to community power aggregations (CPAs) under RSA 53-E and  
6 the reasonable implementation of the statute.
- 7 2. Be interoperable with NH stakeholders and beyond through the use of well-established  
8 international standards.
- 9 3. Be extensible.
- 10 4. Be state-wide — a single data hub. While this statement may appear obviously self-  
11 referencing, it is important to recognize that grid data, at present, is quite distributed  
12 amongst various types of grid stakeholders. Consequently, the creation of a data platform  
13 serves to centralize access to this distributed data and it must be designed with  
14 functionality to accommodate the input and retrieval of data from all of these  
15 stakeholders.
- 16 5. The functionality of the statewide multi-use online energy data platform must be  
17 implemented by a commercially-neutral grid stakeholder.

18 The Local Government Coalition has detailed the importance of all five of these categories in its  
19 scoping comments filed under tab 27 of the Docket Book in this proceeding<sup>16</sup> and its identified  
20 use cases filed under tab 34<sup>17</sup>, both of which are incorporated herein by reference as Attachment

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<sup>16</sup> [https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-197/LETTERS-MEMOS-TARIFFS/19-197\\_2020-03-11\\_COL\\_SCOPING\\_COMMENTS.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-197/LETTERS-MEMOS-TARIFFS/19-197_2020-03-11_COL_SCOPING_COMMENTS.PDF)

<sup>17</sup> [https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-197/LETTERS-MEMOS-TARIFFS/19-197\\_2020-04-03\\_LGC\\_USE\\_CASES\\_PROPOSALS.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-197/LETTERS-MEMOS-TARIFFS/19-197_2020-04-03_LGC_USE_CASES_PROPOSALS.PDF)

1 J [LGC 2020-1] and Attachment K [LGC 2020-2], respectively.

2 **Q5.11. What stakeholder requirements does RSA 53-E on community power aggregators**  
3 **place on the data platform?**

4 A5.11. In the identified use cases referenced as LGC-2020-2, the LGC derived a total of  
5 seventeen stakeholder requirements (or use cases) directly from the provisions of RSA 53-E.  
6 Ultimately, in order to fulfill all of the identified provisions of RSA 53-E, an exchange of data  
7 would be required. From cost, benefit, and engineering practicality perspectives, it is only  
8 reasonable and prudent to expect that this exchange of data would happen through the data  
9 platform and not through an alternative parallel means of data exchange.

10 **Q5.12. What is meant by an “interoperable” data platform?**

11 A5.12. Interoperability is a life-cycle property of a software system that allows for humans and  
12 machines to readily transmit data to and receive data from the software system through well-  
13 established Application Programming Interfaces (APIs) that implement international standards.  
14 Utility API at the May 8, 2020, technical session provided a presentation explaining what is  
15 meant by an API.

16 **Q5.13. What is meant by an “extensible” data platform?**

17 A5.13. An extensible data platform is a data platform that when deployed readily admits new  
18 features and functionalities with little or no change (and consequently effort and cost) to the  
19 already deployed data platform. In no way does the concept of extensibility compromise the  
20 concept of a closed set of functional requirements. Returning back to *Figure 2*, extensibility is a  
21 property of the deployed system itself — in the physical architecture domain. Even if the data  
22 platform has a closed and clearly identified set of functional requirements, it is entirely possible  
23 that the engineering organization that is designing, developing, and deploying the data platform

1 makes technical decisions that leave the architecture itself as fixed and non-extensible.  
2 For example, in the many technical sessions, it has become clear that the Electronic Data  
3 Interchange (EDI) that utilities use for financial transactions between competitive suppliers is not  
4 extensible. It does not appear as though it has admitted any change in the last two decades.  
5 Therefore, the EDI, on its own, would not fulfill the extensibility requirement. Rather, at best, it  
6 would have to be integrated as a component of a larger data platform that was indeed extensible.

7 **Q5.14. What is meant by implemented by a “commercially-neutral grid stakeholder”?**

8 A5.14. As explained in the Local Government Coalition’s scoping comments [LGC-2020-1], “it  
9 is well-known in economic theory that the market power of a market participant grows  
10 increasingly with its access to market data. A statewide multi-energy data platform will house  
11 and give access to such large quantities of energy market data that a commercially-interested grid  
12 stakeholder has the potential to exercise greater than proportional market power for financial  
13 gain; potentially to the detriment of other grid stakeholders.” [LGC 2020-1, p.6.]

14 For example, and to be concrete, a community power aggregation may wish to implement  
15 a demand response electricity service that responds in a timely fashion to alleviate congestion on  
16 an electric distribution line. Such a service would lower rates first for the demand response  
17 participant and second for all electricity consumers on that feeder as a system-wide benefit. The  
18 implementation of such a demand response service would require timely information of  
19 distribution system data from the distribution utility. The distribution utility, in contrast, has no  
20 incentive to provide such data because in most instances it might prefer to upgrade the congested  
21 line and be compensated accordingly.

22 The Local Government Coalition derives the requirement for a “commercially-neutral  
23 grid stakeholder” from Chapter 286:1, NH Laws of 2019 quoted on pages 10-11 above.

1 Implementation by a commercially neutral grid stakeholder is potentially but not necessarily at  
2 odds with RSA 378:52, I, which states: “the utilities shall design and operate the energy data  
3 platform”. Consequently, it is necessary to ensure that the utilities do not have disproportionate  
4 market power over other competitive market participants. Curtailing the potential for excessive  
5 market power is achieved with several mutually reinforcing measures. First, the data housed and  
6 shared by the data platform must, by design, make sure that competing electric grid market  
7 participants have access to the same data at the same time. Second, the department of the utility  
8 that operates the data platform itself must be isolated in their communication from the  
9 departments responsible for the purchase and sale of electricity to grid stakeholders. Third, a  
10 governing “data platform council” must be created with the mandate to ensure that the above  
11 measures are actually strictly followed. Furthermore, the first three measures are most easily  
12 achieved if the utilities collectively outsource the design and development of the data platform to  
13 a software engineering organization with this specific expertise. In contrast, neglecting these  
14 measures can cripple the development of a vibrant electric retail market and undermine the  
15 purpose of the statute.

16 Alternatively, the State of New Hampshire, through new legislation, may choose to  
17 determine that it is more straightforward and in the better interest of the public for the data  
18 platform to be designed and operated by an engineering organization that is not directly involved  
19 in the purchase and sale of electricity or investment decisions around distribution system  
20 capacity and forego the utilities as an outsourcing entity. I return to this issue in Section VII  
21 entitled governance.

22 **Q5.15. What is meant by stakeholder-appropriate, secure, and interoperable access to the**  
23 **data platform?**

1 A5.15. A stakeholder's access to the data platform is interoperable in that it is through APIs that  
2 implement international standards.

3 A stakeholder's access is secure in that it is authenticated with a stakeholder-specific  
4 password. Alternatively, the best practice for access into any data platform with any level  
5 sensitivity is a two-factor authentication method. It may or may not necessarily use a password  
6 but will use stakeholder-specific information like biometric data. Stakeholder-appropriate access  
7 recognizes that different classes of stakeholders have access to different classes and instances of  
8 data. For example, a grid customer would have access to their consumption data but not that of  
9 their neighbor. They may also have access to data on day-ahead and real-time pricing on their  
10 feeder. In contrast, a CPA or competitive supplier would have access to a completely different  
11 set of data. The design of which data is accessed by who is part of the detailed design of the data  
12 platform. Finally, different stakeholder classes will have the ability to read, write, and append  
13 data in a manner that is different from other stakeholder classes. Further explanation is found in  
14 LGC-2020-2.

## 15 **VI. Implementation of The Statewide Multi-Use Online Energy Data Platform**

### 16 **Q6.1. Are there any relevant precedents in the electric power sector for the development** 17 **of an energy data platform?**

18 A6.1. Yes. Undoubtedly. Every Independent System Operator in the country is simultaneously  
19 a wholesale market operator and a data platform operator. I agree with Prof. Paul Hines'  
20 testimony which states: "ISO New England, for example, provides access to market data through  
21 their "web services" server (see <https://webservices.iso-ne.com/docs/v1.1/>). This web interface  
22 does not have any complicated or pre-developed applications; it just provides access to raw data  
23 that authorized stakeholders can use to solve a wide variety of problems." Indeed, if one

1 examines the ISO New England data platform closely it meets many of the stakeholder  
2 requirements identified above at the wholesale rather than retail electricity level.

3 **Q6.2. Do you have any guidance on how the data platform should be implemented?**

4 A6.2. Yes. In response to Q5.2, I identified the domains of engineering system design and  
5 development. I emphasized that this docket must determine a closed set of stakeholder  
6 requirements. I also emphasized that these stakeholder requirements must be reconciled and  
7 translated to a set of functional requirements in a technical language. From there, the data  
8 platform is designed, developed, and deployed. There is also a verification phase to ensure that  
9 the data platform is “built right” to meet the functional requirements. There is also a validation  
10 phase to ensure that the built data platform is the “right system” and meets stakeholder’s  
11 requirements. Using the best practice of software systems engineering process is the most likely  
12 way to realize a data platform that meets its intended requirements and legislative objectives.  
13 Beyond this guidance, my responses to implementation questions are of a generic nature as I  
14 have explained in my response to Q5.9.

15 **Q6.3. What and who are the data sources and users of the data platform?**

16 A6.3. RSA 378 specifically mentions the Green Button Standard which assumes that all data  
17 originates from the customer, passes to the distribution utility, and then is used by the customers  
18 themselves, the utilities themselves, and third parties. The Local Government Coalition  
19 interprets this flow of data from (single) source to data users as necessary but far from sufficient.  
20 Unfortunately, this flow of data is not sufficient to achieve the legislative objectives of RSA 378.  
21 Nor is it sufficient to meet the totality of stakeholder requirements including specifically the  
22 stakeholder requirements and uses cases submitted in the LGC’s scoping comments [LGC 2020-  
23 1] and identified uses cases [LGC 2020-2].

1           Once the final set of stakeholder requirements has been compiled, it will almost certainly  
2 reveal that all stakeholders will send data to and receive data from the data platform as shown in  
3 [Figure 1](#) in my response to Q4.2. For example, in terms of sending data, all stakeholders will  
4 need to send at minimum authentication credentials. Furthermore, in terms of receiving data, all  
5 stakeholders will likely need to login to access recent information on available electricity  
6 services and prices.

7           In order for the data platform to achieve its legislative objectives as a centralized data  
8 hub, this docket must expand its working paradigm from the one of monolithic data flow  
9 described in the Green Button Standard to a multi-input-multi-output paradigm of design and  
10 operation.

11 **Q6.4. What types of data should the energy data platform include?**

12 A6.4. To provide a generic answer, the data platform should include “customer data”,  
13 “market/financial data”, and “system data”. Although these terms are not technically precise,  
14 nor do they have well-accepted definitions in the literature, they have been used extensively in  
15 this docket’s technical sessions. In broad brush strokes, “customer data” refers to the  
16 consumption data as most commonly received from meters, including in particular “smart”  
17 interval meters. “Market or financial data”, at least at present, refers to a lot of the data in the  
18 EDI platform. “System data” refers to the data parameters that characterize the physical grid  
19 itself either statically or dynamically updated due to changing grid conditions.

20           Naturally, this broad classification of data is not precise enough to state stakeholder  
21 requirements. Nor is it precise enough to state functional requirements. Instead, international  
22 standards should be used to precisely state the functional requirements in a technical language.  
23 Nevertheless, this broad classification does provide a conceptual understanding.

1 **Q6.5. Why should customer data be part of the energy data platform?**

2 A6.5. First, customer data is specifically mentioned in RSA 378:50-53 and is the essence of the  
3 Green Button Standard. Second, The Local Government Coalition in its scoping comments  
4 [LGC-2020-1] and its uses cases [LGC-2020-2] defines seventeen uses cases as stakeholder  
5 requirements. Collectively, these use cases address the data needed to implement RSA 53:E. A  
6 careful analysis of these uses cases reveals that they require customer data.

7 **Q6.6. Why should market/financial data be part of the energy data platform?**

8 A6.6. The Local Government Coalition in its scoping comments [LGC-2020-1] and its uses  
9 cases [LGC-2020-2] defines seventeen uses cases as stakeholder requirements. Collectively,  
10 these use cases address the data needed to implement RSA 53:E. A careful analysis of these uses  
11 cases reveals that they require market/financial data.

12 **Q6.7. Why should system data be part of the energy data platform?**

13 A6.7. In order to meet the legislative objectives of SB 284 and to realize a Shared Integrated  
14 Grid, we must develop, deploy and provide retail-electric grid services “beyond the kilowatt-  
15 hour”. Such retail-electric grid services are techno-economic in nature. Not only do they  
16 provide financial incentives, but they also serve to enhance grid reliability, provide non-wires  
17 alternatives to costly grid upgrades, and accelerate the adoption of sustainable and renewable  
18 energy resources. Please recall my responses to Q3.1 - Q3.5. Also, the LGC has provided a  
19 detailed discussion of “beyond the kilowatt-hour” in its scoping comments attached as [LGC-  
20 2020-1].

21 In order for the techno-economic grid services to provide a technical value to the grid in  
22 terms of reliability and resilience, the value of the service must be related to actual physical grid  
23 conditions. For example, in my response to Q5.14, I described a demand response service that

1 alleviates congestion on a distribution line. Such a service would be impossible without  
2 knowing in a timely fashion when a given distribution line is congested. While such a service  
3 rarely exists in today's distribution systems, it is entirely commonplace today in the transmission  
4 system where day-ahead and real-time energy markets provide locational marginal prices to  
5 demand response participants. Such services, to be designed and deployed effectively, perhaps  
6 by a CPA, require access to system data. Neglecting to do so, means that such an electricity  
7 service would never be offered. As explained in my response to Q5.14, this would be an  
8 example where the distribution utility exerts disproportionate market power that prevents another  
9 market actor (i.e. CPAs) from providing competitive electric grid services.

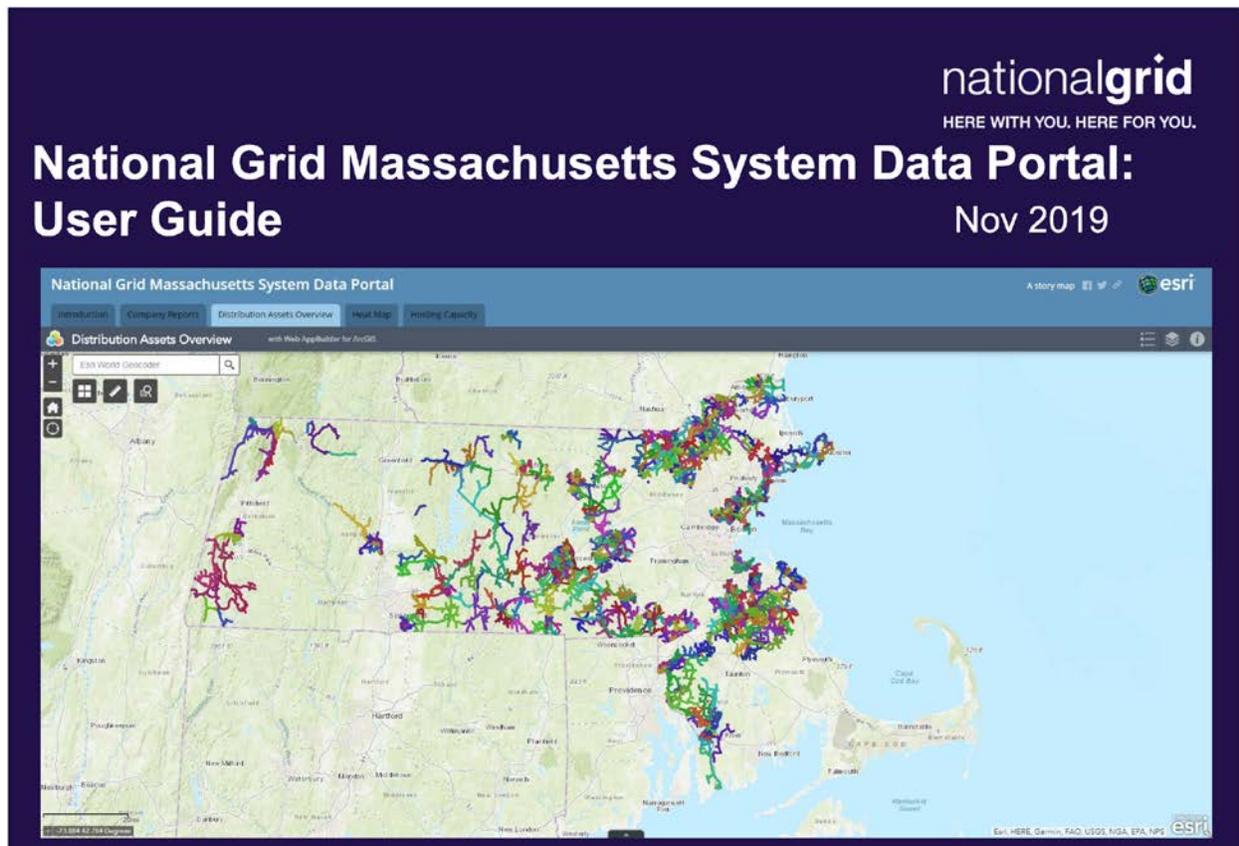
10 The Local Government Coalition recognizes the potential sensitivity of system data and  
11 stands ready to engage in a robust discussion on how to secure this data, but ultimately this data  
12 is necessary to provide innovative electric grid services beyond the kilowatt-hour.

13 **Q6.8. Are there any relevant precedents in the electric power sector where transmission  
14 and distribution utilities share system data.**

15 A6.8. Yes, absolutely. Even though system data is potentially sensitive, there are many  
16 precedents where system data has been transferred beyond the transmission and distribution  
17 utility under well-defined rules, monitoring, and governance. Consequently, it is insufficient to  
18 use the fact that this data is sensitive as a single means of precluding it from being shared with  
19 other relevant grid stakeholders.

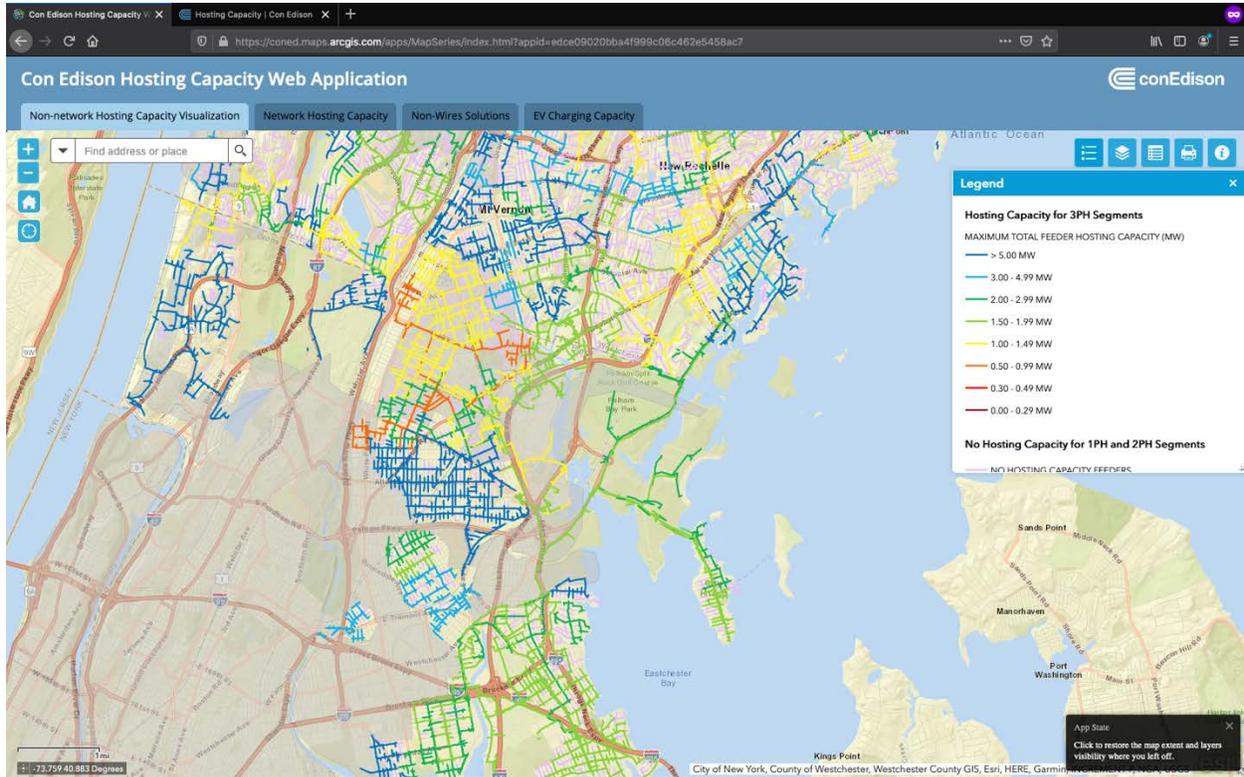
20 The most obvious precedent is that of the Independent System Operators including ISO  
21 New England. Although they are not a transmission or distribution utility, they have access to  
22 system data in order to provide reliability-enhancing competitive market services and many  
23 stakeholders have varying degrees of access to that data and system typology.

1           Furthermore, in the distribution system, several utilities have provided system data as part  
 2 of their customer-facing portals. National Grid's Massachusetts portal is found at  
 3 <https://ngrid.apps.esri.com/NGSysDataPortal/MA/index.html>. They have similar portals for  
 4 Rhode Island and New York. Figure 4 shows GIS maps depicting National Grid's feeders in  
 5 Massachusetts. We attach [NGrid-2020] for further explanation.

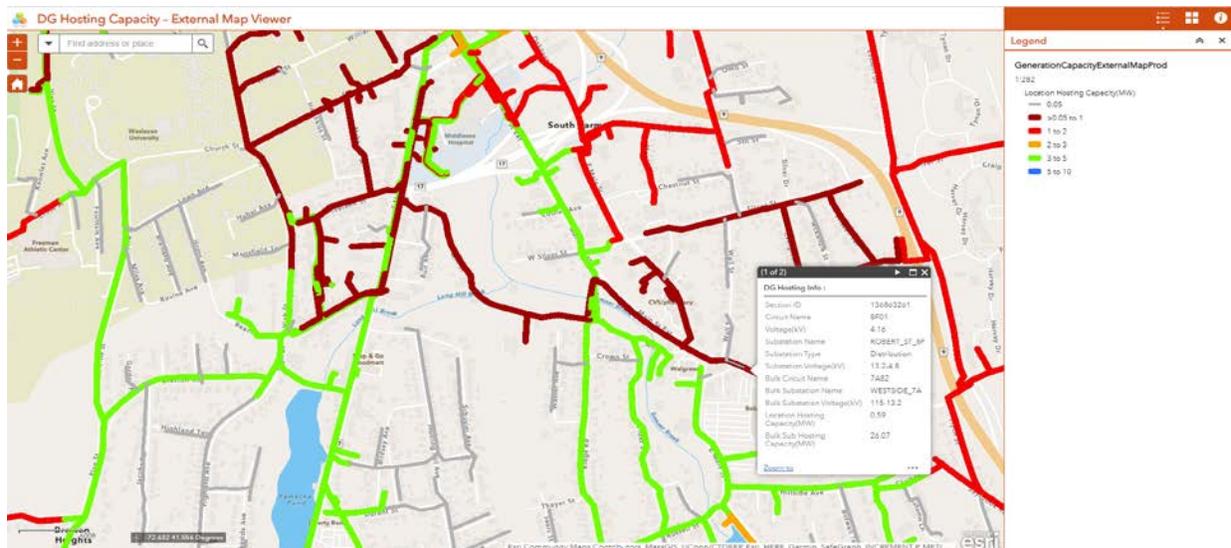


6  
 7           Figure 4. A Screenshot from the National Grid Massachusetts Portal Depicting Distribution System Feeder Data

8           Con Edison's portal is found at: <https://www.coned.com/en/business-partners/hosting-capacity>.  
 9 Figure 5 shows GIS maps depicting Con Edison's feeders in New York. We actively use this  
 10 data in the Dartmouth-LIINES to research and develop innovative data-centric products.



1  
 2 *Figure 5. A Screenshot from the Con Edison New York Portal Depicting Distribution System Feeder Data*  
 3 Eversource in Connecticut provides access to an ESRI GIS layer<sup>18</sup>, with an array of base map  
 4 options and full zoom capability, for looking at hosting capacity as shown in Figure 6 below.



5  
 6 *Figure 6. A Screenshot from the Eversource CT Hosting Capacity ArcGIS Map Viewer zoomed to Middletown CT*

<sup>18</sup> <https://eversource.maps.arcgis.com/apps/webappviewer/index.html?id=4a8523bc4d454ddaa5c1e3f9428d8d8f>

1 Given these precedents, we believe the New Hampshire energy data platform should not lag  
 2 behind neighboring states in terms of access to system data.

3 **Q6.9. Which international standards are most appropriate to the implementation of the**  
 4 **statewide multi-use online energy data platform?**

5 A6.9. The data platform must adhere to a logical meta-data model that is determined during the  
 6 design of the data platform and prior to its implementation in software. As stated in [LGC-  
 7 2020-1 at Page 1], a logical meta-data model includes 1) a set of data fields that are populated  
 8 with instantiated numerical and textual data 2) a set of classes which serve as containers of data  
 9 fields and 3) a set of relationships between the data fields and their classes. These three  
 10 components of a logical metadata model are drawn directly from the complete set of functional  
 11 requirements. Normally, the Unified Modeling Language (UML) is used to graphically convey  
 12 the logical data model. Figure 6 shows a standard UML metadata model of three-phase network  
 13 components [EPRI-2020, p. 5-37].

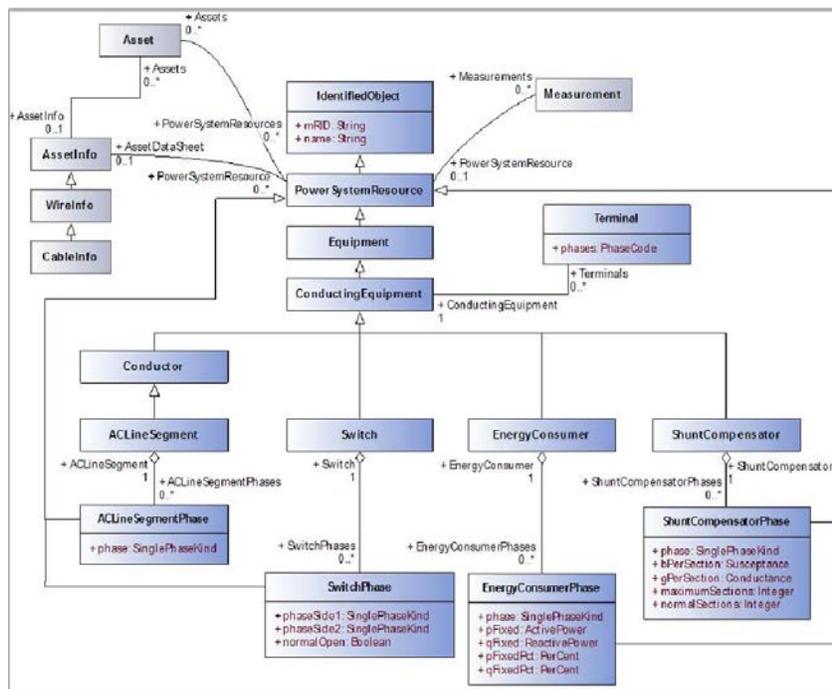


Figure 7. A Standard UML metadata model of three-phase network components

14  
 15

1 A number of off-the-shelf software packages (e.g. IBM Rhapsody, Dassault's Magicdraw) are  
2 then used to automatically translate the UML model into an object-oriented programming  
3 language (e.g. JAVA, C++, etc).

4 **Q6.10. Which international standards are most appropriate to the implementation of the**  
5 **statewide multi-use online energy data platform?**

6 A6.10. The International Electro-technical Commission (IEC) maintains a group of standards  
7 that together describe the entire standard metadata model of the electric power grid in UML.  
8 They are collectively referred to as the "Common Information Model" or CIM for short. The  
9 CIM is without a doubt the lingua-franca of machines, automation, and computers in the electric  
10 grid. The CIM includes the following:

11 IEC 61970 — Information exchange among systems directly involved with operation and  
12 planning of the overall interconnected electric grid which rely on power system network models  
13 to analyze the behavior of the entire interconnected grid at all voltage levels. This often involves  
14 interactions between systems at various different participants in the grid (e.g. RTO, TSO, DSO,  
15 microgrid, generator, consumer).

16 IEC 61968 — Information exchange among systems supporting business functions that  
17 support power system operations, maintenance, and customer support. This includes major  
18 business functions such as asset management, work management, meter data management,  
19 customer information, geographic information systems, and engineering design.

20 IEC 62325. — Information exchange among systems directly involved with electricity  
21 market business processes such as transmission capacity allocation, forecasting, bidding,  
22 contracts, clearing, and settlement.

23 EPRI as one of the primary contributors to these standards and has produced an excellent

1 and highly digestible primer on the Common Information Model which is attached here as  
 2 Attachment A [EPRI-2020] for convenience<sup>19</sup>. Indeed, Figure 7 above is part of the CIM.  
 3 Furthermore, pages B-4 to B-7 of this primer recounts how the Common Information Model was  
 4 used to develop the Green Button Standard referenced in RSA 378:53. In other words, the Green  
 5 Button Standard is simply a subset of the CIM.

6 The New Hampshire data platform, however, will have to go beyond the Green Button  
 7 Standard to meet the totality of stakeholder requirements. Consequently, Figure 8 shows the  
 8 breadth of CIM standards.

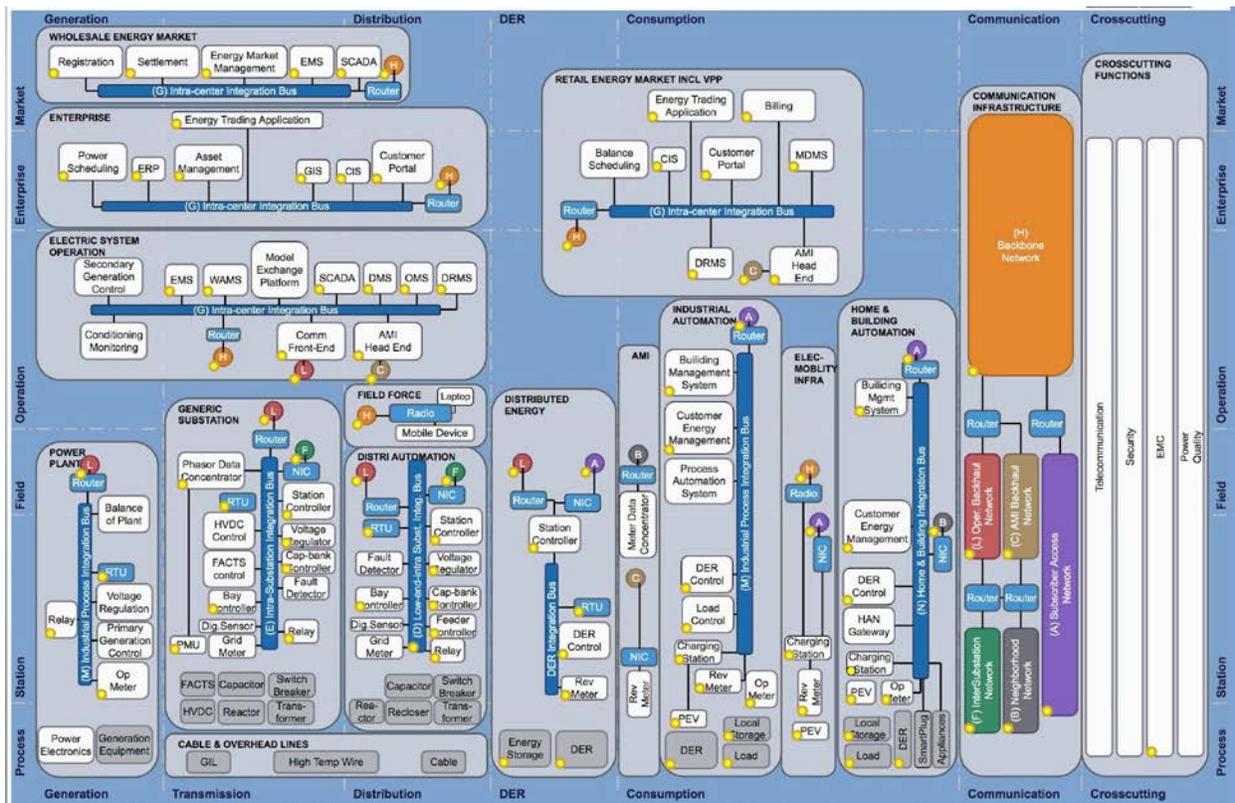


Figure 8. A Graphical Arrangement of Common Information Model Standards and Their Scope.

Further discussion on the Common Information Model can be found in [LGC-2020-1 at

<sup>19</sup> Also available for download at: <https://www.epri.com/research/programs/062333/results/3002018634>.

1 pp.11-12]. In order for the New Hampshire data platform to be interoperable, it would have to  
2 adopt these widely recognized international standards.

3 **Q6.11. Can you estimate the financial benefits of a statewide multi-use online energy data**  
4 **platform?**

5 A6.11. This is a very difficult question to answer precisely for the simple reason that the data, on  
6 its own, has no value. It only gains value when it is used to make decisions that improve existing  
7 services and create new ones. The best analogy is a telephone line. On its own, it is pretty  
8 worthless. However, as we all know, the telephone has transformed commercial activity and can  
9 have tremendous financial value.

10 Let's develop a practical scenario. Let's assume that a data platform enables a time-  
11 varying transactive energy service (price-incentivized time-varying, active demand response).  
12 Let's also assume that such a service can be aggregated up to the wholesale ISO New England  
13 level. Let's also assume that the adoption of such a service is a relatively modest 7-8% of peak  
14 load. Let's also assume that such an energy data platform has also been applied to the  
15 remaining New England states. Finally, let's assume that the generation mix continues  
16 "business-as-usual" without much change from today's current mix.

17 In such a case, our peer-review research, attached as Attachment H [Muhanji 2020]  
18 shows that in only one year, the Day-Ahead Energy Market would see a savings of  
19 approximately \$68M. Similarly, in only one year, the real-time energy market would see a  
20 savings of approximately \$68M. With about 10% of the population of the New England  
21 population, New Hampshire would expect to benefit by \$6.8M in one year alone. While this  
22 estimate may seem large, it is actually very conservative because it does not include all of the  
23 line and substation congestion that could be avoided by virtue of demand response acting as a

1 non-wires alternative or other grid services that might be enabled by the platform.

2 **Q6.12. Are there commercially available third-party solutions for the statewide multi-use**  
3 **online energy data platform on the market today?**

4 A6.12. Yes. We have received strong presentations from mPrest<sup>20</sup> and Kevala Analytics<sup>21</sup> about  
5 their virtual data platforms<sup>22</sup>. Please see Attachment E [mPrest 2020-1]. While this solution  
6 would have to be matched to the functional requirements discussed above and likely customized  
7 to New Hampshire's needs, its current implementation as described in the attached slides is an  
8 excellent starting point from which to discuss practical implementation avenues. Furthermore,  
9 as stated in their email, Attachment F, [mPrest 2020-2]), a perpetual license for 650,000  
10 customers would cost \$750,000 or \$1.15 per NH customer and includes not only a data platform  
11 but also a myriad of ready to use applications that should have significant value to distribution  
12 system operators and other stakeholders.

13 **Q6.13. How viable are these commercially available third-party solutions?**

14 A6.13. At such a capitalized cost of approximately \$1.15 per NH customer, and specifically in  
15 reference to RSA 378:51,III, we can surmise that available third-party solutions for the core of  
16 an extensible data platform are likely viable. Their cost can be reasonably recovered from  
17 customers in the public interest. Furthermore, the data platform when combined with a time-  
18 varying active demand response rate could help to materially reduce electricity prices and costs  
19 for the New Hampshire public.

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<sup>20</sup> <https://www.mprest.com>

<sup>21</sup> <https://kevalaanalytics.com/>

<sup>22</sup> An mp4 video recording of their presentation can be downloaded from: <https://drive.google.com/file/d/1-bMY5EdmMi5uckVHAGYVAY8NKzIN3mZC/view>. Alternatively, mPrest's presentation can be viewed at: <https://app.box.com/s/qjkb4e4skxpzxhrwkktxp1z50xvv7mhl>.

1 **VII. Governance**

2 **Q7.1. Are there any relevant precedents in the electric power sector for the governance of**  
3 **an energy data platform?**

4 A7.1. Yes. Again. The governance model of ISO New England is a very relevant precedent.  
5 Working with the NEPOOL they engage actively and frequently with a wide array of  
6 stakeholders through such committees as the Planning Advisory Committee and the Consumer  
7 Liaison Group. These committees draw a wide variety of stakeholder types to provide input and  
8 feedback to ISO New England's activities. Again, given that ISO-NE is not just a market  
9 operator but also a data platform operator, I'd expect there to be similarities in governance.

10 **Q7.2. Describe the role of governance in ensuring a successful data platform.**

11 A7.2. In relation to my testimony above, the governance of the data platform should serve to  
12 ensure that the data platform create a level playing field within a dynamic retail electricity  
13 market. Again the accessibility of data directly impacts market power and a competitive  
14 electricity marketplace requires equitable access to data. Naturally, the data itself must be  
15 accurate, timely, and interoperable but these technical requirements serve to enable a dynamic  
16 marketplace. I agree with Rep. Kat McGhee's insightful testimony on this subject.

17 **Q7.3. Describe the role of governance in ensuring a successful data platform.**

18 A7.3. It should include all of the stakeholder categories shown in Figure 1 in my response to  
19 Q4.2. It's difficult to imagine a level playing field with respect to data otherwise.

20 **Q7.4. Does this conclude your testimony?**

21 A7.4. Yes, it does.

## VIII. Attachments

- A. **[EPRI 2020]** *Common Information Model Primer: Sixth Edition*. EPRI, Palo Alto, CA: 2020. *It was not possible to add Bates page numbering to this document as it was secured against such, so it is linked to for download: <https://www.epri.com/research/programs/062333/results/3002018634>.*
- B. **[Farid 2016]**: A. M. Farid, “An engineering systems introduction to axiomatic design,” in *Axiomatic Design in Large Systems: Complex Products, Buildings & Manufacturing Systems* (A. M. Farid and N. P. Suh, eds.), ch. 1, pp. 1–47, Berlin, Heidelberg: Springer, 2016. **Bates p. 168.**
- C. **[Farid 2020]**: Farid, Amro M. Accelerating the Shared Integrated Grid through an eIoT eXtensible Information Model: A Dartmouth-LIINES & EPRI Collaboration. Invited Presentation. Stanford University Digital Grid Series. Stanford, CA. July 15<sup>th</sup> 2020. **p. 189**
- D. **[Faruqi 2020]**: Faruqi, Ahmad, “Refocusing on the Consumer: Utilities need to prepare for the “prosumer” revolution.” *Regulation*. Spring 2020. pp. 20-26. **p. 253**
- E. **[mPrest-2020-1]**: mPrest. Empowering Digital Transformation NOW. New Hampshire’s Statewide Multi-Use Data Platform Initiative, July 2020, **p. 260**
- F. **[mPrest-2020-2]**: Ron Halpern, Chief Commercial Officer, mPrest. Email on “Following up on one of your questions regarding the NH Data Platform – mPrest session.” Aug. 12, 2020. **p. 292**
- G. **[Muhanji-2019]**: S. O. Muhanji, A. E. Flint, and A. M. Farid, eIoT: The Development of the Energy Internet of Things in Energy Infrastructure. Berlin, Heidelberg: Springer, 2019. **p. 294**
- H. **[Muhanji-2020]**: S. O. Muhanji, C. Barrows, J. Macknick, and A. M. Farid, “An Enterprise Control Assessment Case Study of the Energy-Water Nexus for the ISO New England System,” *Renewable and Sustainable Energy Reports*, vol. 1, no. 1, p. 31, 2020. **p. 475**
- I. **[NGrid-2020]**: National Grid Massachusetts System Data Portal User Guide. Nov 2019. **p. 508**
- J. **[LGC-2020-1]**: A. M. Farid, S. Golding, and A. Salas, “DE 19-197 Statewide Multi-Use Online Energy Data Platform Scoping Comment Solicitation,” in New Hampshire Public Utilities Commission Docket 19-197, (Concord, NH), 2020. *Incorporated by reference to Tab 27 in the docket book: [https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-197/LETTERS-MEMOS-TARIFFS/19-197\\_2020-03-11\\_COL\\_SCOPING\\_COMMENTS.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-197/LETTERS-MEMOS-TARIFFS/19-197_2020-03-11_COL_SCOPING_COMMENTS.PDF)*
- K. **[LGC-2020-2]**: A. M. Farid, S. Golding, A. Salas, K. McGhee, C. Below, and P. Martin, “DE 19-197 Statewide Multi-Use Online Energy Data Platform Use Cases Proposed by Local Government Coalition,” in New Hampshire Public Utilities Commission Docket 19-197, (Concord, NH), 2020. *Incorporated by reference to Tab 34 in the docket book: [https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-197/LETTERS-MEMOS-TARIFFS/19-197\\_2020-04-03\\_LGC\\_USE\\_CASES\\_PROPOSALS.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-197/LETTERS-MEMOS-TARIFFS/19-197_2020-04-03_LGC_USE_CASES_PROPOSALS.PDF)*
- L. **[LGC-2020-3]** A. M. Farid, S. Golding, A. Salas, K. McGhee, C. Below, and P. Martin, “DE 19-197 Statewide Multi-Use Online Energy Data Platform **Responses to the Questions Posed by the Utility Coalition** on the Use Cases Proposed by Local Government Coalition,” in New Hampshire Public Utilities Commission Docket 19-197, (Concord, NH), 2020. *Incorporated by reference to Tab 47 in the docket book: [https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-197/LETTERS-MEMOS-TARIFFS/19-197\\_2020-04-03\\_LGC\\_USE\\_CASES\\_PROPOSALS.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-197/LETTERS-MEMOS-TARIFFS/19-197_2020-04-03_LGC_USE_CASES_PROPOSALS.PDF).*

# An Engineering Systems Introduction to Axiomatic Design

Amro M. Farid, *Senior Member, IEEE*,

**Abstract**—Since its first publication in 1978, *Axiomatic Design* has developed to become one of the more commonly applied engineering design theories in the academic literature and industrial practice. In parallel, model-based systems engineering (MBSE) has developed from industrial origins in the aerospace, communications and defense sectors. As the scope of humanity's engineering efforts grows to include ever-more complex engineering systems, the engineering design methodologies that guide these efforts must also develop. These two, now well-established but independently developed, engineering design methodologies now appear well poised to support the synthesis, analysis, and re-synthesis of large complex engineering systems. As the first chapter in this book on the application of *Axiomatic Design* to Large Complex Systems, it introduces the fundamentals of *Axiomatic Design* within the context of engineering systems and as a conceptual foundation for subsequent chapters. It also relates *Axiomatic Design*'s key concepts and terminology to those found in current model-based systems engineering techniques including SysML. The chapter concludes with applications in which *Axiomatic Design* has served to advance the development of engineering systems including quantitative measures of life cycle properties, design of cyber-physical systems, and design of hetero-functional networks.

**Index Terms**—axiomatic design, large fixed engineering systems, large flexible engineering systems, graph theory, life cycle properties, resilience, reconfigurability, systems engineering, model-based systems engineering, system architecture, MBSE

## I. INTRODUCTION

### A. The Evolution of Axiomatic Design

Since its first publication in 1978 [1], *Axiomatic Design* [2], [3] has developed to become one of the more commonly applied engineering design theories in the academic literature and industrial practice [4]. It arose from the need to make the field of design more of a science rather than an art [2], [3]. The originator of *Axiomatic Design*, Prof. Nam P. Suh, believed from his own practical experience as a designer that if design curriculum had a more solid theoretical foundation then a new generation of engineering designers could be trained to make more effective products and systems in less time and at lower cost. Consequently, *Axiomatic Design*'s most distinguishing characteristic is the use of design axioms which guide the designer through the engineering design process. From these axioms, many theorems and corollaries have been subsequently proven [2], [3]. This theoretical foundation facilitated many subsequent academic works in engineering design [5], [6] without diminishing the practical application of

engineering design in industry [4]. In the beginning, *Axiomatic Design* found applications within Suh's home field: mechanical engineering of products [2]. Since then, *Axiomatic Design* has expanded to many other disciplines including software and more generally large complex systems in the 21st century [7]–[9]. This successful expansion into new design applications of ever larger system scale has suggested a degree of universality to *Axiomatic Design* as a theory.

### B. The Evolution of Model-Based Systems Engineering

Meanwhile, the modern systems engineering field developed methodologically from industrial origins in the aerospace, communications, and defense sectors [11].

**Definition 1.** Systems Engineering [12]: An interdisciplinary approach and means to enable the realization of successful systems. It focuses on defining customer needs and required functionality early in the development cycle, documenting requirements, and then proceeding with design synthesis and system validation while considering the complete problem: operations, cost and schedule, performance, training and support, test, manufacturing, and disposal. SE considers both the business and the technical needs of all customers with the goal of providing a quality product that meets the user needs.

Here, the focus is on complex product and systems where many teams of engineers have to integrate their efforts on complex products from first conception to final decommissioning (i.e. "birth to death") [12]. To support this emerging field, the International Council on Systems Engineering (INCOSE) was founded as a professional organization to develop and disseminate the practice of systems engineering [13]. Consequently, many academic departments were founded [13] and along with several archival journals [14], [15]. INCOSE has also sought to standardize systems engineering knowledge to improve communication and "interoperability" between practitioners [11], [12].

One important aspect of this activity has been the trend towards model-based systems engineering.

**Definition 2.** Model-based systems engineering (MBSE) [12]: the formalized application of modeling to support system requirements, design, analysis, verification and validation activities beginning in the conceptual design phase and continuing throughout development and later life cycle phases.

While Wayne Wymore is often credited with introducing a mathematical foundation for MBSE [16], much of its development arose only recently from the need to manage system complexity as physical systems integrated more and

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TABLE I  
A CLASSIFICATION OF ENGINEERING SYSTEMS BY FUNCTION AND OPERAND [10]

Function/Operand	Living Organisms	Matter	Energy	Information	Money
<b>Transform</b>	Hospital	Blast Furnace	Engine, electric motor	Analytic engine, calculator	Bureau of Printing & Engraving
<b>Transport</b>	Car, Airplane, Train	Truck, train, car, airplane	Electricity grid	Cables, radio, telephone, and internet	Banking Fedwire and Swift transfer systems
<b>Store</b>	Farm, Apartment Complex	Warehouse	Battery, flywheel, capacitor	Magnetic tape & disk, book	U.S. Bullion Repository (Fort Knox)
<b>Exchange</b>	Cattle auction, (illegal) human trafficking	eBay trading system	Energy market	World Wide Web, Wikipedia	London Stock Exchange
<b>Control</b>	U.S. Constitution & laws	National Highway Traffic Administration	Nuclear Regulatory Commission	Internet engineering task force	United States Federal Reserve

more control, automation, and information technology [17]. It may be viewed as a trend away from a “document-centric approach” to systems engineering towards a “model-centric” approach integrated into all systems engineering processes [17]. At the heart of this initiative has been the development of several modeling standards, most notably the Systems Modeling Language (SysML) [18], [19]. While these are primarily graphical in nature, they directly support the integration of quantitative models.

### C. The Emergence of Engineering Systems

The maturation of Axiomatic Design and MBSE as engineering design methodologies and theories into the arena of large complex systems is timely. In the 20<sup>th</sup> century, individual technology products like the generator, telephone, and automobile were connected to form many of the large scale infrastructure networks we know today: the power grid, the communication infrastructure, and the transportation system [10]. Over time, these networked systems developed even more interactions while continuing to incorporate many new technology artifacts (e.g. renewable energy, smart phones, & electric vehicles). Naturally, this meant greater complexity, not just because of the greater interaction within these systems, but also because of the presence of an expanding heterogeneity of functionality. Furthermore, these already large scale, complex, network systems began to develop interactions between themselves in what is now called *systems-of-systems* [20], [21]. The “smart grid” [22], the energy-water nexus [23], the electrification of transport [24] are all good examples where one network system has fused with another to form a new and much more capable system. This trend is only set to continue. The energy-water-food nexus [25] fuses three such systems and the recent interest in smart cities [26] provides a platform upon which to integrate all of these efforts. This work classifies such systems as engineering systems:

**Definition 3.** Engineering system [10]: A class of systems characterized by a high degree of technical complexity, social intricacy, and elaborate processes, aimed at fulfilling important functions in society.

As engineering systems have evolved so too must the role of the engineer within them [10]. The scope of engineering systems, and in particular systems-of-systems, often spans the traditional borders of individual engineering disciplines (e.g.

mechanical, electrical, civil, chemical). Furthermore, as engineering systems become ever more ubiquitous and intertwined with daily life the requirements that they must fulfill also grow and diversify. Therefore, engineering systems should not be viewed in terms of cost and quality of function alone but also include a full taxonomy of system requirements (See Figure 4). These “requirements” are not just of the traditional type where a single client contractually expects specific line items from the engineer; rather in engineering systems requirements also take the form of policies, regulations, and standards where engineers are one of many public and private stakeholders that help to shape the planning and operation of the engineering system in the present and the future [10]. Engineering design methodologies and theories, at their current stage of development, and when interpreted formally and strictly, are likely inadequate for engineering systems. However, they are likely to provide the mental constructs and models that may serve as foundations for coherent methodological developments.

### D. Classification and Characterization of Engineering Systems

The challenge of developing consistent methodological foundations for engineering systems is formidable. Consider the engineering systems taxonomy presented in Table I [10]. It classifies engineering systems by five generic functions that fulfill human needs: 1.) transform 2.) transport 3.) store, 4.) exchange, and 5.) control. On another axis, it classifies them by their operands: 1.) living organisms (including people), 2.) matter, 3.) energy, 4.) information, 5.) money. This classification presents a broad array of engineering domains that must be consistently treated. Furthermore, these engineering systems are at various stages of development and will continue to do so for decades, if not centuries. And so the field of engineering systems must equally support design synthesis, analysis, and re-synthesis while supporting innovation; be it incremental or disruptive. Axiomatic Design and MBSE present themselves as promising engineering design methodologies and theories with the flexibility to address the breadth of different engineering systems.

### E. Methodological Challenges in Engineering Systems

Across the broad array of engineering systems applications, several important and recurring themes have emerged

as methodological challenges. One of these is the required attention to life cycle properties or “ilities” [10].

**Definition 4.** Life Cycle Properties (“ilities”) [10]: Desired properties of systems, such as flexibility or maintainability (usually but not always ending in “ility”), that often manifest themselves after a system has been put to its initial use. These properties are not the primary functional requirements of a system’s performance, but typically concern wider system impacts with respect to time and stakeholders than are embodied in those primary functional requirements. The “ilities” do not include factors that are always present, including size and weight (even if these are described using a word that ends in “ility”).

Life cycle properties usually have an emergent nature that can not be predicted from individual system components. Therefore, understanding the factors that enable these properties is fundamental to engineering systems as they develop over many years.

A second engineering systems challenge is in their cyber-physical nature [10], [11]. Engineering systems, as expected, are largely physical in order to realize their important primary function. In the meantime, by virtue of their size and complexity, they require many decision-making components be they human or automated control. Designing, planning, and controlling such large-scale cyber-physical systems goes well-beyond traditional control theory research. It now includes more fundamental questions that balance centralization vs distribution, automation vs human decisions, and authority versus cooperative negotiation bounded within a context of human stakeholders and actors.

Finally, a third engineering systems challenge is managing the integration of hetero-functional systems-of-systems. As mentioned in Section I-C, well-known engineering systems such as those that deliver electricity, information, natural gas, water, transportation, and healthcare are fusing [10], [27]. In the meantime, engineering education remains organized into departments along these well-established and often self-reinforcing silos [10]. Very few universities prepare engineers to span two or more integrated engineering systems; even fewer do so while addressing the fundamental questions into life cycle properties and cyber-physical systems. Efforts to address these three challenges requires a methodological base founded within engineering design methodologies and theories such as Axiomatic Design and MBSE.

#### F. Contribution

As the first chapter in this book on the application of Axiomatic Design to large complex systems, it seeks to introduce the fundamentals of Axiomatic Design as a conceptual foundation for subsequent chapters. These include complex products, buildings, and manufacturing systems. As a group, they contain many of the same challenges found in other application domains for systems research. Therefore, the chapter also seeks to relate Axiomatic Design’s key concepts to those found in current MBSE techniques including SysML. As the discussion is of an introductory nature, the chapter draws heavily from several well established texts in Axiomatic Design

[2], [3], MBSE [18], [19], [28], [29], and engineering systems [10]. It, also, seeks to clarify nuances within and between these texts that can cause confusion or misinterpretation. Finally, the chapter returns to the engineering systems discussion provided in this introduction. It concludes with directions in which Axiomatic Design has served to address the methodological challenges facing engineering systems today.

#### G. Chapter Outline

The remainder of the chapter proceeds as follows. Section II introduces Axiomatic Design and its relationship to MBSE in terms of four domains of engineering design: stakeholder requirements, functional architecture, physical architecture, and process domains. Next, Section III focuses specifically on the design synthesis and analysis of the allocated architecture as the mapping between the functional and physical architectures. Next, Section IV discusses the relationship between these domains with a focus on Axiomatic Design’s Independence & Information Axioms. Section V goes on to address how Axiomatic Design manages the complexity of systems via a dual functional and physical system hierarchy. Section VI then highlights potential applications of Axiomatic Design in the development of engineering systems. The chapter is brought to a close in Section VII.

## II. FOUR DOMAINS IN THE ENGINEERING DESIGN OF SYSTEMS

From an Axiomatic Design perspective, the engineering design of systems consists of four domains. They are defined here as follows drawing upon consistent definitions from both the MBSE and Axiomatic Design literature.

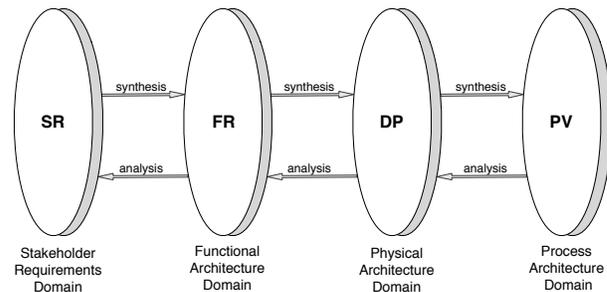


Fig. 1. Four Domains in the Engineering Design of Systems – An Axiomatic Design Perspective (Adapted from [3])

**Definition 5.** Stakeholder Requirements Domain [18]: a collection of statements that describe the system properties and behaviors that all stakeholders need to be met.

**Definition 6.** Functional Architecture Domain [28] – a logical model of a functional decomposition plus the flow of inputs and outputs to which input/output requirements have been traced. It constitutes the system behavior or function.

**Definition 7.** Physical Architecture Domain [28], [30] – the components of a system and the relationships amongst them. It constitutes the system form.

**Definition 8.** Process Architecture Domain [3]: the set of processes and their relationships that characterize how the physical architecture is generated or produced.

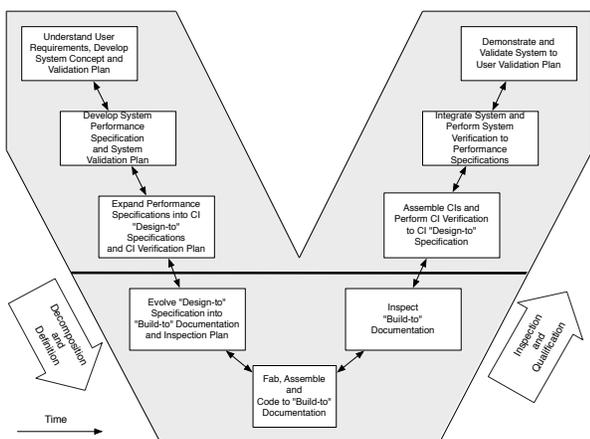


Fig. 2. Traditional Top Down Systems Engineering “Vee”(Adapted From [28], [31])

These four domains are sequentially mapped one onto the next as shown in Figure 1. Motion from left to right represents an engineer’s synthesis activity from “what needs to be achieved” to “how it is to be achieved” [3]. Motion from right to left represents an engineer’s analysis activity which supports validation and verification. The first three of these domains are consonant with the ‘vee’ in traditional top-down systems engineering depicted in Figure 2 [28], [31]. Figure 1’s synthesis path is consonant with Figure 2’s left half describing decomposition and definition. Meanwhile, Figure 1’s analysis path is consonant with Figure 2’s right half describing integration and qualification. Furthermore, Figure 3 shows that the SysML language supports the engineering design domains with three classes of diagrams: requirements, behavior, and structure. Each of these domains is now described in turn.

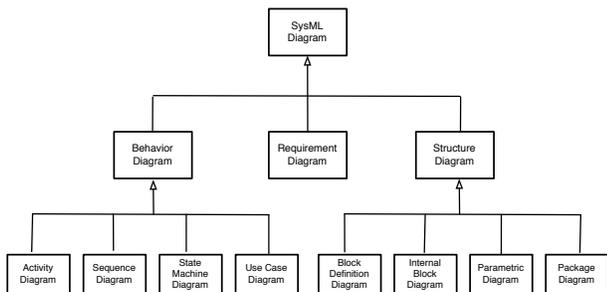


Fig. 3. Taxonomy of SysML Diagrams (Adapted From [18], [19])

A. Stakeholder Requirements Domain

In Axiomatic Design, the stakeholder requirements domain is more often called the customer domain in recognition of AD’s roots in the engineering design of products with customers as sole stakeholders. The elements of the domain are called customer needs CN [3]. Here, the term stakeholder requirements domain is used instead to address engineering systems’ multiple stakeholders. Similarly, the domain is populated with stakeholder requirements SR [28].

**Definition 9.** Stakeholder Requirements [28]: Statements by the stakeholders about the system’s capabilities that define the constraints and performance parameters within which the system is to be designed. These stakeholders’ requirements focus on the boundary of the system in the context of these mission

requirements, are written in the stakeholders’ language, are produced in conjunction with the stakeholders of the system, and are based upon the operational needs of these stakeholders.

The main challenge with the stakeholder requirements domain is that the “voice” of the stakeholder is not that of the engineer. Therefore, the engineer must work with all stakeholders to determine a complete set of stakeholder requirements [3], [28]. These are then used to “translate” and derive a set of system requirements SR in an engineering language.

**Definition 10.** System Requirements [28]: A translation (or derivation) of the originating requirements into engineering terminology.

This requirements engineering process is usually completed before the rest of the synthesis path in Figure 1 can continue. That said, subsystem and component requirements may be derived at a later stage to support internal delegation or external subcontracting [28]. The interested reader is referred to several dedicated texts on requirements engineering [32]–[35]. Buede provides a relatively concise treatment that consists of seven steps [28]:

- 1) Develop the operational concept
- 2) Define the system boundary
- 3) Develop the system objectives hierarchy
- 4) Develop, analyze, and refine requirements (stakeholders’ and system)
- 5) Ensure requirements feasibility
- 6) Define the qualification system requirements
- 7) Obtain approval of system documentation

**Definition 11.** Operational Concept [28]: A vision for what the system is (in general terms), a statement of mission requirements, and a description of how the system will be used. The shared vision is based on the perspective of the system’s stakeholders of how the system will be developed, produced, deployed, trained, operated and maintained, refined, and retired to overcome some operational problem and achieve the stakeholders’ operational needs and objectives. The mission requirements are stated in terms of measures of effectiveness. The operational concept includes a collection of scenarios (one or more for each group of stakeholders in each relevant phase of the system’s life cycle).

**Definition 12.** Objectives Hierarchy [28]: A hierarchy of objectives that are important to the system’s stakeholders in a value sense; that is, the stakeholders would (should) be willing to pay to obtain increased performance (or decreased cost) in any one of these objectives. It is also the definition of the natural subsets of the fundamental objective into a collection of performance requirements.

Stakeholder and system requirements may be classified as shown in Figure 4. Using a requirements classification structure serves to organize requirements (especially in large systems) so as to avoid conflicts and/or duplication. The system requirements include the functional requirements as a subset and appear later in the functional architecture domain (Section II-B). Note that in Axiomatic Design, this requirements taxonomy is traditionally reduced to customer

needs **CN**, functional requirements **FR**, and constraints **C**. More recently, Thompson adds non-functional requirements **nFR**, selection criteria **SC**, and optimization criteria **OC** to the taxonomy [36] and highlights common errors in their misclassification [37].

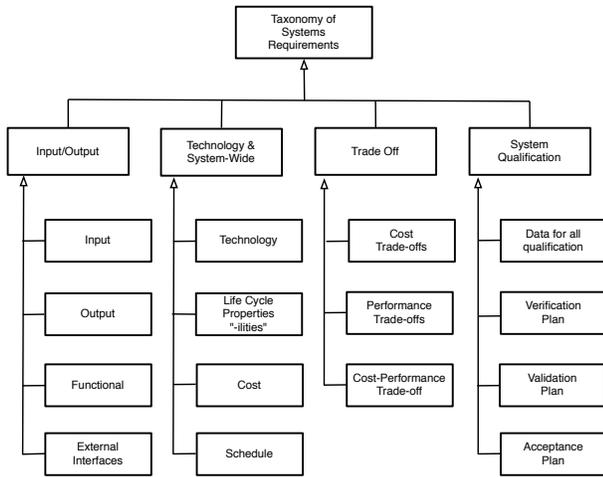


Fig. 4. Requirements Classification in Model Based Systems Engineering (Derived from [28])

Requirements engineering documentation is well supported by the requirements diagram in SysML [18] (See Figure 5). Derived requirements serve during the synthesis path as the primary relationship within the requirements domain up to and including the functional requirements. This is similar to the "House of Quality" in Quality Function Deployment methodologies [38]–[40]. During the analysis path, the "verified relationship" links requirements to functions (in test cases) and the "satisfied relationship" links requirements to components.

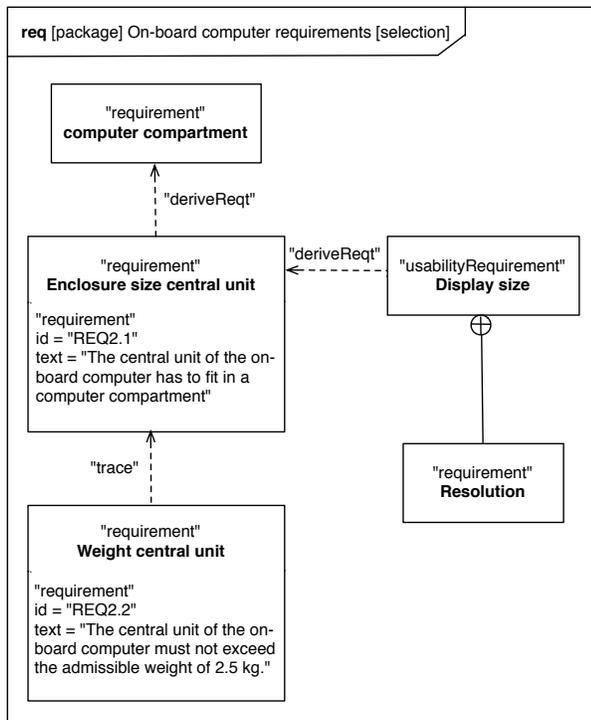


Fig. 5. An Example Requirements Diagram in SysML

As expected, the stakeholder requirements domain is primarily described in text with some numerical specifications. It is only after several steps of engineering synthesis and modeling can more mathematical treatments begin to be applied.

**B. Functional Architecture Domain**

Most engineering design methodologies and theories include some form of functional architecture domain [4], [29]. As shown in Figure 6, it consists of functions that are arranged in serial or in parallel and may be nested into hierarchies. As described in Section I-D, these functions may transform, transport, store, exchange or control their operands which in turn may be classified as material, energy, information, money, or people [10]. By convention, each function is defined as a transitive verb stated in the third person singular followed by its associated object/operand. It must also be defined in a solution-neutral way that doesn't presuppose the technologies within the physical architecture [3], [28].

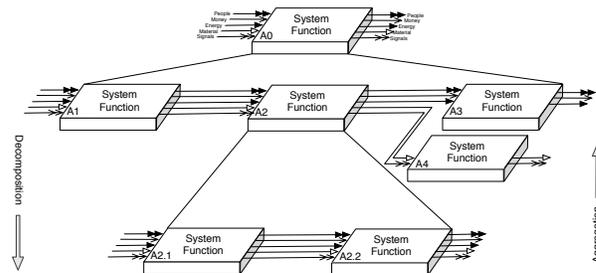


Fig. 6. A Functional Architecture with Parallel, Serial, and Nested Interactions

There is considerable variation in nomenclature across the Axiomatic Design and MBSE literature in regards to the elements of functional architecture domain. Generically, they are called functions. In Axiomatic Design, the functions are instead called *functional requirements*. Both of these conventions are used in this chapter. The AD convention serves several logical purposes. First, it emphasizes that what the system must do, its system function, is not defined in a vacuum but rather is the logical consequence of the stakeholder requirements identified previously. Second, it recognizes that functional requirements viewed at a high level are just as binding as when they are decomposed to a lower level. Third, in not distinguishing between a functional requirement and a function, Axiomatic Design is not distinguishing between what the system must do and what the system does (as designed). After all, they should be the same. In contrast, Buede considers that functional requirements have a dual purpose: first as a subclass of the system requirements and second as (only) the top level of the functional architecture [28]. This serves to link the two domains with common elements but distinguish between functional requirements and the rest of the system functionality. To complicate matters, the term "process" is sometimes used in place of function in MBSE [10], [27], [29], [41], [42]. While this practice is common, it ultimately confuses the differences between the functional architecture domain and the process architecture domain in the Axiomatic Design framework in Figure 1.

Generation of the functional architecture is very much a synthetic – “forward-engineering” – activity. In order to be successful, it requires that the set of functions be mutually exclusive and collectively exhaustive [3]. There is a general consensus in engineering design that overlapping system functions will cause downstream design errors [3], [28]. Meanwhile, generating an exhaustive set of functions begins from the previously defined operational concept and high level functional requirements [28]. Several notable functionality templates have been developed over the years to spur designer creativity and prevent unintentional omission of functionality [43]–[45]. Again, the identification of solution-neutral functions supports maximally innovative physical designs downstream [3].

That said, it is not uncommon to generate the functional architecture as an analytical – “reverse-engineering” activity. Often, in an engineering systems context, a part or a whole of the system has already been built [10] and the development of the functional architecture is required to determine how “evolve” the system to stage of development. Furthermore, well-known functions have tried-and-true physical solutions which may be reimplemented successfully as part of design patterns or in novel configurations. It is often unnecessary to “reinvent the wheel”. Therefore, using a reverse engineering analytical mindset, functions can be identified as an abstraction of existing components in the physical architecture. For example, I-beams in buildings support weight, and railways transport trains. In reality, however, the functional architecture, at its multiple levels of decomposition, must be developed in parallel with the physical architecture via the allocated architecture [3], [28] and will be discussed in detail from an Axiomatic Design perspective over several sections.

The development of the functional architecture is well supported in SysML [18], [19]. As shown in Figure 3, this includes four diagrams that provide complementary views of the overall system behavior at different levels of engineering design detail. These include activity, state machine, use case, and sequence diagrams. While all of these are useful in detailed design, the first three have common applications in conceptual design prior to the synthesis of the physical architecture. These include:

- **Activity diagrams** – support general purpose functional-modeling that closely resemble Figure 6. Functions in this diagram are called actions.
- **State machine diagrams** – support the organization of functionalities into modes of operation. Functions in this diagram are implicit to what happens during a particular operating state.
- **Use case diagrams** – support the interactions with external entities such as people and organizations. Functions in this diagram are called use cases.

While each of these diagrams have formal semantics, their appropriate use is often daunting for novice systems engineers beginning a conceptual design. As a partial alternative, the object process methodology supports system function models in a manner that resembles simplified activity diagrams [41], [42]. In both models, it is important to distinguish the flow of power from the other types of operands. This is because the

directionality of power flow does not fully coincide with the direction of *dynamic causality* [46]. For example, a voltage source will impose a voltage on downstream functions (e.g. loads) but they in return (e.g. by their impedance) will impose the required current.

The functional architecture domain also very much lends itself to mathematical description. From a static perspective, functional elements (at any given level of abstraction) can be organized into a directed graph and its associated adjacency matrix [47]. Alternatively, adjacency matrices have been called “ $N^2$ ” diagrams or design structure matrices within the engineering systems literature [48].

**Definition 13. Directed Graph (digraph)** [47]:  $D$ , consists of a collection nodes  $B$ , and a collection of arcs  $E$ , for which we write  $D = (B, E)$ . Each arc  $e = \langle b_1, b_2 \rangle$ , is said to join node  $b_1 \in B$  to another (not necessarily distinct) node  $b_2$ . Vertex  $b_1$  is called the tail of  $e$ , whereas  $b_2$  is its head.

**Definition 14. Adjacency matrix** [47]:  $A$ , is binary and of size  $\sigma(B) \times \sigma(B)$  and its elements are given by:

$$A(y_1, y_2) = \begin{cases} 1 & \text{if } \langle b_{y_1}, b_{y_2} \rangle \text{ exists} \\ 0 & \text{otherwise} \end{cases} \quad (1)$$

where the  $\sigma()$  gives the size of a set.

Here, the functions would represent the nodes and would be interconnected with the lines found in activity diagrams.

**Example 1.** Consider the second level of abstraction of the functional architecture in Figure 6 as a directed graph. It’s (functional architecture) adjacency matrix is

$$A_f = \begin{bmatrix} 0 & 1 & 0 & 0 \\ 0 & 0 & 1 & 1 \\ 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 \end{bmatrix} \quad (2)$$

From a dynamic perspective, and perhaps one of the central tasks in traditional engineering effort, functional elements can be replaced by their mathematical function equivalents called device models. Given inputs  $\mathbf{U}$ , outputs  $\mathbf{Y}$ , and state variables  $\mathbf{X}$ , device models with algebraic equations take the form  $\mathbf{Y} = g(\mathbf{X}, \mathbf{U})$ . Device models with differential equations take the form  $\dot{\mathbf{X}} = f(\mathbf{X}, \mathbf{U})$  where the output  $\mathbf{Y}$  is algebraically related to the states and inputs  $\mathbf{Y} = g(\mathbf{X}, \mathbf{U})$  [49]. Device models with difference equations take the form  $\mathbf{X}_k = f(\mathbf{X}_k, \mathbf{U}_k)$  where the output  $\mathbf{Y}_k$  is algebraically related to the states and inputs  $\mathbf{Y} = g(\mathbf{X}_k, \mathbf{U}_k)$  [50]. These device models are then aggregated via the functional architecture and may then be simulated to quantitatively understand aggregate *system behavior* and overall system performance.

### C. Physical Architecture Domain

The physical architecture domain embodies the engineering system and is made up of mutually connected components. Again, there is considerable variation in nomenclature across the Axiomatic Design and MBSE literature in regards to the elements of the physical architecture domain. Generically, they are called components which may be aggregated into modules,

resources, and subsystems. Furthermore, they may be characterized by attributes such as size, shape, color. In Axiomatic Design, both attributes and their associated components at any level of aggregation are called design parameters **DP**. The rationale for the AD convention is discussed later in Section IV. Both of these conventions are used in this chapter.

In traditional top-down systems engineering and Axiomatic Design, the generation of the physical architecture proceeds as a synthesis activity in concert with the allocated architecture [3], [28] to be discussed in Section III. In contrast, bottom-up design methodologies generate the physical architecture as an analytic activity pre-supposing the set of components and their associated technologies [28].

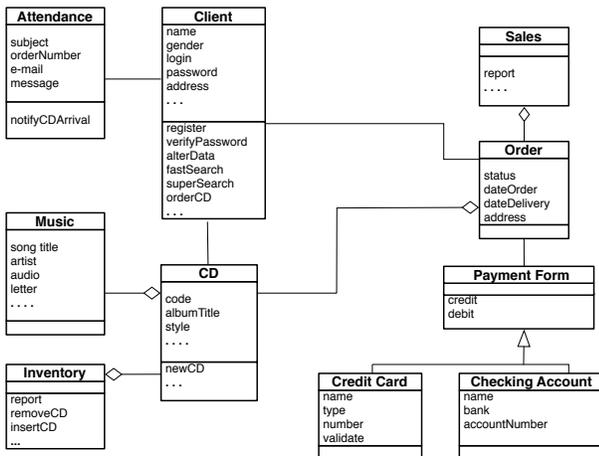


Fig. 7. An Example SysML Block Definition Diagram (Adapted from X)

The development of the physical architecture is well supported in SysML [18], [19]. As shown in Figure 3, this includes four diagrams that provide complementary views of the overall system structure at different levels of engineering design detail. These include the block definition, internal block, parametric, and package diagrams. While all of these are useful in detailed design, the block definition diagram is most often applied in conceptual design before detailed analytical equations are available. Figure 7 shows an example SysML block diagram which include many of the system thinking concepts related the conceptual design of physical architecture. Association links represent interconnected components. They would ultimately realize function output as material, energy, information, people or money. Composition links represent whole-part relationships. Classification links represent generalization-specialization relationships. It is important to note that the SysML block definition diagram either models the generic or the instantiated physical architecture but not both at the same time.

**Definition 15.** Generic Physical Architecture [28]: A description of the partitioned elements of the physical architecture without any specification of the performance characteristics of the physical resources that comprise each element.

**Definition 16.** Instantiated Physical Architecture [28]: A generic physical architecture to which complete definitions of the performance characteristics of the resources have been added (including the number of each type of resource).

For example, a block definition diagram can represent generic relationships between roles in an organization chart or they can instantiate those roles to the specific people that hold them. In the precursor to SysML, the UML 2.0 specification reserved class diagrams for the generic physical architecture and the object diagram for the instantiated physical architecture [51].

Much like the functional architecture domain, the physical architecture domain also lends itself to mathematical description. From a static perspective, physical elements (at any given level of abstraction) can be organized into a directed graph and its associated adjacency matrix [47].

**Example 2.** Consider the second level of abstraction of the functional architecture in Figure 7 as a graph. It's (physical architecture) adjacency matrix is

$$A_p = \begin{bmatrix} 0 & 1 & 0 & 0 \\ 0 & 0 & 1 & 1 \\ 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 \end{bmatrix} \quad (3)$$

From a dynamic perspective, the evolution of a physical architecture remains a subject of cutting edge research.

#### D. Process Architecture Domain

Recalling Definition 8, the process architecture domain is composed of the set of processes and their relationships that characterize how the physical architecture is to be produced. In many ways, it strongly resembles the functional architecture domain [52]. Each process is defined as a transitive verb stated in third person singular followed by its associated object/operand. Indeed, recent work on the Axiomatic Design of manufacturing systems (independent of the products that they produce) treats manufacturing processes as elements of the manufacturing system's functional architecture domain [53]–[55]. Therefore, there is significant similarity in how the two domains are modeled in general as well as in SysML.

Despite the similarities between the two domains, their respective roles in MBSE and Axiomatic Design are fundamentally different. In Axiomatic Design, as shown in Figure 1, the process domain occurs as a synthesis *after* the physical architecture has been developed. In contrast, MBSE does not explicitly treat downstream “manufacturability” as a fourth domain. It is possible to include manufacturing requirements and constraints as part of the requirements engineering process in the stakeholder requirements domain. However, such an approach assumes that the physical architecture, its required manufacturing processes, and the stakeholders that own them are already known to some degree in advance.

#### E. Multi-Domain Mapping in the Engineering Design of System

With Axiomatic Design's four domains introduced, it becomes clear that the engineering design of large systems is particularly complex. As shown in Figures 1 and 2, not only must engineers proceed sequentially from one domain to the next to synthesize the system, they must also retrace those steps backwards to analytically validate and verify the original

intent of synthesis. This is a tremendous task of information management and requires the three activities identified in Table II.

TABLE II  
INFORMATION MANAGEMENT TASKS IN THE ENGINEERING DESIGN OF SYSTEMS

- **Element Information:** All of the elements in all of the domains must be systematically identified.
- **Intra-Domain Information:** The links between elements within a given domain must be systematically identified.
- **Inter-Domain Information:** The links between elements across two domains must be systematically identified.

In order to conceptualize this undertaking, graph theory again proves to be useful. The literature has proposed the engineering systems matrix (ESM) (Figure 8) as a form of multi-domain matrix [56], [57]. In addition to the four domains

	System Drivers	Stakeholders	Stakeholder Requirements	Functions	Components	Processes
System Drivers	System Drivers X System Drivers	Stakeholders X System Drivers	Requirements X System Drivers	Functions X System Drivers	Components X System Drivers	Processes X System Drivers
Stakeholders	System Drivers X Stakeholders	Stakeholders X Stakeholders	Requirements X Stakeholders	Functions X Stakeholders	Components X Stakeholders	Processes X Stakeholders
Stakeholder Requirements	System Drivers X Requirements	Stakeholders X Requirements	Requirements X Requirements	Functions X Requirements	Components X Requirements	Processes X Requirements
Functions	System Drivers X Functions	Stakeholders X Functions	Requirements X Functions	Functions X Functions	Components X Functions	Processes X Functions
Components	System Drivers X Components	Stakeholders X Components	Requirements X Components	Functions X Components	Components X Components	Processes X Components
Processes	System Drivers X Processes	Stakeholders X Processes	Requirements X Processes	Functions X Processes	Components X Processes	Processes X Processes

Fig. 8. Engineering Systems Multiple-Domain Matrix [28], [31] of engineering in Figure 1, it adds the system drivers domain and the stakeholder domain.

**Definition 17.** System Drivers Domain [56], [57]: A representation of the non-human portion of the environmental domain and are composed of the set of all non-human components that act or are acted on by the system. The system drivers can include the economic, political, and technical influences that constrain, enable, or alter the characteristic of components in the system

**Definition 18.** Stakeholder Domain [56], [57]: A social network of stakeholders in an engineering system which may be classified as external or internal. The external stakeholders constitute the remaining portion of the environmental domain and consist of the human entities that affect or are affected by the system but that do not control components within the system boundary. Likewise, internal stakeholders are the human entities that contribute to the goals of the system and control components within the system.

This addition serves to recognize that an engineering system exists within a context in which multiple system drivers are influencing its conception, planning, and operation. It also recognizes the presence of multiple stakeholders which may indeed pose conflicting or misaligned stakeholder requirements. The elements of these six domains combined essentially form the nodes of the underlying engineering systems graph.

The non-zero elements of the engineering systems matrix indicate the presence of links between them; be they within a given domain or across multiple domains. The engineering systems matrix in Figure 8 is naturally highly sparse but it nevertheless serves as a tool to manage the information highlighted in Table II. Finally, it is important to recognize that the engineering systems matrix can be viewed as “snapshots” in time; either as the system is designed, or as it is operated.

From the lens of the engineering systems matrix, Figure 1 now appears highly structured. It addresses the bottom four blocks of the main block diagonal. Its mappings address their first off-block diagonals immediately above and below the main block diagonal. The other interactions are intentionally omitted so as to avoid needless complexity in the engineering design process. In other words, an engineering design process that specifically eliminates needless interactions is one that can allow the system to be designed, planned, and operated more efficiently.

### III. THE ALLOCATED ARCHITECTURE: DESIGN SYNTHESIS & ANALYSIS

Much of the focus of Axiomatic Design has gone specifically to the mapping between the functional and the physical domains [3]. In MBSE, this is often called the allocated architecture [28].

**Definition 19.** Allocated Architecture [28]: A complete description of the system design, including the functional architecture allocated to the physical architecture; derived input/output; technology, system-wide, trade-off, and qualification requirements for each component; an interface architecture that has been integrated as one of the components; and complete documentation of the design and major design decisions.

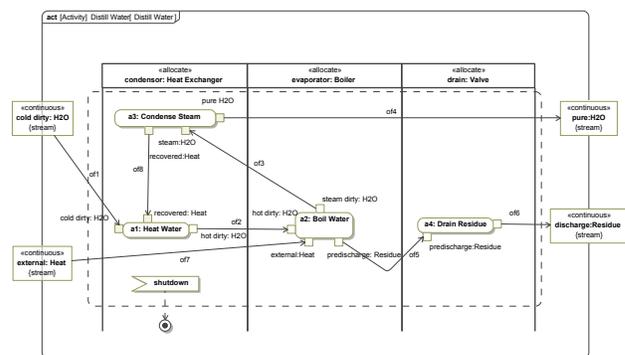


Fig. 9. Example: System Processes, Resources & Allocation [?]

There are several ways to model the allocated architecture in model based systems engineering. Two of these are described here. The first has already been shown in Figure 7 where a method can be executed as a function allocated to a given class. For example, “verify password” is such a method for the “Client” class. The second approach is shown in Figure 9. Here, an activity diagram has been partitioned into “swim lanes” so that a given action is allocated to the physical component that executes it. In such a way, the functional and physical architecture domains are closely tied.

While the other activities in the engineering design of systems are certainly not to be neglected, there are several reasons for Axiomatic Design’s specific focus on the allocated architecture. First, the allocation of function to form represents in engineering design the “*the moment of synthesized embodiment*”. In other words, prior to that moment, the design only had a set of functional requirements but afterwards, the design now includes a set of physical elements or design parameters **DP** that now describe a physically embodied way to achieve these functions. Second, this allocation of form to function is done *quantitatively* (rather than graphically) to the level of mathematical detail that is available at the time. Third, the nature of this allocation, as later sections describe ultimately drive many aspects of an engineering system including its life cycle properties. The successful transition from the functional to the physical domain requires effective design synthesis and analysis.

**A. Design Synthesis**

Engineering discussions on design synthesis are often neglected. Casually speaking, a designer’s “creativity” is engaged and “voila” innovation happens! However, a rigorous understanding of design synthesis must root itself into the formal foundations of philosophy, logic, and linguistics. After all, it is a process which brings a *system model*  $\mathcal{M}$  into being from the mind(s) of its designer(s). In this regard, the Ullmann triangle [58] shown in Figure 10 proves to be a useful construct. It derives from fundamental works [59], [60] upon which much of modern linguistics is based. In the left-hand triangle, a *domain conceptualization*  $\mathcal{C}$  is an immaterial entity that only exists in the mind of a community of users of a *language*  $\mathcal{L}$  [61]. As such, it is a mental abstraction of a *real domain*  $\mathcal{D}$  (i.e. as it is observed in the natural sciences) [61]. Furthermore, the language  $\mathcal{L}$  is composed of set of modeling primitives which collectively represent the domain conceptualization  $\mathcal{C}$  [61]. The right-hand triangle instantiates the one the left. The abstraction  $\mathcal{A}$  is an instance of the domain conceptualization  $\mathcal{C}$  [61], and now abstracts a system model  $\mathcal{M}$  as the output of a design process. Such a process is not direct. It must return to the domain conceptualization  $\mathcal{C}$  its representing language  $\mathcal{L}$  and its associated modeling primitives. The system model  $\mathcal{M}$  then follows as an instance of the language  $\mathcal{L}$ .

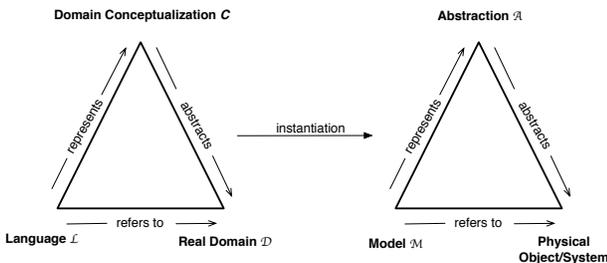


Fig. 10. The Role of the Ullman Triangle in Design Synthesis

One practical challenge in the engineering systems field is that modeling primitives are domain specific. For example, the topic of motion in machine design is often treated with primitives like linkages, cams, and gear trains [62]. Similarly, the design of dynamic systems across multiple energy domains

has lead to primitives such as generalized capacitors, inductors, resistors, transformers, and gyrators [46]. In business dynamics, stocks and flows are often used as primitives [63]. More broadly, the engineering systems literature has recently developed simple but encompassing taxonomies of function and form [10]. The object process modeling language, as the name suggests, uses objects and processes as primitives [42].

In all cases, the *domain appropriateness* and *comprehensibility* of a language can be formally assessed. Guizzardi writes [61]: “In order for a model  $\mathcal{M}$  to faithfully represent an abstraction  $\mathcal{A}$ , the modeling primitives of the language  $\mathcal{L}$  used to produce  $\mathcal{M}$  should faithfully represent the domain conceptualization  $\mathcal{C}$  used to articulate the represented abstraction  $\mathcal{A}$ ”. A formal assessment of a language  $\mathcal{L}$  yields the properties of *soundness*, *completeness*, *lucidity*, and *laconicity* which are graphically depicted in Figure 11 and formally defined [64].

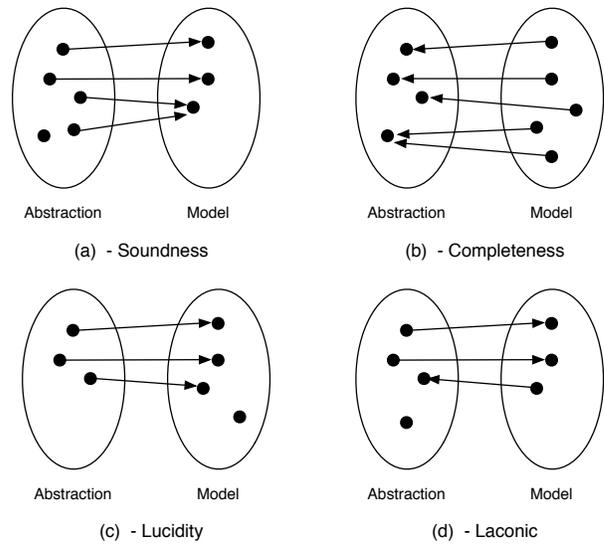


Fig. 11. Graph Theoretical Representation of Mapping between a Model and its Abstraction: (a) Soundness (b) Completeness (c) Lucidity (d) Laconicity [64].

**Definition 20.** Soundness [64]: A language  $\mathcal{L}$  is sound w.r.t. to a domain  $\mathcal{D}$  iff every modeling primitive in the language has an interpretation in the domain abstraction  $\mathcal{A}$ .

**Definition 21.** Completeness [64]: A language  $\mathcal{L}$  is complete w.r.t. to a domain  $\mathcal{D}$  iff every concept in the domain abstraction  $\mathcal{A}$  of that domain is represented in a modeling primitive of that language

**Definition 22.** Lucidity [64]: A language  $\mathcal{L}$  is lucid w.r.t. to a domain  $\mathcal{D}$  iff every modeling primitive in the language represents at most one domain concept in  $\mathcal{A}$ .

**Definition 23.** Laconicity [64]: A language  $\mathcal{L}$  is laconic w.r.t. to a domain  $\mathcal{D}$  iff every concept in the abstraction  $\mathcal{A}$  of that domain is represented at most once in the model of that language.

The absence of these properties violate conversational maxims that assume thought is “relevant, clear, unambiguous, brief, not overly informative, and true” [65]. Interestingly, UML [66] has been assessed relatively positively in the context of Figures 10 and 11 [61]. Perhaps, this result may serve to provide a

theoretical reason for the successful adoption of SysML/UML as an integral part of design synthesis in MBSE.

While the process of conceptualization in Figure 10 is necessary to define design synthesis, it is ultimately insufficient. After all, it must be reconciled with the constrained mapping presented in Figure 1. To this end, the term synthesis may be defined in its philosophical sense.

**Definition 24.** Synthesis [67]: the third stage of argument in a dialectic which reconciles the mutually contradictory first two propositions of thesis and antithesis.

Therefore, design synthesis can be defined as:

**Definition 25.** Design Synthesis: a synthesis process which reconciles the conceptualization of a set of design parameter primitives  $\mathbb{DP}$  (as a thesis) with the satisfaction of a set of functional requirements  $\mathbf{FR}$  (as an antithesis). Mathematically,

$$\mathbf{DP} = f_s(\mathbf{FR}, \mathcal{DP}) \quad (4)$$

Furthermore, it is understood that these design parameter primitives are domain appropriate, comprehensible and effectively represent a conceptualization of the designer's experience. Two distinct designers may generate different sets of design parameters  $\mathbf{DP}$  given that they may retain different design parameter primitives  $\mathcal{DP}$  in their mental conceptualization.

### B. Design Analysis

Unlike design synthesis, engineering discussions on design analysis are given significantly greater attention. Perhaps this is because, the inputs of design analysis are design parameters. As entities, they are well described, often-quantitatively, in the natural sciences which form the roots of the modern engineering science. In contrast, design parameter primitives exist in the ontological sciences which draw from philosophy, logic and linguistics. Furthermore, while design synthesis requires the reconciliation of design parameter primitives with functional requirements to identify a set of design parameters, design analysis takes the previously identified design parameter information to determine whether they satisfy the functional requirements. In a sense, design synthesis defines the nature of an engineering system/artifact and design analysis refines it.

Axiomatic Design describes design analysis with a design equation:

$$\mathbf{FR} \$ f_a(\mathbf{DP}) \quad (5)$$

where  $f_a()$  retains the "function of" meaning and the relatively new symbol  $\$$  means "satisfies" when read from right to left. When the design parameters and functional requirements quantitatively represent the physical quantities of an engineering system, then  $f_a()$  comes to represent its associated laws of physics. In such a way, Equation 5 can be rewritten as:

$$\mathbf{FR} = f_a(\mathbf{DP}) \quad (6)$$

whose first derivative gives:

$$\Delta \mathbf{FR} = [B] \Delta \mathbf{DP} \quad (7)$$

where now the non-zero elements of the *design matrix*  $B(i, j)$  highlight the existence of a dependence between an arbitrary  $\mathbf{FR}_i$  and an arbitrary design parameter  $\mathbf{DP}_j$ <sup>1</sup>. It is important to very clearly distinguish  $f_s()$  and  $f_a()$ ; while the former describes the designers' mental process of generating the design parameters, the latter describes the laws of physics that relate the now already existing design parameters to their functional requirements. Axiomatic Design does not require the designer(s) to have full knowledge of the mathematical form of  $f_a()$  during design synthesis. As Section V later discusses, the knowledge of these mathematical forms may not be fully available during early-stage conceptual design. Instead, its axioms only require the designer(s) to have knowledge of the existence of non-zero elements in  $B$  and act accordingly. Graphically, the designer need only have the intent of allocating a functional element to a physical one as depicted in Figure 9.

### IV. THE INDEPENDENCE & INFORMATION AXIOMS

Axiomatic Design was developed out of a need to make the field of design more scientific [2], [3]. In 2001, Suh writes: "The goal of Axiomatic Design is manifold: to make human designers more creative, to reduce the random search process, to minimize iterative trial-and-error process, to determine the best designs among those proposed, and to endow the computer with creative power through the creation of a scientific base for the design field." [3]. These lofty goals brought about a highly intensive and *empirical* research process in which the common elements of "good" designs were identified [2], [3]. These common elements were ultimately distilled into Axiomatic Design's two axioms. The interested reader is referred to [2] for further details on the research process used to develop Axiomatic Design. These two axioms, stated today, are:

**Axiom 1.** The Independence Axiom [2], [3]: Maintain the independence of the functional requirements (FRs).

**Axiom 2.** The Information Axiom [2], [3]: Minimize the information content of the design.

Consequently, these axioms have lead to the development of Axiomatic Design's many theorems and corollaries summarized for convenience in the Appendix of this book. Each of these is now discussed conceptually.

#### A. The Independence Axiom

The Independence Axiom is a statement that applies as equally to design synthesis as design analysis. Its interpretation in the former requires that the set of functional requirements be *mutually exclusive and collectively exhaustive* [2], [3]. In other words, the requirements engineering process that produces

<sup>1</sup>Note that many works on Axiomatic Design, including later chapters in this book, simply write  $\mathbf{FR} = [B]\mathbf{DP}$  to concisely convey the meaning of Equations 5-7. While this notational short-hand is often sufficient to properly implement Axiomatic Design, it does cloud the small but meaningful differences between the three equations. Furthermore, such a shorthand suggests that the  $f()$  in Equation 6 is a linear matrix equation consisting of real numbers when indeed no such restriction is formally required.

the functional requirements may be viewed as an ontology development activity that produces part of the system’s design language. Furthermore, it is very difficult to conceive any synthesis function  $f_s()$  that retains its nature as a function when its input domain is neither mutually exclusive nor collectively exhaustive. This agrees with the discussion in Section II-B which made this requirement to avoid downstream design errors.

The Independence Axiom is applied in design analysis through the use of Equation 6 and more specifically the matrix properties of the design matrix  $B$ . When  $B$  is a diagonal matrix, then the system is said to be *uncoupled*. When  $B$  is either a lower triangular matrix or may be converted into a lower triangular matrix by row swapping operations, then the system is said to be *decoupled*. When  $B$  does not have either of these two forms, then the system is said to be *coupled*. Uncoupled designs are preferred over decoupled ones. And coupled designs are said to not comply with the Independence Axiom. Therefore, the application of the Independence Axiom has a component that allows the synthesis function  $f_s$  to exist and then it guides the designer(s) through an analysis step to verify if the resulting laws of physics describe an uncoupled or coupled system.

Researchers, educators, and practitioners often experience several misconceptions as they convey the Independence Axiom to their peers. The most notable of these misconceptions is in the concept of coupling. As Section II-B has described, the functional domain contains couplings that occur from the sequential relationship between functions. The MBSE literature often calls these couplings *interactions* [68]. They are formally modeled by the existence of non-zero elements in the functional domain’s adjacency matrix. Similarly, and as Section II-C has described, the physical domain contains couplings that occur from the sequential relationship between components. The MBSE literature often calls these couplings *interfaces* [68]. They are formally modeled by the existence of non-zero elements in the physical domain’s adjacency matrix. Both of these are examples of *intra-domain* information<sup>2</sup>. In analysis, the Independence Axiom exclusively addresses the *inter-domain* information with the design matrix that describes the allocation architecture. Intra-domain coupling is not relevant.

Another concern that emerges over the Independence Axiom is its statement in the imperative rather than more traditionally as a declarative (e.g.  $1 \cdot X = X$  - multiplicative identity axiom ) or a conditional (e.g. if  $x=y$ , then  $y=x$  - reflexivity axiom) statement. Here, again, it is important to recall that design is both synthesis as well as analysis. A statement in the imperative is conducive in the practical sense to the process of design synthesis. In other words, Suh’s Independence Axiom is directed to a design synthesis practitioner rather than a design analyst audience. The Independence Axiom can be recast as a declarative statement as follows.

<sup>2</sup>Note that the flows of matter, energy, information, money, and people within interfaces and interactions are collectively the same artifacts. However, their representation need not be the same in the two domains. Indeed, it is easy to prove, that they are same if and only if the design matrix is square and diagonal.

**Axiom 3.** Independence Axiom (Recast): Maintaining the independence of the functional requirements **FR** during design synthesis yields “good” designs.

Another misconception arises when Suh [3] speaks of *good* designs being synthesized as a result of the application of Axiomatic Design. Here, the criticism is directed to the term “good” as a statement of subjective value rather than a quantifiable scientific measure. The Independence Axiom’s mathematical statement of a diagonal (or lower triangular) design matrix is matched to the qualitative notion of a “good design” by extensive empirical observation. Methodologically, and logically, this is an extension of the corresponding concept in ontological science. The formal mathematical definitions of soundness, completeness, lucidity, and laconicity yield the qualitatively and widely held conversational maxims of “relevance and clarity”. Both statements are built upon extensive empirical observation relating a qualitative conceptual idea to a formal definition in the corresponding analytical model. There is no difference in the nature of the logical reasoning.

*B. The Information Axiom*

The Information Axiom introduced at the beginning of the section applies in design analysis once the Independence Axiom has been applied. It calls for the minimization of a design’s information content  $I$  which is defined in terms of the probabilities  $P_i$  of satisfying each of the functional requirements  $FR_i$  [3].

$$I = - \sum_i^{\sigma(FR)} \log_2 P_i \tag{8}$$

These probabilities may be understood practically by Figure 12. Each functional requirement may be specified as a design range. In practice, however, the true value of the functional requirements falls within a probability density function that is characterized by a system range. The area under the probability density function that falls within the design range provides a measure of the probability of satisfying a given functional requirement.  $A_{cr_i} = P_i$  [3]. A deeper discussion of the Information Axiom and its applications is provided in Chapter 2.

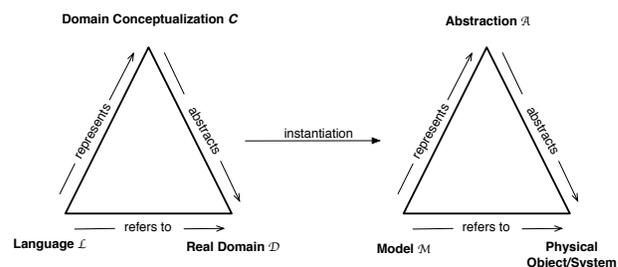


Fig. 12. A Practical Understanding of the Information Axiom: Design Range, System Range & Probability Density Function of a Functional Requirement

*C. Axiomatic Design’s Theorems and Corollaries*

These two axioms form the foundation of Axiomatic Design. Over several decades, many theorems and corollaries have been proven from these two axioms. The interested

reader can find many of these summarized in the appendix of this book with citations to their original references and corresponding proofs.

V. FUNCTIONAL & PHYSICAL SYSTEM HIERARCHY IN LARGE SYSTEMS

At this point, a careful reader would recognize that the previous section’s treatment of Axiomatic Design was at a single level of decomposition and hence is insufficient to address the functional and physical system hierarchy in large systems as represented in Figures 6 and 7. This section now expands the discussion of the previous one to address the systems thinking concepts of decomposition and specialization in large fixed and large flexible engineering systems.

**Definition 26.** Large Fixed Engineering System [3]: an engineering system with a large set of functional requirements which do not evolve over time and whose components also do not change over time.

**Definition 27.** Large Flexible Engineering System [3], [27]: an engineering system with many functional requirements that not only evolve over time, but also can be fulfilled by one or more design parameters.

A. Large Fixed Engineering Systems

Large fixed engineering systems continue to follow the Axiomatic Design discussions provided in Sections X and Y. A synthesis function  $f_s()$  is used to conceptually represent a designers generation of a set of design parameters **DP**, and an analysis function  $f_a()$  following the laws of physics is assessed to determine adherence to the independence and information axioms. For small systems (i.e. those with a very few functional requirements), such a process is relatively straightforward.

For large fixed engineering systems, however, such an approach is impractical for two reasons. The first issue is in the size of **FR** and **DP** in  $f_s()$ . In 1956, as a psychologist, Miller [69] noted that human short term memory is limited to 7 +/-2 elements. Therefore, the synthesis function  $f_s()$  is ill-defined beyond this size. Instead, the functional requirements must be aggregated into this manageable size and design parameters must be synthesized conceptually at a corresponding level of abstraction. For example, the design parameters can now be whole subsystems such as whole drive trains, buildings, or organizations. This brings about the second practical issue which is in the nature of **FR** and **DP** in Equation 4. **FR** and **DP** are no longer real numbers and so  $f_a()$  is no longer well-defined as an algebraic or differential equation. In practice, designers may not know the exact impact of a given design parameter on a given functional requirement, and yet they must continue to synthesize engineering systems in spite of this. Inevitably, this causes a profound intellectual conflict between the mathematical rigor of engineering analysis and the creativity of engineering synthesis. It appears most vividly early on in the conceptualization of an engineering system where interestingly engineering design decisions have the greatest impact.

Axiomatic Design resolves this conflict by allowing design analysis to occur, albeit with a less precise form of mathematics. At higher levels of abstraction, early on in the conceptualization of an engineering system, **FR** and **DP** represent elements not numbers. Therefore, Equation 3 must be represented using graph and set theory. In large fixed engineering systems, Equation 3 becomes

$$\mathbf{FR} \$ (B \otimes \mathbf{DP}) \tag{9}$$

where the aggregation operation  $\otimes$  is defined as:

**Definition 28.** Aggregation Operator  $\otimes$  [53], [70]: Given boolean matrix  $A$  and sets  $B$  and  $C$ ,  $C = A \otimes B$  is equivalent to:

$$C(i) = \bigcup_j a(i, j) \wedge b(j) \tag{10}$$

The  $\$$  in Equation 9 is often replaced with a simple  $=$  as a matter of notational convenience without change in the underlying meaning.

$$\mathbf{FR} = B \otimes \mathbf{DP} \tag{11}$$

Note that,  $B$  now comes to represent an (undirected) incidence matrix between the sets **FR** and **DP**.

**Definition 29.** Incidence matrix [47]:  $M$  of size  $\sigma(B) \times \sigma(E)$  is given by:

$$M(i, j) = \begin{cases} -1 & \text{if } b_i \text{ is the head of arc } e_j \\ 1 & \text{if } b_i \text{ is the tail of arc } e_j \\ 0 & \text{otherwise} \end{cases} \tag{12}$$

As mentioned previously, the presence of nonzero elements in the design matrix  $B$ , is graphically represented in SysML as an allocation of a functional element to a physical element as shown in Figure 9. Axiomatic Design collates these graphical interactions to highlight their underlying mathematical form. Furthermore, Equation 11 also implies that Equation 6 remains true and consequently the Independence Axiom can still be applied without change.

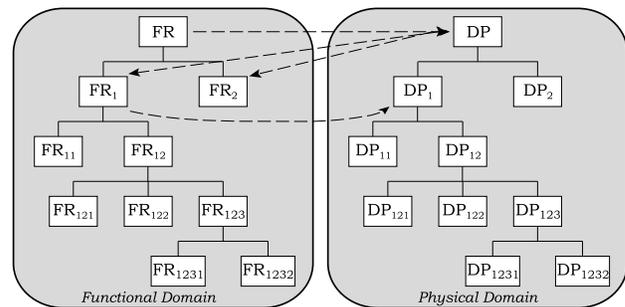


Fig. 13. Synthesis Paths in Simultaneous Hierarchical Physical and Functional Decomposition

The introduction of graph and set theory into the discussion now allows a formal understanding of how Axiomatic Design manages system complexity and multiple layers of abstraction. Figure 13 shows Axiomatic Design’s dual-hierarchy of the functional and physical architecture domains. It represents the full allocated architecture of the system and is generated along the depicted synthesis arrows by what Suh calls a “Zig-Zag” approach. The highest level of design parameters are

synthesized from the highest level of functional requirements by Equation 4 and then analyzed by Equation 11 for adherence to the Independence Axiom. At this point, a new set of decomposed functional requirements  $\underline{\mathbf{FR}}$  must be synthesized based upon the designer's knowledge of the higher level functional requirements  $\mathbf{FR}$  and design parameters  $\mathbf{DP}$ .

$$\underline{\mathbf{FR}} = f_s(\mathbf{FR}, \mathbf{DP}) \quad (13)$$

As with Equation 4, Equation 13 describes the designer's mental process of synthesis as an abstract mathematical function. Again, two distinct designers may produce the decomposition entirely differently depending on their knowledge of the design parameters  $\mathbf{DP}$  as an abstract model of the system in real life. The result of the decomposition can be analyzed using the aggregation operation [71].

$$\mathbf{FR} = A_f \circledast \underline{\mathbf{FR}} \quad (14)$$

where  $A_f$  is a binary functional aggregation matrix that describes to which high-level functional requirement, each low-level functional requirement pertains [71]. Strict mutually exclusive aggregation places a constraint on the nature of the aggregation matrix.

$$\mathbf{1}^{\sigma(\mathbf{FR})T} A_f = \mathbf{1}^{\sigma(\underline{\mathbf{FR}})T} \quad (15)$$

Once, the new set of functional requirements  $\underline{\mathbf{FR}}$  have been synthesized, the corresponding set of design parameters  $\underline{\mathbf{DP}}$  can again be synthesized by Equation 4. Consequently, the aggregation of the physical architecture can be analyzed [71].

$$\mathbf{DP} = A_p \circledast \underline{\mathbf{DP}} \quad (16)$$

where, again, strict mutually exclusive aggregation requires

$$\mathbf{1}^{\sigma(\mathbf{DP})T} A_p = \mathbf{1}^{\sigma(\underline{\mathbf{DP}})T} \quad (17)$$

Consequently,

$$B * A_p = A_f \underline{\mathbf{B}} \quad (18)$$

where  $B$  is the higher level design matrix and  $\underline{\mathbf{B}}$  is the lower level design matrix. Equation 18 may be solved when the left and right inverses of  $B$  and  $\underline{\mathbf{B}}$  respectively exist. Furthermore, when they are identity matrices, (e.g. the Independence Axiom is fulfilled), the aggregation in the functional and physical architectures becomes the same.  $A_f = A_p$ .

## B. Large Flexible Engineering Systems

The Axiomatic Design of large flexible engineering systems was first mentioned by Suh in his 2001 text [3] and has since been significantly developed [27], [53], [54], [71]–[73]. Large flexible engineering systems typically require attention at higher levels of abstraction but are otherwise similar to large fixed systems. Equation 4 describes design synthesis and Equation 11 describes design analysis. Recalling Definition 27, the distinguishing feature of flexibility is achieved by a strict adherence to the Independence Axiom. Therefore,  $\mathbf{B} = \mathbf{I}^n$ , where  $n$  equivalently represents the number of design parameters or functional requirements. Conceptually, this is because a non-identity design matrix would imply that either a single design parameter affects more than one functional

requirement or vice versa. Consequently, when it comes time to *reconfigure* the engineering system with an addition or removal of a functional or physical element, other changes would need to be made as well. In contrast, adherence to the Independence Axiom, enables a “plug & play” engineering system where functional and physical elements can be added or removed at will [55], [70].

By Definition 27, large flexible engineering systems have functional requirements that can be fulfilled by potentially many design parameters. An identity design matrix does not show this. Therefore, in order to reveal this functional redundancy, the set of functional requirement *instances*  $\mathbf{FR}$  must be distinguished from the set of functional requirement *classes*  $\mathbb{FR}$ <sup>3</sup>. A new design equation can then be written to relate  $\mathbb{FR}$  to  $\mathbf{DP}$ .

$$\mathbb{FR} = \mathbf{J} \odot \mathbf{DP} \quad (19)$$

where  $\mathbf{J}$  represents the system knowledge base and  $\odot$  represents matrix boolean multiplication.

**Definition 30.** System Knowledge Base [27], [53], [54], [71]–[73]: A binary matrix  $\mathbf{J}$  of size  $\sigma(\mathbb{FR}) \times \sigma(\mathbf{DP})$  whose element  $\mathbf{J}(w, v) \in \{0, 1\}$  is equal to one when action  $e_{wv}$  (in the SysML sense)<sup>4</sup> exists as a functional requirement  $\mathbb{FR}_w$  being executed by a design parameter  $\mathbf{DP}_v$ .

**Definition 31.** Matrix Boolean Multiplication  $\odot$  [27], [53], [54], [71]–[73]: Given sets or boolean matrices  $B$  and  $C$  and boolean matrix  $A$ ,  $C = A \odot B$  is equivalent to:

$$C(i, k) = \bigvee_j A(i, j) \wedge B(j, k) \quad (20)$$

Interestingly, it is equally valid to replace the set of design parameters instances  $\mathbf{DP}$  with the set of design parameter classes  $\mathbb{DP}$ . In such a case, Axiomatic Design addresses the design of generic or *reference architectures* rather than specific, instantiated or system architectures [74]–[76].

By Definition 27, large flexible engineering systems have functional requirements that can evolve over time. To that effect, the Axiomatic Design literature introduces a system constraints matrix.

**Definition 32.** System Constraints Matrix [27], [53], [54], [72], [73]: A binary matrix  $\mathbf{K}$  of size  $\sigma(\mathbb{FR}) \times \sigma(\mathbf{DP})$  whose element  $\mathbf{K}(w, v) \in \{0, 1\}$  is equal to one when a constraint eliminates action  $e_{wv}$  from the action set.

A *reconfiguration process* is said to change the value of the system constraints matrix [77]. Therefore, the system knowledge base contains information on the *existence* of capabilities in the engineering system. Meanwhile, the constraints matrix contains information of their *availability* [76], [78]. Quantitatively keeping track of these capabilities is done via

<sup>3</sup>Note that many works on Axiomatic Design do not make this distinction between functional requirement instances and functional requirement classes because it is rarely needed within a single design work. Here, the distinction is made in order to maintain the conceptual link between large fixed and large flexible engineering systems and the universality of the Independence Axiom in both cases.

<sup>4</sup>The word “action” is meant in the technical sense of allocated functional elements in SysML's activity diagram. See Figure 9 for details. These actions represent capabilities in the engineering system.

the system's structural degrees of freedom as a measure [27], [53], [54], [71]–[73].

**Definition 33.** LFES Sequence-Independent Structural Degrees of Freedom [27], [53], [54], [71]–[73]: The set of independent actions  $\mathcal{E}_S$  that completely defines the available processes in a LFES. Their number is given by:

$$DOF = \sigma(\mathcal{E}) = \sum_w^{\sigma(\mathbb{R})} \sum_v^{\sigma(\mathbf{DP})} [\mathbf{J} \ominus \mathbf{K}](w, v) \quad (21)$$

Consequently, the redundancy of functional requirement  $\mathbf{FR}_w$  is [27], [53], [71]:

$$\mathcal{R}_w = \sum_v^{\sigma(\mathbf{DP})} [\mathbf{J} \ominus \mathbf{K}](w, v) \quad (22)$$

The flexibility of the design parameter  $\mathbf{DP}_v$  is [27], [53], [71]:

$$\mathcal{F}_v = \sum_w^{\sigma(\mathbb{R})} [\mathbf{J} \ominus \mathbf{K}](w, v) \quad (23)$$

These measures are important because redundancy and flexibility are important enabling properties for many life cycle properties [27], [55], [71].

Large flexible engineering systems require a careful discussion of the Axiomatic Design dual hierarchy [70], [71]. Fundamentally, this is because functional and physical elements can be added or removed. Consequently, their respective hierarchies must be allowed to change as well. Developing the Axiomatic Design dual hierarchy for large flexible engineering systems, downwards in the direction of design synthesis, proceeds in the same way as for large fixed engineering systems. The system is viewed in terms of functional requirement *instances* rather than classes. Because the Independence Axiom has been strictly maintained, each structural degree of freedom can be designed as previously described as if it were its own system. The engineering design problem is separable. Therefore, the addition or removal of a structural degree of freedom adds or removes all of the associated lower branches in the dual hierarchy.

It is also useful to consider the dual-hierarchy of a large flexible engineering system upwards in the direction of design analysis. Here, it is no longer required to aggregate the physical and functional hierarchies simultaneously [27], [71], [73], [76]. It is particularly common in bottom-up design to aggregate only the physical hierarchy into higher-level design parameters or *resources*. A corresponding functional aggregation may not occur. This is because physical aggregation and functional aggregation do not have the same meaning and do not necessarily imply each other [41], [42]. Consider, for example, five tasks as functional requirements and five individuals as design parameters each of whom completes one task. This a large flexible engineering system that fulfills the Independence Axiom. The five individuals may be aggregated into a resource called a team without making any statement about the five tasks. They may not be related in any way (i.e. share any functional interaction). Similarly, the five tasks may be aggregated into a project without making any statement about the five individuals who complete them. They may have

never met (i.e. share any physical interface). Physical aggregation is particularly interesting because it yields resources with high flexibility. An addition or removal of a design parameter yields the corresponding change in a resource's flexibility. In contrast, the functional aggregation of a large flexible engineering system may result a rigid top-down structure. Any time the set of functional requirements changes, the functional hierarchy would need to change as well. In a project, the elimination of a single task causes the elimination of the project as a whole.

Thus far, the two systems thinking concepts of instantiation and aggregation/decomposition have been discussed as a means of managing system complexity. The discussion now turns to the last such concept: specialization/generalization. The Axiomatic Design for large flexible engineering system literature has addressed this topic implicitly in several works [27], [53], [54], [72], [76]. More explicitly, bottom-up generalization is a form of conditional aggregation.

**Definition 34.** Generalized Design Parameter: A generalized design parameter  $\widetilde{\mathbf{DP}}_i$  is an aggregation of a set of design parameters  $\mathbf{DP}$  if any  $\mathbf{DP}_k \in \mathbf{DP}$  is capable of doing any of the common functional requirements  $\mathbf{cFR} \subseteq \mathbf{FR}$ .

$$\widetilde{\mathbf{DP}}_i = A_g \otimes \mathbf{DP} \quad (24)$$

where  $A_g(i, k) = 1$  iff  $J(j, k) = 1$  for any  $FR_j \in \mathbf{cFR}$ .

Note that the definition of a generalized design parameter requires the identification of a set of common functional requirements that can be done by the low level design parameters  $\mathbf{DP}$  as well as its generalization  $\widetilde{\mathbf{DP}}$ . Also, note that unlike a regular aggregation, specialization does not require constraint in Equation 17.

### C. An Illustrative Example

To summarize the discussion on Axiomatic Design for large flexible engineering systems, consider the following example.

**Example 3.** Consider the manufacturing system depicted in Figure 14. It consists of a drill press and milling machine. The former is able to drill a hole, and the latter is able to do the same and mill surfaces. Each contains its respective fixture. It also has two one-way conveyors between them.

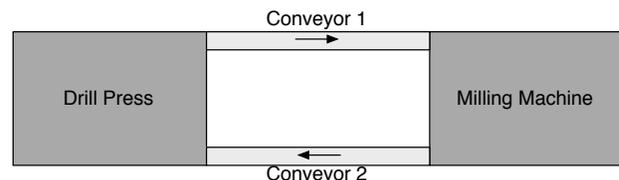


Fig. 14. A Simple Manufacturing System with one drill press, one milling machine and two conveyors

A large fixed engineering system analysis yields:

$\mathbf{FR} = \{\text{drill hole, drill hole, mill surface, store the part at point A, transport part from point A to point B, transport part from point B to point A, store the part at B}\}$ .

$\mathbf{DP} = \{\text{drill press, milling machine drill, milling machine end mill, drill press fixture, conveyor 1, conveyor 2, milling machine fixture}\}$ .

The design matrix  $\mathbf{B} = \mathbf{I}^7$ . The Independence Axiom is satisfied.

For a large flexible engineering system analysis, the functional requirement classes are viewed instead of their instances.

$\mathbb{FR} = \{\text{drill hole, mill surface, store the part at A, transport part from point A to point B, transport part from point B to point A, store the part at B}\}$ .

An aggregation matrix is applied so that the drill press, milling machine and conveyor system appear as single resources.

$\overline{\mathbf{DP}} = \{\text{drill press, milling machine, conveyor system}\}$ .

$$J = \begin{bmatrix} 1 & 1 & 0 \\ 0 & 1 & 0 \\ 1 & 0 & 0 \\ 0 & 0 & 1 \\ 0 & 0 & 1 \\ 0 & 1 & 0 \end{bmatrix} = \left[ \begin{array}{c|c} J_M & \mathbf{0} \\ \hline & J_H \end{array} \right] \quad (25)$$

That partitioning of the system knowledge base into  $J_M$  and  $J_H$  comes from generalization.  $J_M$  represents structural degrees of freedom that have a transformational function.  $J_H$  represents structural degrees of freedom that have a transportational function.

**Resource flexibility:** The three resources have flexibilities of 2, 3 and 2 structural degrees of freedom respectively.

**Functional redundancy:** All the functional requirements have a functional redundancy of 1 except “drill hole”.

The failure of the conveyor system would appear as two constraints in the constraints matrix

$$K = \begin{bmatrix} 0 & 0 & 0 \\ 0 & 0 & 0 \\ 0 & 0 & 0 \\ 0 & 0 & 1 \\ 0 & 0 & 1 \\ 0 & 0 & 0 \end{bmatrix} \quad (26)$$

After the failure of the conveyor system,  $DOF = 5$ .

## VI. ENGINEERING SYSTEMS APPLICATIONS OF AXIOMATIC DESIGN

With a solid Axiomatic Design foundation in place, the chapter can now return to the engineering systems discussion initiated in the introduction. This section highlights the potential applications of Axiomatic Design in the development of engineering with regards to three specific challenges: 1.) a quantitative understanding of life cycle properties 2.) a treatment of cyber-physical systems and 3.) a treatment of hetero-functional networks.

### A. Quantitative Understanding of Life Cycle Properties

The subject of life cycle properties in engineering systems is an expansive one [11] with potentially whole text books devoted to a single property (e.g. resilience [79]). Consequently, a detailed discussion can not be provided here. Nevertheless, the Axiomatic Design, MBSE, and engineering

systems concepts provided thus far can serve to provide a guiding structure to the subject. A quantitative formulation of life cycle properties first requires a qualitative understanding of which engineering domains in Figure 1 or more generally the engineering systems matrix in Figure 8 pertain to that specific life cycle property. Furthermore, the life cycle property must be classified as a description of system structure or system behavior [70].

TABLE III  
A PRELIMINARY CLASSIFICATION OF LIFE CYCLE PROPERTIES IN ENGINEERING SYSTEMS

	System Structure	System Behavior
<b>Functional Architecture Domain</b>	centrality [80], modularity [81], [82]	stability [49], [50], sustainability [83]–[85]
<b>Physical Architecture Domain</b>	centrality [80], modularity [81], [82]	not applicable
<b>Allocated Architecture Domain</b>	flexibility [53], redundancy [53], reconfigurability [55], [70], static resilience [27]	dynamic resilience [86], [87], stability/synchronization [88], sustainability [83]–[85]

Therefore, Table III presents a first-pass classification of life cycle properties. As mentioned at the end of Section II-B, the central focus of traditional engineering effort is often devoted to understanding system behavior from quantitative models of system function [28]. Sustainability, when viewed in the sense of the provision of a certain level of product or service while limiting the quantities of input resources and byproduct emissions may be similarly classified [83]–[85]. Many life cycle properties, however, depend on an explicit – often graph theoretic – description of system structure. Modularity [81], [82] and centrality [80] are two such life cycle properties that depend on the form of a graph’s adjacency matrix; be it in the functional or physical architecture domains. One may argue that perhaps one of the great benefits of MBSE (e.g. through SysML) is that it can abstract details of system behavior to provide a clear view of system structure and its associated life cycle properties.

Still other life cycle properties emerge from the allocated architecture. It is here that the Axiomatic Design design matrix  $B$  and knowledge base  $J$ , as different types of incidence matrices, are quite valuable in developing a quantitative treatment. Section V-B already provided measures for two relatively simple life cycle properties of system structure: flexibility [53] and redundancy [53]. More complex life cycle properties such as reconfigurability [55], [70] and static resilience [27], often require that a new adjacency matrix  $A_\rho$  be constructed from the system’s structural degrees of freedom [27], [73].

$$A_\rho = [J \ominus K][J \ominus K]^T \ominus K_\rho \quad (27)$$

where  $K_\rho$  is a constraints matrix that imposes continuity relations between the individual structural degrees of freedom. Interestingly, reconfigurability clearly differentiates between large fixed and large flexible engineering systems [27], [53], [54], [73]. As expected, engineering systems that adhere to the Independence Axiom are fundamentally more reconfigurable than systems that do not [55], [70].

Cyber-Physical System	Activity/Block Diagram	System Behavior	Axiomatic Design
<p>a.) Open-Loop Physical System C0P1 1-Resource</p>		$Y = G_1 U$	$Y = [1] \otimes G_1$
<p>b.) Closed-Loop Cyber-Physical System C1P1 1-Resource 1-Controller</p>		$Y = G_{cp} U$ $Y = \frac{K_1 G_1}{I + K_1 G_1} U$	$Y = [1] \otimes G_{cp}$ $Y = [1 \ 1] \otimes \begin{bmatrix} K_1 \\ G_1 \end{bmatrix}$
<p>c.) Closed-Loop Cyber-Physical System C1PN n-Resources 1-Controller</p>		$Y = G_{cp} U$ $Y = \frac{\begin{bmatrix} G_1 & & \\ & G_2 & \\ & & \ddots \\ & & & G_n \end{bmatrix}}{I + K_1 \begin{bmatrix} G_1 & & \\ & G_2 & \\ & & \ddots \\ & & & G_n \end{bmatrix}} U$	$Y = [1] \otimes G_{cp}$ $Y = \begin{bmatrix} 1 & 1 & 0 & \dots & 0 \\ 1 & 0 & 1 & \dots & 0 \\ \vdots & \vdots & \vdots & \ddots & \vdots \\ 1 & 0 & 0 & \dots & 1 \end{bmatrix} \otimes \begin{bmatrix} K_1 \\ G_1 \\ G_2 \\ \vdots \\ G_n \end{bmatrix}$
<p>d.) Closed-Loop Cyber-Physical System CNPN n-Resources n-Controller</p>		$Y = G_{cp} U$ $Y \approx \frac{\begin{bmatrix} K_1 G_1 & & & \\ & K_2 G_2 & & \\ & & \ddots & \\ & & & K_n G_n \end{bmatrix}}{I + \begin{bmatrix} K_1 G_1 & & & \\ & K_2 G_2 & & \\ & & \ddots & \\ & & & K_n G_n \end{bmatrix}} U$	$Y = [1] \otimes G_{cp}$ $Y = \begin{bmatrix} 1 & \dots & 0 \\ 0 & 1 & \dots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \dots & 1 \end{bmatrix} \otimes \begin{bmatrix} G_{cp1} \\ G_{cp2} \\ \vdots \\ G_{cpn} \end{bmatrix}$

Fig. 15. Cyber-Physical Systems from the perspective of SysML, transfer functions, and Axiomatic Design

Finally, many life cycle properties require an understanding of the relationship between the allocated architecture and the system behavior. Dynamic resilience – in particular the capacity to “bounce back” to a certain system performance after a disruption – depends equally on the system’s constituent device models [75] as on flexibility of its resources and their redundancy [86], [87]. Synchronization of engineering systems with coupled oscillators (e.g. the electric power grid, swarms/fleets of moving vehicles) utilizes many of the techniques required to analyze stability but add further steps that consider the physical architecture’s adjacency matrix [88]. Finally, when the prior view of sustainability is expanded to also include cost performance, it must balance the performance of the functional architecture to the cost of the physical architecture via the allocated architecture.

### B. Treatment of Cyber-Physical Systems

Axiomatic Design sheds light on many of the architectural questions related to cyber-physical systems. Consider the four simple control theory examples shown in Figure 15. Figure 15a depicts an open-loop physical system COP1. The second column shows its corresponding SysML activity diagram. The system, as a whole, transforms an input  $U$  into an output  $Y$ . A single action  $\mathcal{G}_1$  achieves this activity and it is allocated to the physical system  $G_1$ . The distinction between the functional element  $\mathcal{G}_1$  and the physical element  $G_1$  is critical. The third column shows the corresponding system behavior as a transfer function involving  $\mathcal{G}_1$ . Meanwhile, the fourth column shows the corresponding allocated architecture as an Axiomatic Design equation involving  $G_1$ . A single functional requirement is placed on the output  $Y$  and the single resource single resource  $G_1$  is designed to achieve it and consequently the Independence Axiom is fulfilled with an identity design matrix.

It is important to note that from a mathematical perspective, the two equations in Figure 15a are indeed equivalent; albeit very differently arranged. At this level of abstraction, the functional form of  $\mathcal{G}_1$  is hidden away. Similarly,  $G_1$  hides away all of its constituent (design) parameters; the same one would expect to find in  $\mathcal{G}_1$ . Proving their equivalence requires two steps. First,  $\mathcal{G}_1$  is written explicitly and then differentiated with respect each of the design parameters in  $G_1$  so that it takes the form of Equation 7. Similarly,  $G_1$  is decomposed down to an “atomic” level of design parameters represented by real numbers and then differentiated. Although these two equations are equivalent, one focuses the designer on a system’s behavior, the other focuses the designer’s attention to its allocated architecture.

Figure 15b depicts a closed-loop cyber-physical system. The SysML diagram depicts two components: a cyber component  $K_1$  and a physical component  $G_1$ . The former realizes the action (i.e. transfer function)  $\mathcal{K}_1$  while the latter realizes the action  $\mathcal{G}_1$ . An output feedback loop is introduced. The third column shows the overall closed loop transfer function  $\mathcal{G}_{cp}$  as a top level of abstraction or equivalently one level of abstraction down in terms of  $\mathcal{K}_1$  and  $\mathcal{G}_1$ . At the highest level of abstraction, the Axiomatic Design equation resembles the

open-loop system and the Independence Axiom is fulfilled. However, one level of abstraction down, the design equation reveals a “redundant design”<sup>5</sup>. This coupled design does not adhere to the Independence Axiom and requires the physical system to be fixed first before the controller can be design. Not surprisingly, many feedback control design methods require iterative tuning.

Figure 15c now depicts a closed-loop cyber-physical system with one centralized controller and  $n$  resources. As in Figures 15a and 15b, this system may be viewed as an open-loop system fulfilling the Independence Axiom. However, one level of abstraction down, the coupled and redundant design matrix reappears as expected. This is unfortunate from the perspectives of reconfigurability and resilience. Although the four physical systems are mathematically uncoupled, the failure or “hack” of the centralized control affects the performance of all of the functional requirements [53]–[55], [70]. Therefore, from an Axiomatic Design perspective centralized controllers are to be avoided.

Finally, Figure 15d depicts a closed-loop cyber-physical system with  $n$  controllers matched to  $n$  resources. If the  $n$  controllers are entirely independent, the system now fully adheres to the Independence Axiom supporting the case for distributed control. Furthermore, from a reconfigurability and resilience perspective, there exists no single point of failure [53]–[55], [70]. This is a very special and rare case however. Instead, much research on multi-agent control systems [89]–[94] introduces communication between the  $n$  agent controllers to achieve greater coordination between the  $n$  physical resources. If this inter-agent communication algorithm is either 5x faster or slower than the physical system’s dynamics, then the system’s transfer function is approximately time-scale separable and the Independence Axiom continues to be supported [78]. Furthermore, the performance of each physical resource can be enhanced with the addition of a single fast but local controller for each physical system. These Axiomatic Design principles have been used to develop multi-agent control system architectures for production [76] and power systems [78].

### C. Treatment of Hetero-functional Networks

As engineering systems integrate together to form hetero-functional networks, they pose several challenges to existing approaches to engineering design and modeling. As has been previously mentioned in Sections II-B and II-C, adjacency matrices are typically used to provide abstract graph theoretic models of either the functional or the physical architecture. Furthermore, the most common applications of graph theory are homo-functional in nature [27], [80]. Artifacts (of some kind) are transported along edges between physical locations represented as nodes. This is sufficient for individual engineering systems. For example, in transportation systems, the nodes often physically represent intersections and stations while edges/arcs represent roads, rails or transportation routes [95]–[100]. Meanwhile, in power systems, the nodes often

<sup>5</sup>In the Axiomatic Design of large fixed systems, redundant designs have more design parameters than functional requirements [3].

physically represent generators, substations, and loads while the edges represent the power lines [101]–[104]. The integration of two or more engineering systems, however, requires a richer approach because the nodes and edges have completely different physical meanings. Alternatively, bond graphs [46] and linear graphs [105] are promising techniques to quantitatively model continuous-time physical systems across multiple energy domains. Their current level of development, however, lacks the systems thinking abstractions mentioned throughout this chapter. Furthermore, they have limited capability to handle systems with discrete-event dynamics and consequently offer limited support for dynamics and decision-making driven by people; be they individuals or organizations.

In contrast, Axiomatic Design enables the study of engineering systems as they integrate together to form hetero-functional networks. Production systems, due to their hetero-functional nature, have been proven to be an excellent application domain for advancing Axiomatic Design. In Example 3, Axiomatic Design for large flexible engineering systems was used to model the physical part of a production system's allocated architecture at multiple levels of abstraction. Later chapters in this book will demonstrate Axiomatic Design's application to decision-making processes as the cyber-part of production systems. More explicitly, Equation 27 allows the system knowledge base to be converted into a hetero-functional graph with structural degrees of freedom as nodes [27], [73]. Such a graph based upon the Axiomatic Design knowledge base was later used to directly derive a production system's discrete-event dynamics [106]. Similarly derived discrete-event dynamics were demonstrated for transportation systems as an engineering system with no transformation functions [107]. Meanwhile, the Axiomatic Design knowledge base was used with device models to derive the continuous-time dynamics of power systems [78]. With these methodological developments in place, Axiomatic Design has been used to develop full simulations of the energy-water nexus [74], [108], electrified transportation systems [109], and microgrid-enabled production systems [110] as truly hetero-functional and integrated engineering systems. The broad diversity of these applications demonstrates the utility of Axiomatic Design to engineering systems as a field.

## VII. CONCLUSION

In the 21<sup>st</sup> century, engineers are facing engineering challenges of increasingly greater scope. These include many large complex products and systems described later in this book but even more generally whole engineering systems. This chapter has introduced Axiomatic Design within this larger engineering systems context. It began by identifying Axiomatic Design and MBSE as two engineering design methodologies and theories that when appropriately developed have the potential to address the methodological challenges of engineering systems. The chapter introduced Axiomatic Design and its relationship to MBSE in terms of four domains of engineering design: stakeholder requirements, functional architecture, physical architecture, and process domains. It also discussed a system's allocated architecture with special care given to differentiate

its synthesis and analysis. Here, Axiomatic Design's ability to quantify the allocated architecture was highlighted in terms of its Independence & Information Axioms. At that point, the chapter generalized these concepts with several hierarchical techniques to manage system complexity. This allowed the discussion to return to the three methodological challenges mentioned in the introduction: quantification of life cycle properties, design of cyber-physical systems, and design of hetero-functional networks. Taken together, the chapter details the essentials of Axiomatic Design, relates it to MBSE, and highlights its potential applications in the field of engineering systems.

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**Amro M. Farid** received his Sc.B and Sc.M degrees from MIT and completed his Ph.D. degree at the Institute for Manufacturing within the University of Cambridge Engineering Department in 2007. He is currently an assistant professor of Engineering Systems and Management and leads the Laboratory for Intelligent Integrated Networks of Engineering Systems (LIINES) at Masdar Institute of Science and Technology, Abu Dhabi, U.A.E. He is also a visiting scientist at the MIT Mechanical Engineering Department. His research interests address the systems engineering of intelligent energy systems including smart power grids, energy-water nexus, transportation electrification, and industrial production. He is a senior member of the IEEE and is actively involved in the Control Systems Society, the Systems, Man & Cybernetics Society, and the Industrial Electronics Society.



## Accelerating the Shared Integrated Grid through an eIoT eXtensible Information Model:

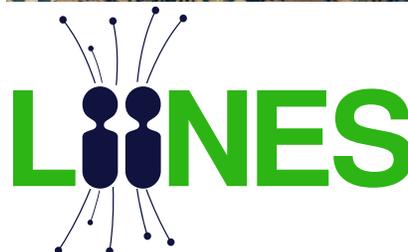
### A Dartmouth-LIINES & EPRI Collaboration

Amro M. Farid  
Associate Professor of Engineering  
Adj. Assoc. Prof. of Computer Science

Thayer School of Engineering at  
Dartmouth

Invited Presentation:  
Stanford University

Stanford, CA  
July 15<sup>th</sup>, 2020



**LIINES** LABORATORY FOR INTELLIGENT INTEGRATED NETWORKS OF ENGINEERING SYSTEMS  
EMPOWERING YOUR NETWORK



<http://engineering.dartmouth.edu/liines>

# Presentation Abstract

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The electric power system is rapidly decarbonizing with variable renewable energy resources (VREs) to mitigate rising climate change concerns. There are, however, fundamental VRE penetration limits that can only be lifted with the complementary integration of flexible demand-side resources. The implementation of such demand-side resources necessitates a "shared integrated grid" that is characterized by: 1) integral social engagement from individual electricity consumers 2.) the digitization of energy resources through the energy internet of things (eIoT), and 3) community level coordination. This presentation argues that an eIoT eXtensible Information Model (eIoT-XIM) is instrumental to bringing about a shared integrated grid and goes on to describe four steps to do so: 1.) develop an eIoT-XIM collaboration platform 2.) develop an eIoT-XIM consortium 3.) develop an eIoT-XIM data platform and 4.) apply the eIoT-XIM to transactive energy markets. Throughout the presentation, we will highlight New Hampshire's role towards these steps in terms of two recently passed Senate Bills 284 and 286. The former establishes a statewide, multi-use online energy data platform. The latter allows municipalities and counties to establish community power aggregators that can entirely transform retail electricity markets.

# Presentation Outline

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**Goal: To describe the Dartmouth-LINES and EPRI effort to conceptualize the development of an energy Internet of Things eXtensible Information Model (eloT-XIM)**

- **Introduction:**

- *What is an energy Internet of Things eXtensible Information Model (eloT-XIM) and why is it so important?*

- **Developing an eloT-XIM Collaboration Platform**

- *Early on, there was a deep recognition that the development of an eloT-XIM required a collaboration platform.*

- **Developing an eloT-XIM Consortium**

- *Early on, there was a deep recognition that the development of an eloT-XIM required a consortium of diverse grid stakeholders.*

- **Developing an eloT-XIM Data Platform**

- *An eloT-XIM must serve a wide variety of complex use cases while remaining interoperable with large body of CIM standards.*

- **Applying an eloT-XIM to a transactive energy blockchain simulation**

- *To demonstrate the potential for an eloT-XIM, we highlight how it may be applied to a transactive energy blockchain application in the City of Lebanon, NH.*

***We will demonstrate the potential for collaborative IMPACT by highlighting relevant & ongoing activities in the LINES & NH.***

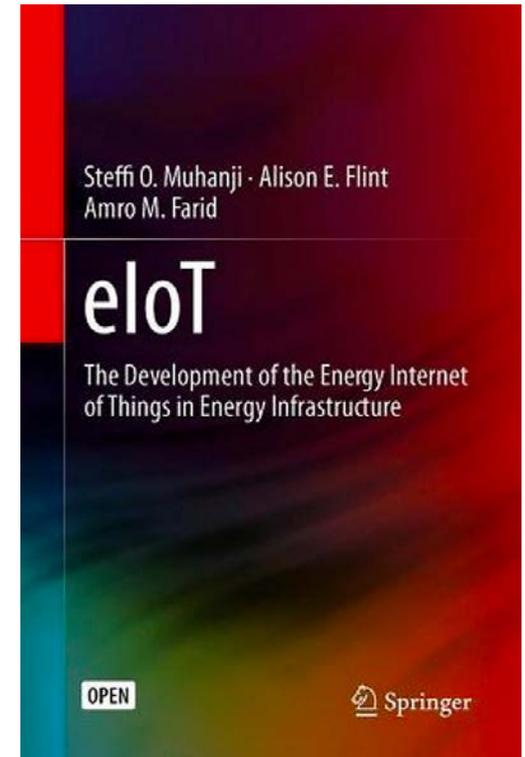
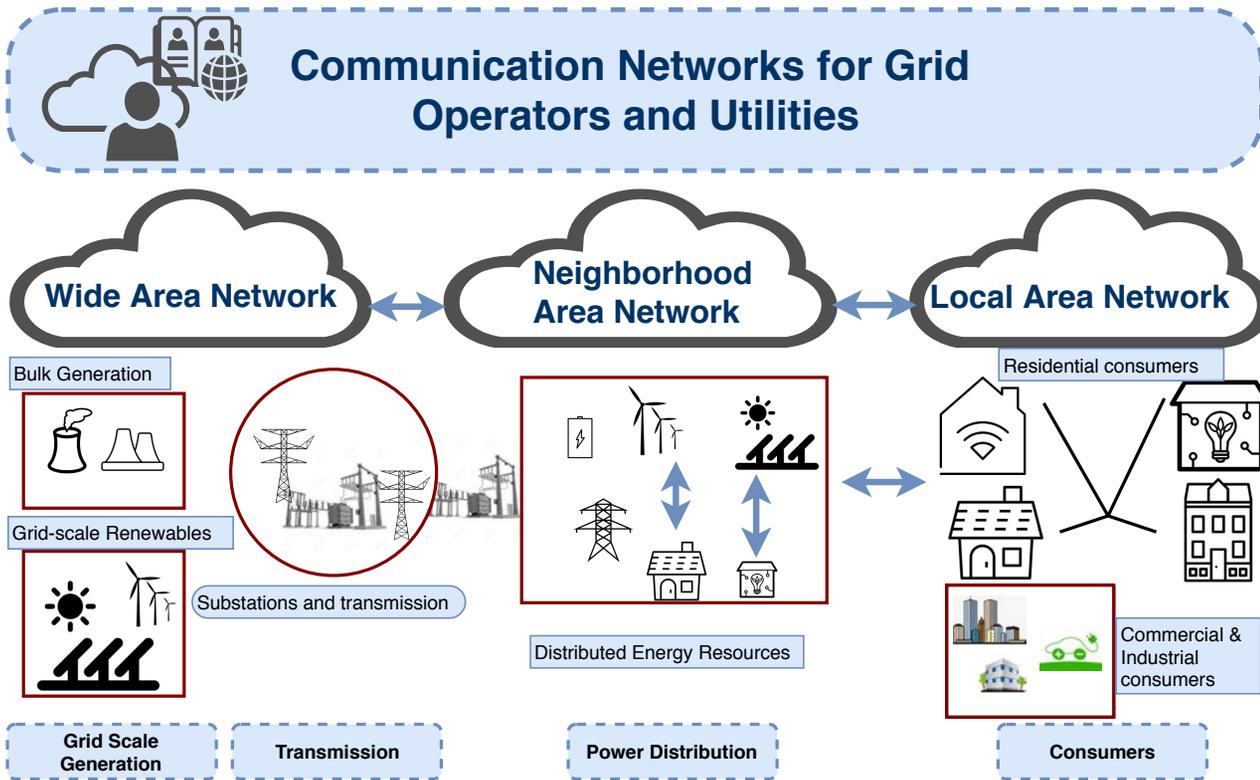
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# What is the energy Internet of Things (eloT)?



*eloT = network-enabled energy devices in a shared economy*

# The Ubiquitous Energy Internet of Things



**The energy Internet of Things (eloT) appears in many forms throughout the entirety of the grid's value chain.**

# What is an eIoT eXtensible Information Model (XIM)?



***XIM – An extensible collection of nouns and attributes that provide a common language for describing eIoT devices and how they communicate with each other on the internet***

# eloT's Importance: The Sustainable Energy Transition

**Past:**

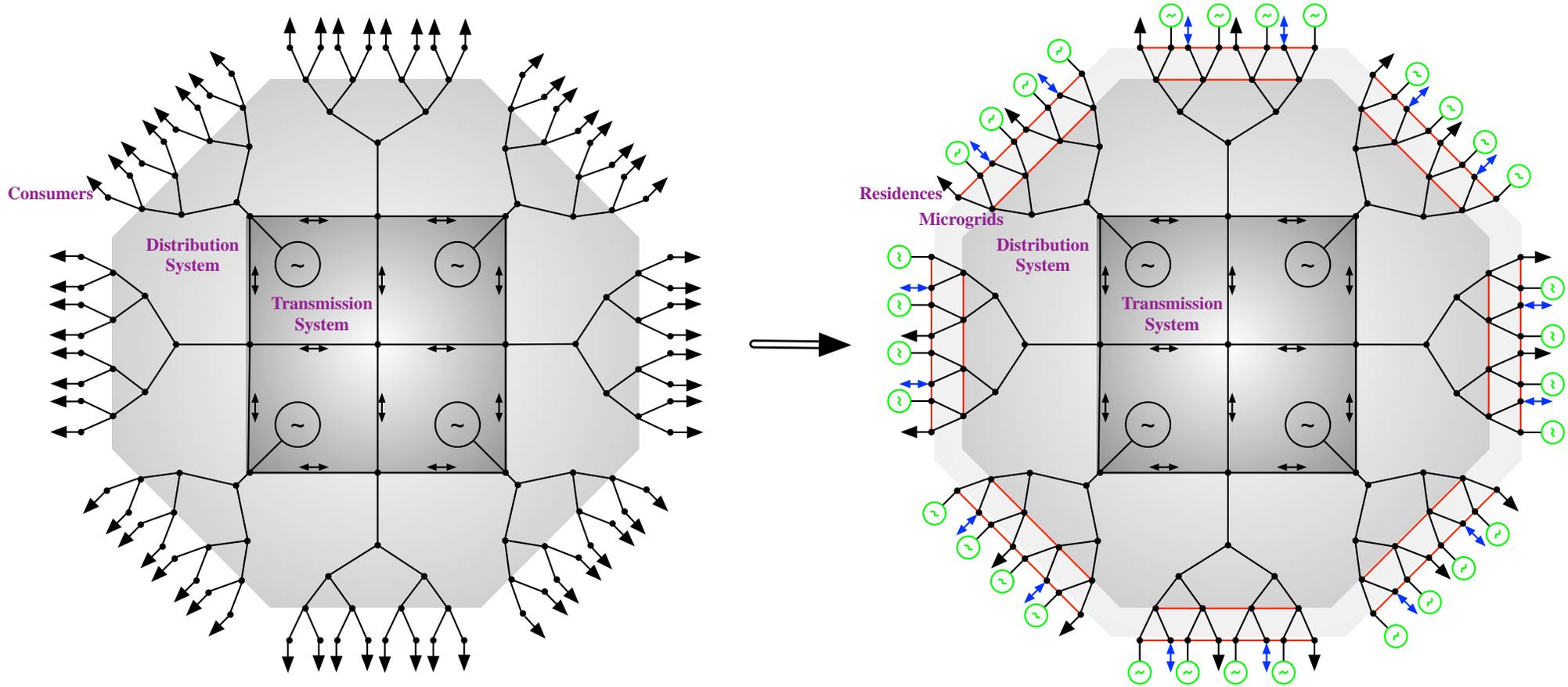
Generation/Supply	Load/Demand
Thermal Units: Few, Well-Controlled, Dispatchable, In Steady-State	Conventional Loads: Slow Moving, Highly Predictable, Always Served

**Future:**

	Generation/Supply	Load/Demand
<b>Well-Controlled &amp; Dispatchable</b>	Thermal Units: (Potential erosion of capacity factor) 	eloT-enabled Demand Side Resources: (Requires new control & market design) 
<b>Stochastic/ Forecasted</b>	Solar & Wind Generation  (Can cause unmanaged grid imbalances)	Conventional Loads: (Growing & Needs Curtailment) 

∴ The emergence of VRE necessitates eloT-enabled demand side resources to maintain grid reliability, promote decarbonization, reduce operating and investment costs.

# eloT's Importance: The Transition to an Active Grid Periphery



***The integration of distributed energy resources at the grid's periphery implies the adoption of a plethora of network-enabled devices and appliances in an energy Internet of Things.***

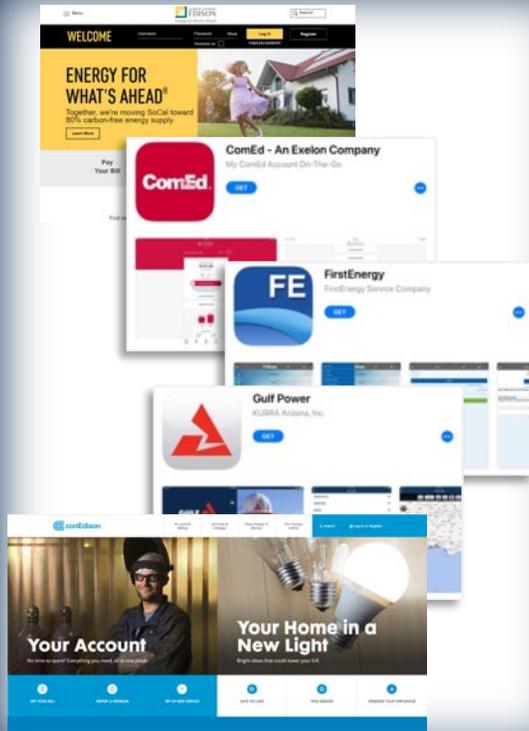
# Imagine...A World Where Customers Are Part of the Solution



## The Shared Integrated Grid

# Creating a Shared Integrated Grid (#sharedgrid)

## Customer Engagement



## Connected Devices = Shared Economy



## Community Level Coordination



**∴ eIoT-XIM enables the eIoT which in turn enables a Shared Integrated Grid!**

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- **Developing an eloT-XIM (How?!)**

- *An eloT-XIM must serve a wide variety of complex use cases while remaining interoperable with large body of CIM standards.*

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# Developing an eIoT-XIM Collaboration Platform

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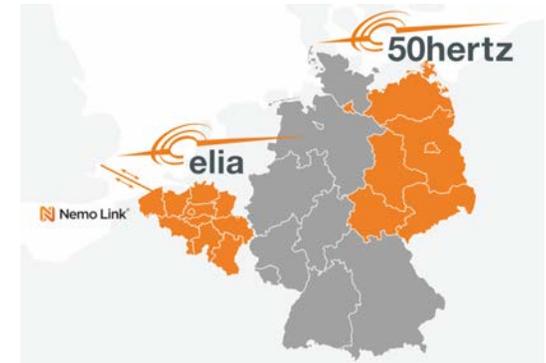
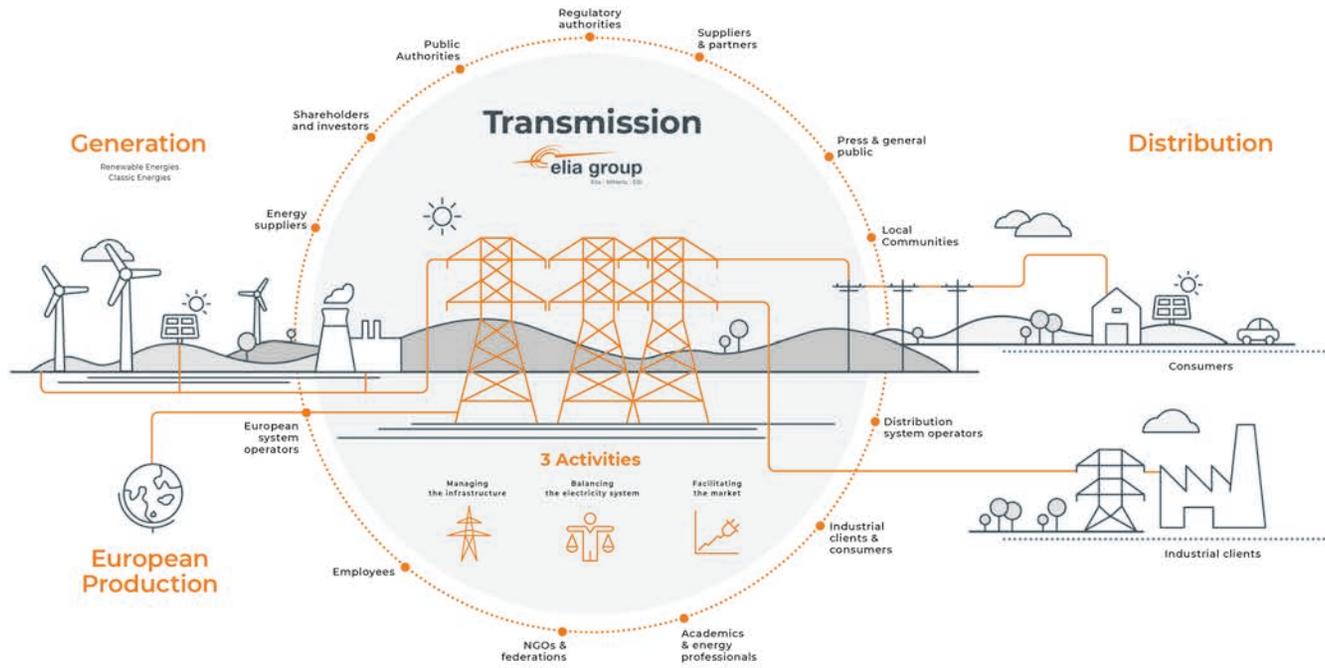
As the eIoT-XIM project progressed, it became apparent that NH already possessed several emerging *Shared Integrated Grid* collaboration platforms.

- [City of Lebanon Energy Advisory Committee](#) → City leader in Community Power Aggregation in NH
- [Sustainable Hanover Committee](#) → Leading Municipal Implementation of Real-Time Pricing
- [NH Community Power Coalition](#) → Bringing together NH Cities, Towns & Counties interested in Community Power Aggregation.
- [NH PUC Community Power Aggregation Rule Making](#) → Serves to enable the implementation of community power aggregation
- [NH PUC Statewide Multi-Use Online Energy Data Platform Docket](#) → Serves to enable the design & implementation of a data platform

**Local initiatives using existing local collaboration platforms**  
**Many Parallel Initiatives → Proves the Need for Collaborative Efforts**  
**...but NH is not alone...**

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# Developing an eIoT-XIM Collaboration Platform



Local Initiatives are popping up all over the world

EPRI & the Dartmouth-LINES recognize the need for an eIoT-enabled Shared Integrated Grid Collaboration Platform

# Presentation Outline

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# Developing an eIoT-XIM Consortium: Community Power NH

As the eIoT-XIM project progressed, it became apparent that many NH stakeholders already wished to participate in **Shared Integrated Grid** consortiums.

## Participating Municipal members:

1. Bristol (Paul Bemis)
2. Harrisville (Mary Day Mordecai & Ned Hulbert)
3. Hanover (Julia Griffin & April Salas)
4. Lebanon (Clifton Below)
5. Nashua (Doria Brown)
6. Cheshire County (Rod Bouchard)
7. Monadnock Energy Hub (Dori Drachman)

### 5 Municipalities

~53,000 customers  
(7% of market)  
~460,000 MWh / yr  
~\$50 million (supply)

### 23 Municipalities

~36,000 customers  
(5% of market)  
~315,000 MWh / yr  
~\$35 million (supply)

## Community support members:

8. Clean Energy New Hampshire (*facilitator*: Henry Herndon)
9. Dartmouth College (*ex officio*: Dr. Amro Farid)
10. Community Choice Partners (*ex officio*: Samuel Golding)

### 9 Municipalities

~21,000 customers  
(3% of market)  
~183,000 MWh / yr  
~\$20 million (supply)

**Community Power New Hampshire already draws from a broad spectrum of NH grid stakeholders.**

# Developing an eIoT-XIM Consortium: NH Energy Data Platform

---

As the eIoT-XIM project progressed, it became apparent that many NH stakeholders already wished to participate in *Shared Integrated Grid* consortiums.

1. NH Public Utilities Commission
2. NH Office of the Consumer Advocate
3. NH Representative Kat McGhee
4. City of Lebanon
5. Town of Hanover
6. Unitil
7. Eversource
8. Liberty Utilities
9. Dartmouth-LINES-Thayer School of Engineering
10. Dartmouth Tuck School of Business
11. Community Choice Partners
12. Clean Energy New Hampshire
13. Greentel Group
14. Mission Data
15. Deloitte Consulting
16. Utility API
17. Packetized Energy
18. Freedom Energy Logistics
19. Orr & Reno P.A
20. Mark Dean PLLC

**Broad Spectrum of Engaged Grid Stakeholders:**  
**State & Local Government, Utilities, Academia, Industry Experts,**  
**Non-Profits, Vendors, Legal Counsel**

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# Presentation Outline

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**Goal: To describe the Dartmouth-LINES and EPRI effort to conceptualize the development of an energy Internet of Things eXtensible Information Model (eloT-XIM)**

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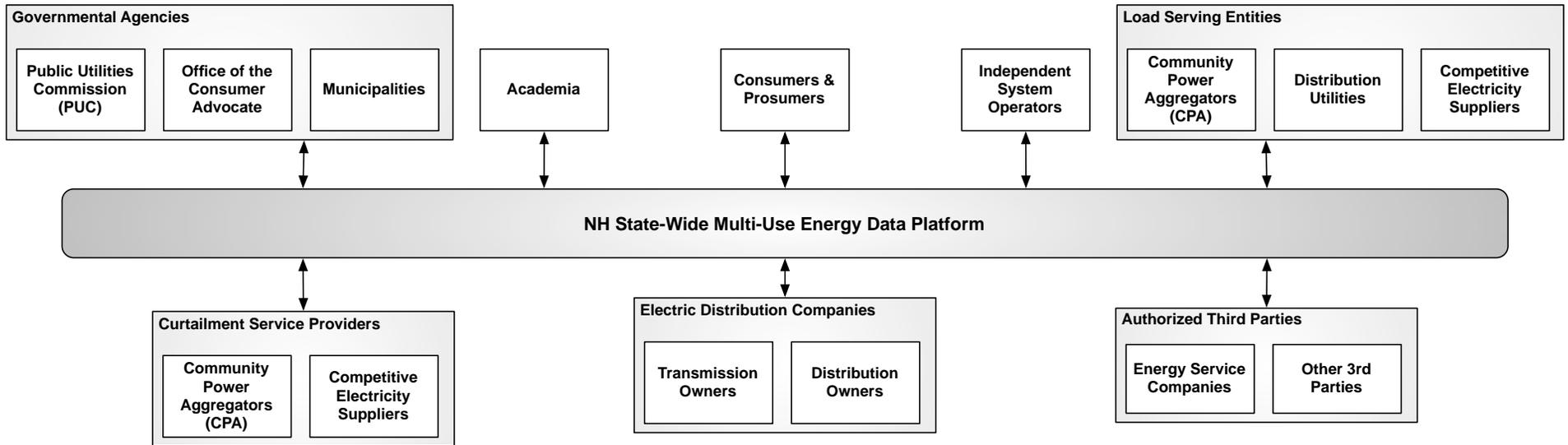
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---

# Envisioning a NH State-Wide Multi-Use Energy Data Platform



**Q: How might we think about building such an energy data platform? What are we going to have to pay special attention to?**

**One Answer: Just start coding!**

**One Answer: Write a Request for Proposals. Outsource it to the lowest bidder!**

**Your Answer: \_\_\_\_\_ Write your answer in the chat box \_\_\_\_\_**

# Building a Big Tent: NH Energy Data Platform Stakeholders

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The building of a NH energy data platform should be viewed as a **Shared Integrated Grid** systems engineering activity.

1. NH Public Utilities Commission
2. NH Office of the Consumer Advocate
3. NH Representative Kat McGhee
4. City of Lebanon
5. Town of Hanover
6. Unitil
7. Eversource
8. Liberty Utilities
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13. Greentel Group
14. Mission Data
15. Deloitte Consulting
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**Broad Spectrum of Engaged Grid Stakeholders:  
State & Local Government, Utilities, Academia, Industry Experts,  
Non-Profits, Vendors, Legal Counsel**

---

# A Big Tent Systems Approach: Architecting the NH Energy Data Platform

---

## Steps:

1. **Context Awareness:** Understand the legal context of deregulation (i.e. SB 284 & SB 286)
2. **Requirements Gathering:** Identify stakeholder requirements & use cases from existing legislation, regulations, stakeholder needs. Collect from all stakeholders.
3. **Requirements Engineering:** Reconcile the stakeholder requirements & use cases into a mutually exclusive & collective exhaustive set of technical requirements. All use cases & requirements are equally valid.
4. **Quantify the Associated Benefits (in dollar terms): System Function → Benefits**
5. **Determine the Relevant Data:** For each technical requirement, assure interoperability & extensibility with existing IEC Common Information Model standards
6. **Quantify the Associated Costs (in dollar terms): System Form → Costs**
7. **Address Governance and Implementation Challenges:**

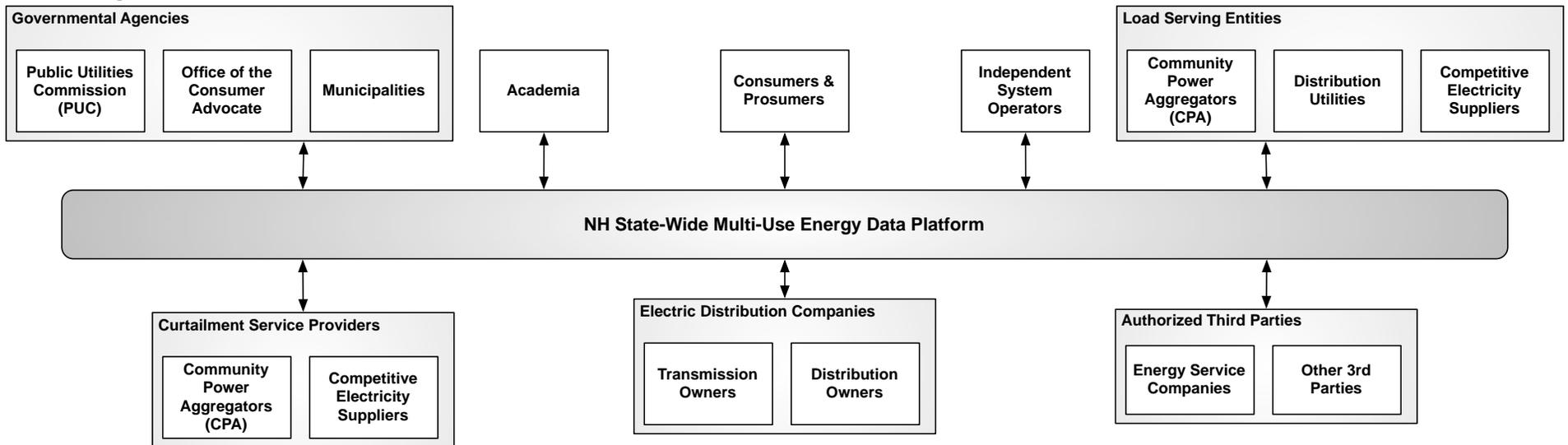
**Developing a NH Energy Data Platform is a collaborative, context-aware socio-technical effort!**

---

# A Big Tent Systems Approach: A Stakeholder Access Example Requirement

## Steps:

1. **Context Awareness:** Understand the legal context of deregulation (i.e. SB 284 & SB 286)
2. **Requirements Gathering:** Identify requirements & use cases from existing legislation, regulations, stakeholder needs. Collect from all stakeholders.



**Stakeholder Access Requirement** The NH State-Wide Multi-Use Energy Data Platform shall provide stakeholder-appropriate, secure, and interoperable access for each of the stakeholder categories identified above.

**Make sure there is a place on the platform for all stakeholders!**

# A Big Tent Systems Approach: A Community Power Aggregator Example Requirement

## Steps:

1. **Context Awareness:** Understand the legal context of deregulation (i.e. SB 284 & SB 286)
2. **Requirements Gathering:** Identify requirements & use cases from existing legislation, regulations, stakeholder needs. Collect from all stakeholders.

RSA 53-E:3/SB 286 “[CPAs have the authority to] provide for:

- (1) The supply of electric power.
- (2) Demand side management.
- (3) Conservation.
- (4) Meter reading.
- (5) Customer service.
- (6) Other related services.
- (7) The operation of energy efficiency and clean energy districts adopted by a municipality pursuant to RSA 53-F.”

## 4. OPERATION OF A COMMUNITY POWER AGGREGATION PROGRAM

- 4.1 The data platform shall provide CPAs and customers the read, write, and append access to support the exchange of electric power services.
- 4.2 The data platform shall provide CPAs and customers the read, write, and append access to support the exchange of demand side management services.
- 4.3 The data platform shall provide CPAs and customers the read, write, and append access to support the exchange of conservation services.
- 4.4 The data platform shall provide CPAs and customers the read, write, and append access to support the exchange of energy efficiency services.
- 4.5 The data platform shall provide CPAs and customers the read, write, and append access to support customer service activities.
- 4.6 The data platform shall provide the CPAs, and electric utilities (as owners/operators of metering systems) access to read, write and update customers’ consumption and distribution generation meter data.
- 4.7 The data platform shall provide customers access to read their consumption and distributed generation meter data.

**Infuse the new legislation into the system requirements/use cases**

# A Big Tent Systems Approach: Architecting the NH Energy Data Platform

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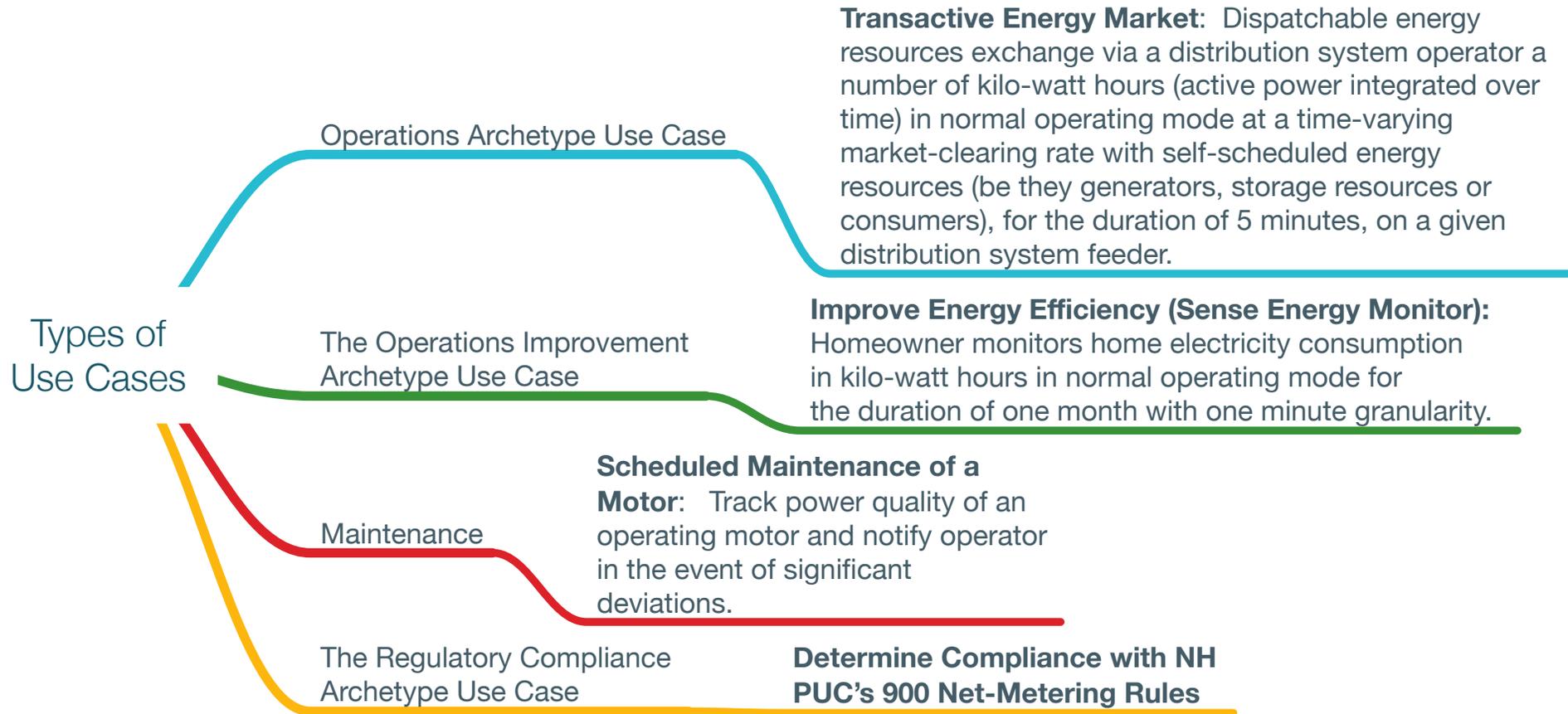
## Steps:

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3. **Requirements Engineering:** Reconcile the stakeholder requirements & use cases into a mutually exclusive & collective exhaustive set of technical requirements. All use cases & requirements are equally valid.
  1. Equal Validity: A hypothetical road has pedestrian, cyclist, and motorist use cases
  2. Technical Requirements: Warm & Cozy vs. {72°F, 50% Humidity}
4. **Quantify the Associated Benefits (in dollar terms): System Function → Benefits**
5. **Determine the Relevant Data:** For each technical requirement, assure interoperability & extensibility with existing IEC Common Information Model standards
6. **Quantify the Associated Costs (in dollar terms): System Form → Costs**
7. **Address Governance and Implementation Challenges:**

**Developing a NH Energy Data Platform is a collaborative, context-aware socio-technical effort!**

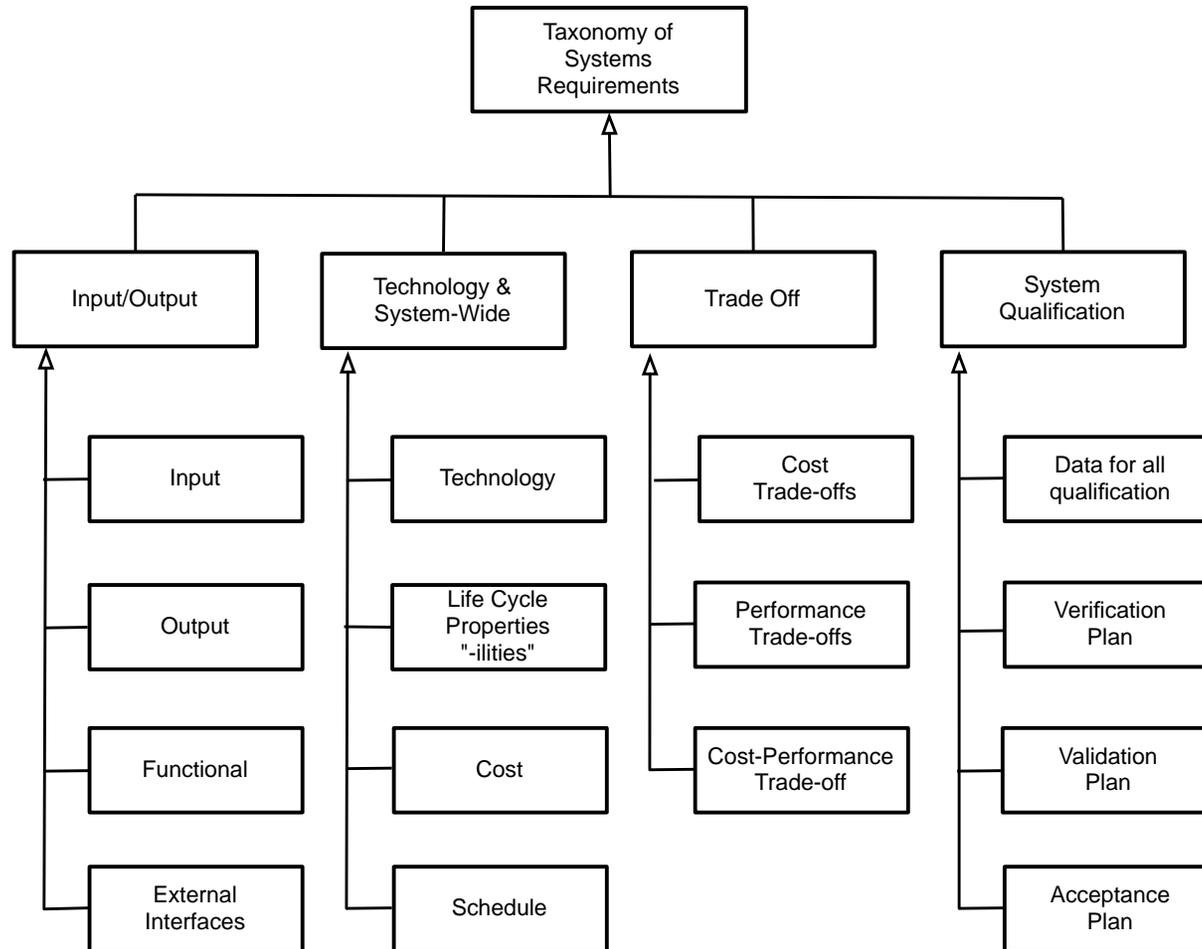
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# Managing the Complexity: Stakeholder Requirements by Life Cycle Stage



**In a multi-stakeholder process, it is important to organize requirements & use cases in unifying frameworks.**

# Managing the Complexity: Types of Technical Requirements



**In a multi-stakeholder process, it is important to organize technical requirements in unifying frameworks.**

# A Big Tent Systems Approach: Architecting the NH Energy Data Platform

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# A Big Tent Systems Approach: Architecting the NH Energy Data Platform

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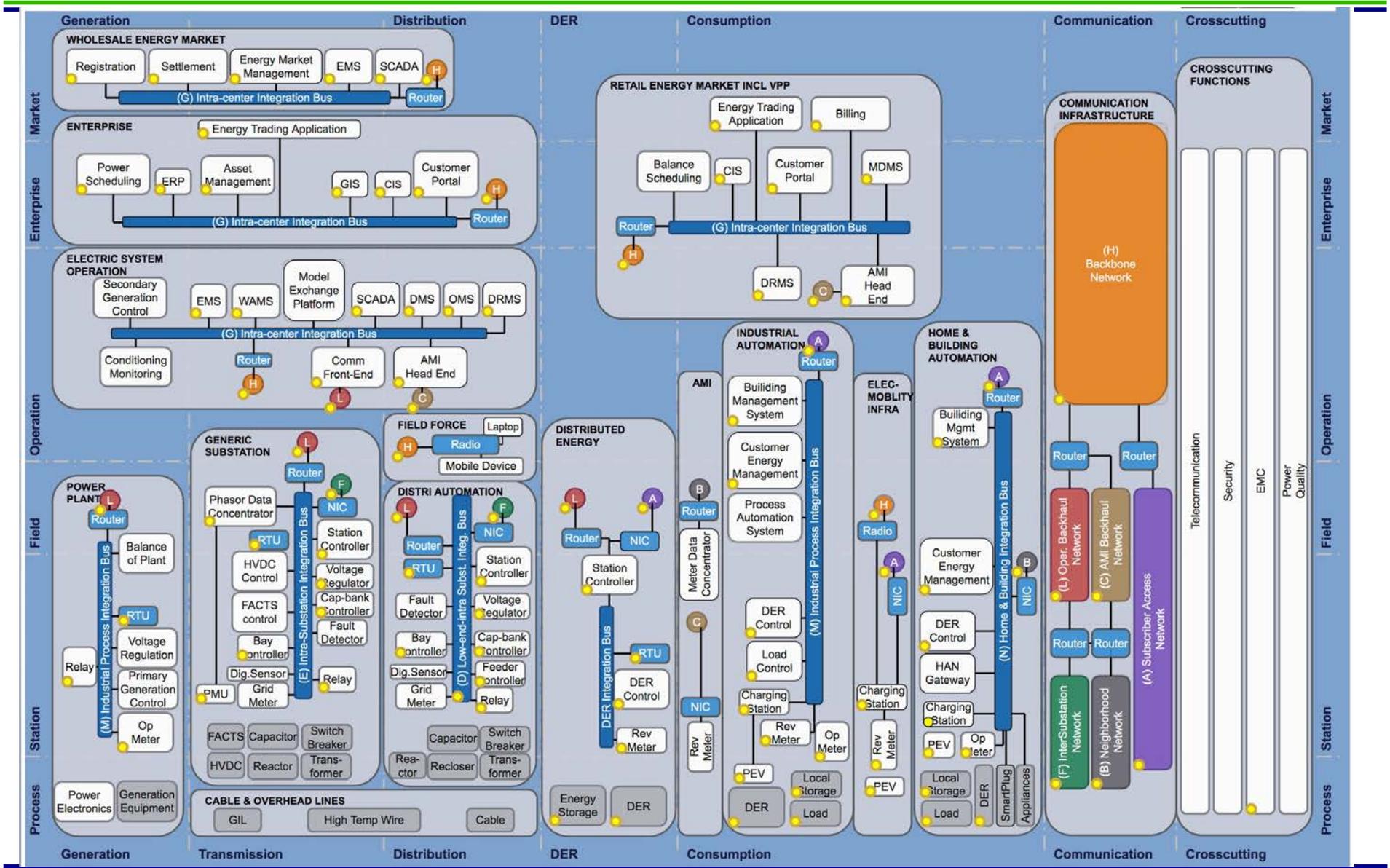
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---

# IEC Smart Grid Standards Map



# A Big Tent Systems Approach: Architecting the NH Energy Data Platform

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# A Big Tent Systems Approach: Architecting the NH Energy Data Platform

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7. **Address Governance and Implementation Challenges:**

**Q: What do you think might be some important governance and implementation challenges?**

One Answer: We got this! What could possibly go wrong?!?!

**Your Answer:** \_\_\_\_\_ *Write your answer in the chat box* \_\_\_\_\_

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# Presentation Outline

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**Goal: To describe the Dartmouth-LINES and EPRI effort to conceptualize the development of an energy Internet of Things eXtensible Information Model (eloT-XIM)**

- **Introduction:**

- *What is an energy Internet of Things eXtensible Information Model (eloT-XIM) and why is it so important?*

- **Developing an eloT-XIM Collaboration Platform**

- *Early on, there was a deep recognition that the development of an eloT-XIM required a collaboration platform.*

- **Developing an eloT-XIM Consortium**

- *Early on, there was a deep recognition that the development of an eloT-XIM required a consortium of diverse grid stakeholders.*

- **Developing an eloT-XIM (How?!)**

- *An eloT-XIM must serve a wide variety of complex use cases while remaining interoperable with large body of CIM standards.*

- ***Applying an eloT-XIM to a transactive energy blockchain simulation***

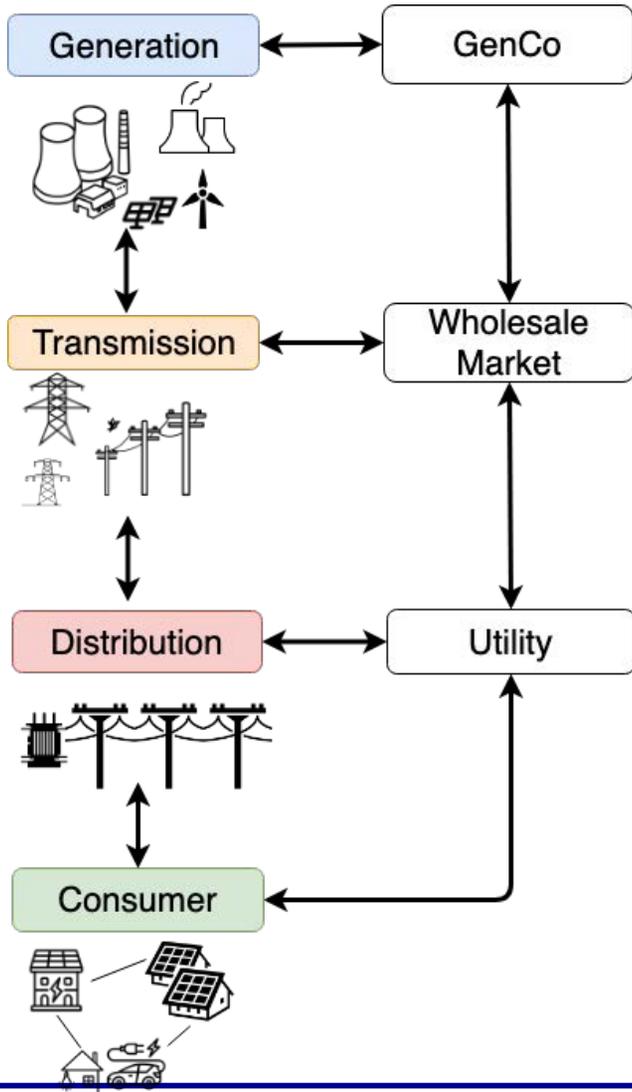
- *To demonstrate the potential for an eloT-XIM, we highlight how it may be applied to a transactive energy blockchain application in the City of Lebanon, NH.*

***We will demonstrate the potential for collaborative IMPACT by highlighting relevant & ongoing activities in the LINES & NH.***

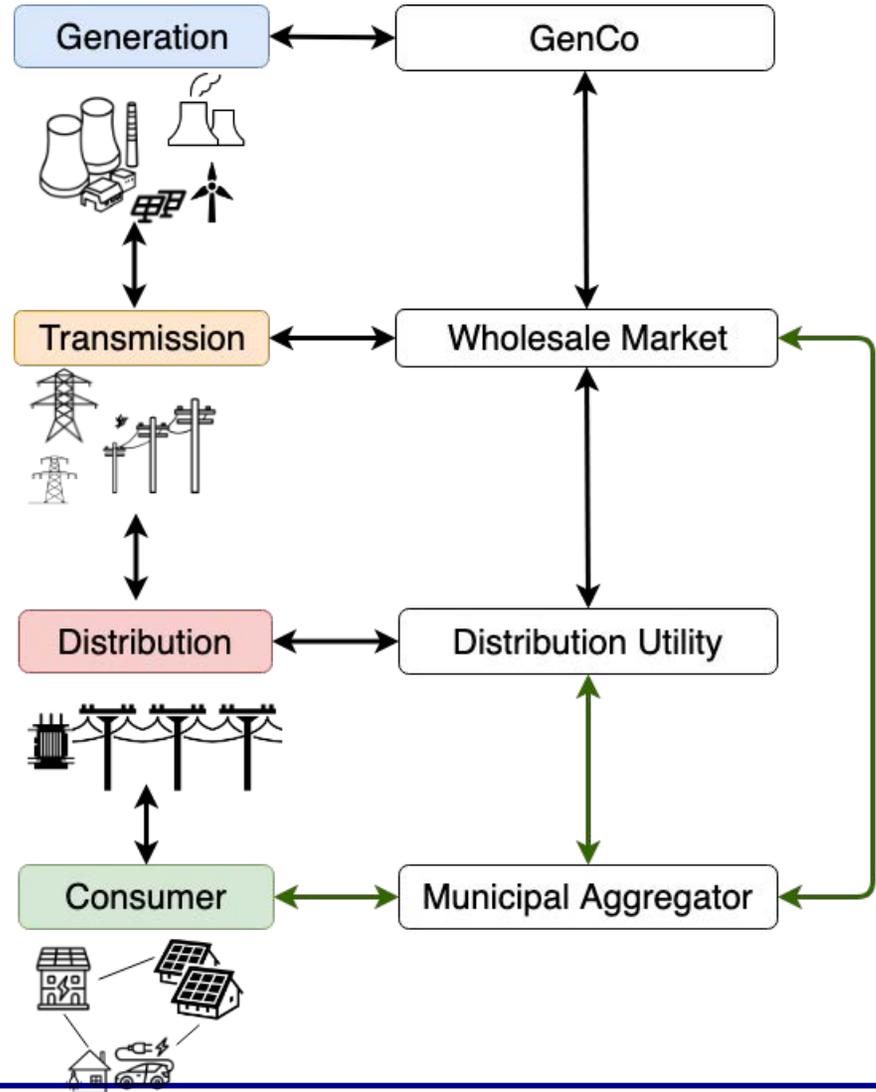
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# Conventional vs Transactive Energy Model

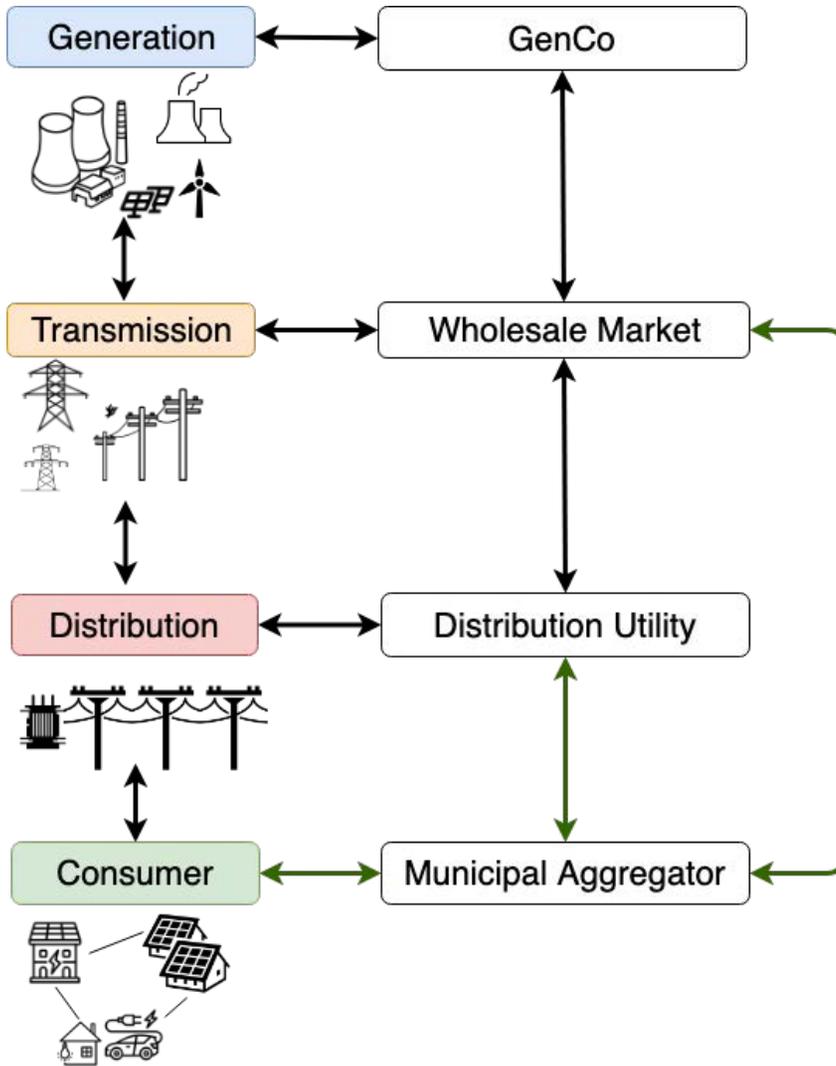
Conventional Model



Transactive Energy Model



# How is the Transactive Energy Model Different?



## Municipal aggregation enables:

- ⦿ Customer choice
- ⦿ Access to cleaner cheaper electricity
- ⦿ Access to real-time wholesale prices
- ⦿ Peer to peer electricity trading

## How do we achieve this?

- ⦿ Collect relevant data
- ⦿ Develop software to simulate the market

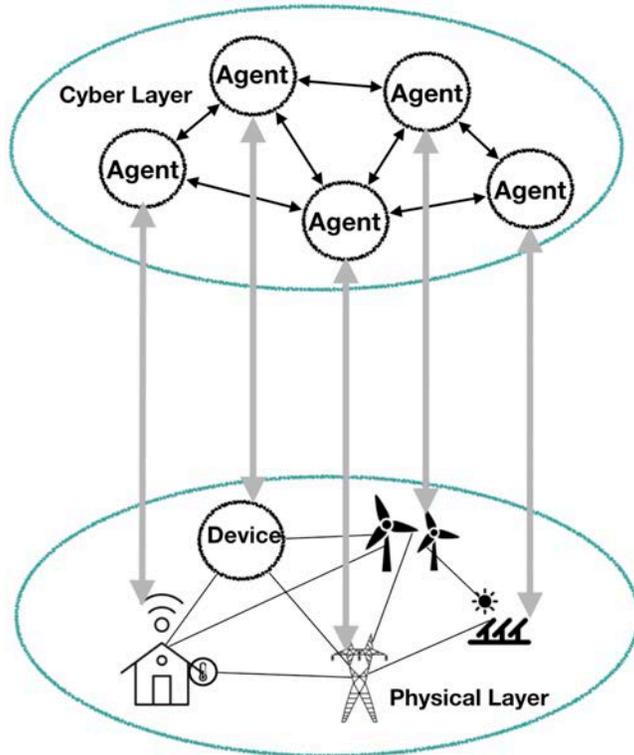
# LEBTEC Software Development

## Industrial State of the Art Solutions



Limitations: *No guarantees of convergence*

## Academic State of the Art: ADMM



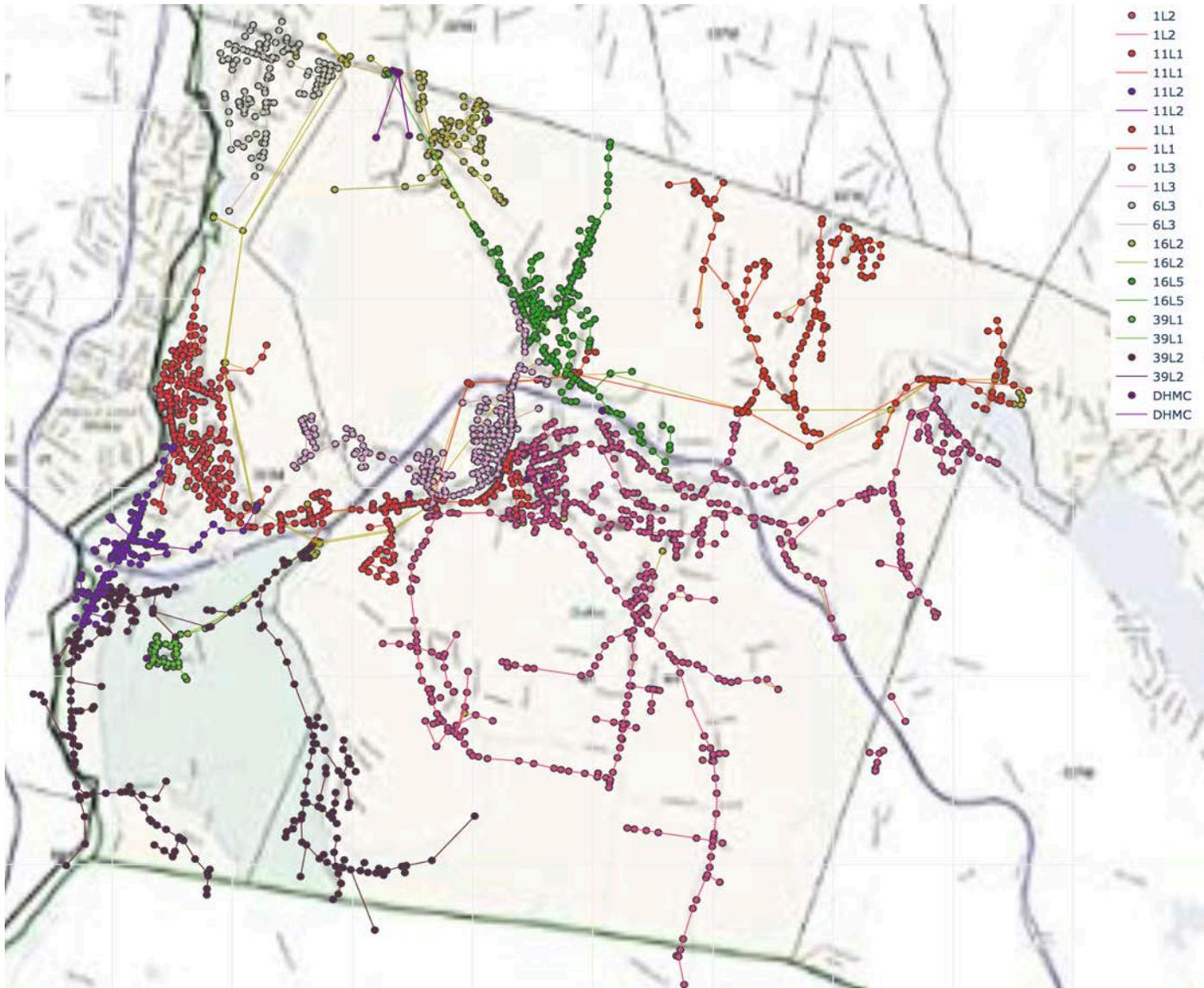
Limitations: *No guarantees of physical security*

### Our Solution:

- ⦿ Guarantees convergence
- ⦿ Physical security
- ⦿ Economic optimality

**Bringing a decade of renewable energy integration experience to Lebanon!**

# LEBTEC Data Processing



## Data:

- ⦿ GIS Layer
- ⦿ Power injections

## Worked with:

- ⦿ Liberty Utilities
- ⦿ LEAC

## Next Steps:

- ⦿ Finalize data processing
- ⦿ Combine the software model with data
- ⦿ Run simulations

## Biggest Challenge:

- ⦿ Data collection and processing

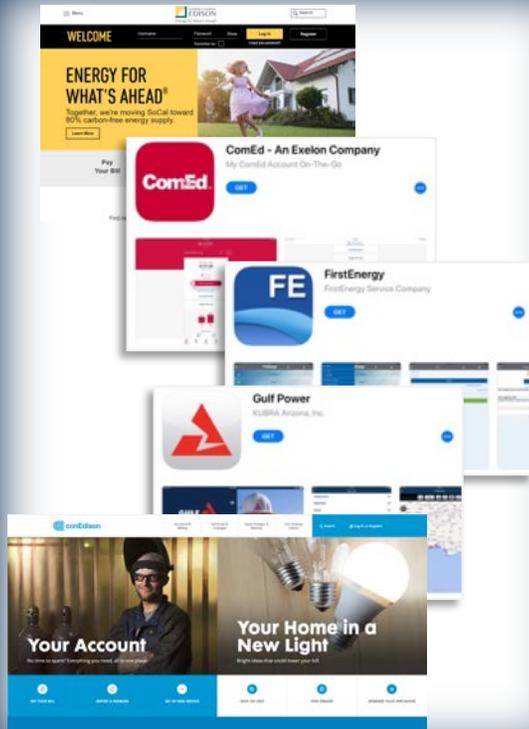
# Imagine...A World Where Customers Are Part of the Solution



## The Shared Integrated Grid

# Creating a Shared Integrated Grid (#sharedgrid)

## Customer Engagement



## Connected Devices = Shared Economy



## Community Level Coordination



**∴ eIoT-XIM enables the eIoT which in turn enables a Shared Integrated Grid!**

# Thank You

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## Conceptualizing the Development of an energy Internet of Things eXtensible Information Model:

### A Dartmouth-LIINES & EPRI Collaboration

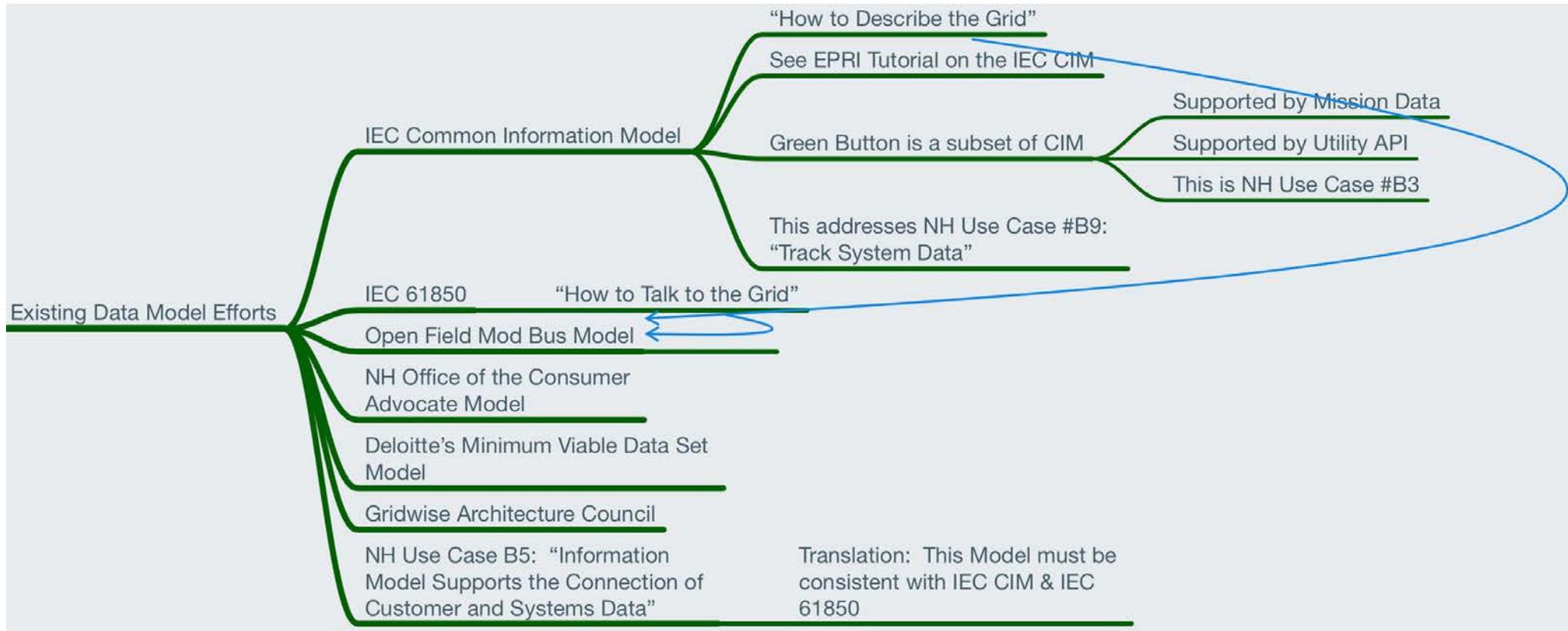
Amro M. Farid  
Associate Professor of Engineering  
Adj. Assoc. Prof. of Computer Science  
Thayer School of Engineering at  
Dartmouth

Working Presentation

Hanover, NH  
March 5 2019



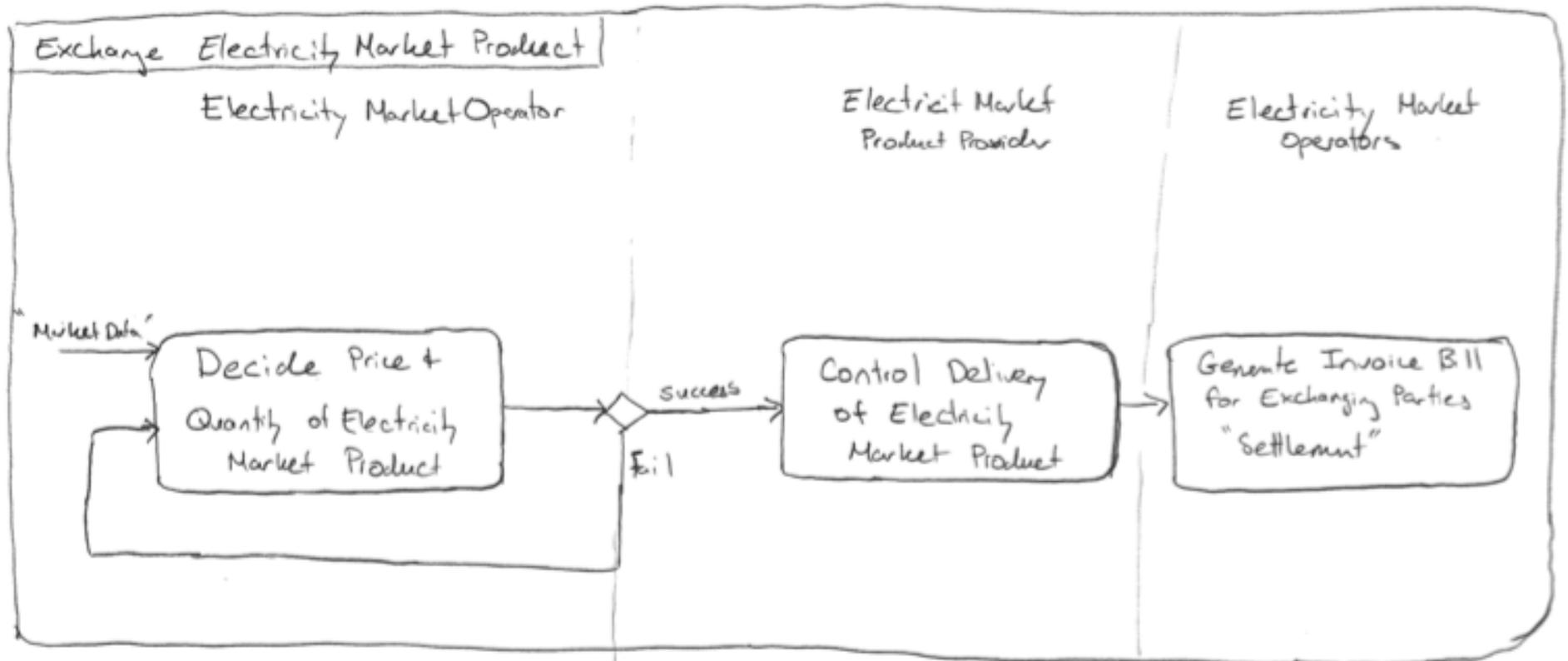
# eloT-XIM: Simultaneous Data Model Developments



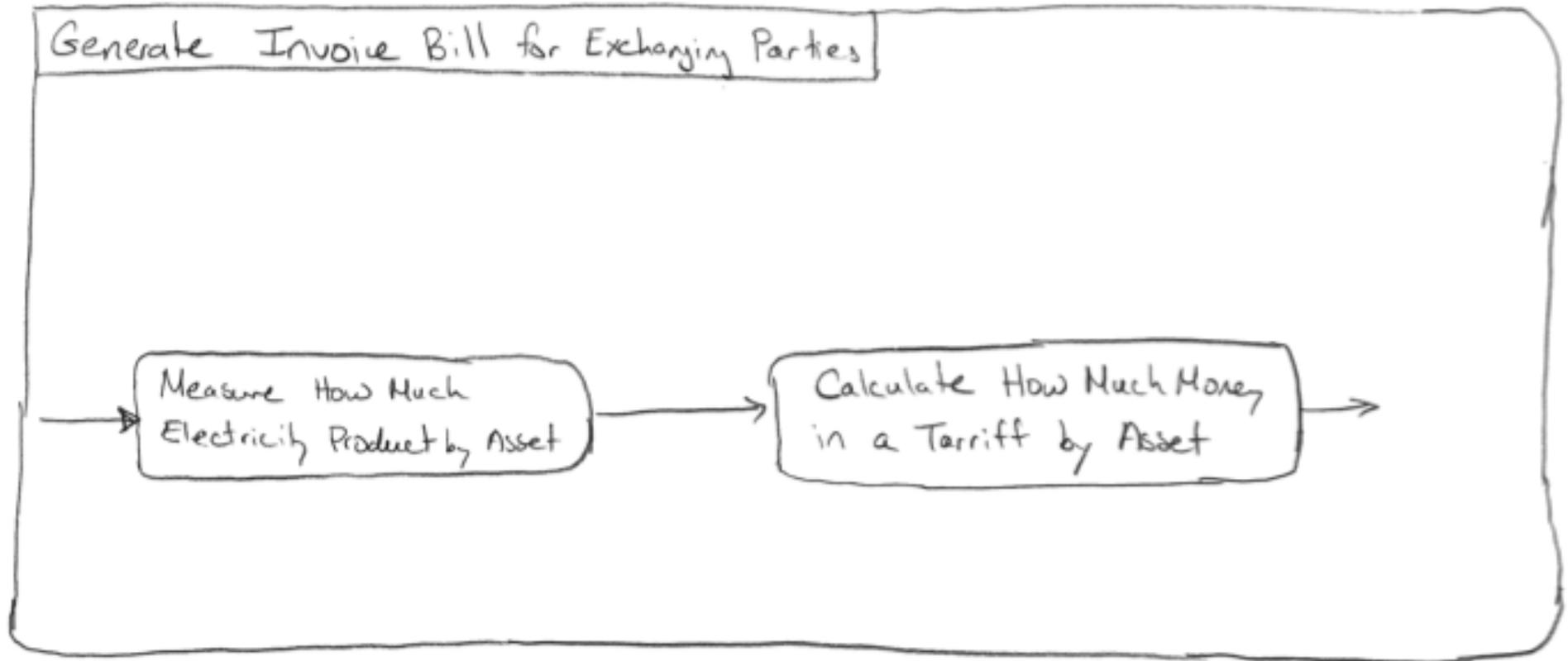
By the number of simultaneous efforts, it’s clear that there is a need for an eloT-XIM, but there is a danger of non-standard development.

Despite these developments, further efforts are required to enable a shared integrated grid.

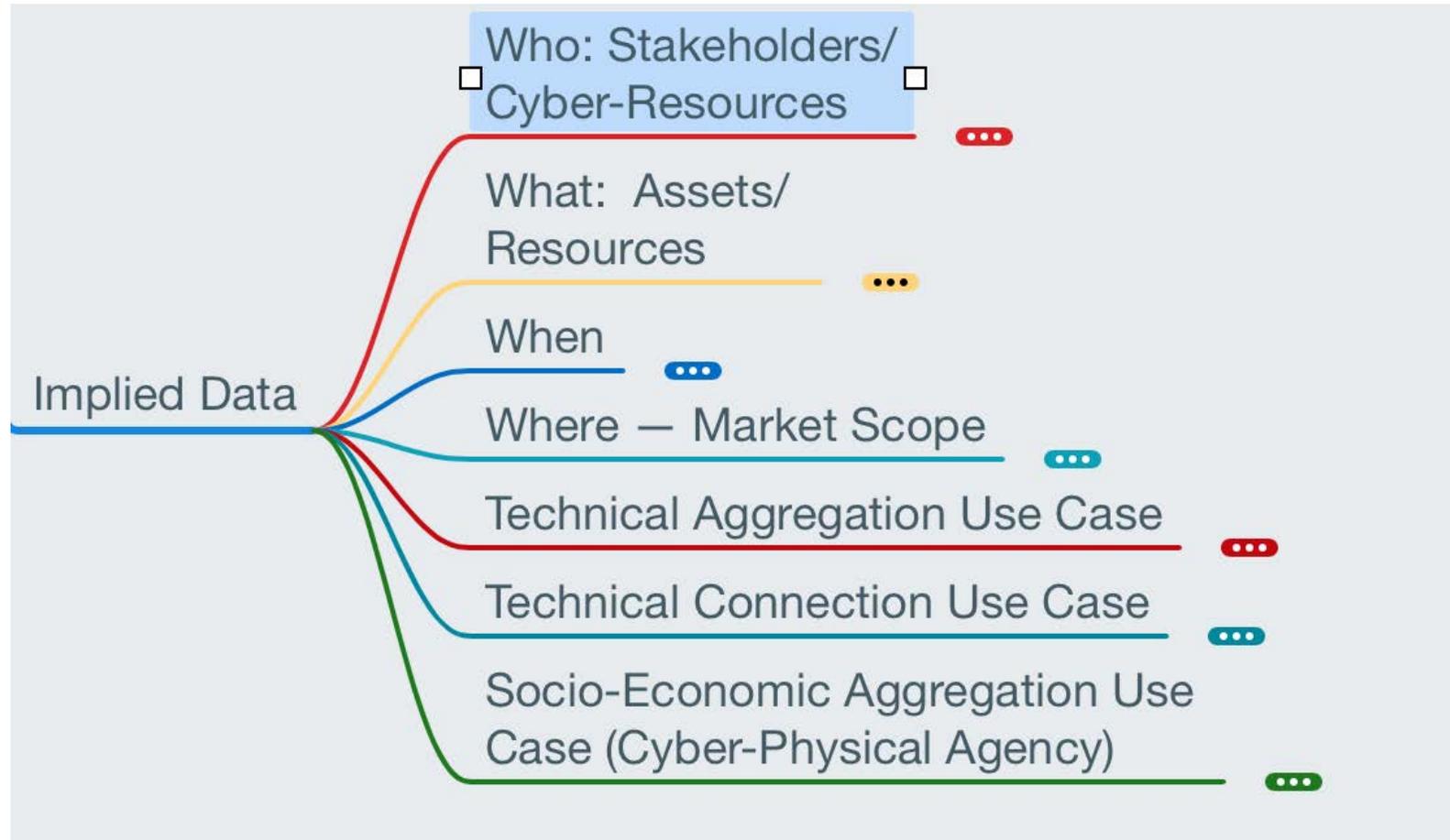
# Exchange Electricity Market Product Archetype Use Case II



# “Settlement”: Generate Invoice Bill for Exchanging Parties



# Exchange Electricity Market Product Archetype Use Case III



# Presentation Outline

---

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# How to Develop an eloT-XIM

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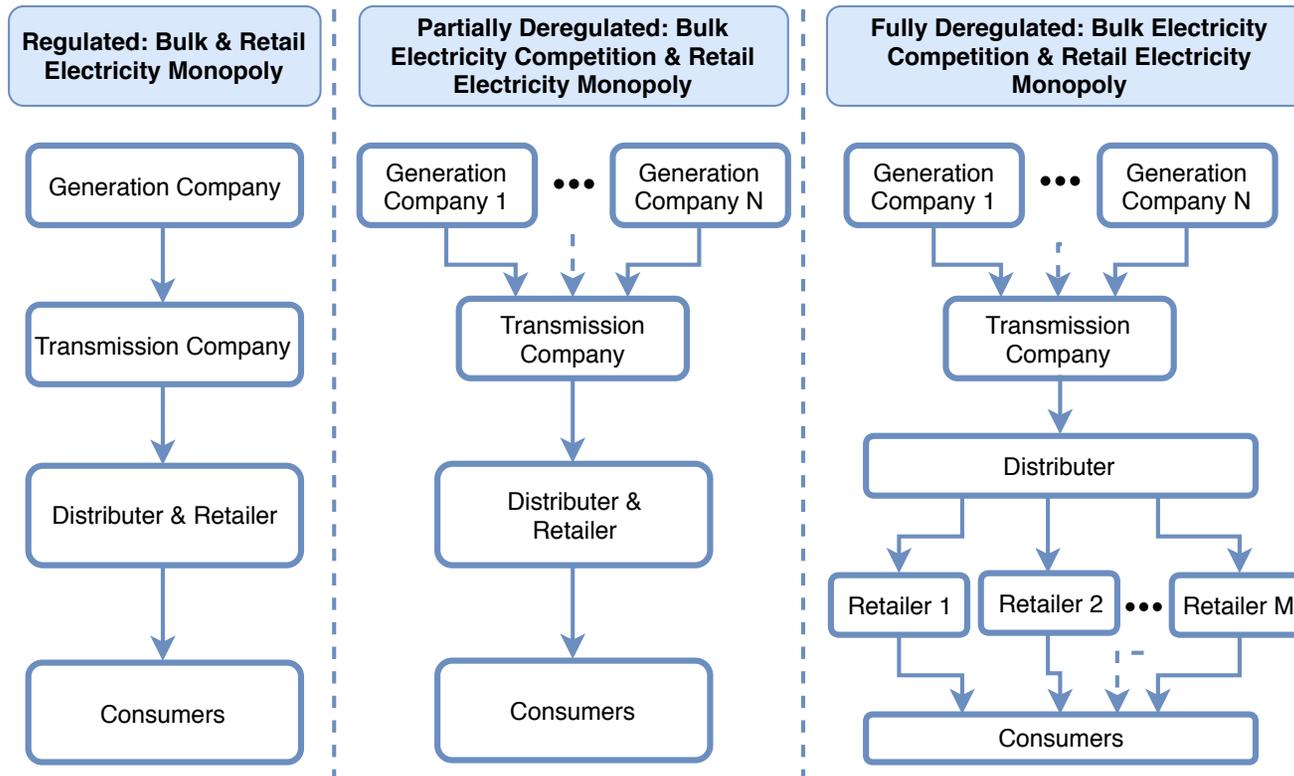
## Steps:

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5. Address governance and implementation challenges of XIM-Energy Data Platforms

**Developing an eloT-XIM is a collaborative, context-aware socio-technical effort**

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# The Broad Trend Towards Electricity Deregulation



**The creation of a shared integrated grid exists within a broad trend towards electricity deregulation.**

# Several Practical Visions of Deregulation

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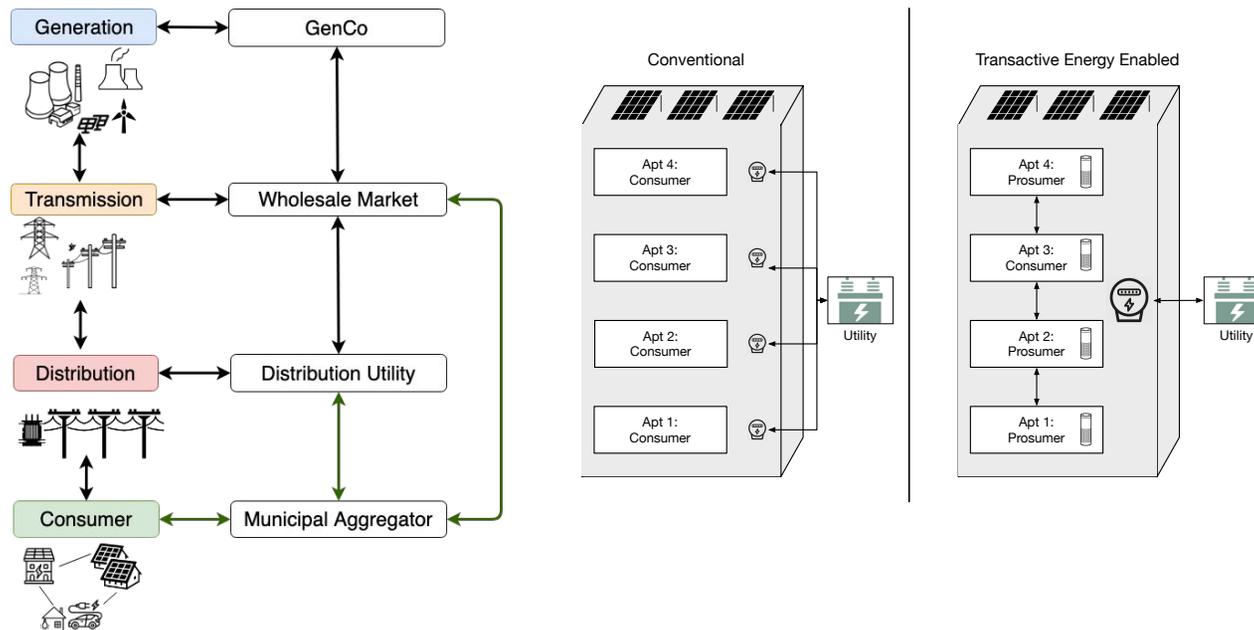
1. Demand-Side Retail Aggregator (*No regulation required*)
2. Demand-Side Wholesale Aggregator acts as C&I Customer (*FERC Order 765*)
3. The Community Choice Aggregator (*NH Senate Bill 284*)
4. The Distribution System Operator (*European Model*)
5. The Distribution System Operator Utility (*NH Electricity Cooperative Model*)

**The creation of a shared integrated grid exists within a broad trend towards deregulation. → Deregulation is pluralistic!**

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# Vision 1: Demand-Side Retail Aggregator (No Regulation Required)

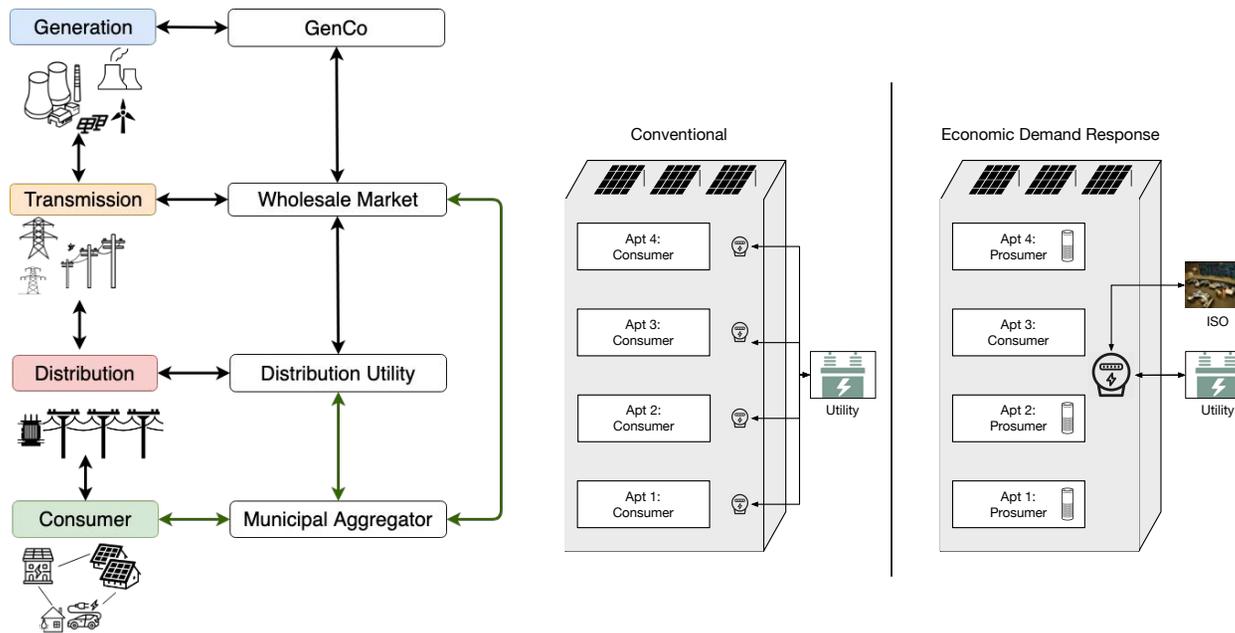
## Revise Pictures



**eloT implemented within a retail aggregator (e.g. apartment building) provides net social benefits → Rooftop Solar PV can sell power at full-retail rather than the net-metered rate.**

# Vision 2: Demand-Side Wholesale Aggregator (FERC Order 765)

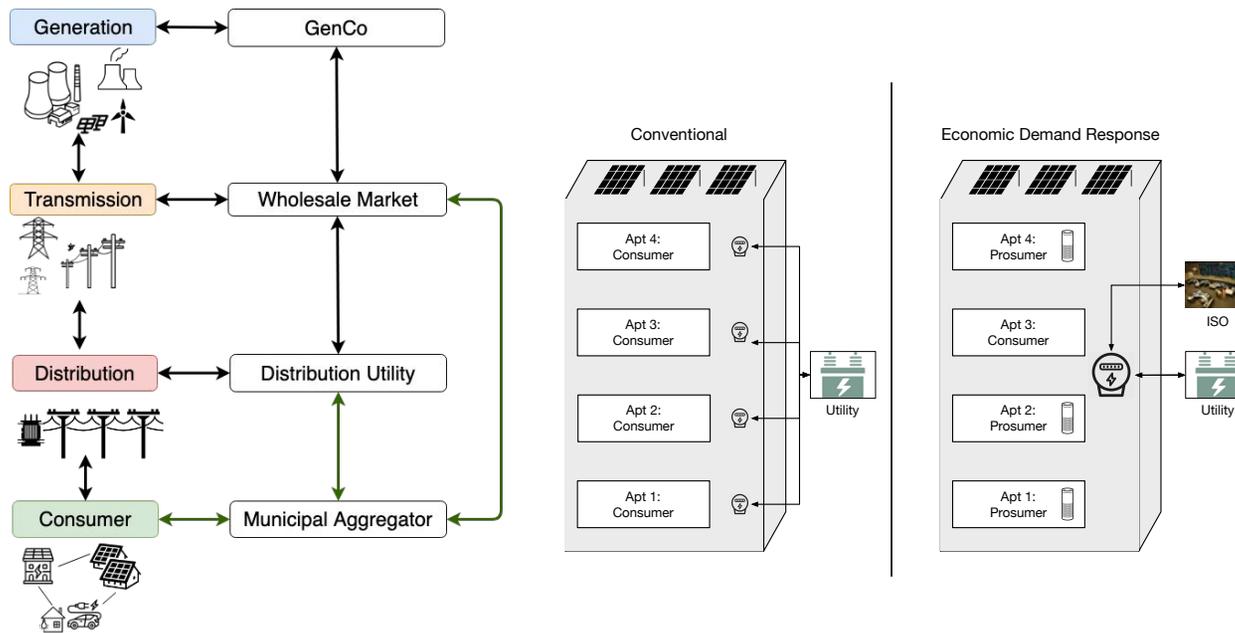
## Revise Pictures



**eloT implemented within a wholesale aggregator (e.g. apartment building) provides net social benefits in the form wholesale electricity rates**

# Vision 3: Community Choice Aggregator (NH Senate Bill 284)

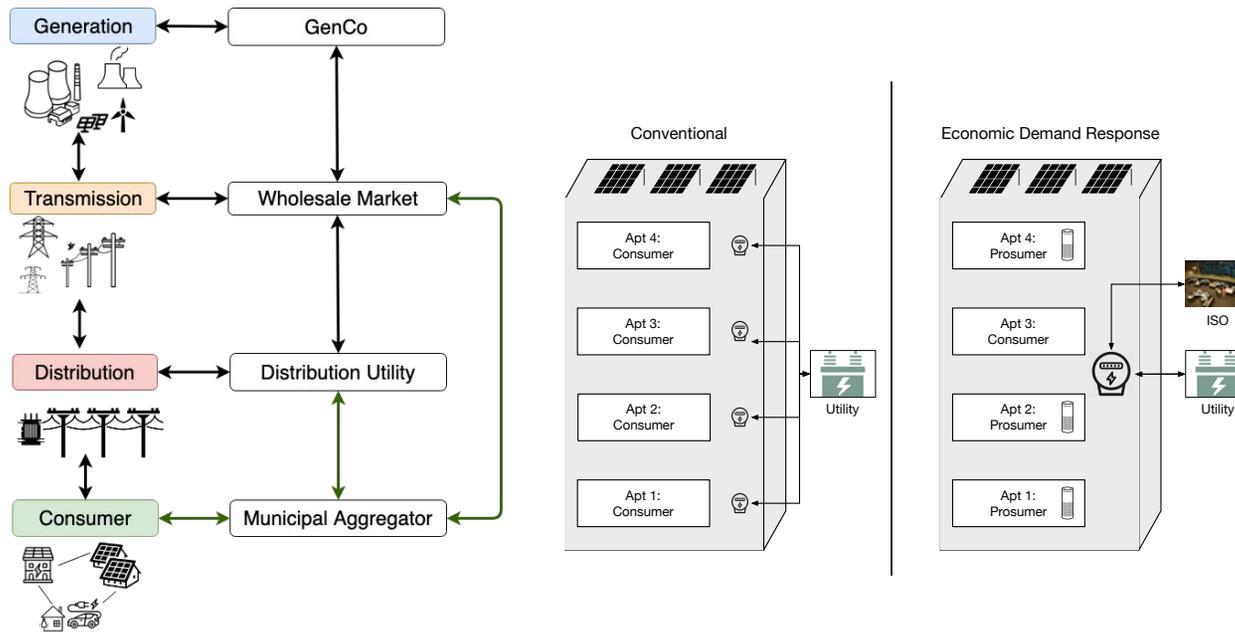
## Revise Pictures



**The Community Choice Aggregator becomes the default provider of electricity services: (e.g. default-flat, time-of-use, congestion-managed, real-time pricing)**

# Vision 4: The Distribution System Operator (European Model)

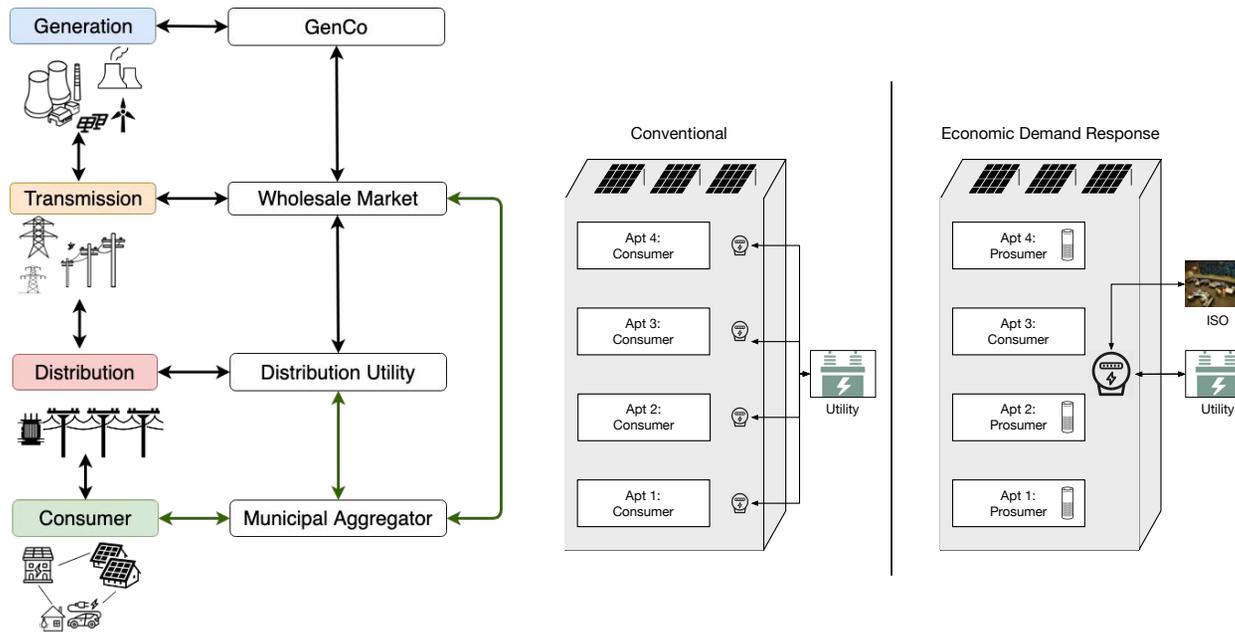
## Revise Pictures



**As a non-for-profit market operator, the Distribution System Operator becomes the neutral platform for exchange of retail electricity products and services.**

# Vision 5: The Distribution System Operator Utility (NH Coop)

## Revise Pictures



**As member-owned non-for-profit utility, the COOP simultaneously assumes the role of the distribution owner and the distribution system operator.**

# How to Develop an eloT-XIM

---

## Steps:

1. Understand the context of deregulation
2. *Identify use cases from existing legislation and regulations*
3. Reconcile the use cases into a mutually exclusive & collective exhaustive set
4. Assure interoperability & extensibility with existing Common Information Model standards
5. Address governance and implementation challenges of XIM-Energy Data Platforms

**Developing an eloT-XIM is a collaborative, context-aware socio-technical effort**

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# Identify Use Cases from Existing Legislation & Regulation

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**Requirements Engineering: Existing legislation and regulations need to be translated into uses case:**

## An NH Community Power Aggregation Example:

**NH SB 284 Text: “[Such customer] shall be given a choice of enrolling in utility provided default service or aggregation provided default service, where such exists. New customers shall be informed of pricing for each when they apply for service. Such new customers may also enroll with a competitive electricity supplier. New customers who do not make such a choice shall be enrolled in the default service of any geographically appropriate approved aggregation, or, if none exists, the utility provided default service.”**

**Associated Use Case 1: [Fill in the blank here]**

**Associated Use Case 2: [Fill in the blank here]**

**Developing an IoT-XIM is a collaborative, context-aware socio-technical effort**

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# How to Develop an eloT-XIM

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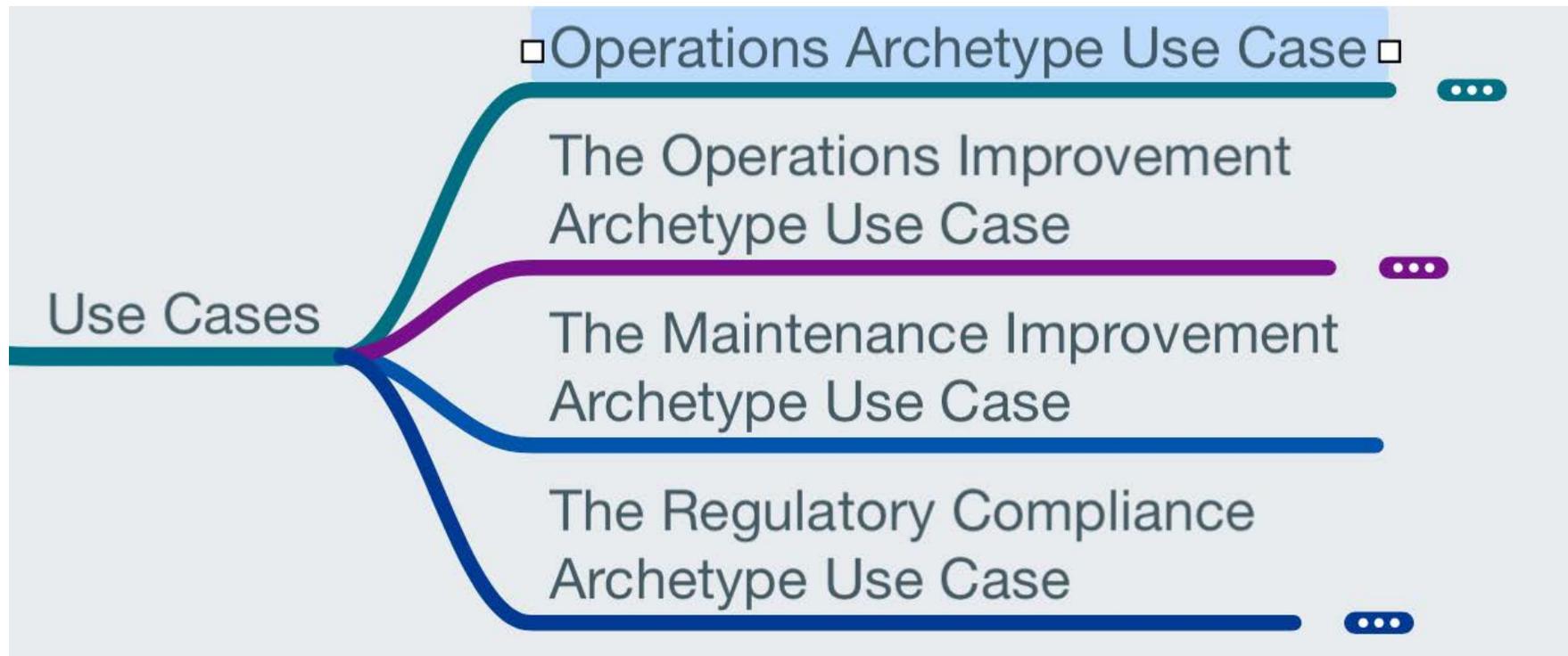
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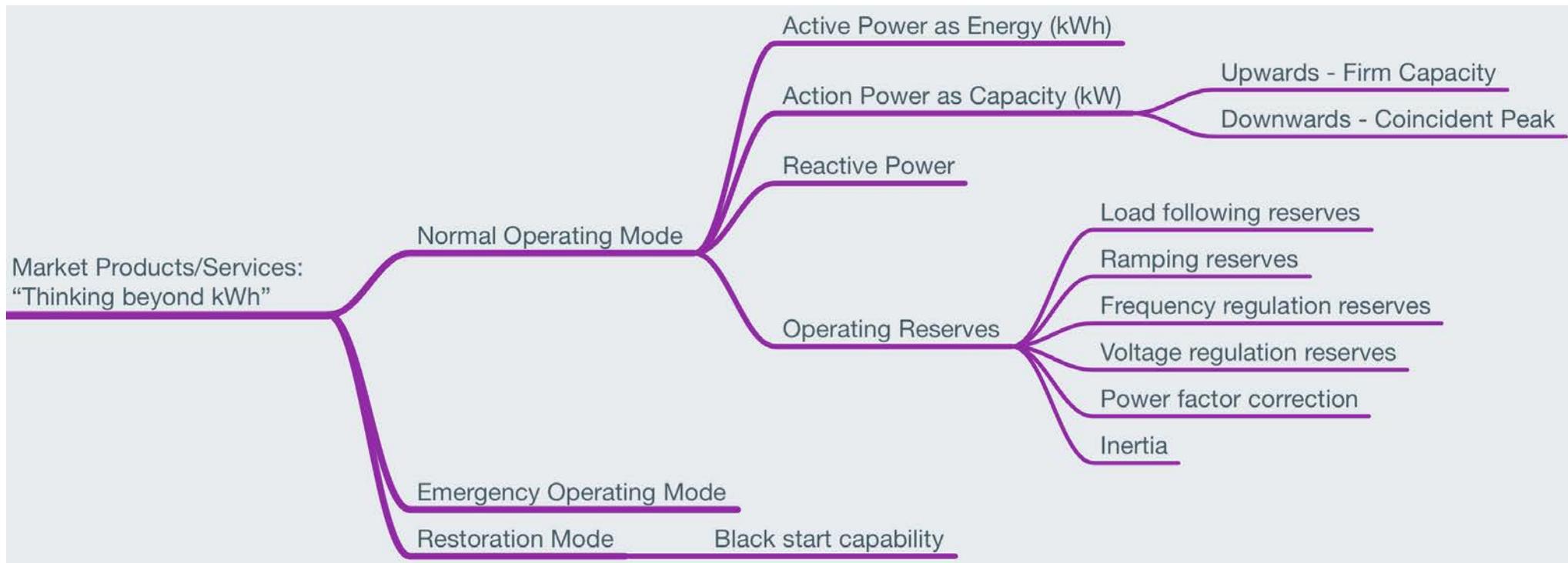
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# Managing Complexity: Use Cases by Life Cycle Stage



**As the number of eIoT-XIM use cases proliferate, and data complexity grows, they must be organized by life cycle stage.**

# Beyond the kWh: A Sustainable Energy Transition Imperative



The renewable energy, energy storage, and demand side resource integration literature agrees in the need for "electricity-market products" beyond the kWh.

# Exchange Electricity Market Product Archetype Use Case I

The Essential Question: Who exchanges what electricity product in which mode of operation for what price/tariff with who, when, and where?



We must see the shared integrated grid as market platform upon which a diversifying portfolio of electricity market products.

An extensible information model implies extensible uses cases. To manage the complexity, generic classes of uses cases are required!

# How to Develop an eloT-XIM

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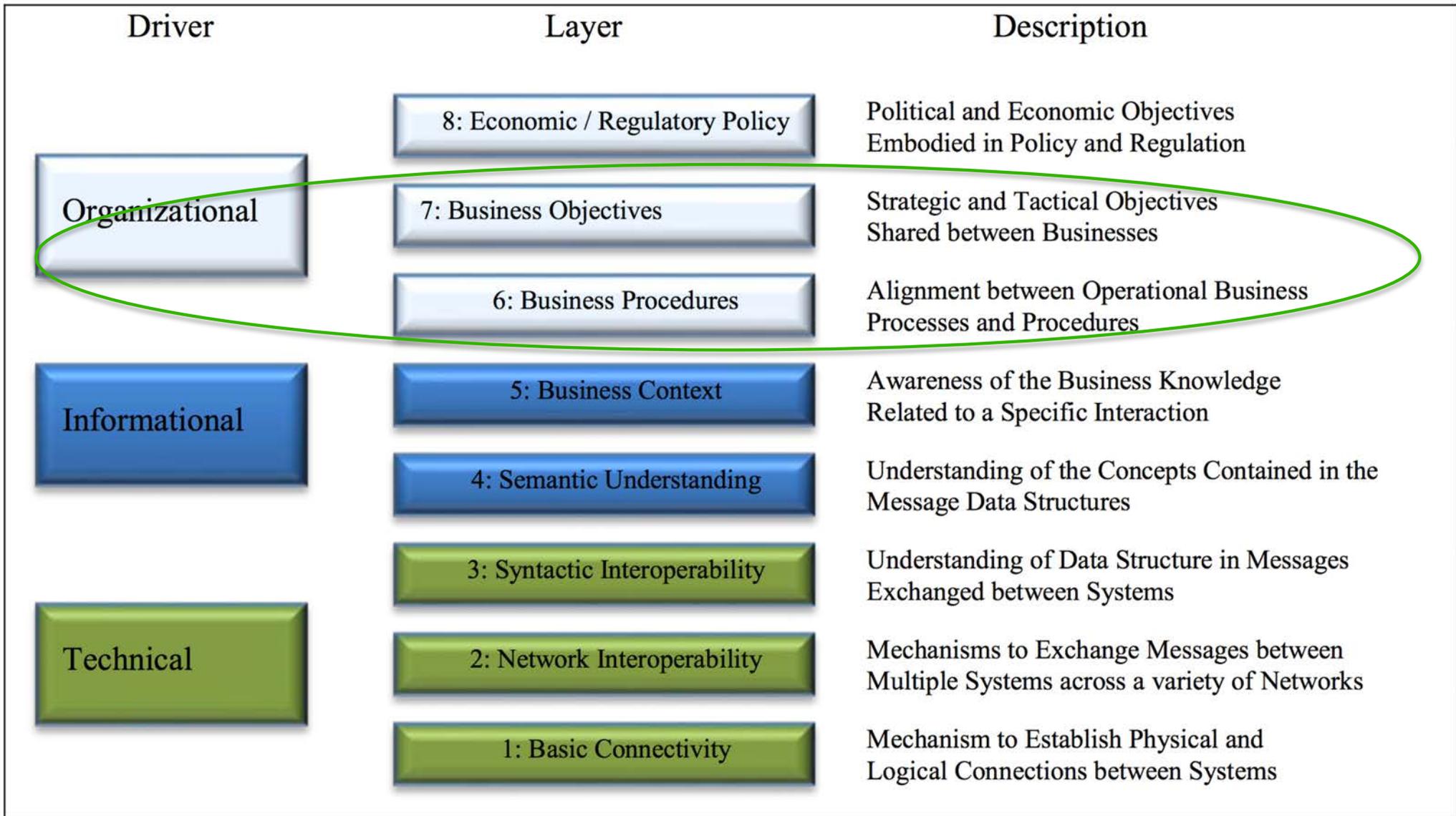
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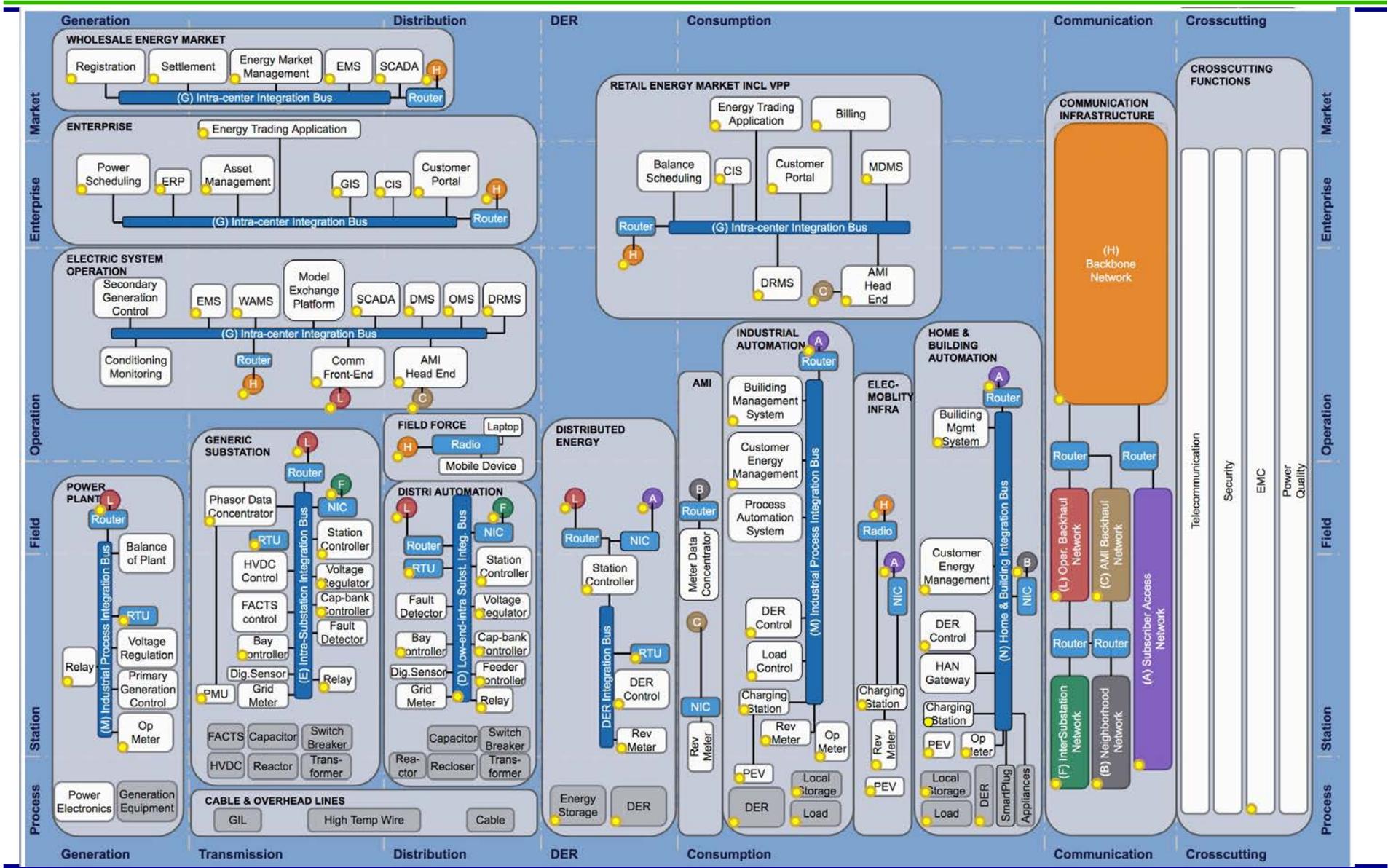
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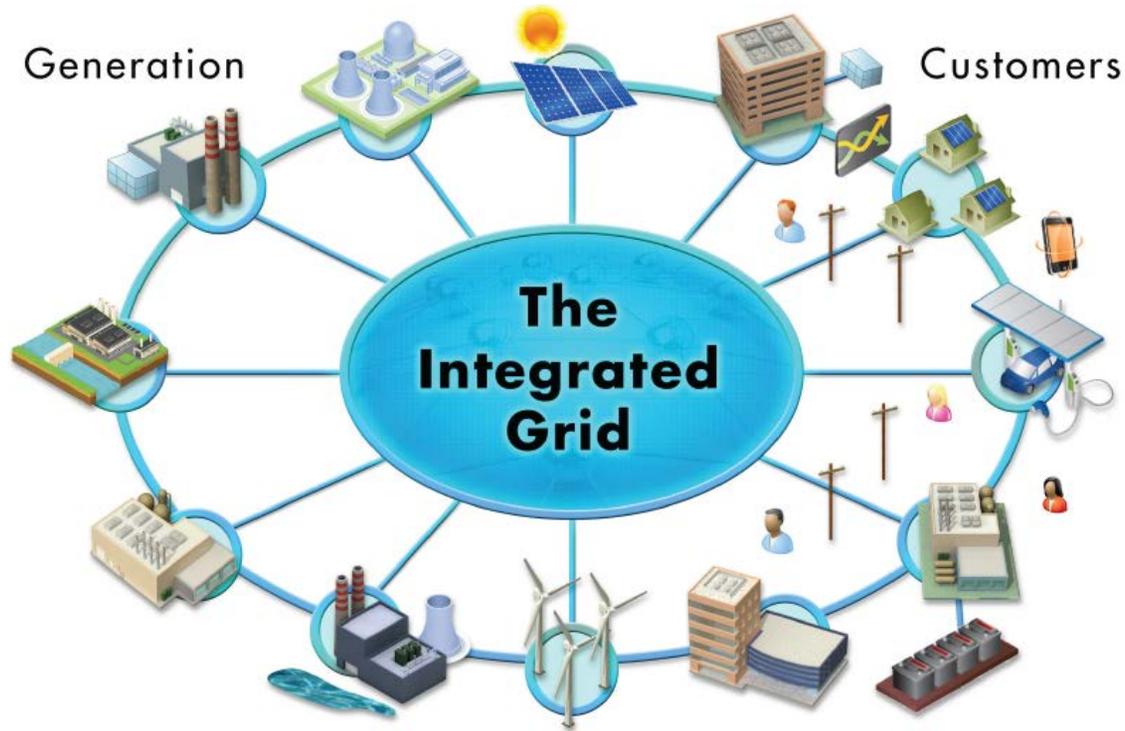
# GWAC Stack – What Must My Data Enable?



# IEC Smart Grid Standards Map



# Show a CIM Standard as an example



# How to Develop an eIoT-XIM

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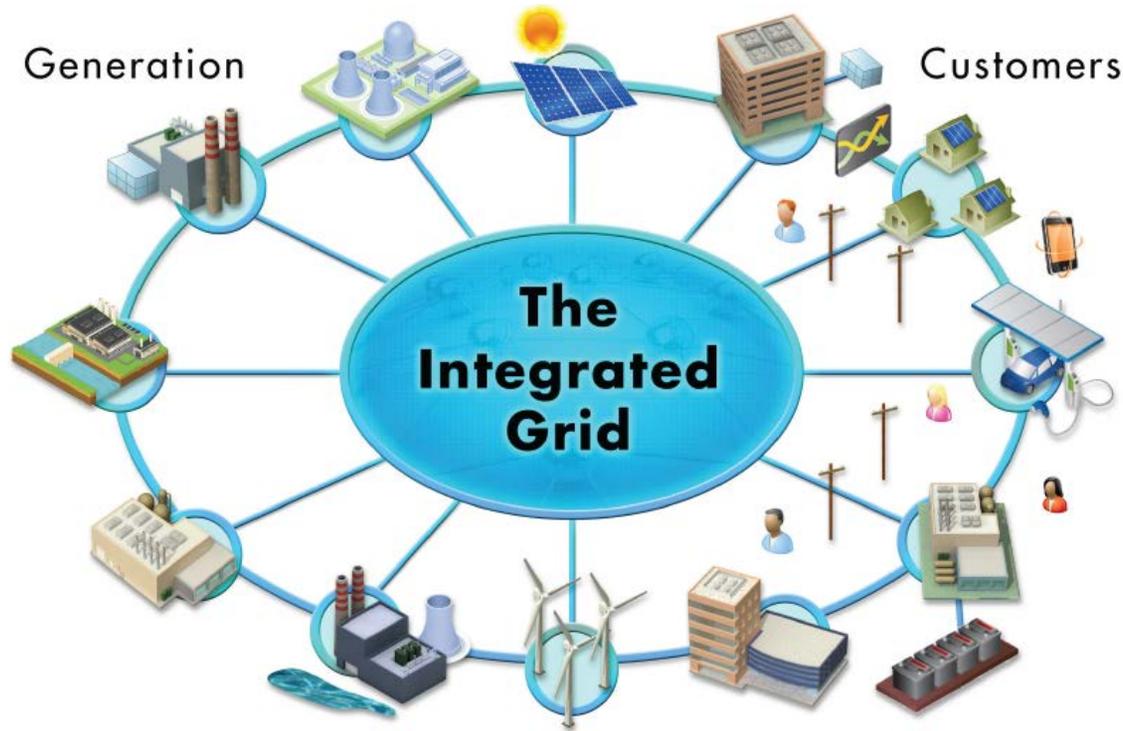
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**Developing an eIoT-XIM is a collaborative, context-aware socio-technical effort**

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# Envisioning a New Hampshire State-Wide Multi-Use Energy Data Platform



**eloT-XIM enables the implementation of a NH energy data platform**

# Implementation Challenges

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- Governance of the NH Energy Data Platform: Non-for-profit vs For-Profit Entity
- Contracting the building of a NH Energy Data Platform
- Data Ownership
- Data Access
- Data Privacy and Security

## ENERGY &amp; NATURAL RESOURCES

# Refocusing on the Consumer

*Utilities regulation needs to prepare for the “prosumer” revolution.*

◆ BY AHMAD FARUQUI

**B**ack in 2017, a man attending a Florida workshop on utility rate design stumped me by asking if I had traveled all the way from San Francisco just to tell the audience how utilities should modernize their rate designs. He was obviously unimpressed with what I had said. I asked him, “What were you expecting?” He said he thought I would talk about rate design in which electricity consumers were also producers—“prosumers”—and there was no grid or utility. I was inclined to tell him to go ask the bartender about that, but that would have been impolite. So, I told him that I was not looking that far out in the future, but focusing on market developments over the next two decades

In the years since, I have seen more and more of my neighbors turn into prosumers. I recently became one myself, with solar panels and a battery storage system installed in my house. I also drive an electric vehicle (EV). The distant future has arrived much sooner than I expected, at least in my neighborhood. And, while California continues to dominate the nation in the sheer number of prosumers and EVs, it is not difficult to imagine a not-so-distant future in which much of the nation will begin turning into Prosumer Land.

## THE CONSUMER REVOLUTION

A revolution is underway in the electric utility industry. The signs of this were evident long before the Great Recession of 2008–2009 slowed load growth. I spoke at Goldman Sachs’ Annual Power Conference in New York City soon after the recession ended and made that point. But the facial expressions of the investment analysts in the room told me they were not buying it. I was invited to speak at the same event two years later. I gave



AHMAD FARUQUI is principal of the Brattle Group.

a similar message, saw a few people nodding their heads, but I've yet to be invited back there to speak again.

In 2014, I spoke at a conference on the outlook for electricity sales and peak demand. My message of flattening demand resonated with the technical audience. Two of the three other panelists agreed with me. (The fourth insisted an industrial renaissance was underway that would propel growth.) The only issue among those who agreed with me was which forces were driving this change. Some said the primary force was utility demand-side management programs. Some said it was governmental codes and standards. Some said it was the arrival of distributed energy resources. And some said that it was fuel switching away from electricity.

Today, as we stand at the cusp of the third decade of the 21st century, the trend is no longer being questioned, probably not even at Goldman Sachs. Over the past decade, consumers have decisively and irreversibly changed the way they *think* about electricity, how they *consume* electricity, and *when* they consume electricity. And some have turned into prosumers.

Of course, as we have discovered, no two customers are alike. Even within the same household, husband and wife often differ on how they want to live their lives. Children introduce more uncertainty into the energy decision-making. Of course, all customers want choice, but they only want what they want. Yet, utilities often offer just one product to all customers in a "rate class"—delivered electricity at a certain rate—thereby avoiding accusations of discrimination. A few offer some choices, but these are often marketed in a jargon that would politely be called obscure and they use communication channels that sometimes don't even reach the customer.

It's safe to say that diversity is the hallmark of customer preferences for consuming electricity, just as it is for any other product or service. Electricity is no exception. Utility consumers fall into several categories. Some want bill stability and are willing to pay more for it. Some want the lowest bill and are willing to shift and reduce load. And some have gone organic in every aspect of their lives and want to buy only green power to mitigate climate change. Yet, most utilities simply offer a single rate to all of

them. Imagine what would happen to sales at retailers like Nordstrom's if they only sized their merchandise as "one size fits all."

I recently called my local utility's customer service number and asked which rate I should pick given that rooftop solar panels and battery storage were about to be installed in my house. I was told to pick such-and-such a rate as a starting point. My bill would now run 10 pages, but I should ignore all the pages except 1 and 3. I asked if the recommended rate would be the best rate for me since I also have an EV. She said there was no easy answer to that question. It would be best if I waited for another year to figure out my best rate, which of course meant that I may end up paying more in the next 12 months.

#### THE TECHNOLOGY REVOLUTION

Concomitantly with the revolution in consumer tastes, an all-embracing technological revolution is underway,

ISTOCK / GETTY IMAGES PLUS



## ENERGY &amp; NATURAL RESOURCES

spurred by the advent of digital technologies. Just about all customers have smart phones today. Currently, about half of all customers have smart meters. But smart price signals are only rarely being transmitted through those meters.

More and more customers have energy-efficient appliances with digital chips embedded in them. In fact, you can no longer buy energy-hogging appliances even if you want to. Some customers live in highly energy-efficient dwellings, some with solar panels on their roofs and even batteries for storage. In Hawaii, which has very high electric rates, some 60% of new solar installations in Honolulu are being paired with batteries. In California, where planned power shutdowns are being carried out to prevent wildfires, the same can be expected. This has temporarily pushed up storage battery prices, but they are on a long-term declining trend. Finally, more and more customers are buying or leasing EVs despite their high prices and short range, and despite their especially high prices in California and Hawaii.

**DISINTERMEDIATION OF UTILITIES**

Disintermediation of utilities involves the entry of third parties that sell products and services to utility customers that reduce utility sales and revenues. This trend is well underway and appears to be unstoppable. Utilities may think they are regulatorily protected monopolies, but customers keep divining creative ways to manage their energy use outside of utility (and commission) directives. This should not surprise anyone, but it does seem to have eluded more than one utility and one regulatory body.

Electricity consumers are going to act in their self-interest, just as they do in every other market. Their eyes glaze over when they are told they cannot do such-and-such because it would be an uneconomic bypass of the grid and create cross subsidies between customers.

Customers on the frontier of change want local control and grid independence. Consumer choice aggregation is taking off like never before in California and is being considered in several other states, such as Colorado and New Mexico. The drivers are many, ranging from consumer desires to consume green energy, have local control, and lower expenses. But the ultimate driver in most cases, as mentioned by a utility executive to me, is a deep-rooted anti-utility sentiment.

New entrants that are disintermediating utilities include global tech giants, start-ups with unwieldy names, and even home security firms and hardware stores. The electric customer is no longer the exclusive preserve of the regulated monopoly.

While talking to a senior officer of a large utility the other day, I mentioned the “prosumer” conversation I had in Florida a few years ago. I thought he would dismiss the scenario that the skeptic had laid out, much as I once did. Surprisingly, he said that he was finding himself more and more in that camp. He added that economic history tells us that no industry has remained a natural monopoly forever. Utilities must change their ways if they want to survive.

**ARMAGEDDON?**

At one time, the utilities conference circuit included talk of “death spirals”—utilities slowly collapsing financially as a result of market change. Today, the talk is of sudden “Armageddon.” Whether the end is at hand or a chimera won’t be known for another decade or two. Still, if utilities and regulators continue to do business as they have for the past century, they will accelerate the demise of the electric industry.

In a *Harvard Business Review* article entitled “Marketing Myopia,” marketing professor Ted Levitt wrote ominously:

Every major industry was once a growth industry. But some that are now riding a wave of growth enthusiasm are very much in the shadow of decline. Others that are thought of as seasoned growth industries have actually stopped growing. In every case, whenever growth is threatened, slowed or stopped is not because the market is saturated. It is because there has been a failure of management.

He specifically cited the example of railroads forgetting they were in the transportation business, not just the railroad business. He cautioned oil companies about the advent of electric vehicles and electric utilities about the advent of rooftop solar panels. What is noteworthy is that the article was written in 1960. It is even more relevant 60 years later.

**WAITING FOR GODOT**

In the meantime, utilities and regulators are moving slowly—one might even say ponderously—through rate cases. Regulatory lag is breaking records, often running into years. The slowest-moving drama in history is being played out in hearing rooms from coast to coast, from ocean to ocean.

Consider these case studies from my career. I have observed these instances of delays and back-tracking first-hand:

**1976** The Electric Power Research Institute (EPRI) initiated the Electric Utility Rate Design Study at the behest of the National Association of Regulatory Utility Commissioners on behalf of the industry. It was carried out over several years with the close involvement of commissions, utilities, academics, and consultants. Nearly a hundred reports were produced on various aspects of time-of-use (TOU) rates. The study got a major boost when Congress passed the Public Utility Regulatory Policies Act (PURPA) in 1978. The study came to two primary conclusions: First, it was cost-effective to deploy TOU rates—rates that fluctuate to reflect marginal prices during the electricity demand cycle. Second, TOU rates could be developed using either embedded costs, which was the tradition in the industry and the favorite of accounts, or marginal costs, which was the approach favored by economists. Luminaires such as Alfred Kahn, chair of the New York Public Service Commission, chaired the advisory committee in its first phase. I joined EPRI in 1979 and worked on the study for a year. The biggest barrier to the deployment of TOU rates

back then was the lack of smart meters. Today 50% of homes have smart meters, yet less than 5% of homes have TOU rates. The biggest barrier has turned out to be political.

**1980s** This decade saw some limited deployment of TOU rates in certain states, but those efforts were soon eclipsed by the emergence of demand-side management to enhance economic efficiency and lower customer bills. The main policy instrument was financing and rebates. Pricing was judged to be the ideal policy instrument, but such policies were deferred for later consideration, once again because politics intervened. TOU rates were relegated to the world of academe. A cottage industry arose comprised of academics who designed and evaluated TOU pricing experiments.

**1990s** The industry began to move toward restructuring, inspired by the liberalization of power markets in Great Britain during the Margaret Thatcher era. Conferences were held on the next generation of pricing designs, which would factor in retail customer choice and market restructuring. Plenty of books, papers, and articles were published. Once again, academics and researchers thrived. Not customers.

**2000s** I was tasked with finding ways to enhance energy efficiency in the Kingdom of Saudi Arabia. I discovered that a major barrier was that prices for electricity were heavily subsidized. I started asking people if I could meet the person who set prices, but no one could tell me who that was or where he worked. The utility said it was probably the regulator. The regulator said it was probably the ministry. When I spoke to the ministry, officials there were evasive. I persisted. Finally, someone told me the King set the prices. I decided not to pursue the topic. I figured out that His majesty did not want to trigger a revolt on the Arab street by raising electric rates. He had raised the price of petrol a few years earlier, but that had triggered an adverse reaction, forcing him to roll back the prices.

**2002** Around the time of California's energy crisis, Puget Sound Energy, which serves the suburbs around Seattle, deployed very attenuated TOU rates (which it called "real-time pricing"). Customers saved hardly anything, and a revolt ensued when shadow bills were sent out showing that. The new CEO of the company, a long-time advocate of TOU pricing when he was at Pacific Gas & Electric, shut down the program. The utility could have improved the savings opportunities for customers by increasing the off-peak discounts but chose not to do so. The national movement toward TOU pricing was set back a decade. Regulators and utilities drew the wrong conclusion, that TOU pricing was to blame for the revolt, when the problem was with the specific design of the TOU rate and not with TOU pricing in general.

**2002–2004** Soon after the worst energy crisis in its history roiled California's power markets, several economists

(including me) signed a manifesto that concluded in part that the best way to avoid another crisis was to reconnect the retail and wholesale markets that had become disjointed when the industry was restructured in 1998. In 2002, the California Public Utilities Commission initiated a proceeding on advanced metering, demand response, and dynamic pricing. An experiment, called the Statewide Pricing Pilot, was carried out jointly by the three investor-owned utilities in California to test the merits of dynamic pricing. It ran during 2003–2004 and was monitored through regular meetings of a stakeholder group. It showed conclusively that customers responded to dynamic pricing signals by reducing peak loads and shifting peak usage to off-peak usage. Within a few years, all three investor-owned utilities were given approval to move ahead with advanced meters. Their business cases included an ample dose of dynamic pricing. Two decades have passed, millions of dollars have been spent on a new crop of pilot programs to confirm (yet again) that Californians respond to changes in the price of electricity. So, almost two decades after the energy crisis, the state will witness the ultimate anti-climax: Very mildly differentiated TOU rates will be rolled out to all customers. No one will save much, even if they move all their load to off-peak hours. People will either ignore the rates or get annoyed. I see Puget Sound Energy, Part II, in the making.

**2006** I was invited to speak on smart meters and smart rates by the National Association of Regulatory Utility Commissioners. In the years that followed, I was invited back nine times to speak on the same topic. After one of those sessions, a commissioner from New Jersey said she was impressed with the benefits of smart meters and wanted to know if there was some way to get those benefits without the meters. I wanted to tell her I wish there was a way to get the benefits of sunlight without the sun. But I bit my tongue and just smiled.

**2007** The chair of the California Energy Commission noticed that only half of the goals the state had laid out for introducing price responsive demand in its Energy Action Plan had been achieved. She hired me to work with stakeholders to identify ways to enhance that percentage and reach the goal of having 5% of California's peak demand be price responsive. My report recommended that the commission use its load management standards authority to require that all new homes be equipped with smart, communicating thermostats. This would allow critical peak pricing signals to be transmitted to central air conditioners, a major driver of peak loads, thereby balancing demand and supply in real time. Unfortunately, nothing came of the proposal after a conservative talk show host stirred up an Orwellian vision of the program for his radio audience.

**2009** After speaking at a conference on demand response, I talked on the sidelines with the CEO of PJM, the grid system that serves much of the mid-Atlantic. I asked him if he liked

## ENERGY &amp; NATURAL RESOURCES

the discussion of price responsive demand. He said he did not trust price response because it wasn't tangible; it was not steel in the ground. His job depended on keeping the lights on. If the lights went out because the price response did not materialize, he would be out of a job. I responded that he couldn't control the weather or the economy; he should be used to planning under uncertainty. Price response is not any more volatile than the economy or the weather, I noted, and he should be able to count on it. Besides, it would save consumers money. By the time I finished my point, he had turned away and was speaking with someone else.

**2009** I carried out a study for the New York independent system operator on the benefits of real-time pricing. The quantified benefits were significant. But little subsequently happened because the issue fell under the dominion of the state commission, and it was reluctant to move on rate modernization because the state lacked smart meters. Of course, that was just a convenient excuse.

**~2009** Inaction is not just a North American problem. About 10 years ago, in Saudi Arabia, I was presenting the final results of a project designed to promote energy efficiency in the country to the executive suite of the government-owned electric utility. Halfway into my remarks, a vice president asked me why I kept using the word "customer" over and over. His tone was testy. I was not sure what to make of his question because all the work I had done was designed to encourage customers to invest in higher-efficiency equipment. It could not have been a language problem because he spoke fluent English. I answered, "Because the customer is the king." The audience's faces blanched and I realized the gravity of what I had said. Mercifully, one audience member rescued me by saying that customers were writing letters to the editor complaining about the poor customer service of the utility.

**2009** The Federal Energy Regulatory Commission conducted a state-by-state assessment of demand response potential and identified the best way to harness it was to deploy smart meters and offer smart rates to all customer classes. Several workshops were held with stakeholders and a national action plan was launched. But the idea failed on the launch pad because the implementation plan that followed was devoid of actionable policies, directives, and incentives. I wrote to the chair of FERC and said the plan was a damp squib. He asked if I knew the meaning of that British expression. What more was there to say?

**2000–2010** Having observed the California energy crisis from afar, Ontario, Canada decided to roll out smart meters and deploy TOU rates as the default tariff in the mid-2000s. However, the price differential between the peak and off-peak periods was highly attenuated. Also, the TOU differential only

applied to the generation portion of the tariff. Nonetheless, a three-year analysis carried out by a team of researchers (including me) showed that customers were reducing peak load by a few percentage points, but the savings were atrophying year after year. A recommendation that we had made in 2010 to accentuate the savings opportunities through dynamic pricing was ignored.

**Late 2000s** The Harvard Electricity Policy Group provides a good forum for discussing smart meters and smart rates. During one of my presentations at the event, a commissioner from Washington, DC asked me if customers would respond to price changes, since electricity was a necessity. She asked me this question after I had shown an overwhelming amount of the evidence that customers do respond to price.

**2010** At a major law school conference on the future of the utilities industry, I talked to the chair of the utilities commission about the delays in policymaking. He said that the utilities were frozen in time. Later, I made the same comment to a senior executive of the local utility. She said that the regulators were frozen in time.

**2010s** I have spoken a few times in Hawaii on smart grid and smart rates during the past decade. One of the state commissioners promised to write "a postcard to the future" to the mainland on how the state was going to become 100% renewable before 2050. Yet, to this day, the state has no smart meters, let alone smart rates. In the meantime, a third of single-family homes in Oahu have installed solar panels on their roofs. Some 60% of new solar customers are also installing batteries. I have seen several EVs on the road and Tesla has an incredible showroom right in the heart of Waikiki. Consumer have once again left the utility and the commission behind.

**2011** After sharing the results of a dynamic pricing experiment with a senior utility executive, I recommended what I thought was the most forward-looking rate design from those that had been tested in the experiment. He picked an anodyne rate design. My face must have given away my inner thoughts because he added quickly: "I am not stopping you from writing your articles and giving your talks. But this is my company and I will do what I think is in the best interest of the company."

**2012** A workshop sponsored by the California Foundation on the Environment and the Economy reexamined the tenets of California's inclining block rates. Three speakers—two professors from Berkeley and I—spoke at the event. This was followed by comments from several stakeholders. Following up on the workshop conclusions, the California Public Utilities Commission initiated proceedings to redesign the inclining block rates. Five steeply differentiated tiers had been created after the energy crisis. All the inflation that came in the years that followed

was lumped onto the upper three tiers. After deliberating on the issue, the commission unanimously passed a rule to flatten the tiers. The five tiers would be replaced with just two. But at the last minute, to arrive at a unanimous decision, a super-user surcharge was introduced for large users. Currently, it stands at 55¢ cents per kilowatt hour for San Diego Gas & Electric and just under 50¢ for Pacific Gas & Electric. Simultaneously, the state wants to decarbonize completely by 2045 and it views electrification of buildings and transport as the best way to get there. But how do you convince consumers to switch to heat pumps when electricity is prohibitively expensive compared to natural gas? I have raised this issue with some of the energy division staff who are working on decarbonization. They said it's an issue for the rate design group and they will get to it in the future. Once again, the can has been kicked down the road.

**2012** I was retained by the Australia Energy Market Commission to examine the case for applying dynamic pricing for distribution tariffs. In Australia (as in Texas), customers have to choose a retail energy supplier. There is no default regulated supply option; the regulator only sets distribution tariffs. My final report recommended reforming this, but I was told there were political challenges to be overcome. We discussed a variety of different deployment mechanisms and ultimately devised a scheme that would make these rates mandatory for the largest customers, optional for vulnerable customers, and the default tariff for everyone else. I thought the recommendation was touched by Solomon's wisdom. Alas, the government did not agree. To this day the recommendation has not been carried out.

**2014** Minnesota initiated a process for creating the grid of the future. Demand response is a major priority of the state and studies indicate the best way to harness its potential is to deploy dynamic pricing to all mass-market customers. The state first began considering the deployment of smart meters and smart pricing in 2001, following the example of Puget Sound Energy. But the California electricity crisis prompted Minnesota to pull back. A pilot with various time-varying rates was scuttled. Finally, after years of deliberation, a simple TOU regime will be launched.

**2015** I was invited by the New York Law School to be a keynote speaker at a conference on time-varying rates. The state energy czar opened the event, followed by the chair of the utilities commission. I gave my talk and hoped it would make a difference. To this day, the state is still trying to make up its mind about smart meters and doing pilots with innovative rate designs. New York's energy vision is taking shape very, very slowly.

**2019** While discussing rate reform in Texas, a former utility commissioner told me to wait another five years because

the legislature had recently had a lot of turnover and the new lawmakers needed time to get up to speed. I said I have been hearing that for the past four decades.

**2019** In a northwestern state, after I had testified for five hours spread over two days, a staff member walked me to my car and said, "Thanks for coming, but I think I the commission will just kick the can down the road."

**2019** In a Canadian province, I shared several ideas for moving customers to innovative rates to help utilities stay in step with their customers. I noted that there were EVs on the road there, just about everyone carried a smart phone, and consumers there were buying energy-efficient appliances. That's why it was time to modernize rates. I was told the status quo remained an option for electric rates.

It's obvious that both regulators and energy executives are frozen in time and they know it. They spend much of their time blaming each other for the delays. The blame game continues unabated at many industry events. The pace, ambiguity, and inconclusiveness of this regulatory drama seem to be a reenactment of the play *Waiting for Godot*.

#### THE MISSING CUSTOMER

For all practical purposes, utilities think of the regulator as their main customer. The end-use customer is almost an afterthought, consigned to being a "ratepayer" or "meter." Whatever innovations take place on customers' premises are referred to as "behind the meter." Imagine how Nordstrom's would thrive if it refused to consider what happens "behind the cash register."

The regulators, in turn, often think of the legislature or the governor as being their main customer. The elected officials have their eyes on the next election. Their final customer, the American voter, is actually the utility's customer and that's how the circle is completed.

As we all know, emotion trumps logic when it comes to winning votes and often leads to unsustainable energy policies and unrealistic timetables. Elected officials change every few years and regulators often change every few years. Depending on the frequency of the crises that routinely afflict utilities during these tempestuous times, utility CEOs also often change every few years. That's chaos theory in action.

It used to be said that rate design is more art than science. In fact, just last year, that notion was put to me in a regulatory hearing where we were discussing the case for demand charges. I said the notion was mostly rooted in politics. The whole room broke out in laughter.

Earlier, I had been grilled for 90 minutes by one of the commissioners. After the cross-examination ended, a person came up to me and said that I should write a book about these encounters. I said I have certainly had my share, trying to push regulators and

## ENERGY &amp; NATURAL RESOURCES

utilities to listen to their customers.

A couple of years ago, I asked a newly appointed regulator in a large western state how independent of state government the commission's policies would be. She said that she and her colleagues respected their chief executive very much. I said that was not my question. She asked me to be more specific. Because that state has more solar panels than any other state, I asked her when we should expect to see a change in net energy metering policies. Her answer left me stunned: "You know that the solar lobby in the state is very powerful."

**TIME FOR CHANGE**

As a freshman at the University of Karachi in 1969, I came across Paul Samuelson's *Economics* textbook. Every chapter began with a quote. One that has stayed with me is from Lewis Carroll:

The time has come, the Walrus said  
To talk of many things:  
Of shoes—and ships—and sealing wax  
Of cabbages—and kings;  
And why the sea is boiling hot;  
And whether pigs have wings.

While every state is in a big rush to move ahead with decar-

bonization and has specified some very aggressive timelines for becoming 100% decarbonized, just about all the policy solutions are on the supply side. There is almost no inclusion of dynamic load flexibility, which could help deal with the intermittent nature of renewable energy.

For those of us who work in the electric utility industry, the time has come to rethink regulation, reimagine the utility, and reconnect with the real customer. That journey can no longer be delayed.

The best way I can think of beginning this journey is to make "customer-centricity" the guiding principle. This means leaving the past behind and focusing on the future. It does not mean simply creating a new website or sending frequent text messages to customers. Nor does it mean just engaging in social norming to shape customer behavior. It means changing the culture of the industry, reimagining utilities as service providers, hiring staff with an open mindset and new skills, reaching out to customers to understand their changing needs, and developing new products and services to meet those needs.

This journey will involve finding new ways to engage with customers and observing those customers in real time to understand their energy-buying decisions. Unless these steps are undertaken, the customer is going to leave both the utility and the regulator in the dust. R

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EMPOWERING  
DIGITAL  
TRANSFORMATION.  
NOW.

July 2020

# New Hampshire's Statewide Multi-Use Data Platform Initiative

Bates Page 260



# EMPOWERING DIGITAL TRANSFORMATION NOW.



## REAL-TIME ORCHESTRATION & OPTIMIZATION SOFTWARE

DE 19-197 - Exhibit 9  
DE 19-197 Attachment E  
Testimony of A. Farid for LGC

UNPARALLELED  
REAL-TIME &  
MISSION-CRITICAL  
EXPERTISE



SUPERIOR  
TECHNOLOGY. NOW.  
SYSTEM OF SYSTEMS



EMPOWERING  
INDUSTRY-LEADING  
APPLICATIONS  
DERMS | ASSET  
HEALTH MANAGEMENT



PRODUCTION  
PROVEN



JOLTING THE  
ENERGY INDUSTRY



GLOBAL PRESENCE  
200 PEOPLE  
R&D IN ISRAEL

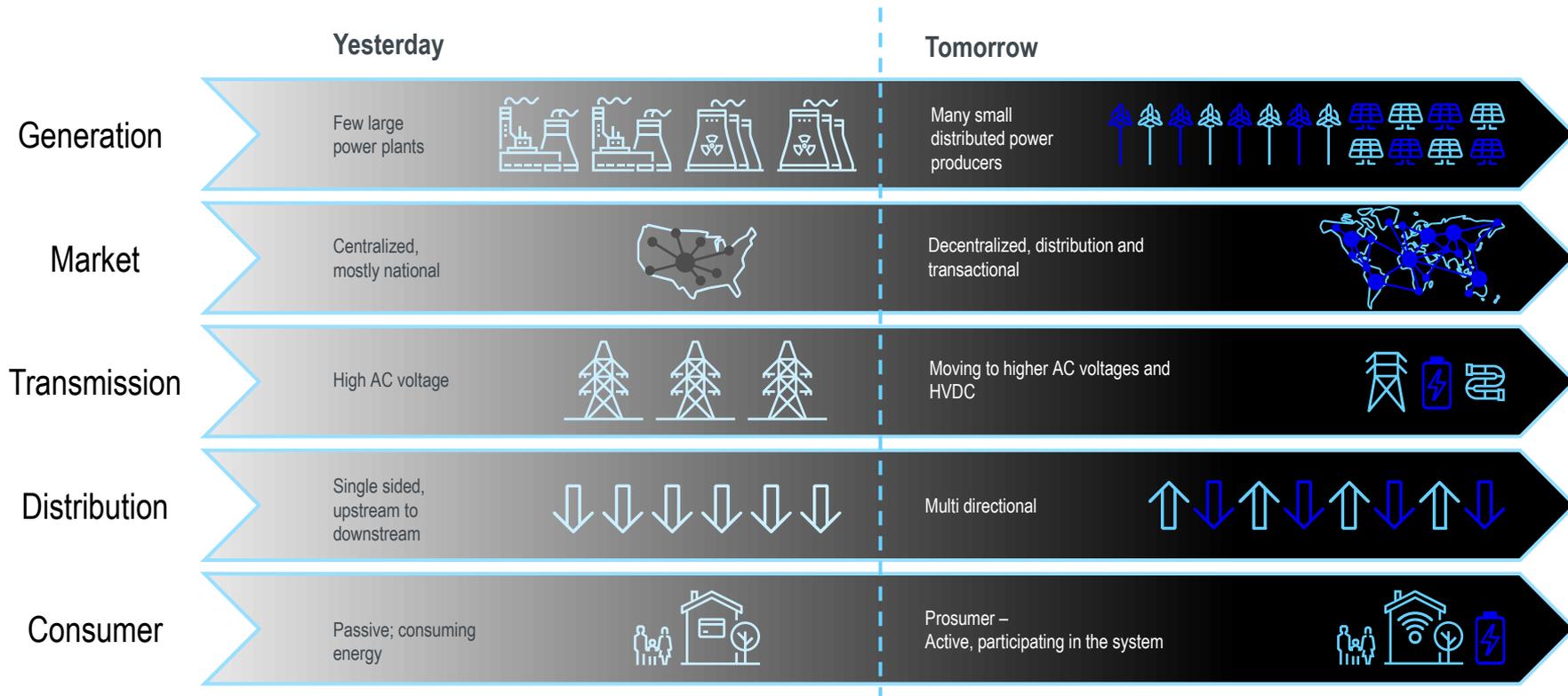


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**mPrest**  
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# THE ENERGY REVOLUTION

## Decarbonization | Decentralization | Digitization | Deregulation



# NEW CHALLENGES



Multi directional  
energy flow



Millions of  
energy sources



Addressing 'Duck  
Curve' challenges



Realtime  
asset health



Integration



Cyber and Physical  
security



DER flexibility  
& susceptibility



Prosumer  
trading

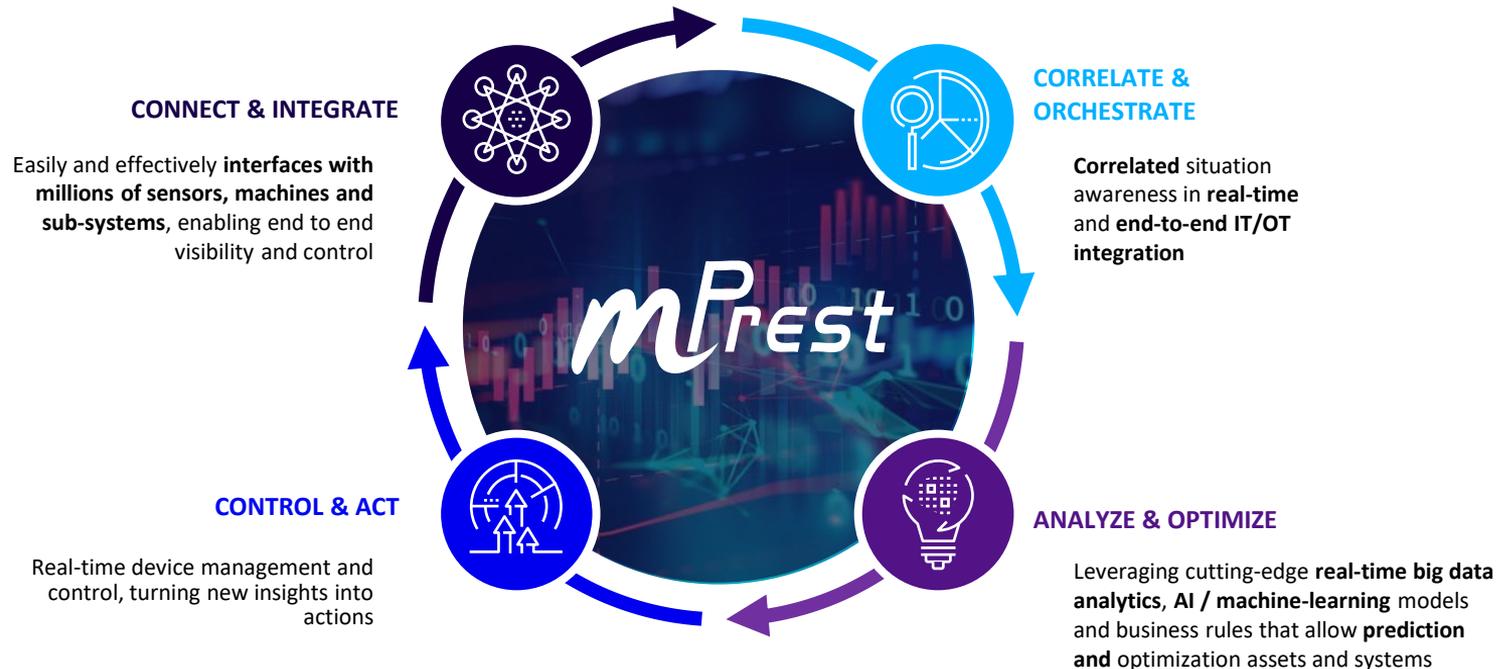


Dynamic  
markets



Evolving policy  
and regulations

# PLATFORM OVERVIEW: COLLECTION, VISUALIZATION, ORCHESTRATION & OPTIMIZATION



# VIRTUAL PLATFORM: A "SYSTEM OF SYSTEMS" APPROACH

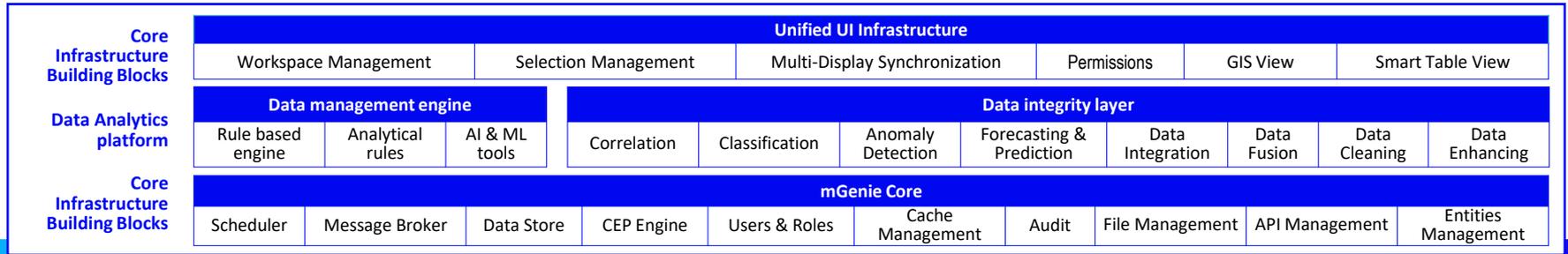
## PRODUCTS & APPLICATIONS

DIGITAL GRID EDGE MANAGEMENT				
DERMS	VoltVar Control	Fleet mgmt.	Aggregators	Demand Response coordinator

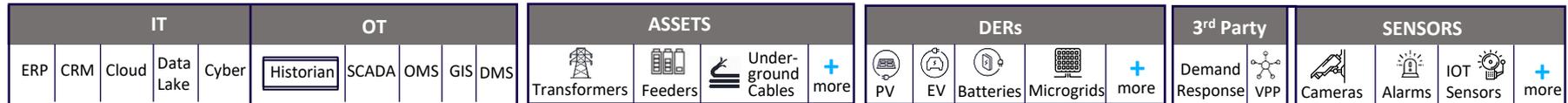
ASSET HEALTH MANAGEMENT		
THM	URD	Critical Substation Assets

SMART CITY & CRITICAL INFRASTRUCTURE		
Integrated Operations Center	CIP	Major Event

## SYSTEM OF SYSTEMS PLATFORM



## SUBSYSTEMS



## UNDERLYING TECHNOLOGY PRINCIPLES



# PLATFORM USE CASES



Dynamic Network  
Topology



DER and Load  
Forecasts



DER  
Situational Awareness



DER  
Susceptibility



DER  
Flexibility



Network Constraint  
Management  
Utilizing DERs



Energy  
Arbitrage



Precision Demand  
Response Management



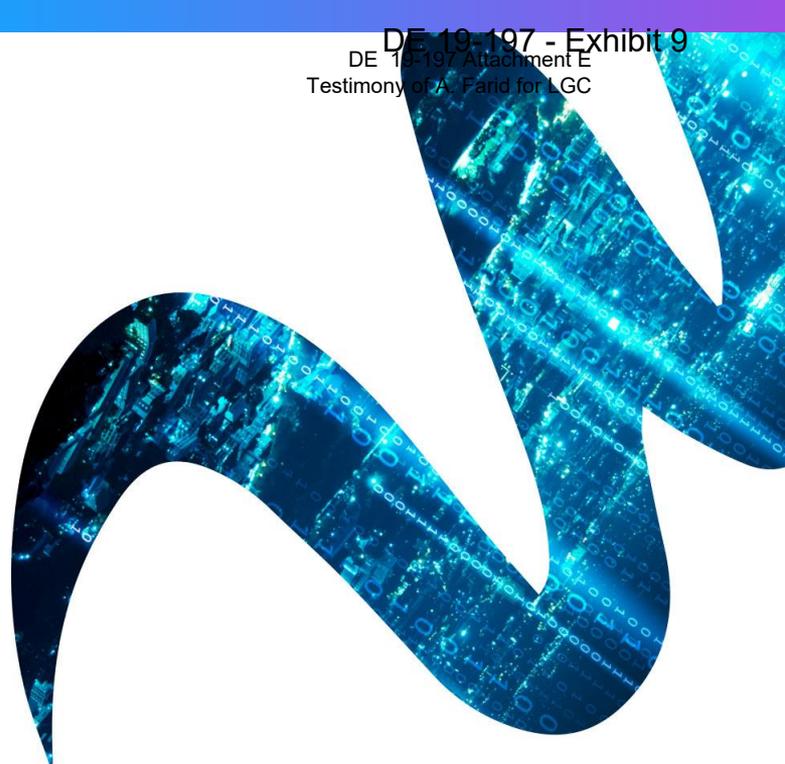
DER  
Fleet Management



Optimal DER  
Plan Creation



Volt/VAr  
Control



# EMPOWERING THE DIGITAL TRANSFORMATION OF ENERGY COMPANIES





# Vector Limited – Auckland, New Zealand



## CUSTOMER PROFILE

- New Zealand’s largest electric distribution company with:
  - 1.2 Million customers-2.5% annual growth
  - Auckland and the surrounding area
  - Underground distribution at near capacity



## CHALLENGE

- Gaining visibility and managing DERs connected to the grid:
- Rising peak demand, coupled with a reduction in average demand
- Existing network not designed to manage DERs
- Alternatives were investing in costly new infrastructure



## PRODUCTS & SOLUTIONS

- “System of Systems” to analyze and forecast DER and Load
- 24-hour DER plan to mitigate system constraints, DER dispatch
- Non-wires alternative to system upgrades

## Why mPrest Was Selected

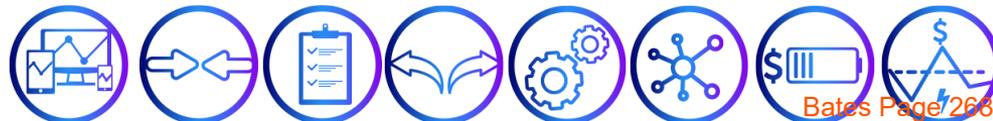
- Integration of 10 separate subsystems (SCADA, GIS, DR, Cloud services for controlling DERs), in four weeks
- Demonstrated use cases and integration to multiple platforms in weeks
- Many use cases still only available from mPrest today (2.5 years later)

## Competition

- Siemens, ABB, GE, Schneider, OSI, SGS, AutoGrid, Enbala

## ROI

- Avoided billions of \$\$ in non-wires alternative reconstruction cost





# Atlanta, Georgia



## CUSTOMER PROFILE

- Vertically Integrate IOU serving Georgia, Alabama and Mississippi
- 4.27 million electric customers



## CHALLENGE

- BTM-connected electronic var injection devices
- Var devices not monitored or controlled
- Integrate edge-var devices with grid devices (caps, tap) for feeder voltage profile control



## PRODUCTS & SOLUTIONS

- Integrate edge devices with distribution model to provide volt-var control
- System of Systems integration with GIS, ADMS, SCADA

## Why mPrest Was Selected

- Distributed edge VVC solution
- System-of-System architecture to create virtual platform for data analytics
- As-operated model awareness for analysis

## Competition

- Oracle, GE

## ROI

“Stacked Value” ROI for Southern Company (group), based on publically available information, was calculated at over \$20M/year





# Thank You

# APPEDIX

## Platform Use Cases

- Narrative Descriptions
- Screenshots

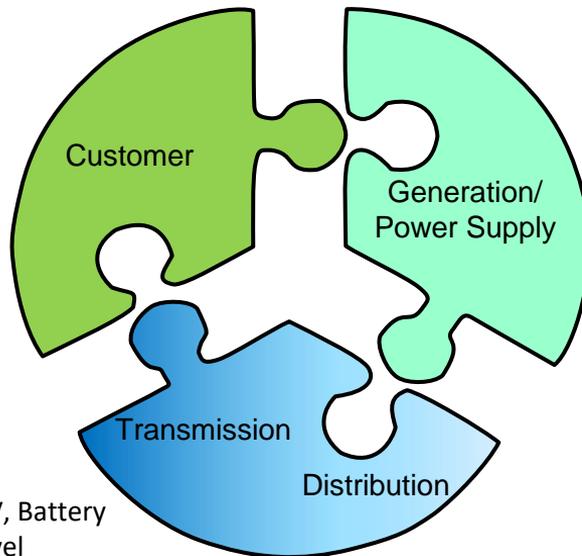


# Mission critical Monitoring, Control and Big Data Solutions

## Platform Use Cases: Narrative Descriptions

# Platform Use Cases

- Customer Resiliency
- Demand Reduction
- Demand Optimization
- Localized Volt/VAr support
- Reduced GHG
- Optimization of Energy Costs
- Increased Reliability
- Enhanced Power Quality
- Improved Renewable Hosting
- Reduced Infrastructure Costs



- Situational Awareness
- Forecasting – Granular Level
- Congestion Relief – DR, DER, EV, Battery
- Loading Relief at equipment level
- VAr Support
- Frequency Support – DR, DER, EV, Battery
- Loss Reduction
- Capital Prioritization/Deferral
- Condition, Criticality and Risk Assessment

- Granular forecasting (energy & load)
- Enhanced Portfolio Optimization
- Improved Situational Awareness – load level
- Peak Load Management
- Load and Supply Shape Optimization
- Optimization of GHG
- Capacity Prioritization/Deferral
- Arbitrage/Revenue Enhancement
- Enhanced Reserve (Spinning, non-spinning)
- Resource Adequacy
- Demand Response
- CVR
- Improved Situational Awareness
- Forecasting – Granular Level
- Loading Relief – at the equipment and sub-feeder level
- Capital Prioritization/Optimization/Deferral
- VAr Support
- Voltage Support – sub-feeder level
- Loss Reduction
- Topology Aware Optimization
- Operations Support – Switching & Reduced Maintenance
- Equipment Life
- Condition, Criticality, Risk Assessment

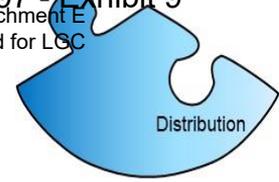


# Platform Use Cases: Customer

- Customer Resiliency – DERMS enables use of distributed storage, collocated with customers providing resiliency to power outages. Leveraging DR to further reduce customer load during an outage increases duration of storage for critical loads
  - C&I
  - Hospital/Police/Fire/EMT
  - City/Municipal Facilities
  - Low Income Housing Facilities
  - Warming Centers
- Demand Reduction – enables precision DR and DER operation to reduce peak loading on specific customer facilities to reduce billing impacts
- Demand Optimization – enables precision DR and DER to adjust customer load profile to optimize demand for the system and for the customer creating a win-win
- Localized Volt/VAr support – enables precision DR and DER to provide localized voltage and Var support for power quality and for optimal power factor, reducing power factor penalties and improving quality of supply for targeted and adjacent customers
- Reduced GHG – enables precision DR and DER operation to better match load to preferred GHG supply profiles
- Optimization of Energy Costs – localized or precision DR and DER operation to match load to best economics reducing **pass through** component of cost to customers
- Increased Reliability – DERMS managed storage combined with DR/DER enables deliberate islanding of parts of the system during planned and unplanned outages, increasing overall reliability
  - Campuses
  - Commercial/Industrial parks
- Enhanced Power Quality – targeted use of distributed storage or other active DER tuned to support power quality issues
- Improved Renewable Hosting – enables increased levels of hosting through management of DR and DER impact
- Reduced Infrastructure Costs – enables precision DR, DER and Storage operation to reduce internal or utility infrastructure costs to meet loading requirements

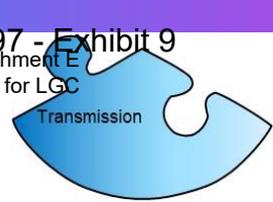
# Platform Use Cases: Generation & Supply

- Granular forecasting (energy & load) – improved MAPE overall and enhanced locational forecasting
- Enhanced Portfolio Optimization – ability to leverage grid edge devices to make best use of economic or GHG preferred supplies
- Improved Situational Awareness – provides ability to see net load level and grid edge supply levels to enable better real-time power supply decisions
- Peak Load Management – beyond CVR, enabling full orchestration of all DR programs with distributed storage and control of other DER enables significantly enhanced ability to manage the Peak Load on the system
- Load and Supply Shape Optimization – provides ability to reshape real-time and persistent load patterns and load shapes enabling tuning of load shapes to fit preferred or more economic supply shapes
- Optimization of GHG – enables leverage of grid edge devices to ensure system load is supplied by targeted resources
- Capacity Prioritization/Deferral – enables use of DR, DER, and other grid edge and grid scale devices to reduce peaks or fill in valleys such that new resources can be delayed
- Arbitrage/Revenue Enhancement – allows for tuning of system and nodal loading to match market purchase and market sale priorities
- Enhanced Reserve (Spinning, non-spinning) – provides capability to leverage grid edge devices (DR, DER, EV, Storage) to function as reserve. DERMs understands latency and reserve timing requirements and provide visibility into what types and levels of reserves are available in real-time and on a forecast basis
- Resource Adequacy – provides ability to both forecast and make adjustments to grid edge and grid scale devices to ensure RA requirements are met
- Demand Response – provides the ability to leverage traditional DR and other grid edge devices to supply enhanced levels of DR as well as locational DR
- CVR – provides ability to flatten voltage profiles on the distribution system, allowing greater CVR based load reduction. Can combine CVR and DR together for even greater loading reductions



# Platform Use Cases: Distribution

- Improved Situational Awareness – provides ability to understand loading and voltage at every level from sub-station to sub-feeder
- Forecasting – Granular Level – provides forecasting to a customer level in support of both real-time operations and planning
- Loading Relief – at the equipment and sub-feeder level – provides ability to leverage grid edge and grid devices to manage loading at the substation, bus, feeder, sub-feeder and equipment level
- Capital Prioritization/Optimization/Deferral – leverages loading relief to reduce the amount of equipment that needs to be replaced due to loading limits. Deferred capital can then be redeployed to higher priority investments
- Var Support – provides ability to coordinate grid edge and grid devices to supply Vars at specific points within the system
- Voltage Support – sub-feeder level – provides ability to manage voltage profiles from the substation to the sub-feeder level improving power quality and enabling greater levels of CVR
- Loss Reduction – provides ability to leverage grid edge and grid devices to minimize energy and demand losses on the system
- Topology Aware Optimization – provides ability to optimize operational objectives based on real-time switching and other changes to the distribution topology
- Operations Support – Switching & Reduced Maintenance – provides ability to accurately predict the level of cold load pickup during switching and after prolonged outages. Provides ability to leverage grid edge devices to reduce levels of cold load pickup. Also provides the ability to leverage grid edge devices to reduce the number of operations of grid devices such as cap banks thus reducing the wear and tear and maintenance requirements
- Equipment Life and Condition, Criticality, Risk Assessment – provides the ability to leverage grid edge devices to reduce loading or cycling of stressed or near-end-of-life equipment



# Platform Use Cases: Transmission

- Situational Awareness – providing visibility into where load and supply will emerge from the distribution system enabling better planning and management of transmission operations
- Forecasting – Granular Level – enabling better ability to plan operations and outages based on knowledge of load, grid edge supply and net loading at the distribution and substation level
- Congestion Relief – DR, DER, EV, Battery – provides ability to load, voltage or Var flow to the transmission system at specific nodes in the system
- Loading Relief at equipment level - provides ability to provide loading relief or increases at specific transmission reducing stress and loss of life as well as support in managing equipment loading limits
- VAr Support – provides ability to manage Var flow through specific transmission interconnections to desired or economically advantageous set points
- Frequency Support – DR, DER, EV, Battery – provides ability to leverage multiple grid edge and grid scale resources to provide frequency support to the MISO grid
- Loss Reduction – provides ability to reduce losses at the distribution level, thus reducing losses at the transmission level
- Capital Prioritization/Deferral – provides ability to leverage grid edge resources to ensure equipment loading thresholds are not exceeded, thus enabling the deferral of replacements due to loading limits. Deferred capital can then be used to support higher priority investments in a capital constrained environment
- Condition, Criticality and Risk Assessment – provides ability to adjust loading and other operational impacts (voltage, Var flow, load cycling impacts) on equipment that is stressed or in deteriorating health

# Mission critical Monitoring, Control and Big Data Solutions

## Platform Use Cases: Visualizations



# Dynamic Network Topology



## “As-Operated” Network Topology

- Analysis based on true grid conditions
- Model is synchronized to SCADA, DMS, OMS, GIS
- Analysis is enabled at sub-feeder level (switching level)
- DER connectivity enables precision plan generation at feeder level, substation level, etc.
- Note for some clients (e.g. CCAs) connectivity may be represented at a higher level (e.g. market nodal or zonal), based on availability of data from client

# DER and Load Forecasts



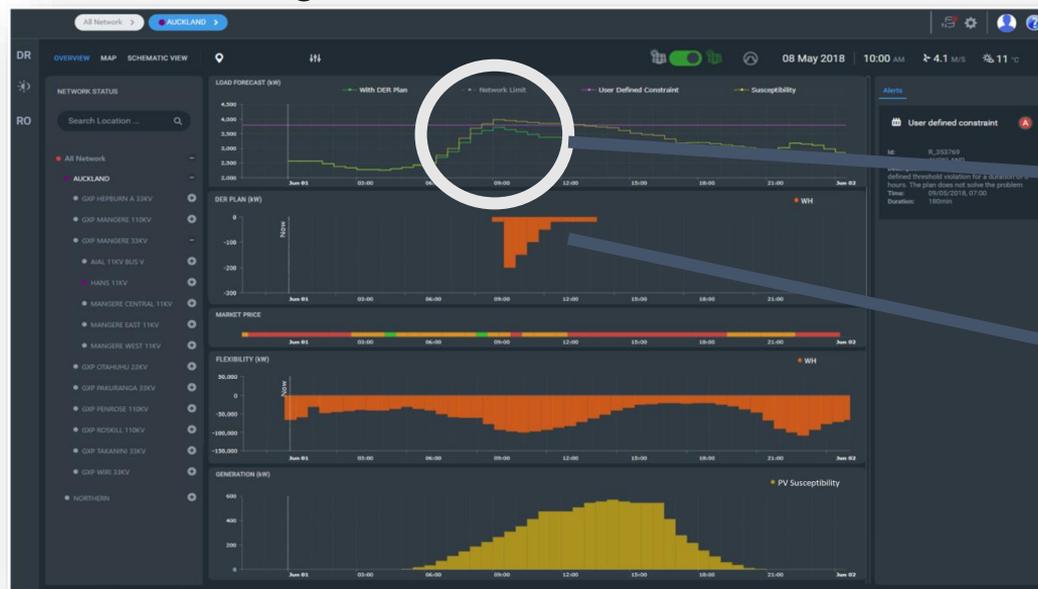
Understand load and DER resources based on weather, business restrictions, et al:

- “Bottoms up” forecasts based on profile analysis of AMI/MDM data
- 5, 15 min, hourly, day ahead as well as short and long-term forecasts
- Detection of unregistered DERs
- High-accuracy to enable effective DERMS analysis
- Market price monitoring



## DER Situational Awareness

- High penetration of PV on a feeder may exceed the native load during specific times of day
- Certain protective devices offer no protection in a backfeed situation (power flowing into the substation)
- Analyze & alarm if near a backfeed condition; optionally charge batteries (increase load) disconnect DERs or reconfigure feeders to remediate condition



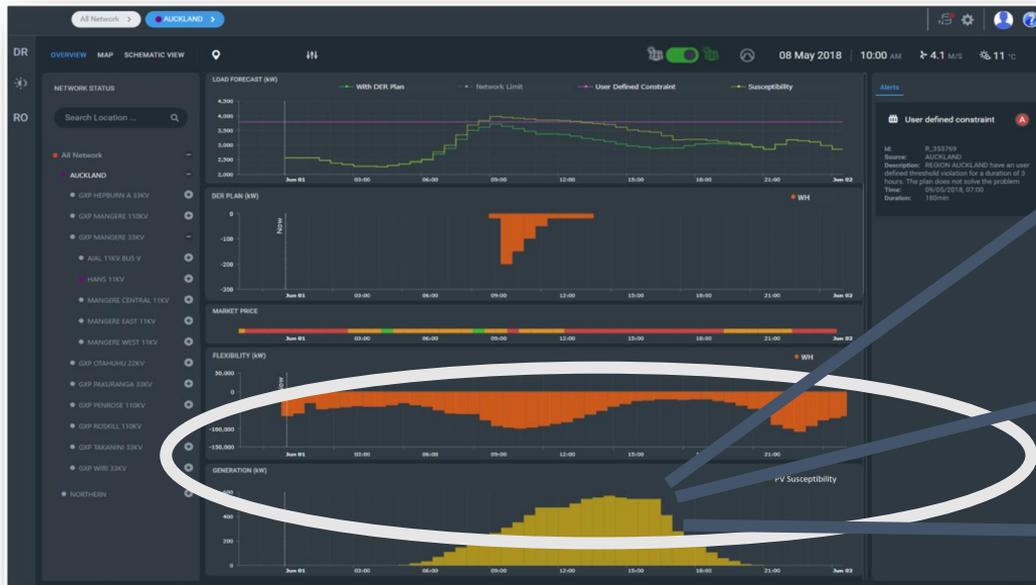
• PV generation may exceed feeder load during maximum irradiance

• Batteries charged to increase load



## DER Susceptibility Analysis

- Understand “behind the meter”/non-telemetered DERs and their impacts in real time, day-ahead as well as short and long-term forecasts:
  - “Phantom” load vs Apparent load. Supply resources required if DERs become de-energized due to recloser, switching events, obscuration; avoiding overloads and unexpected device tripping
  - Provide information on a per feeder basis or regional for transmission events, contingency analysis



PV with Inverters that go offline for any reason or reduce output create operational risks:

- May impact routine switching operations
- In sufficient amount, may cause overload/breaker trip
- Negative impact on SAIDI, CAIDI, MAIFI

Susceptibility Creates Resource Adequacy Risk at the supply level:

- Must be supplied by other sources
  - Often at high market price
  - Often with penalties accruing

Susceptibility/Flexibility analytics provide insight into potential DER types and placement



## DER Flexibility Analysis

- Understand “behind the meter” controllable DERs and their impact in real time , day-ahead as well as short and long-term forecasts:
  - Charge state of batteries, available watt/vars from smart inverter devices; amount, duration and location of load that can be shed. Can be used to help regulate voltage, address system constraints, achieve VVC objectives, meet capacity requirements
  - Provide information on a per feeder, substation or regional basis



PV, batteries with Smart Inverters that stay online during events, DR programs

- May be used to arbitrage demand and energy
- May be used to redefine and reshape supply side contracts and resources
- May be used to address system constraints
- May be used for var support
- May support VVC objectives
- May be used to identify likely locations for new DR and DER placements



## Network/Resource Constraint Management Utilizing DERs

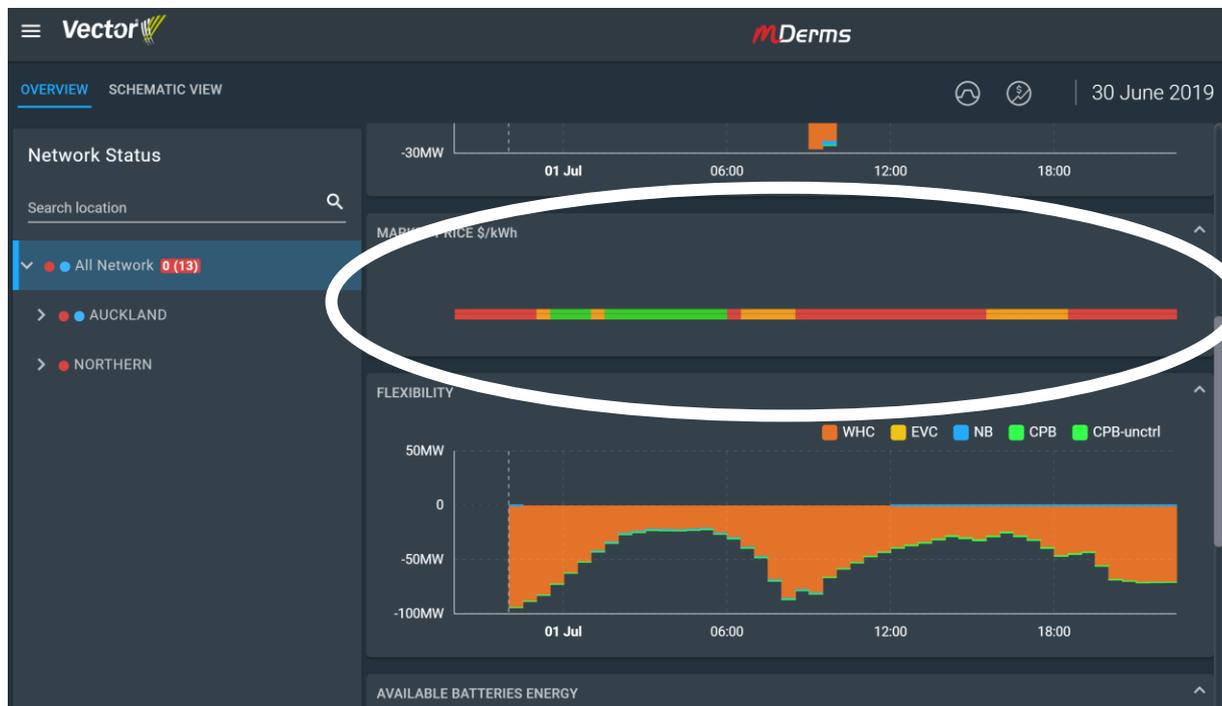


For potentially millions of DERs.

- Recognize network/resources constraints
- Develop DER plan to alleviate constraints
  - DR (Load Control)
  - Network Battery
  - Customer Battery
  - EV Charge Control
- Simulation and testing of new DER/DR placement impacts



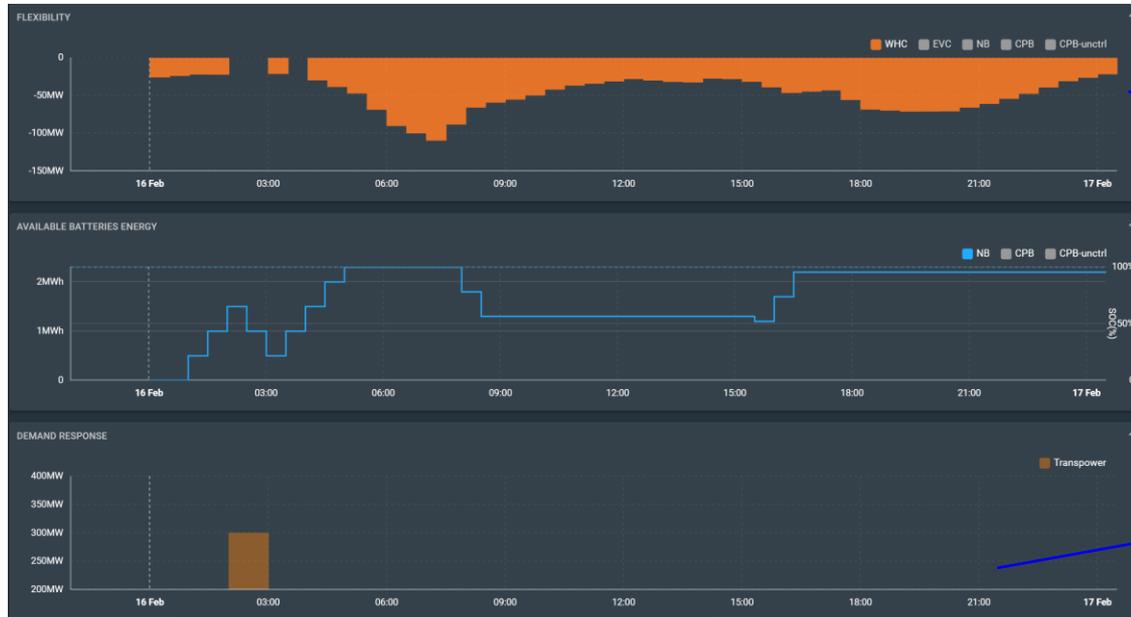
## Energy Arbitrage and Usage Optimization



- Use market price and market forecast to control DER
- Charge/discharge
- Load management
- Load & Supply shape optimization
- Multi-objective optimization
  - Cost
  - GHG
  - GHG and Cost
  - Other user definable



# Precision Demand Response and DER Management

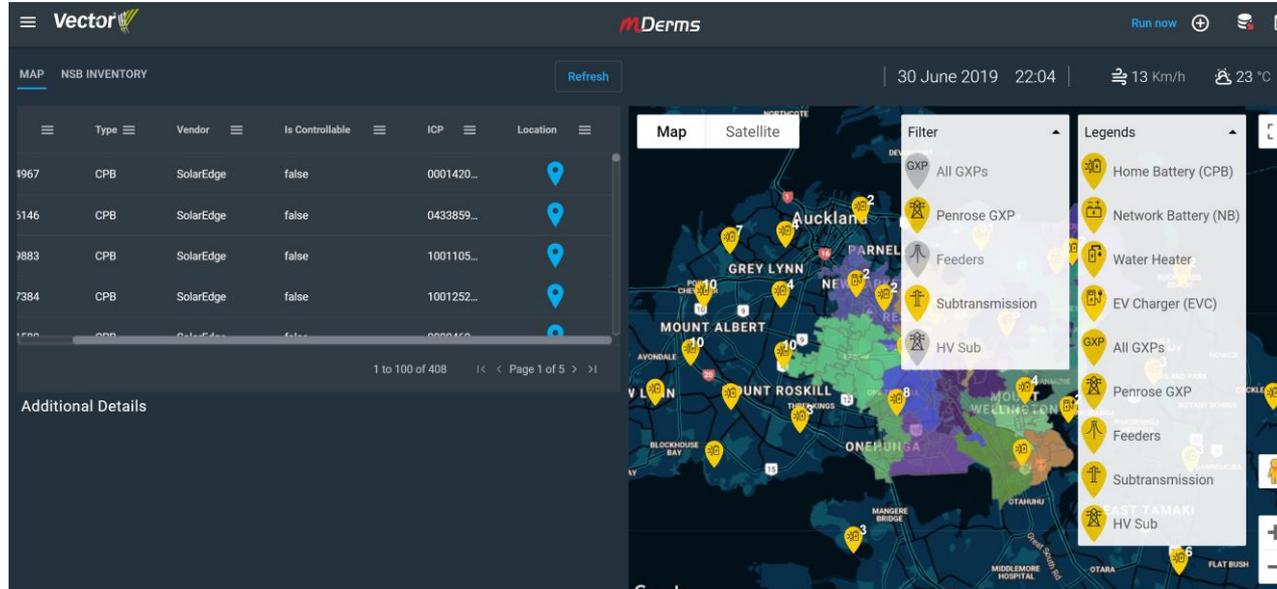


DR and DER Analysis for system or system section (area, substation, feeder)

- Availability of all DR programs (“flexibility”) is viewable for the next 24 hours
- DR program can be called automatically when needed
- DR analysis is part of optimal DER plan generation
- Optimize use of DR and DER to relieve constraints at multiple locations/levels throughout the system simultaneously



# DER Fleet Management



For potentially millions of DERs.

- Sort by:
  - location
  - DER type
  - Vendor
  - Controllable
  - ID
  - Comm. Address
- View status, business rules, et al



# Optimal DER Plan Creation

## Dispatch for reliability, security, minimum cost

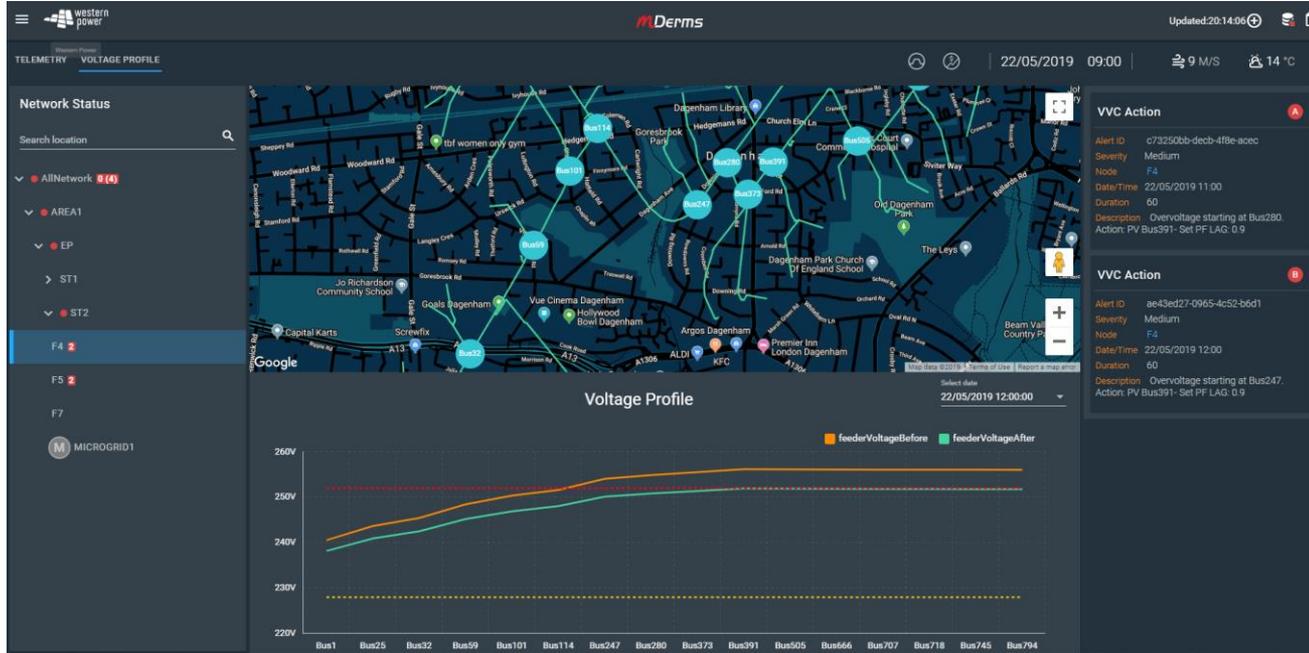


- Where/when market rules allow control of 3<sup>rd</sup>-party DER
- Utilize multiple DR programs: hot water, A/C, pool pumps, etc.
- Utilize CVR/VVC
- Arbitrage battery charge/discharge
- Control vars on smart inverters

- HWC, EVC, NB, CPB

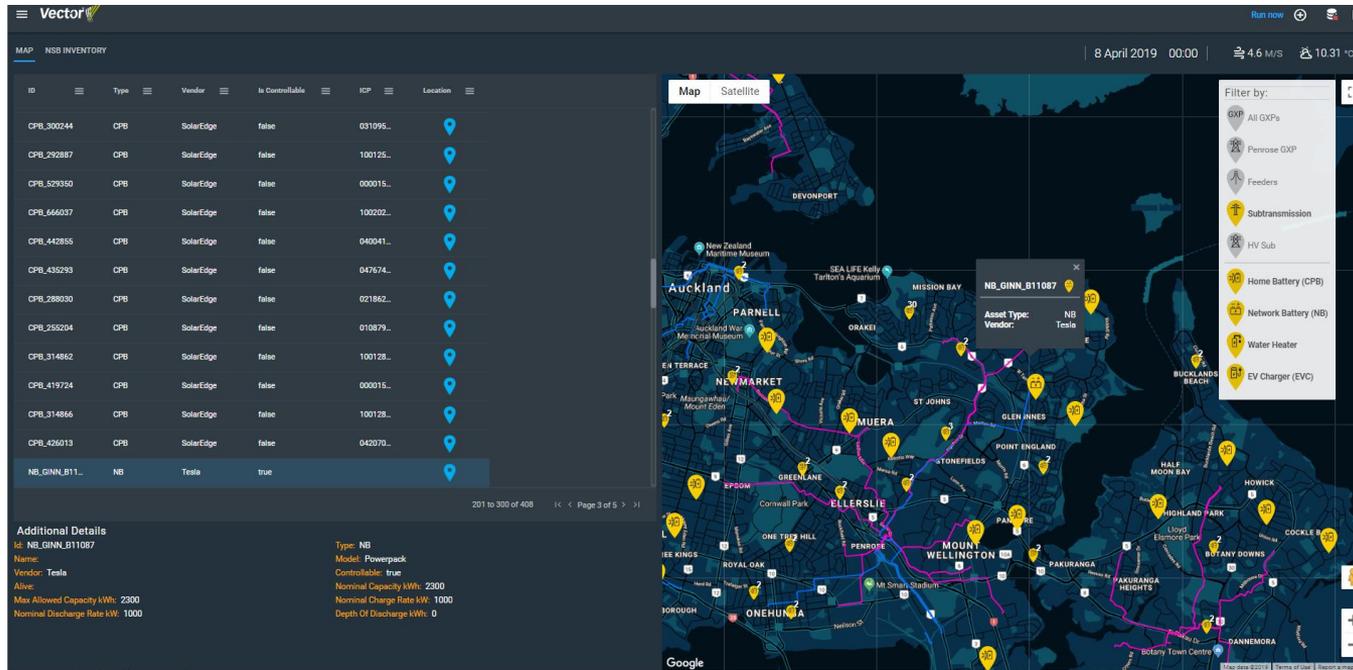


# Volt-Var Control



- Provide DER support to centralized VVC system, if exists
- Provide primary VVC if central system doesn't exist
- Multiple objective functions:
  - CVR
  - Var Support
  - Loss Minimization
  - Voltage Limits
  - Power Factor

# Telemetry and Control



For potentially millions of DERs.

- “SCADA” for millions of points (use SCADA for utility-scale assets, DERMS for all else)
- Provides scalability into the future
- Maximizes security by not mixing low value assets with high value assets



# Thank You



Amro Farid <amro.farid@gmail.com>

## Following up on one of your questions regarding the NH Data Platform - mPrest session

1 message

Ron Halpern <ronh@mprest.com>

Wed, Aug 12, 2020 at 6:46 AM

To: "ExecutiveDirector@puc.nh.gov" <ExecutiveDirector@puc.nh.gov>, "tga@tga3.com" <tga@tga3.com>, "nikhil@greentelgroup.com" <nikhil@greentelgroup.com>, "thomas.belair@eversource.com" <thomas.belair@eversource.com>, "clifton.below@lebanonNH.gov" <clifton.below@lebanonnh.gov>, "james.brennan@oca.nh.gov" <james.brennan@oca.nh.gov>, "kelly@cleanenergynh.org" <kelly@cleanenergynh.org>, "brian.buckley@puc.nh.gov" <brian.buckley@puc.nh.gov>, "jessica.chiavara@eversource.com" <jessica.chiavara@eversource.com>, "karen.cramton@puc.nh.gov" <karen.cramton@puc.nh.gov>, "mdean@mdeanlaw.net" <mdean@mdeanlaw.net>, "kurt.demmer@puc.nh.gov" <kurt.demmer@puc.nh.gov>, "kate@packetizedenergy.com" <kate@packetizedenergy.com>, "Stephen.Eckberg@puc.nh.gov" <Stephen.Eckberg@puc.nh.gov>, "eisfeller@unitil.com" <eisfeller@unitil.com>, "epler@unitil.com" <epler@unitil.com>, "amfarid@dartmouth.edu" <amfarid@dartmouth.edu>, "matthew.fossum@eversource.com" <matthew.fossum@eversource.com>, "tom.frantz@puc.nh.gov" <tom.frantz@puc.nh.gov>, "steve.frink@puc.nh.gov" <steve.frink@puc.nh.gov>, "Bart.Fromuth@felpower.com" <Bart.Fromuth@felpower.com>, "golding@communitychoicepartners.com" <golding@communitychoicepartners.com>, "ethan.goldman@gmail.com" <ethan.goldman@gmail.com>, "julia.griffin@hanovernh.org" <julia.griffin@hanovernh.org>, "devin@utilityapi.com" <devin@utilityapi.com>, "christine.hastings@eversource.com" <christine.hastings@eversource.com>, "henry@cleanenergynh.org" <henry@cleanenergynh.org>, "paul@packetizedenergy.com" <paul@packetizedenergy.com>, "maureen.karpf@libertyutilities.com" <maureen.karpf@libertyutilities.com>, "donald.kreis@oca.nh.gov" <donald.kreis@oca.nh.gov>, "marc.lemenager@eversource.com" <marc.lemenager@eversource.com>, "pmartin2894@yahoo.com" <pmartin2894@yahoo.com>, "kat.mcghee@leg.state.nh.us" <kat.mcghee@leg.state.nh.us>, "erica.menard@eversource.com" <erica.menard@eversource.com>, "madeleine@cleanenergynh.org" <madeleine@cleanenergynh.org>, "tad.montgomery@LebanonNH.gov" <tad.montgomery@lebanonnh.gov>, "Jason.Morse@puc.nh.gov" <Jason.Morse@puc.nh.gov>, "Shaun.Mulholland@LebanonNH.gov" <Shaun.Mulholland@lebanonnh.gov>, "michael@missiondata.io" <michael@missiondata.io>, "ocalitigation@oca.nh.gov" <ocalitigation@oca.nh.gov>, "dpatch@orr-reno.com" <dpatch@orr-reno.com>, "katherine.peters@eversource.com" <katherine.peters@eversource.com>, "katherine.provencher@eversource.com" <katherine.provencher@eversource.com>, "Melissa.Samenfeld@libertyutilities.com" <Melissa.Samenfeld@libertyutilities.com>, "michael.sheehan@libertyutilities.com" <michael.sheehan@libertyutilities.com>, "Christa.Shute@oca.nh.gov" <Christa.Shute@oca.nh.gov>, "simpsonc@unitil.com" <simpsonc@unitil.com>, "karen.sinville@libertyutilities.com" <karen.sinville@libertyutilities.com>, "charliespencevt@gmail.com" <charliespencevt@gmail.com>, "heather.tebbetts@libertyutilities.com" <heather.tebbetts@libertyutilities.com>

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All,

Thank you for your time and your engaging questions last week during our session entitled "NH Data Platform – mPrest". The reason for my reaching out directly to you all is because Samuel passed along a question that Jason Morse asked after our presentation, requesting clarification on our pricing options". As such, in this email, I would like to offer a more comprehensive response to this question regarding platform cost.

mPrest operates in two business model modes: a SaaS mode and a CAPEX/project mode. Our SaaS model is based on a four year cycle. In other words, in a SaaS model, one would typically pay 25% of a perpetual license per annum.

As such, a ballpark number, for the platform itself, would be as follows:

- Perpetual License Model: \$750K for a perpetual license for the platform (to support 650K customers) + maintenance. License fee would be less for a smaller amount of customers.

- SaaS License Model: \$200K per year for the platform (to support 650K customers). Actual computing costs would be in addition. License fee would be less for a smaller amount of customers.
- Our customers typically see very short payback periods on either type of deployment, and we typically tailor the rollout to result in a positive and rapid cost benefit.

Our clients often engage with us in a pilot capacity, in order to make a decision on how to go forward with a full scale project. Typical prices for a pilot can be anywhere between \$100K and \$250K and typical timelines would be between two months and three months. Both are dependent upon scope.

We very much believe in the state-wide data platform and appreciate the opportunity to share mPrest's experience in this domain.

Sincerely,

Ron

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Steffi O. Muhanji · Alison E. Flint  
Amro M. Farid

# eloT

The Development of the Energy Internet  
of Things in Energy Infrastructure

OPEN

 Springer

Bates Page 294

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eIoT

Steffi O. Muhanji • Alison E. Flint • Amro M. Farid

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The Development of the Energy Internet  
of Things in Energy Infrastructure

**OPEN**

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*To my sisters Ivy and Whitney,  
Ivy, you will forever be in my heart. Never to  
be forgotten. I love you both so much, and  
I am truly proud of you.*

*Steffi*

## Preface

It's been 20 years since Kevin Ashton coined the term the "Internet of Things" (IoT). At the time, the concept was advanced by the Auto-ID Center global research consortium as a means of transforming production and supply chain management. If every product or "thing" could have an RFID tag, then it could potentially "speak" to an RFID reader and provide relevant information like its current location, its production date, and its expected delivery time and location. Products, as they moved through a supply chain, could gain their own sort of "intelligence" through intelligent product agents that negotiated with the rest of the supply chain's entities to reach their final destination. In short, having real-time product-level granularity of an entire supply chain was viewed as a key to a *digitized* industrial revolution called *Industrie 4.0*.

In some ways, a lot has changed. In others, much of this original vision has remained the same. No longer is the Internet of Things solely dependent on RFID tags and readers. Instead, the proliferation of sensor technology in the last two decades has tremendously diversified the notion of IoT to include just about any type of sensor with the potential for connection to a communication network. Similarly, communication networks, particularly wireless ones, have experienced similar leaps in innovation and adoption. For perspective, the Wi-Fi Alliance, the trade association responsible for Wi-Fi technology, was founded in the same year (1999) that the term IoT was first used. Finally, mobile computing devices (like smartphones and tablets) have revolutionized the potential for high computing power near or on edge devices. The associated computing platforms (e.g., Android and iOS) has brought about yet another proliferation of IoT-friendly "apps." This tremendous heterogeneity of new sensors, communication networks, edge computing, and mobile apps has transformed the IoT landscape from its humble beginnings centered on RFID tags and readers. In so doing, IoT has emerged as the dominant new paradigm for the transformation of supply chain operations management.

## Why This Book?

However, it would be insufficient to restrict the concept of IoT solely to traditional supply chain management and logistics applications. The Internet of Things now spans every “thing.” Among others, there are applications in transportation, water, defense, aerospace, and, yes, even energy systems. This book explores the collision between the sustainable energy transition and the Internet of Things (IoT).

In that regard, this book’s arrival is timely. Not only is the Internet of Things for energy applications, herein called the *energy Internet of Things* (eIoT), rapidly developing, but also the transition toward sustainable energy to abate global climate is very much at the forefront of public discourse. The 2016 COP21 Paris Agreement has committed to keep the increase in global average temperature to well below 2 °C. The 2018 report of the Intergovernmental Panel on Climate Change states that achieving such a goal would require “rapid, far reaching, and unprecedented changes in all aspects of society.”

It is within the context of these two dynamic thrusts, *digitization* and *global climate change*, that the energy industry sees itself undergoing significant change in how it is operated and managed. This book recognizes that they impose five fundamental energy management change drivers: (1) the growing demand for electricity, (2) the emergence of renewable energy resources, (3) the emergence of electrified transportation, (4) the deregulation of electric power markets, and (5) innovations in smart grid technology. Together, they challenge many of the assumptions upon which the electric grid was first built.

Traditionally, the electricity grid comprised of centralized generation whose soul purpose was to serve consumer demand. This centralized paradigm came to shape the way the electricity grid is managed and operated today. However, as more renewable distributed generations in the form of solar and wind are added to the grid, power can no longer just flow in one direction (from the transmission to the distribution system). Instead, consumers that have rooftop solar should be able to send their power back to the electricity transmission system. Variable renewable energy resources have also put a strain on system operators because they must meet the net load (i.e., consumer demand minus variable energy generation). Furthermore, because many of these variable renewable energy resources are installed behind metering infrastructure, they are not always able to distinguish between the variability of load and that renewable generation. To further complicate the situation, consumers increasingly possess the capability to manage and control their consumption patterns, making it possible for them to respond to the time-of-use or real-time price signals.

Instead of this traditional paradigm of active centralized generation serving passive distributed loads, this book argues that the five energy management change drivers stated above will activate the grid periphery. This will in turn “pull” eIoT technologies to become a scalable energy management solution. In so doing, eIoT will enable a pervasive grid-wide transformation in which a plethora of cyber and physical grid devices will interact within *transactive energy* applications. Energy,

power, and other grid “services” will have to be sought in or near real time so as to maintain grid reliability and economic efficiency at all points in a very much distributed grid.

## **The Goal of This Book**

The goal of this book is provide a single integrated picture of how eIoT can come to transform our energy infrastructure. This book links the energy management change drivers mentioned above to the need for a technical energy management solution. It, then, describes how eIoT meets many of the criteria required for such a technical solution. In that regard, the book stresses the ability of eIoT to add sensing, decision-making, and actuation capabilities to millions or perhaps even billions of interacting “smart” devices. With such a large-scale transformation composed of so many independent actions, the book also organizes the discussion into a single multi-layer energy management control loop structure. Consequently, much attention is given to not just network-enabled physical devices but also communication networks, distributed control and decision-making, and finally technical architectures and standards. Having gone into the detail of these many simultaneously developing technologies, the book returns to how these technologies when integrated form new applications for transactive energy. In that regard, it highlights several eIoT-enabled energy management use cases that fundamentally change the relationship between end users, utilities, and grid operators. Consequently, the book discusses some of the emerging applications for utilities, industry, commerce, and residences. The book concludes that these eIoT applications will transform today’s grid into one that is much more responsive, dynamic, adaptive, and flexible. It also concludes that this transformation will bring about new challenges and opportunities for the cyber-physical-economic performance of the grid and the business models of its increasingly growing number of participants and stakeholders.

## **What’s in This Book?**

This book is comprised of five chapters organized as follows:

- Chapter 1 presents eIoT as a potential solution to the five energy management change drivers described above.
- Chapter 2 recognizes that these drivers will require a transformation of the grid periphery where eIoT is also most suitable as a technical solution.
- Chapter 3 then presents the development of IoT within energy infrastructure using an energy management control loop as a guiding structure for discussion.

- Chapter 4 then ties this overarching techno-economic energy management control loop with the emerging concept of transactive energy. Applications for utilities, industry, commerce, and residences are subsequently discussed.
- Chapter 5 serves to summarize the conclusions of the work. In short,
  1. eIoT will become ubiquitous.
  2. eIoT will enable new automated energy management platforms.
  3. eIoT will enable distributed techno-economic decision-making.

Chapter 5 also serves to highlight two open challenges and opportunities for future work. These are:

1. The convergence of cyber, physical, and economic performance
2. The re-envisioning of the strategic business model for the utility of the future

Hanover, NH, USA  
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October 2018

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Alison E. Flint  
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# Nomenclature

## Measurement Units

<i>\$/kWh</i>	dollars per kilowatt-hour . . . . .	<i>p. 1</i>
<i>μA</i>	microamps . . . . .	<i>p. 1</i>
<i>Bps</i>	bits per second . . . . .	<i>p. 1</i>
<i>BTU</i>	British Thermal Unit . . . . .	<i>p. 49</i>
<i>Gbps</i>	gigabits per second . . . . .	<i>p. 62</i>
<i>GW</i>	gigawatts . . . . .	<i>p. 4</i>
<i>Hz</i>	Hertz . . . . .	<i>p. 78</i>
<i>kbps</i>	Kilobits per second . . . . .	<i>p. 69</i>
<i>kHz</i>	Kilohertz . . . . .	<i>p. 34</i>
<i>km</i>	kilometers . . . . .	<i>p. 1</i>
<i>kV</i>	kilovolts . . . . .	<i>p. 1</i>
<i>kVA</i>	kilo Volt-Ampere . . . . .	<i>p. 1</i>
<i>kW</i>	kilowatt . . . . .	<i>p. 24</i>
<i>kWh</i>	Kilowatt-hours . . . . .	<i>p. 42</i>
<i>m</i>	meters . . . . .	<i>p. 1</i>
<i>mA</i>	milliamps . . . . .	<i>p. 1</i>
<i>Mbps</i>	megabits per second . . . . .	<i>p. 62</i>
<i>MHz</i>	Megahertz . . . . .	<i>p. 65</i>
<i>MMBTU</i>	Million British Thermal Units . . . . .	<i>p. 1</i>
<i>ms</i>	milliseconds . . . . .	<i>p. 1</i>
<i>Mtoe</i>	Million tons of oil equivalent . . . . .	<i>p. 2</i>
<i>MVA</i>	Mega Volt Amp . . . . .	<i>p. 87</i>
<i>MW</i>	megawatt . . . . .	<i>p. 24</i>
<i>ns</i>	nanoseconds . . . . .	<i>p. 1</i>
<i>pu</i>	per Unit . . . . .	<i>p. 1</i>
<i>Quads</i>	quadrillion BTU . . . . .	<i>p. 1</i>
<i>s</i>	seconds . . . . .	<i>p. 1</i>
<i>TWh</i>	Terawatt-hour . . . . .	<i>p. 112</i>
<i>VAR</i>	Volt-ampere reactive . . . . .	<i>p. 95</i>
<i>W</i>	watts . . . . .	<i>p. 1</i>

**Acronyms**

<i>3GPP</i>	Third Generation Partnership Project . . . . .	<i>p. 69</i>
<i>AC</i>	Alternating current . . . . .	<i>p. 41</i>
<i>ACE</i>	Area Control Error . . . . .	<i>p. 35</i>
<i>ADMM</i>	Alternate Direction Method of Multipliers . . . . .	<i>p. 78</i>
<i>ADSL</i>	Asymmetric digital subscriber line . . . . .	<i>p. 67</i>
<i>AEP</i>	American Electric Power . . . . .	<i>p. 94</i>
<i>AGC</i>	Automatic generation control . . . . .	<i>p. 34</i>
<i>ALADIN</i>	Alternating Direct Inexact Newton . . . . .	<i>p. 78</i>
<i>AMI</i>	Advanced Metering Infrastructure . . . . .	<i>p. 43</i>
<i>AMM</i>	Automated meter management . . . . .	<i>p. 43</i>
<i>AMQP</i>	Advanced Message Queuing Protocol . . . . .	<i>p. 75</i>
<i>AMR</i>	Automatic meter reading . . . . .	<i>p. 43</i>
<i>ANSI</i>	American National Standards Institute . . . . .	<i>p. 41</i>
<i>API</i>	Application Programming Interface . . . . .	<i>p. 75</i>
<i>APP</i>	Auxiliary Problem Principle . . . . .	<i>p. 78</i>
<i>ARRA</i>	American Recovery and Reinvestment Act . . . . .	<i>p. 43</i>
<i>ATC</i>	Analytical Target Cascading . . . . .	<i>p. 78</i>
<i>AVR</i>	Automatic voltage regulator . . . . .	<i>p. 34</i>
<i>AWS</i>	Amazon Web Services . . . . .	<i>p. 86</i>
<i>BB-PLC</i>	Broadband power-line communication . . . . .	<i>p. 62</i>
<i>BEMS</i>	Building energy-management systems . . . . .	<i>p. 111</i>
<i>BPA</i>	Bonneville Power Administration . . . . .	<i>p. 96</i>
<i>BPSK</i>	Binary phase-shift keying . . . . .	<i>p. 66</i>
<i>BYOT</i>	Bring Your Own Thermostat . . . . .	<i>p. 112</i>
<i>CAISO</i>	California Independent System Operator . . . . .	<i>p. 105</i>
<i>CIM</i>	Common Information Model . . . . .	<i>p. 87</i>
<i>CoAP</i>	Constrained Application Protocol . . . . .	<i>p. 75</i>
<i>CSOC</i>	Cyber Security Operations Center . . . . .	<i>p. 96</i>
<i>CT</i>	current transformer . . . . .	<i>p. 112</i>
<i>DACR</i>	Distribution automation circuit reconfiguration . . . . .	<i>p. 95</i>
<i>DDS</i>	Data Distribution Service . . . . .	<i>p. 75</i>
<i>DER</i>	Distributed Energy Resources . . . . .	<i>p. 9</i>
<i>DERP</i>	Distributed Energy Resource Provider . . . . .	<i>p. 105</i>
<i>DG</i>	Distributed Generation . . . . .	<i>p. 9</i>
<i>DMS</i>	Distribution-management system . . . . .	<i>p. 22</i>
<i>DNP3</i>	Distributed Network Protocol . . . . .	<i>p. 63</i>
<i>DR</i>	Demand Response . . . . .	<i>p. 9</i>
<i>DSL</i>	Digital subscriber lines . . . . .	<i>p. 67</i>
<i>DSM</i>	Demand Side Management . . . . .	<i>p. 24</i>
<i>DSO</i>	Distribution System Operators . . . . .	<i>p. 104</i>
<i>DVR</i>	Digital video recorder . . . . .	<i>p. 46</i>
<i>EIA</i>	Energy Information Administration . . . . .	<i>p. 45</i>
<i>eIoT</i>	Energy Internet of Things . . . . .	<i>p. 1</i>
<i>EISA</i>	Energy Independence Security Act . . . . .	<i>p. 83</i>

<i>EMS</i>	Energy-management system . . . . .	<i>p. 22</i>
<i>EPRI</i>	Electric Power and Research Institute . . . . .	<i>p. 32</i>
<i>ESCO</i>	Energy service company . . . . .	<i>p. 71</i>
<i>ETSI</i>	European Telecommunications Standards Institute . . . . .	<i>p. 65</i>
<i>EV</i>	Electric vehicle . . . . .	<i>p. 4</i>
<i>FACTS</i>	Flexible AC Transmission System . . . . .	<i>p. 34</i>
<i>FAN</i>	Field Area Network . . . . .	<i>p. 66</i>
<i>FCC</i>	Federal Communications Commission . . . . .	<i>p. 66</i>
<i>FERC</i>	Federal Energy Regulatory Commission . . . . .	<i>p. 35</i>
<i>FIT</i>	Feed-In Tariff . . . . .	<i>p. 4</i>
<i>FRA</i>	frequency response analysis . . . . .	<i>p. 2</i>
<i>G3-PLC</i>	3rd Generation Power-Line Communication . . . . .	<i>p. 62</i>
<i>GHG</i>	Greenhouse gas . . . . .	<i>p. 5</i>
<i>GPRS</i>	General Packet Radio Service . . . . .	<i>p. 69</i>
<i>GPS</i>	Global Positioning System . . . . .	<i>p. 34</i>
<i>GSM</i>	Global System for Mobile . . . . .	<i>p. 65</i>
<i>GWAC</i>	GridWise Architecture Council . . . . .	<i>p. 84</i>
<i>HAN</i>	Home Area Network . . . . .	<i>p. 66</i>
<i>HART</i>	Highway Addressable Remote Transducer . . . . .	<i>p. 73</i>
<i>HDSL</i>	High-bit-rate digital subscriber line . . . . .	<i>p. 67</i>
<i>HEM</i>	Home energy management . . . . .	<i>p. 65</i>
<i>HTTP</i>	HyperText Transfer Protocol . . . . .	<i>p. 75</i>
<i>HVAC</i>	Heating Ventilation and Air-Conditioning . . . . .	<i>p. 46</i>
<i>ICT</i>	Information and Communication Technologies . . . . .	<i>p. 87</i>
<i>IEA</i>	International Energy Agency . . . . .	<i>p. 2</i>
<i>IEC</i>	International Electrotechnical Commission . . . . .	<i>p. 80</i>
<i>IEEE</i>	Institute of Electrical and Electronics Engineers . . . . .	<i>p. 86</i>
<i>IEEE-PES-DMS</i>	IEEE Power and Energy Society Distribution Automation/Management System . . . . .	<i>p. 20</i>
<i>IETF</i>	Internet Engineering Task Force . . . . .	<i>p. 75</i>
<i>IFTTT</i>	If This Then That . . . . .	<i>p. 112</i>
<i>IIoT</i>	Industrial Internet of Things . . . . .	<i>p. 73</i>
<i>IoT</i>	Internet of Things . . . . .	<i>p. 1</i>
<i>IP</i>	Internet Protocol . . . . .	<i>p. 64</i>
<i>IPP</i>	Independent Power Producers . . . . .	<i>p. 19</i>
<i>IPSO</i>	Internet Protocol for Smart Objects . . . . .	<i>p. 11</i>
<i>IPv6</i>	Internet Protocol version 6 . . . . .	<i>p. 11</i>
<i>ISO</i>	Independent System Operator . . . . .	<i>p. 9</i>
<i>IT</i>	Information Technology . . . . .	<i>p. 43</i>
<i>ITC</i>	Investment Tax Credit . . . . .	<i>p. 5</i>
<i>ITES</i>	Intelligent Transportation Energy System . . . . .	<i>p. 53</i>
<i>ITU</i>	International Telecommunication Union . . . . .	<i>p. 62</i>
<i>ITU-T</i>	ITU Telecommunications Standardization Sector . . . . .	<i>p. 62</i>
<i>KAIST</i>	Korea Advanced Institute of Science and Technology . . . . .	<i>p. 11</i>
<i>KKT</i>	Karush–Kuhn–Tucker . . . . .	<i>p. 78</i>

<i>LAN</i>	Local Area Network . . . . .	<i>p. 54</i>
<i>LMP</i>	Locational Marginal Price . . . . .	<i>p. 101</i>
<i>LoRa</i>	Long Range . . . . .	<i>p. 65</i>
<i>LoRaWAN</i>	Long Range Wide-Area Network . . . . .	<i>p. 65</i>
<i>LPWAN</i>	Low-power wide-area network . . . . .	<i>p. 65</i>
<i>LTC</i>	load tap changer . . . . .	<i>p. 2</i>
<i>LTE</i>	Long-Term Evolution . . . . .	<i>p. 56</i>
<i>M2M</i>	Machine-to-machine . . . . .	<i>p. 20</i>
<i>MAC</i>	Medium Access Control . . . . .	<i>p. 65</i>
<i>MAS</i>	Multi-agent system . . . . .	<i>p. 79</i>
<i>MASCeM</i>	Multi-agent system competitive electricity markets simulator . . . . .	<i>p. 80</i>
<i>MATSIM</i>	Multi-Agent Transport Simulation . . . . .	<i>p. 52</i>
<i>MIS</i>	metal-insulated semiconductor . . . . .	<i>p. 2</i>
<i>MIT</i>	Massachusetts Institute of Technology . . . . .	<i>p. 11</i>
<i>MQTT</i>	Message Queue Telemetry Transport . . . . .	<i>p. 75</i>
<i>MTU</i>	Master Terminal Unit . . . . .	<i>p. 31</i>
<i>N2N</i>	NAN-to-NAN . . . . .	<i>p. 70</i>
<i>NAN</i>	Neighborhood Area Network . . . . .	<i>p. 54</i>
<i>NB-IoT</i>	Narrow band Internet of Things . . . . .	<i>p. 65</i>
<i>NB-PLC</i>	Narrowband power-line communication . . . . .	<i>p. 62</i>
<i>NIST</i>	National Institute of Standards and Technology . . . . .	<i>p. 88</i>
<i>NOPR</i>	Notice of Proposed Rule-making . . . . .	<i>p. 105</i>
<i>NWS</i>	Non-wires Solutions . . . . .	<i>p. 94</i>
<i>OASIS</i>	Organization for Advancement of Structured Information Standards . . . . .	<i>p. 93</i>
<i>OECD</i>	Organization for Economic Cooperation and Development . . . . .	<i>p. 2</i>
<i>OPF</i>	Optimal Power Flow . . . . .	<i>p. 78</i>
<i>OPP</i>	Olympic Peninsula Project . . . . .	<i>p. 94</i>
<i>P2P</i>	Peer-to-peer . . . . .	<i>p. 101</i>
<i>PDC</i>	Phasor data concentrator . . . . .	<i>p. 64</i>
<i>PHEV</i>	Plug-in electric vehicles . . . . .	<i>p. 4</i>
<i>PHY</i>	Physical layer . . . . .	<i>p. 65</i>
<i>PLC</i>	Power-line carrier . . . . .	<i>p. 62</i>
<i>PLC</i>	Programmable logic controllers . . . . .	<i>p. 31</i>
<i>PMU</i>	Phasor Measurement Unit . . . . .	<i>p. 34</i>
<i>PNNL</i>	Pacific Northwest National Laboratory . . . . .	<i>p. 94</i>
<i>PNWSGD</i>	Pacific Northwest Smart Grid Demonstration . . . . .	<i>p. 94</i>
<i>PRIME</i>	Powerline Intelligent Metering Evolution . . . . .	<i>p. 62</i>
<i>PROFIBUS</i>	Process Field Bus . . . . .	<i>p. 63</i>
<i>PT</i>	potential transformer . . . . .	<i>p. 2</i>
<i>PTC</i>	Production Tax Credit . . . . .	<i>p. 5</i>
<i>PV</i>	Photovoltaic . . . . .	<i>p. 3</i>
<i>QB-PLC</i>	Quasi-band power-line communication . . . . .	<i>p. 62</i>

<i>QoS</i>	Quality of service . . . . .	p. 70
<i>RE</i>	Renewable Energy . . . . .	p. 113
<i>RF</i>	RF . . . . .	p. 2
<i>RFID</i>	Radio-frequency identification . . . . .	p. 12
<i>ROI</i>	Return-on-Investment. . . . .	p. 47
<i>RPMA</i>	Random Phase Multiple Access . . . . .	p. 66
<i>RPS</i>	Renewable energy portfolio standards . . . . .	p. 4
<i>RTO</i>	Regional Transmission Organization . . . . .	p. 105
<i>RTPda</i>	Real time pricing with double auction . . . . .	p. 96
<i>RTU</i>	Remote Terminal Units . . . . .	p. 31
<i>SCADA</i>	Supervisory control and data acquisition . . . . .	p. 20
<i>SCED</i>	Security-constrained economic dispatch . . . . .	p. 39
<i>SCUC</i>	Security-constrained unit commitment. . . . .	p. 39
<i>SDK</i>	Software Developer’s Kit . . . . .	p. 86
<i>SDR</i>	Software-defined radio . . . . .	p. 75
<i>SEDC</i>	Smart Energy Demand Coalition. . . . .	p. 105
<i>SGAM</i>	Smart Grid Architecture Model . . . . .	p. 83
<i>SGIG</i>	Smart Grid Investment Grant . . . . .	p. 43
<i>SGIR</i>	Smart grid interoperability reference model . . . . .	p. 87
<i>SIA</i>	Seamless Integration Architecture. . . . .	p. 87
<i>SIWG</i>	Smart Inverter Working Group. . . . .	p. 41
<i>SND</i>	Software-defined networking . . . . .	p. 75
<i>SSL</i>	Secure Socket Layers . . . . .	p. 75
<i>STATCOM</i>	Static Synchronous Compensator . . . . .	p. 37
<i>SVC</i>	Static VAR Compensator. . . . .	p. 37
<i>TCP</i>	Transmission Control Protocol. . . . .	p. 75
<i>TCPST</i>	Thyristor Controlled Phase Shifting Transformer . . . . .	p. 37
<i>TCSC</i>	Thyristor Controlled Series Compensator . . . . .	p. 37
<i>TE</i>	Transactive Energy . . . . .	p. 9
<i>TeMIX</i>	Transactive Energy Market Information Exchange. . . . .	p. 93
<i>TEN</i>	Transportation Electricity Nexus . . . . .	p. 52
<i>TLS</i>	Transport Layer Security . . . . .	p. 75
<i>TSO</i>	Transmission system operators . . . . .	p. 108
<i>TSP</i>	Transactive Systems Program. . . . .	p. 93
<i>UHF</i>	Ultra-high frequency . . . . .	p. 63
<i>UL</i>	Underwriters Laboratory. . . . .	p. 41
<i>UNB-PLC</i>	Ultra-narrowband power-line carrier . . . . .	p. 62
<i>USDOE</i>	United States Department of Energy . . . . .	p. 43
<i>UTP</i>	Unshielded Twister Pair. . . . .	p. 71
<i>VDSL</i>	Very-high-bit-rate digital subscriber line . . . . .	p. 67
<i>VER</i>	Variable energy resources . . . . .	p. 38
<i>VVAR</i>	Volt VAR Optimization . . . . .	p. 95
<i>WAMS</i>	Wide-Area Monitoring Systems . . . . .	p. 34
<i>WAN</i>	Wide-Area Network. . . . .	p. 54
<i>WiMAX</i>	Worldwide Interoperability for Microwave Access. . . . .	p. 69

xx

<i>WiSUN</i>	Wireless Smart Utility Network . . . . .	<i>p. 66</i>
<i>WPP</i>	Wind power plants . . . . .	<i>p. 40</i>
<i>WSN</i>	Wireless sensor networks . . . . .	<i>p. 24</i>
<i>XML</i>	Extensible Markup Language . . . . .	<i>p. 75</i>
<i>XMPP</i>	eXtensible Messaging and Presence Protocol . . . . .	<i>p. 75</i>

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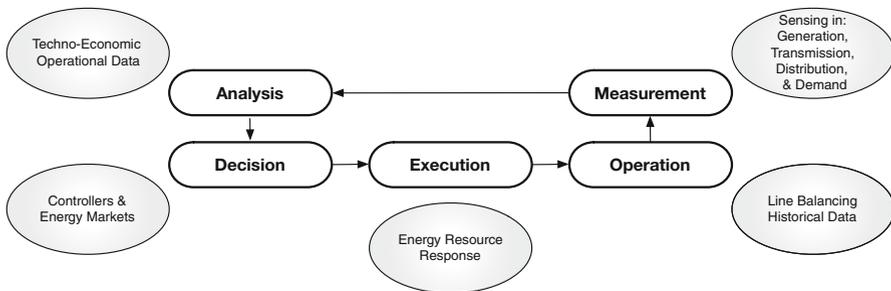
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# Executive Summary

The electric power grid was developed on an architectural assumption of centralized generation being delivered to passive distributed loads irrespective of the cost required to do so [33]. However, several new energy-management change drivers are emerging to uproot this status quo. Chapter 1 identifies these drivers as the rising demand for electricity [34–36], the emergence of renewable energy resources [37–40], the emergence of electrified transportation [41, 42], the deregulation of power markets [43, 44], and innovations in smart grid technology [45, 46]. Responding to these drivers requires new and integrated technical solutions for energy management.

The energy Internet of Things (eIoT) has been proposed as one such energy-management solution, illustrated in Fig. 1. eIoT is a leading and overarching perspective where all devices that consume electricity are internet-enabled and, consequently, can coordinate their energy consumption with the rest of the grid in or near real-time. eIoT technologies must, therefore, be adopted within the context of these energy-management change drivers.

Perhaps nowhere will the impact of the energy-management change drivers identified in the previous paragraphs be felt more than at the grid’s periphery. Distributed generation (DG), in the form of solar photovoltaics (PV) and small-scale



**Fig. 1** A closed-loop framework for electrical power system management

wind, will be joined by a plethora of internet-enabled appliances and devices to transform the grid's periphery to one with two-way flows of power and information [45, 46]. This transformation is a daunting technical challenge. Not only are there tens of millions of devices at the leaves of the grid's radial structure, these devices are relatively small and require innovations in sensing, communication, control, and actuation. Chapter 1 first describes this transformation and then describes the challenge of activating the grid's periphery. Finally, it describes how eIoT can potentially be deployed as a scalable energy-management solution.

The development of IoT within energy infrastructure is best seen as a control loop. The control loop is composed of four functions: a physical process (such as the generation, transmission, or consumption of electricity), its measurement, decision-making, and actuation. This control structure is shown in Fig. 2 where a sensor takes measurements of the physical system's states and outputs. Wireless and wired communications are then used to pass this information between the physical layer and other informatic components. This information is used to make decisions either independently in a decentralized fashion or in coordination with the informatic components of other devices. Decisions are then sent back down to network-enabled actuators for implementation. In some cases, this control loop acts in near real-time. In other cases, some of the information is used as part of predictive applications that facilitate decisions at a longer time scale. Control algorithms implemented at different layers of this control loop enable the control of individual devices as well as the coordination of smart grid devices that comprise other parts of eIoT. Given the connectivity between the functions of this control loop, its successful implementation requires architectures and standards that ensure interoperability between eIoT technologies.

Chapter 3 serves to summarize the most recent developments of IoT within energy infrastructure. The discussion proceeds from the bottom-up by classifying these developments according to the generic control structure shown in Fig. 2.

- Section 3.1 discusses some of the state of the art in network-enabled physical devices, whether they are network-enabled sensors or actuators in the control loop. Section 3.2 then focuses on the communication networks that send and receive data to and from these devices.
- Section 3.3 then discusses advancements in distributed control algorithms that coordinate the techno-economic performance. The chapter concludes with two discussions of a cross-cutting nature.
- Section 3.4 addresses the importance of control architectures and standards in the development of eIoT technologies.
- Section 3.5 addresses the security and privacy concerns that emerge from the development of eIoT technologies.

When these many factors are implemented together properly, they form an eIoT control loop that effectively manages the technical and economic performance of the grid. This control loop is most consonant with the emerging concept of "transactive energy" (TE), which is commonly viewed as a collection of techniques to manage the exchange of energy in business transactions [47]. A utility, or any

other private jurisdiction, can implement TE between its various customers in industrial, commercial and residential environments to manage distributed energy resources (DERs) technologies. TE applications incorporate the new eIoT-based activities for utilities and for industrial, commercial, and residential consumers. The result is better management of resources, successful integration of renewable energy, and increased efficiency in grid operations [47]. In many ways, TE is seen as an effective way to manage the technical and economic performance of various grid operations at all levels of control—commercial, industrial, or residential. As such, eIoT technologies directly support the implementation of TE applications.

Chapter 4 discusses how aspects of the eIoT control loop from Chap. 3 are reflected in various TE applications across different layers of the electricity value chain:

- Section 4.1 discusses the role of TE in future grid applications and highlights some of the proposed TE frameworks.
- Section 4.2 presents a few motivational use cases for TE frameworks.
- Section 4.3 then addresses the role of the utility and distribution system operators (DSOs) within the TE framework. This section also recognizes some of the challenges and opportunities presented by the implementation of TE.
- Finally, Section 4.4 examines various customer applications for TE and eIoT in commercial, industrial, and residential settings.

In conclusion, the development of eIoT is an integral part of the transformation to the future electricity grid. It will transform all aspects of grid operations and control. This transformation spans both technical and economic layers and leads to

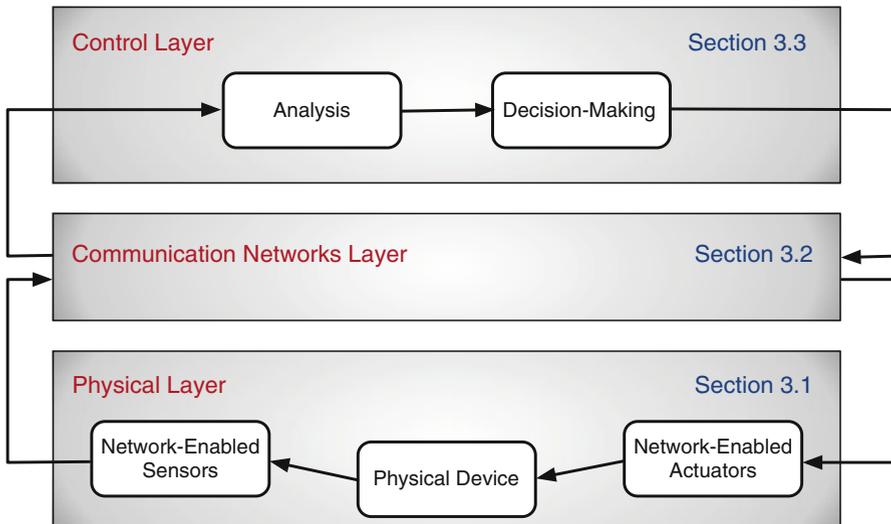


Fig. 2 The development of IoT within energy infrastructure as networked control loop

new applications, stakeholders, and energy system management solutions. Chapter 5 serves to summarize the conclusions of the work. In short,

1. eIoT will become ubiquitous.
2. eIoT will enable new automated energy management platforms.
3. eIoT will enable distributed techno-economic decision-making.

Chapter 5 also serves to highlight two open challenges and opportunities for future work. These are:

1. The convergence of cyber, physical, and economic performance
2. The re-envisioning of the strategic business model for the utility of the future

# Chapter 1

## eIoT as a Solution to Energy-Management Change Drivers



The electric power grid was developed on the architectural assumption of centralized generation being delivered to passive distributed loads irrespective of the cost implication [33]. However, several new energy-management change drivers have emerged to uproot this status quo. These drivers include a rising demand for electricity [34–36], the emergence of renewable energy resources [37–40], the emergence of electrified transportation [41, 42], deregulation of power markets [43, 44], and innovations in smart grid technology [45, 46]. Responding to these drivers requires new and integrated technical solutions for energy management.

The internet of things (IoT) for energy applications, herein called the “energy internet of things” (eIoT), has been proposed as one such energy-management solution, illustrated in Fig. 1.1. eIoT is a leading and overarching perspective where all devices that consume electricity are internet-enabled and consequently can coordinate their energy consumption with the rest of the grid in real time or near real time. eIoT technologies must, therefore, be adopted within the context of these emerging energy-management change drivers.

### 1.1 Energy-Management Change Drivers

Several change drivers are causing a fundamental shift in energy-management practices in the electric power grid. These change drivers include:

- Growing demand for electricity,
- Emergence of renewable energy resources,
- Emergence of electrified transportation,
- Deregulation of electric power markets,
- Innovations in smart grid technology.

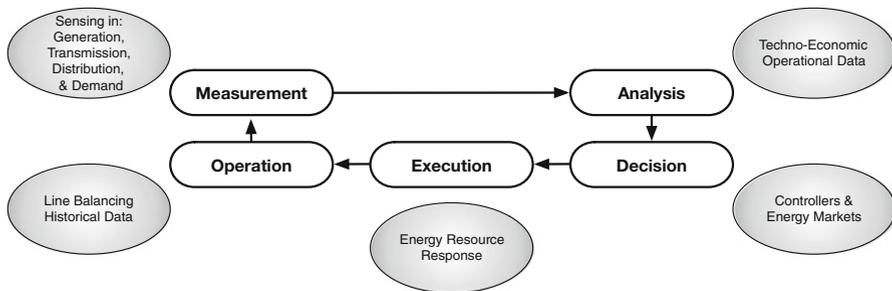


Fig. 1.1 A closed-loop framework for electrical power system management

### 1.1.1 Growing Demand for Electricity

The first of these drivers is the rising global demand for electricity which follows a larger global trend where the demand for all types of energy in developing countries is growing. The International Energy Agency’s (IEA) 2016 World Energy Outlook Report projects the growth of Total Primary Energy Demand from 1161 million tons of oil equivalent (Mtoe) in 2014 to between 1705–2017 Mtoe in 2025 and 2528–4049 Mtoe in 2040 [48]. During that time, global electricity consumption is projected to increase by around 2% per year [48]. Demand for electricity in industrializing economies outpaces renewable electricity generation so that displacement does not occur, but energy generation from all available sources continues to grow [48].

Meanwhile, in developed countries, electricity demand will continue to grow. Although in recent years electricity demand has been nearly flat in many developed countries, electric load growth is expected to return in order to support fuel-switching and other decarbonization trends [49, 50]. Figure 1.2 shows that most of the energy growth will occur in developing countries that are outside the Organization for Economic Cooperation and Development (OECD) countries. Furthermore, during that time, renewable generation growth will increase more quickly than demand and is expected to replace fossil-fuel generation [48]. As a result, any advancement made to accommodate renewable energy in countries with existing infrastructure will have a profound impact on the world’s decarbonization efforts.

### 1.1.2 The Emergence of Renewable Energy Resources

The growth and widespread adoption of renewable energy resources is expected to significantly alter the generation mix. This widespread adoption is encouraged by advanced research, state-of-the-art technologies, and favorable legislation that

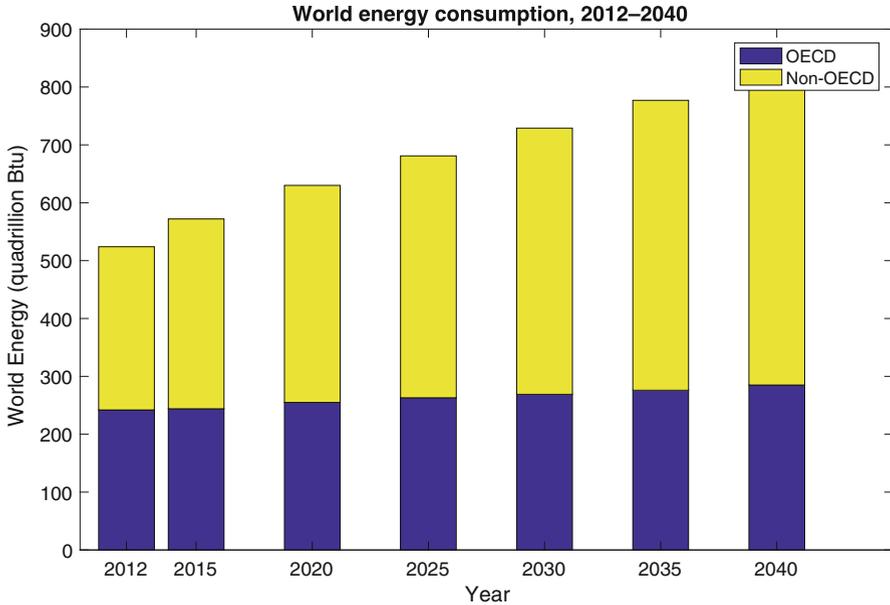


Fig. 1.2 World energy growth between 2015 and 2040 [1]

continue to improve renewable energy resources. These factors have advanced wind and solar technologies, and have pushed them to become more efficient and cost-effective as compared to thermal generation. Research in new wind turbine designs has resulted in improved turbine efficiency and wind power output [51–53]. With these improvements, the cost of wind generation is set to decrease significantly. In fact, the IEA projects that the average costs for wind generation will decline by 15% for onshore wind and by one third for offshore wind between 2017 and 2022 [54].

Further research in solar cell technologies has also led to much higher conversion efficiencies for solar cells. For example, the efficiencies of commercial mono- and poly-crystalline solar modules increased from 12–14% in 2006 to 16–18% in 2016, while that of high-efficiency N-type modules reached an efficiency of over 21% [54]. In addition, generation costs for utility photovoltaic (PV) solar are expected to fall by one-quarter over the period 2017–2022 [54, 55].

Similarly, the growing amount of new legislation and regulations favoring generation and supply of clean energy has forced the evolution of the electricity supply infrastructure and operations to support renewable energy sources. Favorable policies have not only helped lower the cost of investment in these technologies but they have also created competitive market environments for solar and wind projects [54]. Two developed countries and the European Union (EU), in particular, display how renewable energy policy is setting a precedent for countries where the energy infrastructure has yet to reach maturation. Favorable legislation in China and the United States (USA) has played a key role in promoting the widespread adoption

of renewable energy resources [56]. These legislations and a commitment towards decarbonization have encouraged investments in renewable energy resources for both small-scale consumers and large-scale energy developers.

Legislation initiatives in China have made a strong impact on the growth of the country's renewable energy capacity [57]. China is projected to add up to 1300 gigawatts (GW) of generation by 2040, which more than doubles its combined growth of fossil fuel and nuclear power capacity [48]. In part to cut back air pollution, China has set 5-year plans to reach 2020 renewable energy targets [56]. As of 2017, China had surpassed its solar PV target and is estimated to meet its wind target by 2020 [54, 56]. These targets have helped China achieve over 40% of global renewable capacity growth by 2016 [54]. By the end of 2015, China's cumulative installed wind capacity was 180.4 GW with 30.5 GW alone being installed in 2015 [58]. Despite these installations, China still faces many challenges towards the growth of renewable energy resources such as the uneven distribution of capacity and unmatched economic growth [58]. China remains the world's largest solar cell producer and consumer [59], a position it has held since 2009. As of December of 2015, China's installed PV capacity was 43.18 GW accounting for 14.9% of the global solar PV capacity [58]. Solar PV installations are expected to continue growing with one study predicting the total installed capacity of 200 GW by 2030 [58].

Developments in wind and solar in China are supported by either a national feed-in tariff (FIT) program or direct subsidies that are meant to encourage the deployment of these resources [58, 59]. Overall, China's central government has guided participation by developers and financial stakeholders to foster large-scale investment in renewable energy [60]. Soon, due to an increase in energy subsidies and integration costs, China is expected to adjust its policies to a quota system with green certificates [54]. Going forward, however, it is still unclear how this shift in legislation will affect the country's overall renewable energy growth and decarbonization efforts. That said, there are still many challenges facing the growth of renewable energy resources, such as uneven distribution of capacity and unmatched economic growth. For example, inner Mongolia has 28% of the over installed wind capacity despite having a low demand of just 6.78% [58]. While areas like Zhejiang, Fujian, and Guangdong province that have a higher population density and contribute 20.5% of the consumer load only have 4.7% of the installed capacity [58]. These disparities in capacity distribution present operational challenges that may influence future renewable legislation in China.

The USA experienced fast growth in wind and solar technologies primarily due to: (1) renewable energy portfolio standards (RPS), (2) state-level policies supporting distributed solar PV and electric vehicles (EVs), and (3) federal tax credits for wind and solar industries [54]. As of 2015, the tax credit for wind producers was 2.3 cents per kilowatt-hour, and solar power developers still receive tax credits for 30% of the value of their investment [61]. Both tax credits are set to expire in 2020, but a 2016 tax bill proposition began phasing out wind credits starting in 2017 [62, 63] and completely terminated solar credits. As per the new tax bill, on the production tax credit (PTC) is gradually phased down for wind and is expired for other technologies such as solar, biomass, and geothermal, for projects beginning

## 1.1 Energy-Management Change Drivers

construction after December 2016. The PTC will be subject to a 20% step-down in 2017, 40% in 2018, and 60% in 2019 [63, 64]. A similar phase-out schedule applies to the wind energy investment tax credit (ITC), where the allowable tax credit is 30% of expenditures in 2016, 24% in 2017, 18% in 2018, and 12% in 2019 [63, 65]. Although the future of federal tax credits is uncertain, the USA is the second-largest growth market for renewable energy generation sources after China [54].

Most of these changes are happening at the state level with states such as California and New York taking a lead on decarbonization efforts. For several states, the goal is to reach 40% decarbonization (50% for California) by 2030 and 80% by 2050 [66–68]. Decarbonization efforts have focused largely on increasing the renewable energy capacity and energy efficiency improvements, but, lately, these efforts are shifting to include electrified transportation and electric indoor heating [67, 68]. Recently, new regulation by the Federal Energy Regulatory Commission (FERC) has allowed the participation of distributed energy resources in electricity wholesale markets [69]. This regulation will not only improve the deployment of DERs but will also enable the creation of market structures that are more inclusive for DERs.

In the EU, there is a strong interest in wind energy. However, investment has lagged behind due to the lack of support for investments by non-member states [70]. Progress in the deployment of wind technologies is contingent upon the creation of a favorable policy framework that helps bridge this gap in investment [70]. In 2009, the 2009/28/EC Directive to promote the use of renewable energy was adopted by the European Parliament and the Council of Ministers. The directive promoted the development of renewable energy sources as one of the main objectives of the EU energy policy [71]. It also set mandatory national targets that would ensure at least a 20% renewable energy share in total energy consumption by 2020 [70, 71]. By June 2010, each member state was required to have a national plan that defined the technology mix scenario, the trajectory to be followed, and the measures and reforms necessary to overcome barriers and to enable the development of renewable energy [70]. Wind energy was a main component in these national energy plans with an estimated 209.6 GW of wind capacity to be installed by 2020 within the EU [70]. This accounted for 43.1% of the expected renewable energy technologies installed by 2020 [70]. Nevertheless, the EU remains on track to meet their goal of reaching 20% renewable generation by 2020 [72].

A recent report by the renewable energy agency shows that the EU has been able to cut its associated greenhouse gas (GHG) emissions by fossil-fuel generation by about one-tenth [72]. The share of the renewable energy in the total energy consumed in the EU was reported to be 17% in 2016 from the 16.7% reported in 2015 [72]. These numbers show that the EU is likely to still meet its 2020 decarbonization target. However, the stability of the policy framework still remains a potential barrier to meeting this goal for wind energy investors [70]. In future frameworks, policies must address cooperation among nations within and outside of the EU membership [71]. Furthermore, cooperation between countries in renewable energy development projects is imperative for the EU in terms of technical exchanges, economic ties, and political relationships [71].

### ***1.1.3 The Emergence of Electrified Transportation***

Third, the new load from electric vehicles requires fundamental upgrades to the electricity infrastructure. New advancements in EV batteries and fast charging technology have led to reduced costs of electric vehicles. A recent review puts the costs per kWh of an electric vehicle battery pack at \$500 [73]. This cost is estimated to be even lower ( $\approx$ \$300) for vehicle manufacturers [73]. Although this cost needs to fall to below \$150/kWh for electric vehicles to be as price competitive as gasoline vehicles, these lower costs have made electric vehicles much more accessible and affordable [73].

In addition to improved technologies, many countries have adopted electric vehicle mandates to promote EVs and reduce the CO<sub>2</sub> emissions of their transportation system. Countries including China, the UK, France, India, and Norway have national legislation to encourage the sale and production of EVs [74]. As a result, car makers are responding with large monetary investments into electrifying their fleets [75]. Although many countries will not establish similar policies, these large mandates are set to contribute to a competitive environment for EVs internationally. Consequently, the falling costs of vehicles will affect the US consumers and encourage the integration of EV infrastructure into the US electricity grid.

In the USA, federal income tax credits and state-level cash incentives are available to consumers who purchase electric vehicles [76]. For example, a federal income tax credit of \$7500 is available for vehicles delivered before the end of 2018 and over 13 states offer cash incentives to consumers [76]. In addition to cash incentives, other non-cash incentives such as carpool lanes and free municipal parking are offered by some states to EV owners [76]. These incentives have largely contributed towards the widespread adoption of EVs.

The future fleet of EVs requires a large load of energy that the current electricity system does not produce or support. Most EVs require around 0.2–0.3 kWh of charging power per mile of driving [3]. A plug-in vehicle of 1.4 kW more than doubles the average evening load of a household, and fast chargers, at 6.6 kW or higher, will significantly alter the load pattern of the consumer [3].

On an energy basis, the electrification of transport will have a substantial impact on the current capacity of the electric power grid. One study estimates that with a 100% electrification of transport by 2050, the total electricity demand will increase by 2100 TWh [77]. This represents 56% of the 2015 electricity sales [77]. Consider Fig. 1.3. In 2016, the USA consumed 27.9 quads (quadrillions, or  $\text{Btu} \times 10^{15}$ ) of energy whereas the electric power grid only delivered 12.6 quads of useful electricity. Such a figure suggests that the electric power grid will require significant upgrades in order to accommodate a large-scale electrification of transportation. Furthermore, electrified transportation has the potential to complicate power system operations—in balancing, line congestion, or voltage control [78, 79].

Figure 1.4 shows the potential impact of plug-in electric vehicles on residential customers' electrical load. Beyond the need for higher rated electrical panels in the home, several plug-in vehicles could overload distribution circuits and transformers

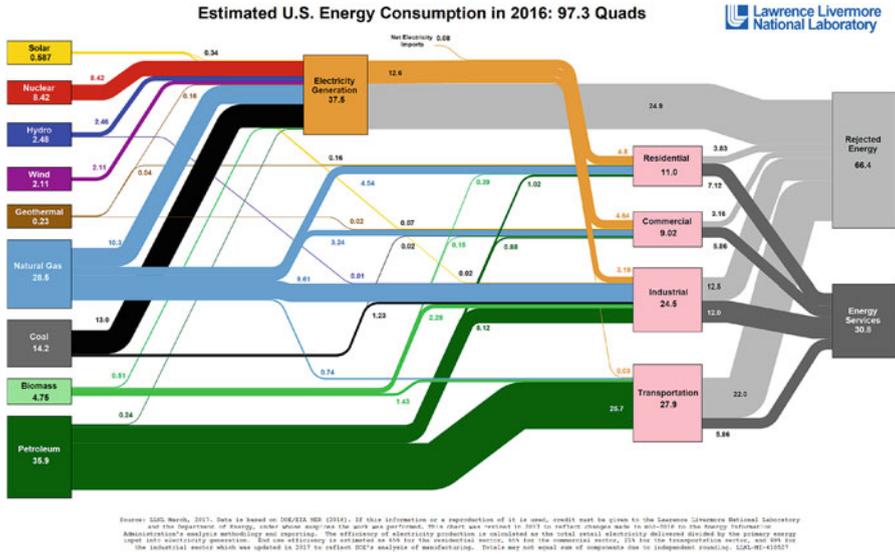


Fig. 1.3 Sankey diagram of American energy system in 2016 [2]

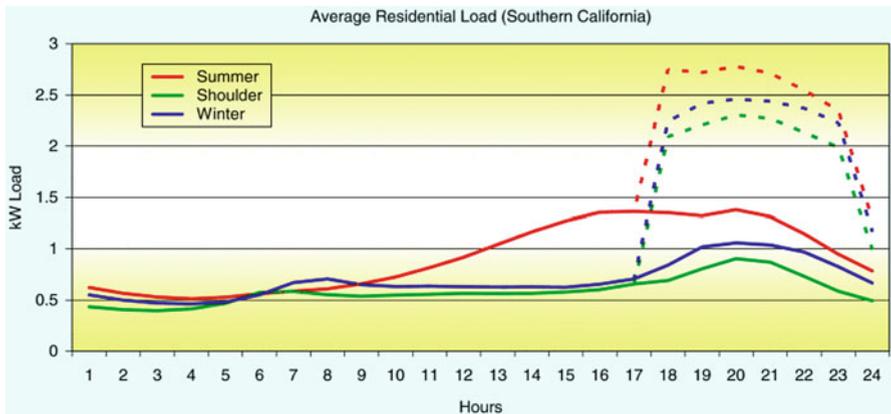


Fig. 1.4 Plug-in EVs as a new and significant component of residential consumer load [3]

that normally operate close to their limits [3]. With normal demand variations, several plug-in vehicles may overload a 25- or 50-kVA secondary transformer on a single-phase lateral [3]. EV loads can also create unbalanced conditions on distribution system feeders [3]. Therefore, advanced control strategies for charging EVs such as coordinated charging [80, 81], vehicle-to-grid stabilization [79, 82–86], and charging queue management [87, 88] have been proposed to stabilize electric vehicles’ charging schedules. These works have determined that a holistic approach to studying electric vehicles is necessary given the coupling with the electricity sector [31, 89–91]. Electrified transportation is discussed further in Sect. 3.1.5.7.

### 1.1.4 Deregulation of Electric Power Markets

Fourth, during the deregulation trend of the 1990s, American power markets were restructured so as to become more diversified and competitive [44, 92–95]. Figure 1.5 shows a transition from a fully regulated (monopolistic) electric power system to one that is fully deregulated [96]. Debundling generation, transmission, and distribution was intended to lower customer rates and improve the quality of service [44]. Utility activities in resource production have also become deregulated, thus opening resource trading on wholesale markets by non-traditional parties [97]. Presently, energy retailers interact directly with customers, and in countries with high regulation, the distribution network operator takes on the role of a service aggregator [97].

More recently, there has been steady progress towards the development of deregulated markets in the distribution system as well [98, 99]. Data services present in physical transmission and distribution are typically unregulated, and IoT can facilitate supply-chain management as well as demand-side market participation [97]. As a result, companies that offer aggregation services may play a larger role in selling distributed power at both the local and wholesale level.

Continuing on the trend towards deregulation, transactive energy (TE) has been proposed as a means of managing generation and demand through the use of time-dependent economic constructs while giving adequate consideration to reliability [100]. In many ways, it is considered a new “smart grid” approach to synthesize measurements, devices, and market information into an emerging fair market for the electricity grid [101]. This market requires real-time data, interconnection among systems, and judicial transparency of information and market operations [101].

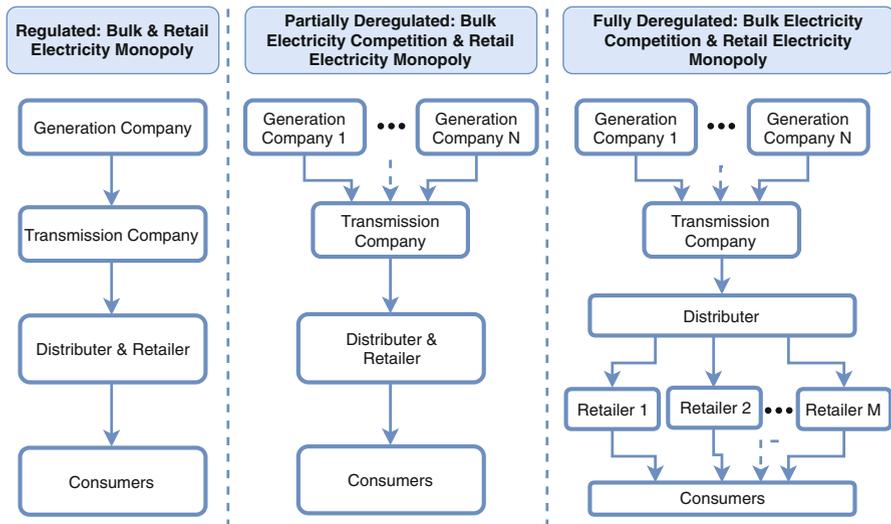


Fig. 1.5 Types of regulated and deregulated environments

## 1.2 The Need for a Technical Solution

TE approaches can establish distributed energy resources (DERs) in energy markets, and further liberate consumer choice in power services. However, techniques for measurement, market surveillance, and market contract enforcement are necessary for expanding the number of market participants [101], which easily exemplifies how market complexity can increase rapidly. TE, which is discussed at length in Chap. 4, is perhaps one of the most compelling use cases for eIoT.

### *1.1.5 Innovations in Smart Grid Technology*

In recent years, the electric power system has seen a steady stream of new “smart” technology innovations [102–104]. Although these innovations enable new functions and services, they also increase the operational complexity of the grid [105–107]. A *smart grid* is commonly defined as a power system that allows two-way communication and two-way flow of power [106] through advanced control and decision-making functionality. It supports decentralized energy generation where power is injected from the grid periphery back into the larger electrical power system. This brings about many opportunities in distributed generation (DG), distributed energy resources (DER), demand response (DR) as well as TE. These technological innovations are quickly transforming the structure and function of the electric power grid. Consequently, pricing mechanisms and regulatory bodies must keep pace with this rapid technological transformation by creating appropriate framework adjustments and legislation to standardize the grid’s development [46, 106].

## 1.2 The Need for a Technical Solution

Responding to these five energy-management change drivers presents new reliability challenges to the overall operation of the power grid. In grid operations, balancing and frequency control are affected by renewable energy generation (for example, wind and solar PV). Due to the variability of renewable energy generation, grid operators must now dispatch to a real-time load profile that is significantly different from the daily load profile. Consequently, the grid operators may have to adjust their balancing operations to accommodate this new requirement on the system. For example, high penetration rates of solar PV bring about what is often called a “duck curve” (shown in Fig. 1.6), which exhibits a very sharp ramp during the early evening hours when solar PV generation is fading away [4].

During this time, dispatchable generation must respond quickly to the evening load peak in the absence of solar PV generation. Solar PV and wind generation, as variable energy resources, also exhibit forecast errors that are significantly greater than the forecast errors for load [108, 109]. This is partly due to operators having many more decades of experience forecasting load than wind and solar PV generation. The larger forecast errors further complicate balancing operations.

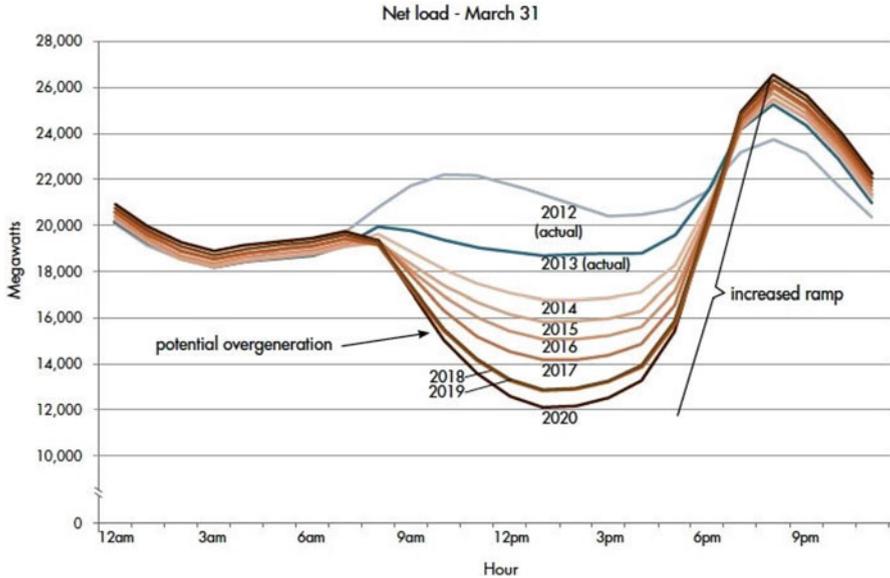


Fig. 1.6 The California ISO duck curve [4]

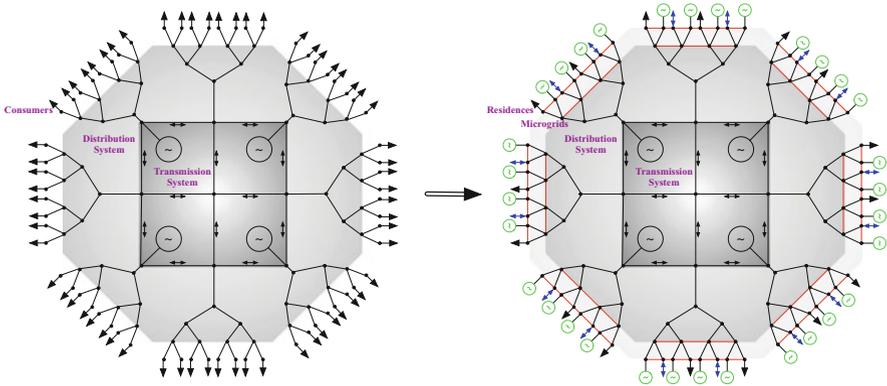


Fig. 1.7 A conceptual transition from a traditional electric power grid to a future smart grid

In addition to these challenges in balancing operations, much renewable energy is integrated as distributed generation at the periphery of the electric power system (see Fig. 1.7). Currently, the electric distribution system is designed for one-way flow of power out to consumers [33, 110]. The presence of distributed generation creates the potential for two-way power flow in the distribution system. Consequently, the distribution system’s protection equipment must be redesigned to accommodate two-way flow of power [111].

Furthermore, the widespread integration of DG on a radial topology has the potential to exceed transformer ratings [112, 113] and/or exceed line flow limits in this backward direction. Hence, when adding two-way power flow from variable energy resources, voltage limits, phase balances, and load balancing are threatened [114].

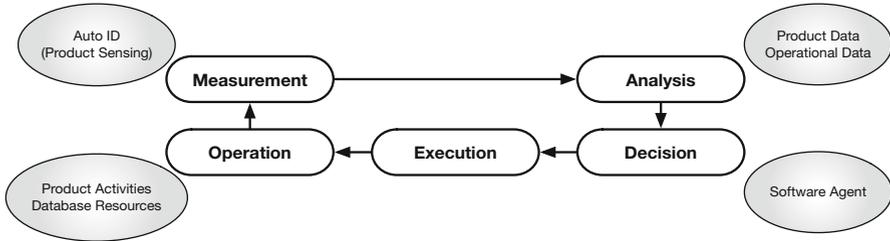
Finally, the distribution system was designed for a monotonically decreasing voltage profile from generation down to the load. The presence of distributed generation at the grid periphery can cause over-voltages as power flows upstream towards the transmission system. These structural changes to the physical grid bring about new dynamics at multiple timescales. Within seconds to minutes, ancillary services like frequency regulation must resolve minor disturbances and short-term ramping effects. Hourly balancing uses forecasts to meet loads at peak and off-peak demand which creates the daily shapes of energy consumption.

In the long-term, seasonal patterns affect renewable energy generation, the consumption of natural gas, and end-user power consumption. Naturally, these many structural and behavioral changes require technical solutions that are responsive at multiple timescales and can be applied to the grid periphery. Furthermore, these technical solutions will need to be supported by appropriately designed technology, policies, and regulations.

### 1.3 eIoT as an Energy-Management Solution

This work advocates the “energy internet of things” (eIoT) as a promising technical solution to the challenges presented above. The eIoT is one application of the internet of things (IoT). The IoT term was first used in 1999 by Kevin Ashton [115] and later became an integral part [116] of a global research consortium called the Auto ID Centre [116] that included the Massachusetts Institute of Technology (MIT), the University of Cambridge, ETH Zurich, Fudan University, Keio University, and Korea Advanced Institute of Science and Technology (KAIST). It is a technology that has expanded the use of communication technologies namely; over the internet, from user-to-user interaction to device-to-device interaction [117]. The adoption of the IoT has been supported by business efforts, such as the establishment of the Internet Protocol for Smart Objects (IPSO) Alliance in 2008, and technological advancements, such as the launch of Internet Protocol version 6 (IPv6) in 2011 [117]. Internet technologies with IoT have enabled growth in industry, especially in home automation and supply chains [117]. As a way to connect humans, computers, and devices, IoT presents itself as a key enabling technology of new energy-management approaches.

From the beginning, decentralized supply-chain management was an integral part of the IoT vision [5–13, 118]. The idea of was that the IoT provided unprecedented visibility of shop floor and supply-chain operations. Each piece of raw material, work in progress, or final product could be on tracked in near real time through the control loop captured by Fig. 1.8. When this information is relayed to manufacturing



**Fig. 1.8** A closed-loop control framework for production systems with intelligent products [5–13]

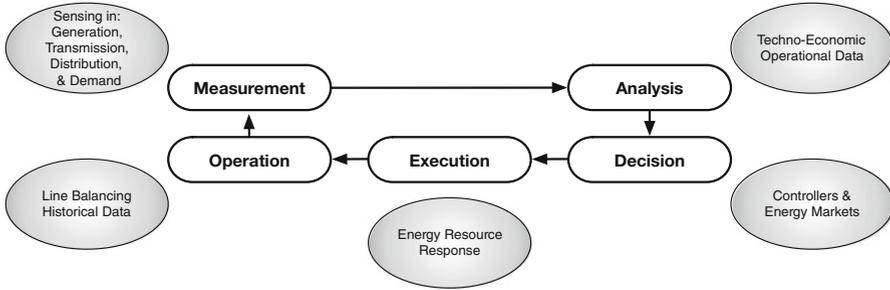
execution systems and enterprise information systems, it could be used to support reactive and proactive decision-making on how to best manage production systems and their associated supply chains.

Next-generation production systems [119–121] such as Industrie 4.0 advocated for the concept of “intelligent products” [8, 122, 123] that used “product agents” [124–131] that negotiated in real time with supply-chain resources to make it to their final customer. The presence of an embedded product sensor (e.g., a radio-frequency identification (RFID) tag) enabled this new paradigm in industrial control systems.

eIoT emerges when the vision of IoT described above is applied to “energy things.” In other words, it forms a “digital energy network” [132] where IoT technology is integrated into the smart grid as a full supply chain that includes centralized generation, transmission, distribution, DERs, and customer premises. IoT enables opportunities for smart grid applications such as DG, DER, DR as well as TE. The distributed nature of these technologies makes them ill-suited for the hierarchical and centralized systems as is typically found in conventional bulk power systems.

The decentralization of the energy system requires device-to-device connectivity so as to achieve distributed energy management. Eventually, the number of devices (things) that connect to the periphery of the power system is expected to grow significantly. In the consumer market, the number of things that use electricity is far greater than the number of things connected to the internet. However, the number of internet-connected devices is rapidly increasing [133]. As electric loads become dynamic and responsive, it is imperative that the increasing number of “things” that connect to the grid are managed through faster, real-time communications and control.

When the concept of decentralized IoT-based supply-chain management is applied to “energy things,” it has the potential to become a powerful energy-management solution that not only reaches the grid periphery but also addresses dynamics at multiple timescales. IoT can manage end-point devices with real-time communications and control, and achieves monitoring, tracking, management, and location identification through protocol-based communications and data exchanges [133]. Smart devices (RFID tags, sensors, actuators, etc.) connect via communication networks (cellular networks, ZigBee, WiFi, etc.) to decision-making entities and actuators [133]. The process forms an IoT-enabled control loop that can be used to monitor the equipment state of devices, collect information for analysis, and



**Fig. 1.9** A closed-loop framework for electrical power system management

control the smart grid for a variety of applications [133] (Fig. 1.9). For example, TE is the realization of a control loop interacting with market information, two-way communication networks, and real-time pricing mechanisms that incentivize the generation and consumption of electricity.

With the emergence of IoT, the technical development of the grid’s infrastructure, the changing role of the grid’s stakeholders, and the energy market development can all be advanced with real-time data. The ability to connect devices, create market signals, and influence generation and consumer behavior within an overarching energy-management framework is known as the *energy internet of things* (eIoT).

## 1.4 Scope and Perspective

The goal of this work is to provide a broad perspective of the implications of eIoT on the management and control of the electricity grid. This book offers a formal definition of the IoT within the context of the electricity supply and distribution control loop. It presents the growing demand for advanced and internet-enabled sensing and actuation devices for the generation and transmission system layers as well the distribution system layer. More importantly, it presents the changing roles of existing grid stakeholders as well as the gap in energy-management solutions that could potentially be filled by new stakeholders. Specifically, it recognizes a closer working relationship that may emerge through collaborations with telecommunication companies as new communication networks are adopted. Additionally, the book shows a convergence of cyber, physical, and economic frameworks as more eIoT devices seek to function and collaborate effectively. Finally, this work presents the role of TE as a core application of the eIoT control loop. Two TE use cases are presented to illustrate the changing nature of consumer interactions with utilities. This brings up the issue of how utilities are going to address the growing penetration of eIoT and DERs. Overall, the book presents the challenges, opportunities, and the transformative implications of eIoT on all the layers of the electricity supply and demand value chain.

## 1.5 Book Outline

To that end, the rest of this document is structured as follows:

Chapter 2 address the activation of the grid periphery.

- Section 2.1 recognizes that DERs will transform the nature of energy management at the grid periphery.
- Section 2.2 discusses some of the challenges presented by this transformation.
- Section 2.3 finally presents eIoT as a scalable energy-management solution for the activation of the grid periphery.

Chapter 3 focuses broadly on the development of eIoT within the energy infrastructure. This development is discussed in the context of a control loop.

- Section 3.1 presents the sensing and actuation in the transmission and distribution levels of the power grid. This section is discussed in four main categories:
  - Section 3.1.2 discusses sensing and actuation of primary variables in the transmission layer.
  - Section 3.1.3 addresses the sensing and actuation of secondary variables required for the reliable supply of solar, wind, and natural gas resources.
  - Section 3.1.4 introduces the sensing and actuation of primary variables in the distribution system focusing on key devices such as the smart meter.
  - Section 3.1.5 discusses sensing and actuation of secondary variables within the demand side, recognizing the role of automation, smart home devices, real-time demand-side data, and the challenge of integrating plug-in-electric vehicles.
- Section 3.2 presents the communication layer of the control loop recognizing that the current communication structure must evolve to deal with the heterogeneity of sensing and actuation devices. This evolution will occur within all layers of the energy system's jurisdictions.
  - Section 3.2 addresses the communication network for grid operators and utilities.
  - The shift from current grid communication networks to telecommunication networks is discussed in Sect. 3.2.3.
  - Section 3.2.4 addresses the growing demand for local area networks on the consumer side.
- Section 3.3 presents the need for distributed control algorithms to deal with the growing heterogeneity and number of control points in the electricity grid. This section examines the evolution of control algorithms and applications within multi-agent systems studies, game-theory approaches, and microgrid control.
- Section 3.4 discusses the changing architectural needs for the electricity grid and the need for standardization of cyber-physical/economic frameworks to enable interoperability of technologies.

1.5 Book Outline

- Section 3.5 examines the social implications of eIoT deployment both from the perspective of privacy concerns and eIoT cyber-security.

Chapter 4 presents TE as an overarching application of the eIoT control loop.

- Section 4.1 presents a broad definition of TE and offers a review of some of the current applications of the TE framework.
- Section 4.2 explores potential transformative impacts of TE in the energy system management. These impacts are summarized in two plausible eIoT use cases as potential transactive energy applications.
- Section 4.3 discusses the implications of eIoT for the future of electric utilities especially in North America, and finally,
- Section 4.4 considers the implications of eIoT for industrial, commercial, and residential consumers.

The book is concluded in Chap. 5 with a high-level discussion of the three main eIoT transformations in Sect. 5.1 and two major challenges and opportunities in Sect. 5.2. This chapter broadly reflects on the implications of eIoT advancement on the future of the electricity grid.

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## Chapter 2

# eIoT Activates the Grid Periphery



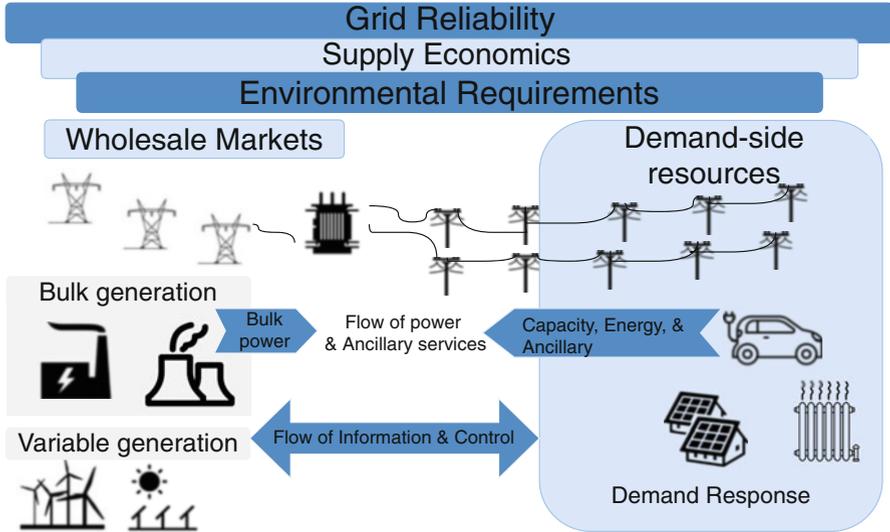
Perhaps nowhere will the impact of the energy-management change drivers identified in Chap. 1 be felt more than at the grid’s periphery. DG in the form of solar PV and small-scale wind will be joined by a plethora of internet-enabled appliances and devices to transform the grid’s periphery to one with two-way flows of power and information [45, 46]. This transformation presents a daunting technical challenge. Not only are there tens of millions of devices at the leaves of the grid’s radial structure, these devices are relatively small and require new innovations in sensing, communication, control, and actuation.

This chapter first describes this transformation in Sect. 2.1. Section 2.2 describes the challenge of activating the grid’s periphery. Finally, Sect. 2.3 describes how eIoT can potentially be deployed as a scalable energy-management solution.

### 2.1 Change Drivers Will Transform Energy Management at the Grid Periphery

The installation of DG in the form of solar PV and small-scale wind causes two-way flows of power and information at the grid periphery. The change drivers discussed in Sect. 1 directly and indirectly incentivize growth in renewable energy generation. Renewable energy is, by nature, decentralized, and the deployment of small-scale power generation is increasing in industrial, commercial, and residential applications [134]. For example, the installations of solar PV systems in the USA nearly doubled from 2014 to 2016 [134]. Generation at the grid periphery introduces a power flow inward, or upward, towards the transmission system in addition to the normal outward power flow to consumers.

As the generation at the periphery of the grid continues to grow, energy-management systems must adjust from a “top-down” hierarchical structure of communication and control to one that is more dynamic and distributed [135]. The variable nature of renewable energy resources (for example, solar PV and wind)



**Fig. 2.1** A grid periphery activated by variable generation and demand response (adapted from [14])

means that in order to achieve sustainability, data acquisition, and new networks to monitor real-time power flows are imperative [136]. This is best illustrated in Fig. 2.1 which shows the need for two-way flow of information and control between the grid generation and transmission system and the grid periphery with a large penetration of distributed generation and demand response.

In addition to DG, a plethora of internet-enabled appliances and devices further reinforce the presence of two-way flows of power and information at the grid periphery. The demand side provides devices for controlling the balance of power consumption and generation through real-time demand response. High penetration rates of renewable energy motivate the need for real-time demand response; furthermore, deregulation and increased consumer participation is achieved with active economic real-time demand response. IoT devices, at the periphery, such as electrified vehicles (EVs); electricity storage in industry, commercial buildings, and residences; and smart devices in the home have created a new demand-side network of devices that requires the grid to become more dynamic as device interactions increase [97].

With drivers to incorporate DER and DR programs, smart grid technologies will enable end users to actively manage their electric loads according to price incentives. This active balancing of power at the grid periphery can shift in real time from positive (due to excess DG) to negative (due to modulated/controlled/incentivized) demand response. Internet-enabled appliances and devices in the grid periphery must be monitored and controlled in order to take advantage of real-time shifts in economic demand response. Bidirectional information flow sends pricing signals to the devices, while device information is sent to the controller. Where feedback

loops are physical rather than economic, these devices can also potentially provide ancillary services in response to operational signals, for example, grid frequency, voltage, and line congestion.

The need to monitor and control two-way flows of power with two-way flows of information emphasizes the role of data gathering in the power grid. Data are needed to make accurate control decisions in the grid's increasingly flexible and fast-paced environment. Utilities are deploying more devices to collect more data of increasing diversity. The global number of devices being managed by utility companies is projected to grow from 485 million in 2013 to approximately 1.53 billion in 2020 [97]. Improved grid monitoring and control involves increasing the quantity of field distribution automation devices, field monitoring devices, substation monitoring and control, and interconnections and monitoring of independent power producers (IPPs) [137].

Also, future utility investments are expected to develop smart metering infrastructure across industrial, commercial, residential, transformer, and field meters [137]. Each application should accommodate a utility's business model and the network's specifications. For example, field distribution automation devices include remote monitoring and control of distribution reclosers, switches, voltage regulators, and capacitor banks that must be united under a common communication network [137]. All of these devices produce data at regular intervals, although there is a shift towards real-time data streaming. For instance, some smart sensor systems produce large streams of data from thousands of sensors, which—without appropriate planning and design—have the potential to overload system operators [138]. Due to the growing magnitude of deployed devices, and the use of proprietary and non-proprietary solutions, the monitoring devices on the grid produce increasingly heterogeneous data [139]. More devices, recording ever-more diverse measurements, create a thorough monitoring environment that has the potential to improve power system operations with new self-healing and reconfiguration capabilities. Granular data will also shift the grid from load-following to load-shaping energy management [3].

In order to support the two-way flows of information in the power grid, new networks are necessary. Many smart devices use applications that depend on data sets distributed across many devices. Furthermore, this information is often relayed to centralized centers for further storage, processing, and decision-making [140]. Multiple types of networks are required to co-exist. Although the supervisory control and data acquisition (SCADA) system gives utilities limited control of their upstream functions, the distribution network is insufficiently monitored and controlled [141].

As a solution, distribution-management solutions are expected to integrate with upstream SCADA as well as interoperate with the complex multitude of downstream network-enabled devices. In a survey sent to over 300 members of the Institute of Electrical and Electronics Engineers (IEEE) power energy system (PES) distribution-management system (DMS) task force, which comprises 76% utilities, about 72% of responders noted that SCADA facilities would be an integral part in distribution-management systems (DMS) [142]. Over 80% of survey participants

also responded that more than one mechanism is necessary to handle DMS data acquisition and control requirements [142]. This is because SCADA's centralized and hierarchical structure is ill-suited for the developments in information and communication technology at the grid's periphery.

Because SCADA is a utility-purchased software that monitors hardware in the electricity infrastructure [143], consumer-owned smart devices are out of the realm of SCADA control. Therefore, consumer devices require either their own local area network (LAN) or access to a common network such as the internet. For example, a private solution-specified network may include machine-to-machine (M2M) systems that remotely read customer energy consumption and interface with power grid communications [97]. The IoT can further enhance the operational capabilities of M2M systems by connecting several such systems together [97]. Naturally, interoperability of the emerging networks is crucial. However, open network access raises privacy and security concerns. Cyber-security efforts must be directed towards individual devices as well as the communication channels between them. With many networks existing beyond the scope of the utility, these efforts are ever-more integral to the physical security of the grid.

As two-way flows of power and information become common place at the grid periphery, new energy market structures can evolve from their current hierarchy. The integration of renewable energy into market operations requires new measurements, measurement devices, and market information to ensure efficient and equitable operation [101]. As renewable energy and active demand-side resources become more prevalent, the grid's periphery will become not just a source of power, but also a place for diversified market activities [97]. As new market agents appear, they will require real-time measurements for market surveillance and contract compliance [101]. More specifically, DER incentives rely on bidirectional price and consumption data to be effective [144].

Grid and meter data can support the efficacy of these market mechanisms at both the wholesale and local levels. Furthermore, such data can help shape the development of monetized efficiency services based upon the real-time behaviors of residential, industrial, and commercial customers [97]. These trends, taken in the context of deregulation, encourage the participation of non-traditional parties [97]. DG, in particular, has the potential for large-scale market disruption. It is uncertain how the structure of energy markets will change as energy consumers evolve into prosumers [145].

## 2.2 The Challenge of Activating the Grid Periphery

The transformation of the grid periphery is a daunting technical challenge because it is characterized by millions of small devices; all of which need to be coordinated to achieve high-level technical and economic energy-management objectives. For example, actively shaping the load profile when it is composed of so many devices

is a great challenge as it requires precision control, accurate forecasts, and flexible resources. Such a grid transformation poses integration challenges in operations as well as in the fiscal and strategic planning of distributed resources. Sensing equipment must improve to support demand-side management, and system planning requires cheaper devices that can be deployed at scale. In addition to extending sensing and control capabilities in the distribution system, other challenges in periphery management include inflexible loads.

The technical challenges of integrating the grid with peripheral devices in DR solutions, all through a consistent regulatory and economic framework, are staggering. The ongoing interconnection of the electric power system requires foresight and planning on the part of operators as well as regulators. All the while, the grid needs to be in full operation at its usual level of reliability and security.

Not only will the transformation of the grid periphery be complicated by their large number but also by their tremendous heterogeneity. This means that coordination and control algorithms must account for a wide variety of devices each with their own device-specific behaviors. “The future electric system will include a large network of devices that are not only passive loads, as most endpoints today are, but devices that can generate, sense, communicate, compute, and respond. In this context, intelligence will be embedded everywhere, from EVs and smart appliances to inverters and storage devices, from homes to microgrids to substations” [146].

Independent actors at the grid periphery are expected to add tens of millions of devices with different sizes, consumption patterns, time scales, and with different control and economic capabilities [146]. Such DERs (devices) include both generation and consumption. On the generation side, generation can be derived from wind energy systems, photovoltaic cells, microturbines, fuel cells, solar dishes, gas turbines, diesel engines, and gas-fired internal combustion engines [147]. Demand-side resources would include smart appliances, EVs, water heaters, air-conditioners, and energy storage in homes, buildings, and factories [148]. DERs also make use of power electronic interfaces so as to connect flexibly to the grid [147]. The centralized control of such devices is limited to hundreds or even a few thousand monitoring and control points.

As such, the distribution system is ill-equipped to control and coordinate the millions of homes, buildings, and factories with their associated energy devices [148]. Each customer and device has the potential to independently and dynamically interact with grid operations and markets. Such cases would require the implementation of complex algorithms for monitoring and control [146].

Due to the small size of devices and their increasingly complex interactions, the distribution system needs to be controlled with even more precision. Power system performance, control and daily operation use various mathematical models that need accurate generation, transmission, and distribution parameters in order to run [149]. It is very difficult to control and coordinate a large number of devices so that they achieve positive global objectives, especially when distribution monitoring is inadequate.

Such a multi-objective system coordination problem, that is, factoring not only improved system quality, security, customer service, and economics, requires more effective and robust control strategies [149]. Evaluating these different control options opens the question of whether the control architecture should exhibit hierarchy, heterarchy, or aspects of both. In the hierarchical system, linked aggregation points feed to a centralized control station. Aggregation is expected to be used in short-ranged sensor networks and connecting M2M networks with other technologies [150]. However, a comprehensive aggregation strategy is not clear. In heterarchy, control is distributed among centers with separated functions.

Present-day control centers are progressively characterized by separated control systems, energy-management models, data models, and middleware-based distributed energy-management system (EMS) and distribution-management system (DMS) applications [101]. Distribution control algorithms allow for scalability at pace with the growth of consumer nodes, but many suitable algorithms have yet to be developed. Most likely, the grid requires a mixture of aggregation and distribution philosophies to meet its diverse objectives.

To further complicate matters, the distribution system and grid periphery, unlike the transmission system, have not been traditionally monitored or controlled. Traditional, centralized control depends on independent system operator (ISO) supervision with the participation of large generators and load-serving entities. ISOs, however, cannot view the system past substations [151]. Essentially blind, operators are concerned about renewable generation at the periphery [148, 151]. ISOs currently aggregate variable net load at the transmission substation, which results in uncertainty that must be counterbalanced by expensive and inefficient operations, such as larger transmission and reserve capacity acquisition by the ISO and power providers [151].

Consequently, the activation of the grid periphery to include full control loops of sensing, decision-making, and actuation requires significant technology development and implementation. DERs must be visible and controllable by grid operators and planners in order to secure reliability and enhance economic efficiency. Such integration needs a framework for transmission, distribution, and demand-side resources that includes new analysis tools, visualization capabilities, and communications, and control methods [144]. Naturally, any effective strategy has to assume that there will be a migration from traditional passive devices to an ever-increasing but gradual penetration of network-enabled devices.

As more DG and network-enabled devices are integrated into power grid operations, utilities and grid operators are less able to accurately predict the stochastic net load profile. Since the inception of the electric grid, consumers have dictated the quantity of power that has been sourced by controllable generation. The design of the electric system was built on this paradigm; it was not intended for substantial amounts of uncontrollable generation, such as variable renewable energy [152]. In today's grid, operators turn on generators to meet a prediction of aggregated consumer demand. However, renewable energy's dispatchability (ability to dispatch to accurately meet demand) remains largely uncontrollable, and its predictability can change due to weather conditions and site-specific conditions [152, 153].

Past:		Generation/Supply	Load/Demand
		Thermal Units: (Few, Well-Controlled, Dispatchable Resources)	Conventional Loads: (Fairly Slow Moving, Highly Predictable, Always Served)
Future:		Generation/Supply	Load/Demand
Well-Controlled & Dispatchable		Thermal Units: (Potential Erosion of Capacity Factor) 	Demand Side Management: (Requires new control & market design)
	Stochastic/ Forecasted	Solar & Wind Generation: (Variability can cause unmanaged grid imbalances) 	Conventional Loads: (Continuing source of variability & uncertainty)

**Fig. 2.2** A future smart grid with stochastic and controllable supply- and demand-side resources [15–17]

As a result, forecast errors are expected to increase. Prediction models need to be individually developed per site, since local characteristics influence renewable power generation [152]. Utilities may develop such prediction models for large-scale renewable generation, but it is impractical to invent a separate model for each residential and small-scale distributed generator [152]. Referencing Fig. 2.2, the increasing penetration of variable energy is analogous to shifting from controllable loads to stochastic loads, but operator management of the system at large does not change as quickly. Forecast error is a long-standing operational challenge that will continue to grow as the penetration of renewable energy generation increases. In the immediate future, operation and control of demand-side resources must be precise in controlling set points of frequency, voltage, and line flows. Furthermore, these set points must be responsive to the errors propagated by inaccurate forecasting.

While the need for accurate forecasting in grid operations is ever-increasing, cost barriers remain to the implementation of advanced monitoring. Equipment expenses and other implementation objectives combat pressures for heavy monitoring in the grid. Conventional monitoring and diagnostic systems require expensive wiring and regular maintenance [154]. In contrast, wireless sensor networks (WSNs) have been pursued for their low cost, rapid deployment, and flexibility [154]. To deploy at scale, utilities maximize the per unit investment cost of sensing. For example, a fifty-dollar sensor on a 50-mW unit is far more valuable than the same cost sensor on a 50-kW unit. Such costs act as barrier to entry despite market deregulation [155].

Centralized generators often do not support investment in distribution monitoring systems, not just because of their costs, but also because they shift market power to DERs [155]. However, sensor technology developers are actively driving down the price of sensors for their widespread adoption. For example, the Auto-ID Center—the organization accredited with the term “Internet of Things”—set a goal

of decreasing the cost of RFID tags from upwards of \$0.50 to as low as \$0.05 per tag [156]. Lower costs must come from new technologies and methods and cannot depend on simple economies of scale [156].

Finally, it is important to recognize that the control and coordination of demand-side resources is fundamentally more complex than supply-side resources. Besides operational challenges, short-term and long-term consumer behaviors will need to be altered through DER management and incentivized DR programs [46]. The ultimate objective of DR is to alter demand so as to enhance grid reliability and economic efficiency [46]. Nevertheless, it is complicated by the inflexibility and time-varying economic utility of loads. While supply-side management exists solely to serve demand, demand-side management (DSM) primarily supports a non-electrical activity, such as driving a motor or heating a building. Any behavioral shift (by DR programs) to support the reliable operation of the power grid is often at odds with the original intention of electricity consumption. Furthermore, it is important to recognize that a consumer's preference for electric consumption is time varying and "meddling" with service may lead to discomfort [46].

Fundamentally speaking, economic utility depends on the application of electric consumption. The value delivered by 1 kW of electricity for one purpose is not the same as the value delivered by another kW for another purpose, even if the kilowatt is consumed by the same customer! For instance, a manufacturing plant using 10 kW gets much more value when the electricity is consumed by a machine on the shop floor than by the back office. Uncertain economic utility and imperfect behavioral response make the control and coordination of demand-side resources particularly difficult.

### **2.3 Deploying eIoT as a Scalable Energy Management Solution**

This work argues that the challenges of activating the grid periphery, described in the Sect. 2.2, may be addressed by deploying eIoT as a scalable energy-management solution. In essence, the energy-management challenges described in the previous section may be viewed as a control loop where dispatchable devices, whether they are traditional large-scale centralized generators or millions of small-scale internet-enabled devices, must meet the three power system control objectives of balanced operation, line congestion management, and voltage control. These objectives can be achieved despite the presence of disturbances such as customer load or variable energy generation from solar PV and wind resources.

Fortunately, eIoT is fundamentally a control loop consisting of small-scale sensing technologies, wireless and wired communication technologies, distributed control algorithms, and remotely controlled actuators. And yet, despite eIoT having

all of the components of a scalable energy-management control loop, the challenge is to continue to integrate more of these technologies in such a fashion that the control objectives are achieved well into the future. Chapter 3 details the development of eIoT technologies in terms of their role in a control loop.

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## Chapter 3

# The Development of IoT Within Energy Infrastructure

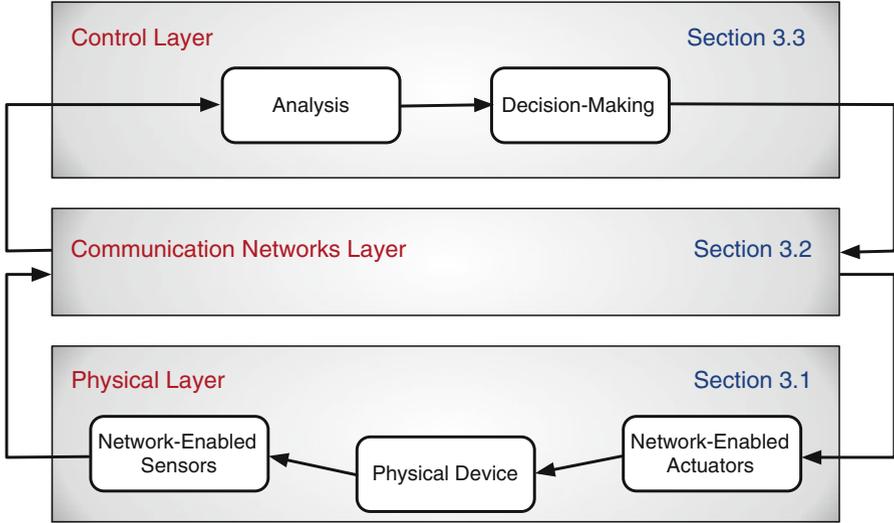


The development of IoT within the energy infrastructure is best seen as a control loop. The control loop is composed of four functions: a physical process (such as the generation, transmission, or consumption of electricity), its measurement, decision making, and actuation. This control structure is shown in Fig. 3.1 where a sensor takes measurements of the states and outputs of a physical system. Wireless and wired communications are used to pass this information between the physical layer and other informatic components. This information is used to make decisions either independently in a decentralized fashion or in coordination with the informatic components of other devices. Decisions are sent back down to network-enabled actuators for implementation.

In some cases, this control loop acts in near real-time; in other cases, some of the information is used as part of predictive applications that facilitate decisions at a longer timescale. Control algorithms implemented at different layers of this control loop enable the control of individual devices as well as the coordination of smart grid devices that make up other parts of eIoT. Given the connectivity between the functions of this control loop, its successful implementation requires architectures and standards that ensure interoperability between eIoT technologies.

This chapter serves to summarize the most recent developments of IoT within the energy infrastructure. The discussion proceeds bottom-up by classifying these developments according to the generic control structure shown in Fig. 3.1.

- Section 3.1 discusses some of the state of the art in network-enabled physical devices, whether they are network-enabled sensors or actuators in the control loop.
- Section 3.2 focuses on the communication networks that send and receive data to and from these devices.
- Section 3.3 discusses advancements in distributed control algorithms to coordinate the techno-economic performance.



**Fig. 3.1** The development of IoT within energy infrastructure as networked control loop

The chapter concludes with two discussions of a cross-cutting nature:

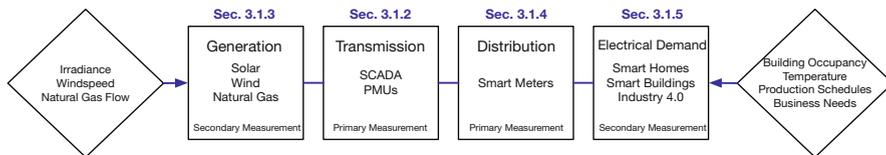
- Section 3.4 addresses the importance of control architectures and standards in the development of eIoT technologies.
- Section 3.5 addresses the security and privacy concerns that emerge from the development of eIoT technologies.

### 3.1 Network-Enabled Physical Devices: Sensors and Actuators

#### 3.1.1 Network-Enabled Physical Devices: Overview

In many ways, the development of network-enabled physical devices forms the heart of eIoT implementation. As such, this section provides a broad review of these technical developments taking into consideration their tremendous heterogeneity and relative placement within the electric power system. Figure 3.2 provides a schematic overview of the section making sure to distinguish between the measurement and actuation of primary and secondary electric power system variables.

**Definition 3.1 (Primary Electric Power System Variables)** Physical quantities that describe the physical behavior of electric systems. They are voltage and current magnitudes and phase angles, active power, reactive power, magnetic flux, and electrical charge. ■



**Fig. 3.2** Schematic overview of Sect. 3.1 on network-enabled physical devices: sensors and actuators

**Definition 3.2 (Secondary Electric Power System Variables)** Physical quantities that are distinct from primary electric power system variables and that have a direct impact on the generation, transmission, distribution, and consumption of electric power. They often serve as inputs to the electric power generation and consumption functions (e.g., wind speed, solar irradiance, and building occupancy). ■

- Section 3.1.2 begins with the (traditional) primary variables in the transmission system.
- Section 3.1.3 turns the discussion towards concerns around the secondary variables associated with wind, solar, and natural gas generation.
- Section 3.1.4 returns to the primary variables in the distribution system so as to address smart meters and other “grid modernization” technologies.
- Section 3.1.5 discusses smart homes, industry, and transportation in the context of demand-side secondary variables. Each of these sections addresses network-enabled sensors and actuators.

Sensing technology plays an indispensable role in providing *situational awareness* within an eIoT control loop that activates the grid periphery. As such, sensors exist at the periphery of a communication network to relay data and information from the physical grid to a control or decision-making center. Given the tremendous heterogeneity in the number, type, and input of physical eIoT devices, the measurement role of network-enabled sensing technologies increases immensely. Fortunately, there has been significant innovation in sensing technologies to accommodate these needs. Such advancements include miniaturization, wireless data transfer, and decreasing implementation costs. Miniaturization technologies have enabled monitoring of household devices where it was previously infeasible to collect data. Noninvasive wireless technologies have reduced implementation costs by forgoing wired installation. These two factors have made sensors increasingly ubiquitous in electric grid applications.

Although network-enabled sensors vary in design and location within the power system, they have a commonality of function that is fundamental to measurement within the control loop. At a basic level, a sensor is composed of a sensing unit, a processing unit, a transceiver unit, and a power unit [138]. Depending on its function, a sensor component must balance various design aspects such as power consumption, memory allocation, lifespan, and cost [138]. These trade-offs lead to a heterogeneity in sensor operations such as data collection intervals, wired or wireless communication, type of power source, and their connection to other devices. Furthermore, and as mentioned in Sect. 2.2, the need for precise control and accurate net load forecast also drives the deployment of a greater heterogeneity of sensors [138]. Here, the distinction between primary and secondary variables

becomes important. Traditional primary variables have often been measured first due to physical and monetary constraints [157]. However, the need to better characterize variable energy, energy storage, and demand-side resources has led to the development of secondary measurement applications as well. These additional measurements improve situational awareness because they show the underlying causes for the supply and demand of electricity.

### 3.1.2 Sensing and Actuation of Primary Variables in the Transmission System

#### 3.1.2.1 Network-Enabled Sensors: SCADA and PMUs

The development of monitoring and sensing technologies began in the transmission system in response to the Northeast Blackout of 1965 [158, 159]. It was found that as the North American power system became ever-more connected it was necessary to deploy new sensing technology so as to gain greater *situational awareness* of the transmission system as a whole. As shown in Fig. 3.3, a tremendous heterogeneity of sensors is deployed in the transmission system where they are used in transmission lines and substations to monitor “traditional” variables directly

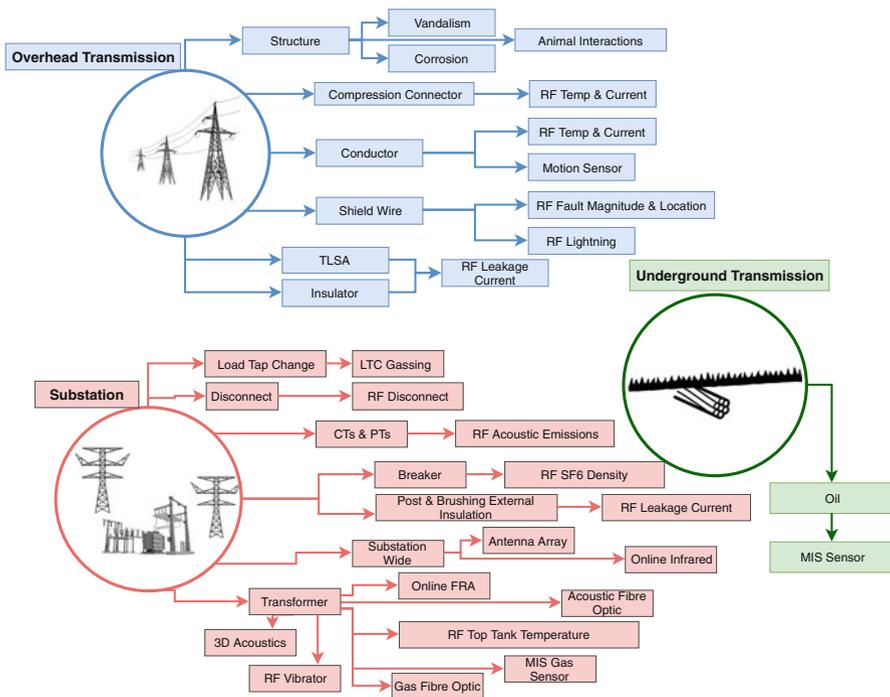


Fig. 3.3 Sensor technologies in transmission lines and substations (adapted from [18])

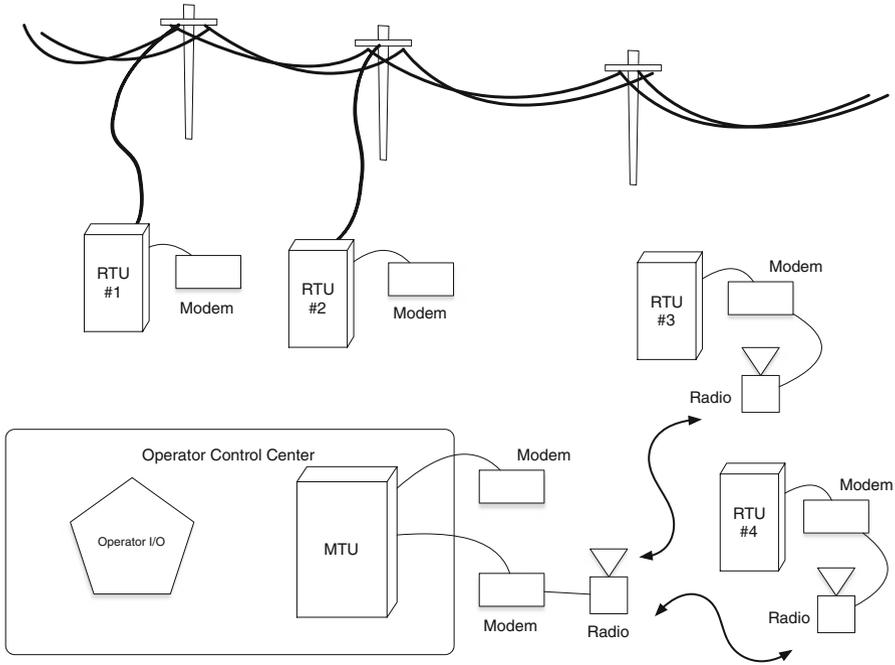
related to power quality, operations, and system limits. These variables are key to ensuring system stability and reliability and include voltage, current, their phase angles, active power, and reactive power. In the transmission system, line monitoring is achieved through sensors that measure voltage, detect faults, and conduct predictive maintenance [160].

Transmission sensors also help to monitor the physical condition of power supply equipment to improve safety, and determine when to deploy a workforce for repairs or outage prevention [18]. These sensors can be deployed in substations, in overhead lines, or in buried lines used for underground cable systems [18]. Sensors in the transmission system can also inform operational databases [18] to guide decision making that ensures system reliability. The reader is referred [18] for a deeper review of existing technologies.

The need for situational awareness also motivated the development of *sensor networks*. As is discussed in greater depth in Sect. 3.2, sensor networks are a collection of sensors tied to a modular communication network that bridge the gap between physical devices and decision-making points elsewhere [161]. These sensing networks are spatially distributed across the electric grid to form an interconnected monitoring and perception layer. The first and most prominent of such sensor networks is the SCADA system [19, 101, 162] shown in Fig. 3.4. SCADA is deployed in substations and distribution feeders where it is able to sense voltage, frequency, and power flows, and then send these measurements to centralized operations control centers. SCADA systems are also able to send remote signals to change generation levels, switch circuit breakers, and control devices through programmable logic controllers (PLCs) [101, 162]. SCADA systems and other sensor networks are discussed further in Sect. 3.2 where they are part of a larger discussion on communication networks. Further mention of the SCADA system in this section refers collectively to its embedded sensors.

Despite the elaborate SCADA-based sensing network in the transmission system, several challenges are yet to be addressed to allow for the effective adoption of eIoT. First, the transmission system is spread out over a wide area, making real-time data collection a challenge [163]. Generally, the transmission system is remote and deploying resources for scheduled maintenance checks is costly [164]. Many of the sensors are located on transmission carriers with approximately 60–125 carriers between substations [160]. The distance between two carriers ranges from 400 to 800 m [160]. Furthermore, a typical utility with about 25,000 km of high-voltage ( $\geq 69$  kV) power lines and thousands of transformers, capacitors, and breakers is expected to have 100,000 distinct sensors spread over a 20–80,000 km<sup>2</sup> area [138].

Traditionally, any outside-the-system threats are from weather (such as storms or overheating), aging, physical destruction, and other environmental elements [160]. Given the wide geographical range and the numerous sensors involved, manual checks are less efficient compared to receiving signals from automated sensors. Furthermore, the Electric Power Research Institute (EPRI) advocates that data communication and automation reflect condition-based rather than time-based management of the transmission system [18]. Probabilistic (rather than deterministic) methods for assessing risk in the transmission system can also be used to



**Fig. 3.4** SCADA as a network of remote terminal units (RTUs) connected to a master terminal unit (MTU) via modems and radios [19]

preemptively solve faults and address sub-optimal conditions [18]. In all cases, real-time data is needed to better monitor the conditions of the transmission system to ensure safety and reliability [138].

Second, the SCADA system, currently in place, cannot observe the dynamic phenomena in transient and small signal stability models [163]. SCADA has a relatively low sampling rate of 2–4 s, making dynamic state estimation over a wide area difficult [163]. Instead, SCADA data are often used in static state estimation algorithms [165–168] for manual decision making [169, 170]. Dynamic state estimation is further complicated by SCADA’s lack of measurements with synchronized time stamps [163].

To address these issues, SCADA systems must be equipped with the ability to study temporal trends with finer resolution and synchronization [169]. These requirements imply better coordination and compatibility between SCADA terminals [163]. Such developments in wide-area measurements are set to enhance corrective actions against system-wide disturbances [171]. All in all, the electric grid must be updated with new sensors to enable the better gathering, transfer, and processing of measurement data [172].

Sourcing power for sensors can pose a major challenge to their deployment in sensor networks. The main energy intensive components in a typical sensor include microcontrollers, wireless interfaces, integrated circuits, voltage regulators,

and memory storage devices. Nevertheless, this challenge can be overcome through the use of batteries or environmental power sourcing techniques [18]. A key factor in designing sensors for remote applications is ensuring sustainable energy consumption and supply. In order to minimize operation and maintenance costs, sensors must be designed in such a way that optimizes hardware and software energy use while taking advantage of energy harvesting opportunities from naturally occurring sources of energy such as thermal, solar, kinetic, and mechanical energy [138, 173]. Furthermore, some sensors can switch between a static “asleep” and a dynamic “awake” mode as needed.

In addition to such energy minimization techniques, designers must also optimize the use of passive components such as capacitors, resistors, and diodes to reduce leakage currents and switching frequencies [138]. Reducing the energy dependence of sensors on the electric power grid is of vital importance to prevent cascading failures between the physical electric grid and the informatic sensor network [174]. Such decoupling of the power grid’s sensors from its physical power flows serves to increase the resilience of the two systems together [174].

These sensing challenges in the transmission system have motivated the deployment of phasor measurement units (PMUs) (that is, synchrophasors). Phasor measurements provide a dynamic perspective of the grid’s operations because their faster sampling rates help capture dynamic system behavior [169, 170, 175–185]. PMUs measure voltage and current, and can calculate watts, vars, frequency, and phase angles 120 times per power-line cycle [163, 176]. Figure 3.5 shows the schematic of a PMU. This PMU data immediately enhances topology error correction, state estimation for robustness and accuracy [163], faster solution convergence, and enhanced observability [186]. Simulations and field experiences also suggest that PMUs can drastically improve the way the power system is monitored and controlled [186]. However, the installation of PMUs and their dependent solutions can be hindered by monetary constraints [186, 187]. A completely observable system requires a large number of PMUs which utilities usually install incrementally [187].

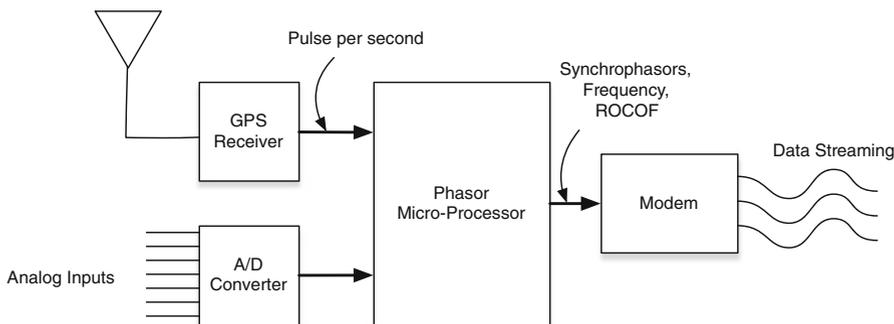


Fig. 3.5 Schematic of a Phasor measurement unit [20]

Recent studies have explored algorithms for optimal placement of PMUs to minimize the number of PMUs required to collect sufficient information [188–190]. PMU-based wide-area monitoring systems (WAMS) use the global position system (GPS) to synchronize PMU measurements [170]. Such synchronized measurements allow two quantities to be compared in the real-time analysis of grid conditions [186]. Through wide-area monitoring and synchronization, PMUs have made great strides in power system stability [170] which was often hindered by SCADA's slow state updates [191]. The implementation of synchrophasors has also allowed voltage and current data from diverse locations to be accurately time-stamped in order to assess system conditions in real-time [186]. Synchrophasors are also available in protection devices, but since requirements for protection devices are fairly restrictive, the full integration of synchrophasors into line protection is still debated [186]. The increasing application of synchrophasors in wide-area monitoring, protection and control systems, post-disturbance analyses, and system model validation has made these measurement tools invaluable [176, 187].

While the integration of PMUs into the transmission system will do much to enhance situational awareness in the transmission system, it is by no means sufficient for the grid as a whole. First, PMUs are primarily meant for applications in the transmission system and to a large extent are not feasible in the distribution system. They are even less appropriate for understanding customers' power consumption profiles. In that regard, the emergence of smart meters has fulfilled a much needed functionality. Second, PMUs only measure voltage and current phasors. As such, they are able to provide much needed insights into grid conditions but are not able to inform why these conditions exist. As the electric grid comes to depend more on interdependent infrastructure, weather conditions, and consumers' dynamic behavior, secondary measurements of these quantities become increasingly important. In that regard, sensors used in other sectors will have an indispensable role in taking secondary measurements.

### 3.1.2.2 Network-Enabled Actuators: AGC, AVR, and FACTS

In order to take full advantage of the heterogeneity of sensing and measurement technologies, a heterogeneity of actuation methods is also needed. Much like with sensing technologies, actuation technology has long been a part of power systems operations and control. Perhaps, the earliest remotely controlled actuator in the electric grid is automatic generation control (AGC) [192] which is used to maintain grid frequency in the face of fluctuating consumer load. In time, power system operations came to include automatic voltage regulation (AVR) [193, 194] to maintain voltage stability. Finally, a plethora of flexible alternating current transmission system (FACTS) [195] devices have been developed to address line congestion in addition to supporting AGC and AVR technologies.

AGC, formerly known as load-frequency control was established in the early 1950s [196] to adjust the power output of interconnected generators in order to meet variations in load (Fig. 3.6). Imbalances in real power generation and load

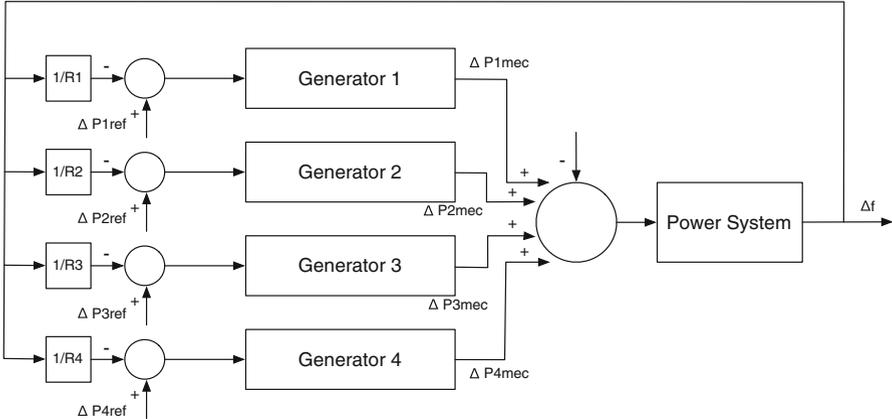


Fig. 3.6 Schematic of automatic generation control [20]

cause frequency fluctuations that could compromise the stability of the system. For a given control area, each energy control center aims to maintain zero area control error (ACE). ACE defines the difference between the net interchange power and the deviation in net frequency in megawatts (MWs) [196]. Controlling the ACE is the main role of AGC, and it is achieved through a mix of specialized control algorithms and automatic signals to generators. AGC achieves control of output generation by sending signals to generators every 4 s. The ability of generators to respond to these signals is governed by various characteristics of the generator, such as type of plant, fuel type, age of the unit, as well as operating point and operator actions [197]. In most cases, units under AGC tend to have faster ramping capabilities, such as fast start natural gas units.

As the electric grid becomes more and more interconnected, the AGC process has been complicated and research into distributed control algorithms for AGC is steadily underway [198]. (See Sect. 3.3 for further explanation.) AGC control has also become more decentralized with the Federal Energy Regulatory Commission (FERC) even allowing third-party AGC [199]. Such decentralized AGC is more likely to require advanced communication for any large-scale application to be considered feasible. Specifically, the current star-shaped communication architecture would need to change to a meshed one [172].

In addition to frequency regulation, voltage regulation is a key component in ensuring power stability. Voltage stability regulation has played a significant role in controlling the reactive power flow in the electric grid. The schematic of automatic voltage control is best captured by Fig. 3.7. In North America, voltage control is done at a local level although there is a possibility of expanding this to a regional level [172] where it has been successfully implemented in China and the UK. Voltage instability occurs when a condition in the system results in deficient reactive power. Currently, voltage instability analyses have relied heavily on contingency analysis to prevent conditions that could potentially result in deficient reactive power

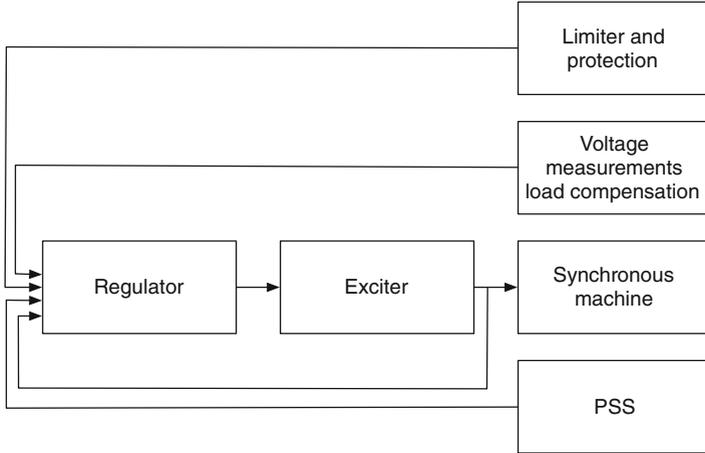


Fig. 3.7 Schematic of automatic voltage regulation [20]

[172]. This contingency analysis and prevention has been made possible by the use of automatic voltage regulators. With DERs, issues such as steady-state voltage spikes are likely to occur making the use of a single voltage regulator for multiple feeders infeasible [200]. Going forward, possible multi-agent approaches could be applied to provide more flexibility to the voltage regulation process [201].

The use of FACTS in power transmission has tremendously improved the amount of power that can be transported within the power grid. This has enhanced the stability of the grid in the face of increasing demand and variable generation capacity. FACTS devices can increase or decrease power flow in certain lines and respond to instability problems almost instantaneously. These devices have aided in power routing and have helped send power to areas that were previously insufficiently connected [202]. FACTS devices are a wide range of power electronic devices that are split into three categories depending on their switching technology: (1) mechanically switched, (2) thyristor switched, or (3) fast-switched [202]. They include but are not limited to: static synchronous compensator (STATCOM) and static VAR compensator (SVC) for voltage control, thyristor controlled phase shifting transformer (TCPST) for angle control, and thyristor controlled series compensator (TCSC) for impedance control [202]. SVC is an automated impedance matching device that switches in capacitor banks to bring up the voltage under lagging conditions and consumes VARs from the system under reactive conditions.

The SVC and TCSC represent what is commonly referred to as the first generation of FACTS devices [202]. A STATCOM is based on a power electronics voltage source converter and can act as a source or sink for reactive AC power as needed. This device is commonly used for voltage stability and belongs to the second generation of FACTS devices [202]. FACTS devices have played a key role in deregulated markets by helping to increase the load ability for power lines, reduce system losses, improve the stability of the system, reduce production costs, and

control the flow of power in the network. These functions make FACTS devices indispensable as the electric grid becomes more interconnected and adopts eIoT. As eIoT develops even more, FACTS devices may need to become smarter so as to receive signals and regulate flow as necessary. Such facilities are particularly helpful in the control of DERs. The ability to connect to communication networks is also necessary for these devices to ensure that they communicate and work with other sensors and wireless devices.

### ***3.1.3 Sensing and Actuation of Supply Side Secondary Variables***

As mentioned earlier in the section, the deployment of variable energy, energy storage, and demand-side resources requires a greater understanding of their associated secondary variables. For example, the power injection and withdrawal of these resources depends on solar radiance, wind direction and speed, temperature, humidity, and rain [160]. Therefore, sensing and actuating these secondary variables enables the control of the supply and demand of electricity based on its root causes.

#### **3.1.3.1 Networked-Enabled Sensors: Wind, Solar, and Natural Gas Resources**

Perhaps the best way to appreciate the benefits of measuring secondary variables is by observing how IoT analogously enabled “smart manufacturing,” which is defined as “the use of information and communications technology to integrate all aspects of manufacturing, from the device level to the supply chain level, for the purpose of achieving superior control and productivity [203].” Smart manufacturing implies the use of embedded sensors and devices that communicate with each other and other systems [203]. Through data gathering and sharing, these devices inform decision making and automation throughout the manufacturing network [203]. The system uses big data to improve, evaluate, and analyze operations, consumer interests, resource planning, and management systems via cloud-based tools [203].

Smart manufacturing involves a holistic approach where it tracks a product’s life cycle from raw material, to factory, to end use [203]. Most important, smart manufacturing makes use of a distributed approach by ensuring that every entity in an organization has the necessary information, at the time it is needed, to make optimal contributions to the overall operation through informed, data-based decision making [203]. Systems such as *Industrie 4.0* advocated for the concept of “intelligent products,” which used “product agents.”

Furthermore, IoT has enabled greater supply chain integration both upstream and downstream of a given production system [119–121]. The information about incoming parts and services from upstream suppliers help streamline operations management decisions [8, 122, 123]. Similarly, the information about downstream

demand allows production systems to manage when and where they need to deploy resources closer to real-time [124–131]. When the electric power system is viewed as a full supply chain, it can mirror smart manufacturing applications to extract the full value of eIoT.

In that regard, the reliable integration of solar and wind resources requires secondary measurement applications in the electric grid. Such measurements include *wind speed* and *solar irradiance*. This kind of secondary monitoring of weather-dependent variables is not entirely new to electric power systems. Hydrologists have been monitoring water flows and elevations to understand the potential for hydropower generation for decades [204]. Indeed, as concerns over global climate change and water availability rise, the *energy-water nexus* has received considerable attention [205–212, 212, 213, 213–225]. These works have investigated the availability of water for the energy infrastructure [217–225], the co-optimization of water and energy infrastructure [212, 213, 213–216], and the impacts of water consumption on the electric grid demand-side management [220, 226, 227].

However, solar and wind resources, unlike hydropower, are often called variable energy resources (VERs). They exhibit *intermittency* in that their power generation value is not entirely controllable. They also exhibit *uncertainty* in that their power generation value is not perfectly predictable [228–233]. In both cases, access to real-time secondary measurements of weather-based variables can greatly reduce the uncertainty they impose on electric power system operations [234, 235]. Furthermore, as solar and wind resources become more prevalent at the grid periphery as DG, concerns over voltage fluctuations, power quality, and system stability necessitate better forecasting [109].

Despite these similarities, solar and wind power generation requires distinct prediction and monitoring techniques. Solar PV monitoring is best served with effective short-term predictions of fluctuations in solar irradiance over short intraday and intra-hourly timescales [109]. Such predictions when combined with the fixed parameters of the solar PV arrays (for example, size and efficiency), they can be used to calculate power generation values [109]. In most cases, forecasting techniques based purely on historical data are insufficient. Instead, many of the most promising approaches propose hybrid machine-learning techniques that combine historical data with real-time weather data [236].

Wind power generation also combines wind speed predictions with site-dependent variables such as surface landscape and weather conditions to accurately predict power output [236]. In both cases, solar and wind variability occurs on all timescales, from turbine control occurring from milliseconds to seconds to integrated wind-grid planning occurring from minutes to weeks [237–239]. Furthermore, wind and solar predictions quickly lose accuracy at longer timescales [232, 237, 240–244]. Consequently, a holistic approach to forecasting must address the many applications of power system operations and control [15]. These include reserves procurement and energy market optimizations such as unit commitment and economic dispatch [237, 245–250]. Advanced sensing technologies introduced through eIoT are expected to play a key role in obtaining and communicating raw data inputs to solar and wind prediction models.

Similar to VERs, even dispatchable resources such as natural gas can have variable supply chains that require secondary measurement to ensure reliable grid operation. The challenge of natural gas relative to other dispatchable power generation fuels is that its gaseous state requires purpose-built facilities for its storage. Coal and oil are often stockpiled at the input of power generation resources to ensure an effective ramping response to grid conditions. Natural gas, on the other hand, is fed by pipeline and has only limited storage capability in many geographical regions.

Therefore, the flow of natural gas is quite susceptible to pipeline capacity constraints. As the price of natural gas has fallen in recent years (in response to the expanded availability of shale gas), this susceptibility has only grown. Some ISOs now have over 50% of their power generation capacity come from natural gas units [251]. To ensure reliability, power grid operators must now coordinate their operations with natural gas operators to make certain that sufficient natural gas capacity is available for power generation [252].

And yet, coordinated operation of the natural gas and electric power systems requires a recognition of their inherent similarities and differences. The natural gas industry, like the electric industry, has undergone deregulation to encourage competitive markets [252–254]. The electric power system has wholesale energy markets that implement security-constrained unit commitment (SCUC) and security-constrained economic dispatch (SCED) decisions. They competitively clear 1 day ahead and every 5 min, respectively [253]. Meanwhile, natural gas supply contracts have durations from 1 day to 1 year [254]. This optimal supply mix of natural gas also compensates storage and not just supply and transmission (as is the case in electric power) [254]. Furthermore, natural gas is transported by shipment as liquefied natural gas or by pressure differences in a pipeline network as a gas [252]. In contrast, electricity has no such differentiation of material phase. Finally, the natural gas system has an entirely different set of organizations, regulations, and scopes of jurisdiction that further complicate coordination with the electric power system.

Nevertheless, the presence of deregulation and market forces now means that natural gas and electricity prices are often closely correlated [255]. This is especially true during particularly hot or cold days when both systems experience peak demand from heating, ventilation, and air conditioning (HVAC) units [253]. The challenge during these times is to design the control room operations and the markets for both commodities such that both infrastructures continue to operate reliably and cost-efficiently [252–263]. Naturally, these requirements further motivate the need for secondary measurement from eIoT.

### 3.1.3.2 Networked-Enabled Actuators: Wind and Solar Resources

The effect of VERs on power system stability and control is significant due to the intermittent nature of resources such as wind and solar. However, recent studies and applications are showing that these resources are not so variable after all. In

fact, they can be used to provide ancillary services such as frequency and voltage regulation or “artificial inertia.” Wind turbine generators have varying reactive power regulation capabilities, depending on the manufacturer. Types 1 and 2 wind turbines are based on induction generators and have no ability for voltage control. While types 3, 4, and 5 wind turbine generators have power electronic converters that allow them to control reactive power and regulate voltage [264].

Although Type 1 and 2 wind turbines cannot control voltage directly, they are usually fitted with power correction capacitors to maintain the reactive power output at a fixed set point [264, 265]. These voltage control capabilities can be used to regulate the voltage at the collector bus of the wind farm [264, 265]. A centralized controller would usually communicate with individual wind turbines directly to regulate their voltage. Presently, grid codes require wind power plants (WPPs) to have a specified reactive power capability (for example, 0.9 lagging to 0.9 leading), making reactive power capabilities fundamental to the design of WPPs [264, 265].

In recent years, the concept of “synthetic” or “artificial” inertia has been introduced as a potential application for frequency control. A study conducted on the New Zealand system explored a possible use of wind turbine generators for frequency regulation by providing a megawatt contribution within a small period of time [266]. The study also proposed the following activation mechanism to mimic the first frequency response produced by real inertia: (1) the activation must occur within 0.2 s after the frequency reaches 0.3 Hz lower than nominal, (2) the ramp rate of the output must be no less than 0.05 pu/s of the machine’s total capacity in megawatts, (3) the output must be maintained for at least 6 s from activation, and (4) the machine must deactivate the artificial megawatt output once the frequency has returned to the nominal frequency [266]. With this activation technique, low inertia devices can contribute MWs towards a falling system frequency. Other studies have also proposed a mechanism of reprogramming power inverters connected to wind turbines to imitate “synchronized spinning masses” or synthetic inertia [267]. Hydro-Québec TransÉnergie was the first to adopt this application of synthetic inertia and the general response is good although not enough to sustain the growing penetration of wind [267]. As wind turbine designs advance to supply more inertia, they are increasingly viewed as contributors to system stability.

The nature of remotely controlled devices requires them to be self-sufficient and self-sustaining. Remote devices include power transmission line monitoring systems, sensors, backbone nodes, video cameras set up in the transmission lines and towers. Given their location, repair and maintenance of these devices is severely limited. As such, remote devices are constrained by battery capacity, processing ability, storage capacity, and bandwidth [161]. These devices are in need of remote sources of power although they can use power acquisition technology [161] to harvest their own power. In addition, these devices must be suited for varying environmental conditions and must be waterproof, dust-proof, anti-vibration, anti-electromagnetic, anti-high-temperature, and anti-low-temperature [161]. Data fusion technology has been suggested as an application that can be used to collect data more efficiently, and combine useful data for these remote devices [161].

As for solar PV actuation, smart inverters are seen as key components for the effective coordination of solar PV systems with other eIoT devices. Inverters play a key role in the intersection between the measurement and decision-making layer of the control loop. New developments in the field of power electronic devices and modern control strategies for inverters have provided numerous operation strategies for efficient management of the inverter-controlled systems. However, future inverter designs need to allow for modularity to ensure independent scalability of components especially when deploying them to distributed systems such as solar PV installations [268]. Modular inverter design is also key to fast and effective standardization [268].

With smart inverters, the integration of IoT devices with the direct current interfaces has become much easier [268]. For an inverter to be considered smart, it must have a digital architecture with the capability for two-way communication and a solid software infrastructure. The ability to send and receive messages quickly is imperative for effective eIoT deployment. Smart inverters must be capable of sending granular data to utilities, consumers, and other stakeholders quickly. This allows for faster and more efficient diagnosis of problems as well as maintenance [269]. For solar PV, smart inverters have a key role to play in improving system costs and performance as they provide high redundancy through distributed AC architecture [269]. Microinverters provide a PV system with the ability to provide ancillary services such as ramp rate control, power curtailment, fault ride-through, and voltage support through vars [269].

To fully develop and incorporate smart inverters to the grid, designers must work with utilities and regulators to meet the desired standards and regulatory requirements. The Underwriters Laboratory/American National Standards Institute (UL/ANSI) 1741 and IEEE 1547 standard groups together with the Smart Inverter Working Group (SIWG) are some of the groups that are working collaboratively towards advancing this technology [269].

### ***3.1.4 Sensing and Actuation of Primary Variables in the Distribution System***

As was discussed extensively in Chap. 2, the greatest transformation of the electric power grid will occur at the grid periphery. These include the integration of network-enabled sensors and actuators in *distributed* generation, distribution lines, and end-user power consumption. The discussion provided in Sect. 3.1.3, in many ways, already addressed the sensing and actuation of DG. Because solar PV and wind turbines are effectively scalable technologies, they may be integrated equally effectively in the transmission and distribution systems. Consequently, the conclusions of Sect. 3.1.3 are equally applicable here. This section now addresses the sensing and actuation of primary variables in the distribution system prior to addressing secondary variables in Sect. 3.1.5.

### 3.1.4.1 Network-Enabled Sensors: The Emergence of the Smart Meter

In many ways, the degree of transformation of distribution system sensing technologies surpasses the transmission system development described previously. Traditionally, electrical equipment installed at the customer point was mainly a meter, chief purpose of which was consumer billing [270]. It counted the total number of kilowatt-hours (kWh) consumed and was read once per billing period. This meant that utilities rarely had access to real-time power consumption data at the grid periphery. Instead, real-time data would originate from feeders and substations that were connected to the SCADA network. The remaining “last-mile” of the grid (between these feeders and electricity consumers) was often managed by practical engineering rules based upon feeder data and the feeder’s radial topology. These approaches, however, have limited utility in the presence of DG downstream of the last SCADA-monitored feeder [271, 272]. Furthermore, they are equally inapplicable as demand-side resources begin to participate in demand-response programs [271, 272].

The advent of smart meter technology, however, has greatly expanded the capabilities of demand-side metering technology. First, instead of simply measuring aggregate energy consumption, smart meters measure active power consumption as a temporal variable with a sampling rate of up to 1 Hz [273]. Some smart meters also measure power quality as well as voltage and current phase angles [274]. Such measurements naturally produce significant quantities of data which must ultimately be communicated, processed, and stored in new information technology (IT) infrastructure. Nevertheless, the readings from individual smart meters are valuable because they can be used to make advanced analyses for individual meters or aggregated networks [141, 270].

Second, smart sensors, such as smart meters in advanced metering infrastructure (AMI), monitor a bidirectional flow of power and allow for two-way communication between the utility and the consumer [275, 276]. AMI is a system of technologies that measures, saves, and analyzes energy usage from devices such as smart meters using various communication media [46]. AMI meters have embedded controllers, generally including a sensor, a display unit, and a communication component such as a wireless transceiver, and they are generally powered by the electrical feed that they are monitoring [276]. AMI can also incorporate older systems such as automatic meter reading (AMR) and automated meter management (AMM) [46] in their applications. An older AMR system may be capable of remotely collecting power consumption data, remotely relaying power usage, remotely turning a system on or off, and generating bills with different pricing rates [277, 278].

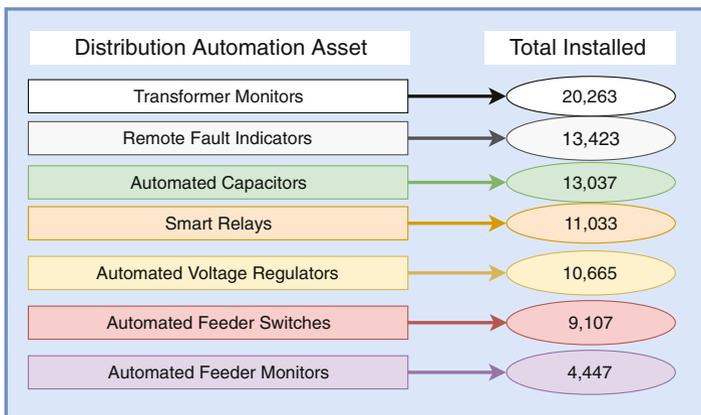
Most utilities have upgraded their investments from AMR to AMI to install two-way communication in a transition to smart technologies with improved demand-side management capabilities [141]. In 2013, the number of two-way AMI meters overtook the number of one-way AMR meters for the first time [279] and by 2016, there were about 46.8 million AMR meters and about 70.8 million AMI

smart meters installed by utilities [279, 280]. As eIoT advances to include demand-side management, older technologies need to be upgraded in order to maximize the benefits of eIoT technologies.

**3.1.4.2 Network-Enabled Actuators: Distribution Automation**

Although distribution automation was initially implemented in the USA (in the 1970s) to increase reliability and resilience in the face of electrical faults [281], eIoT is placing increased demand for automated power quality and real-time network adjustments. Automated feeder switching provides traditional reliability in response to fault identifications, load control and load management [282]. Distribution automation is important not only for resilience with faults, but also as a solution to today’s more dynamic loads. Tools such as automated feeder switching must accomplish network-wide reconfigurations for self-healing operations *and* day-to-day operations with increased load variability [283]. Other tools, such as automated voltage regulation and automated power factor correction, increase efficiency and improve power quality [21, 282]. Optimal load balancing through automation results in decreasing power losses, deferring capacity-expansion investment, and improving voltage profiles [21, 283].

Automation in distribution is a step towards a larger, eIoT-enabled smart grid that integrates microgrids for optimal performance [281, 282]. The DOE’s Smart Grid Investment Grant (SGIG) Program made advances in distribution automation as an imperative to modernize the electric grid [21]. Partly funded by the American Recovery and Reinvestment Act (ARRA), utilities in the SGIG program installed 82,000 smart devices to 6500 distribution circuits [21]. Figure 3.8 shows the installations of distribution assets from the program.



**Fig. 3.8** Distribution automation upgrades during the smart grid investment grant program [21]

### 3.1.5 Sensing and Actuation of Demand-Side Secondary Variables

The sensing and actuation of demand-side secondary variables serves to empower customers to create energy-aware smart homes [284–286], commercial buildings [287, 288], and industrial facilities [289, 290]. In that regard, eIoT developments should be seen as an energy extension to long-standing efforts for automation. Network-enabled sensors again play the key role of providing insights into electricity consumption patterns with potentially device-level granularity. Network-enabled actuators on these devices can then respond to energy-aware decisions that make trade-offs between consumer preferences and energy consumption.

That said, it is important to recognize that secondary variables on the supply and demand sides are fundamentally different. On the electricity supply side, the need for sensing and actuation is entirely motivated by a single purpose: the generation and sale of electricity. On the demand side, secondary variables describe the behaviors of electricity consumers in the residential, commercial, and industrial sectors. The electrical consumption patterns serve a more fundamental purpose of enabling these sectors to carry out their activities *outside* of the electricity sector. Consequently, an effective implementation of eIoT on the demand side always needs to answer the question “*What is the electricity used for?*”. For example, a production facility that uses 1 kW to run a milling machine will not shed that consumption because it directly contributes to production throughput. In contrast, it may shed 1 kW of a back-office because laptop computers can run on their own batteries. Consequently, the remainder of this section breaks the discussion into the various application of eIoT devices.

#### 3.1.5.1 Energy Monitors with Embedded Data Analytics

While device-level sensing granularity of electricity consumption has become a goal of eIoT, in many cases it is not cost feasible. Instead, energy monitors, particularly in home applications, have developed to fill a much needed gap in the eIoT landscape. They are best understood by comparison to smart meters. Smart meters measure aggregate power approximately every minute, and provide data “outward” to the utility. Energy monitors, in contrast, measure a home’s or facility’s aggregate power consumption every millisecond (1 kHz), and the data is sent “inwards” to the homeowner or facility manager [291]. The operating principle of an energy monitor is illustrated in Fig. 3.9. The aggregate power consumption consists of several device-specific “signatures” that make it possible via data analytics algorithms to recognize when one device is operating versus another. Such a technique is most effective in differentiating high-consuming devices while less so for small devices. The resulting data can be provided to home owners and facility managers for cost-saving decisions. Home energy monitors are currently available at a variety of price

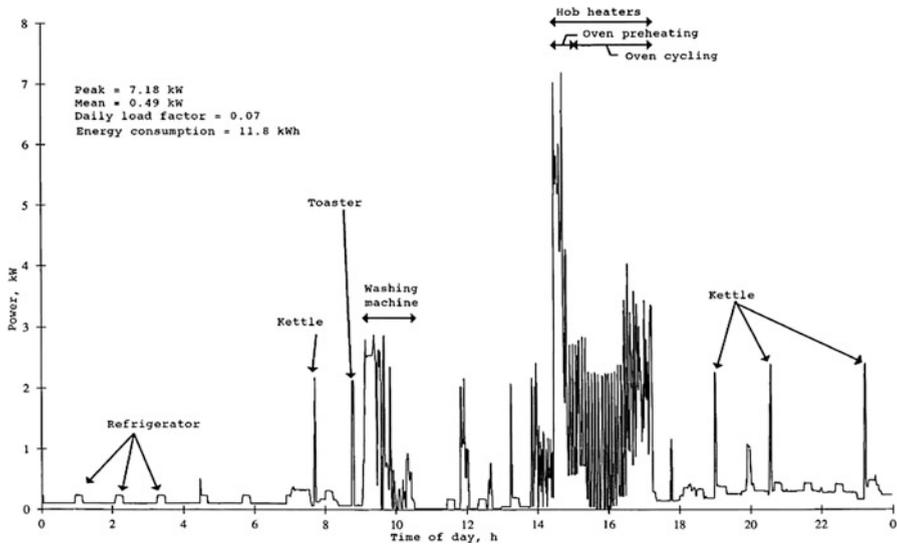


Fig. 3.9 Aggregate profile of household electric power consumption [22]

points from about \$150 to \$400. Continuous gains in energy cost savings outweigh a consumer’s initial \$300 investment in a home energy monitoring system.

Meyers, Williams, and Matthews in an article in *Energy and Buildings* [292] used the US Energy Information Administration’s Residential Energy Consumption Survey data to estimate the inefficiencies in US home energy usage. The authors estimate that in 2005, 39% of energy delivered to US homes was wasted, costing the homeowners a total of \$81.5 billion, or \$733.60 per household on average. Assuming that 41% of the energy inefficiencies could be reduced in part by using a home monitoring system to identify costly consumption behavior, the homeowner could see benefits within the first year of purchasing the system.

### 3.1.5.2 Network-Enabled Smart Switches, Outlets, and Lights

While energy monitors are relatively effective in resolving an aggregate power consumption profile into its constituent device-level components, they do leave room for further technological development. First, the data analytics algorithms will never resolve devices whose individual power consumption is comparable to the aggregate power consumption’s noise level. While this may seem like a trivial issue, in reality, it is important because most facilities have large populations of small devices that together may make up a large part of the total power consumption. Indeed, the Department of Energy has provided practical advice about “phantom loads” that draw electric power simply by remaining idle while plugged in [293].

Phantom loads are costly and inefficient [294, 295]. The average US households waste \$100 per year on devices that draw power while not being used [293]. Electronics such as digital video recorders (DVRs) are large users of energy even in standby mode, using 37 W in a home [294]. “Dumb” devices can help decrease phantom loads. For example, connected power strips can make disconnecting groups of appliances easier [294, 296]. Intelligent actuators in home automation overcome inconvenience and human forgetfulness to eliminate phantom loads and provide household savings [297]. Unfortunately, energy monitors do not actuate individual devices without manual intervention. For these reasons, a wide range of smart home devices have developed in recent years to give homeowners device-level visibility and control.

Device-level visibility and control have the potential to transform energy management. eIoT extends to individual home appliances, or production profiles for factories, or HVAC patterns for commercial buildings. The success of such coordination depends on real-time data exchange between smart devices, electricity operations, and the energy consumer [298]. The data includes forecasts of prosumers (dependent on local variables), the energy usage schedule of consumers, and energy-management signals from economic and operation centers [298]. A smart scheduler can then act autonomously to collect data and control devices without active consumer engagement [298]. In so doing, it smooths a household’s demand curve and optimizes energy costs [298].

In essence, a smart scheduler is designated as a two-way communication device that synthesizes cost data and appliance profiles to ensure that a household’s aggregate consumption does not exceed a predefined limit [298]. The scheduler can shed or defer loads by sending “off,” “on”, “pause,” and “resume” signals to flexible appliances [298]. Hourly profiles can be developed from historical data of the appliances within a month, and it can be determined which appliances are used by a household [298]. Finally, a smart scheduler can act as a load aggregator with the potential to communicate with time-dependent retail and wholesale markets [298].

Perhaps the most common of smart home devices are smart outlets, switches, and lights. Smart outlets are used to cut off phantom loads at the source, without the inconvenience of unplugging appliances. Smart switches can operate by a button, or remotely through apps or a timer [299]. Motion sensors can detect room occupancy and switch lights on and off accordingly [297]. In addition to energy-efficient bulbs (see [300]), there are smart bulbs that can save energy by customizing brightness or color to a set schedule [301]. Although smart home devices are more expensive than their traditional alternatives, their annual energy savings are a counterbalance to the initial investment. Within smart homes, these devices offer not just cost savings but also a level of convenience that many homeowners may wish to have. Because of this, the rationale for adoption is not strictly based upon a return-on-investment (ROI).

In commercial and industrial applications, however, the investment decision is often strictly based upon ROI. Nevertheless, these sectors (as discussed in Sects. 4.4.2 and 4.4.1) often have larger, more energy-intensive equipment that make it easier to rationalize the investment of network-enabled sensors and actuators and

their associated energy savings. Given that at least 40% of electricity generation is consumed in commercial and residential buildings, it is important to invest in energy-efficient systems that are also capable of participating in demand response [302].

### 3.1.5.3 Network-Enabled Heating and Cooling Appliances

While smart outlets, switches, and lights can go a long way to reducing demand-side energy consumption, devices that serve a heating or cooling function are the most energy intensive. Reconsider Fig. 3.9. There are clear power consumption spikes associated with refrigerators, kettles, toasters, heaters, and ovens. Furthermore, air conditioners, alone, account for approximately 6% of US electricity consumption and account for about \$49 billion in energy costs.

The appliance marketplace has recognized the potential for developing “smart appliance” versions of these devices. Some appliances have an established market for smart products, while others are just forming. For example, smart refrigerators have a broad offering of features/specifications and efficiency capabilities [301]. Their price depends on the variations in size, doors, cooling features, freezing compartments, displays, efficiency, and power usage.

Smaller devices such as toasters and kettles are emerging as niche tech products. A smart kettle or coffee maker can connect to a smart home hub or to a smart phone app via WiFi, 3G, and 4G to program water temperatures [303, 304]. While the kettle doesn’t draw less energy, the scheduling feature has the opportunity to reduce unneeded energy usage. Similarly, a smart toaster can connect to an app on your phone through Bluetooth that enables the remote adjustment of the cooking timer, and return notifications when the toast is ready [305–307]. Smart ovens are another appliance that can connect to smartphone apps to schedule cooking, measure cooking temperatures, and engage either pre-set or customized cooking programs [308]. There also exist smart all-in-one filter, heating, and cooling devices that are able to measure and transmit the temperature and air quality of a room to a mobile app. These values can then be scheduled and controlled in several automated and semi-automated modes [309, 310].

In all these cases, these network-enabled heating and cooling appliances are automated with sensing and software capabilities to optimize their control and performance. Once network-enabled, these devices can be operated remotely to operate at the best possible time regardless of the user’s presence. For example, electrified HVAC systems have used a technique called pre-cooling [311]. Instead of cooling a building at the hottest time of the day, the building can be cooled to an artificially low temperature earlier so that it warms but remains at a comfortable temperature during the peak.

Such a technique dramatically reduces electricity consumption because air conditioners are more energy intensive at high ambient temperatures [312]. This technique can be further enhanced with a system that receives and responds to (readily available) weather predictions [311]. Furthermore, smart thermostats can

use georeferencing to match the global positioning system (GPS) on a homeowner's phone to the home's thermostat [313]. The device then activates the air-conditioning system based on the phone's proximity and expected time of arrival, and it deactivates the air-conditioning system otherwise.

### 3.1.5.4 The Electrification Potential of eIoT

Beyond these traditional electrical devices, it is important to recognize the *electrification potential* of eIoT. Figure 1.3 shows a Sankey diagram for the American energy system. Electricity consumption accounts for just 12.6quads of the 97.3quads total. This means that in order to make radical improvements in decarbonization, many of the energy uses that rely directly on fossil fuels must first be electrified so that they will have the potential to be powered by renewable energy sources. In this regard, the transportation sector with 27.9quads of energy consumption (28.7% of the US total) is the first candidate for electrification. Of this quantity, electrified transportation accounts for only 0.03quads (or 0.1% of the transportation total). The manufacturing sectors also consume 24.5quads of energy (25.2% of the US total). Of this quantity, electricity for manufacturing accounts for only 3.19quads (or 13.0% of the industrial total). Finally, the residential sector consumes 11.0quads of energy (11.3% of the US total). Of this quantity, electricity for residential use accounts for only 4.8quads (or 43.6% of the residential total). In all of these cases, a switch from fossil fuels to electricity as an energy source can have a large decarbonization impact [24].

### 3.1.5.5 Net-Zero Homes: Electrification of Residential Energy Consumption

In residential applications, eIoT can directly support the electrification to achieve homes with net-zero carbon emissions. Returning to Fig. 1.3, the residential consumption of natural gas and petroleum accounts for 5.56 quads of energy, much of which goes to heating applications. Rather than using fossil-fuel furnaces and boilers, net-zero homes [314] often use air [314] and water [314] heat pumps with electricity as an energy supply.

From an energy balance perspective, heat pumps are often twice as efficient as simple resistive electric heating, boilers or furnaces [315]. These energy efficiencies translate directly into significant cost savings as well. Furthermore, recent generations of heat pump technology have embraced IoT [316]. They can be either controlled directly from a smartphone or interfaced with a smart thermostat. Such implementations allow homeowners to tune heating schedules so that they coincide with their home (or even room) occupancy for added savings. The introduction of smart heat pumps also facilitates their usage in active demand-response schemes and their coordination with rooftop solar energy.

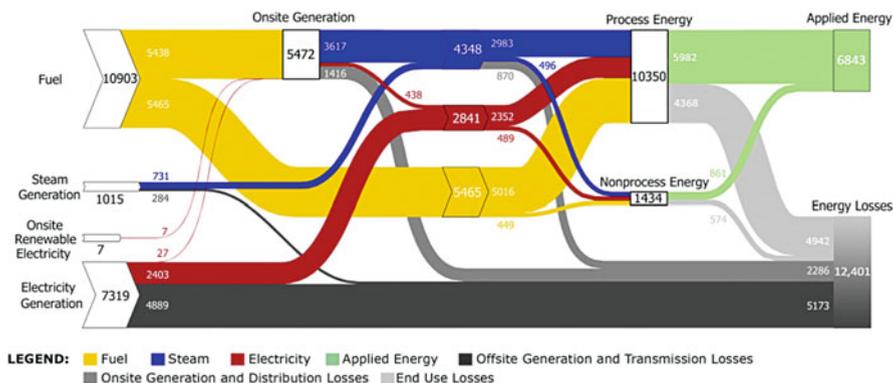


Fig. 3.10 Sankey diagram for the energy consumption (TBtu) of the US manufacturing sector [23]

### 3.1.5.6 Net-Zero Industry: Electrification of Industrial Energy Consumption

eIoT can have a similar role in the electrification of industrial energy consumption. Unlike residential applications, the electrification of industrial energy usage must (1) strictly follow an ROI rationale and (2) match the required manufacturing processes of the industrial facility. Nevertheless, many industrial sectors have already invested significantly into IoT technologies for supply chain management. Extending these efforts towards energy management is a logical next step.

In 2010, the US Department of Energy conducted a manufacturing energy consumption survey detailing how much of each type of energy was consumed for all major manufacturing sectors [23, 317, 318]. Figure 3.10 shows the associated Sankey diagram for the manufacturing sector in aggregate. It shows a heavy reliance on fossil fuels for steam generation and process heating [23]. In many cases, these fossil-fuel options can be replaced with their electrified alternatives. Figures 3.11 and 3.12 summarize the cost and payback periods of such electrification alternatives for a wide variety of manufacturing sectors. Furthermore, these proposed electrification technologies should be considered as an integral part of eIoT and lend themselves to energy-management practices within the manufacturing plant and the electric grid as a whole [24].

### 3.1.5.7 Connected, Automated, and Electrified Multi-Modal Transportation

Finally, the transportation sector represents one of the most prominent applications of eIoT. This is due in large part to three fundamental technological shifts that have the potential to transform the sector as a whole [319]: connected automation, electrification, and IoT-based ride sharing.

Subsector	Implementation Cost Range (\$000)   Simple Payback Range (Years)				Use Immersion Heating in Tanks, Melting Pots, etc.		Convert Liquid Heaters from Underfiring to Immersion or Submersion Heating		Replace Fossil Fuel Equipment with Electrical Equipment		Replace Gas-Fired Absorption Air Conditioners with Electric Units	
	Cost (\$x1000)		Payback (Years)		Cost (\$x1000)		Payback (Years)		Cost (\$x1000)		Payback (Years)	
	Cost (\$x1000)	Payback (Years)	Cost (\$x1000)	Payback (Years)	Cost (\$x1000)	Payback (Years)	Cost (\$x1000)	Payback (Years)	Cost (\$x1000)	Payback (Years)	Cost (\$x1000)	Payback (Years)
Agriculture	—	—	1	2	—	—	—	—	—	—	—	—
Food	0.1– 80	<1– 3	0.8– 14	1– 4	0.001– 77	<1– 1	—	—	—	—	—	—
Textile mills	—	—	—	—	40– 144	1	—	—	—	—	—	—
Lumber and wood products	—	—	—	—	1– 17	<1– 3	—	—	—	—	—	—
Paper	—	—	—	—	6– 68	<1– 5	—	—	—	—	—	—
Printing	0.02	<1	—	—	5	4	—	—	—	—	—	—
Chemicals	25	2	—	—	2– 31	<1– 5	—	—	—	—	—	—
Petroleum Refining	—	—	—	—	2– 963	<1– 3	—	—	—	—	—	—
Rubber and plastics	1– 66	<1– 2	—	—	0.7– 50	<1– 3	3	5	—	—	—	—
Stone, clay, glass, and concrete	—	—	4	—	2– 6	<1– 1	—	—	—	—	—	—
Primary metals	—	—	—	—	10– 2,000	<1– 6	—	—	—	—	—	—
Fabricated metal products	1– 55	<1– 2	12	<1	0.8– 150	<1– 5	—	—	—	—	—	—
Machinery and computer equipment	1	1	2	<1	0.3– 55	<1– 5	—	—	—	—	—	—
Electronic and other electrical equipment	—	—	0.8– 37	4– 6	0.2– 161	<1– 2	—	—	—	—	—	—
Transportation equipment	26– 38	2– 5	—	—	0.6– 100	<1– 3	—	—	—	—	—	—
Miscellaneous manufacturing	—	—	—	—	11– 384	<1	138	3	—	—	—	—
<b>Recommendation Average</b>	<b>50</b>	<b>2</b>	<b>11</b>	<b>3</b>	<b>84</b>	<b>2</b>	<b>71</b>	<b>4</b>	—	—	—	—

Fig. 3.11 Summary of manufacturing sector electrification alternatives (adapted from [24])

First, vehicles (of all types) are increasingly outfitted with connectivity solutions so as to become a veritable part of IoT [320–323]. At first vehicle connectivity was simply for emergency roadside assistance and extensions of the driver’s mobile phone capabilities [324, 325]. However, the connectivity solutions have greatly expanded in the context of vehicle automation. Adaptive cruise control, where a vehicle’s automatic cruise control responds in congested conditions to the fluctuating speed of the car in front, has given rise to a plethora of *vehicle-to-vehicle* connectivity applications [324–327].

Whereas, the first application of adaptive cruise control was driver convenience, it is now being developed for its potential environmental benefits. Research is underway to enable automated vehicle platoons where vehicles automatically follow each other *at short range* so as to reduce overall road congestion and save fuel consumption by aerodynamically drafting. Such automated solutions motivate the need for *vehicle-to-infrastructure* as well. Beyond highway driving, there remains a significant need to reduce traffic congestion, improve air quality, and reduce energy consumption in congested city roads [328, 329].

One important challenge is the coordination of road intersections. Traffic light scheduling, whether it is done statically or dynamically in response to road congestion, has long been an area of extensive research [330–332]. And yet,

Subsector	Implementation Cost Range (\$000)   Simple Payback Range (Years)					
	Use Electric Heat in Place of Fossil Fuel Heating System		Replace Hydraulic/Pneumatic Equipment with Electrical Equipment		Use Heat Pump for Space Conditioning	
	Cost (\$x1000)	Payback (Years)	Cost (\$x1000)	Payback (Years)	Cost (\$x1000)	Payback (Years)
Agriculture	—	—	26— 69	—	—	—
Food	—	—	0.4— 326	<1— 6	4— 22	<1— 5
Textile mills	—	—	2	2	—	—
Lumber and wood products	—	—	0.2— 242	<1— 2	11	—
Paper	3— 80	<1— 2	0.8— 23	<1— 4	—	—
Printing	—	—	4— 19	<1— 2	2— 68	1— 4
Chemicals	0.7— 5	<1	0.9— 32	3— 8	—	—
Petroleum Refining	—	—	1— 80	3— 4	—	—
Rubber and plastics	—	—	0.07— 252	<1— 5	0.7— 1,293	<1— 2
Stone, clay, glass, and concrete	2— 6	<1— 2	1— 18	<1— 2	6	3
Primarily metals	6— 190	<1— 4	0.2— 110	<1— 3	—	—
Fabricated metal products	2— 146	<1— 3	0.7— 92	<1— 5	1— 429	4— 25
Machinery and computer equipment	0.6— 1	<1— 2	0.2— 27	<1— 3	10— 335	2— 4
Electronic and other electrical equipment	325	3	1— 25	1— 4	7— 152	6
Transportation equipment	2	—	0.9— 14	<1— 1	10— 96	3— 7
Miscellaneous manufacturing	—	—	0.5	<1	182	5
<b>Recommendation Average</b>	<b>38</b>	<b>1</b>	<b>24</b>	<b>2</b>	<b>128</b>	<b>5</b>

Fig. 3.12 Summary of manufacturing sector electrification alternatives (adapted from [24])

solutions like traffic lights retain a *driver-in-the-loop* control paradigm. More recent research envisions the elimination of traffic lights so that the intersection itself can coordinate the crossing of vehicles and potentially even pedestrians [333–336]. Vehicle automation has been classified into five levels of technology development with some analysts predicting full Level 5 automation by 2030 [337–340].

It is important to recognize that these developments toward connected automation exist in all modes of transport. Planes and trains have been automated to varying degrees for decades [46, 341–343], while buses and trucks are directly benefiting from developments in the car market [344]. Nevertheless, the shift toward connected and automated road vehicles is important because of its share of overall vehicle miles traveled [340] and because of the difficulty of its coordination and control problems.

As a second fundamental shift in technology, electrified transportation greatly complements the benefits of connected and automated vehicles. As mentioned, in Chap. 1, the electrification of transportation is one of the five identified energy-management change drivers. Electrified transportation supports energy consumption

and CO<sub>2</sub> emissions reduction targets [41, 345–348]. Relative to their internal combustion vehicle counterparts, EVs, whether they are trains, buses, or cars, have a greater “well-to-wheel” energy efficiency [348, 349]. They also have the added benefit of not emitting any carbon dioxide in operation and rather shift their emissions to the existing local fleet of power generation technology [42]. Furthermore, the technical, economic [350–352], and social barriers [82, 353] to their adoption have eased. Despite continuing challenges in battery technology [354–356], a wide variety of battery chemistry options have emerged leading to greater capacity and subsequently vehicle ranges [357–359]. Fast chargers have also been introduced into the market which allow 80% of the battery capacity to be charged in 30 min [360–362]. From an economic perspective, both plug-in hybrid EVs and battery-EVs show significant learning rates and cost improvements over time [73, 352]. There also exist significant improvements in public attitudes [363–366] and social transition rates [82, 349, 353, 367]. As a result, a number of optimistic market penetration and development studies have emerged for a wide variety of geographies [368–374]. Consequently, supportive policy options have taken root worldwide [363, 375, 376].

The true success of electrified (multi-modal) vehicles depends on its successful integration with the infrastructure systems that support them. From a transportation perspective, plug-in electric cars may have only a short range of 150km [365], but it may still require several hours to charge them [377]. This affects when a vehicle can begin its journey and the route it intends to take. From an electricity perspective, the charging loads can draw large power amounts that may exceed transformer ratings, cause undesirable line congestion, or cause voltage deviations [378–381]. These loads may be further exacerbated temporally by similar charging patterns driven by similar work and travel lifestyles or geographically by the relative sparsity of charging infrastructure in high-demand areas [380]. This *transportation-electricity nexus* (TEN) [31, 89–91, 382] requires new assessment models whose scope includes the functionality of both systems. Recent works have also proposed axiomatic design as a means to model large systems such as the transportation and manufacturing systems [383–387]. As the complexity of these systems increases, it becomes more relevant to consider their resilience while especially focusing on flexibility and reconfigurability [382].

Relatively few studies have considered this coupling from an operations management perspective. A simplified study based on the city of Berlin has been implemented on the multi-agent transport simulation (MATSIM) [362]. Meanwhile, the first full-scale study was completed in the city of Abu Dhabi [379, 388–390] using the clean mobility simulator [391]. A third study focused on the differences between conventional plug-in and online (wireless) EVs [31]. More recently, a performance assessment methodology for multi-modal electrified transportation has been developed that integrates the methodologies of previous studies [91]. An older review compares a variety of open source transportation modeling tools [392].

IoT-based ride sharing, as the third fundamental shift in transportation technology, has the potential to dramatically intertwine vehicle automation and electrification. It expands the transportation options available to travelers so that even

incumbent paradigms of vehicle ownership are questioned [393–395]. Travelers, particularly in large cities, are now more likely to rely on a combination of transportation modes to arrive to their destination. In some cities, IoT-based ride sharing has already shifted transportation behavior from the traditional use of private cars [393, 395]. This work, however, argues that IoT-based ride sharing is likely to converge with eIoT-based energy management because their underlying decisions are fundamentally coupled.

Consider an EV rideshare fleet operator [379, 388–390]. They must dispatch their vehicles like any other conventional fleet operator, but with the added constraint that the vehicles are available after the required charging time. Once en route, these vehicles must choose a route subject to the nearby online (wireless) and conventional (plug-in) charging facilities. In real-time, however, much like gas stations, these charging facilities may have a wait time as customers line up to charge. Instead, the EV rideshare driver may opt to charge elsewhere. Once a set of EV rideshare vehicles arrive to a conventional charging station, the EV rideshare fleet operator may wish to implement a coordinated charging scheme [45, 80, 81, 396–404] to limit the charging loads on the electrical grid. The local electric utility may even incentivize this EV rideshare operator to implement a “vehicle-to-grid” scheme [82, 362, 405] to stabilize variability in grid conditions.

These five transportation-electricity nexus operations management decisions are summarized in Table 3.1 [31, 89]. The integration of such decisions in a coordinated fashion ultimately forms an intelligent transportation-energy system (ITES) [389]. Naturally, significant research remains on how to best integrate these decisions so that they achieve operational benefits in both the transportation and electric power systems. More recently, studies have focused on the design of smart cities and their core infrastructures such as transportation, district heating and cooling (DHC), and electric power grid. Specifically, hetero-functional graph theory has been introduced as a more advanced means of studying coupled infrastructures such as the TEN [406, 407].

**Table 3.1** Intelligent transportation-energy system operations decisions in the transportation-electricity nexus [31]

- 
- **Vehicle dispatch:** When a given EV should undertake a trip (from origin to destination)
  - **Route choice:** Which set of roads and intersections it should take along the way
  - **Charging station queue management:** When and where it should charge in light of real-time development of queues
  - **Coordinated charging:** At a given charging station, when the EVs should charge to meet customer departure times and power grid constraints
  - **Vehicle-2-grid stabilization:** Given the dynamics of the power grid, how can the EVs be used as energy storage for stabilization
-

### 3.1.6 *Network-Enabled Physical Devices: Conclusion*

This section has provided an extensive discussion of the state of the art in network-enabled physical devices, whether they are network-enabled sensors or actuators in the control loop. In order to organize the discussion, Fig. 3.2 was used to distinguish between primary and secondary electric power system variables. In all, four major categories of network-enabled devices were discussed.

- Section 3.1.2 addressed the (traditional) primary variables in the transmission system.
- Section 3.1.3 discussed the concerns around the secondary variables associated with wind, solar, and natural gas generation.
- Section 3.1.4 returned to the primary variables in the distribution to address smart meters and other “grid modernization” technologies.
- Section 3.1.5 discussed smart homes, industry, and transportation in the context of demand-side secondary variables.

## 3.2 Communication Networks

### 3.2.1 *Overview*

The tremendous heterogeneity of network-enabled devices described in the previous section demands advancements in communication networks to route sensed information to control and decision-making entities. Because these devices vary greatly in size, power consumption, use case, and on-board computing, new types of networks will emerge that can enable two-way flows of information. Consequently, these networks must have different scope and ownership.

Figure 3.13 shows several network areas relevant to the electric power system. Starting at the center of the grid, utility networks are the communication backbone for grid operations. Wide-area networks (WAN), as the largest in geographical scope, encompass centralized generation, transmission, and substations under the utility’s domain. Moving “downstream” from the substations, neighborhood area networks (NAN) are of intermediate scope and use public and commercial telecommunication networks throughout the distribution network. The NAN serves AMI, meter aggregations, DER, and microgrids, which can also include utility participation. Finally, local area networks (LAN) address the private communication scope of residential, commercial, and industrial entities. These networks can encompass subnetworks that connect to a NAN or directly to the public internet [25]. The following definitions apply to the rest of this discussion:

**Definition 3.3 (Commercial Telecommunication Network)** A telecommunication network that is owned and operated by a commercial telecommunication company. ■

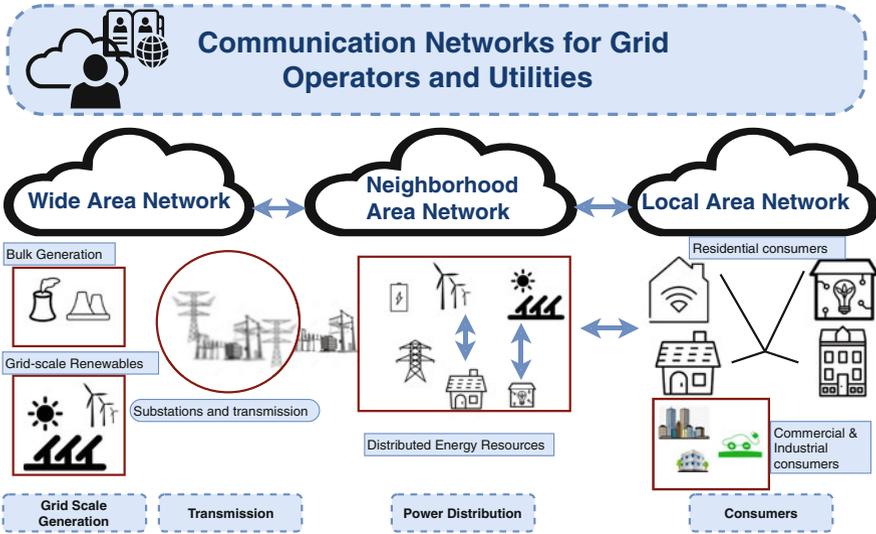


Fig. 3.13 LAN, NAN and WAN networks across the electric power system (adapted from [25])

**Definition 3.4 (Private Network)** A network that is owned and operated by a private entity, be it residential, commercial, or industrial. In scope, a private network may be a WAN, NAN, or LAN. It may use interoperable, standard, or proprietary technologies. ■

**Definition 3.5 (Proprietary Network)** A network that is not based upon an interoperable standard. Note that some networks may use open standards but are not interoperable because the standards themselves are not interoperable. ■

The development of mature eIoT communications is likely to be a gradual migration process. Traditionally, the power system has used private networks within the jurisdiction of grid operators and utilities. These include transmitted data over wired networks (e.g., power-line carrier and fiber optics) as well as wide-area wireless networks such as SCADA (supervisory control and data acquisition). However, with “grid modernization,” commercial telecommunication networks are increasingly playing a role.

Cellular data networks, and in particular 4G and long-term evolution (LTE), have the potential to transmit relatively high bandwidth data across long distances. Furthermore, WiMax networks can provide connectivity at the grid periphery at the neighborhood length scale. Finally, a large part of eIoT will require local area networks, be they wired Ethernet, WiFi, Z-wave, ZigBee, or Bluetooth. Naturally, industrial energy-management applications continue to leverage preexisting industrial network infrastructure in addition to these local area network options. Technological developments in communication networks are most likely to occur

as a gradual migration rather than a swift shift from one technology to another. Furthermore, these developments are likely to occur in parallel so as to become complementary and mutually co-existing.

- Tables 3.2, 3.3, and 3.4 summarize the eIoT communication networks discussed in this section.
- Section 3.2.2 discusses grid operator and utility networks.
- Section 3.2.3 discusses telecommunication networks.
- Section 3.2.4 discusses local area networks.

### ***3.2.2 Grid Operator and Utility Networks***

Grid operator and utility networks use a range of legacy communication systems and technologies that are very much a product of the regulated electric power industry from several decades ago [428]. Nevertheless, technological developments in data acquisition, data analysis, and renewable energy generation are now pressuring grid communication systems to evolve and adapt. For example, the variability of renewable energy generation (discussed in Chap. 2) requires automatic control whose data rates are faster than what legacy communications systems are able to provide. This section highlights some of these traditional technologies so as to contextualize the discussion of eIoT communication technologies.

This section categorizes grid operator and utility communication into wired and wireless networks, each with their respective trade-offs and applicability within the electric system.

- For wired communications, power-line carrier networks and fiber optics are covered in Sect. 3.2.2.1 [412]. Wired communications are relatively reliable and secure and very much represent the historical default for electrical utilities. However, their widespread deployment is associated with high rental fees and installation costs [106, 412]. Grid operators and utilities have also made extensive use of wireless networks, which in comparison have lower cost and reliability. Their flexibility and ease of installation, however, often supports their adoption.
- Section 3.2.2.2 is devoted to SCADA-based wide-area monitoring systems as a traditional wireless power grid communication network.
- Section 3.2.2.3 then delves into the emerging world of low power wide-area networks (LPWAN).
- Section 3.2.2.4 discusses the wireless smart utility network (Wi-SUN) as a new development. Other types of wired and wireless communication networks are discussed more deeply in the context of commercial telecommunication and local area networks.

**Table 3.2** Communication networks for grid operators and utilities

Grid operator and utility networks		Wired/ wireless	Standard	Topology	Advantages	Disadvantages			
Network	Application	Distance	Data rate	Distance	Wired/ wireless	Standard	Topology	Advantages	Disadvantages
PLC	Transmission, distribution [409]	200–3000 m [410]	10 kbps–200 Mbps [409]	200–3000 m [410]	Wired	(1) HomePlug [408] (2) Narrowband [408] (3) IEEE P.1901 [408] (4) IEEE 1901 [408] (5) HomePlug AV [408] (6) High definition power-line communication (HDP LC) [408] (7) ITU-T G.9960 standard [408] (8) GENELEC EN 50065 standard [408]	Star	(1) Wide coverage [408] (2) Low cost [408] (3) Flexibility and range [408] (4) Mobility [408] (5) Easy installation [408] (6) Stability [408] (7) Located where the circuits are required [411] (8) Equipment installed in utility owned land, or structures [411] (9) Economically attractive for low numbers of channels extending over long distances [411]	(1) High noise over power lines [408] (2) Capacity [408] (3) Open circuit problem [408] (4) Attenuation and distortion of signal [408] (5) Inadequate regulations for broadband PLC [408] (6) Not interoperable [408] (7) Not independent of the power distribution system [411] (8) Carrier frequencies often not protected on a primary basis [411] (9) Expensive on a per-channel basis compared to microwave [411] (10) Will not propagate over open disconnects [411] (11) Inherently few channels available [411]

(continued)

Table 3.2 (continued)

Grid operator and utility networks									
Network	Application	Data rate	Distance	Wired/ wireless	Standard	Topology	Advantages	Disadvantages	
Fiber optics	Transmission, distribution [412]	155 Mbps–40 Gbps [410]	60,000–100,000 m [410]	Wired	PON [410] WDM [410] SONET/SDH [410]	Star	(1) Reliability [410] (2) High quality [410] (3) Immune to electromagnetic interference [411] (4) Immune to ground potential rise [411] (5) Low operating cost [411] (6) High channel capacity [411] (7) No licensing required [411]	(1) Different skill set for fiber optics needed [411] (2) Expensive test equipment [411] (3) Inflexible network configuration [411] (4) Cable subject to breakage and water ingress [411]	
Digital subscriber line (DSL)	Transmission	1–100 Mbps [410]	1500–5000 m [410]	Wired	ADSL [410] HDSL [410]	Star	(1) Low investment cost [106] (2) High speed [106] (3) High bandwidth [106]	(1) Non-ownership of infrastructure can cause reliability issues [106] (2) May not be available in remote locations [106]	
LoRaWAN	Distribution	0.3–27 kbps [417]	2–5 km 15 km [417]	Wireless [415, 416]	AES-128	Star	Low power [415, 416] Fairly high data rates [417] Low cost [417] Flexible and open network [417]	No guaranteed message receipt	
SigFox	Transmission, distribution, transmission	100 bps [417]	up to 50 km [419]	Wireless [415, 416]	BPSK [418, 419]	Star	Low power Bidirectional communication [418, 419] Low cost	Network owned by SigFox [417] Only 14 packets/day per device [417] Only 12 bytes per transfer [417] Signal frequency prone to interference [420]	

3.2 Communication Networks

SCADA- Wide area monitor- ing	Transmission	9.6- 115.2 kbps [413]	Wired and wireless	Modbus [413] DNP3 [413] IEC 61850, [138]	Star/Peer- to-peer	(1) Minimal latency for WAMs [414] (2) PMUs provide continuous measurements [414] (3) Faster data rate collection than traditional SCADA [414]	(1) Low bandwidth [272] (2) Security concerns with open communication protocols and unintentional connection with other networks [413] (3) SCADA devices have limited computational abilities [272]
NB-IoT	Transmission, distribution	< 100 kbps [422]	Wireless	3GPP R13 [421] LTE [421, 422] GSM [421, 422]	Star	Wide area Bidirectional [421, 422] Low power consumption [421, 422] Massive connections, 50k [421, 422]	Relatively expensive [421, 422]
Ingenu	Distribution	624 kbps 156 kbps [417]	Wireless	RPMA [417, 418]	Star	Higher data rates [417]	Lower range [417] Higher power consumption [417]

**Table 3.3** Telecommunication networks

Telecommunication networks								
Network	Application	Data rate	Distance	Wired/ wireless	Standard	Topology	Advantages	Disadvantages
Cellular Data	Distribution (NAN) [423]	14.4 kbps–100 Mbps [410]	50,000 m [410]	Wireless	GSM, 2.5G, 3G, 4G, LTE [410]	Meshed	(1) LTE is characterized by high (2) Reliability and low latency [424] (3) Scalability [424] (4) LTE can serve as the default or backup network [424]	(1) Cellular service providers face challenges from a growing mobile, user base which may effect all users [425] (2) Future uses may need faster data rates than 4G networks can provide [425] (3) Poses increased security threat by being a public network [423] (4) Sharing the network may result in decreased performance [106]
Wi-Max	Distribution [138]	75 Mbps [410]	50,000 m [410]	Wireless	802.16 [410]	Meshed	(1) Control of the proprietary network [424] (2) Bandwidth and range suited for NAN [412, 424] (3) Relatively high data rates [424] (4) Low latency [424] (5) Relatively low deployment and operating costs [424] (6) Can support real-time data transfers needed for smart meters [424]	(1) Initial infrastructure cost for radio equipment [424] (2) Radio equipment requires optimizing the number of station installations and quality of service requirements [424]

**Table 3.4** Local area networks

Private area networks								
Ethernet	Home and building automation	10 Mbps–10 Gbps [410]	100 m [410]	Wired	802.3× [410]	Star	(1) High data rate [410] (2) Range of data rates depends on cable used [426]	(1) Inflexibility of topology [426] (2) Unlikely to find connections on home appliances [426] (3) High cost [426] (4) High power requirements [426]
Wi-Fi	Home and building automation	2–600 Mbps, [410]	100 m [410]	Wireless	802.11× [410]	Meshed	(1) High speed [427] (2) Used for a variety of personal devices (interoperability) [426] (3) High bandwidth [426]	(1) Not meant for moving devices, and though not intended for metropolitan areas it has been extended to larger areas [427] (2) High energy consumption [423]
Z-Wave	Home automation	40 kbps [410]	30 m [410]	Wireless	Z-Wave	Meshed	(1) Low cost [426] (2) Low power consumption [426]	(1) Low bandwidth [426]
ZigBee	Home and building automation	250 kbps [410]	100–1600 m	Wireless [410]	Zigbee, Zigbee Pro	Meshed [410]	(1) Long range in HAN [427] (2) Low power consumption [412], rates [412, 423] (3) Long range in HAN [412]	(1) Devices have limited internal memory, limited processing capability, and low data (2) Weak security [412]
Bluetooth	Home automation	721 kbps [410]	100 m [410]	Wireless	802.15.1 [410]	Meshed	(1) Low power consumption [412]	(1) Weak security [412]

### 3.2.2.1 Wired Communications: Power-Line Carriers and Fiber Optics

Grid operators and utilities have used power-line carriers and fiber optic cables in transmission and neighborhood distribution applications. Over numerous decades, these technologies have undergone several upgrades from their original implementations, including from analog to digital communication [411]. In the past, the primary need for wired communication was fairly limited to application such as timely and efficient fault detection. This meant that communication systems needed to adhere to stringent cost rationales. A common strategy was to make use of existing utility-owned power poles or rent telecommunication poles to route information back to a control center [411]. This required wired communication systems often to match the radial topology of the underlying physical infrastructure.

Power-line carrier (PLC) communication uses power cables as a medium for data signal transmission [412]. It falls into four categories:

- Ultra-narrow band power-line communication (UNB-PLC)
- Narrowband power-line communication (NB-PLC)
- Quasi-band power-line communication (QB-PLC)
- Broadband power-line communication (BB-PLC)

Depending on PLC technology, data transfer speeds range from 100 Bps to 1.8 Gbps [409, 423]. The X-10 PLC protocol was influential in establishing narrowband PLC communication in the USA [409]. Since then, today's NB-PLC standards include Powerline Intelligent Metering Evolution (PRIME) (ITU-T G.9904), G3-PLC (ITU-T G.9903), IEEE 1901.2 2013, and ITU-T G.hnem [409]. The 63-PLC smart-grid applications have a 1.3–8 km range [409]. Depending on modulation type, this PLC could have a bandwidth of 30–35 kilobits per second (kbps) or 100 kbps [409]. PLC technologies are used in a diverse array of applications including home, transmission, and connective energy systems [409, 429]. For example, the G3-PLC standard has been used experimentally in the mid-voltage range with several topologies [429]. It has also been used to enable “smart grid” technologies such as AMI, vehicle-to-grid communications, demand-side management, and remote fault detection [408]. Broadband PLC, in particular, is suitable for local area networks (LANs) and AMI applications in the smart grid because it has higher bandwidth (but shorter range) as compared to narrowband PLC [409, 423].

In recent years, utilities have applied optical fiber communication as an upgrade to aging infrastructure [412]. Optical fiber is mainly used as a “backbone” distribution communications network, in what is called fiber-to-pole networks [412]. Optical fiber is characterized by high transfer rates, good stability, strong anti-interference ability, flexible network configuration, large-system capacity, and high reliability [412]. The data rate of optical fiber ranges from 155 megabits per second (Mbps) to 40 Gbps [410]. However, its implementation is a large investment because it requires relatively expensive testing and highly skilled installation and maintenance [411, 412].

The wide-area deployment of wired technologies (that is, PLC and optical fiber) is costly but does provide the benefits of communications capacity, reliability,

and security [412]. Some utilities have also installed specialized communication networks according to their specific technical and economic needs. Such specialized lines are mainly composed of twisted-pair cable and provide for small capacity, high reliability, low transfer rate, and moderate anti-interference for a small investment [412].

### 3.2.2.2 SCADA Networks and Wide-Area Monitoring Systems

SCADA was developed in the 1950s because utilities needed a way to gather power output data from the scattered geography of the electric grid's sensing endpoints to conduct load-frequency control and economic dispatch [101]. SCADA systems now communicate commands and system state data back and forth between utility control stations and individual substations within several seconds [428]. Due to the expansive geographical area covered by the transmission system, monitoring is a large task, and has special sensor communication requirements. SCADA systems have increased "openness" by connecting to wide-area monitoring systems (WAMS) and other networks through proprietary connections and the Internet [430]. This point is emphasized since connection to the internet is an important stepping stone in the development of eIoT.

The SCADA system in actuality uses a combination of wired and wireless technologies. Wired options include telephone lines and optical fiber; wireless alternatives include microwave and ultra-high frequency (UHF) radio [19]. The choice of implemented technology depends on an individual system's needs for data rate, cost, and data security [19]. With traditional technologies, the data rate is typically 9.6–115.2 kbps [413]. SCADA protocols are based on IEEE C37.1 for the communication between remote terminal unit (RTU) and the master terminal unit (MTU) [19]. Traditionally, SCADA allows for serial communication between master and remote terminal units, but newer hybrid protocols allow peer-to-peer communication [272, 413]. These protocols include Modbus, DNP3, PROFIBUS (from standards IEEE 11674, IEEE 61158), DeviceNet, ControlNet, and Fieldbus [272].

The advantages and disadvantages of operating a legacy SCADA system are typical of any aging communication technology. On the one hand, the operating costs are small relative to the initial investment in infrastructure. On the other, the bandwidth and computational capability is relatively low [272]. Furthermore, as SCADA networks have developed, they have suffered unintentional negative consequences. Since the 1990s, utilities began transitioning from closed proprietary networks to interconnected and open internet-based networks [430]. The push for open communication protocols has increased network accessibility and consequently the potential for connection to other networks [413]. This is also an effect of custom networks being standardized so as to be sold as off-the-shelf SCADA systems [430]. As proprietary networks are turned into open networks, and peer-to-peer communication among SCADA devices increases, cybersecurity concerns have naturally increased [413].

In addition to SCADA, WAMS are being deployed as a form of complementary *sensor network*. A WAMS is a collection of hundreds of phasor measurement units (PMUs) at various locations in the electrical grid [414]. PMUs have faster data collection rates than SCADA systems, with 30–60 data points per second as compared to SCADA's 1 data point per 1–2 s [431]. Data communications specifications are provided by the IEEE C37.118-2005 standard [414]. A phasor data concentrator (PDC) aggregates measurements from local PMUs through a local communication network, and then routes the data to a utility's core network using proprietary networks [414]. Data transfers from the PMU to the PDC are required to have minimal latency for an efficient smart grid [414]. PMU data are produced continuously and synchronously and are therefore delay-sensitive [414]. Consequently, it must be intelligently scheduled to manage communication load and maintain quality requirements [414].

### 3.2.2.3 LPWAN Commercial Wireless IoT Technologies

Due to power constraints on remote IoT sensors and actuators, IoT devices need to operate in an energy efficient manner. Recently, commercial applications to support wide-area communication have emerged. Low power wide-area networks (LPWAN) is an umbrella term that encompasses technologies and protocols that support wide-area (> 2 km) communication and consume low power over long periods of time [432]. Data ranges for these devices are from 10 bps to a few kbps [433]. LPWAN networks must meet the following considerations [433]. Devices should have the following characteristics:

- Be cheap to deploy
- Operate on very low power
- Function when required, preferably in star topologies
- Ensure secured data transfer
- Have robust modulation.

LPWAN networks will generally include devices, a network infrastructure, protocols, controllers, network and application servers, and a user interface [433]. This service can be provided as a single package or through coordination among multiple providers [433].

LoRa, short for long range, is a physical-layer LPWAN application by SemTech Corporation [434]. The system works in the 902–928 megahertz (MHz) frequency band in the USA and in the 863–870 MHz in Europe [418]. The LoRa system is composed of the PHY layer which is proprietary while the LoRaWAN protocol is an open standard that is managed by the LoRa Alliance which has over 300 members [415, 418, 433]. LoRa chips can be produced by various silicon providers to avoid a single source [433]. LoRa networks follow a star topology to relay messages between end-devices and a central network node [415, 416, 418]. Long-range wide-area network (LoRaWAN) radios are used with low power devices to support low bandwidth and infrequent (128 s) communication over wide areas [415, 416, 432].

This drives down the cost and extends the battery life of the devices. LoRaWAN devices draw no more than  $2\ \mu\text{A}$  while resting and 12 mA when listening [415, 416]. LoRaWAN can use a bandwidth of 125 kHz, 250 kHz, or 500 kHz depending on the region, application, or frequency [435]. The data rates can also be determined based on the frequency chosen [435]. These data rates typically range from 0.3 to 27 kbps [417]. It uses the AES-128 algorithm that is similar to the IEEE 802.15.4 standard [435]. LoRaWAN offers two security layers, one for the network layer and one for the application layer [433]. It offers a range of 2–5 km in cities and up to 15 km in suburban areas [417]. Another LPWAN technology is the Symphony Link by Link Labs that is a proprietary MAC layer built on top of the LoRa physical layer. This technology adds vital connectivity to LoRaWAN such as guaranteed message receipt [436]. Applications using LoRa technology in the power industry include radiation leak detection from nuclear power plants [437] and air pollution monitoring for thermal power plant systems [438].

The NB-IoT is narrowband communication system by the Third Generation Partnership Project (3GPP) standards body that was launched in 2016 [439]. It is used for low power, infrequent (over 600 s) communication devices [415, 439]. It supports a star topology [415, 439]. It can operate either in the GSM spectrum or LTE [415, 439]. NB-IoT can be deployed in three operation modes: (1) stand-alone using GSM, (2) in-band where it operates within a bandwidth of a wide-band LTE carrier, and (3) with the guard-band of an existing LTE carrier [439]. Since NB-IoT is based on LTE, hardware reuse and spectrum sharing is possible without coexistence issues [439]. NB-IoT is expected to ensure long battery life (up to 10 years) and to support over 52k low-throughput devices [439]. NB-IoT can cover a range of <25 km and offers high accuracy rates [422]. The expected latency for this system is <10 s for 99% of the devices [439]. NB-IoT systems are used in applications such as smart metering (gas, water, and electricity), smart parking, smart street lighting, and pet tracking [440, 441]. The NB-IoT forum comprises of over 500 members, contributors, and developers [441].

SigFox was launched in 2009 by the French company SigFox as the first LPWAN application for IoT. Compared to LoRa, SigFox is not nearly as widely used in the USA because its frequency band (900 MHz) is very prone to interference and its transmission time ( $\approx 3$  s) is greater than the maximum transmission time of 0.4 s that is allowed by the Federal Communications Commission (FCC) [420]. The SigFox physical layer uses an ultra-narrowband technology that uses standard ratio transmission method called binary phase-shift keying (BPSK) going up and frequency-shift keying coming down [418, 419]. The SigFox technology is suitable for applications that require small and infrequent transmission [419]. The first releases were unidirectional but recent versions support bidirectional communication [418, 419]. SigFox offers data rates of 100 bps in the uplink with a maximum payload of 12 bytes [417]. It claims to support about a million connected objects with a coverage range of up to 50 km [419]. SigFox has not been as widely adopted, especially in the USA, due to its limiting transmission characteristics such as a restriction on the number of packets transferred by a device to only 14/day [417].

In the electricity and utility industry, SigFox is used to monitor back-up power supply systems and smart metering (gas, electricity, and water) and for electric pole surveillance [442].

Lastly, Ingenu, formally known as On-Ramp Wireless, works in the 2.4 GHz frequency and has a robust physical layer that allows it to still operate over wide areas [418]. It offers higher data rates compared to LoRa and SigFox [417]. Specifically, it can transmit up to 624 kbps in the uplink and 156 kbps in the downlink [417]. Its coverage is, however, shorter (around 5–6 km) and consumes much higher energy [417]. Ingenu is based on the random phase multiple access (RPMA) [417, 418].

### 3.2.2.4 Wireless Smart Utility Network

The wireless smart utility (ubiquitous) network (Wi-SUN) is a mesh topology network supported by the Wi-SUN Alliance. The Wi-SUN Alliance was founded in 2012 and comprises of 130 members who include product and silicon vendors, software companies, utilities, government institutions and universities [443]. The goal of the Wi-SUN Alliance is to promote open industry standards for wireless communication networks for both field area networks (FAN) and local area networks (LAN) [443, 444]. It also defines specifications for testing and certifying of said networks to enable multi-vendor interoperable solutions [443]. The Wi-SUN network was developed according to the IEEE 802.15.4g standard that defines physical layer (PHY) and medium access control (MAC) layer specifications [445], TCP/IP and related standards protocols.

Applications for the utility include the provision of field area networks (FANs) for smart metering infrastructures, distribution automation, and home energy management. The Wi-SUN coverage range is 2–3 km making it suitable for NANs [446]. AMI systems can use Wi-SUN technology for multiple meters [446]. Wi-SUN networks are usually laid out in a mesh topology although they support both star and star-mesh hybrid topologies [415]. This allows for enough redundancy in the network to limit single points of failure [415]. This network is deployed on both powered or battery-operated devices [415]. Devices that support mesh networks transmit over a short range and are suitable for applications that require distributed computing. The Wi-SUN mesh networks are self-forming. That is, whenever a new device is added, it immediately finds peers to communicate with and whenever a device disconnects the other devices in the peer-network reroute accordingly [415]. The short-range feature allows for faster and consistent data rates. Wi-SUN devices can perform frequent (up to 10 s) and low-latency communication, and draw less than 2  $\mu$ A in resting and 8 mA when transmitting [415].

### 3.2.2.5 eIoT Perspectives on Grid Operator and Utility Networks

Grid operators and utilities have long made use of communication networks to gain situational awareness as an integral part of power systems operations and control. In many ways, the communication technologies described above were deployed as part of a regulated electric power industry. eIoT, however, as has been discussed at length will fundamentally change the nature of power system operations so as to need far more advanced communication system technologies. With the above interoperable LPWAN and Wi-SUN technologies, eIoT communication technologies for grid operators and utilities are likely to improve significantly. Open, interoperable standards also create room for innovation within this area.

One main need is the communication beyond the purview of just the grid operators and utilities. In that regard, communication over power-line carriers, proprietary fiber optics, and SCADA leave many new parties out of the evolving and highly flexible eIoT “cloud” [428]. As the next subsections will discuss, there is much room for these utility networks to be complemented by commercial telecommunication networks and LANs [160, 431]. Such a hybrid communication system architecture is much more likely to meet the new and unprecedented requirements for data access and transfer [447]. Naturally, a shift toward hybrid communication systems brings about very legitimate questions of jurisdiction, ownership, and authority over the data, servers, and communication channels that constitute the system. While it is clear that standards will continue to play a central role in the design of communication systems, it remains unclear what role regulation and legislation will have in these areas. These are still open questions as the grid transforms itself towards an eIoT paradigm.

### 3.2.3 Commercial Telecommunication Networks

One important trend in the development of eIoT communications is the shift towards commercial telecommunication networks as a complement to existing and dedicated grid operator and utility networks. In many ways, this has been a long-standing trend. The preceding section mentioned that utilities and grid operators have often rented telecommunication poles for wired communications over power-line carriers. A logical technological next step is to switch from power-line carriers to digital subscriber lines (DSL) over the (wired) telephone lines themselves [106]. DSL has high speeds of 1–100 Mbps depending on its type, that is, asymmetric digital subscriber line (ADSL), very-high-bit-rate digital subscriber line (VDSL), and high-bit-rate digital subscriber lines (HDSL) [410].

Although DSL technology is often chosen for smart grid projects because the use of existing telephone infrastructure reduces installation costs [106], the lack of standardization and differing ownership of equipment can cause potential reliability issues related to maintenance and repair [106, 412]. Furthermore, the expansion of telephone infrastructure needs to be cost rationalized in remote applications [106, 412].

Beyond wired telephone lines, eIoT communications is now making extensive use of *wireless* telecommunications networks for essential “smart grid” applications such as AMI-to-utility control center communications [106]. Wireless solutions have relatively very low cost [412] and are easier to implement in less accessible regions [106]. Despite these benefits, wireless options present several challenges including constrained bandwidth, security concerns, power limitations, signal attenuation, and signal interference [106].

With these trade-offs in mind, it is useful to acknowledge the needs of the utilities in choosing the most suitable network. Utility evaluation of communication networks usually involves consideration of the following [412]:

1. Bandwidth
2. Data rates
3. Coverage
4. Reliability of end-to-end connection solutions
5. Associated protocols
6. Integration of existing systems
7. Ease of deployment
8. Management tools
9. Life cycle costs

Section 3.2.3.1 highlights some of the technological developments in cellular data networks, and Sect. 3.2.3.2 covers WiMax networks before discussing their implications on eIoT in Sect. 3.2.3.3.

### 3.2.3.1 Cellular Data Networks: 2.5G-GPRS, 3G-GSM, 4G, and LTE

Cellular communication systems have provided coverage for data transmission for several decades [157]. They enable utilities to deploy smart metering in a wide-area environment and are a relatively quick and inexpensive option for meter-to-utility as well as distant node-to-node communication [106, 157]. Existing telecommunications infrastructure reduces investment cost and the additional time needed to build communications for a power systems purpose [106]. Systems, such as 2.5G, GSM, 3G, and 4G, are radio networks that communicate via at least one base station transceiver (or cell) per land area [157].

2.5G, also known as general packet radio service (GPRS), is a packet data bearer service over the global system for mobiles (GSM) [427]. User data packets are transferred between mobile stations and external IP networks so that IP-based applications can run on a GSM network [427]. Data speeds can range from 9.6 to 115 kbps by amalgamating unused time slots in the GSM network [427].

The next generation cellular network, 3G-GSM, provides data rates of 144 kb/s to over 3 MB/s [412]. GSM itself is widely used internationally for mobile telephone systems and is based on circuit-switching technology (as opposed to the sole use of packet-switching in GPRS) [427]. Cellular network operators have approved the use of GSM networks for AMI communications because they provide sufficient

### 3.2 Communication Networks

bandwidth, data rates, anonymity, and protection of data [412, 424]. At this point, 3G technology is a mature network with a completed theory and experience [412]. It is secured using various encryption technologies, but its security can still be a concern. Its communication rate is not reliably real-time [412].

More recently, the 4G and LTE standards have been developed. 4G was defined by the International Telecommunication Union (ITU) using many of the 3G standards. In 2007, the Third Generation Partnership Project (3GPP) completed its task of creating the LTE standardization [448]. The project's objective was to meet increasing requirements on higher wireless access data rate and better quality of service [448]. Subsequently, 3GPP immediately started a standardization process called LTE-Advanced for 4G systems [424, 448]. Because of its high reliability and low latency, LTE is suitable for NAN smart grid applications such as automated metering systems and distribution system control [424]. Furthermore, LTE offers opportunities to scale deployment because it is widely supported and its hardware costs are expected to improve [424].

#### 3.2.3.2 WiMAX Networks

In complement to the cellular data networks described above, the Worldwide Interoperability for Microwave Access (WiMAX) standard was developed by the IEEE 802.16 working group to meet 3G standards and then later revised to meet 4G requirements [448]. It has been developed for "first-mile/last-mile" broadband wireless access as well as backhaul services in high-traffic metropolitan areas [448]. WiMAX is a communication protocol that provides fixed and fully mobile data networking. It has versions that work with licensed and unlicensed FCC frequencies that work in the 10–66 GHz and 2–11 GHz ranges, respectively [427]. WiMAX has a theoretical data rate of 75 Mbps and is designed for larger areas with a range of up to 50 km with a direct line of sight [410, 427]. As a standard, WiMAX offers interoperable microwave access [424].

The WiMAX architecture is a proprietary network, which comes with the benefit of complete control to utilities [424]. It is well-suited for use in a NAN due to its bandwidth and range [412, 424]. It offers efficient coverage and high data rates [424]. It also has low latency and relatively low deployment and operating costs [424]. These characteristics favor smart meter networking and are sufficient to support the real-time data transfers required for real-time pricing programs [424]. Disadvantages of WiMAX include a high initial infrastructure cost for radio equipment, which requires optimizing the number of station installations and quality of service requirements [424].

#### 3.2.3.3 eIoT Perspectives on Commercial Telecommunication Networks

As eIoT continues to develop technologically, it is clear that commercial telecommunications networks will have an increasingly important role. They provide

sufficient bandwidth for wide-area data transfer that allow them to be used for distributed smart grid applications such as AMI and DERs [106, 423, 424]. These networks are suitable for NAN, where they can connect peripheral devices to private area networks [424]. The LTE and WiMax standards also have the bandwidth and quality of service capabilities to support NAN-to-NAN (N2N) communications [106, 423, 424]. Beyond simply speed and quality of service, telecommunication networks and their associated operators offer grid operators and utilities an existing and cost-effective means for networked energy management. Furthermore, utilities (especially smaller ones with limited technical staff) have the opportunity to outsource maintenance and security upgrades in networks that are continually evolving with new generations of technology. This allows utilities to focus more on “core” business services [424].

Despite these many advantages, the integration of telecommunication networks into grid operations faces potential challenges. Cellular networks serve a larger customer market, which may result in network congestion or decreased performance [106]. Critical communications applications may not find cellular networks dependable in an emergency such as a storm or abnormal traffic situations [106]. Furthermore, although the speed of cellular networks continues to evolve, the number of mobile devices and their demands for data is also continually growing [425]. Grid operators, utilities, and telecommunication networks will have to work collaboratively to ensure that telecommunication networks have sufficient capacity to handle a continually evolving eIoT and its associated energy-management applications. In some cases, a utility may prefer its own private network to ensure quality of service and reduce monthly operating costs [106, 424]. It is also possible to develop hybrid utility-telecommunication networks so that congestion events do not interfere with emergency utility operation. LTE, for example, has the ability to operate either as a default or as a backup network [424]. Finally, from the perspective of power grid cybersecurity, a public telecommunication network is often perceived as a vulnerable point of operation [423]. Further work is required to bolster security on public cellular networks given their new role in eIoT energy management [423].

Finally, as telecommunication system operators face the strains of increased mobile and wireless device usage, an advanced, next-generation technology (5G) is needed [425]. Mobile-cellular subscriptions increased from approximately 109 million to 355 million between 2000 and 2014 [449]. As more devices become wireless, the telecommunications industry must address the physical scarcity of the radio frequency spectra for cellular communications, increased energy consumption, and average spectral efficiency while maintaining high data rates, seamless coverage, and a diversity of quality of service (QoS) requirements [425]. Heterogeneous networks may cause fragmented user experience, and so compatibility of these devices and interfaces with networks must be ensured [425]. 4G network data rates may not be sufficient for cellular service providers [425]. Instead, they must adopt new technologies as a solution for the billions, perhaps trillions, of active wireless devices [425]. 5G is expected to be standardized around 2020 [425].

### **3.2.4 Local Area Networks**

In addition to grid operator, utility, and telecommunication networks, there is a growing need for LANs at the consumer's premises. Such networks use local area, often low energy, communication technologies to connect to a wide variety of devices in the home, commercial building, or industrial site [427]. These LANs also route information from peripheral devices such as smart thermostats and water heaters to energy-management systems and smart meters and monitors [410]. Local area networks are also often connected via smart meters and internet gateways to other "smart grid" actors such as electric utilities or third-party energy service companies (ESCOs). Such gateways enable customer participation in the utility's NAN applications such as prepaid services, user information messaging, real-time pricing and control, load management, and demand response [410].

Because LANs support a tremendous diversity of peripheral devices, they are also characterized by a diversity of standards and protocols. This section highlights some of the more emergent technologies including [106, 427]:

1. Wired Ethernet in Sect. 3.2.4.1
2. WiFi in Sect. 3.2.4.2
3. Z-Wave in Sect. 3.2.4.3
4. ZigBee in Sect. 3.2.4.4
5. Bluetooth in Sect. 3.2.4.5

A brief discussion of industrial networks is also provided (in Sect. 3.2.4.6) to address the specific needs of industrial sites.

#### **3.2.4.1 Wired Ethernet**

Ethernet is a dominant wired technology and it is widely used in residences and commercial buildings [450]. Almost all personal and commercial computers are equipped with an Ethernet port, and Ethernet connections are increasing among consumer entertainment equipment [426, 450]. Ethernet using an unshielded twisted pair (UTP) cable has four different supported data rates (10 Mbps, 100 Mbps, 1 Gbps, and 10 Gbps) that are covered by the IEEE 802.3 standard [450]. Although Ethernet has a high data rate, not all devices in private networks may be suitable for Ethernet connection. These devices may not have Ethernet ports, such as many home appliances, or are in environments that cannot support the power requirements or justify the cost of Ethernet [426].

#### **3.2.4.2 WiFi Networks**

WiFi networks are the natural wireless alternative to wired Ethernet. WiFi provides high-speed connection over a short distance [427]. The IEEE 802.11 standard

defines various WiFi ranges and data rates [427]. Its optimal data rates span from 11 to 320 Mbps, and its optimal range spans from about 30 to 100 m [427]. WiFi is not meant for moving devices, and although not intended for metropolitan areas it has been extended to larger areas [427]. This is due to its support of personal devices on wireless internet access. WiFi is an IP-based technology and is widely used for a variety of electronic devices such as computers and mobile phones [426].

#### **3.2.4.3 Z-Wave Networks**

Z-Wave is an example of a proprietary wireless communication technology in LANs [426]. It is most suited for residences and commercial environments with low-bandwidth data transfers [426]. It is able to include device metadata in its communications and is easily embedded in consumer electronic products due to its low cost and low power consumption [426]. Unlike WiFi, it operates in the 900 MHz range and can be customized for simple commands such as ON-OFF-DIM for light switches, and Cool-Warm-Temp for HVAC units [426]. Z-Wave compatible devices can also be monitored and controlled by gateway access to broadband Internet [426].

#### **3.2.4.4 ZigBee Networks**

ZigBee can be used as an alternative to WiFi and Z-Wave [423]. It is often used in industrial settings [427]. ZigBee can cover about 100 m with a data rate of 20–250 kbps according to the IEEE 802.15.4 standards [412]. In applications that do not require large bandwidth, ZigBee offers a low-cost solution [412, 427]. ZigBee has real-time monitoring, self-organization, self-configuration, and self-healing capabilities [423]. It is also appropriate to eIoT applications because LANs can use it to create a mesh network of devices whose range and reliability increases as more devices are added [412, 426]. ZigBee devices are battery-powered and this may factor into the choice of network topology (star, tree, or mesh) [412]. In general, ZigBee has low power consumption and reliable data transmission [412]. However, since ZigBee devices are smaller, they tend to have limited internal memory, limited processing capability, and low data rates [412, 423].

#### **3.2.4.5 Bluetooth Networks**

The Bluetooth protocol was developed to provide point-to-point wireless communication such as between mobile phones and laptop computers [451, 452]. Currently, it shares the IEEE 802.15 standard with ZigBee technologies. Bluetooth operates in the unlicensed 2.4 GHz spectrum [427]. In addition to point-to-point capabilities, it can create meshed networks with a range of 1–100 m at data rates of up to

3 Mbps [412, 427]. Its range and low power consumption makes it suitable for local monitoring of devices; however, Bluetooth is vulnerable to network interference and offers weak security [412].

#### 3.2.4.6 Industrial Networks

In addition to the above communication technologies, there exist a number of communication technologies that are specific to industrial applications. As has been mentioned several times in the preceding sections, LANs must offer multi-level security, be cost effective, comply with standards, provide reliable transmission, offer ease of access and use. Industrial networks have several additional requirements including predictable throughput and scheduling, extremely low down times, reliable operation in hostile environments, scalability, and straightforward operation and maintenance by plant personnel (who are not specialized in communication systems). Ultimately, these (often competing) requirements have led to a diversity of industrial networks. Some of the leading industrial networks include [453, 454]:

1. DataHighway Plus
2. Modbus
3. Highway Addressable Remote Transducer (HART)
4. DeviceNet
5. ControlNet
6. Ethernet/IP
7. LonWorks
8. AS-1, P-Net
9. Profibus/Profinet
10. Foundation Fieldbus
11. Ethernet

A detailed review of these technologies is beyond the scope of this work, however, the reader is referred to the following references [453–456] for an introduction to the topic. In the context of this work, these industrial networks form the communication layer of the “industrial Internet of Things” (IIoT) [457–459]. Naturally, as energy management becomes an increasingly important part of industrial operations, IIoT and eIoT will be viewed as overlapping and complementary development rather than mutually exclusive.

#### 3.2.4.7 Perspectives on Local Area Networks

The wired and wireless networks described above perform the communication function in homes, commercial buildings, and industrial facilities. As eIoT continues to develop Ethernet, WiFi, Z-Wave, ZigBee, and Bluetooth networks are likely to continue to exist alongside each other [106, 426, 427]. In most cases, the most important role of these networks is to connect peripheral “smart” devices back to

centralized applications, such as home energy monitors, home hubs, or utility-facing smart meters. Smart meters, in particular, can act as an interface between the LAN and the NAN [106, 414]. Such interface can serve several purposes including remote load control and the monitoring, and control of DER and EVs [414].

Beyond traditional fixed applications, local area networks must increasingly support mobile devices. Unlike a fixed network topology, a mobile device must identify the network in which it operates, as well as the identity and location of its peer devices in order to operate properly [460]. The integration of mobile devices into LANs necessitates networks with changing topology and algorithms that enable the real-time discovery and update of new devices [460]. Such applications raise questions of network security. Data exchange and interface interactions must be supported by trusted and secure devices that gracefully recover from failure [428]. The security risk of an untrusted device entering the network (or a trusted device being hacked) increases as the attack surface of the network increases. LANs are dispersed, highly fragmented, last-mile communication networks of the electric grid [426]. This heterogeneity of devices and communication channels make it difficult to protect from security breaches and data poaching.

In addition to network security, the fragmentation in LANs also complicates their interoperability [426]. Each of the communication technologies described above has its associated advantages and no one standard is likely to emerge for all applications [106, 426, 427]. One solution is to use the IP as a unifying translation layer across many different heterogeneous networks [426]. In such a case, each “smart” device must have a usable IP (v6) address. Beyond LANs, IP can also serve to improve the interoperability with other networks such as SCADA. IP and “middleware” can deliver data to utilities in readable formats [412]. For these reasons, IP is viewed as an integral part of the widespread development of eIoT.

Finally, it is clear that communication networks will continue to require many thoughtfully developed technical standards. As communication networks are advanced, it is important to create protocols that:

1. Transmit data within a relatively small (private) area
2. Transmit data back to a central location
3. Provide backward compatibility to 2G, 3G, 4G, and LTE standards

Successful implementation of these open standards requires engagement of hardware and software companies in both the electric power and telecommunications sectors [132].

### ***3.2.5 IoT Messaging Protocols***

The previous sections have covered eIoT communication technologies that enable devices to form machine-to-machine networks using various radio technologies. For LAN, these may include Zigbee, Z-Wave, WiFi, or Bluetooth. This section now

covers the messaging protocols that are used over communication networks. The messaging protocols discussed here include:

1. eXtensible Messaging and Presence Protocol (XMPP)
2. Advanced Message Queuing Protocol (AMQP)
3. Data Distribution Service (DDS)
4. Message Queue Telemetry Transport (MQTT)
5. Constrained Application Protocol (CoAP)

### 3.2.5.1 Data Distribution Service (DDS)

The DDS is a message-passing service that provides publish/subscribe capabilities [461, 462]. DDS has been used successfully to provide scalable and efficient applications within the LAN [461, 462]. This service is used for real-time M2M communication. Its architecture does not involve a broker thus making its communication a distributed service [461, 462]. DDS was developed to support any programming language and it is the only standard messaging application programming interface (API) for C and C++ [463]. Its publish/subscribe wired protocol allows for interoperability across various programming languages, platforms, and implementations [463]. It provides a quality of service (QoS) for different behaviors [463] but there have been suggestions to leverage the good features of DDS and MQTT to provide a more flexible QoS IoT applications [462].

### 3.2.5.2 Message Queue Telemetry Transport (MQTT)

IBM's MQTT is optimized for centralized data collection and analysis through a broker [462, 464]. It offers an asynchronous publish/subscribe protocol that is based on a transmission control protocol (TCP) stack [464]. Usually a client sends information to a broker or a subscriber elects to receive messages on certain topics [464, 465]. It provides three QoS options [461, 464]:

1. Fire and forget (no response necessary)
2. Delivered at least once (acknowledgement needed, message received once)
3. Delivered exactly once (ensure delivery exactly one time)

MQTT has been designed to have low overhead and is suitable to IoT messaging as no responses are needed most of the time [464]. The system may require username/password authentication especially for brokers and this is achieved through secure socket layers (SSL) /transport layer security (TLS) [464, 466].

### 3.2.5.3 Constrained Application Protocol (CoAP)

The CoAP was designed by the Internet Engineering Task Force (IETF), and is based on HTTP making it interoperable with the internet [467]. It offers a request/secure protocol that use both asynchronous and synchronous responses [464]. It provides four types of messages [464]:

1. Confirmable
2. Non-confirmable
3. Acknowledgement
4. Reset

It also allows for a stop-and-wait transmission mechanism for confirmable messages and a 16-bit “Message ID” is provided to avoid duplicates [464]. Due to its compatibility with HTTP, CoAP clients can access HTTP resources through a translation system [464, 468]. It does not offer any security features [464].

### 3.2.5.4 eXtensible Messaging and Presence Protocol (XMPP)

XMPP was initially designed for messaging and has been widely in use for over 10 years. However, due to its age XMPP is starting to become outdated for some of the newer messaging requirements [464]. For instance, Google recently stopped supporting it [469]. XMPP runs on TCP and provides both asynchronous publish/subscribe and synchronous request/respond messaging systems. Given that it was designed for near real-time communication, XMPP is suitable for small and low-latency applications [464, 470]. It offers the specification of XMPP extension protocols to expand its functionality [464]. It has TLS/SSL built in for security purposes but does not offer any QoS [464]. It also uses XML which may cause additional data overhead and increased power consumption [464].

### 3.2.5.5 Advanced Message Queuing Protocol (AMQP)

AMQP came out of the financial industry [464]. It mainly uses TCP but can use other transport services as well. It offers asynchronous publish/subscribe protocols and has a store-and-forward feature that ensures reliability when service is lost [464, 471]. It provides three QoS [464]:

1. At most once (message sent once whether it is delivered or not)
2. At least once (message delivered one time)
3. Exactly once (message delivered only once)

Security is provided through TLS/SSL. AMQP may have low data rates at low bandwidths [464, 472].

### 3.3 Distributed Control and Decision Making

Thus far, this chapter has closely followed the generic control structure in Fig. 3.1. Section 3.1 highlighted the tremendous heterogeneity of network-enabled physical devices that are integrated across the electric power grid to measure and control primary and secondary variables on the supply and demand sides. Their deployment naturally inspired the development of multiple mutually coexisting communication networks. Section 3.2 differentiated these networks based upon their operator, traditional grid operators, telecommunication companies, and finally LANs belonging to residential, commercial, and industrial customers.

These two large-scale trends are transformative. No longer is the grid composed of thousands of centralized and actively controlled generators supplying billions of passive device loads. Rather, the centralized generation is complemented by distributed renewable energy that is often variable in nature. Furthermore, many of the passive device loads have become active and network enabled [45, 46]. The last step in the activation of the grid periphery is control and decision-making algorithms that serve to coordinate these devices to achieve balancing, mitigate line congestion, and meet voltage control objectives. Given the spatial and functional distribution of these devices, scalable and distributed control techniques that efficiently represent all the interactions are required to control and coordinate them, whether the interactions are collaborative or competitive [473].

In order to meet the challenges presented by the grid’s physical transformation, the structure and behavior of the power system’s operation and control must similarly change. Figure 3.14 shows a generic hierarchical control structure for a typical power system area. Passive loads are aggregated by a distribution system utility and passed to an independent (transmission) system operator (ISO) [20]. The ISO runs a wholesale day-ahead electricity market in the form of a centralized

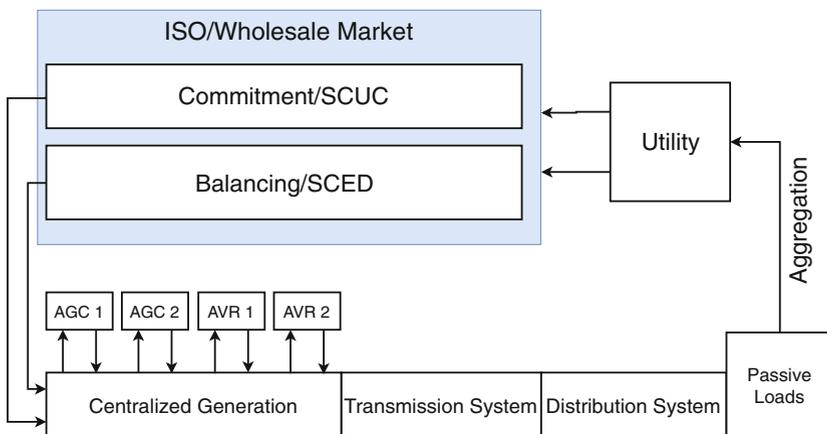


Fig. 3.14 A generic hierarchical control structure for a typical power system area

security-constrained unit commitment (SCUC) as well as a finer-grain “real-time” balancing market in the form of a security-constrained economic dispatch (SCED). These two market layers approximate the aggregated load at 1-h and 5-min intervals, respectively.

Decentralized automatic generation control (AGC) and automatic voltage regulation (AVR) use feedback control principle to adjust frequency and voltage at finer timescales (on the order of 1 Hz). Typically, each of these control layers is studied independently, often separating technical and economic analyses [15]. More recently, the Laboratory for Intelligent Integrated Networks of Engineering Systems (LIINES) has advanced the concept of “enterprise control” to simulate, design, and assess such a hierarchical control structure holistically [245, 246, 474–478]. An extended rationale for power system enterprise control has been published relative to the methodological limitations of existing renewable integration studies [15, 245, 246].

Such an approach must now evolve again to address the grid’s physical transformation. The centralized optimization algorithms found in the market layers of the generic hierarchical control structure (in Fig. 3.14) do not scale and are unable to address the explosion of active demand-side resources at the grid periphery [15, 17]. Furthermore, the decentralized control algorithms found in AGC and AVR lack coordination beyond their local scope of control. For these regions, effective control algorithms that provide both scalability and wide-area coordination are necessary [479, 480].

Perhaps one of the key research areas in distributed power system control is in solving the optimal power flow (OPF) problem in a distributed manner [481–494]. Not only is this problem difficult to solve (by virtue of it being non-convex), it also consumes significant computational resources. Being able to solve the problem in a distributed manner allows for faster solutions to the OPF problem, and larger problem sizes. A common technique is usually based on augmented Lagrangian decomposition [493, 495, 496] such as dual decomposition [482, 497], the alternating direction method of multipliers (ADMM) [483, 484, 492, 494, 496, 498, 499], alternating direct inexact Newton (ALADIN) [485], analytical target cascading (ATC), and the auxiliary problem principle (APP) [486, 500]. The other common approach is based on decentralized solution of the Karush–Kuhn–Tucker (KKT) necessary conditions for optimality and gradient dynamics [487]. The ADMM is by far the most common of these techniques [488]. Other distributed control study areas include wide-area control problems, optimal voltage control, and optimal frequency control [501]. Despite extensive publications in this area, guaranteed convergence remains a concern for most of these approaches [501].

While the transmission system is likely to remain unchanged, the distribution system can implement two distribution system energy markets with distributed algorithms. Furthermore, eIoT devices have the potential to provide AGC and AVR ancillary services. In some cases, the communication networks described in Sect. 3.2 will be sufficiently fast to enable the distributed algorithms. In other cases, network latency will limit these implementations to decentralized control [502].

To that effect, the power systems literature has developed significant work on multi-agent system (MAS) distributed control algorithms. In MAS applications, agents are equipped with the ability to simplify decision making by allowing them to communicate with few of their immediate neighbors and make decisions that then inform higher-level decisions [503, 504]. This ensures that devices do not carry too much information, and allows for better coordination within the system [503]. Key MAS features such as modularity, scalability, reconfigurability, and robustness make them especially paramount to the realization of distributed control [505]. This section seeks to highlight some of the important outcomes of this research.

Perhaps the earliest works on multi-agent systems in power system research occurred at the turn of the century in the context of market deregulation. Then, it was recognized that as power system markets shifted from a single grid operator to multiple competing generation companies that such “genCo’s” would deploy new “game-theoretic” bidding strategies to maximize their profit. Therefore, some of the first works on the applications of multi-agent systems to the power industry were focused on modeling electricity markets in a deregulated power industry [506–510].

At the time, most algorithms studied the effect of self-interested agents on auction market equilibrium with a particular focus on the unit commitment problem [511–514]. As such, these MAS frameworks were composed of a few mobile agents, generator agents, and a market facilitator who would oversee the market bidding process [515]. Game-theoretic strategies were also employed to investigate potential coalitions or cooperative strategies among different competing parties [516, 517].

Around the same time, various MAS approaches considered optimal cost allocation techniques to manage cross-border exchanges, be it through tie-lines, or cross-jurisdictional transmission lines [518–520]. These trends reflect the earliest MAS trends that set the stage for later applications in electric microgrids, demand response, and smart grids.

MAS applications later diversified to other aspects of power systems control and operations such as balancing, scheduling, line control and protection, and frequency regulation [509, 521–525]. As more renewable energy resources have gained prominence in grid operation, MAS frameworks, too, have shifted focus to the provision of ancillary services. A significant number of studies have considered system restoration under vulnerable system conditions, and later these approaches have been applied to microgrids with some penetration of variable energy resources. Usually, these MAS applications study only a single layer of either economic or technical control [32]. In some cases, a MAS economic layer was combined with a single physical layer [32]. Later on, MAS applications came to incorporate demand response at the microgrid and residential levels [526–529].

Agent-based and game-theoretic approaches have also been applied for cooperative and competitive demand-side management and microgrid control [530–537]. Grid level MAS applications have focused on the provision of ancillary services, and in some cases the parallelization of grid-level communication and control networks such as SCADA [528, 529]. Game-theoretic approaches such as cooperative and non-cooperative games have shown great promise in the design of distributed control strategies for demand-side management [473, 538]. However, given the

dynamic nature of the smart grid, these works showed that a stable equilibrium was not always possible in the presence of faults and slow learning speeds [473].

Multi-agent electric market simulators were also advanced to help in the study of competitive electricity markets. One such simulator is the multi-agent system competitive electricity markets simulator (MASCEM) which combined agent-based modeling and simulation to study the dynamics of competitive electricity markets [539–545]. Continued research is required to design distributed algorithms that use game-theoretic principles and ensure robustness, stability, optimality, and convergence.

Another important application of multi-agent systems in power systems has been the control and energy management of microgrids. There, it was recognized that microgrids are often implemented in remote and potentially harsh environments. Their associated centralized controllers and energy-management software present a single point of failure [503, 546, 547]. MAS in contrast are fundamentally more resilient in that they can continue to operate in the face of certain types of disruptions. Such a functionality is enabled by a modular decision-making architecture composed of semi-autonomous agents that allows agents to be added and removed without the need to halt the entire system.

A modular architecture is particularly vital as the penetration of variable energy resources (VER) grows because it allows for other energy resources to be easily reconfigured to support microgrid operation [548]. For example, the ability to island part of the microgrid to allow it to heal is of paramount importance in the control of microgrids with a high penetration of VERs [548–550]. As a result, many MAS frameworks have studied self-healing mechanisms of microgrids [548, 551–555] and some have even demonstrated resiliency of such microgrids under several reconfigurations [551].

Recognizing the distributed manner in which microgrids are controlled, distributed MAS-based algorithms have also been proposed for various, usually, hierarchical microgrid control applications. These control applications include economic dispatch [556], load restoration [557], decision making [558, 559], and scheduling [560] to name just a few. There has also been significant research on the control strategies for microgrids in islanded operation [549, 561, 562] to ensure reliability within the islanded system. Naturally, a lot of attention has gone into designing and standardizing the informatic interfaces of multi-agent frameworks. These frameworks have been designed to closely follow IEC 61850, IEC 61499 [563], and IEC 60870-5-104 [564] as standard architectures for interoperability.

In the meantime, further research needs to ensure that agent groups can perform functions at or near real-time. Furthermore, more work is required to assess the performance of distributed algorithms with respect to optimality and its global behavior relative to centralized algorithms [479].

Despite this extensive MAS research in power systems, an important limitation has emerged. Much like what has happened with traditional hierarchical control structures in the transmission systems, these MAS research works generally only address one control layer at a time. Furthermore, there is a significant dichotomy between MAS that controls physical variables to secure grid reliability and those

3.3 Distributed Control and Decision Making

**Table 3.5** Adherence of existing MAS implementations to design principles [32]

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
1	Model limited to lines & substations. No model for power generation & consumption.	Model limited to power generation, consumption & storage. No agents assigned to grid topology.	Model limited to power generation, consumption & storage. No agents assigned to grid topology.	Model limited to power generation, consumption & storage. No agents assigned to grid topology.	Model limited to power generation, consumption & storage. No agents assigned to grid topology.	Model limited to power generation, consumption, and lines. No agents assigned to buses, storage, RE, or dispatchable load.	Model limited to load and bus agents.	Model addresses all power system structural degrees of freedom.
2	One physical resource has many function blocks. Each function block is meant to be part of a larger control agent.	Each agent has a physical resource. Not all physical resources have an agent.	Some physical agents are included. Some centralized agents are included. No agents assigned to grid topology.	Some physical agents are included. Some centralized agents are included. No agents assigned to grid topology.	Each agent has a physical resource. No agents are assigned to grid topology.	Some physical agents are included. Some centralized agents are included.	Some physical agents are included. Some centralized agents are included.	3-to-1 relationship of physical agents to resources.
3	Model limited to lines & substations. No model for power generation & consumption.	Model limited to power generation, consumption & storage. No agents assigned to grid topology.	Model limited to power generation, consumption & storage. No agents assigned to grid topology.	Model limited to power generation, consumption & storage. No agents assigned to grid topology.	Model limited to power generation, consumption & storage. No agents assigned to grid topology.	Model limited to power generation, consumption, and lines. No agents assigned to buses, storage, RE, or dispatchable load.	Model limited to load and bus agents.	Model addresses all power system structural degrees of freedom.
4	Does not address the aggregation of generators, loads, or power grid areas.	A grid agent is included as a single entity rather than an aggregation of multiple entities.	A microgrid manager agent is included as a centralized decision-making entity.	Centralized agents are included for centralized decision-making.	Does not address the aggregation of generators, loads, or power grid areas.	Centralized agents are included for centralized decision-making.	Centralized agents are included for centralized decision-making.	Centralized agents are included for centralized decision-making.
5	Only Line & substation availability. Generation/Consumption not included.	All agents are assumed to be online.	All agents are assumed to be online. Microgrid can operate in grid-connected and disconnected modes.	All agents are assumed to be online.	All agents are assumed to be online.	All agents except for central agent & grid agent can be unavailable.	Only Line & substation availability. Generation/Consumption not included.	All agents can be switched on/off.
6	Function block interactions exist between lines & substations but not with generation & loads.	Without agents assigned to the topology agents, there can be no coordination between energy and topology elements or between topology elements.	Without agents assigned to the topology agents, there can be no coordination between energy and topology elements or between topology elements.	Without agents assigned to the topology agents, there can be no coordination between energy and topology elements or between topology elements.	Without agents assigned to the topology agents, there can be no coordination between energy and topology elements or between topology elements.	Without agents assigned to buses, storage, RE and dispatchable loads, coordination decisions are limited.	Without agents assigned to other physical resources, coordinated decisions are limited.	Agent architecture does not include interaction between branches, buses & energy elements.
7	No extraneous agent interactions have been added.	Supercondensator initiates all negotiations with other agents in a sequential fashion.	Introduction of multiple centralized decision-making agents likely to add extra agent-to-agent communication.	Introduction of multiple centralized decision-making agents likely to add extra agent-to-agent communication.	No extraneous agent interactions have been added.	Introduction of multiple centralized decision-making agents likely to add extra agent-to-agent communication.	Facilitator acts as a centralized agent.	Introduction of centralized decision-making agent likely to add extra agent-to-agent communication.
8	3-many cyber-physical relation but each function block is meant to be an automation object as part of a larger control agent.	Agents are assigned to PV, storage, and external grid. No agents for loads, lines, and substations.	Some physical agents are included. Some centralized agents are included. No agents assigned to grid topology.	Some physical agents are included. Some centralized agents are included. No agents assigned to grid topology.	Each agent has a physical resource. No agents are assigned to grid topology.	Some physical agents are included. Some centralized agents are included.	Some physical agents are included. Some centralized agents are included.	3-to-1 relationship of physical agents to resources.
9	Fulfilled.	Fulfilled.	The use of centralized decision-making causes local information to be centralized.	The use of centralized decision-making causes local information to be centralized.	Fulfilled.	The use of centralized decision-making causes local information to be centralized.	The use of centralized decision-making causes local information to be centralized.	The use of centralized decision-making causes local information to be centralized.
10	IEC61850/61499 are used with function blocks. Does not consider FIPA-compliant agents.	Matlab simevents is used for the development of MAS. Not FIPA compliant.	FIPA Compliant JADE Agents	FIPA Compliant JADE Agents	FIPA Compliant JADE Agents	Matlab is used for the development of MAS. Not FIPA compliant.	FIPA Compliant JADE Agents	FIPA Compliant JADE Agents
11	SimPower Systems Model but specifics are not mentioned.	Physical model of a DC grid implemented in Simulink.	Real-Time Digital Simulator/Power World Simulator as physical model.	Small-signal stability model implemented in Matlab.	Real-time diesel generator included.	Physical model of system implemented in Matlab	Physical system model of implemented in Matlab/Simulink w/o specifics.	Transient stability physical model implemented in Matlab.
12	Function blocks are intended as real-time execution agent for fast switching decisions.	None present.	None present.	FV and P-Q controls implemented as real-time execution agents.	Governor control implemented as real-time execution agent.	Voltage and PQ control implemented as real-time execution agents.	None present.	Automatic Generation Control & Automatic Voltage Regulators implemented real-time execution agents.
13	Slower timescales are not considered.	Coordination agents address energy-management functionality.	Coordination agents address energy-management functionality.	Middle level coordination and high level energy management agents address balancing and voltage control operation.	Coordination agents address energy-management functionality.	Central agent address black start service.	Central agent addresses restoration service.	Coordination agents address energy-management functionality.
14	Since only one time scale is considered, function-block layer is flat.	Since only one time scale is considered, agent architecture is flat.	Energy management is considered for the day-ahead and real-time markets. Power grid dynamics are not.	Three layer agent hierarchy devoted real-time frequency control, voltage coordination and energy management.	Two layer control hierarchy: energy management & real-time frequency control.	Two layer control hierarchy: black start coordination & real-time control.	Since only one time scale is considered, function-block layer is flat.	Two layer control hierarchy: energy management & real-time control.
Implementation	Fault Location, Isolation & Supply Restoration	Energy management	Energy management	Energy management, voltage control, small-signal stability	Energy management & Frequency Control	Black start coordination & Real-Time Control	Restoration Service	Energy management & Frequency Control
	IEC61499 Function Block Implementation w/ SimPower Systems Simulation	Matlab Simevents/Simulink Implementation	JADE Agents with Real Time-Digital Simulator/Power World Simulator	JADE Agents with Small-Signal Stability Matlab Simulator	JADE Agents with Real-Time JAVA simulation	Matlab Implementation	JADE Agents with Simulink/Matlab Simulator	JADE Agents with Transient Stability Matlab Simulator

[1]-[Zhabelova and Vyatkin, 2012; Higgins et al., 2011]; [2]-[Lagorse et al., 2010]; [3]-[Logenthiran et al., 2012; Logenthiran and Srinivasan, 2012]; [4]-[Dou and Liu, 2013]; [5]-[Colson and Nehrir, 2013]; [6]-[Cai et al., 2011]; [7]-[Khamphanchai et al., 2011]; [8]-[Rivera et al., 2014a,b]

[1] Zhabelova and Vyatkin [566] and Higgins et al. [567]; [2] Lagorse et al. [568]; [3] Logenthiran et al. [569]; Logenthiran and Srinivasan [570]; [4] Dou and Liu [571]; [5] Colson and Nehrir [572]; [6] Cai et al. [573]; [7] Khamphanchai et al. [574]; [8] Rivera et al. [551, 552]

that control economic variables to implement distributed versions of traditional market structures. In a recent review, only eight works addressed multiple layers of technical and economic control [32, 565]. The same work assessed these works against 14 design principles that enable resilient eIoT integration. The result of the assessment is shown in Table 3.5. As a technology development roadmap, it identifies the need for further MAS development that:

1. Implements distributed control algorithms
2. Addresses both technical and economic control objectives
3. Addresses the multiple timescales found in the integration of variable energy, energy storage, and demand-side resources

Finally, it is important to emphasize that the effective implementation of distributed control algorithms requires access to real-time data, data filtering, coordination, and control [575]. Standards and architectures must be put in place as platform upon which such algorithms can operate. First, individual nodes must be equipped with the necessary memory and computing power for low-level control functions. Second, functional and control standards for devices must be agreed upon to ensure interoperability between platforms. Third, modularity must be applied as an integral design principle that facilitates the integration of ever-more sensors and actuators. Fourth, the computing capacity accorded to each node must match its functional requirements. Lastly, in a truly distributed system, each node must have all the information needed to re-initialize new nodes and initiate backup procedures in the case of failure [575]. These provisions facilitate the design and deployment of distributed control strategies.

### 3.4 Architectures and Standards

Fundamentally speaking, many of the discussions presented in this work thus far can be seen as large-scale architectural changes of the electric power system towards *decentralization*. In the original discussion on energy-management change drivers presented in Chap. 1, the deregulation of electric power markets was introduced. Figure 1.5 showed the deregulation or unbundling of electric power as a shift from centralized monopolies to multiple, decentralized, and competitive suppliers. Similarly, the integration of renewable energy and active demand response shown in Fig. 1.7 may be viewed as a fundamental change in the architecture of the physical electric power system itself. The role of centralized generation facilities is being eroded by distributed renewable generation. The previous section's discussion on distributed control algorithms addresses the shift from a more centralized control structure in Fig. 3.14 to a more distributed one. Together, these three separate discussions show that eIoT is entirely consonant with a decentralized architecture in regulation, operations timescale decision making, and the physical power grid.

These three large-scale architectural changes fundamentally change how power and information are exchanged throughout the electric power system. As has been discussed several times throughout this work, eIoT brings about the need for two-way flows of power and information where one-way flows were once common. The most common examples of these are at the grid periphery where distributed generation can cause power to flow back up the radial distribution system and where network-enabled demand-side resources both send and receive information as part of demand-response schemes. Such two-way flows change the way both cyber and

physical entities in the grid interact with each other. Physical energy resources must accommodate the two-way power flows. In the meantime, “cyber” entities such as controllers, enterprise information systems, and organizations as a whole will have two-way informatic interactions with each other. For example, utilities of the future [30] may become “distribution system operators” that enable retail electricity markets. Consequently, their historical role as a load serving entity in wholesale electricity markets is also likely to change. These changing roles of “cyber” entities on the grid further indicates fundamental changes in the electric grid’s architecture.

It is difficult to determine at this time what a future eIoT-enabled electric power system architecture will look like. It is clear that the grid cannot continue to operate in a centralized hierarchical fashion as it has in the past. On the other hand, a full transition to eIoT-enabled heterarchy and decentralization is improbable as well. Much research work still remains in order to achieve the holistic performance properties that centralized algorithms have already demonstrated and consequently centralized architectures are likely to endure in those conditions. The meshed communication networks (such as Z-Wave and Zigbee mentioned in Sect. 3.2.4) suggest distributed control architectures. However, their limited range similarly implies centralized nodes that aggregate peripheral devices and present them to the rest of the electric power system. Overall, the underlying trends that support eIoT remain strong and so decentralized and distributed control algorithms will take hold where possible. On a spectrum between total centralized hierarchy and complete decentralized heterarchy, the electric power grid’s overall future architecture falls somewhere in the middle.

In recognition of these electric grid’s evolving architectures, there have been efforts on both sides of the Atlantic to develop open and extensible architectures. Under EU mandate M/490, the Smart Grid Architecture Model (SGAM) was developed [26]. As shown in Fig. 3.15, it is a structured approach to modeling and designing use cases for power and energy systems. The architecture is organized into a three-dimensional framework consisting of domains, zones, and layers. These allow energy practitioners to structure the use case design in a clear and concise way.

Meanwhile, on the other side of the Atlantic, the Energy Independence Security Act (EISA) of 2007 describes severable favorable qualities of a future smart grid architecture including flexibility, uniformity, and technology neutrality [576, 577]. To that effect, the GridWise Architecture Council (GWAC) created its interoperability framework shown in Fig. 3.16 [27, 28, 578]. (This framework has often been nicknamed the “GWAC Stack” for simplicity.) Much like the SGAM, the GWAC Stack recognizes the need for multiple layers of integration in order to ensure interoperability, but does not add the dimensions of domains and zones. At the bottom, three layers ensure the interoperability of technical connectivity. When these layers are abstracted, they can form two informational layers that provide business context and semantic understanding. These layers may be further abstracted to form three organizational layers that address policy, business objectives, and business procedures. Both the SGAM and the GWAC Stack serve as the basis for the future development of

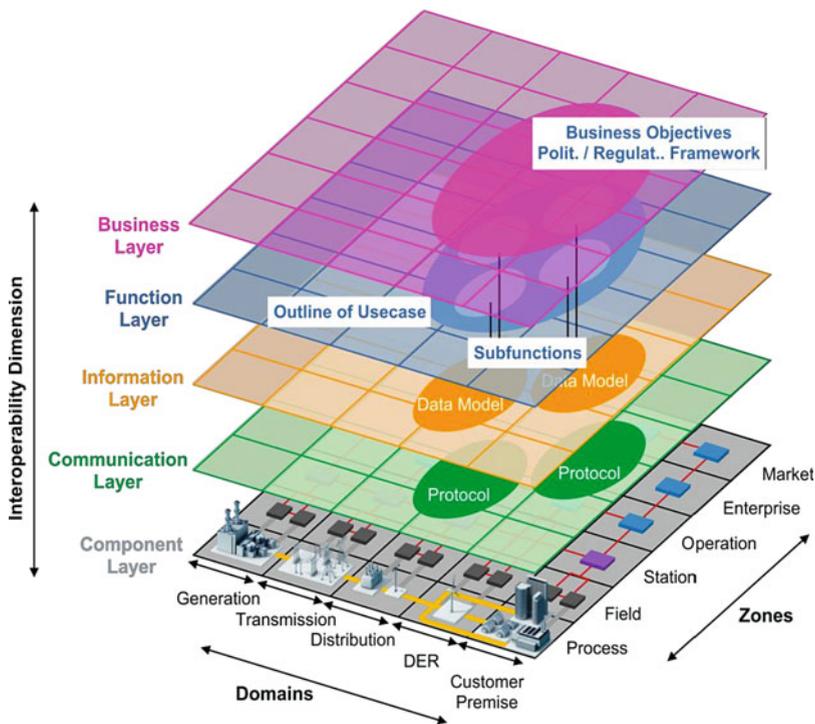


Fig. 3.15 EU mandate M/490 Smart Grid Architecture Model (SGAM) [26]

an electric power reference architecture that supports standard and interoperable implementations of eIoT.

In the meantime, there have been several efforts to develop commercial and quasi-commercial IoT platforms. Specifically, the OpenFog Consortium was launched in 2015 to spearhead the creation of an open architecture essential for creating IoT platforms and applications based on the fog computing ecosystem [579, 580]. The aim of the OpenFog Architecture is to accelerate the decision-making process of IoT sensors and actuators by bringing essential computation, networking, and storage closer to devices and reducing the latency brought about by all devices communicating directly with the cloud [579]. This architecture essentially serves as a middleman between the cloud and IoT devices and, thus, is not a replacement for cloud computing but rather complementary to the cloud [581]. The approach of bringing processing, that is, computation, storage, and networking closer to where the data is gathered is called fog computing, hence, the OpenFog Architecture [580, 581].

The OpenFog Architecture comprises of an OpenFog Fabric, OpenFog Services, devices and applications, and cloud services. The OpenFog Fabric is a computation platform on which services are delivered to all the devices [580]. The OpenFog



**Fig. 3.16** The GridWise Architecture Council interoperability framework [27, 28]

Services interface between the devices and the platform. The services delivered by this platform include content delivery, video encoding, analytics platform to name just a few [580]. The device and application layer include sensors, actuators, and standalone applications running within or spanning multiple fog applications [579, 580]. Cloud services are available to be used for larger computational processes that later inform bigger decisions [579, 580]. The entire architecture is built to ensure the security of all communications and data. The OpenFog reference architecture is built upon eight pillars [579, 580]:

1. Security
2. Scalability
3. Openness
4. Autonomy
5. Reliability, Availability, and Serviceability (RAS),
6. Agility
7. Hierarchy
8. Programmability

Figure 3.17 illustrates the OpenFog reference architecture [580]. Recently, this reference architecture has been adopted as IEEE fog computing standard 1934 [580].

Other architectural standards are also provided by corporations such as Microsoft, Cisco, SAP, and Amazon. Amazon offers the Amazon Web Services (AWS) IoT Core which is a platform through which one can connect various IoT devices [582]. The AWS IoT comprises a device SDK that helps users connect and disconnect devices to the platform [582]. It provides broker-based publish/subscribe messaging through the MQTT, HTTP, or WebSockets Protocols

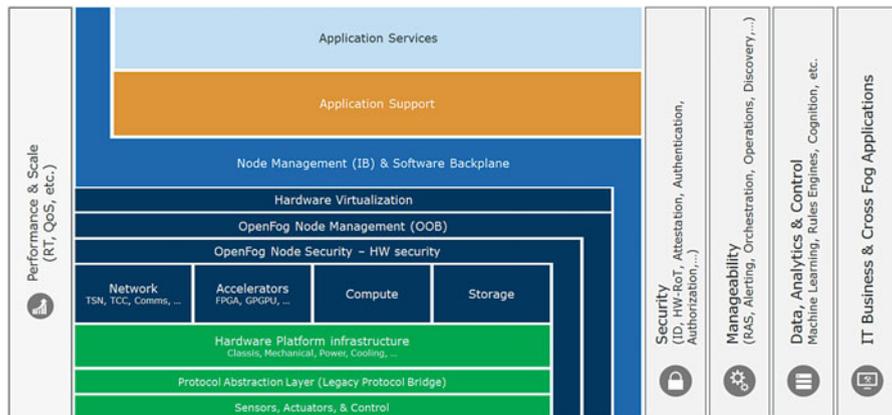


Fig. 3.17 The OpenFog reference architecture [27, 28]

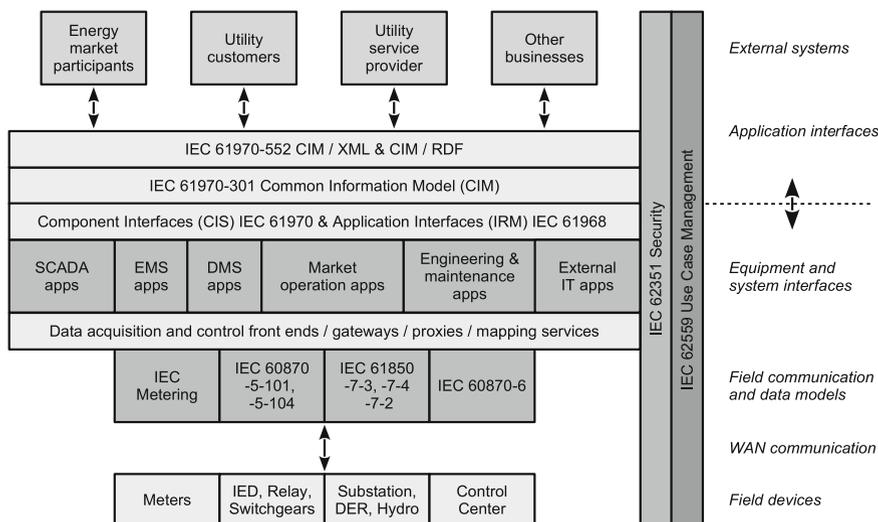


Fig. 3.18 An overview of important eIoT standards (adapted from [29])

[582]. The SDK supports C, Arduino, and JavaScript programming languages in addition to client libraries and a developer’s guide [582]. SigV4 and X.509 certificate-based authentication is also supported by this platform [582]. Further discussion on this platform is beyond the scope of this book; however, more information on third-party IoT platforms can be found here for Amazon [582], SAP/INTEL [583, 584], Cisco [585], and Microsoft [586].

Consequently, the implementation of eIoT as automated and interoperable solutions rests upon a significant effort to develop effective standards. Beyond the communication standards mentioned in Sect. 3.2, several standards initiatives were

## 3.4 Architectures and Standards

launched early on at national and international levels [587–589] including concerted efforts by the IEC [590], IEEE [591], and NIST [577]. The following standards are highlighted as directly relevant [29, 592] (Fig. 3.18):

- *The IEEE 1547 Series* provide requirements related to the performance, operation, testing, safety, and maintenance of DERs [593]. The presence of an international standard was seen as a roadblock to the implementation of DG projects. That said, the standard does provide some technological flexibility for regulators at the local, state, and federal level [593]. The standard is intended to be technology-neutral and cover resources up to 10MVA.
- *The IEEE 2030 Series* establish interoperability as a basis for extensibility, scalability, and upgradeability [594]. IEEE 2030 defines interoperability as “the capability of two or more networks, systems, devices, applications, or components to externally exchange and readily use information securely & effectively” [593]. The standard is widely accepted as a pioneering document in architecture and interoperability in the electrical industry [414]. The standard uses perspectives from communications, power systems, and information technology platforms in the smart grid to provide design criteria for smart grid interoperability across generation, transmission, distribution, and customer domains [414, 594]. The standard creates the smart grid interoperability reference (SGIR) model and supplies a premise for interoperability knowledge by presenting terminology, evaluation criteria, functions, applications, and other characteristics [594]. Furthermore, end-to-end solutions and security are addressed by its guidelines for interoperability in functional interface identification, logical connections and data flows, communications, and digital information management [594]. The IEEE 2030 standards help to maintain communications and information technologies progress, for improved integration for DERs and the evolving loads of the electrical power system [593].
- *IEC TR 62357 Seamless Integration Architecture (SIA)* aims to provide a framework for energy-related ICT implementations that use IEC TC 57. For this reason, IEC TR 62357 and IEC TC 57 are often combined to create (specific) reference architectures. In such a way, they help to identify and resolve inconsistencies and create seamless frameworks.
- *IEC 61970 Common Information Model (CIM)* specifies a domain ontology. In other words, it provides a kind of knowledge base with a special vocabulary for power systems. One goal is to support the integration of new applications in order to save time and costs. Another is to simply facilitate the exchange of messages in multi-vendor systems. The IEC offers an integration framework based on a common architecture and data model. In addition, the architecture is platform independent. The main application of IEC 61970 is the modeling of topologies.
- *IEC 61968 Distribution Management* extends IEC 61970 CIM for distribution management systems (DMS). These extensions relate in particular to the data model. The main use case is the exchange of XML-based messages in different DMSs.

- *IEC 62325 Market Communications* is also an extension to IEC 61970 CIM where the data model and messages are extended. However, the focus here is on market communication for EU and US-style electricity markets.
- *IEC 62351 Security for Smart Grid Applications* addresses ICT security for power system management with the goal of defining a secure communication infrastructure for energy-management systems with end-to-end security. This implies that secure communication protocols are specified in IEC 61970, IEC 61968, and IEC 61850.
- *IEC 61850 Substation Automation and Distributed Energy Resource (DER) Communication* focuses on communication and interoperability at the device level. The focal topics are:
  - The exchange of information for protection
  - The monitoring, control, and measurement
  - The provision of a digital interface for primary data
  - A configuration language for systems and devices

This is implemented by:

- A hierarchical data model
  - Abstractly defined services
  - Mappings of these services to current technologies
  - An XML-based configuration language for the functional description of devices and systems
- *IEC 62559 Use Case Management* deals with the steadily increasing system complexity associated with eIoT. In such a complex system, use cases help to structure and organize all relevant information for a technical solution. Therefore, in IEC 62559, five phases are identified for the development of use cases and the identification of requirements. Furthermore, a description template containing a narrative and visual representation of the use case is also provided.

Despite these many efforts in the development of eIoT architectures and standards, interoperability remains a formidable technical challenge to widespread eIoT implementation. In that regard, it is clear that the IEC, IEEE, and NIST will need to continue their efforts to enhance eIoT interoperability.

### 3.5 Socio-Technical Implications of eIoT

The previous sections have described the development of IoT within energy infrastructure in terms of network-enabled physical devices, communication networks, distributed decision-making algorithms, and architectures and standards. When taken together, it is clear that eIoT *fundamentally* transforms the relationship that “energy things” have with the information that describes them. The proliferation of sensing technology (described in Sect. 3.1) means that the *quantity* of information

### 3.5 Socio-Technical Implications of eIoT

available to describe energy infrastructure will reach unprecedented levels. Beyond the quantity of information, the *type* of data will also diversify. Reconsider Fig. 3.2 on page 29.

Whereas much the electric power grid's data was associated with primary variables in the transmission system, Sect. 3.1.4 showed that this information will grow to include primary variables in the distribution system through smart meters. Furthermore, Sects. 3.1.3 and 3.1.5 showed that this information will grow to include secondary variables on both the supply and demand sides. These large and heterogeneous sources of data are also owned, generated, and transmitted by an unprecedented number of *stakeholders*. Reconsider Fig. 3.13 on page 55. The simultaneous presence of home area, neighborhood area, and wide-area networks implies that consumers will complement the role of utilities and grid operators as *generators of data*. As data is generated, natural questions will emerge as to the *ownership* of these data.

Finally, the extensive discussion on communication networks presented in Sect. 3.2 shows that the *transmission* of data will come to include telecommunication companies and private owners. Because eIoT fundamentally changes the role of information in energy infrastructure, there are two important socio-technical implications: privacy and cybersecurity. Both of these concerns are complex topics in and of themselves and cannot be extensively treated in the context of this work. Rather, this section seeks to provide an entry point from which more interested readers can more deeply investigate these topics.

#### 3.5.1 eIoT Privacy

The proliferation of nearly ubiquitous eIoT data, particularly on the consumer side, raises important concern about consumer privacy. Reconsider Fig. 3.9 on page 45 which was mentioned in the context of home energy monitors that are able to infer the usage of individual home appliances based upon their electrical “signatures.” While such information is very useful to a homeowner in the context of changing their own electricity consumption behavior, it can easily be used by other parties to infer a detailed picture of the homeowner's daily life including eating, sleeping, and leisure habits [595].

Beyond home energy monitors that point “inwards,” smart meters are able to provide similar information (albeit at a lower sampling rate) directly to electric utilities. Naturally, many privacy concerns have erupted over this consistent flow of real-time data back to the utility because it can be mined with sophisticated data analytics algorithms to gain market power and potentially exploit the end-user. While the single example of smart meter real-time data flows is an important privacy concern, similar concerns can be found all over the eIoT landscape. The introduction of telecommunication and energy service companies as additional eIoT stakeholders further complicates privacy concerns and motivates the need for sensible policies that inform the rights and responsibilities of data generators, owners, transmitters, and users. The interested reader is referred to further works on eIoT Privacy [596–599].

### 3.5.2 eIoT Cybersecurity

The privacy concerns highlighted above gain further prominence in the context of cybersecurity. Returning back to Fig. 3.1 on page 3.1, every communication channel described in Sect. 3.2 has the potential to be compromised by an unintended or nefarious party. In some cases, such a party can *gather* data for potential gain outside of the grid. For example, a hacked smart meter could expose access to pricing information and communication networks in the home [276, 595]. In addition to the harm to end-users, the cost to the utility would be twofold. Not only could the utility be defrauded but it would also have to invest in fixing the problem [595].

In other cases, the unintended party can interject their data “upwards” to the control layer so that their associated algorithms have an incorrect picture of the physical world. For example, significant attention has been given to the impact of cyber-vulnerabilities of SCADA systems on the state estimators in operations control centers [600–602]. Similarly, nefarious parties can interject their data “downward” to the physical layer so that devices behave incorrectly. In both cases, the cybersecurity concerns become *cyber-physical* ones. For example, the automatic generation control feedback signal shown in Fig. 3.6 can be compromised so that the full control loop is no longer stable, consequently, placing the entire power generation facility at risk of failure [245].

These cybersecurity concerns become even more challenging in the context of the discussion in Sect. 3.2. Not only will eIoT communication networks be owned and operated by grid operators and utilities but they will also pertain to telecommunication companies and private end-users. While telecommunication networks have significant expertise in combating cybersecurity threats, private area networks are significantly more vulnerable. Consequently, significant attention will have to be given to the grid periphery to ensure that end-users are equipped with easy-to-implement cybersecurity solutions. The interested reader is referred to further works on eIoT cybersecurity [603–606].

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## Chapter 4

# Transactive Energy Applications of eIoT



The previous chapters have situated the development of eIoT within an ongoing transformation of the electric power grid. In response to several energy-management change drivers, the grid periphery will be activated with an eIoT composed of network-enabled physical devices, heterogeneous communication networks, and distributed control and decision-making algorithms that are organized by well-designed architectures and standards. When these factors are implemented together properly, they form an eIoT control loop that effectively manages the technical and economic performance of the grid. This control loop is most consonant with an emerging concept of transactive energy (TE).

**Definition 4.1 (Transactive Energy [607])** A system of economic and control mechanisms that allows the dynamic balance of supply and demand across the entire electrical infrastructure using value as a key operational parameter. ■

TE is commonly viewed as a collection of techniques to manage the exchange of energy in business transactions [47]. A utility, or any other private jurisdiction can implement TE between its various customers in industrial, commercial, and residential environments to manage DER technologies. TE applications incorporate the new eIoT-based activities for utilities, and industrial, commercial, and residential consumers. The result is better management of resources, successful integration of renewable energy, and increased efficiency in grid operations [47]. In many ways, TE is seen as an effective way to manage the technical and economic performance of various grid operations at all levels of control—commercial, industrial, or residential. As such, eIoT technologies directly support the implementation of TE applications.

This chapter discusses how aspects of the eIoT control loop from Chap. 3 are reflected in various TE applications across different layers of the electricity value chain:

- Section 4.1 discusses the role of TE in future grid applications and highlights some of the proposed TE frameworks.
- Section 4.2 presents a few motivational use cases for TE frameworks.

- Section 4.3 addresses the role of the utility and distribution system operators within the TE framework. This section also recognizes some of the challenges and opportunities presented by the implementation of TE.
- Section 4.4 examines several customer applications for TE and eIoT in commercial, industrial, and residential settings.

## 4.1 Transactive Energy

Transactive energy (TE) was a concept introduced by the GridWise Architecture Council (GWAC) to unite demand-side influences with wholesale markets, retail markets, and system operations [14]. GWAC is an organization that seeks to guide policy and facilitate the exchange of information in order to integrate information technology and e-commerce with distributed intelligent networks and devices [607]. A careful inspection of GWAC's definition of TE reveals that it is entirely consonant with the eIoT control loop. Not only does TE encourage dynamic demand-side energy activities based on economic incentives, it also ensures that the economic signals are in line with operational goals to ensure system reliability without resorting to override control [14]. It is this techno-economic nature of TE that makes it suitable to deal with the growing number of DERs and the current dynamic nature of consumer demand and energy market operations [14, 607].

TE is expected to offer increased efficiency to the power system and help maintain much needed reliability and security [607]. TE is, further, enhanced by its ability to engage both the technical and economic objectives of the grid in order to solve multi-objective control and optimization challenges [607].

As the grid evolves to accommodate more DERs, traditional grid control approaches must change to engage new grid stakeholders with more interactive control. DERs such as intelligent loads, storage, and distributed generation require more sophisticated control approaches than conventionally non-networked loads [607]. As more DER assets and their owners participate in the operational, economical, and semantic aspects of the grid [607], their activities must be optimally coordinated to align values and incentives among all stakeholders [607].

TE frameworks provide a systematic alignment of these incentives to favorably achieve grid objectives throughout central operations and peripheral additions. As a design rule, TE architectures must also account for the heterogeneity in the nature of transactions by providing the necessary definitions and guidelines. Recognizing the heterogeneous nature of operations provides the option to expand both the number and types of applications that can be added or removed from TE platforms. Consequently, heterogeneous operation includes making economic decisions that depend on local factors such as the levels of smart metering integration and DER penetration in the region [608]. Future TE development will rely on clear definitions of the transacting parties, the type of information to be exchanged, the transaction terms, what is being transacted, and the transaction mechanisms used by the system [607].

## 4.1 Transactive Energy

Recognizing that there is no “one size fits all” solution for interactions between the participants of the grid’s techno-economic control loops [609], various groups have come forward to provide guidance in designing TE systems. The Transactive Systems Program (TSP) by the US Department of Energy aims to develop TE designs that offer “systematic, scalable, and equitable approaches for managing energy system operations [610].” The goal of TSP was to test existing TE designs to find an approach that is best-fit for the grid’s multi-objective optimization problem. The program provides test cases and data sets for evaluating TE applications. It also outlines the criteria and procedures for measuring the performance of TE systems focusing on critical system behaviors such as scalability, optimality, and convergence [610]. Transactive mechanisms are key building blocks to energy exchanges, since each mechanism describes a value-based negotiation for energy flow between entities [610].

Recognizing the inter-timescale and multi-layer couplings of various grid operations, TSP analyzes mechanisms across varying timescales and layers of the energy system [610]. In addition, this program emphasizes the importance of creating the necessary interfaces to allow for communication, and interactions between various TE platforms as well as distributed control platforms [610]. It also stresses the need to clearly define any given TE platform to facilitate the transparent identification and comparison of TE frameworks [610]. TSP serves the key role of ensuring that TE platforms are assessed based on their value and overall contribution to the performance of the energy industry.

Another TE framework is the transactive energy market information exchange (TeMIX). TeMIX is a non-hierarchical methodology to support automation in energy transactions and decentralized control for the smart grid [47]. It is a subset of the Organization for Advancement of Structured Information Standards’ (OASIS) for TE [47]. Essentially, TeMIX is a general marketplace for parties to interface in energy and energy transport transactions, with call and put options for both. Uniform information exchanges across DER component types occur in a TeMIX network for quotes, tenders, and transactions [47]. TeMIX allows for involved parties to carry out transactions without the intervention of any central authority thus removing any hierarchies. Transactions of energy and energy transport can occur between parties in retail and wholesale markets as well as between parties in different wholesale markets, a factor that is enabled by the standardized information exchange among all parties [47]. This simplifies interactions significantly by allowing exchanges across all parts of the electricity value chain. It is important to note that TeMIX is most useful in a smart grid context where customers are assumed to have smart meters, smart HVAC, and smart PEV charges [47].

Overall, TeMIX is a framework for automated interactions with the grid-periphery, consumer devices with distribution grids, transmission networks, and central generation and storage [47]. It simplifies the billing and settlement process for all consumer classes and DERs. Frameworks, like TSP and TeMIX, are important when planning transactions, since any modification to existing structures should undergo scrutiny from the perspective of holistic grid functions [609].

In addition to these TE frameworks, there have been several implementations and demonstrations of TE at the grid periphery in the past few years that have helped validate the TE framework for smart grid control. These demonstrations include the Olympic Peninsula Project, the American Electric Power (AEP) Ohio gridSMART<sup>®</sup> project, and the Pacific Northwest Smart Grid Demonstration (PNWSGD).

The Olympic Peninsula Project (OPP) was initiated in 2004 by the Pacific Northwest National Laboratory (PNNL) to test distributed dispatch, based on energy and demand price signals with automated, two-way communication between the grid and DERs [611]. This project implemented the GridWise concept which is a TE term coined by PNNL to describe a future-looking grid management system that uses smart devices and real-time communication [611]. GridWise technologies are a part of “non-wires solutions” (NWS) that are meant to provide alternative solutions to energy infrastructure issues due to growing load without having to build new transmission [612].

The Olympic Peninsula Project was carried out in Clallam County, the City of Port Angeles, and Portland, and served municipal, commercial, and residential loads. The project controlled a 150-kW water pump capacity between two stations, 175 and 600-kW generators, and 112 DR homes with two-way communication support in electric water and space heating [611]. Monetary incentives were used to control the DG suppliers and DR households. PNNL observed the DERs in this system through a dashboard that combined the resources as a common virtual feeder [611].

The main goal of the Olympic Peninsula Project was to assert the importance of intelligence at end use; that is to show that activating the grid periphery improves both the operational and economic efficiency of the grid [611]. This goal was guided by several sub-goals that include [611]:

- Show that DERs can provide multiple benefits through economic dispatch delivered by a shared communication network,
- Understand the individual and collective performance of DERs in near real time,
- Analyze the incentives and incentive structure for DER control and customer participation.

These goals not only helped study the value of active DER participation in energy markets but they were also a test of the effectiveness of current market practices [611]. Data from the system was collected for about a year (from early 2006 to March 2007) and were fundamental to the project’s findings. The data provided unambiguous evidence that DERs could bid into the electricity market as a non-wire solution, and that these technologies could be applied at a larger scale [611]. Besides ascertaining the willingness of consumers to participate in DR given price incentives, this project provided a few key lessons for large-scale implementation of TE. In terms of increasing the number of participants, this project demonstrated that user-friendliness of the DR program or ease of participation were imperative for DR. As for grid operators, the ease of use relied on the availability of visualization dashboards that were developed and tested throughout the project.

The second project is the American Electric Power (AEP) Ohio gridSMART project. It focused on the deployment of advanced DR infrastructure in Columbus, Ohio [613]. The project embarked on infrastructural renewal by deploying advanced equipment such as smart meters, distribution automation circuit reconfiguration (DACR), voltage control and optimization from volt VAR optimization (VVR), and enhanced communication for consumer programs [613]. The project spanned 3000 miles of distribution lines, 16 substations, 100,000 residential consumers, and 10,000 commercial and industrial customers [613].

Given that no AMI meters had been installed in the region prior to the project, 110,000 m had to be installed to allow two-way communication between participants [613]. In addition to AMI, this project included cyber-security and interoperability requirements that involved comprehensive system improvement for both new and legacy systems [613]. The benefits of this program were numerous and provided a lot of insight for DR programs and grid operators. First, the AMI systems allowed for faster connections, remote-service usage, and improved billing accuracy. Second, automated circuit reconfigurations and smart metering infrastructure reduced the number of outages which in turn reduced field visits and manual meter readings. Furthermore, AMI could locate potential equipment failures to preempt outages and make the maintenance process more proactive.

The most notable benefits of this project were in consumer and pricing programs. In addition to smart meter installations, the project offered six programs that provided consumers with data on their energy usage and allowed consumers to respond to real-time price signals [613]. The real-time pricing with double auction (RTPda) was an experimental pricing program that was especially successful at allowing consumers to shift energy consumption according to fluctuating energy prices. Approximately, 250 consumers successfully participated in this program.

Another noteworthy benefit of this project was in the cyber-security and interoperability efforts. As a result of these efforts, multiple advancements were made to improve the security and interoperability of smart grid devices. The Cyber Security Operations Center (CSOC) was created to monitor and test the AMI system. Threat information was also shared with peer utilities and governments [613]. The CSOC was able to secure and validate the two-way communications from utility-owned networks through to the consumer home-area networks using penetration and interface testing [613]. Additionally, consumer data was protected with extensive and dedicated resources at a high level of security [613]. The CSOC continues to pursue efforts to ensure system security as well as interoperability in future deployments.

Like most projects, this demonstration was not without its challenges, and modifications will be required for any future deployments. The key challenge was in the deployment of new equipment. It was often costly, involved multiple maintenance team trips, and suffered equipment and communication system failures [613]. Despite these challenges, the program was an overall success; especially in creating awareness through community outreach programs and education [613]. The state of Ohio hopes draw from the lessons learned in Phase 1 and move to Phase 2

deployment where communication modules will be added to smart meters to enable DR and enhanced market participation [613].

The Pacific Northwest Smart Grid Demonstration (PNWSGD) by Battelle was arguably the world's first transactive coordination system [614]. This project was deployed in December 2009 and ended in 2015, funded by the DOE [614]. This project, in particular, exceeded the other two in both extent and complexity. It spanned multiple states and utilities, and included at least 55 smart grid systems [614]. Additionally, 25 out of 55 of the participating smart grid systems contained DERs of both supply and demand [614]. The cost and amount of electricity was negotiated to meet local and regional objectives, address renewable generation intermittency, and shape consumer loads [614]. Regional response was coordinated across 11 utilities, and a highlight of the project was the wide-scale connectivity between transmission, distribution, and home-area network systems. The demonstration successfully collaborated with dynamic endpoint responses to achieve conservation, reliability, responsiveness, and efficiency goals [614].

The tests in the PNWSGD were organized into three categories meant to bolster grid functionality [614]. First, several installations were made to contribute to improved energy conservation and efficiency [614]. Second, transactive assets were installed to respond to signals from the project's transactive system [614]. Third, these systems were tested for improved reliability in the distribution system [614]. These objectives of conservation, transactive response, and reliability were often investigated simultaneously at test sites [614]. A primary objective of the PNWSGD was to create a foundation for future smart grid advancements [614]. This objective was to be accomplished by creating an interoperable infrastructure to manage DR programs, DERs, and distribution automation in a system that could be validated through analysis [614]. This infrastructure combined generation, transmission, distribution, and load assets that were owned by utilities and customers across a five-state area [614].

An important focus for the project was data collection and analysis of the demonstration's costs and benefits for customers, utilities, and regulators [614]. The findings from the data provided potentially influencing testimonies for standards and methodologies for TE systems [614]. The project worked towards a future smart grid that is secure, scalable, and interoperable in regulated and non-regulated environments across the nation [614]. The transactive system was successful in connecting diverse, dynamic endpoint assets to the transmission system [614]. The report also noted that future applications of this system may further distribute its automated control responsibilities among distributed smart grid actors and devices [614].

Despite these successes, significant problems occurred with the consistent and accurate reporting of data [614]. Battelle expressed concern for utilities' ability to handle the large quantities of data that are produced by a smart grid system [614]. Future TE applications require better tools for confirming data accuracy. Furthermore, these applications must proactively identify and correct faulty sensing equipment that can introduce bad data into the system [614].

Together, these three TE demonstration projects have provided key insights into the opportunities and challenges of developing and deploying TE platforms. First, it is clear that TE systems must engage secure physical and cyber technologies to enable transactions. Second, these technologies must be interoperable so that devices with different functional characteristics can connect and communicate. Given that TE engages a diversity of systems, interoperable interfaces must allow transactive systems to operate across multiple timescales and enable event-driven operations [607]. Standardized interfaces must be constructed at the intersection of exchange mechanisms regardless of whether individual devices choose to play a transactive role [610]. Third, physical devices such as metering and telemetry devices must have the capabilities to accurately record and attribute energy flow measurements for the appropriate DR compensations [609]. In accounting devices, wholesale and retail services must be compatible to interoperate, yet also separable to prevent double counting for participants in multiple DR programs [609].

Since these TE demonstration projects, “blockchain” has emerged as a new internet encryption technology that enables distributed pricing [615]. Blockchain is a distributed cyber tool for communicating unique information publicly and securely [615]. Distributed, shared data repositories are protected from interference through encryption so that there is no need for extraneous bodies to enforce security [615]. At its core, a blockchain creates a “distributed ledger” as an immutable public record of transactions in a computer network [615] and entirely eliminates the need for a middleman. Transaction rates are determined by the size of distributed data sets, or “blocks,” and the time interval for which the chain of data sets is periodically synchronized [616].

TE frameworks and enabling technologies are a force of decentralization that empowers DER management across energy customers. As a technology, blockchain shows great promise in enabling decentralized and distributed exchanges in TE applications. At the moment, blockchain protocols face scalability constraints that may slow transaction rates [616]. Nevertheless, blockchain has emerged as a technology that is integral to future TE applications.

In conclusion, TE platforms and applications are at the core of eIoT deployment and adoption. In the next subsection, the techno-economic control of TE is discussed in reference to its applications in industrial, commercial, and residential domains. The components of eIoT systems complement the high-level discussion of TE applications.

## 4.2 Potential eIoT Energy-Management Use Cases

The potential impact of TE can perhaps be best illustrated in two theoretical use cases. In one case, members of a community collaborate to lower costs by changing a utility’s point of sensing. In the other case, larger loads or producers bypass utility involvement through direct participation in wholesale electricity markets. In both cases, energy consumers are able to make money by altering their relationship

with utilities. These two eIoT TE use cases demonstrate how peripheral actors can engage in energy arbitrage with the help of present and future technologies. Opportunities for generators and consumers at the edge of the grid are presenting themselves in areas where price does not accurately represent the balance of supply and demand. Technological advancements in IoT enable peripheral actors to take action and exploit these imbalances in energy market prices. With eIoT, consumers and prosumers willing to form an aggregation can be set up to engage in energy arbitrage.

As first discussed in Sect. 1.3 and illustrated by the “duck curve” in Fig. 1.6 (on page 10), distributed power generation is expected, in the not too-distant future, to drive a surplus of energy compared to consumption during the same time [4]. Solar generation, in particular, is driving this trend, since its generation is limited by the hours of sunlight [4]. A glut in energy production during peak daylight hours does not necessarily coincide with consumers’ energy demand [4]. The energy available on the grid during the surplus is sold at a low price, and sometimes at no cost. Hence, as prosumers inject their electricity into the grid, the value of this electricity falls, and so does the compensation received from utilities. If an oversupply occurs, utilities may curtail generation or bar the electricity from entering the grid. In most systems today, the retail price of electricity to consumers does not reflect the turbulent pattern of electricity supply [43, 44]. However, with implementation of TE systems, consumers can take advantage of lower energy prices.

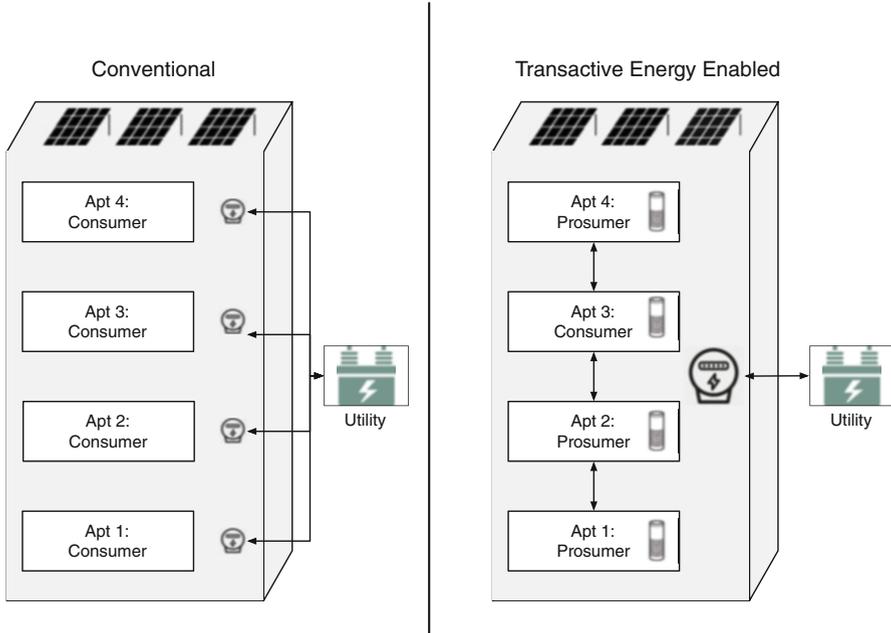
Several assumptions are made to best present these use cases and to help guide the discussion:

1. It is assumed that eIoT technologies will be installed to the extent that sensing networks may adequately measure and process local consumption in real time.
2. A flow of pricing information from the electricity market to the periphery is available for consumers to react appropriately.
3. A connection to the market for energy flow and exchange is measured.
4. A platform to coordinate power data with pricing data is available to synthesize prosumer revenues and costs.

The eIoT technology trends described in Chap. 3 make these assumptions reasonable for the near future.

#### ***4.2.1 An eIoT Transactive Energy Aggregation Use Case***

One interesting eIoT TE use case is based on the premise of changing consumers’ relationship with a utility through aggregation. Consider Fig. 4.1. On the left, a conventional apartment building with rooftop solar consists of several apartments whose tenants act *individually* as conventional consumers to the local electric utility. Electricity consumption in each apartment is individually monitored with smart (residential) meters and the utility bills consumers accordingly. On the right, two important changes are made. First, the tenants of the apartment building



**Fig. 4.1** A use case comparison between a conventional and an eIoT transactive energy-enabled apartment building

now act *collectively* as a single commercial *prosumer* to the local electric utility. Consequently, the many smart (residential) meters are replaced by a single smart commercial meter. Second, each prosumer purchases a TE-enabled smart home hub that allows each tenant to buy and sell electricity from other building tenants in real time.

The financial impacts on the utility and the tenants can be calculated. If the building as a whole consumes 2000 kWh at a rate of 0.1\$/kWh and it generates from solar 1200 kWh which are sold back to the grid at \$0.08/kWh, then the utility’s total revenue for the conventional case is

$$\begin{aligned} \text{Utility Revenue} &= (2000 \text{ kWh}) * (0.1\$/\text{kWh}) \\ &\quad - (1200 \text{ kWh}) * (0.08\$/\text{kWh}) = \$104 \end{aligned} \tag{4.1}$$

$$= \$200 - \$96 = \$104 \tag{4.2}$$

Collectively, the tenants spend \$200 on electricity consumption and receive a \$96 credit for their solar generation. In contrast, in the transactive energy case, the tenants with rooftop solar offer their solar generation at an average rate of \$0.09/kWh to encourage their neighbors to shift their electricity consumption to daylight hours. Consequently, no solar generation is exported back to the grid. The utility’s total revenue for the transactive energy case is

$$\text{Utility Revenue} = (800 \text{ kWh}) * (0.1\$/\text{kWh}) = \$80 \quad (4.3)$$

Consequently, the transactive energy case shows a \$24 reduction in the utility's revenue! Even more interestingly, the tenants now spend only \$188 as opposed to \$200:

$$\text{Tenant Payment} = (1200 \text{ kWh}) * (0.09\$/\text{kWh}) \quad (4.4)$$

$$+ (800 \text{ kWh}) * (0.1\$/\text{kWh}) = \$188 \quad (4.5)$$

Finally, the tenants with rooftop solar now receive \$108 as opposed to \$96:

$$\text{Solar Tenant Credit} = (1200 \text{ kWh}) * (0.09\$/\text{kWh}) = \$108. \quad (4.6)$$

While this specific case may appear ideal, it is illustrative. In the TE case, the presence of solar generation provides an incentive for greater competition that ultimately benefits all the participating prosumers while simultaneously eroding the utility's billable energy. Because the tenants have collectively agreed to interact with the electric utility through a single commercial meter, the utility simply sees a decrease in the total amount of electricity purchased.

The eIoT TE aggregation use case above shows net social benefits due to several enabling factors:

1. The presence of prosumers with local solar generation that is, at times, inadequately compensated by utilities encourages the emergence of a transactive energy marketplace.
2. The solar generator's value proposition leaves local consumers at times over-billed by utilities.
3. The transactive energy marketplace is likely to be strengthened if there is a strong sense of community within the apartment building.
4. There exist nearly ubiquitous measurement, communication, and decision-making capabilities within the building to support the transactions. It provides price and quantity information for rational decision-making. The user-friendliness of these information technologies encourages greater adoption.
5. There exists a sparsity of measurement, communication, and decision-making capabilities between the building and the utility.

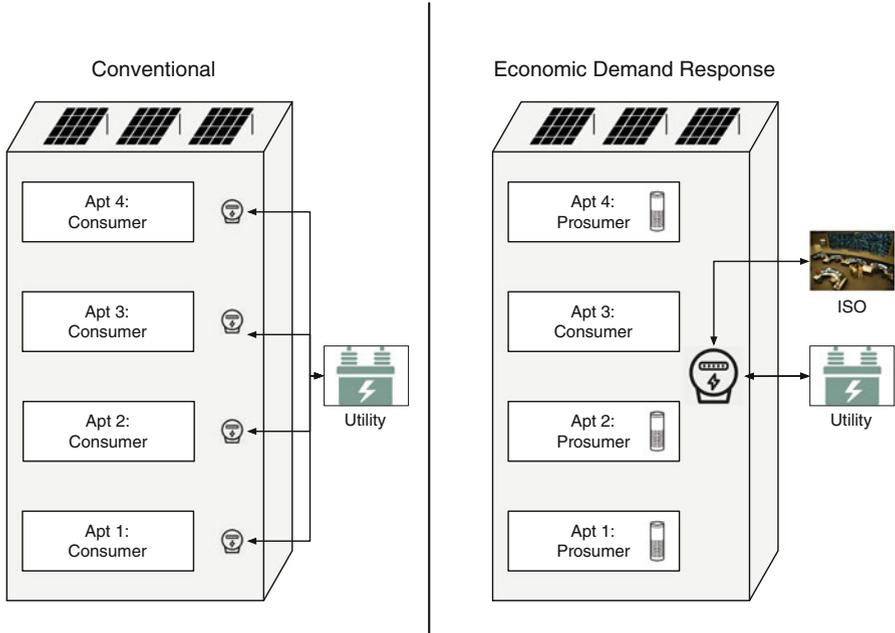
Naturally, if any of these factors is undermined, then the value proposition of the use case weakens. Of the five, only the last is directly within the utility's scope. Utilities and their associated regulators, for example, may choose to offer real-time retail electricity prices as a means of encouraging greater competition. In such a case, they would be encouraging TE at the distribution system level and not just at the building level. The alternative is that other TE buildings can emerge at the grid periphery. Furthermore, if such a trend were to take root, then large communities such as compounds and bounded neighborhoods might choose to do the same. In that case, a large enough TE microgrid could effectively form which bypasses a utility's services whenever it is convenient.

The application of the eIoT TE aggregation use case is already well suited for residential areas. Collaborations, such as the Brooklyn Microgrid project, embody aspects of this example and, in many ways, showcase the viability of peer-to-peer energy transactions [617, 618]. The Brooklyn Microgrid is a project that has brought consumers and prosumers to a virtual trading platform powered by blockchain to carry out energy transactions among themselves [619, 620]. This project, launched by LO3 Energy, provides a platform for consumers and prosumers to trade among themselves with the help of smart meters and blockchain technologies. A similar application is Power Ledger, a startup that was started in Australia, allows consumers to buy and sell renewable energy among themselves using blockchain [621]. In addition, Power Ledger intends to launch an asset-backed crypto token that will enable consumers or groups of consumers to share in the benefits of having renewable energy assets through trading in this token [621]. This approach would open the renewable energy market to a diversity of consumers and investors, hence, encouraging the growth of renewable energy systems [621]. Around the world, more and more people are starting to recognize the potential of peer-to-peer (P2P) energy transactions with some notable successes in Bangladesh, Germany, and New Zealand [619, 620, 622–624]. Beyond peer-to-peer applications, blockchain technology continues to support a growing number of applications in the energy industry. Recent studies have shown potential applications in cyber-security [625–627], multiple IoT applications [628–632], data privacy and security [633], and as a storage system for critical data [634]. Going forward, favorable regulatory measures might help advance peer-to-peer energy transactions such as those of the Brooklyn Microgrid. In customer applications such as this, TE implementation is primarily motivated by monetary incentives and the individual motivation to be more sustainable. Besides aggregation, energy usage can be modified at the source by adjusting times of use and consumption patterns.

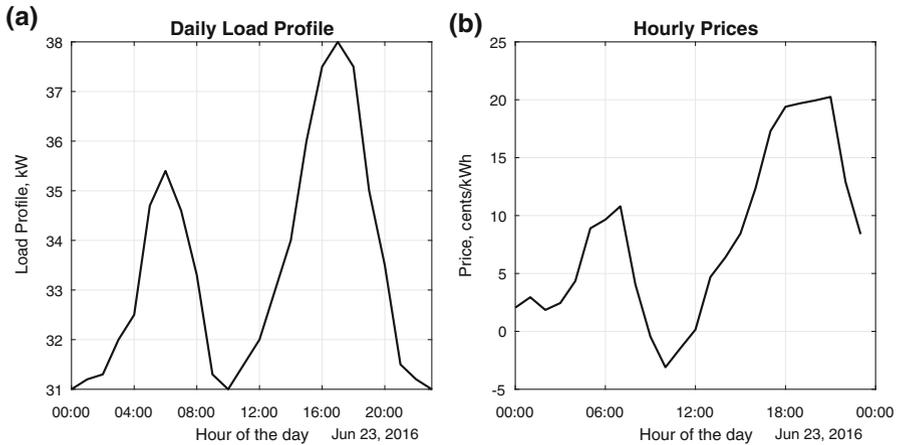
#### ***4.2.2 An eIoT Economic Demand Response in Wholesale Electricity Markets Use Case***

The second eIoT use case is based upon economic demand response (DR) as it is currently implemented in wholesale electricity markets. Consider Fig. 4.2. On the left is the same conventional apartment building. On the right is the same TE-enabled building which now acts as a single economic DR participant.

The building's conventional load profile is shown in Fig. 4.3a. For simplicity, assume that the building is relatively small compared to the peak load of the wholesale electricity market. Consequently, the building acts as a price taker because its bids have little effect on the locational marginal prices (LMPs) that clear the wholesale electricity market. Figure 4.3b shows the hourly LMPs for the full day. They are assumed to closely follow the trend of the “duck curve” mentioned earlier in Sect. 1.2.



**Fig. 4.2** A use case comparison between a conventional and an eIoT economic DR apartment building



**Fig. 4.3** eIoT Economic DR in wholesale electricity markets use case data: (a) On the left, the daily net load profile of the prior to demand–response incentives. (b) On the right, the hourly locational marginal prices (LMPs) experienced within the wholesale electricity market

The financial benefits for the transactive energy-enabled building can be calculated. As stated previously, the building’s tenants pay \$200 when exposed to the retail rate. However, simply by entering the wholesale electricity market, they would

pay \$162 without shifting their behavior. This is because, on average, wholesale electricity rates are lower than retail rates. In such a case, the tenants have saved \$38 but the utility naturally has lost all \$200 because the TE-enabled building has effectively “cut out the middle-man.” Now, imagine that the TE-enabled building is able to shift its loads so that it is no longer exposed to evening peak pricing and, more importantly, it makes use of negative LMPs during peak sunlight hours. A perfectly flat load curve would mean that the tenants now pay \$134 for a savings of \$66. In this case, as well, the utility has no access to the associated revenue. A flattened load curve could be achieved in multiple ways. Significantly sized loads, like a fleet of EVs or factory production, may have the required flexibility. In residences, eIoT-enabled home appliances (for example, dishwashers, washers, and dryers) can be timed to shift load during the day. In commercial buildings, HVAC units and hot water heaters can be controlled to curtail energy consumption during peak hours. Residential and commercial applications may be relatively small scale, but they have the intended impact with load aggregation. Industrial loads may not need aggregation, and examples include water pumping, desalination, and factory production. In all cases, eIoT devices and infrastructure enable the TE applications.

Again, this specific case is illustrative although it may appear ideal. The ability to aggregate so as to have access to wholesale electricity rates provides a financial benefit to the building’s end consumers. Furthermore, the ability to participate in that market through economic DR allows the building to fill the troughs and shave the peaks of the duck curve. In both cases, this is financially beneficial [635]. Filling the troughs of the duck curve provides access to cheap and perhaps negative electricity prices. The peak shaving was not apparent in the case described above because the building’s impact was small relative to the electric power system peak load. However, if economic DR were to become prevalent in the wholesale electricity market, then peak prices could come down and end consumers would benefit during these times as well. eIoT technology can enhance response to economic signals, and can ease coordination of production and consumption especially within an aggregate. The resulting direct participation in wholesale markets may bypass utilities; at least partially.

In the drive towards decarbonization, eventually carbon, economic, and physical accounting will align. If negative prices for renewable energy such as solar become the norm, then there is an economic opportunity to shift patterns of electricity consumption behavior. As the market adjusts to prices, and demand shifts to meet the imbalance of supply, duck curves will eventually begin to smooth. While this prediction relies on future eIoT implementation, it is nevertheless consonant with existing wholesale market practices. As the electric power system’s market structures evolve to accommodate TE, it is clear that market facilitators will be required to coordinate new market procedures and entrants. Looking ahead, the question of who will take on this role remains an important component in the success of TE.

### 4.3 Applications for Utilities and Distribution System Operators

As seen in Chap. 3, the eIoT control loop is an electric power application that has the potential to transform the landscape of energy services for both consumers and grid operators. Furthermore, TE applications help create an empowered consumer base that is capable of making economically informed energy decisions that directly engage in energy markets. These factors put pressure on utilities to re-evaluate their approach to handling DERs and more likely reconsider the nature of their role in consumer applications. The two use cases discussed in Sect. 4.2 illustrate scenarios where utilities may face a future where consumers bypass their services partially or potentially altogether. This future scenario is not too hard to imagine especially with the DER innovations that are pressuring utilities to change their business-as-usual operations and increasing the accessibility of energy markets to consumers. The transition to transactive systems provides plenty of opportunities for utilities to take on energy-management services for customer DERs as well. However, there is no certain future for the overall transformation of the electrical power system especially regarding the role of utilities in consumer operations. Several questions are yet to be fully answered:

1. What will the transformation of utilities look like?
2. Will utilities take on the role of implementing TE?
3. What energy-management solutions for consumers will persist?

Concern for utility viability is not unique to today. The term “Death Spiral” once described the circuitous pattern utilities experienced in the 1980s of raising prices to cover costs, only to lose demand and make less profit [636–638]. Concerns about losing customers to distributed generation has revived the term, in that raising energy rates would lose profits for utilities by providing incentives for customers to generate their own electricity [637, 638]. While financial investors have found that this serious concern may be exaggerated, disruptive DER technologies and increased competition in energy markets have diminished utilities’ abilities to seek rate increase in response to adverse economic environments [636, 638]. As a result, utilities may need to change their long-term strategy, as they did in the 1980s to deal with this potential “Death Spiral.” The challenge of adjusting to disruptive eIoT technologies while simultaneously re-imagining their position in increasingly competitive markets makes the task for utilities much greater [637, 638].

The change drivers originally discussed in Sect. 2.1 are manifesting themselves into timely and pressing calls for action on the part of regulators and grid operators. For example, utilities in California are facing regulatory pressures to transform their businesses to accommodate DERs [4]. In the summer of 2016, the California Independent System Operator (CAISO) received federal approval for a Distributed Energy Resource Provider (DERP) tariff that allows aggregation between 500 kW and 10 MW of distributed energy to be submitted to the day-ahead and real-time energy markets as well as the ancillary services markets [639, 640]. This initiative

not only poses technical challenges to CAISO but also calls for greater collaboration with utilities and any new market players willing to take on the role of managing DERs.

At present, CAISO has access to the transmission–distribution interface, while utilities own and control data between consumer-level metering and the distribution system [639]. As a result of this information gap, CAISO’s DERP plan requires active collaboration with utilities. In addition, CAISO requires extensive network upgrades to address any operational concerns that may arise from this integration. If not planned carefully, it is possible that DER participation may not lead to reliable operation of the distribution system. Furthermore, without distribution data, CAISO may have to worry about larger effects aggregating up into the transmission system [639]. It is clear that the challenges described above span the technical and economic layers of grid operations. With the right investments, utilities could embrace new approaches that encourage the dynamic development of the grid and increase revenue in the process.

DERs create many new responsibilities for “distribution system operators” (DSOs) such as managing consumer data, and deploying new infrastructure such as advanced metering infrastructure, distributed storage systems, and EV-charging infrastructure [30]. With DERs, the role of utilities in operating the distribution grid becomes more complex because new suppliers and demand aggregators can emerge. Naturally, favorable regulations and tariffs are needed to promote the growth and adoption of DER technologies throughout the electric grid [30].

In addition to the production and investment credits for renewables, there have been new regulations favoring effective DER integration in market operations. In April 2016, the Federal Energy Regulatory Commission (FERC) put forward a Notice of Proposed Rule-making (NOPR) that required regional transmission organizations/independent system operators (RTO/ISOs) to revise their market rules to allow effective integration of electric energy storage into wholesale markets and the recognition of distributed energy aggregators as wholesale market participants [69].

The NOPR recognized that it was important to accommodate the operational characteristics of these DERs to allow them to participate competitively in wholesale markets [69]. This proposition was put in place in order to improve competition and encourage fairness in market rates by removing any potential barriers that hindered the effective integration of DERs [69]. As is currently the case, DERs may be hindered from participating in electricity markets due to the fact that the current market rules were specifically designed for larger more controllable thermal generating plants. Allowing the aggregation of DERs to participate in markets is a step closer to promoting DER development.

North American grid operators can also draw upon the approaches taken by European electricity markets as recommended by the Smart Energy Demand Coalition (SEDC) [30, 641]. The SEDC noted that favorable regulation and market rules, in addition to promoting DR programs, were key to the successful integration of variable energy resources in the European electric power industry [30, 641].

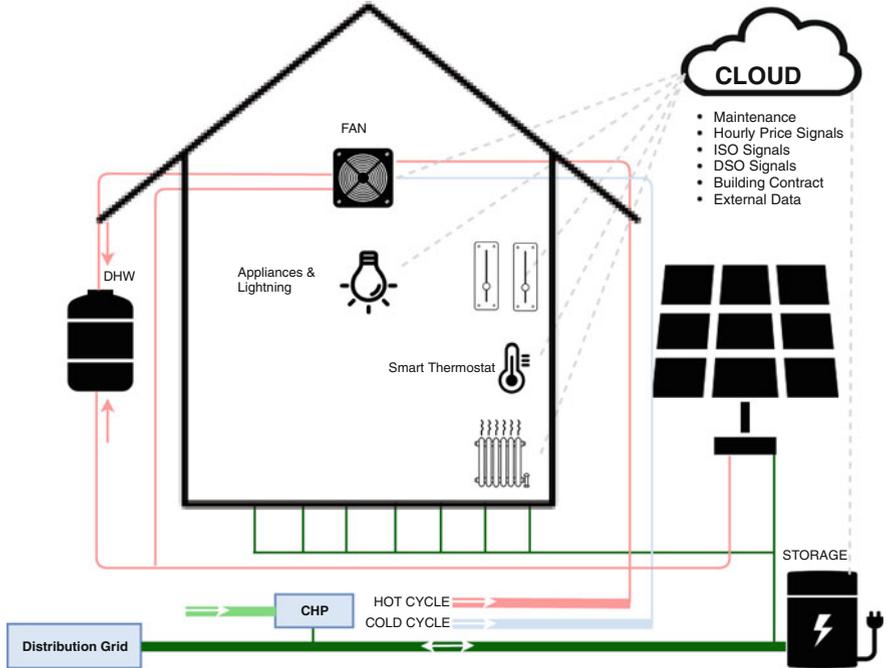
North American utilities have a chance to take on the additional roles created by DERs to maximize their returns as well as ease the integration of DERs. Traditionally, the interaction between utilities and consumers has been limited to maintaining the distribution service, responding to the occasional call whenever supply is interrupted and providing metering/billing services [30]. However, as more DERs are installed on the distribution system, utilities have the chance to expand their services beyond network upgrades and potentially assume the role of a DSO and control services such as DR and curtailment. Furthermore, DERs offer many flexibilities that could be leveraged by utilities to reduce system and operational costs [30]. For example, an increase in distributed solar PV systems could result in operational challenges that could be mitigated by enabling inverter control to regulate both the quality and quantity of PV power sent to the distribution feeders [30]. Additionally, distributed energy storage could support solar PV production, thus significantly reducing the need for system and network upgrades [30].

However, it is important to note that at current battery costs, network upgrades might be more affordable compared to installing new energy storage infrastructure. As for assuming the role of DSOs, favorable regulation is necessary to ensure a level playing field for all DERs and enable any new stakeholders [30, 69]. A revision of market rules to allow DERs to participate in markets competitively would be necessary as well as ensuring transparency in the ownership and control of DER operations [30].

Of course, the effective control of DERs requires strictly laid out guidelines on the eligibility, metering, telemetry, and operational coordination between RTO/ISO's, DER aggregators, and distribution utilities [609]. It is likely that new stakeholders will step up and assume the role of controlling and easing the integration of DERs. At the moment, however, distribution utilities are well placed to undertake these additional responsibilities given their awareness of both generation and the consumption flexibility of consumers and DERs [642].

Proper management of DERs and TE frameworks would result in a dynamic distribution system that is centered on energy products, regulation products, and time-responsive prices that help stabilize the grid through the provision of energy balancing, line congestion management, and voltage control [30, 643]. As in the case of European power markets, utilities may need to assume the role of the DSO. This would constitute a tremendous change in the utility business models and current regulatory structures [30].

The question of whether utilities need to be deregulated to allow for this transition must also be considered. For a long time, utilities have enjoyed a natural monopoly status that needs to be unbundled to allow for competition in the markets and encourage the presence of DER aggregators at the distribution level [643]. Assuming utilities take on the role of a DSO, their relationship with consumers must transform into a partnership where the utilities, such as DSOs, engage with prosumers to achieve the common goal of the partial supply of services [643]. This symbiotic relationship between consumers and utilities is best summarized in Fig. 4.4, where a smart home with several DERs interfaces with the grid to provide and receive services as necessary. As a DSO, a utility can serve as an intermediary



**Fig. 4.4** An example eIoT-enabled smart home: DERs are connected to the grid through a cloud-based framework (adapted from [30])

to balance the supply and demand of power while correcting for any surpluses and stability issues quickly and reliably [643].

The transformation of the grid is already underway and it puts pressure on utilities to adapt to the competition and become an integral part of the future grid. Competition at the distribution level is set to increase with the presence of DR aggregators and peer-to-peer electricity trading platforms [644]. Although the distribution system has not been as observable as the transmission system, smart meters and remote terminal units (RTUs) are quickly closing this gap [107, 645]. As a result, the role of utilities is set to transform to a more active one that is very similar to the role of transmission system operators (TSO) [646, 647]. Utilities, such as DSOs, would potentially serve as neutral market facilitators to guarantee system stability and power quality while ensuring technical efficiency and fair prices for all parties involved [646].

The adoption of eIoT and TE management platforms for grid monitoring and control will result in large quantities of data that requires management [645, 648]. Needless to say, neutrality, transparency, and non-discriminatory data management are highly necessary to ensure a level playing field for all market participants [648]. The European Union serves as a great example for the creation of DSOs and the adoption of eIoT. Organizations such as the SEDC [641] and EURELECTRIC

have played key roles in identifying the potential challenges of integrating variable energy resources and the eIoT. Many of these lessons have applications to the North American electric grid. The strategic direction and role of electric utilities in this new landscape remains unclear and depends on the answers to several open questions:

1. Which agent will evaluate and deploy aggregated DERs? The utility? The aggregator? The RTO/ISO?
2. Which entity will manage and prioritize DER dispatch?
3. How will stakeholders address concerns about possible double compensation?
4. What level of visibility will distribution utilities and RTOs/ISOs need into the operations of aggregated DERs to reliably manage those assets?
5. Which entity pays for distribution system upgrades needed to facilitate DER participation in wholesale markets?
6. How will utilities recover costs to enable DER aggregation within their territories?
7. How will the evolving technological landscape of eIoT affect the answers to these questions?
8. How will FERC-level regulations affect the answers to these questions?

## **4.4 Customer Applications**

### ***4.4.1 Industrial Applications***

The industrial sector consumes approximately 42% of all the electricity produced in the world [649]. Apart from being energy intensive, some manufacturing processes, such as with electrical drives and motors, demand high-quality electricity [650]. In addition, the industrial sector is facing high pressure to decarbonize from both regulation [651, 652] and corporate social responsibility [653, 654]. As a result, most industrial facilities have integrated on-site DERs and are rapidly undertaking energy efficiency measures to minimize their carbon footprint [655].

In most cases, the energy requirements of industrial facilities cannot be served by only a local utility. Hence, these facilities sometimes directly connect to the transmission lines and participate in the wholesale electricity markets. Typically, industrial electric loads are consistent, large scale, and centralized [649], making them good candidates for DR programs. In some countries, industrial base loads have been used by system operators for the provision of various ancillary services [649]. As it happens, it is much easier to control a few large industrial loads than numerous small residential loads. Furthermore, recognizing the higher (economic) utility of consumed electricity for industrial processes, it can be expected that production systems will be more willing to respond to price signals in DSM schemes to ensure steady and continuous supply.

The nature of industrial loads provides an easy opportunity to apply DSM to industrial energy systems [649]. The ability to reschedule or “shift” loads is particularly important as more solar and wind resources are added to the grid. At present, DSM applications compensate consumers based on their load reduction from a predefined baseline. However, studies have shown that the process of determining the baseline is prone to errors likely to cost more and result in other system imbalances that could propagate through various layers of power system control [250, 656, 657]. The industrial sector, however, provides many opportunities for load shifting that if scheduled and coordinated properly could improve DSM applications. Not only does load shifting increase demand flexibility, it also ensures that power quality is maintained [649]. That said, industrial processes that are not time constrained can be scheduled so that they can shift demand to help balance the electricity grid under certain demand constraints.

In the same way, constrained industrial processes could store intermediate power for use during periods of high demand. Currently, storage is being used in industry in the form of pumped hydro, compressed air, hydrogen, batteries, flywheels, superconducting magnetic energy storage, and super-capacitors [649] to support various applications. While storage increases flexibility, there is a decrease in efficiency, since transferring electricity to and from storage devices is not 100% efficient [649].

The concept of IoT is not new to industrial applications. IoT has been supporting industrial and manufacturing processes for over a decade now, with applications in business continuity management, anomaly detection as well as supply-chain management [658]. These IoT applications provide a control platform that could be used to carry out various DR functions. Obviously, equipment upgrades may be necessary to provide the connection and coordination capabilities for eIoT devices.

As discussed in Sect. 3.1.5, the main barrier to the adoption of eIoT lies in the cost of sensors, especially for small-scale consumers of electricity. However, industrial consumers are able to diffuse the energy cost management across various layers due to economies of scale for the required improvements. Additionally, most industries already monitor load data in real time and possess the necessary smart metering and data exchange equipment that will eventually reduce the investment cost in eIoT infrastructure [649]. These factors significantly simplify the adoption and application of eIoT in industrial energy-management applications. In fact, this makes the industrial consumer well suited for the use case discussed in Sect. 4.2.2. As stated in Sect. 3.2.4.6, IIoT and eIoT devices are overlapping and complementary rather than mutually exclusive. Therefore, the development of eIoT within industrial applications will go hand in hand with the current IIoT implementations.

#### ***4.4.2 Commercial Applications***

The majority of electricity consumed in the USA goes to commercial and residential building energy systems [607]. According to the US Energy Information Adminis-

tration (EIA), 77.46% of electricity generated in January 2018 was consumed by commercial and residential buildings [659]. Traditionally, commercial buildings have included hospitals, hotels, stores, and offices [660]. Commercial buildings come in a variety of sizes, and depending on the services the business provides, are less flexible to participate in DSM programs. For example, a hospital requires access to energy 24/7 and would be less willing to participate in an interruptible program [660].

In recent times, decarbonization and sustainability concerns have driven most commercial enterprises to seek cleaner alternative sources of energy such as wind and solar. For some, this sustainable transition has been composed of a mix of energy efficiency measures and investment in renewable energy resources. Companies with large servers have shown great commitment to decarbonizing with some like Google vowing to source 100% of their energy from renewable sources by 2017 [661, 662]. As signatories of the Department of Energy's Better Buildings Initiative, various commercial corporations such as Walmart have committed to reduce over 20% of their energy consumption and as of 2018 they sourced approximately 28% of their total electricity from renewable sources [663].

eIoT is going to play a key role in ensuring grid reliability especially as more and more commercial enterprises assume the role of prosumers. In time, commercial enterprises such as Google and Walmart will become energy independent. Naturally, this implies more flexibility and freedom to directly participate in electricity wholesale markets. Without demand-side options that offer the equivalent (if not better) rewards for these corporations to trade and manage their energy, commercial enterprises will most certainly bypass utilities altogether. TE applications have an active role to play in creating platforms that engage commercial consumers at this level of the electric grid value chain. Most commercial buildings possess various eIoT capabilities in energy load management applications such as HVAC, and lighting [664]. For some commercial consumers such as grocery stores, sophisticated dynamic energy-management capabilities are necessary to maintain steady operation of their facilities. For example, department stores would prefer a positive pressure differential so that the air leakage happens outward instead of inward.

The implementation of eIoT for commercial customers will take many shapes depending on the services and type of the commercial entity. However, certain energy-management solutions such as smart metering, and price incentives could be used to advance the energy supply and control for these consumers. Net metering is expected to become a common practice in both commercial and residential buildings that want to be incorporated into utility planning and price structures. So far, 43 out of 50 US states have established net metering policies to support such engagements [665].

Unlike residential buildings, commercial building owners have a fixed decision-making structure that is most ideal for participation in demand-side programs. Usually, owners of commercial buildings are more sensitive to price incentives and most commonly have a single owner to expedite decision-making. Price incentives have encouraged the adoption of smart building management systems, where build-

ings are actively managing energy consumption. This means that building owners may soon become participants in real-time energy markets [666]. Requirements for this future development in energy management include automatic operational control capabilities for building subsystems, such as HVAC and lighting, and real-time communication with the grid [666].

Whether implementing DSM or individually engaging in energy pricing arbitrage, a variety of data coordination with system operators or utilities is necessary. Third parties such as energy aggregators and energy service companies are expected to use eIoT to improve energy-conservation savings [667]. This can be achieved through the installation of sensors that can monitor progress, and platforms for building management systems [668].

Recent studies have predicted a steady growth in the deployment of building energy-management systems (BEMS) for commercial as well as residential buildings. BEMS have attracted a lot of funding (more specifically \$1.4B between 2000–2014) and are set to revolutionize the operations and control of commercial and residential buildings [669]. The US Department of Energy estimates that by 2020, BEMS applications will comprise 77% of the \$2.14 billion US market [670, 671]. This implies an increase in sensors and internet-connected devices to manage and control building energy consumption.

Internet connectivity results in security concerns that are hopefully addressed by having cloud-hosted BEMS to relieve consumers of the need to secure their own devices or web-enabled services [672]. With time, the overall awareness and control for operators, consumers and owners will significantly improve and thus simplify the integration of renewable energy resources, energy storage, and electric vehicles. BEMS provide a key opportunity for TE-based frameworks to control, coordinate, and negotiate transactions among connected devices. For commercial customers, eIoT could be leveraged to reduce the overall energy consumption as well as improve the operation of these energy-intensive systems. As more commercial consumers adopt eIoT, they will be well placed to employ either of the two use cases described in Sect. 4.2.

### ***4.4.3 Residential Applications***

Another key TE application area is in the energy-management solutions for residential customers. Unlike commercial and industrial customers, residential consumers consume smaller loads and their energy decisions are very much comfort driven. In addition, heterogeneity in home infrastructures poses difficulties in smart energy management, since communication is required between the system, customer users, energy devices, and system operators [673]. Given the high cost of sensors, most residential customers may be reluctant to adopt new and improved sensors.

That said, the overall public opinion is shifting towards cleaner and more sustainable energy solutions. A significant percentage of the population is either producing their own electricity or opting to purchase only renewable energy.

As more residents become prosumers and sustainable, an increase in residential microgrids is expected. Naturally, TE platforms could assume the role of negotiating transactions for such microgrids as addressed in the first use case or through direct participation in wholesale energy markets in the second use case.

TE platforms for residential customers must provide an enhanced user experience and incentives that influence consumer behaviors. Consumer behaviors can be influenced through techniques such as real-time consumption monitoring, ubiquitous sensing, or contextual comparisons with neighbors [673]. However, this ubiquitous influence raises privacy and security concerns, which need to be carefully addressed especially if the data collected is to be used to gather insight on consumer behavior, build intelligent modeling tools, and support automatic grid operations [673].

As the number of smart devices in the home rises, platforms that allow interoperability among smart devices and provide a hub for consumers to customize their devices are necessary. So far, consumer apps such as Stringify and If This, Then That (IFTTT) offer options to connect similarly used devices and to create conditional statements for controlling remote devices, respectively. A key device in a residential home that is easily controlled through such applications is the smart thermostat.

As of September 2017, there were over two million smart thermostats, and a recent Navigant report predicts a four million rise by 2024 [608]. Several models have emerged for the control integration of smart thermostats including through utilities, by self-install, or in Bring Your Own Thermostat (BYOT) programs [608]. Another approach is the direct control of thermostats, which currently has an opt-out rate of 21% [608]. High opt-out rates as well as recruiting new customers, maintaining old customers, and device interoperability are key challenges [608] that still face the implementation of TE-based platforms in residential homes.

Given the high preference for comfort, privacy, and convenience, a single platform for DR and device control would work best for residential homes. Currently, utilities lack a single, all-encompassing program for DSM. About 16% of utilities offer water heater programs and 24% offer thermostat control programs, while only 9% provide behavioral programs to their residential customers [608]. However, due to reliability concerns, only half of these programs were actually called upon to provide DR in 2016 [608]. In addition, a wide range of DR options is necessary to enable more consumers to participate. As these programs evolve with real-time eIoT, DSM programs must shift from their current annual load shaping perspectives to less-than-a-minute perspectives for the provision of ancillary services. “Shape, Shift, Shed, Shimmy” is a framework built in California that incorporates timescales to better understand how to use DR.

Electric load from electric vehicles (EVs) is set to significantly increase residential loads requiring a framework to manage and control the power consumption of EVs. The power consumed by EVs is expected to reach 400 TWh annually by 2040 [608]. TE DR platforms for EVs are essential to manage this disruptive technology. Studies have shown that EVs could be used as flexible loads for the provision of

ancillary services if managed properly. Currently, 19% of utilities are offering EV DR programs, while 79% are either planning or researching the DR potential of EVs [608].

Managed charging, either through utilities, load-balancing authorities, or aggregators, allows EVs to be used as storage to absorb excess renewable energy generation and smooth adverse effects on the net load [79–88]. From a technology point of view, TE platforms will require investments in infrastructure to support communication signals sent between a vehicle, other vehicles, home systems, and grid operators. Although behavioral programs could be used to affect charging times or quantity, technical integration is necessary to extract other potential grid service values in capacity, emergency load reduction, reserves, and renewable energy absorption [608]. All in all, electric vehicles offer great potential for DR that could be leveraged in a number of ways to support grid operations.

Residential TE applications stand to benefit from using behavioral DR to curb peaks, increase consumer participation and savings, and reduce the cost of engaging the large residential consumer base. Although implementation of these applications still faces many challenges, optimizing how a customer is contacted, determining how far in advance to notify a customer of an event, communicating why an event is called, how the program works and how a customer can participate, and strategically planning event calls will go a long way to ensure customer retention. Due to its analytical benefits, eIoT is likely to be instrumental in deploying behavioral demand response programs.

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## Chapter 5

# eIoT Transforms the Future Electric Grid



In conclusion, the development of eIoT is an integral part of the transformation to the future electricity grid.

- Chapter 1 discussed five energy-management change drivers that are bringing about this transformation:
  - Rising demand for electricity [34–36]
  - Emergence of renewable energy resources [37–40]
  - Emergence of electrified transportation [41, 42]
  - Deregulation of power markets [43, 44]
  - Innovations in smart grid technology [45, 46]
- Chapter 2 explained that the impact of these energy-management change drivers will appear primarily at the grid’s periphery. Distributed generation in the form of solar photovoltaics (PV) and small-scale wind will be joined by a plethora of internet-enabled appliances and devices to transform the grid’s periphery to one with two-way flows of power and information [45, 46]. The resulting activation of the grid periphery gives rise to an energy internet of things composed of network-enabled physical devices, heterogeneous communication networks, and distributed control and decision-making algorithms.
- Chapter 3 organized the discussion of these elements into an eIoT control loop built upon well-established standards and architectures.
- Chapter 4 showed that such an eIoT control loop is most consonant with the emerging concept of TE and then proceeded to discuss how it may be applied within utilities–distribution system operators and industrial, commercial, and residential customers.

In summary, eIoT is set to transform all aspects of grid operations and control. This transformation spans both technical and economic layers and leads to new applications, stakeholders, and energy system management solutions. This chapter serves to summarize the conclusions of the work: 1. eIoT will become ubiquitous, 2. eIoT will enable new automated energy-management platforms, and 3. eIoT will

enable distributed techno-economic decision making. This chapter also serves to highlight two open challenges and opportunities for future work: the convergence of cyber, physical, and economic performance, and the re-envisioning of the strategic business model for the utility of the future. These conclusions and open challenges are now discussed in turn.

## 5.1 Conclusions

### 5.1.1 *eIoT Will Become Ubiquitous*

As discussed previously in Sect. 3, the number of sensors and actuators deployed at all levels of the electric grid is set to dramatically increase. These sensors and actuators will enable the transformation of both the distribution and transmission network aiding in the measurement and actuation of primary and secondary electric power variables. The transformation is going to be characterized by improvement in the quality of data measured and a significant increase in the diversity of measurements taken. The speed and granularity of measured variables in the transmission system will be enhanced through widespread adoption of PMUs, and an upgrade of the SCADA system as addressed in Sect. 3.1.2.1. Monitoring of secondary variables such as wind speed and solar irradiance will significantly improve the forecasting accuracy and capability, and promote the overall reliability of the supply of wind and solar power.

The steady supply of natural gas is critical to ensuring electric power supply reliability especially with major base load retirements. This motivates the need for secondary measurements by eIoT to ensure reliable and cost-effective operation of the electric and natural gas supply systems as covered in Sect. 3.1.3. As for transmission system actuation, the adoption of decentralized or distributed approaches for AGC and AVR applications is imperative to effectively control distributed energy resources. Naturally, current FACTS devices must also become smarter to enable faster, efficient, and accurate measurement and actuation of transmission variables as discussed in Sect. 3.1.2.2.

Advanced metering infrastructure with AMR and AMM capability provides access to consumer data and enables two-way communication between consumer devices and utilities. Smart sensing devices will also motivate consumers to upgrade their homes for faster and efficient energy management. Energy monitors, smart switches, outlets, lights, and HVAC will provide better actuation abilities for consumers while allowing for secondary measurements that would ultimately improve the efficiency of DR programs.

The mere presence of sensors and actuation devices triggers innovations and advancements in the communication networks that connect them. Communication such as SCADA networks and wide area monitoring systems are expected to continue to play an integral role in utility and grid operator communication networks.

Low power wide area networks will allow communication over long ranges while minimizing the energy consumption of devices. Communication devices that go beyond the purview of either utility or grid operators will be needed to enable the inclusion of all interacting parties. Telecommunication networks may need to take on the role previously carried out by utility and grid networks. Local area networks will play a key role in ensuring the full automation of residential, industrial, and commercial premises. Together, these networks will create a web of interacting devices that will work collaboratively to ensure the reliability of the electric power supply system. Furthermore, this network of interacting devices will enable the emergence of TE platforms that will revolutionize the exchange of energy products and services.

### ***5.1.2 eIoT Will Enable New Automated Energy-Management Platforms***

eIoT will create a network of interacting devices that measure, store, and actuate data in real-time. These devices also bring about many opportunities for the improvement of current electric power system operations. Most of these opportunities are observed at the grid periphery where millions or even billions of interacting devices will emerge in turn to create numerous control points for the distribution grid. The once passive consumer base will become active participants in their own energy supply and consumption. While some consumers will become prosumers, others will have the opportunity to participate in electricity markets or carry out transactions with their neighbors. In addition, the grid periphery will be characterized by a proliferation of DERs such as rooftop solar and electric vehicles that need management.

The transformation of the grid periphery calls for several changes to status quo. The distribution network will require an upgrade and depending on the issue, non-wire solutions such as engaging consumers through DR may be necessary. This calls for better energy-management platforms that help engage the consumer base. As DERs begin to participate directly in electricity markets, aggregation platforms or companies will be necessary to avoid any reliability issues. A change in the regulatory or market structure may be required to aid in the smooth participation of DERs and efficient DR programs.

Depending on the willingness of utilities to step up to these new challenges, this could result in the transformation of the utilities business model or the emergence of new stakeholders to take on these new roles. Either way, the effective deployment of eIoT will require new energy-management platforms whether they are for managing energy transactions or for managing the large quantities of data collected in real-time. TE and blockchain-powered platforms are starting to emerge as potential energy-management platforms. Additionally, various cloud-based commercial IoT

platforms such as Amazon, Microsoft, SAP, and OpenFog are emerging to support the millions of interacting IoT devices. With time, these platforms will also evolve to specifically cater to the energy industry.

### ***5.1.3 eIoT Will Enable Distributed Techno-Economic Decision Making***

In order to control the millions or even billions of interacting devices, scalable and distributed techno-economic decision making will be needed. Whether it is in the transmission system with distributed AGC and AVR or in the control of smart devices at the grid periphery, distributed control will play a key role in the effective deployment of eIoT devices. Through TE, eIoT will enable distributed decision making of physical and economic power supply variables. The eIoT control loop is centered around sensing, communication, actuation, and distributed control algorithms that creates an effective decision-making framework. This framework informs and executes complex decisions that are spawned by distributed technical and economic information from all over the electric power supply and distribution system. The distributed economic decision making will greatly benefit DR applications through peer-to-peer trading platforms and smart energy-management programs.

## **5.2 Challenges and Opportunities**

### ***5.2.1 The Convergence of Cyber, Physical, and Economic Performance***

eIoT is not without its challenges. With every challenge, comes an opportunity to advance the electric power system. eIoT causes a convergences of the cyber, physical, and economic performance of the electricity grid.

- Most eIoT devices will have and/or require an internet connection.
- eIoT devices need to work together to perform different functions across the electric supply and demand value chain.
- New market participants such as aggregators, prosumers, DERs, and microgrids will emerge.
- A large quantity of data will be generated and stored or processed in real-time.

Connecting eIoT devices to the internet creates a cybersecurity concern for grid operators and all parties involved. This requires investment in technologies to ensure the integrity and security of all devices in the network.

Additionally, careful vetting of interacting devices may be necessary to prevent infections from spreading through rogue devices or connections. Data sent to the cloud must also be vetted to avoid exposing sensitive data to security issues. This may require equipping devices with enough processing capabilities to carry out some computations without involving the cloud. The electric grid architecture is increasingly transforming, more specifically, to one with two-way flows of power and information. This architecture creates a cyber-physical requirement where both physical devices and informatic components must accommodate this architectural need. With changing architectural requirements, the cyber-physical-economic aspects of the grid must be designed in such a way as to ensure interoperability. This provides an opportunity for the development of standards for ensuring interoperability.

The emergence of new market participants creates the need for more devices, platforms, and economic structures not to mention regulatory changes to manage and control their participation in electricity markets.

A mechanism to store, manage, and secure the data collected in real-time is necessary to protect the interests of all stakeholders. Although the convergence of the cyber, physical, and economic aspects of grid operations poses a challenge, it provides an opportunity for collaboration across various layers of the electricity grid and jurisdictions to enhance system reliability.

### ***5.2.2 Re-envisioning the Strategic Business Model for the Utility of the Future***

The biggest transformation will occur on the distribution side at the grid periphery. In addition to the millions of interacting devices, the rise in the number of active consumers and DERs poses a major challenge to the utility business model. Utilities must re-evaluate their approach to how they manage their system. For example, instead of defaulting to network upgrades to accommodate DERs, utilities may consider the potential of non-wire solutions.

In order to engage the active consumer base, utilities must develop proper compensation mechanisms that:

1. Motivate consumers to shift and/or lower consumption
2. Are fair and offer value to the consumer
3. Provide a diversity of options that cater to varying consumer needs.

This may require either a complete transformation of the utility business model or open collaboration with aggregators and emerging stakeholders. The distribution market structure may transform to be similar to that of the wholesale electricity markets observed at the ISO/RTO level. This, in turn, may require regulatory measures that foster fair and competitive markets to equally engage all participants.

The deployment of eIoT poses numerous challenges that span the cyber, physical, economic, and regulatory structure of the electricity supply and demand value chain. A holistic approach is necessary to effectively deal with these challenges. Consequently, stakeholders at various jurisdictional layers must engage with each other to work out a favorable solution that benefits most if not all. The success of this collaboration highly depends on the existence of favorable regulatory and policy structures as well as standards that serve as guidelines for stakeholders.

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# An Enterprise Control Assessment Case Study of the Energy-Water Nexus for the ISO New England System

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## Abstract

The electric power generation mix of ISO New England (ISO-NE) is fundamentally changing. Nuclear, coal, and oil generation facilities are retiring while natural gas, solar, and wind generation are being adopted to replace them. Variable renewable energy (VREs) such as solar and wind present multiple operational challenges that require new and innovative changes to how the electricity grid is managed and controlled. Within the context of a New England case study, this paper looks at ways in which the water supply systems (water and wastewater treatment), and water dependent electricity generating resources (hydro, and thermal power plants) can be operated flexibly to help balance energy in an evolving grid. The study's methodology employs the novel but now well published Electric Power Enterprise Control System (EPECS) simulator to study the electric power systems operation, and the System-Level Generic Model (SGEM) to study the associated water consumption and withdrawals. This work studies six potential 2040 scenarios for the energy-water nexus of the ISO-NE system. It presents a holistic analysis that quantifies power system imbalances, normal operating reserves, energy market production costs, and water withdrawal and consumption figures. For scenarios with a high penetration of VREs, the study shows great potential of water resources to enhance grid flexibility through the provision of load-following, ramping, and regulation reserves by water resources. The work also provides significant insights on how to jointly control the water and energy supply systems to aid in their synergistic integration.

*Keywords:* Renewable Energy Integration, Energy-Water-Nexus, ISO New England, Curtailment, Reserves,

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## 1. Introduction

The bulk electric power system of New England is fundamentally changing to include more solar and wind generation resources. This evolving resource mix has triggered changes

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to how the power grid is managed and controlled. The bulk of these changes have been in capacity and transmission expansion. However, with the growing uncertainty and variability introduced by variable renewable energy, there is an even greater need for increased amounts of operational flexibility [1, 2]. Water plays a fundamental role in the ISO New England system. Conventional and run-of-river hydro make up over 9% of the overall generation in the 6 New England states[3]. An additional 1% of generation comes from the two main pumped-water storage facilities, Bears Swamp and Northfield[3]. In the meantime, over 83% of the current ISO-NE generation fleet comes from thermal generation facilities which withdraw and consume large quantities of water for cooling purposes[3]. In spite of the changing resource mix, recent studies predict that thermal generation facilities will still account for a significant percentage of future generation facilities in 2040[4, 5]. Fig. 1 illustrates the extent of the coupling between the water and electricity generation resources in New England. From Fig. 1, it is clear that most generating facilities are located near a water source and rely on adequate water supply to perform their function. These factors not only indicate significant coupling between the water and electricity supply systems but they also emphasize the need for more coordination between the two systems. Specifically, the potential synergies between the two systems cannot be ignored especially as the electricity grid undergoes its sustainable energy transition.

Concern about water security is growing especially with climate change affecting hydrology patterns and the decline of freshwater resources[7, 8, 9]. At the same time, significant attention has gone into the integration of variable renewable energy into the electricity grid as a means of decarbonizing the electricity supply system. As discussed in the prequel to this paper[10], the challenges of renewable energy integration and energy-water-nexus are very much related. In addition to presenting low  $CO_2$  emissions, VREs have very low life-cycle water intensities[11]. On the other hand, water is easily stored and therefore, has the potential to serve as a flexible energy-water resource on both the supply-side as well as the demand-side[12]. As a result, the methodologies of energy-water-nexus and renewable energy integration studies must converge in order to realize potential synergies.

With the growing penetration of wind and solar generation in the ISO-NE system, grid operators would benefit immensely from an increased number of flexible resources that can be used to balance the grid in the real-time. Similarly, water system operators could offer ancillary services, improve their profits and also achieve a more robust operation of their systems. Despite these benefits, renewable energy integration and EWN studies have not yet converged to realize benefits. While some energy-water nexus studies have quantified the withdrawals by thermal power plants, these studies have largely been conducted in isolation of actual operation of the electricity generation industry[7, 9, 13, 14, 15, 16]. Thus, the full impact on either infrastructure is not assessed. Other EWN works have focused solely on optimizing the operations of water systems such as in the optimal operation of water pumps and optimal pump scheduling[17, 18, 19, 20, 21] in order to provide demand response and other ancillary services while maximizing returns for water system operations[22, 23, 24, 25]. Finally, a small subset have presented mostly single-layer approaches to co-optimize the water and electricity networks. Examples of such works include the optimal network flow in [26], the economic dispatch in [27], and the unit commitment problem in [28] for a combined

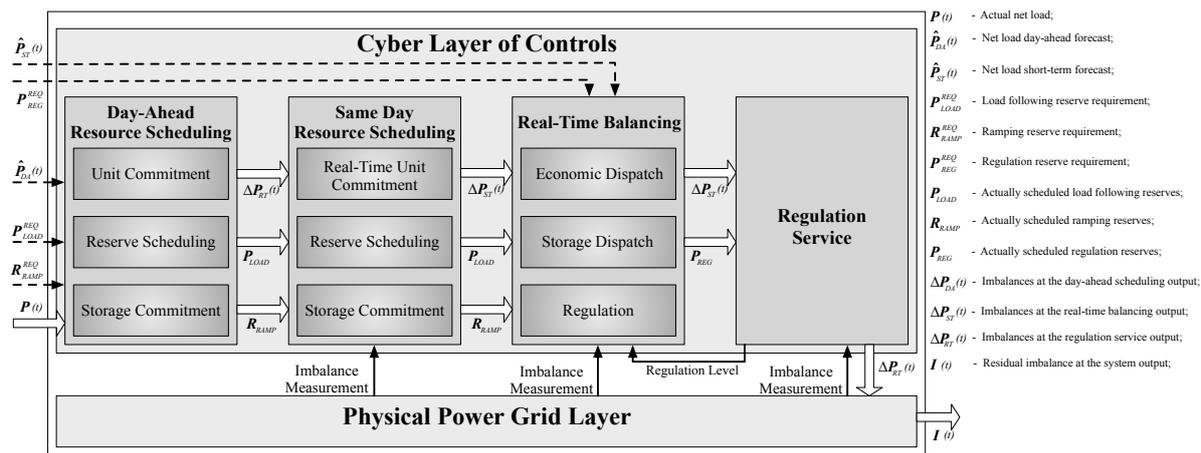
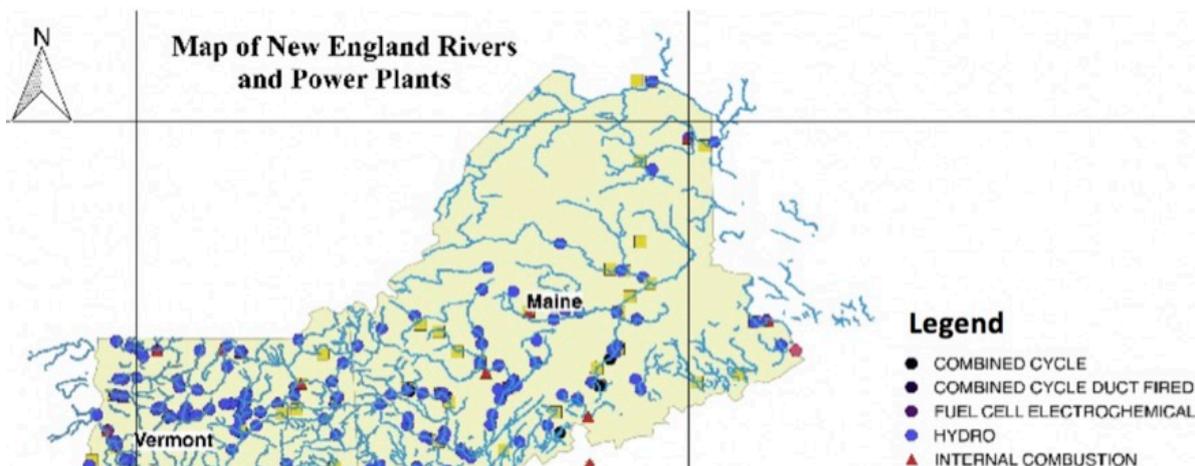


Figure 2: Architecture of the Electric Power Enterprise Control System (EPECS) simulator customized for ISO New England operations [6]

water, power, and co-production facilities. Despite the large body of work and research on the energy water nexus, there is still a lack of a generic, case and geography-independent methodologies that encompass all flows within, and between the water and energy systems.

On the other hand, renewable energy integration studies have often been case and geography specific and have mostly utilized unit-commitment-economic-dispatch (UCED) models of power system control to study the operation of electricity markets with large penetrations of VREs[29, 30, 31, 32, 6][33, 34, 35]. A significant percentage of these studies have taken statistical approaches to determine the impact of wind and solar forecast errors on dispatch decisions. A majority of renewable integration studies have recognized the vital role of reserves in the balancing performance of systems with high VRE penetration and have thus focused on the acquisition of normal operating reserves such as load-following, regulation, and ramping reserves[29, 30, 31, 32, 6].

However, a recent review of renewable integration studies shows major methodological limitations[36]. Firstly, while some studies focus on reserve acquisition, the required quantity of reserves is usually based on the experiences of grid operators which no longer applies to systems with high penetrations of VREs[37, 38]. Secondly, most studies only consider either the net load variability or the forecast error in determining the amount of reserves despite evidence that shows that both of these variables contribute towards normal operating reserve requirements[39, 37]. Lastly, although studies have shown that VREs possess dynamics that span multiple timescales of power system operation[40, 41, 42], most renewable energy integration studies have largely neglected the effect of timescales on the various types of operating reserve quantities[36]. Farid et al. [36] proposed a holistic approach based on enterprise control to study the full impact of VREs on power system balancing performance and reserve requirements while considering the multi-timescale dynamics of VREs. *Enterprise control* is an integrated and holistic approach that allows operators to study and improve the technical performance of the grid while realizing cost savings[36]. An application of enterprise control in the form of the Electric Power Enterprise Control System (EPECS) simulator has been proposed in literature[43, 44, 45, 46, 47, 48] and tested on various case studies including the ISO New England system[6]. In [6], the EPECS simulator is used to study the performance of the ISO-NE system on 12 scenarios with varying penetrations of VREs. This study highlights the key role of curtailment and normal operating reserves on the balancing performance of the ISO-NE system. This paper extends the work in [6] and [10] to quantify the flexibility afforded the ISO-NE system through flexible operation of water resources.

### 1.1. Contribution

This paper applies the methodology presented in the prequel [10] and [6] to study the techno-economic performance of the energy-water-nexus for the ISO-NE system focusing on six predefined scenarios in 2040. The study methodology takes the yellow rectangle of Fig. 3 as its system boundary. Given this specific choice of system boundary, this study is able to quantify the mass and energy flows in and out of the defined system boundary regardless of the test case or geography. The paper also provides insight into some of the operational challenges presented by high penetrations of VREs and also quantifies the amounts of normal

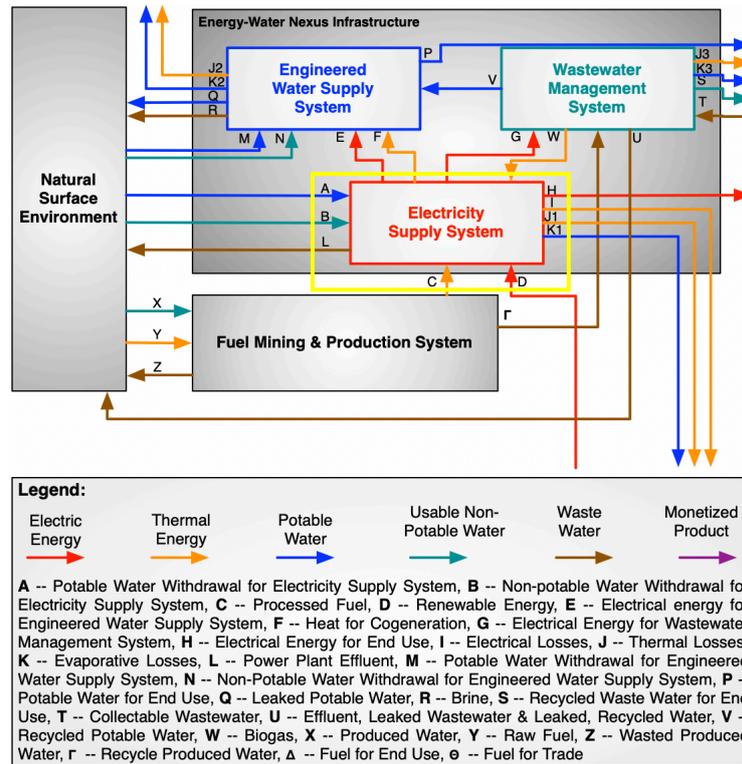


Figure 3: A diagram of the physical flows between the physical infrastructures (water supply system, wastewater management system, and electricity supply system) and the natural surface environment. [49]

operating reserves for the ISO-NE system for each scenario. Given that the methodology presented in the prequel [10] is generic and modular, the EPECS simulator is modified slightly to reflect the ISO-NE methodology (fully presented in [6] and as shown in Fig. 2). In this study, the following quantities are studied: 1) load-following, ramping, and regulation reserves, 2) the demand response potential of water units, 3) the fuel flows of thermal units and their carbon emissions, 4) water withdrawals and consumption by thermal power plants, and 5) the effect of flexible operation of water resources on the production cost operation of the New England electricity grid.

### 1.2. Outline

The rest of the paper is structured as follows: Section 2 presents the methodology for the ISO New England Energy-Water Nexus study. Section 3 gives a detailed description of the case study data. Section 4 presents the results of the study within the context of the key performance characteristics of the power grid. Finally, the paper is concluded in Section 5.

## 2. Methodology

As shown in Figure 4, the methodology of the ISO New England Energy-Water Nexus study is best viewed in two parts: planning and operations. Section 2.1 describes how

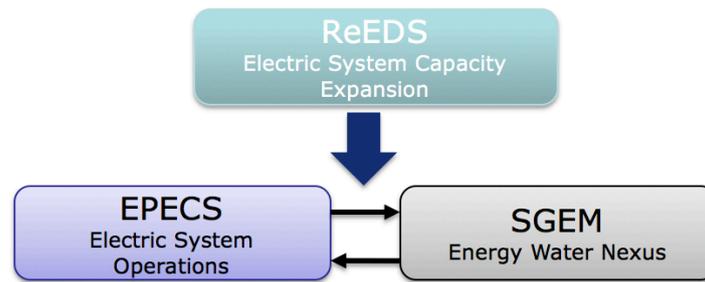


Figure 4: Diagram of the Simulators Used in the ISO New England Energy-Water Nexus Study.

the National Renewable Energy Laboratory’s (NREL) Regional Energy Deployment System (ReEDS) was used to evolve the 2030 ISO New England electric power generation capacity mixes to six distinct 2040 capacity mix scenarios. From there, the remainder of the section describes the Electric Power Enterprise Control System (EPECS) simulator as customized for ISO New England’s operation[6, 10]. Typically, it includes simulation functionality for two energy market layers: the Security Constrained Unit Commitment (SCUC) and the Security Constrained Economic Dispatch (SCED), power system regulation and a physical model of the power grid itself (i.e. power flow analysis). For this study, the simulator has been customized for ISO-NE operations to include the Real-Time Unit Commitment (RTUC) as shown in Fig. 2. Furthermore, the SGEM model[50, 10] is used to capture the essential physics of cooling processes for thermal power plants and in turn compute the water withdrawals and consumption for each power plant.

### 2.1. Regional Energy Deployment System (ReEDS) for Capacity Planning

ReEDS is a capacity planning tool that was developed by the National Renewable Energy Laboratory (NREL) starting in 2003. ReEDS is a tool that identifies the long-term evolution of the electric power grid for various regions in the United States[51, 52, 53]. At its core ReEDS is an optimization tool that identifies the cost-optimal mix of generation technologies subject to reliability, generation resource, and regulatory constraints[51, 52, 53]. The optimization has a two-year time step for a total of 42 years ending in 2050[51, 52, 53]. The final output of the simulation is generation capacity by technology, storage capacity, electricity costs among others[51, 52, 53]. This optimization tool was used to determine the evolution of the ISO-NE system from the 2030 scenarios to the 2040 scenarios. The model input assumptions were selected from configurations defined by the 2018 Standard Scenarios[54] (see Table 1) to align with the 2030 capacity mixes described in Section 3.1. Details on added capacities for each scenario can be found in Section 3.

### 2.2. The Security Constrained Unit Commitment (SCUC)

The power system balancing operation commences with the day-ahead resource scheduling in form of the SCUC. It is performed the day before to determine the best set of generators that can meet the hourly demand at a minimum cost. The time step for the SCUC is 1-hour and it determines the optimal set of generators for the next 24-hours. A

Table 1: ReEDS 2018 standard scenarios[54] used to evolve the SOARES 2030 scenarios into the 2040 scenarios.

SOARES 2030 Scenarios		ReEDS Scenarios
1	RPSs + Gas	High RE Cost
2	ISO Queue	Accelerated Nuclear Retirements
3	Renewables Plus	Low RE Cost
4	No Retirements beyond Forward Capacity Auctions (FCA) #10	Low Wind Cost
5	ACPs + Gas	Extended Cost Recovery
6	Renewable Portfolio Standards (RPSs) + Geodiverse Renewables	Low Natural Gas Prices

simplified version of this program is presented in [10] and the full version customized for ISO-NE operations is presented here[6]. Note that the SCUC formulation used for this study extends the methodology in [6] to also include ramping constraints for wind, solar, and hydro resources[10].

### 2.3. Real-Time Unit Commitment (RTUC)

The same day resource scheduling is conducted every hour through the RTUC. It uses an optimization program that is quite similar to that of SCUC but only commits and de-commits *fast-start* units. Fast-start units are defined by their ability to go online and produce at full capacity within 15-30 minutes. The RTUC runs every hour with a 15-minute time step and a 4-hour look-ahead. The complete mathematics for the RTUC can be found in [6] with slight modifications to include ramping constraints for wind, solar, and hydro resources as presented in [10].

### 2.4. The Security Constrained Economic Dispatch (SCED)

The real-time balancing operation is implemented through the SCED which is run every 10-minutes. The role of the SCED is to move available generator outputs to new set points in a cost-effective way. The SCED does not bring online any units but rather ramps up or down the available online units. The SCED methodology is presented in [6, 10] and similar to SCUC and RTUC, it has been extended to allow for the ramping of wind, solar, and hydro resources[10]. A more comprehensive description of the EPECS methodology and mathematical formulations for each control layer can be found in [6, 10]. This methodology has been analyzed and validated by ISO-NE.

### 2.5. Regulation

A pseudo-steady-state approximation of the regulation service model that ties directly to a power flow model of the physical power grid is also used in this study. Normally,

imbalances at the output of the regulation service would be represented in the form of frequency changes[55]. However, for steady-state simulations with 1-minute time step, the concept of frequency is not applicable. Instead, a designated *virtual* swing bus consumes the mismatches between generation and load to make the steady state power flow equations solvable[6].

## 2.6. Variable Renewable Energy

Variable renewable energy resources in the EPECS simulator are studied as time-dependent, spatially distributed exogenous quantities that contribute directly to the net load. Where the term *net load* here is defined as the difference between the aggregated system load and the total generation produced by VREs, tieline profiles and any transmission losses[6].

As previously defined in [10], the EPECS simulator differentiates energy resources into several classes:

**Definition 2.6.1. Variable Renewable Energy Resources (VREs):** Generation resources with a stochastic and intermittent power output. Wind, solar, run-of-river hydro, and tie-lines are assumed to be VREs.

**Definition 2.6.2. Semi-Dispatchable Resources:** Energy resources that can be dispatched downwards (i.e curtailed) from their uncurtailed power injection value. When curtailment is allowed for VREs, they become semi-dispatchable. In this study, wind, solar and tie-lines are treated as semi-dispatchable resources. Note that for the purposes of this study, run-of-river and conventional hydro resources can be curtailed and, therefore, are treated as semi-dispatchable in the “flexible case” mentioned below. However, in the conventional case, run-of-river and conventional hydro resources are *not* semi-dispatchable.

**Definition 2.6.3. Must-Run Resources:** Generation resources that must run at their maximum output at all times. In this study, nuclear generation units are assumed to be *must run* resources.

**Definition 2.6.4. Dispatchable Resources:** Energy resources that can be dispatched up and down from their current value of power injection. In this study, all other resources are assumed to be dispatchable.

The EPECS simulator employs the operating reserve concepts described in [56, 57] with only a few changes. This study focuses on the normal operating reserves that are able to respond to real-time changes in wind and solar generation. Specifically, how much of these reserve quantities comes from water resources such as conventional hydro, run-of-river hydro, and water and waste-water treatment facilities. Normal operating reserves are classified as load following, ramping, and regulation reserves based on the mechanisms upon which they are acquired and activated. For the purposes of this study, the curtailment of VREs was assumed to provide both load-following and ramping reserves in an upward direction to their forecasted value and in a downward direction to their minimum operating capacity limit.

These three types of operating reserves work together to respond to real-time forecast errors and variability in the *net load* during normal system operation. Note that the actual

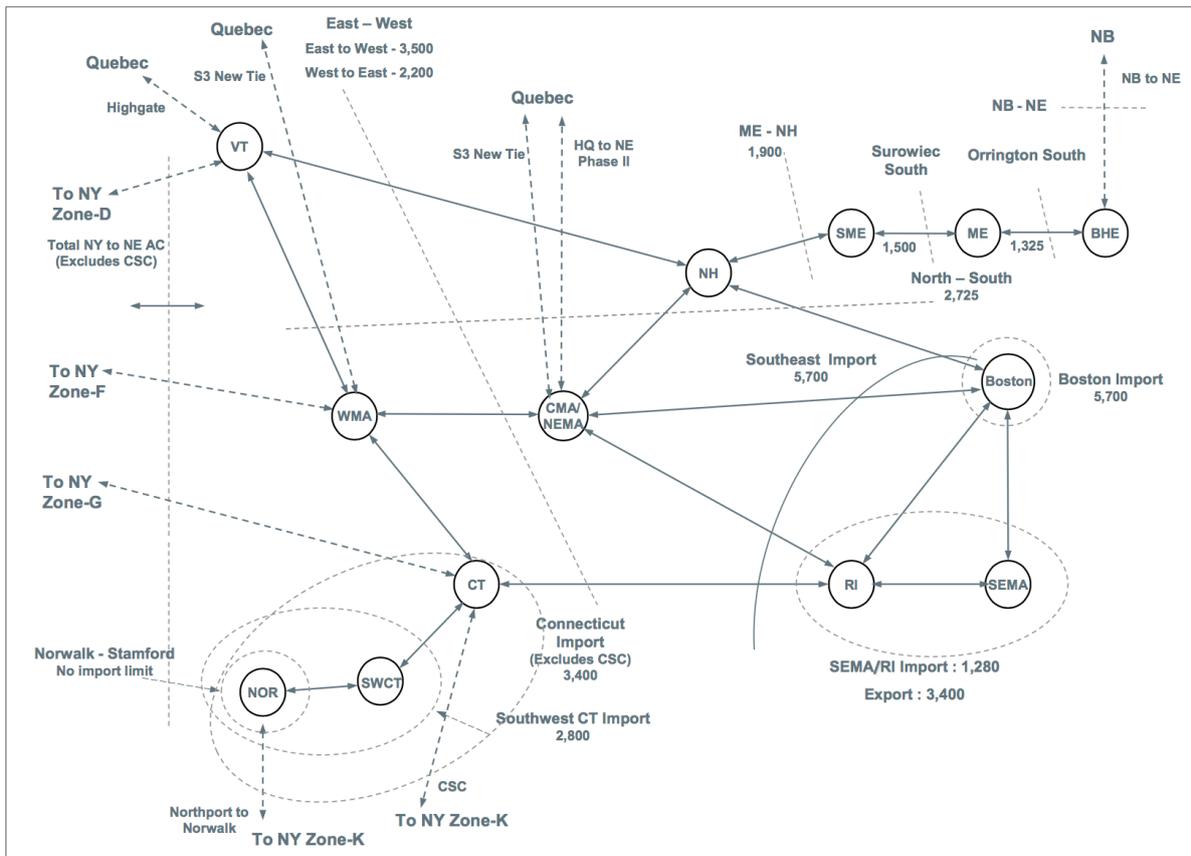


Figure 5: The ISO-NE zonal network model represented as “pipes” and “bubbles” [6]

quantities of these reserves are physical properties of the power system and exist regardless of whether they are monetized or not. The EPECS simulator provides as output quantities: system imbalances, operating reserves (load-following, ramping and regulation), generator set points, curtailed generation and line flows for every minute.

### 2.7. System-level Generic Model (SGEM)

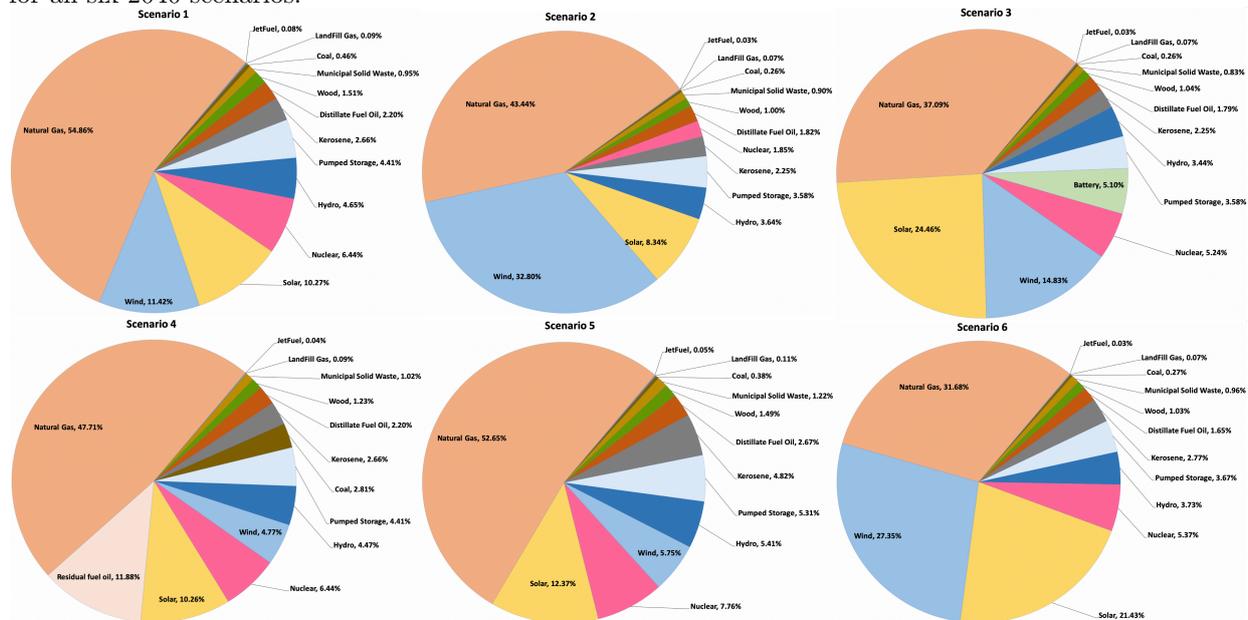
The S-GEM was developed to study the water use of fossil fuel, nuclear, geothermal and solar thermal power plants using either steam or combined cycle technologies [58, 59, 60, 61, 62, 63]. This model is also geography and case-independent; making it ideal for application to the ISO-NE system. Three main cooling processes are applied in this paper: once-through cooling, wet tower cooling and dry-air cooling. Majority of the older generation power plants used once-through cooling technology while the newer power plants were either recirculating or dry-cooling. The formulae for computing water withdrawals and consumption are presented in [10].

With this information, the energy-water flows through the system boundary of Fig. 3 can be easily quantified (as detailed in [10]) to determine, water withdrawals and consumption by thermal power plants, as well as other aspects such as fuel consumption and CO<sub>2</sub> emissions.

As illustrated in Figure 3, it is important to capture all the physical flows between the three physical infrastructures (water supply system, wastewater management system, and electricity supply system) and the natural surface environment. In this study, however, each water resource fits within an electric power system load area (or “bubble” as they commonly called within the New England Power Pool). Therefore, full hydraulic modeling does not provide additional insight in the provision of flexibility services to the electric power grid. The approach presented here is sufficient to capture all the interfaces between the water supply system and the electricity supply system and impose aggregate energy constraints as necessary.

### 3. Case Study Scenarios and Data

Figure 6: Summary of available generation capacity as a percentage of total available capacity by fuel type for all six 2040 scenarios.



#### 3.1. Study Scenarios

The case study scenarios presented in this work are best understood in the context of the twelve scenarios that were studied in the 2017 System Operational Analysis and Renewable Energy Integration Study (SOARES) that was commissioned by ISO-NE. These 12 scenarios distinguished between the amount and diversity of dispatchable generation resources, load profiles, and the penetration of VREs[6]. Of these scenarios, six were meant to describe 2025 while the other six were meant to describe 2030. In the study presented here, the six 2030 (SOARES) scenarios were evolved forward ten years using the ReEDS capacity expansion software[51, 52, 53, 54]. The final capacity mixes of the six scenarios are summarized in Figure 6 and are described further below.

In order to assess the value of coordinated vs uncoordinated energy-water nexus operation, each of these six scenarios were simulated twice; once with energy-water resources as variable resources and another as semi-dispatchable resources. These scenario variants are respectively referred to as the “conventional” operating mode (as a control case) and the “flexible” operating mode (as the experimental case).

### ***3.1.1. Scenario 1: RPSs + Gas***

In this scenario, the oldest oil and coal generation units are retired by 2030 and the retired units are replaced by natural gas combined-cycle (NGCC) units at the same locations. Furthermore, the ReEDS model adds 50 MW of biomass, 233 MW of solar, 75MW of hydro and 6351 MW of natural gas (NG) to this scenario. It also retires 870 MW of nuclear, 667 MW of NG and 1127 MW of oil generation.

### ***3.1.2. Scenario 2: ISO Queue***

The retired oil and coal units from Scenario 1 are replaced by renewable energy resources instead of NGCC. The locations of the renewable energy resources are determined according to the ISO-NE Interconnection Queue. The ReEDS model resulted in the addition of 2498 MW of solar, 9.77 MW of hydro, and 5831.75 MW of NG (mostly in New Hampshire). In addition, 2471 MW of nuclear, 668 MW of natural gas and 25 MW of coal generation units were retired.

### ***3.1.3. Scenario 3: Renewables Plus***

In this scenario, more renewable energy resources are used to replace the retiring units. Additionally, battery energy systems, energy efficiency and plug-in hybrid electric vehicles (PHEV) are added to the system. Moreover, two new tie lines are added to increase the amounts of hydroelectricity imports. The ReEDS model results in the following modifications to this scenario: 1) addition of 2760 MW of solar, 9 MW of hydro, 2765 MW of NG, and 2) the retirement of 378 MW of coal, 870 MW nuclear, 667 MW of NG and 1127 MW of oil.

### ***3.1.4. Scenario 4: No Retirements beyond Forward Capacity Auctions (FCA) #10***

In contrast to other scenarios, no generation units are retired beyond the known FCA resources. The FCA resources are replaced by NGCC located at the Hub. This scenario is the *business-as-usual* scenario. The ReEDS model results in the following modifications to this scenario: 1) addition of 989 MW of solar, 4.2 MW of hydro, and 3987 MW of NG, and 2) the retirement of 383 MW of coal, 870 MW nuclear, 667 MW of NG and 1127 MW of oil.

### ***3.1.5. Scenario 5: ACPs + Gas***

In this scenario, the oldest oil and coal generation units are retired by 2030 and these units are replaced by new NGCC units to meet the net Installed Capacity Requirement (NICR). The ReEDS model results in the following modifications to this scenario: 1) addition of 3089 MW of solar, 11.1 MW of hydro, and 2496 MW of NG, and 2) the retirement of 253 MW of coal, 870 MW nuclear, 667 MW of NG and 1127 MW of oil.

### 3.1.6. Scenario 6: Renewable Portfolio Standards (RPSs) + Geodiverse Renewables

This scenario is similar to Scenario 5 but instead of replacing the retired units with NGCC units, additional renewable energy generation is used to meet the RPSs and the NICR. However, the solar PV and offshore wind units are located closer to the main load centers while the onshore wind is located in a remote area in Maine. The ReEDS model results in the following modifications to this scenario: 1) addition of 3011 MW of solar, 6.2 MW of hydro, and 2430 MW of NG, and 2) the retirement of 870 MW nuclear, 667 MW of NG and 1127 MW of oil.

The system data is consolidated into the zonal network model shown in Figure 5. The zonal network captures the power flows between pre-defined load zones (i.e. “bubbles”) along abstracted “pipes”; thus eliminating the need for Critical Energy/Electric Infrastructure Information (CEII) clearance. The EPECS simulator implements a lossless DC Power Flow Analysis to determine these flows as described in [6, 10]. The high-level interface flow limits between the various bubbles are indicative of the line congestion often experienced in the ISO New England territory. In addition to the changes in capacity mixes implemented in REEDS, interface limits were raised to reflect the likely situation that New England would work to resolve line congestion found in the 2025 and 2030 scenarios in the SOARES scenarios[6]. Finally, in addition to the electric data, data on power consumption by water and wastewater treatment facilities as well as the cooling mechanisms of thermal generators were used to determine their share of the peak load. The cooling data for thermal power plants was further enhanced by data from the Energy Information Agency’s (EIA) databases[64, 65, 66].

### 3.2. Net Load Profiles

The net load profile comprised of the system load profile minus the wind, solar, tie-line, run-of-river and pond-hydro generation profiles. Figure 7 contrasts the net load profile of Scenario 2040-4 as a “business-as-usual” case to that of Scenario 2040-3 as a high VRE case. The latter exhibits significant negative net load especially during low load periods such as the Spring and Fall seasons. Figure 8 summarizes the statistics of the net load profiles for all six scenarios. The system *peak load* for Scenarios 2040-1/2/4/5/6 was 28594MW while that of Scenario 2040-3 was 22103MW due to a higher penetration of energy efficiency measures. All scenarios had the same profile for electricity demand by water and wastewater treatment facilities. Run-of-river and pond-hydro generation profiles were curtailable at a price of \$4.5/MWh similar to the 2017 ISO-NE SOARES. In this study, flexible water resources have load-shedding rather load-shifting capability and are assumed to contribute to operating reserves. The 709GWh of available pumped storage capacity is treated as dispatchable for all six scenarios throughout the study. Table 2 summarizes the capacity data for these flexible energy-water resources. Again, in order to assess the “flexibility value” of these energy-water resources, each of the six scenarios is simulated in a conventional-uncoordinated mode of operation as well as a flexible-coordinated mode.

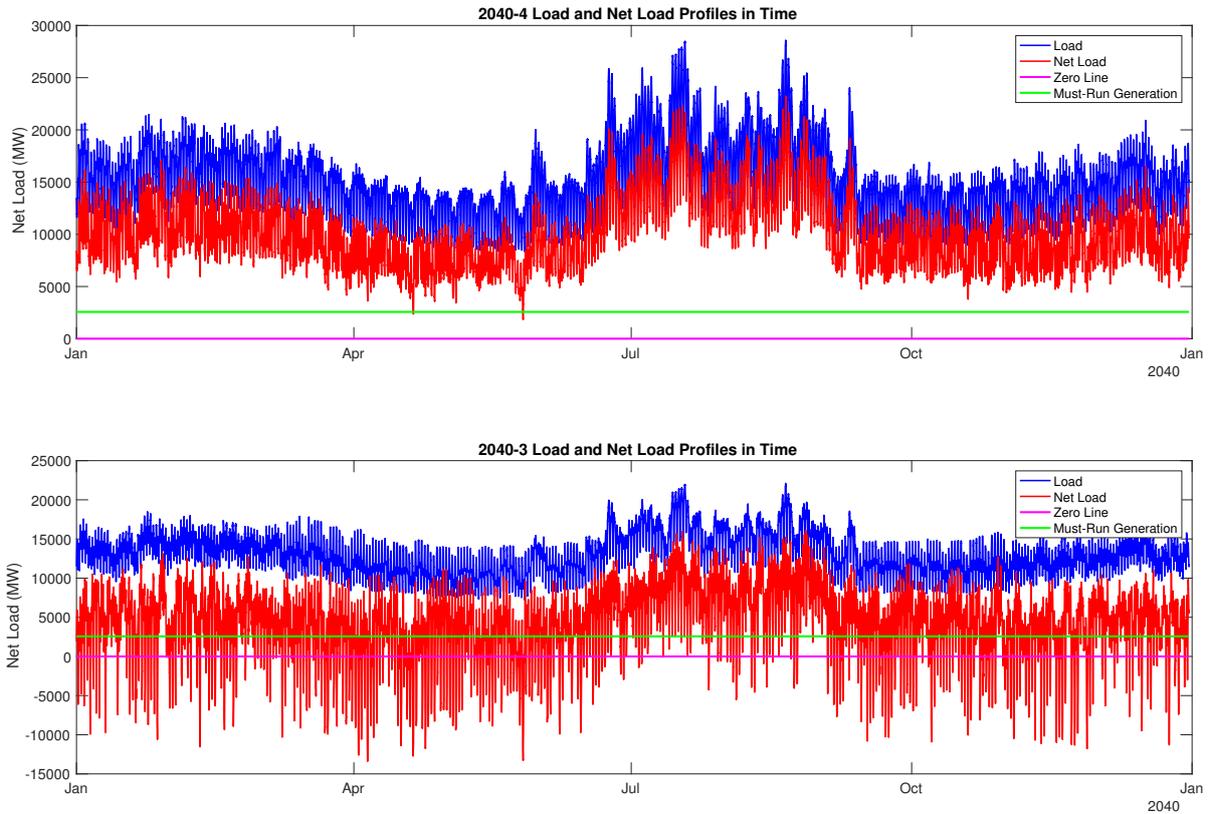


Figure 7: The load and net load profiles from Scenario 2040-4 (top) and 2040-3 (bottom).

Table 2: A summary of available flexible water resources in the system as percentage of the peak load.

	2040-1	2040-2	2040-3	2040-4	2040-5	2040-6
Hydro Run-of-River & Pond	1854MW (6.21%)	1788MW (5.99%)	1646MW (7.10%)	1782MW (5.97%)	1798MW (5.99%)	1784MW (5.97%)
Pumped Storage	1758MW (6.15%)	1758MW (6.15%)	1758MW (6.15%)	1758MW (6.15%)	1758MW (6.15%)	1758MW (6.15%)
Water Load	565MW (1.89%)	565MW (1.89%)	565MW (2.44%)	565MW (1.89%)	565MW (1.89%)	565MW (1.89%)
System Peak Load	28594 MW	28594 MW	22103MW	28594MW	28594 MW	28594 MW

#### 4. Results

Given the aforementioned scenarios, the value of flexible energy-water resources is assessed from reliability, economic, and environmental perspectives. From a reliability perspective, Section 4.1 presents the relative improvements in the system’s balancing performance as quantified by the available quantities of operating reserves (i.e. load-following, ramping,

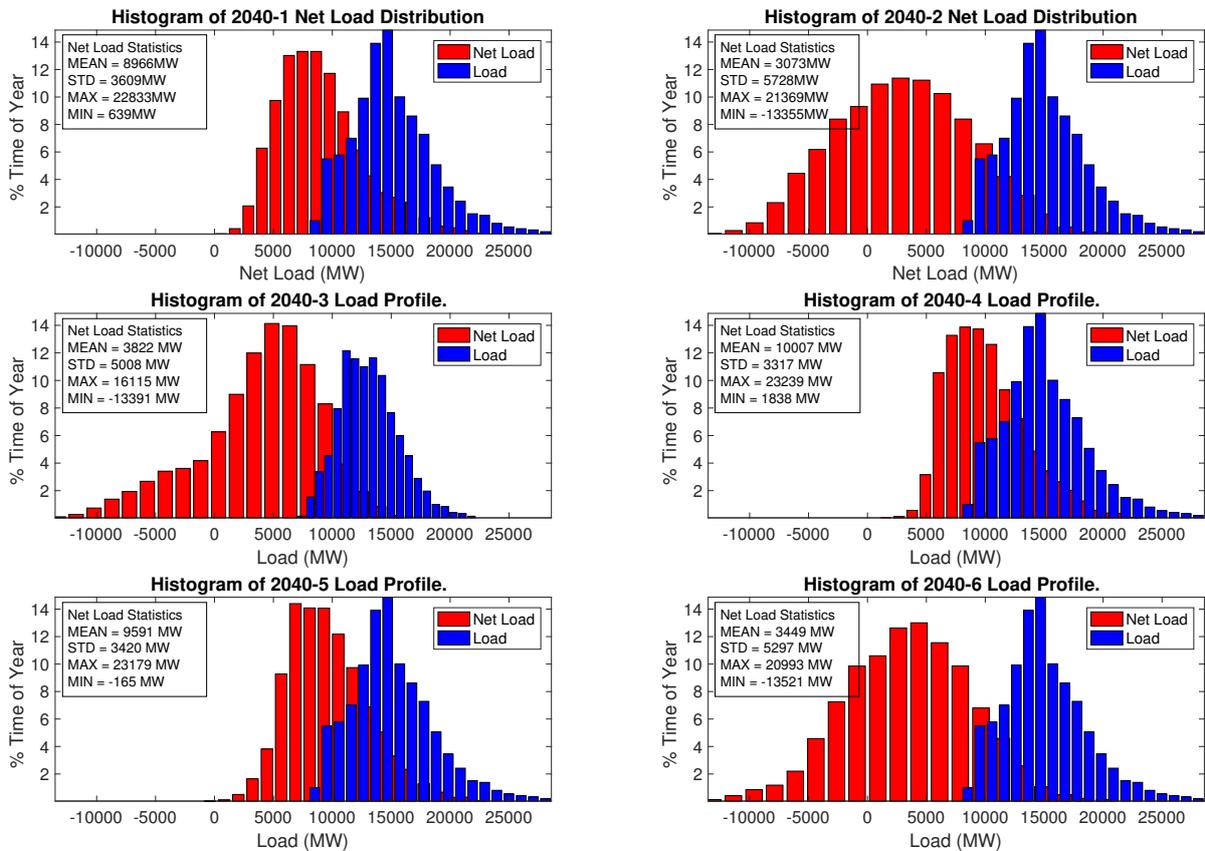


Figure 8: A comparison of load and net load distributions for all six 2040 scenarios.

and regulation reserves), curtailment, and the magnitude of system imbalances. From an environmental perspective, Section 4.2 quantifies the improvements in the quantities of water withdrawn and consumed as well as CO<sub>2</sub> emitted. Here, *water withdrawn* refers to the volumetric flow rate of water withdrawn from the natural surface environment and *water consumption* refers to the amount of water not returned to its original point of withdrawal (due to evaporative losses). Finally, Section 4.3 quantifies the associated production costs in the day-ahead and real-time energy markets.

#### 4.1. Balancing Performance of Coordinated Energy-Water Operation

As mentioned above, this section presents the system balancing performance improvements as result of coordinated energy-water operation in terms of: the available quantities of operating reserves (i.e. load-following, ramping, and regulation reserves), curtailment, and the magnitude of system imbalances.

##### 4.1.1. Load-Following Reserves

In day-to-day operation, the upward and downward load-following reserves are used in time to allow the system to respond to variability and uncertainty in the net load. In the traditional operation of the electricity grid, having sufficient load-following reserves is a

primary concern especially in systems with high penetrations of renewables. Both upward and downward load-following reserves are equally important in ensuring system reliability. As upward load following reserves are exhausted (approach zero), the ability of the system to respond to fluctuation in the net load is constrained.

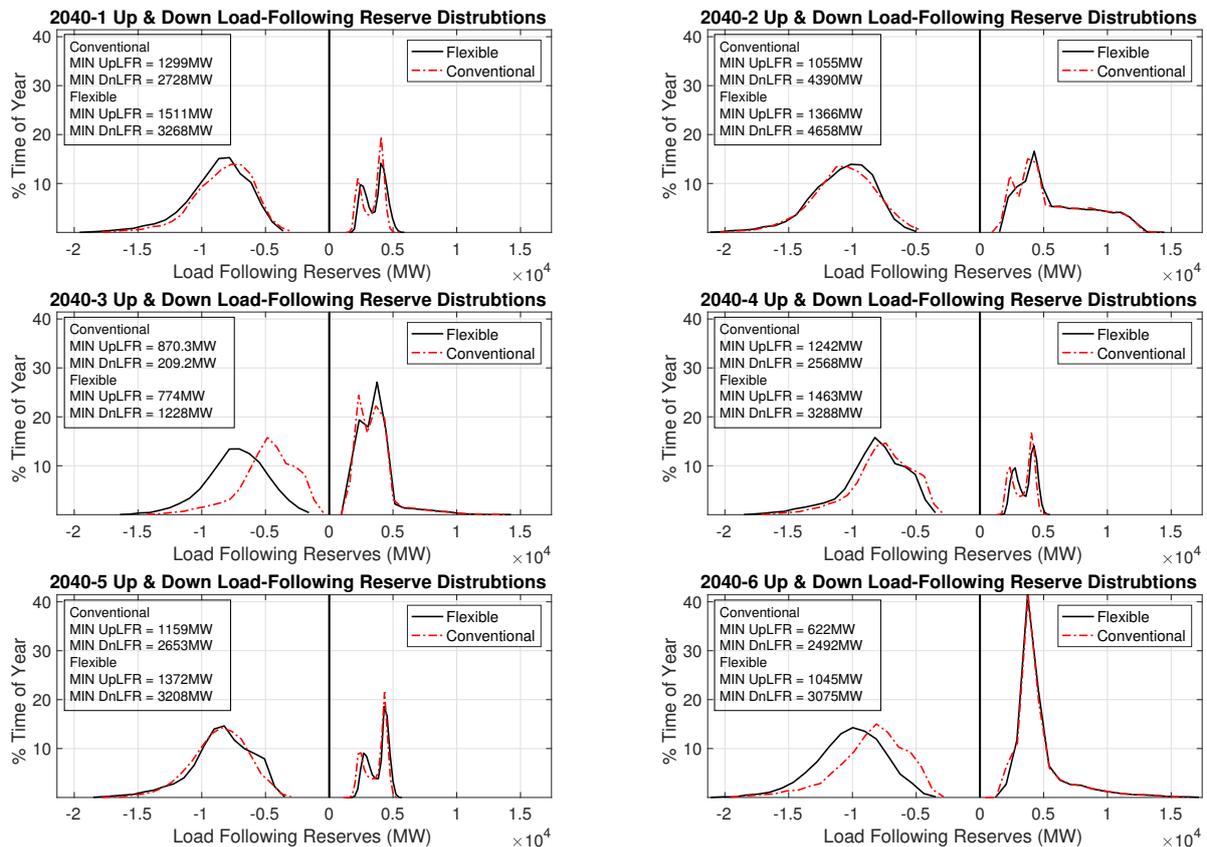


Figure 9: Distributions of the available upward and downward load following reserves for all six 2040 scenarios in both the conventional and flexible operating modes.

Therefore, an enhanced balancing performance with respect to load following reserves would show a significant trough around the zero LFR-axis in the distributions of load following reserves shown in Figure 9. The larger the trough is, the more the system is not using its load following reserves to balance the system. Figure 9 shows that the flexible use of energy-water resources (in black) widens the trough of load-following reserves around the zero line relative to conventional operation (in red). These graphical results are confirmed numerically in Table 3. Flexible operation enhances the mean values of the upward and downward load following reserves (treated as separate distributions) by 1.24%– 12.66% across all six scenarios. Furthermore, the minimum upward and downward load following reserves are improved by flexible operation by 5.75% – 82.96% across all but one of the six scenarios. The minimum statistic is particularly important because it defines a type of worst case “safety margin” that the system will always have available to ensure its security. Similarly the 95 percentile statistic gives a measure of how much this minimum

Table 3: Change in downward and upward load-following reserves statistics (flexible *minus* conventional) for 2040 scenarios.

$\Delta$ LFR (MW)	2040-1	2040-2	2040-3	2040-4	2040-5	2040-6
<b>Up Mean</b>	208.1 (5.77%)	171.7 (2.86%)	65.6 (1.83%)	207.1 (5.78%)	194.2 (5.08%)	57.7 (1.24%)
<b>Up STD</b>	8.4 (1.00%)	-55.6 (-1.94%)	-17.3 (-1.22%)	-42.1 (-5.32%)	-67.6 (-8.36%)	-36.09 (-1.74%)
<b>Up Max</b>	178.3 (3.07%)	228.3 (1.56%)	335.3 (2.32%)	242.5 (4.37%)	107.9 (1.92%)	686.8 (3.94%)
<b>Up Min</b>	211.9 (14.03%)	311.1 (22.77%)	-96.3 (-12.45%)	221.2 (15.12%)	212.6 (15.50%)	422.6 (40.46%)
<b>Up 95 percentile<sup>1</sup></b>	241.1 (10.51%)	282.7 (11.59%)	6.0 (0.31%)	288.9 (12.35%)	294.6 (11.83%)	244.5 (9.15%)
<b>Down Mean</b>	743.8 (8.48%)	801.6 (7.41%)	925.5 (12.66%)	647.2 (7.83%)	744.0 (8.77%)	984.1 (9.68%)
<b>Down STD</b>	8.75 (0.36%)	16.29 (0.66%)	36.01 (1.52%)	2.98 (0.12%)	9.50 (0.39%)	67.97 (2.55%)
<b>Down Max</b>	1177.0 (6.11%)	932.5 (4.37%)	1678.0 (10.27%)	961.1 (5.22%)	1086.0 (5.79%)	1424.0 (6.77%)
<b>Down Min</b>	540.3 (16.53%)	267.9 (5.75%)	1019.0 (82.96%)	720.5 (21.91%)	554.9 (17.30%)	583.2 (18.97%)
<b>Down 95 percentile</b>	749.0 (13.96%)	790.6 (10.79%)	1026.0 (28.55%)	717.7 (14.73%)	750.7 (14.99%)	876.3 (14.43%)

level increases when 5% of the distribution is treated as abnormal outlier behavior. The simulations show improvements in the 95 percentile statistic of 0.13–28.55% across all six scenarios; thus demonstrating its robustness to not just the minimum worst-case point but also the distribution tail that represents challenging periods of operation. The maximum and standard deviation statistics are provided for completeness.

#### 4.1.2. Ramping Reserves

Ramping reserves describe the total amount of power that the system can respond up or down within a minute. Traditionally, only dispatchable resources are assumed to contribute towards ramping reserves. In this study, renewable energy resources are semi-dispatchable by virtue of curtailment. Consequently, they are assumed to not just be able to ramp down or up to their minimum or maximum values but also do so within five minutes given their power-electronics based control. Five minutes, in this case, coincides with the minimum time-step used in the real-time market. Similar to load-following reserves, ramping reserves are key to ensuring that the system can respond in time to fluctuations in the net load. Having sufficient amounts of both upward and downward ramping reserves is equally important

to ensuring reliable performance. As the amount of ramping reserves approaches zero, the ability of the system to respond to net load variability is significantly diminished.

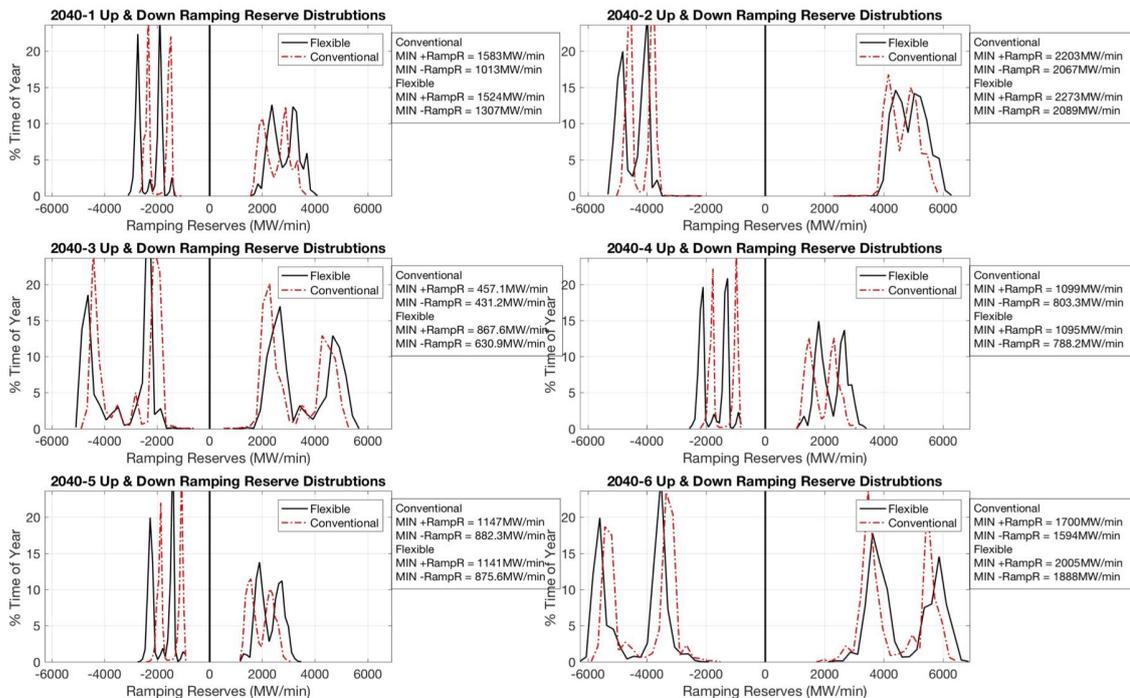


Figure 10: Distributions of the available upward and downward ramping reserves for all six 2040 scenarios in both the flexible and conventional operating modes.

Similar to load-following reserves, both upward and downward ramping reserves are enhanced through the flexible operation of energy-water resources. Figure 10 illustrates a widened trough in the flexible operating mode relative to the conventional mode. This observation is supported by the statistics in Table 4. The mean value for the upward ramping reserves is improved across all scenarios by up to 14.31%. Likewise, the mean downward ramping reserves are improved by up to 18.35%. Another key measure of sufficient ramping reserves is the minimum level. As illustrated in Table 4, flexible operation enhances the minimum downward ramping reserves by 31.65% and the minimum upward ramping reserves by a maximum of 47.32%. However, in cases with a lower penetration of VREs such as scenarios 2040-1/4/5, the minimum levels are slightly worse in the flexible case than in the conventional case. Despite these anomalies, flexible operation improved 95% percentile levels of upward and downward ramping reserves in all cases (by 1.28%–26.15%). These results show that the curtailment of VREs increases the flexibility to the system if they are used to provide ramping reserves. A complete summary of ramping reserves statistics for all six scenarios is found in Table 4.

Table 4: Change in downward and upward ramping reserves statistics (flexible *minus* conventional) for all six 2040 scenarios.

$\Delta$ RampR (MW/min)	Stats	2040-1	2040-2	2040-3	2040-4	2040-5	2040-6
<b>Up Mean</b>		334.9 (11.83%)	259.4 (5.28%)	291.3 (8.26%)	308.7 (13.78%)	325.3 (14.31%)	287.7 (6.16%)
<b>Up STD</b>		14.8 (2.86%)	27.9 (5.42%)	3.5 (0.31%)	16.3 (3.40%)	11.6 (2.55%)	15.8 (1.48%)
<b>Up Max</b>		430.7 (10.40%)	354.7 (5.65%)	271.0 (4.83%)	361.5 (10.43%)	372.9 (10.58%)	331.1 (4.79%)
<b>Up Min</b>		-59.3 (-3.89%)	69.7 (3.07%)	410.6 (47.32%)	-4.4 (-0.40%)	-5.6 (-0.49%)	305.1 (15.21%)
<b>Up 95 percentile</b>		310.6 (14.77%)	195.5 (4.68%)	314.9 (14.11%)	300.0 (18.78%)	318.0 (19.19%)	42.5 (1.28%)
<b>Down Mean</b>		339.7 (14.81%)	261.8 (5.86%)	292.3 (8.70%)	317.3 (18.35%)	325.8 (17.88%)	288.9 (6.50%)
<b>Down STD</b>		16.4 (3.69%)	21.4 (4.81%)	1.5 (0.13%)	16.1 (3.67%)	12.7 (2.94%)	12.4 (1.20%)
<b>Down Min</b>		294.2 (22.51%)	22.1 (1.06%)	199.7 (31.65%)	-15.1 (-1.92%)	-6.7 (-0.76%)	293.9 (18.44%)
<b>Down Max</b>		417.3 (15.37%)	354.3 (7.06%)	275.9 (5.64%)	385.1 (17.38%)	345.1 (14.42%)	320.7 (5.40%)
<b>Down 95 percentile</b>		344.3 (19.12%)	208.5 (5.31%)	308.0 (13.94%)	328.3 (26.15%)	337.4 (24.92%)	42.1 (1.32%)

#### 4.1.3. Curtailment

By definition, flexible energy-water resources increase the amount of generation available for curtailment. Recall that by Definition (2.6.2), run-of-river and conventional hydro-pond resources are semi-dispatchable resources that can be curtailed in a flexible operating mode. As illustrated in Figure 11, scenarios with a lower penetration of VREs such as scenario 2040-1/4/5 curtail infrequently and the amount of megawatt curtailed is generally zero. For scenarios 2040-2/3/6, curtailment is used at least 40% of the time. Although, the two case appear to have similar curtailment levels, a closer look at Table 5 shows that the flexible case curtails for a smaller percentage of the year (2.67% – 10.9%) less than the conventional case). Furthermore, the two operating modes show nearly identical levels of total curtailed energy. In the absence of sufficient load-following and ramping reserves, curtailment serves a key role in ensuring system balance. This role is particularly crucial for VREs located in remote areas (e.g. Maine) where it serves as the only control option given topological constraints and distance from load areas.

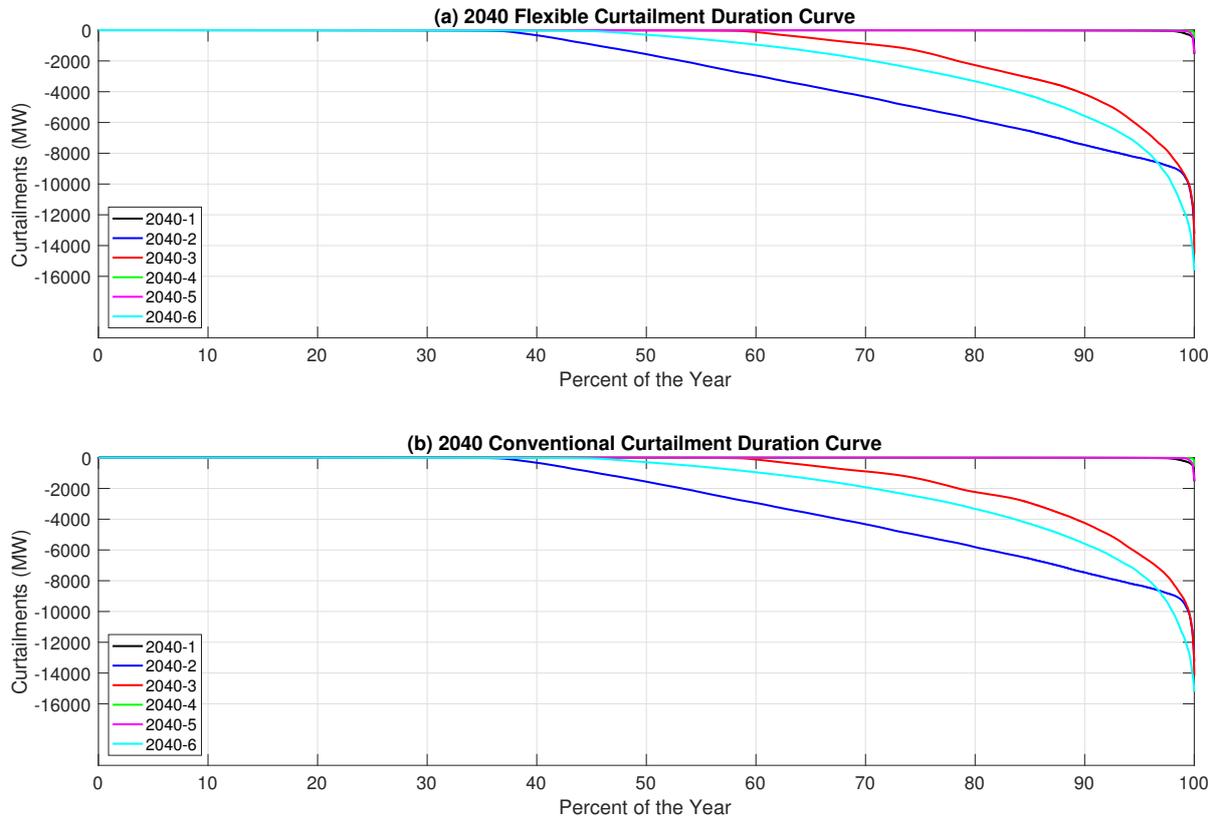


Figure 11: Curtailment duration curves for all six 2040 scenarios in both the flexible (above) and conventional (below) operating modes.

Table 5: Change in the curtailment statistics (flexible *minus* conventional) for all six 2040 scenarios.

			2040-1	2040-2	2040-3	2040-4	2040-5	2040-6
<b>Tot. Semi-Disp. Res.</b>			0.00	0.00	0.00	0.00	0.00	0.00
		(GWh)						
<b>Tot. Curtailed Semi-Disp. Energy</b>			17.71	-1.95	60.86	23.44	20.57	-6.18
		(GWh)						
<b>% Semi-Disp. Energy Curtailed</b>			0.03	-0.00	0.07	0.05	0.04	-0.01
<b>% Time Curtailed</b>			-10.42	-2.67	-5.97	-10.90	-10.74	-3.08
<b>Max Curtailment Level</b>			1.82	2.68	330.16	-63.03	-1.81	397.67
		(MW)						

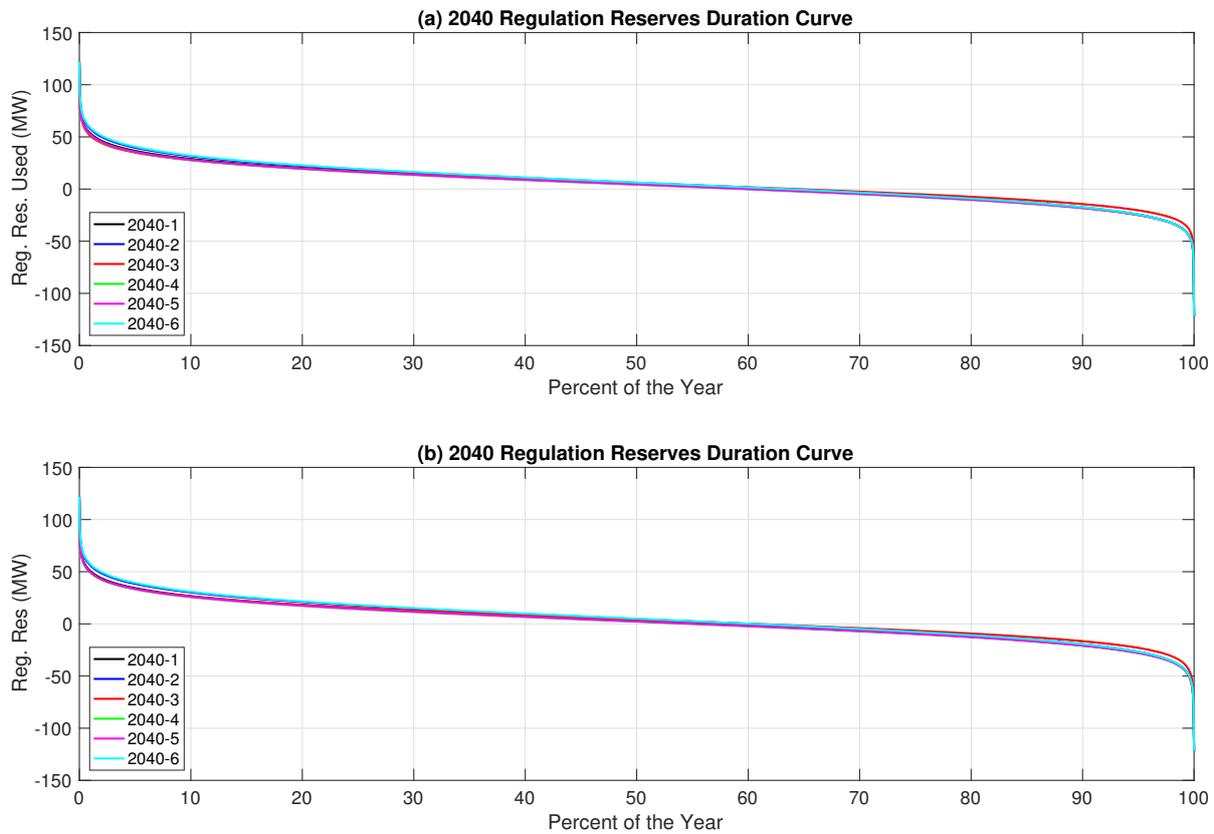


Figure 12: Regulation duration curves for all six 2040 scenarios in both the flexible (above) and conventional (below) operating modes.

#### 4.1.4. Regulation Service

The regulation service is used to correct system imbalances in real-time. This control lever is used to meet any left-over imbalances after curtailment, load-following and ramping reserves have been used up during market operation. In both cases, all scenarios appear to use their regulation effectively as shown in Figure 12. This is indicative of a system that has sufficient regulation to mitigate real-time imbalances and maintain balancing performance. A closer inspection of Table 6 illustrates that flexible operation marginally increases the reliance on regulation (as shown by the excess mileage) and exhausts its regulation (albeit for a small fraction of the year 0.001) for all but scenarios 2040-3 and 2040-4.

#### 4.1.5. System Imbalances

Balancing performance indicates the residual imbalances after the regulation service has been deployed. Given that the regulation service was barely saturated, the amount of imbalances are expected to be minimal. As shown in Figure 13, flexible energy-water resources had a small impact on the range of final imbalances of the system. Both systems appear to perform similarly with all cases maintaining a standard deviation of less than 16MW across all six scenarios. Table 7 illustrates that the flexible operating mode performs slightly better than the conventional with up to a 6.48% improvement in standard deviation. The mini-

Table 6: Change in regulation reserves statistics (flexible *minus* conventional) for all six 2040 scenarios.

	2040-1	2040-2	2040-3	2040-4	2040-5	2040-6
<b>% Time Reg. Res Exhausted</b>	0.001	0.001	0.000	0.000	0.001	0.001
<b>Reg. Res. Mileage (GWh)</b>	1.800	0.354	0.788	1.014	1.190	0.468
<b>% Reg. Res. Mileage</b>	1.349	0.251	0.638	0.777	0.909	0.326

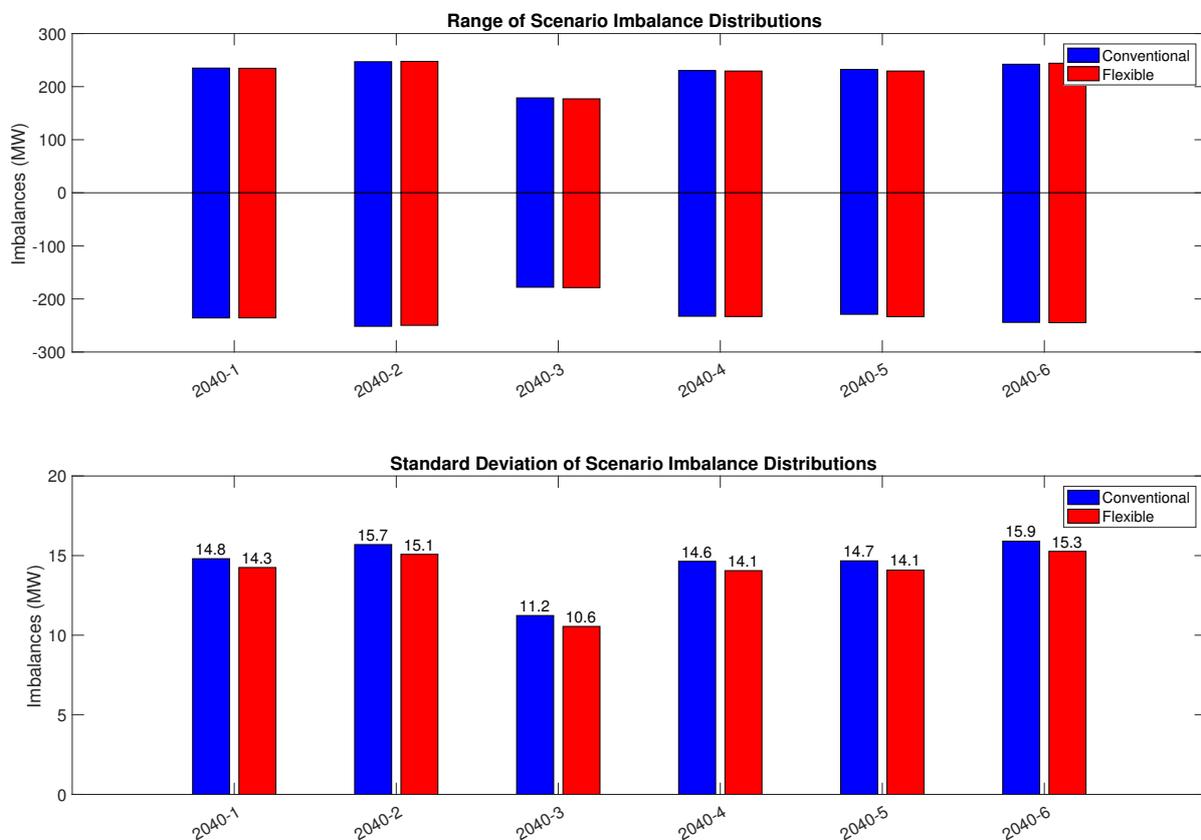


Figure 13: Range (above) and standard deviation (below) statistics for all six 2050 scenarios in both the flexible (red) and conventional (blue) operation modes.

imum imbalances are lower in all cases except for Scenarios 2040-1 and 2040-2. Similarly, the maximum imbalances are lower for the flexible operating mode except for Scenarios 2040-2 and 2040-6 which represent scenarios with high VREs.

Table 7: Change in range and standard deviations of imbalances (flexible *minus* conventional) for all six 2040 scenarios.

Change in Imbalance	2040-1	2040-2	2040-3	2040-4	2040-5	2040-6
<b>Max (MW)</b>	-0.384	0.597	-1.767	-0.682	-2.911	1.902
<b>% Max</b>	-0.164	0.241	-0.998	-0.297	-1.269	0.779
<b>Min (MW)</b>	0.118	1.831	-0.598	-0.363	-4.405	-0.462
<b>% Min</b>	-0.050	-0.733	0.335	0.156	1.887	0.189
<b>Std. (MW)</b>	-0.552	-0.611	-0.684	-0.589	-0.584	-0.634
<b>% Std.</b>	-3.874	-4.052	-6.484	-4.188	-4.147	-4.155

#### 4.2. Environmental Performance of Coordinated Energy-Water Operation

As mentioned before, the environmental performance of coordinated energy-water operation is assessed through overall reductions in water withdrawals, consumption and CO<sub>2</sub> emissions.

##### 4.2.1. Water Withdrawals

Figure 14 shows the water withdrawal distributions for the flexible and conventional operating modes. Flexible operation results in significantly lower withdrawals compared to conventional operation because the flexible energy-water resources are able to offset the use of thermo-electric power plants in favor of VREs. This phenomena is seen in how the flexible withdrawal distributions are shifted left towards zero. The associate water withdrawal statistics are summarized in Table 8 indicating improvements in mean withdrawals of up to 25.58%. These improvements are most pronounced in Scenarios 2040-2/3/6 with high penetrations of VREs. Indeed, the integration of several percent (on capacity basis) of flexible energy-water resources as shown in Table 2, serves to reduce water withdrawals by many multiples of that percentage. Such a phenomena can potentially appear in any scenario where VRE curtailment serves as a major lever of balancing control. Nevertheless, the flexible operation of energy-water resources reduces water withdrawals across all six scenarios.

##### 4.2.2. Water Consumption

Electric power system water consumption occurs through the evaporative losses from cooling towers in recirculating cooling systems. Figure 15 shows the water consumption distribution for both the conventional and flexible operating modes. While the effect is not large, the flexible mode of operation shifts the distribution slightly towards the zero mark. Specifically, flexible operation consumes 1.07–4.51% less water than the conventional operation across all six scenarios, as shown in Table 9. This relatively small percentage nevertheless accounts for  $258 \times 10^3 m^3$  of water saved every year. Scenarios 2040-3 and 2040-6 have the least savings. Due to high penetrations of VREs, these scenarios require faster

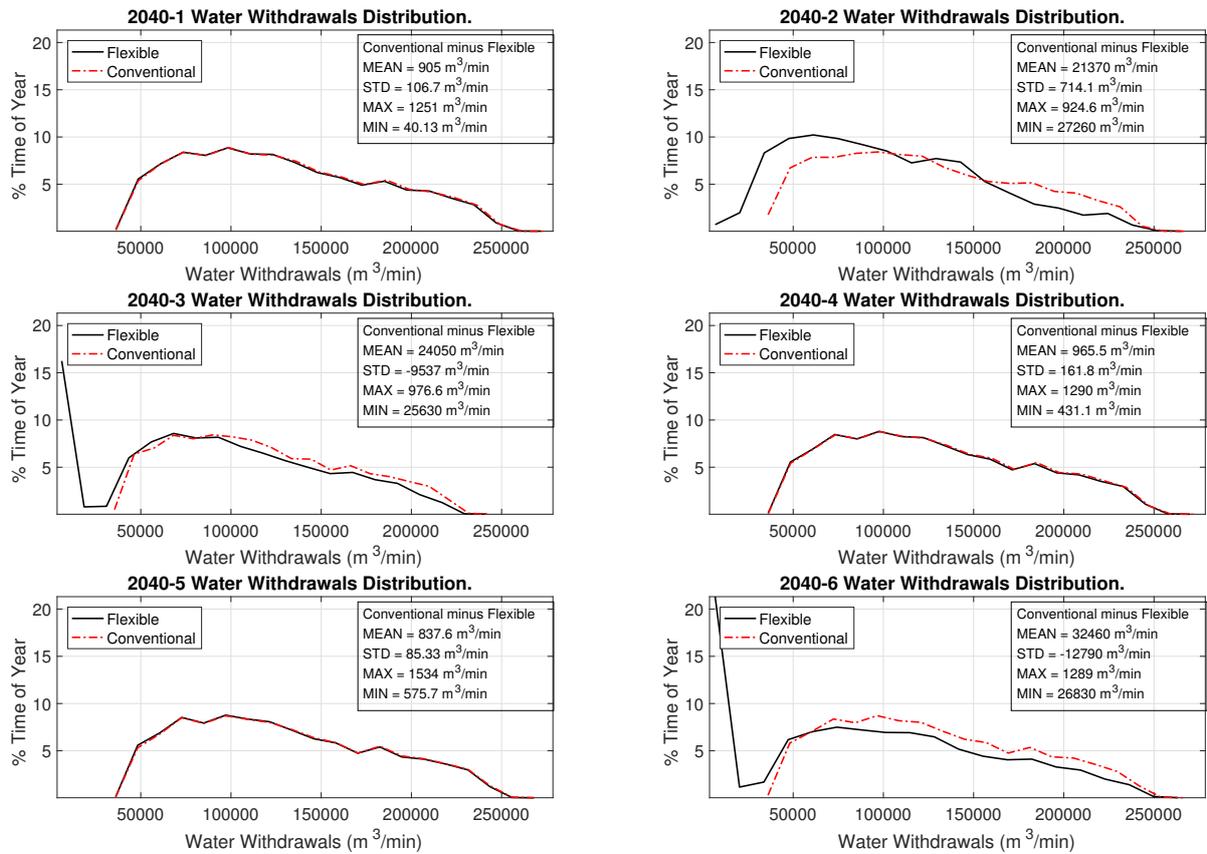


Figure 14: Distributions of water withdrawals for all six 2040 scenarios in both the flexible and conventional operating modes.

Table 8: Change in water withdrawals statistics (conventional *minus* flexible) for all six 2040 scenarios.

$\Delta H_2O$ Withdrawals	2040-1	2040-2	2040-3	2040-4	2040-5	2040-6
<b>Mean (<math>m^3/min</math>)</b>	905.0 (0.70%)	21370.0 (17.29%)	24050.0 (20.59%)	965.5 (0.74%)	837.6 (0.65%)	32460.0 (25.58%)
<b>STD (<math>m^3/min</math>)</b>	106.7 (0.20%)	714.1 (1.35%)	-9537.0 (-19.92%)	161.8 (0.31%)	85.3 (0.16%)	-12790.0 (-24.40%)
<b>Max (<math>m^3/min</math>)</b>	1251.0 (0.45%)	924.6 (0.34%)	976.6 (0.39%)	1290.0 (0.47%)	1534.0 (0.56%)	1289.0 (0.47%)
<b>Min (<math>m^3/min</math>)</b>	40.1 (0.11%)	27260.0 (88.22%)	25630.0 (75.82%)	431.1 (1.17%)	575.7 (1.54%)	26830.0 (75.99%)
<b>Total (<math>m^3/min \times 10^6</math>)</b>	475.7	11230.0	12640.0	507.5	440.2	18090.0
<b>Percent change (%)</b>	0.70	17.29	20.59	0.74	0.65	25.58

ramping generation which mostly comes from fast-ramping natural gas units with recirculating cooling systems. In short, the water saving effect of integrating VREs is a diminished to a certain extent by the need for operating reserves from water-consuming but flexible NGCC plants. If demand side resources (from water loads or otherwise) played a large balancing role, then the water saving role of integrating VREs would be more pronounced.

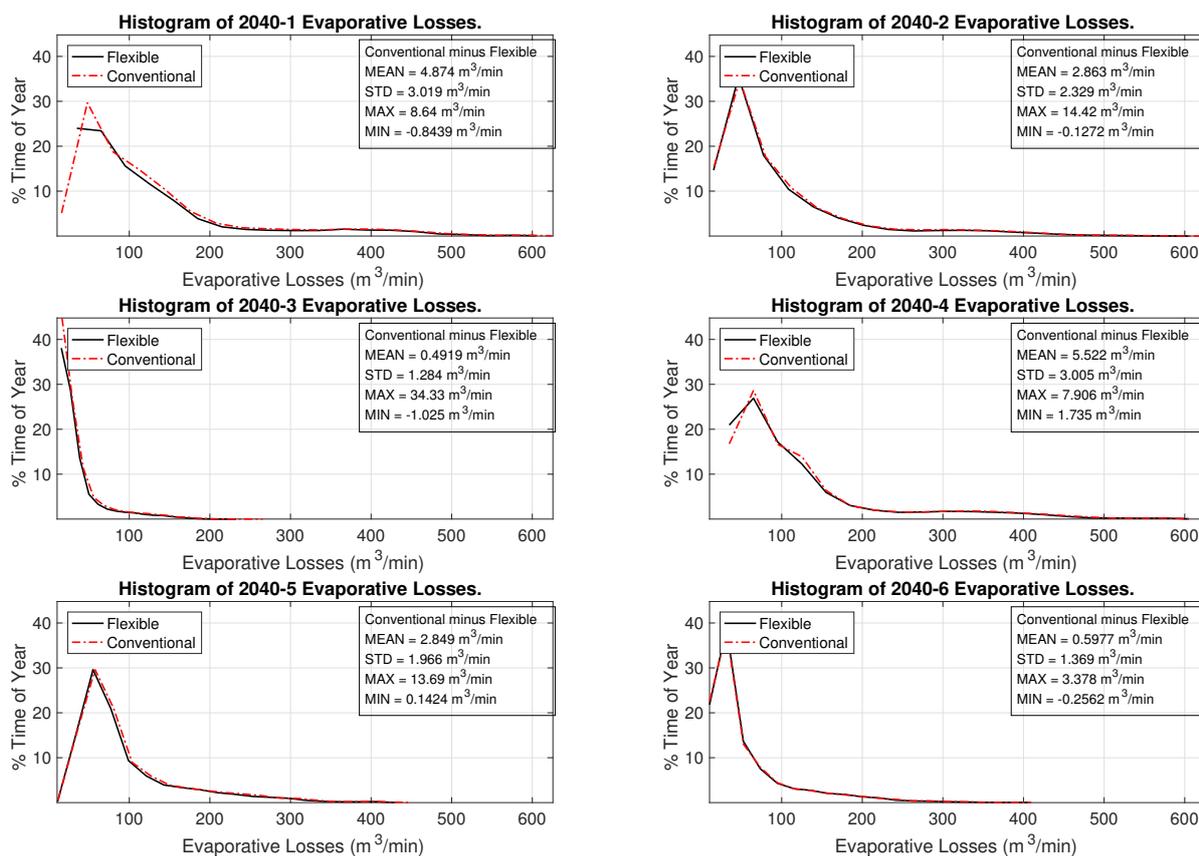


Figure 15: Distributions of water consumption for all six 2040 scenarios in both the flexible and conventional operating modes.

Table 9: Change in evaporative loss statistics (conventional *minus* flexible) for all six 2040 scenarios.

$\Delta$ Evap Losses	2040-1	2040-2	2040-3	2040-4	2040-5	2040-6
<b>Mean</b> ( $m^3/min$ )	2.67 (3.96%)	1.63 (3.11%)	0.30 (1.44%)	3.37 (5.03%)	1.51 (2.84%)	0.31 (1.03%)
<b>STD</b> ( $m^3/min$ )	1.10 (2.77%)	1.05 (2.97%)	0.74 (5.58%)	1.23 (3.33%)	0.61 (2.61%)	0.68 (3.05%)
<b>Max</b> ( $m^3/min$ )	5.71 (2.45%)	3.42 (1.44%)	6.40 (6.02%)	-0.00 (-0.00%)	1.80 (1.11%)	0.07 (0.04%)
<b>Min</b> ( $m^3/min$ )	-0.62 (-3.50%)	-0.00 (-0.00%)	-0.13 (-1.65%)	0.47 (2.56%)	-0.12 (-0.83%)	-0.06 (-0.52%)
<b>Total</b> ( $m^3 \times 10^3$ )	1402	859	158	1769	794	165
<b>Percent change</b> (%)	4.12	3.21	1.46	5.30	2.92	1.03

#### 4.2.3. CO<sub>2</sub> Emissions

Finally, as shown in Figure 16, the overall CO<sub>2</sub> emissions are significantly reduced through flexible operation. It reduces the overall CO<sub>2</sub> emissions by 2.10%–3.46%, as shown in Table 10. The mean, max, and standard deviation of emissions are all improved. This CO<sub>2</sub> emissions reduction occurs because flexible energy-water resources 1.) eliminate the need for some generation through reduced electricity consumption, 2.) enable greater VRE generation through a reduction in curtailment and 3.) displace fossil-fueled conventional generation.

Table 10: Change in CO<sub>2</sub> emissions statistics (flexible *minus* conventional) for all six 2040 scenarios.

$\Delta$ CO <sub>2</sub> Emissions	2040-1	2040-2	2040-3	2040-4	2040-5	2040-6
<b>Mean</b> ( $kg$ )	82280 (3.46%)	60330 (3.28%)	21900 (3.17%)	82390 (3.11%)	71840 (2.90%)	23120 (2.10%)
<b>STD</b> ( $kg$ )	31460.0 (2.44%)	32230.0 (2.66%)	36350.0 (5.75%)	30660.0 (2.69%)	29540.0 (2.71%)	28830 (2.96%)
<b>Max</b> ( $kg$ )	51500 (0.71%)	176000 (2.38%)	222500 (5.54%)	90040 (1.26%)	121800 (1.72%)	103100 (1.59%)
<b>Min</b> ( $kg$ )	8189.00 (2.07%)	-3313.00 (-1.08%)	-2383.00 (-1.35%)	-5755.00 (-1.14%)	1179.00 (0.31%)	92.23 (0.03%)
<b>Total</b> ( $kg \times 10^6$ )	43240	31710	11510	43300	37760	12150
<b>Percent change</b> (%)	3.46	3.28	3.17	3.11	2.90	2.10

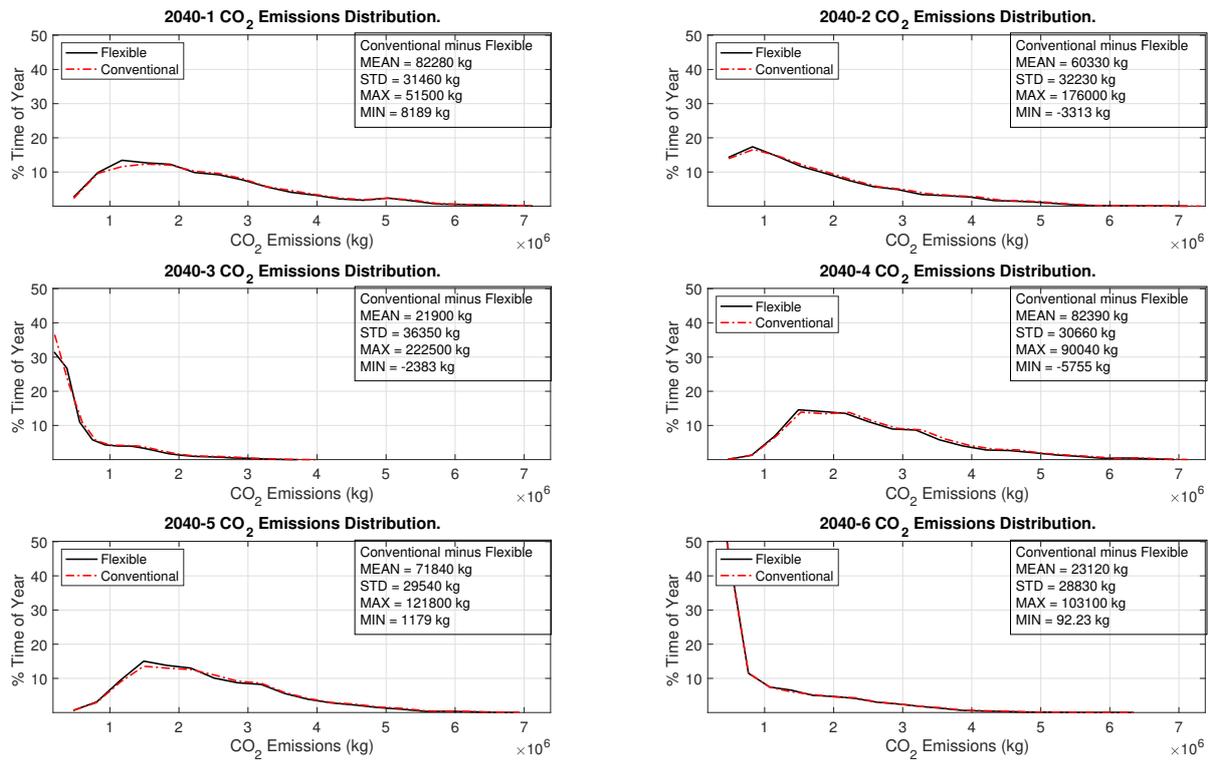


Figure 16: Distributions of  $CO_2$  emissions for all six 2040 scenarios in both the flexible and conventional operating modes.

#### 4.3. Economic Performance of Coordinated Energy-Water Operation

The economic performance of coordinated energy-water operation is assessed in terms of the day-ahead and real-time production costs.

##### 4.3.1. Day-Ahead Energy Market Production Costs

Figure 17 shows flexible operation reduced the total production cost in the day-ahead energy market for all 2040 scenarios. Table 11 summarizes the associated statistics. Flexible operation reduced total production costs by 29.3–68.09M\$ or between 1.22–1.76%. As illustrated in Figure 17, Scenarios 2040-2/3/6 have much lower day-ahead production costs due to a high penetration of VREs. In contrast, scenarios 2040-1/4/5 have significantly higher costs as they are forced to commit expensive thermal power plants. In short, the day-ahead energy market production costs are lower because the flexible mode of operation represents an optimization program that is less constrained than the program associated with the conventional mode of operation.

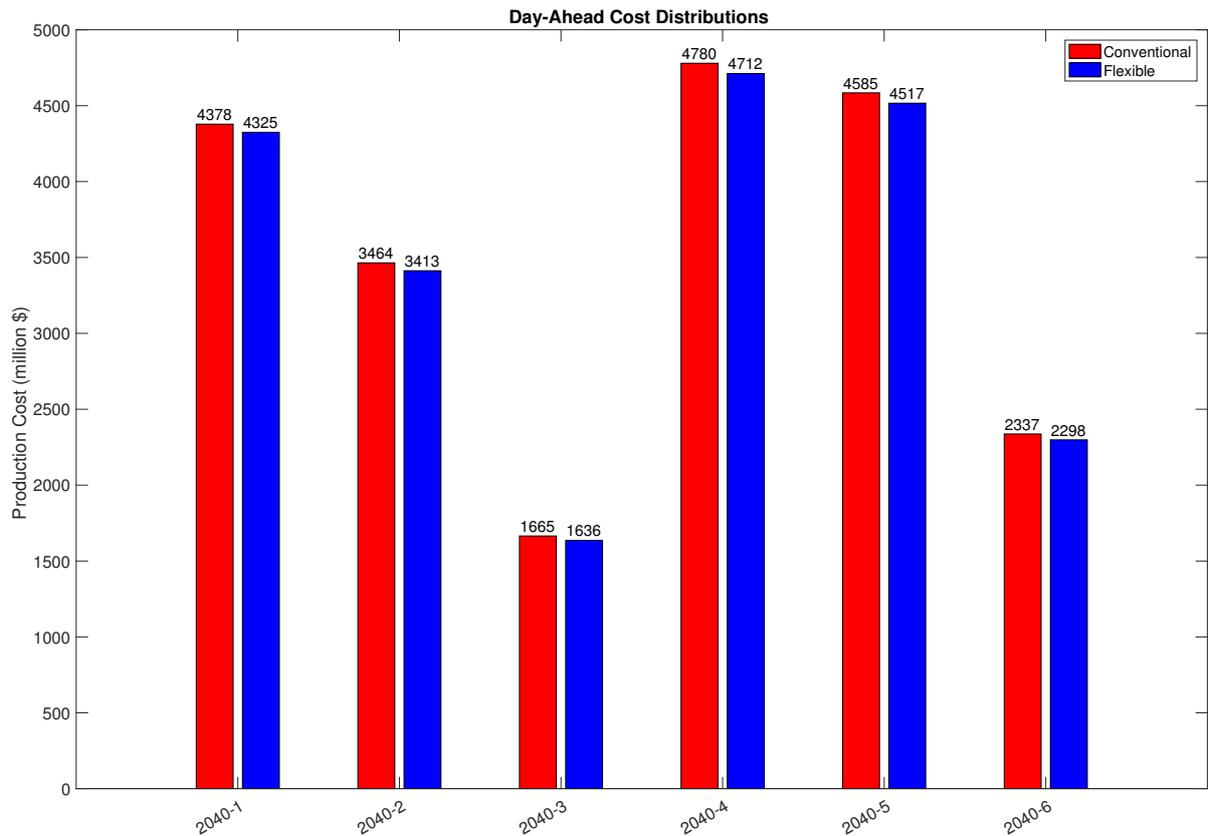


Figure 17: Total production cost in the day-ahead energy market for all 2040 scenarios in both the flexible and conventional operating modes.

Table 11: Change in day-ahead energy market production cost statistics (flexible *minus* conventional) for all six 2040 scenarios.

$\Delta$ Day-Ahead Costs	2040-1	2040-2	2040-3	2040-4	2040-5	2040-6
Mean (\$/hr)	6115.1 (1.22%)	5909.4 (1.49%)	3345.2 (1.76%)	7712.7 (1.41%)	7773.1 (1.49%)	4388.1 (1.64%)
STD (\$/hr)	4859.0 (2.09%)	4355.7 (1.89%)	5336.3 (3.89%)	5327.3 (2.62%)	6160.9 (3.05%)	6095.2 (3.02%)
Max (\$/hr)	-16071.5 (-0.95%)	38820.1 (2.65%)	66093.4 (5.44%)	-76701.8 (-4.56%)	15683.0 (0.83%)	476535.0 (23.20%)
Min (\$/hr)	19290.1 (18.95%)	-2738.0 (-3.14%)	15922.7 (19.18%)	-706.4 (-0.45%)	-419.0 (-0.36%)	-10860.0 (-12.17%)
Total (million \$)	53.57	51.77	29.30	67.56	68.09	38.44
% Reduction	1.22	1.49	1.76	1.41	1.49	1.64

#### 4.3.2. Real-Time Energy Market Production Costs

Figure 18 illustrates the total real-time energy market production cost for all six scenarios. Similar to the day-ahead energy market, Scenarios 2040-1/4/5 have significantly higher production costs as they are forced to dispatch more expensive thermal power plants. Meanwhile, Scenarios 2040-2/3/6 have lower real-time energy market production costs due to a greater utilization of renewable energy. As detailed in Table 12, flexible operation reduces the average real-time market production costs by 2.46%–3.70% (or 19.58-70.83M\$) across all six scenarios.

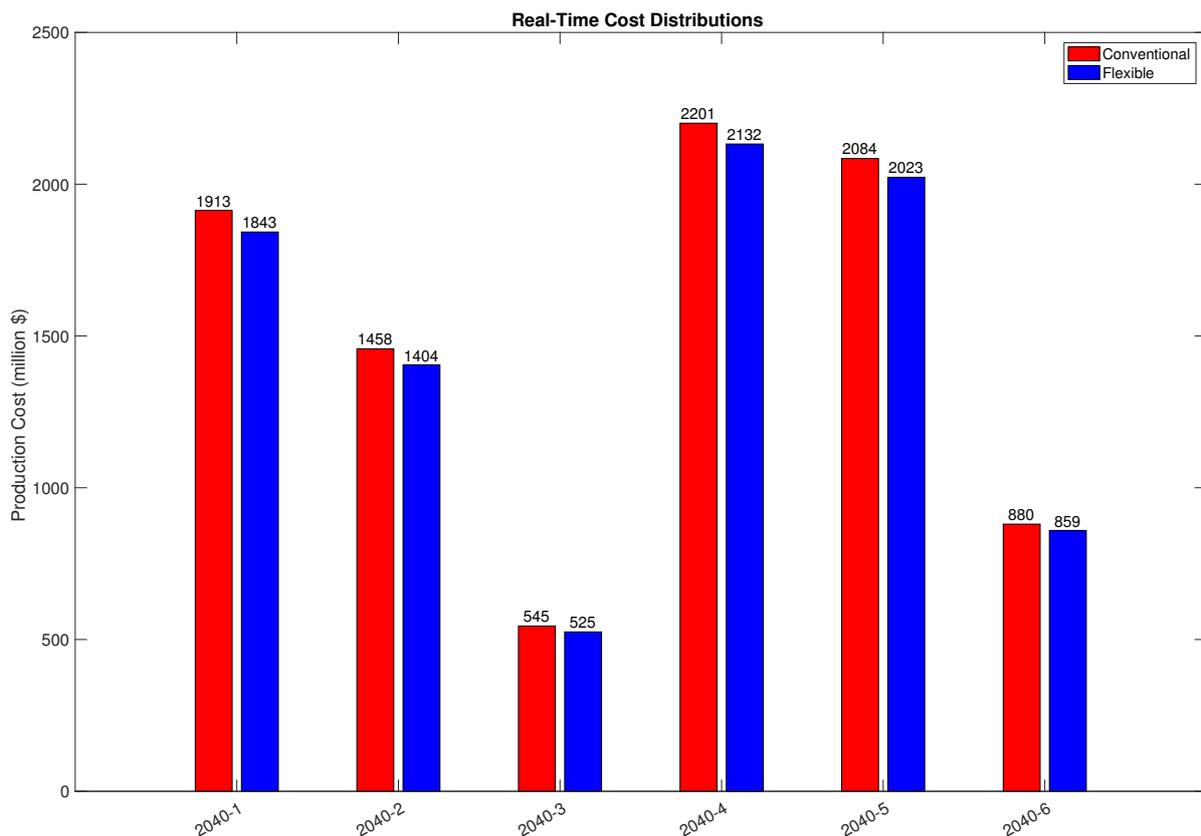


Figure 18: A comparison of the real-time production costs for flexible and conventional operation.

## 5. Conclusion

This work has used a novel enterprise control assessment methodology to study the energy-water nexus for the ISO New England System. Six scenarios were studied representing plausible electric power capacity mixes in 2040. The study specifically sought to understand the impact of flexible coordinated operation of energy-water resources on the holistic behavior of these six scenarios. In short, the flexible operation energy-water resources demonstrated truly “sustainable synergies” with respect to balancing, environmental, and economic performance. Table 13 summarizes the most important results of the study in

Table 12: A summary of the real-time production cost statistics (flexible *minus* conventional).

$\Delta$ Real-Time Cost	2040-1	2040-2	2040-3	2040-4	2040-5	2040-6
<b>Mean</b> (\$/min)	1347.5 (3.70%)	1013.5 (3.65%)	372.5 (3.59%)	1304.9 (3.12%)	1173.1 (2.96%)	412.5 (2.46%)
<b>STD</b> (\$/min)	493.5 (2.31%)	533.2 (2.62%)	553.8 (5.21%)	497.8 (2.58%)	545.8 (2.90%)	536.9 (3.30%)
<b>Max</b> (\$/min)	895.8 (0.58%)	3976.9 (2.69%)	385.2 (0.36%)	3163.4 (2.02%)	-5845.8 (-3.41%)	40662.3 (23.52%)
<b>Min</b> (\$/min)	88.4 (2.76%)	75.5 (3.45%)	-0.0 (-0.00%)	65.3 (0.98%)	-0.0 (-0.00%)	157.3 (3.78%)
<b>Total (million \$)</b>	70.83	53.27	19.58	68.58	61.66	21.7
<b>% Reduction</b>	3.70	3.65	3.59	3.12	2.96	2.46

a balanced sustainability scorecard and highlights the synergistic improvements caused by flexible coordinated operation of the energy-water nexus. These results show that as VRE resources become an ever-important part of the electric power system landscape, so too must the electric power system evolve to engage energy-water resources as control levers. In some cases, such resources – like hydro-power plants – are mainstays of traditional operation. In other cases, particularly water utility electric loads, these resources will have to evolve their operation to become true electric power grid participants.

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Table 13: Balanced Sustainability Scorecard: The range of *improvements* caused by coordinated flexible operation of the energy-water nexus.

<b>Balancing Performance</b>	
Average Load Following Reserves	1.24–12.66%
Average Ramping Reserves	5.28–18.35%
Percent Time Curtailed	2.67–10.90%
Percent Time Exhausted Regulation Reserves	0%
Std. Dev. of Imbalances	3.874–6.484%
<b>Environmental Performance</b>	
Total Water Withdrawals	0.65–25.58%
Total Water Consumption	1.03–5.30%
Total CO <sub>2</sub> Emissions	2.10–3.46%
<b>Economic Performance</b>	
Total Day-Ahead Energy Market Production Cost	29.30–68.09M\$
Total Real-Time Energy Market Production Cost	19.58–70.83M\$

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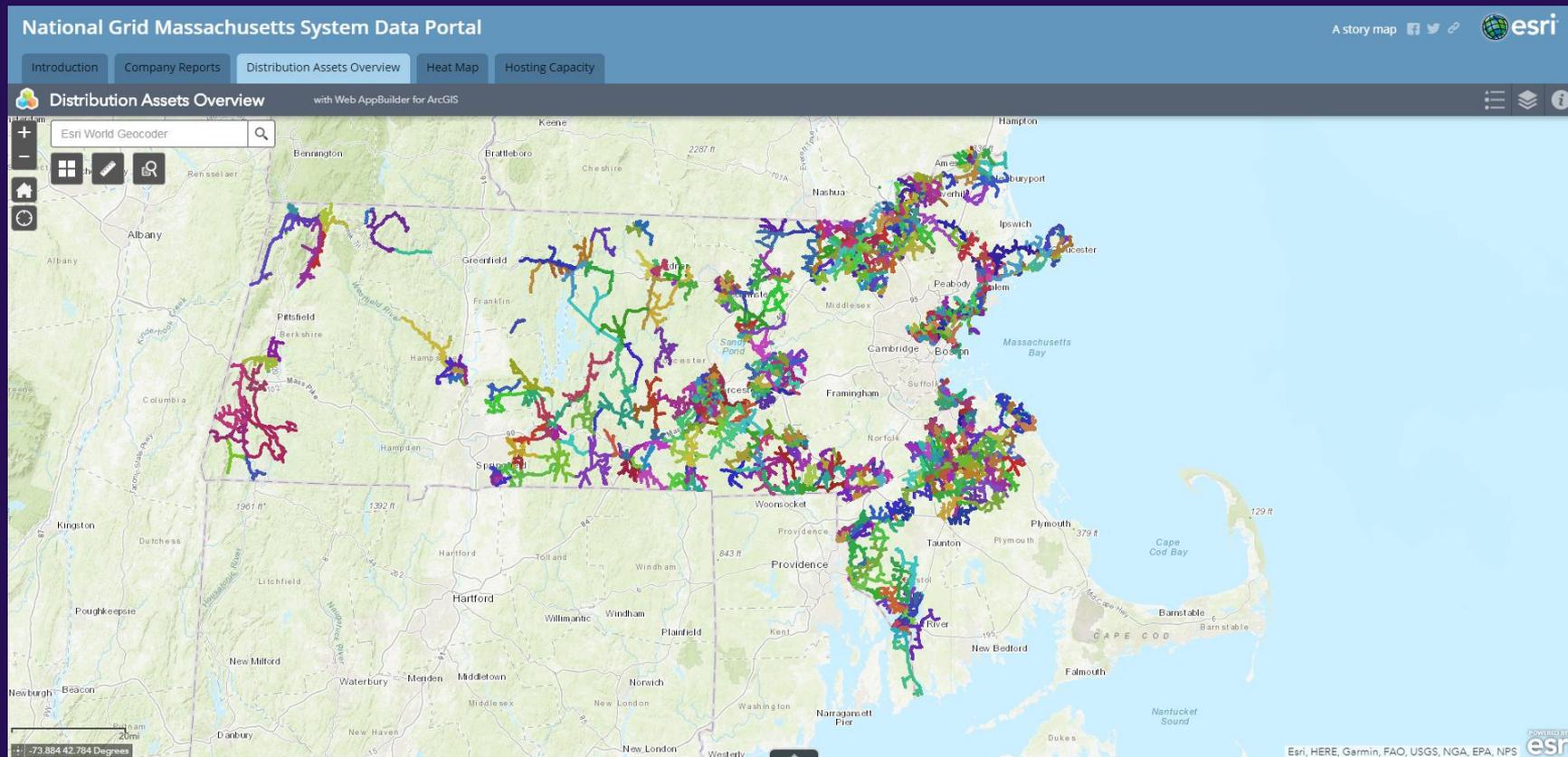
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**nationalgrid**

HERE WITH YOU. HERE FOR YOU.

# National Grid Massachusetts System Data Portal: User Guide

Nov 2019



# Table of Contents

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# Overview

[Click Here to Access the National Grid Massachusetts System Data Portal](#)

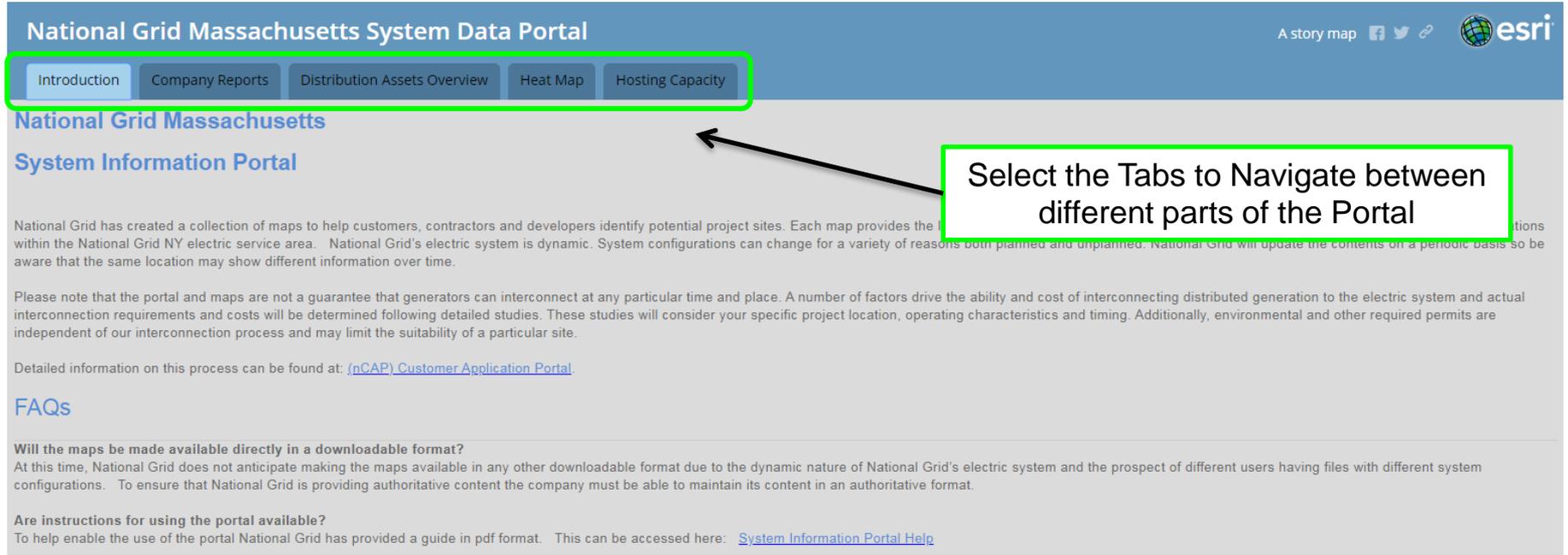
National Grid has created a collection of maps to help customers, contractors and developers identify potential project sites.

The maps provide the location and specific information for selected electric transmission lines, distribution lines, associated substations and assets within the National Grid electric service area of Massachusetts.

National Grid's electric system is dynamic. System configurations can change for a variety of reasons both planned and unplanned. National Grid will update the contents on a periodic basis so please be aware that the same location may show different information over time.

Please note that the portal and maps are not a guarantee that generators can interconnect at any particular time and place. A number of factors drive the ability and cost of interconnecting distributed generation to the electric system and actual interconnection requirements and costs will be determined following detailed studies. These studies will consider your specific project location, operating characteristics and timing. Additionally, environmental and other required permits are independent of our interconnection process and may limit the suitability of a particular site.

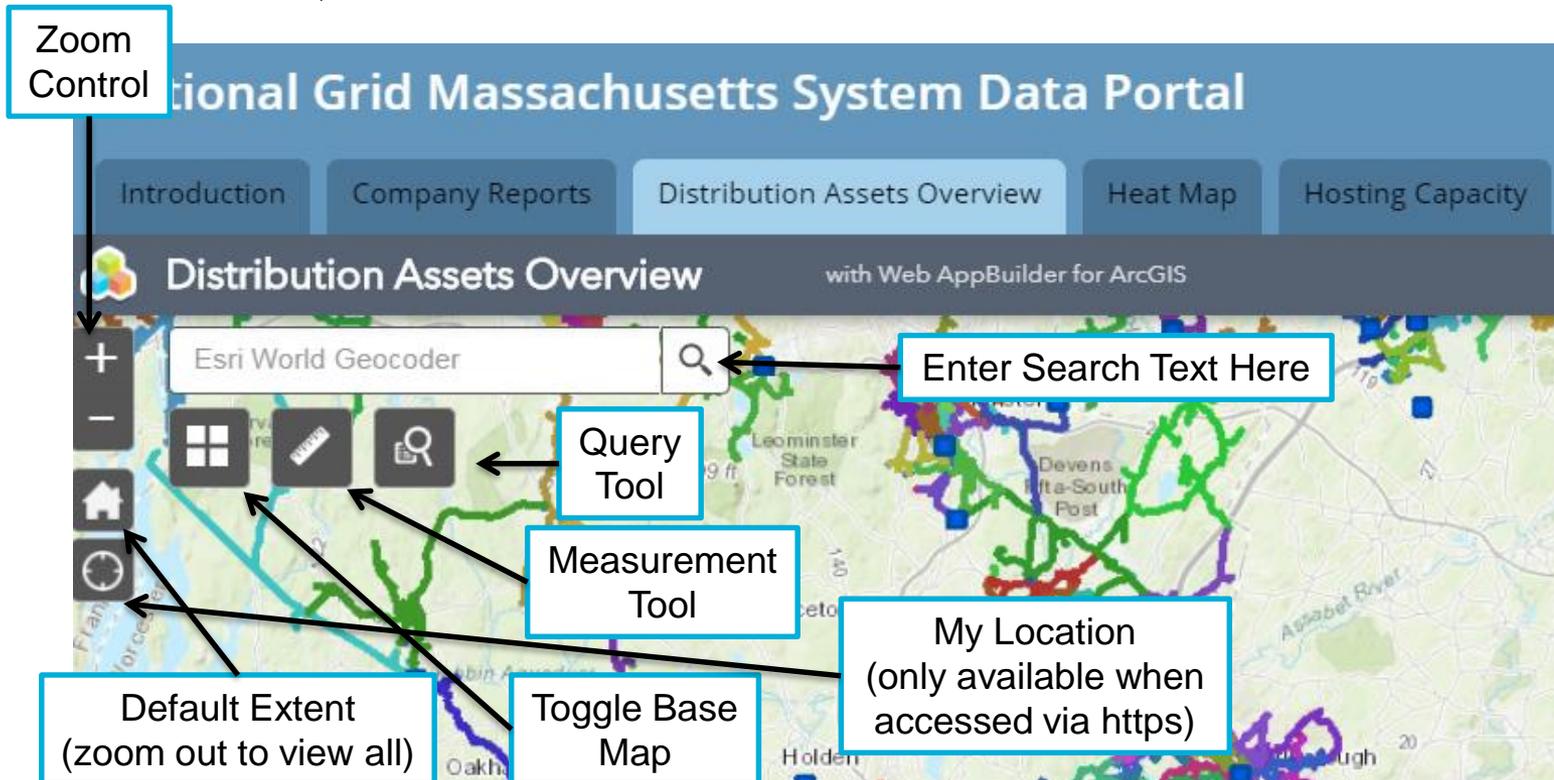
# Navigation - Tabs



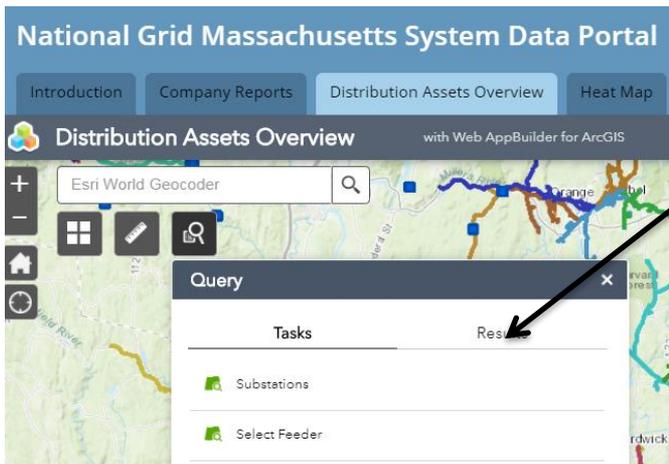
- The Massachusetts System Data Portal contains tabs for easy navigation.

# Navigation – Map Search

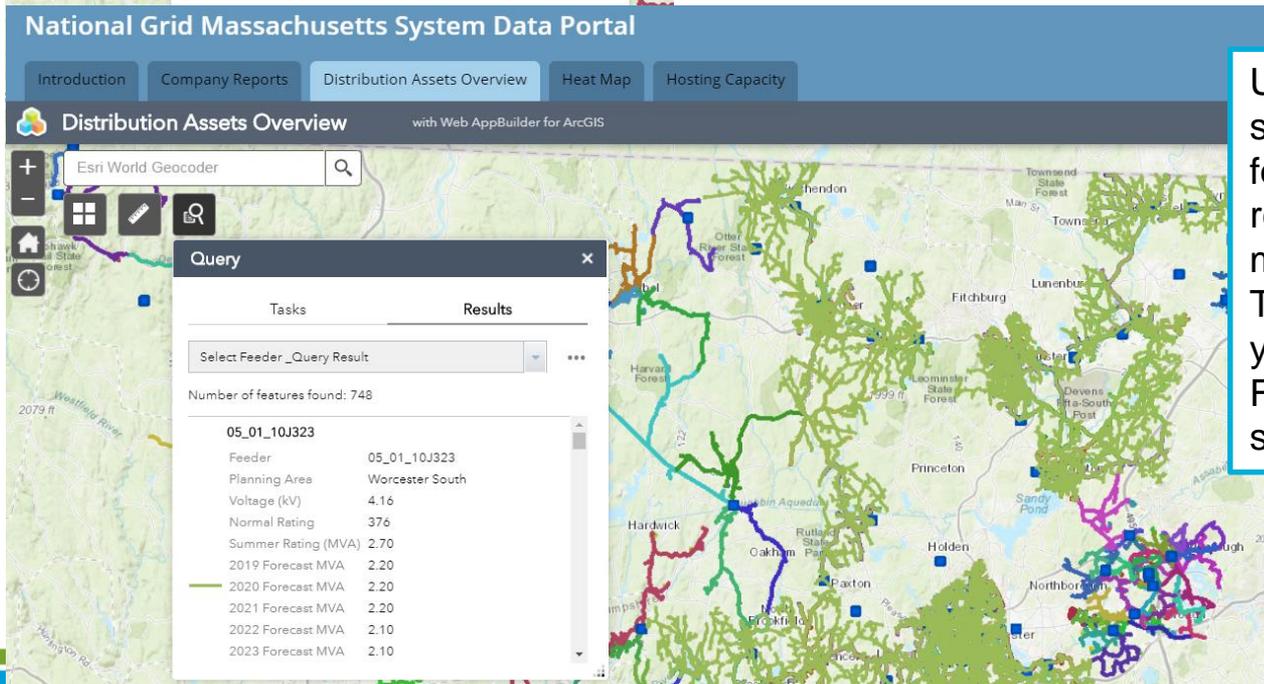
- Use the Search Text bar to find an address or place, similar to Google Maps.
- Or, use the Zoom Controls or mouse wheel to locate a specific location, feeder or substation.



# Query Tool



Select Feeders by Substation Name  
or by Feeder Number



Using the Feeder Number search method, searching for a specific feeder or region (i.e. 05\_01) zooms map to search results. The feeder is highlighted yellow by this method. Feeder information is also shown.

# Tab - Introduction

## National Grid Massachusetts System Data Portal

A story map    

**Introduction** Company Reports Distribution Assets Overview Heat Map Hosting Capacity

### National Grid Massachusetts

#### System Information Portal

National Grid has created a collection of maps to help customers, contractors and developers identify potential project sites. Each map provides the location and specific information for selected electric distribution lines and associated substations within the National Grid NY electric service area. National Grid's electric system is dynamic. System configurations can change for a variety of reasons both planned and unplanned. National Grid will update the contents on a periodic basis so be aware that the same location may show different information over time.

Please note that the portal and maps are not a guarantee that generators can interconnect at any particular time and place. A number of factors drive the ability and cost of interconnecting distributed generation to the electric system and actual interconnection requirements and costs will be determined following detailed studies. These studies will consider your specific project location, operating characteristics and timing. Additionally, environmental and other required permits are independent of our interconnection process and may limit the suitability of a particular site.

Detailed information on this process can be found at: [\(nCAP\) Customer Application Portal](#).

#### FAQs

##### Will the maps be made available directly in a downloadable format?

At this time, National Grid does not anticipate making the maps available in any other downloadable format due to the dynamic nature of National Grid's electric system and the prospect of different users having files with different system configurations. To ensure that National Grid is providing authoritative content the company must be able to maintain its content in an authoritative format.

##### Are instructions for using the portal available?

To help enable the use of the portal National Grid has provided a guide in pdf format. This can be accessed here: [System Information Portal Help](#)

- Provides an overview of the Portal, with FAQs and a link to this Help Guide

# Tab - Company Reports



## National Grid Massachusetts

### Filed Company Reports

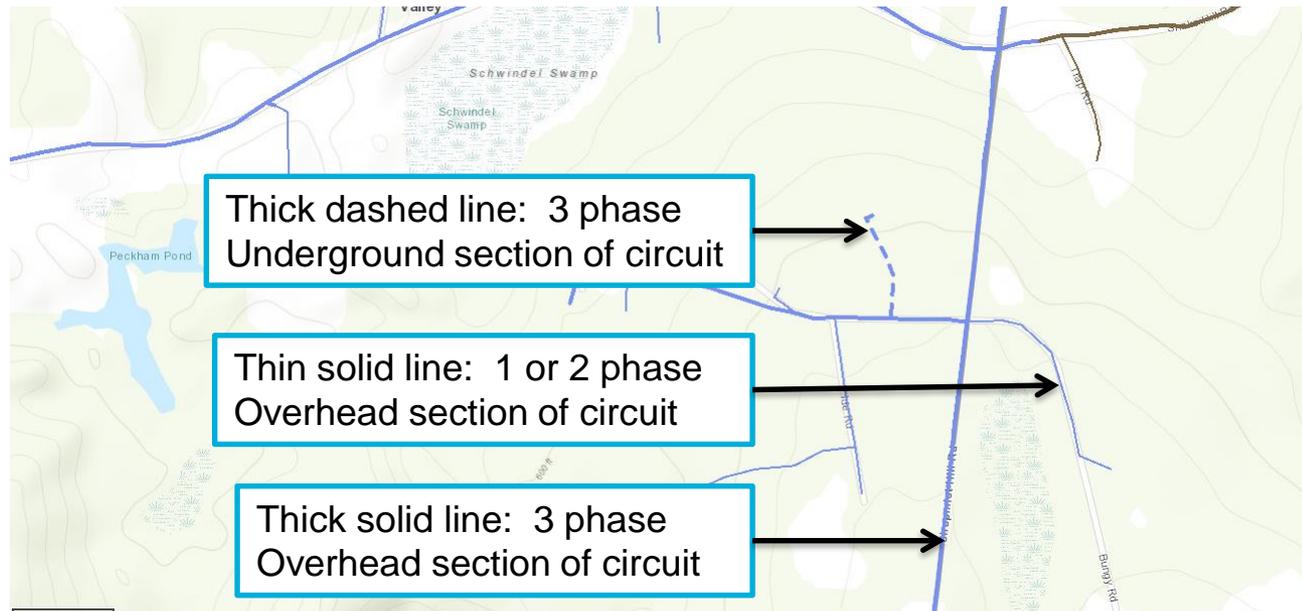
- [National Grid - Distribution Planning Criteria](#)
- [National Grid Massachusetts - Planning Study Flowchart](#)
- [National Grid - 2018 Annual Reliability Report](#)

Location of links for various Regulatory Filings and Company Reports

- A flowchart for National Grid’s Distribution Planning Process
- The Planning Criteria National Grid uses for its system.
- The FY2018 ARR (Annual Reliability Report) Filing



# Tab - Distribution Assets Overview



- The Distribution Assets Overview tab shows National Grid electric distribution assets, which includes circuits (feeders) by phase.
- Circuit types are coded by line thickness and dash style.

# Tab - Distribution Assets Overview

National Grid - Massachusetts System Data Portal

Introduction Company Reports Distribution Assets Overview Heat Map

Massachusetts Distribution Assets Overview

Legend toggle button

About window with feeder info

Feeder Legend

Study Area	Northampton-5 berkshire
CDF	05_09_909W4
District	9
FEEDER	909W4
FEEDER_X	
FEEDER_Y	
Substation	FLORENCE JCT 9
Voltage (kV)	13.80
Normal Rating	515
Summer Rating (MVA)	12.30
2018 %SN	66.70%
2019 Amps	341
2020 Amps	338
2021 Amps	336
Zoom to	***

Legend

MASDP\_Substations

Substations

MASDP\_Overview

Three Phase

OH

- 04\_04\_101L2
- 04\_04\_101L3
- 04\_04\_101L4
- 04\_04\_101L5
- 04\_04\_101L6
- 04\_04\_101L7
- 05\_01\_0012
- 05\_01\_10J323
- 05\_01\_10J366
- 05\_01\_10J383
- 05\_01\_11J314
- 05\_01\_11J330
- 05\_01\_11J333
- 05\_01\_11J334
- 05\_01\_11J351
- 05\_01\_11J357
- 05\_01\_12J376
- 05\_01\_12J377
- 05\_01\_12J378
- 05\_01\_12J391
- 05\_01\_13J350
- 05\_01\_13J358
- 05\_01\_14J367

- Circuits are color coded by feeder name, on the Map and in the Legend.
- When a feeder is selected, an about window will pop up with feeder operating attributes and data.

# Tab - Distribution Assets Overview

National Grid Massachusetts System Data Portal

Introduction Company Reports Distribution Assets Overview Heat Map Hosting Capacity

Distribution Assets Overview with Web AppBuilder for ArcGIS

Esri World Geocoder

Layer List toggle button

Layer List

Operational Layers

- National Grid Substations
- Substations
- National Grid MA Feeders by Phase
  - Three Phase
  - Single end Two Phase
- Massachusetts Distribution Feeders
  - % Based on 2018 Loads

Map Scale

600ft

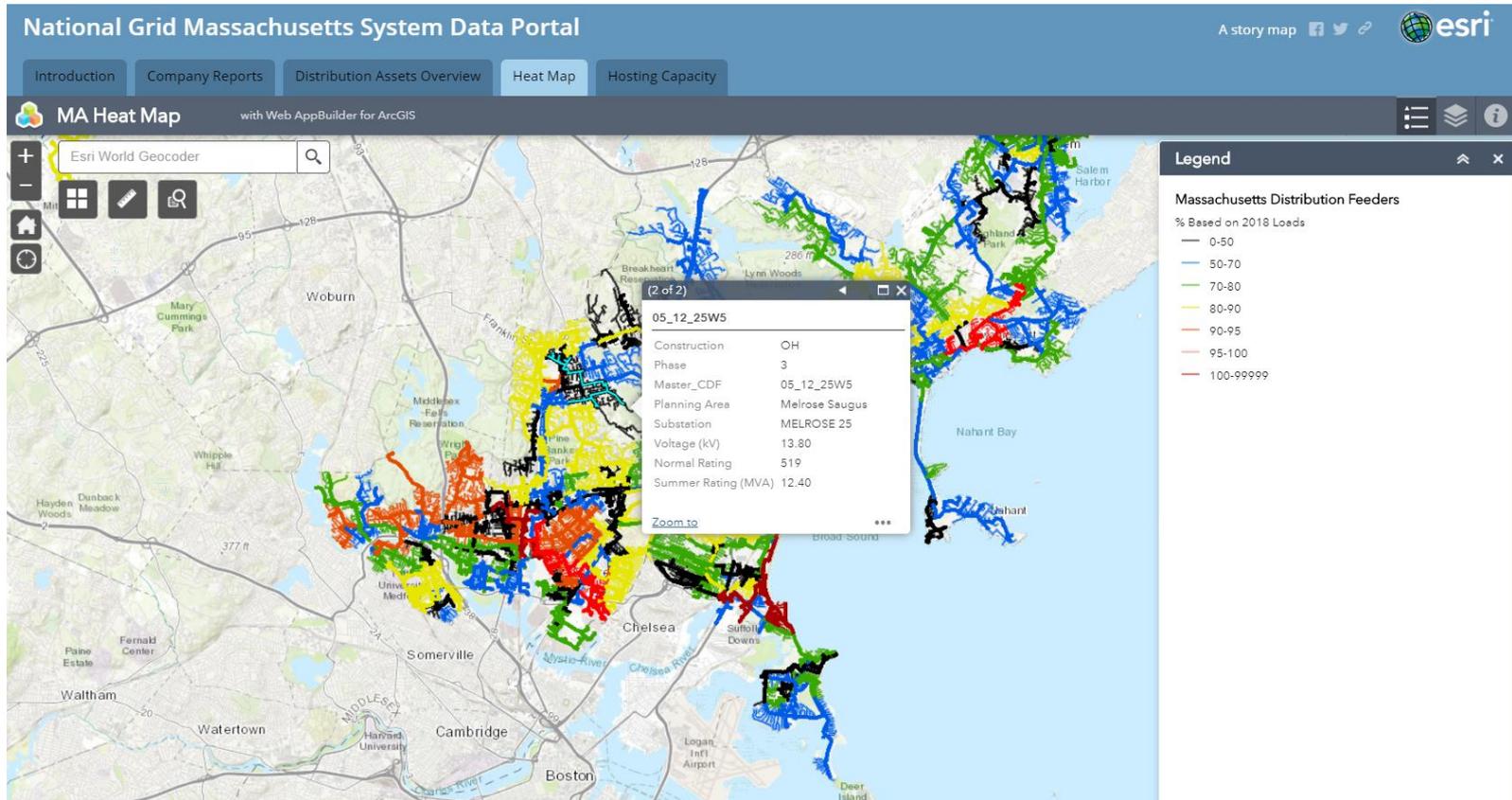
-71.689 41.871 Degrees

Map coordinates (long,lat)

-72.811 42.175 Degrees

- The window contains map scale and coordinate data.
- A Layer List can be toggled to show different assets of the map system.

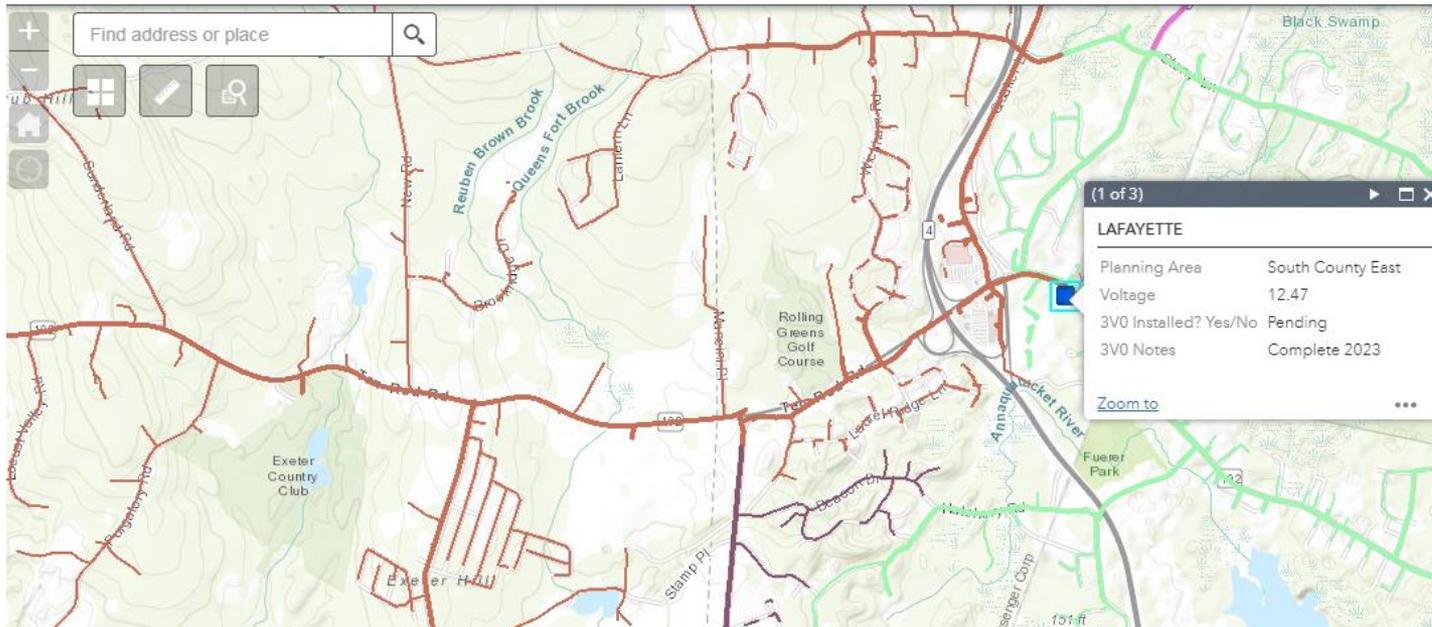
# Tab - Heat Map



- The Heat Map shows National Grid electric distribution assets, similar to the Distribution Assets Overview tab. Circuits are color coded by % 2018 Actual loading.
- Feeder selection will display a variety of operating attributes and data.

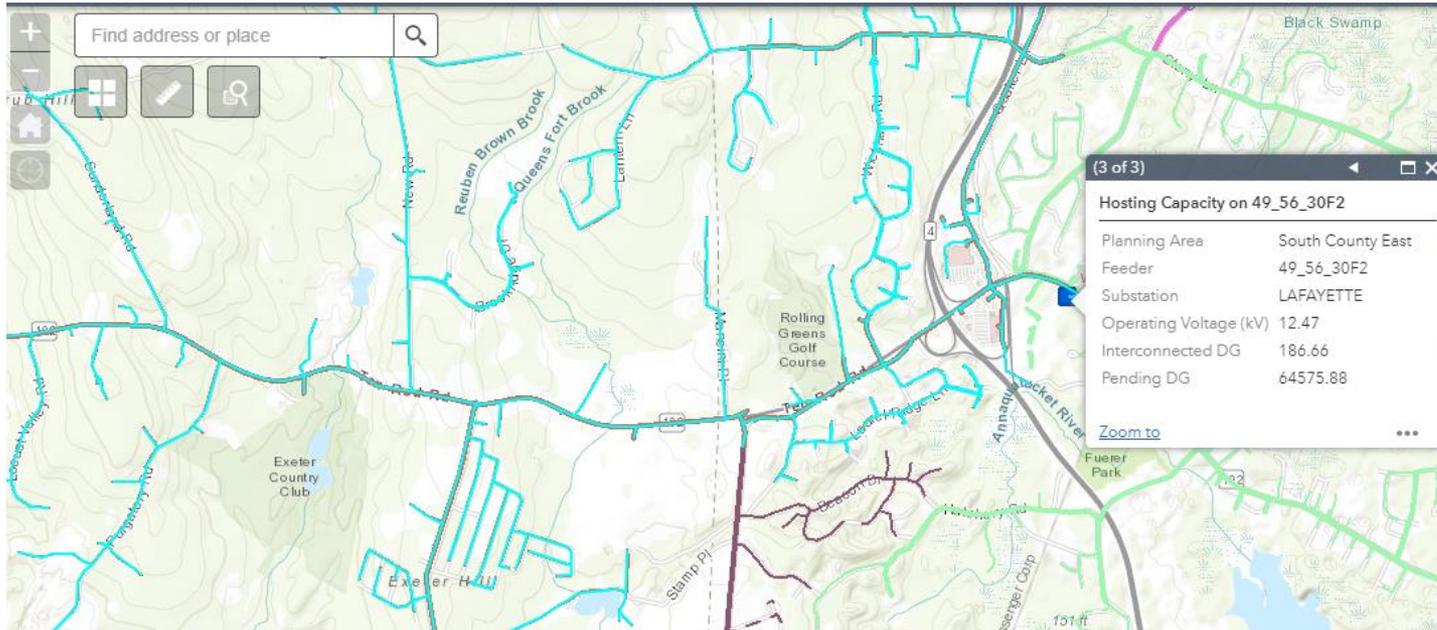
# Tab - Hosting Capacity

Note:  
Hosting  
Capacity tab  
is currently  
under  
development



- The Hosting Capacity Map **\*WILL\*** show National Grid Substation 3V0 status, whether installed or pending and proposed year of completion.

# Tab - Hosting Capacity



**Note:**  
Hosting Capacity tab is currently under development

- The Hosting Capacity Map will show, at the feeder level, how much DER is interconnected and how much is proposed (in the queue).
- We will be periodically updating the Hosting Capacity map as the analyses are completed.