

Resolution Regarding On-Site Load Management Measures and Incentives

WHEREAS, Improved on-site efficiency and generation of electricity serves the public interest by increasing economic productivity while reducing environmental impacts and accelerating innovation in the electric industry; *and*

WHEREAS, On-site load management can shave peak demand and ease supply shortages, which threaten stable supply markets; *and*

WHEREAS, On-site load management can provide timely response to distribution congestion and reliability needs, and can avoid unnecessary transmission and distribution investment; *and*

WHEREAS, Many on-site generation options, such as combined heat and power, micro-turbines, and fuel cells emit fewer air pollutants at lower rates than older fossil-fueled units; and many use renewable fuel sources, the promotion of which has been an important national goal under past utility regulatory policy, including the Public Utility Regulatory Policies Act of 1978, and the Energy Policy Act of 1992; *and*

WHEREAS, Reduced economies of scale and technological advances in generation are key drivers in policies to establish competitive wholesale and, in some states, retail electric supply markets; *and*

WHEREAS, The design and implementation of departing load charges as part of electric restructuring can affect customer adoption and market entry of on-site load management measures; *and*

WHEREAS, NARUC's "Principles to Guide the Restructuring of the Electric Industry," adopted on July 25, 1996, expressly endorsed individual State decisionmaking on the treatment of transition costs in a fair and reasonable manner; *now, therefore, be it*

RESOLVED That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened at its 1999 Winter Meetings in Washington, D.C. supports measures to allow and encourage cost-effective customer efficiency measures, including efficiency improvements, clean and renewable on-site generation, combined heat and power, and other customer load management initiatives on the customer side of the meter; *and be it further*

RESOLVED, That the NARUC supports the removal of undue regulatory barriers to cost-effective customer load reduction measures; *and be it further*

RESOLVED, That in light of the industry structure principles that NARUC has previously adopted, States should consider and determine whether and how transition fees and other ratemaking issues can serve as incentives for customer load reduction and efficiency measures, and economic investment in on-site generation.

*Sponsored by the Committee on Energy Resources and Environment
Adopted February 24, 1999*