

CI-1/EL-2 Resolution Supporting Infrastructure Modernization Programs

Whereas the National Association of Regulatory Utility Commissioners (“NARUC”) and its members have long focused on electric system reliability, adequacy, and affordability, as well as electric system infrastructure security and delivery;

Whereas NARUC enjoys a close working relationship and cooperative partnership with a variety of federal and state agencies and organizations tasked with ensuring the safety, security, resilience, reliability, and efficiency of the nation’s electric system;

Whereas innovations in technology in areas including, but not limited to, electric vehicles, renewable energy generation, microgrids, energy storage, distributed energy resources (“DER”), demand response and energy efficiency are occurring at a rapid pace;

Whereas utilities across the nation are finding it necessary to make investments in their electric transmission and distribution systems to accommodate the rapid pace of technological developments and meet increasing customer demands for an electric system that operates in a smart, secure, reliable, resilient, and efficient manner;

Whereas specific investments may be required to protect the nation’s electric system from the greater risk of disruption associated with growing physical and cybersecurity threats from a variety of sources across the nation and the world;

Whereas the upgrade and modernization of electric system infrastructure on an accelerated basis can mitigate this risk by enhancing the security, safety, reliability, and resilience of the electric grid;

Whereas alternative rate-recovery mechanisms may help expedite the upgrade and modernization of the electric system by promoting timely rate recovery for utility investments in electric system infrastructure safety, security, resilience, reliability, and efficiency;

Whereas alternative rate-recovery mechanisms may help eliminate near-term financial barriers of traditional ratemaking policies such as “regulatory lag” and promote access to lower-cost capital; *and*

Whereas with proper planning, controls, and regulatory monitoring to ensure accountability and ratepayer benefit, the adoption of alternative rate policies may be very effective for advancing critical electric system safety and reliability upgrades; *now, therefore be it*

Resolved that the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2018 Summer Policy Summit in Scottsdale, Arizona, encourages regulators and industry to consider sensible programs aimed at accelerating investments in electric system infrastructure to help modernize and protect the nation’s electric system; *and be it further*

Resolved that, to the extent permissible, State commissions should explore and examine alternative rate recovery mechanisms to accelerate the modernization, replacement, and enhancement of the nation’s electric system.

*Sponsored by the Committees on Electricity and Critical Infrastructure.
Adopted by the NARUC Board of Directors on July 18, 2018.*