

MEMORANDUM
On the Creation of a Task Force on Innovation

On January 17, 2017, the NARUC Executive Committee approved a motion to permit NARUC President Robert F. Powelson, pursuant to Title I, Section 19 of the *Policies and Procedures of the National Association of Regulatory Utility Commissioners*,¹¹ to establish a *Presidential Task Force on Innovation*. President Powelson was authorized to proceed with establishing the committee.

Background: In an era of fast and profound change in both technology and regulatory approaches in all utility sectors, NARUC must be adaptable and resilient to spot new trends and opportunities. The technology and structures of the telecommunications, transportation, water, and energy sectors have been at the center of a maelstrom of systemic changes in regard to what NARUC members do and how we do it. NARUC members have always had to deal with such changes.

With all of the new technology in development today – from increased data analytics, to cloud based computing software, to new forms of energy storage (just to name of few) – NARUC is an ideal place to examine these trends and determine which ones can be used to our advantage. Technology trends have, in turn, resulted in regulatory innovation, for example, accounting treatment of cloud computing, distributed generation, and new network transportation companies. Also, it is becoming increasingly clear that customers want to be involved in their energy usage in a way that the energy sector has never seen before. Therefore, over the next year, NARUC will focus on bringing the thought-leaders in technology and regulatory innovation to NARUC, showcasing some of the newest technologies available, and discussing their impact. This task force will provide the gateway by examining ways for NARUC members to embrace innovation and encouraging members to find ways to leverage the abundance of new technologies emerging in each sector.

Task Force Goals and Responsibilities: *The Task Force on Innovation* will organize panel discussions to showcase new technologies and educate State commissions on the opportunities for regulators. It will coordinate roundtable discussions around innovation taking place in and around the utility sector, for example, new regulatory accounting for cloud based systems, innovative uses of smart meter data, and data analytics and applications surrounding the ubiquitous “Internet of Things.”

The Task Force may set NARUC policy on these issues by presenting resolutions to the NARUC Board of Directors. Any proffered resolution from the Task Force will be moved by the 2nd Vice President for possible discussion and approval.

The Task Force will also develop criteria for a 2017 “Innovation Award” in two categories – one for State innovators in regulatory policy and one for utility innovators. The criteria will be announced at the July 2017 NARUC meetings along with an invitation for nominations in each category.

The Task Force will coordinate sessions at each NARUC meeting, organize educational efforts within NARUC, and act as a resource for NARUC leadership on relevant matters. We expect the Task Force to have its first meeting at the upcoming February NARUC meetings in Washington, D.C.

Task Force Duration: One year.

Proposed Members: The Task Force will have up to eight (8) members appointed by the President of NARUC. The President has designated Illinois Commerce Commission’s Chairman Brien Sheahan as Chair of the Task Force.

Staffing: Staff for the Task Force will be designated by the members of the Task Force. The NARUC staff that will assist the Task Force are Brad Ramsay, Chris Mele, and Brian O'Hara. Any additional staffing will be organized by the Chair after he consults with the other members.

Proposed Charter: The Presidential *Task Force on Innovation* is chartered for a period of 12 months, as of this 17th day of 2017, to focus on emerging technologies and regulatory innovations. The Task Force will assist in managing NARUC's efforts in responding to and educating members about existing and emerging issues and opportunities associated with innovation.

Specifically, the Task Force will organize panel discussions and educational roundtables at each NARUC meeting to showcase new technologies and educate State commissions on opportunities for regulators. It will coordinate roundtable discussions around innovation taking place in and around the utility sector, for example, new regulatory accounting for cloud based systems, innovative uses of smart meter data, and data analytics and applications surrounding the ubiquitous "Internet of Things." The Task Force will have its first meeting at the upcoming February NARUC meetings in Washington, D.C.

The Task Force will also develop criteria for a 2017 "Innovation Award" in two categories – one for State innovators in regulatory policy and one for utility innovators. The criteria will be announced at the July 2017 meetings along with an invitation for nominations in each category.

The Task Force will have no more than eight (8) members. It will report directly to the NARUC Executive Committee. The Task Force may set NARUC policy on these issues by presenting resolutions to the NARUC Board of Directors. Any proffered resolution from the Task Force will be moved by the 2nd Vice President for possible discussion and approval. The Task Force may also act as a resource for NARUC leadership on relevant matters.