

EL-2/ERE-3Resolution Supporting the Rapid Deployment of Voltage Optimization Technologies

WHEREAS, Adequate and reliable electric power is critical; *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, Volt Var Optimization (VVO) technology deployment can be used as an important component of electric power grid modernization; *and*

WHEREAS, VVO technology has been proven through in-field deployments to deliver energy and demand reduction benefits, and these benefits have been independently verified; *and*

WHEREAS, These energy efficiency and demand reduction gains from VVO deployment are immediate, predictable, and measureable; *and*

WHEREAS, Since the VVO technology is typically installed on the utility side of the meter through an investment by the utility, with the possibility for rate base treatment, VVO benefits typically require no change in the consumer's home or business building structures, equipment purchases or uses, or behavior modification; *and*

WHEREAS, VVO technology deployment improves efficient delivery of energy and demand and these improvements are immediately reflected on consumers electric meters and reduce their electric bills; *and*

WHEREAS, The benefit-cost analytical results typically demonstrate that VVO technology investment is cost-effective from a ratepayer perspective; *and*

WHEREAS, Many States have legislative or regulatory Energy Efficiency Resource Standards (EERS) or regulatory expectations for electric utilities to provide for increasing amounts of energy and demand reductions; *and*

WHEREAS, Similar to traditional energy efficiency programs, VVO 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 impact of lost electric utility revenues can also be mitigated with the development and application of appropriate cost of service and rate designs, identifying the fixed costs of investment and operations which should not be recovered on the basis of customer consumption, but instead recovered through more appropriate means; *and*

WHEREAS, The energy efficiency impacts of VVO 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, Deployment of VVO technology serves as a platform for potential future grid modernization initiatives that can deliver operational visibility, efficiency, and control of the electric distribution grid, improving reliability and customer service for a relatively small incremental investment; *and*

WHEREAS, Investment in VVO can create new employment opportunities related to the manufacturing of equipment and construction jobs associated with deployment, as well as utility-sector jobs associated with the operation of the VVO technology; *and*

WHEREAS, VVO technology can be deployed incrementally as determined cost effective and as financial conditions and fiscal prudence allow, *now, therefore be it*

RESOLVED, That the National Association of Regulatory Utility Commissioners (NARUC) convened at its 2012 Annual Meeting in Baltimore, Maryland and encourages State public service commissions to evaluate the energy efficiency and demand reduction opportunities that can be achieved with the deployment of Volt-Var Optimization (VVO) technologies and other electric utility grid modernization technologies and activities, and use of appropriate measurement and verification tools to ensure that such technologies provide the projected savings; *and be it further*

RESOLVED, That State evaluation is a preferable course to the establishment of federal standards or guidelines that may not reflect the fact that each utility system is unique and the 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 be it further*

RESOLVED, That NARUC encourages State public service commissions to work with State legislatures, State energy offices, governors' offices, other State agencies, and Regional Transmission Organization (RTO'S)/Independent System Operator(ISO's) as needed, to certify energy efficiency and demand reductions associated with utility grid modernization efforts, including, but not limited to, the deployment of VVO technologies, as qualified resources in meeting legislative or regulatory Energy Efficiency Resource Standards (EERS) and/or regulatory expectations and orders to achieve prescribed levels of energy and demand reductions; *and be it further*

RESOLVED, That NARUC encourages State public service commissions to consider appropriate regulatory cost recovery mechanisms as appropriate in their respective States to ensure that electric utilities can reduce the reliance on customers' consumption to recover costs, and so that utilities and customers are not financially burdened as a result of achieving the benefits from the energy and demand reductions while experiencing reduced contributions to

costs associated with the energy sales reductions produced by the VVO technology deployment;
and be it further

RESOLVED, That NARUC encourages State public service commissions to avoid implementing policies that result in unnecessary barriers to the deployment of VVO technologies.

Sponsored by the Committee on Electricity and the Committee on Energy Resources and the Environment

Adopted by the Board of Directors, November 13, 2012

Adopted by the NARUC Committee of the Whole, November 14, 2012