NARUC
National Association of Regulatory Utility Commissioners

NASEO
National Association of State Energy Officials

For Immediate Release
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New NARUC-NASEO Report on Resilience Valuation Highlights Potential of Microgrids

WASHINGTON (February 22, 2022) — The National Association of Regulatory Utility Commissioners and the National Association of State Energy Officials today announced the release of a new report on innovative approaches to estimating the value of resilience. Authored by NARUC, NASEO and Converge Strategies, LLC, *Valuing Resilience for Microgrids: Challenges, Innovative Approaches, and State Needs* summarizes new approaches to valuing resilience that can be applied to proposed investments in microgrids and other resources.

Electric utilities are investing billions of dollars to strengthen generation, transmission and distribution infrastructure in the face of high-impact, low-frequency events, including extreme cold, droughts, heat waves and cyber and physical attacks. As these threats impact electricity service and other infrastructure critical to public safety and the economy, State Energy Offices and public utility commissions are looking to ensure that ratepayer and taxpayer dollars are spent wisely and all options are considered.

Resilience has emerged as a key consideration to guide investments that decrease the detrimental impacts of power outages on society. The paper explores how various entities define resilience and how microgrids can achieve resilience objectives. It also includes a discussion on why valuing resilience is an important step to enable investments that reduce the damages caused by power outages. Today's report updates and expands on an April 2019 publication from NARUC and Converge Strategies, LLC, *The Value of Resilience for Distributed Energy Resources: An Overview of Current Analytical Practices* (available at https://bit.ly/VOR-DERs).

As State Energy Offices and public utility commissions aim to maximize the benefits of taxpayer and ratepayer investments in energy infrastructure, robust methods to quantify and compare the benefits of various investment options are needed to make optimal decisions. The paper summarizes five new and pending resilience valuation approaches developed by Lawrence Berkeley National Laboratory, the Edison Electric Institute and Commonwealth Edison; the National Renewable Energy Laboratory; Sandia National Laboratories and the University of Buffalo; and the Federal Emergency Management Agency.

"State Energy Offices and public utility commissions recognize the need to consider the benefits of resilience in decision-making processes," said NARUC Center for Partnerships and Innovation Director Danielle Sass Byrnett. "This report summarizes key tools and methods for state officials: the Interruption Cost Estimator 2.0 calculator, Customer Damage Function calculator, social burden method, FEMA benefit-cost analysis tool and Power Outage Economics Tool."

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“As states start to implement the Infrastructure Investment and Jobs Act, the tools outlined in the report will help State Energy Offices and public utility commissions in better quantifying the benefits of resilience investments not only for microgrids but also other grid and mission critical facility resilience enhancements,” said NASEO Executive Director David Terry.

The report was developed as part of the NARUC-NASEO Microgrids State Working Group, which was established in 2019 with support from the U.S. Department of Energy Office of Electricity. The MSWG’s objectives are to bring together NARUC and NASEO members to explore the capabilities, costs and benefits of microgrids; discuss barriers to microgrid development; and develop strategies to plan, finance and deploy microgrids that improve resilience.

“California has taken important steps towards a resilient grid by developing rules to reduce barriers to microgrids through just and reasonable rates, tariffs, and regulations,” said Commissioner Genevieve Shiroma of the California Public Utilities Commission. “We are pleased to share the progress we have made towards developing a data driven approach that builds equity into the quantitative assessment and evaluation of resilience and learn about new approaches being developed and piloted across the country.”

“Drawing from lessons learned from other states in the Microgrids State Working Group, Wisconsin has successfully launched a Critical Infrastructure Microgrid and Community Resilience Centers Pilot Grant Program to support resilient clean energy through microgrids across the state,” said Megan Levy, Resilience Strategist and Energy Assurance Coordinator at the Wisconsin Public Service Commission – Office of Energy Innovation. “We look forward to reviewing and exploring these approaches to estimating the resilience benefits these microgrids will provide to Wisconsin communities.”

Download the paper at https://bit.ly/VOR-microgrids.

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About NARUC

NARUC is a non-profit organization founded in 1889 whose members include the governmental agencies that are engaged in the regulation of utilities and carriers in the fifty states, the District of Columbia, Puerto Rico, and the Virgin Islands. NARUC's member agencies regulate telecommunications, energy, and water utilities. NARUC represents the interests of state public utility commissions before the three branches of the federal government. www.naruc.org

About NASEO

NASEO is the only national non-profit association for the governor-designated State Energy Directors and the over 3,000 staff of their offices from each of the 56 states and territories. Formed by the states in 1986, NASEO facilitates peer learning among state energy officials, serves as a resource for and about state energy policy, and advocates the interests of the state energy offices to Congress and federal agencies. www.naseo.org

About Converge Strategies, LLC

Converge Strategies, LLC (CSL) is a consulting company focused on the intersection of clean energy, resilience, and national security. CSL works with the military, civilians, and all levels of government to develop new approaches to energy resilience policy and planning in the face of rapidly evolving threats, vulnerable infrastructure, and determined adversaries. www.convergestrategies.com