

Resolution on Portfolio Management

WHEREAS, State regulators of electric utilities today face numerous challenges, including corporate bankruptcies, market failure, exercise of market power, volatile markets for wholesale power and natural gas, and an uncertain investment climate for energy facilities; *and*

WHEREAS, Today's retail electricity markets are characterized by a variety of market structures ranging from traditional vertically integrated utilities to retail competition; *and*

WHEREAS, State utility regulators continue to oversee the procurement of electricity resources to serve all or a majority of retail customers who continue to receive service under regulated retail rates; *and*

WHEREAS, A variety of techniques, collectively known as portfolio management, can help utility regulators to ensure that regulated electricity services are provided in a manner that manages risks, enhances reliability, and improves the performance of wholesale and retail markets; *and*

WHEREAS, Portfolio management is wholly consistent with efforts to create competitive wholesale electric markets and offers a structured approach for assembling a diverse mix of short- and long-term energy resources to serve retail customers at regulated rates, via traditional power supplies as well as energy efficiency, distributed generation, demand response, and renewable energy resources; *and*

WHEREAS, Retail electric customers receiving regulated service can be protected from volatile energy markets by load-serving electric utilities that engage in prudent portfolio management practices; *and*

WHEREAS, Fourteen environmental and consumer organizations and the National Commission on Energy Policy, have called for portfolio management for residential and small business customers to be overseen by state utility regulators; *now therefore be it*

RESOLVED, That the National Association of Regulatory Utility Commissioners (NARUC), convened in its November 2003 Convention in Atlanta, Georgia, encourages State regulatory commissions to explore portfolio management techniques that may be applicable to their particular circumstances, under either traditional or restructured markets, and to adopt appropriate regulatory policies to facilitate effective implementation of portfolio management practices by regulated utilities; *and be it further*

RESOLVED, That NARUC explore opportunities to develop a research, training, and outreach program on portfolio management to serve the needs of state commissions and to further develop the regulatory community's knowledge about resource management practices to minimize risk and improve system reliability and market performance.

Sponsored by the Committee on Energy Resources and the Environment

Recommended by the NARUC Board of Directors November 18, 2003

Adopted NARUC Convention November 19, 2003