

Resolution Regarding Electric Industry Restructuring Legislation

WHEREAS, State commissions and legislatures and the Federal Energy Regulatory Commission (FERC) are in the process of developing and implementing policies to move the electric industry to greater reliance on competition in the marketplace; *and*

WHEREAS, The 105th Congress, convening in January 1997, is expected to consider Federal legislation intended to facilitate competition in the electric utility industry, including retail electric markets; *and*

WHEREAS, The National Association of Regulatory Utility Commissioners (NARUC) adopted in July 1996 a Resolution Adopting "Principles to Guide the Restructuring of the Electric Industry," which generally states that all consumers should have equal access to adequate, safe, reliable and efficient energy services at fair and reasonable prices and at the lowest long-term cost to society and supports structural changes in the industry when they result in improved economic efficiency and serve the broader public interest, including changes which provide customers with the opportunity to make informed choices among electricity providers and services; *and*

WHEREAS, Such Principles also articulate that policy and implementation decisions related to retail electric service should be determined by the States; *and*

WHEREAS, Given Congress' intent to consider legislation during the 105th Congress, it is appropriate that the NARUC, as the national representative of the State regulatory commissions, complement the "Principles to Guide the Restructuring of the Electric Industry" by articulating related legislative policy preferences; *now, therefore, be it*

RESOLVED, By the National Association of Regulatory Utility Commissioners (NARUC), convened at its 108th Annual Convention in San Francisco, California, that Congress should continue to accord States the discretion to determine when and how to open retail electricity markets to competition; *and be it further*

RESOLVED, That Congress should continue to support programs and policies that address public benefits in electricity markets; *and*

RESOLVED, That, consistent with the NARUC Principles, any legislation should:

1. Affirm exclusive State jurisdiction over the regulation of the rates, terms and conditions of retail electric services, including, but not limited to, the authority of States to (a) implement retail competition under appropriate State laws and policies; and (b) determine the recovery of retail stranded costs.
2. Retain States' authority to (a) impose non-bypassable charges to support stranded benefits, including implementation of programs to promote energy efficiency, renewable energy resources, and support for low income consumers, (b) implement programs to promote energy efficiency and renewable energy

- resources, and to support low-income and rural consumers; and (c) ensure that all market participants adhere to appropriate health, safety, reliability and consumer protection standards.
3. Affirm States' authority to regulate retail power delivery services regardless of the facilities used.
 4. Authorize States, in cooperation with affected Canadian provinces and Mexican states, to form regional bodies on a voluntary basis to address regional transmission and system operation issues (with appropriate national oversight) including the definition of the character of transmission and distribution facilities, operation of transmission systems (including supervision of Independent System Operators and Power Exchanges), system planning, transmission pricing and facilities siting.

*Sponsored by the Committees on Electricity and Energy Conservation
Adopted November 20, 1996*