

Resolution on Implications of Climate Policy for Ratepayers and Public Utilities

WHEREAS, National Association of Regulatory Utility Commissioners (NARUC) seeks to ensure that participants in the climate change dialogue fully consider and understand the effects of various potential climate policies on the nation's ratepayers and public utilities; *and*

WHEREAS, NARUC formed the Task Force on Climate Policy in March 2007 to:

- Develop an interim set of policy responses as climate issues are addressed in Congress;
- Review existing NARUC policies and propose updated resolutions for consideration by the Association's membership;
- Inform lawmakers of existing State programs and regional differences, and encourage Congress to ensure that ratepayers are not unduly burdened;
- Establish programmatic and educational content designed to inform the regulatory community about climate policy options and their potential impacts on utility customers and economic regulation;
- Coordinate NARUC's involvement with efforts both within and outside the Association, including the National Action Plan for Energy Efficiency and other efforts involving federal agencies, relating to climate issues; *and*

WHEREAS, The members of the NARUC Task Force on Climate Policy represent the diverse geographic and economic characteristics and the varied regulatory structures that exist in this country and the NARUC Standing Committees that are directly affected by potential climate policies; *and*

WHEREAS, The NARUC Task Force on Climate Policy has undertaken extensive efforts to educate State commissioners and staff by providing policy issue seminars and undertaking weekly teleconferences; *and*

WHEREAS, In addressing legislative proposals intended to reduce greenhouse-gas (GHG) emissions, Congress will be making decisions that could significantly impact customers of electric and natural gas utilities; *and*

WHEREAS, The continued availability of a reliable and reasonably priced supply of electricity and natural gas is critical to our nation's economic well-being, security, and the health and well-being of our citizens; *and*

WHEREAS, While Congress is assisted by numerous climate and environmental experts as it debates the environmental consequences of alternative climate change policies, NARUC, through its unique understanding of the nation's need for, and use of, electricity and natural gas can provide vital information and a crucial perspective regarding the potential consequences of possible climate change legislation on the nation's ratepayers and public utilities; *and*

WHEREAS, NARUC seeks to ensure that participants in the climate dialogue fully weigh and balance the potential impacts, whether costs or benefits, of various alternative

GHG emission reduction mechanisms on the citizens we serve and the industries we regulate; *now, therefore, be it*

RESOLVED, That Congress should ensure that any national climate change legislation minimizes, to the extent possible, adverse impacts upon public utility ratepayers and the companies that NARUC members are responsible for regulating; *and be it further*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners, convened in its July 2007 Summer Meetings in New York, New York, urges Congress to incorporate the following principles, which have been developed by the NARUC Task Force on Climate Policy, into any national climate program:

1. Any climate change legislation should be implemented economy-wide as part of a comprehensive national energy and energy security policy.
2. Any climate change legislation and its implementing regulations should be transparent, consistent, predictable, and equitable.
3. Any climate change legislation should avoid compromising electric and natural gas system reliability, and should ensure the availability of an adequate supply of electricity and natural gas.
4. Any climate change legislation should impose the minimum economic cost necessary to achieve the desired environmental objectives in a timely manner.
5. Any climate change legislation should minimize the cost impact on electric and natural gas ratepayers. To that end, the majority of any compliance-related revenues from the electricity sector should be dedicated to reduce ratepayer energy costs.
6. Any climate change legislation should refrain from usurping the States' traditional responsibility for making generation resource decisions. Such legislation should also avoid preempting States that take more stringent actions to reduce GHG emissions within their jurisdictions.
7. Any climate change legislation should ensure the continued ability of States and regions to deploy a diverse portfolio of cost-effective generating resources based on the unique circumstances of those States and regions.
8. Any climate change legislation should be realistic and based on existing and reasonably foreseeable electric generation, transmission and distribution technologies, GHG emission control and sequestration technologies, and efficiency technologies.
9. Any climate change legislation should include support for the development of more efficient generation, transmission and distribution technologies, energy efficiency, and GHG-emission control and sequestration technologies through various means,

including, for example, increased funding for research, tax credits, bonding and more efficient national appliance standards.

10. Any climate change legislation involving emissions allowances, whether distributed by auction or direct allocation, should recognize State or regional efforts already undertaken to limit GHG emissions; *and be it further*

RESOLVED, That this resolution be adopted as the complete and definitive statement of NARUC's position with respect to climate change issues as of the effective date of this resolution and that it serve prospectively as a framework for development of NARUC's position with regard to climate policy.

Sponsored by the Committees on Electricity, Gas, and Energy Resources and the Environment

Adopted by the NARUC Board of Directors July 18, 2007