

RESOLUTION

THE COUNCIL OF STATE GOVERNMENTS

RESOLUTION SUPPORTING ELECTRIC POWER GRID MODERNIZATION TO ACHIEVE ENERGY EFFICIENCY AND DEMAND REDUCTION BENEFITS

WHEREAS, the nation's electric utilities have provided safe, reliable, economical electricity for over 100 years; and

WHEREAS, adequate and reliable electric power is critical to the economy of the United States and the standard of living of all Americans; and

WHEREAS, each electric utility system is unique and states are in the best position to determine the appropriate activities to be employed in modernizing the distribution of electric power by electric utilities under their jurisdiction; and

WHEREAS, some electric utilities, under state legislative guidance and regulatory oversight, have instituted initiatives designed to modernize the electric power grid to make it more efficient, more responsive, and more secure; and

WHEREAS, electric power grid modernization can result in significant savings through reduced utility operational costs, reduced energy theft, and more efficient use of the electric grid; and

WHEREAS, as an important component of electric power grid modernization, installation and deployment of advanced electric meters can provide consumers with more detailed information regarding their electric usage which can result in consumers being able to better manage their electric consumption and budgets; and

WHEREAS, electric power grid modernization can assist utilities in providing improved outage prevention, detection and restoration services that benefit consumers; and

WHEREAS, there are important components of electric power grid modernization (such as but not limited to voltage optimization) that have been proven through in-field deployments to deliver substantial, immediate, highly predictable, cost-effective, and verifiable energy and demand reduction benefits, which require no change in the consumer's home or business building structures, equipment purchases or uses, or behavior modification; and

WHEREAS, many states have legislative Energy Efficiency Resource Standards or regulatory expectations for electric utilities to provide for increasing amounts of energy and demand reductions; and

WHEREAS, similar to traditional energy efficiency programs, electric power grid modernization technology deployment can result in reductions of electric utility revenues, specifically revenues that are relied upon by electric utilities to cover fixed costs of investment and operations; and

WHEREAS, the energy efficiency impacts of electric power grid modernization can eliminate air emissions associated with the forgone energy production, and therefore provide an important tool to help states and electric utilities in meeting environmental compliance requirements; and

WHEREAS, electric power grid modernization can create new employment opportunities related to the manufacturing of equipment, construction jobs associated with deployment, as well as utility-sector jobs associated with the operation of the technology; and

WHEREAS, electric power grid modernization can often be deployed incrementally as determined cost effective, and as financial conditions and fiscal prudence allows.

NOW, THEREFORE BE IT RESOLVED, that The Council of State Governments encourages states to continue to evaluate the energy efficiency and demand reduction opportunities that can be achieved with electric utility grid modernization efforts, subject to the unique and specific circumstances that exist in their respective state; and

BE IT FURTHER RESOLVED, that The Council of State Governments encourages its members to work with their governors' offices, legislatures, energy offices, public service commissions, and other state agencies, as needed, to certify energy efficiency and demand reductions associated with electric utility grid modernization efforts (such as but not limited to voltage optimization and deployment and usage of other relevant technologies) as qualified resources in meeting legislative Energy Efficiency Resource Standards and/or regulatory expectations and orders to achieve prescribed levels of energy and demand reductions; and

BE IT FURTHER RESOLVED, that The Council of State Governments encourages its members to work with the aforementioned parties as appropriate to actively seek appropriate regulatory cost recovery mechanisms (such as, but not limited to net lost revenue recovery adjustment mechanisms, formula rates, etc.) as to ensure that electric utilities are not financially burdened as a result of achieving the energy and demand reductions associated with electric power grid modernization initiatives; and

BE IT FURTHER RESOLVED, that the Council of State Governments intends to assist its members and states to take the actions above by creating educational forums on the use of electric utility grid modernization technologies to achieve energy efficiency and demand reduction benefits, and to convene meetings with the associations of governors, state electric utility commissioners, state energy officials, and other parties to address certifying these benefits as qualified resources in meeting legislative and regulatory energy efficiency requirements as well as addressing appropriate regulatory cost recovery mechanisms to support such investments; and

BE IT FURTHER RESOLVED, that copies of this resolution are to be transmitted to the National Governor's Association (NGA), and the National Association of Regulatory Utility Commissioners (NARUC), National Association of State Energy Officials (NASEO), NASUCA (National Association of State Utility Consumer Advocates), and other relevant organizations, all governors, all state utility regulatory commissions, state energy officials, all states' legislative leadership, and that staff of The Council of State Government are directed to promote policies that reflect these principles, and by the end of the year 2013 provide educational opportunities for its members and conduct collaboration meetings with the parties above.

Adopted this 3rd Day of December, 2012, at CSG's 2012 National Conference in Austin, Texas.