



National Council on Electricity Policy MINI GUIDE

Engagement between Public Utility Commissions and State Energy Offices

Prepared for the National Council on Electricity Policy (NCEP)

Administered by the National Association of Regulatory Utility Commissioners (NARUC) Center for Partnerships & Innovation (CPI)

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Public utility commissions (PUCs) and state energy offices (SEOs) each fill vital and unique roles in the delivery of energy and other essential services to the residents of a state. Whereas PUCs regulate the activities of utilities that provide monopoly service of public goods, including electricity and natural gas, SEOs develop and implement energy policy and programs on behalf of their governors across all energy providers and sectors in their states and sometimes intervene in PUC proceedings or provide analysis and research to regulators. PUCs are responsible for implementing the policies enacted by the SEO or the governor if these policies affect regulated utilities in the state.

In response to the rise of state policies to address climate change, resilience, and new technologies, the relationship between PUCs and SEOs has evolved—and the benefits of collaboration have risen, too. Increased communication between these two state agencies is an important strategy for understanding and managing the quickly changing energy sector in their states, whether the transition is due to new legislation, executive action, utility goals, new technologies, or changing economic factors and customer preferences.

The relationship between SEOs and PUCs differs in each state based on statute, the organization and mission of executive branch agencies, the pace of change in energy markets and resources in the state, institutional norms at both agencies, and whether SEOs have traditionally intervened or otherwise participated in commission proceedings, either formally or informally. The four states interviewed for this Mini Guide represent different approaches to the relationship.

While the level of cooperation and communication between PUCs and SEOs varies depending on the role of each agency (and whether communication between the two agencies are limited by ex parte communications rules), several common avenues of engagement exist:

- Agencies can provide advance notice to the other of upcoming cases, policies, and programs to reduce duplicative efforts, prevent surprises (i.e., to avoid working at cross purposes), and maximize opportunities to share expertise and lessons learned. This notice can facilitate SEO participation in PUC proceedings, including through formal intervention or by providing analysis. It also invites communication (as rules allow) so that PUC commissioners and staff can tap into SEO knowledge and research, and prepare more efficiently for decision-making processes.
- Cultivating strong professional relationships and working to achieve a solid understanding of each organization's role in the policymaking and regulatory process can support the efficient use of limited budgets and staff and ensure that policy and regulation are aligned and complementary when possible. Strong relationships facilitate informal collaboration, including assisting each other with peer review of reports, presentations, and other documents and coordinating on legislative affairs and education.

About the NCEP Mini Guide Series

The National Council on Electricity Policy (NCEP) is a platform for all state-level electricity decision makers to share and learn from diverse perspectives on the evolving electricity sector. The NCEP mini guide series promotes this dialogue by highlighting examples of successful engagement across its members. Each mini guide features collaborative approaches, lessons learned, and interviews with leading state and local decision makers.

- PUCs and SEOs sometimes need to collaborate more formally. This includes working jointly to implement programs and policies, participating in their counterpart’s working groups and technical workshops, and relying on each other for stakeholder engagement.

This mini guide looks at ways in which PUCs and SEOs interact, how these relationships can be strengthened, and how state energy directors and commissioners, as well as staff, can look to further engage with their counterparts. To inform the paper, the National Association of Regulatory Utility Commissioners (NARUC) and the National Association of State Energy Officials (NASEO) conducted interviews with commissioners and state energy directors, as well as staff, who have been successful in forming effective working relationships across the two types of organizations.

“Our current relationship with the Commission as well as the Commission Public Staff has been one of collaboration and sharing of resources, and information. In areas where we have common interests and common needs, we collaborate through dialogue. We are part of the same state government. It’s a better use of our taxpayer money if we are able to collaborate.”

*— Sushma Masemore, North Carolina,
State Energy Office*

PUC Composition and Scope

PUCs, sometimes also called public service commissions or PSCs, serve as quasi-judicial economic regulators of utility services, which can include the delivery of electricity, natural gas, telecommunications, and water to customers. In this role, they ensure the establishment and maintenance of utility services and ensure that those services are provided at rates and conditions that are fair, just, and reasonable for all consumers. PUCs typically oversee utility services by adjudicating utility rate setting, construction and siting for utility infrastructure, and investments to meet customer needs across a utility’s territory. Commissions universally regulate investor-owned electric and natural gas utilities (IOUs), while some also regulate water utilities, telecommunication services, rural electric cooperatives, municipal electric utilities, and other public services to varying degrees. Depending on the state, commissions may also engage in rulemaking or regulation-writing processes, quasi-judicial proceedings, and/or non-contested investigatory matters.

Nationally, PUCs have between three and seven commissioners each, whose terms range from four to six years.¹ Most commissioners are appointed by the governor and approved by the state senate. In some states, the number of individuals from any one political party are limited (e.g., no more than two commissioners of any one party, no more than three commissioners from the governor’s party). In 11 states, commissioners are elected by the public. In South Carolina and Virginia, the commissioners are selected by the legislature itself. Commissioners carry out the duties and exercise the authority of the PUC, along with its executive, legislative, and judicial functions.

Commissioners’ actions are driven by their interpretation of state statute and evidence brought before them in quasi-judicial proceedings. In all states, the commissioners and the PUC must abide by administrative procedures and make objective decisions based on the record presented by the parties to a case. For contested cases, commissioners are strictly limited in their communications with anyone who could become a party to the case—referred to as *ex parte* communications—to insulate the commission against the perception of partiality. As with traditional judicial proceedings, the decisions of the PUC are appealable, typically to the state Supreme Court.

SEO Composition and Scope

The 56 state and territory energy offices have broad policy and program responsibility over all parts of the energy sector. Although the activities of SEOs vary, they often play a key role in developing and implementing energy policies and programs at the state level by advising governors and legislators on energy issues, informing regulatory processes, and supporting energy technology research, demonstration, and deployment. In partnership with the private sector, SEOs accelerate energy-related economic development and might support state climate goals through energy solutions that address their citizens’ needs. Additionally, these agencies assist energy providers and consumers during energy emergencies (physical and cyber) to mitigate supply disruptions and coordinate state, local, and regional responses and some SEOs have siting responsibilities for new generation. SEOs are deeply involved in energy

¹ In practice, the average term of a commissioner is 5.3 years and the median term is 3.5 years.
(<http://ipu.msu.edu/wp-content/uploads/2020/02/IPU-MSU-Annual-Commissioner-Demographics-Feb.-2020-1.pdf>)

efficiency and renewable energy programs and allocate or oversee billions of dollars in efficiency funds derived from ratepayers and state appropriations each year (in some states, the PUC oversees these funds). About half of the SEOs manage the Low-Income Weatherization Assistance Program and around a quarter of them also manage the Low-Income Home Energy Assistance Program. The work of the SEOs is conducted generally under the direction of the governors or legislatures, and funded by both state and federal appropriations, such as the [State Energy Program \(SEP\)](#) administered by the U.S. Department of Energy.

The SEOs vary in their organization, size, location within state government, and activities. SEO organizational locations differ, but they are generally in executive branch agencies or set up as independent agencies to provide policy development leadership. Policy, distinct from regulation, tends to be future-focused and sets the course, goals or requirements in each state's energy markets. For example, SEOs generally lead the development of renewable electricity standards for their governors and legislatures, and PUCs generally lead the implementation once that policy is set.

Governors' energy directors lead the SEOs, with over 80 percent of directors appointed by or serving the governor. There are more than 3,000 SEO staff nationally, with budgets in excess of \$3 billion annually. The state energy directors often serve in a formal or informal capacity as the governors' energy advisor on energy issues (including grid, fuels, clean energy, major end-use sectors, and energy security). Most SEOs conduct comprehensive state energy policy planning at the direction of their governors to establish a strategy or framework to meet current and future energy needs in a cost-effective manner, enhance energy system reliability, expand economic opportunity, and address environmental quality. State energy plans enable states to assess existing energy resources, infrastructure, and human capital and to inform goals and directives that set forward-thinking energy policies for the state. Through public and stakeholder engagement, the state energy planning process enables the development of a holistic plan that integrates various energy sector priorities and supports stakeholder goals. State and local government agencies rely on state energy plans to inform legislative, administrative, and regulatory decisions and actions, and the private sector uses these plans to inform and guide their investment decisions.

Through their convening functions and by providing research and analysis, SEOs play a key and unique role in comprehensive electricity planning and many other emerging energy policies in the states.

Engagement between SEOs and PUCs

SEOs and PUCs engage with each other in a variety of ways. This relationship is guided by state-specific statutes governing ex parte communication and open meeting rules and the organizational structure of executive branch and regulatory agencies in each state. Each side recognizes the important and differing role in utility service and energy delivery that its counterpart plays—as well as the benefits of open communication and information-sharing within statutory constraints.

In several states, the two organizations are housed within the same cabinet agency (and in five states, the SEO is within the PUC itself). However, in most states the SEO is an independent office, located within the governor's office, or housed within another agency (e.g., Department of Commerce). The two organizations might also be physically located in the same or adjacent buildings. In others, the two offices are across town or in different cities entirely. The level of engagement might also depend on the personalities and personal relationships between the heads of each agency.

Despite these differences across states, there are some common avenues of engagement between SEOs and PUCs. Engagement might take several forms, which occasionally overlap. SEOs sometimes **formally intervene** in PUC dockets. Others collaborate or support the PUC by **providing research and analysis** on specific programs or the wider state of the energy system. The two agencies also work together to **implement new requirements**, including programs created by statute or executive order; participate in **working groups** together; collaborate or actively defer to one another on **stakeholder engagement**; coordinate on **legislative affairs**; and request **review and feedback** on reports and other work products from each other. These are the primary forms of formal engagement, although informal engagement and communication also occurs.

Formally Intervene. In many states (e.g., California, Maryland, Missouri, New York), the SEO has formally intervened as a party in proceedings at the PUC. The SEO might submit testimony that represents the position of the governor or their own agency. Sometimes that testimony also includes research that informs the commission and all stakeholders and helps to frame the issue at hand.

“The [Kentucky] PSC is administratively attached to the same cabinet that the State Energy Office is housed in. I think that facilitates some of the interactions. Maybe other states don't have that close of an organizationally structured relationship. But because of that, we are in the same staff meeting with the cabinet secretary on Monday mornings. We're on the same team.”

— Karen Wilson, Kentucky PSC

Provide Research and Analysis. Whether or not the SEO is a formal intervenor, it might still provide research and analysis to the commission (e.g., Kentucky, Minnesota, North Carolina). One example of this support involves the review of integrated resource plans (IRPs) submitted by utilities or the SEO conducting their own IRP modeling. Sometimes the SEO will use funding from the SEP or will involve universities or federal partners such as the National Laboratories in modeling and research. Other examples include SEO research and policy support related to creating or updating state renewable portfolio standards or energy efficiency resources standards. A SEO might use public data for analysis, but it might also require data from IOUs, which the PUC could provide or help acquire.

Implement Requirements and Policies. SEOs often establish policies and programs that affect utilities and therefore the PUC in their state (e.g., Maryland, Massachusetts, Minnesota, Rhode Island). For example, SEOs spearheaded offshore wind development in the Northeast and Mid-Atlantic states. In many states, the SEO implements grant programs that provide funding or technical support for energy efficiency building upgrades, clean energy installation, or electric vehicle charging that affect IOU goals and requirements that are set by or overseen by the PUC. Sometimes these SEO programs might also be funded by utility ratepayers. Aspects of the program might be overseen by the SEO or PUC, which requires close collaboration.

Working Groups. SEOs and PUCs frequently participate in working groups and workshops led by their counterpart or participate jointly in interstate working groups led by national organizations such as NARUC and NASEO. SEOs often convene workshops and working groups to inform policy development or program implementation (e.g., Minnesota, North Carolina), whereas PUCs frequently solicit input from energy stakeholders through working groups as part of a docketed case or as a stand-alone docket used for education and information gathering (e.g., Colorado, Connecticut, Kentucky, Maryland, Minnesota,). Recently, interstate working groups that bring together both SEOs and PUCs from across the country have proliferated and include the NARUC-NASEO Task Force on Comprehensive Electricity Planning, the NASEO-NARUC Grid-Interactive Efficient Buildings Working Group, the NARUC-NASEO Microgrids State Working Group, the Cybersecurity Advisory Team for State Solar, and the National Council on Electricity Policy.

Stakeholder Engagement. Beyond participation in a PUC or utility working group, SEOs might also solicit stakeholder input on an issue related to state policy, that will come before a PUC, to inform a future PUC rulemaking, or on behalf of a commission (e.g., Maryland, Michigan, Minnesota, North Carolina). In some cases, stakeholders might be less willing or not permitted to raise issues openly with PUCs, whether it is due to the formality of PUC proceedings or because the PUC serves as their regulator. SEOs also interact with entities that may not be subject to PUC regulation such as municipal utilities and cooperatives, which allows SEOs to gather state-wide input in a more comprehensive way. SEOs can also help refer stakeholders and customers with utility issues to file formal complaints with the PUC (e.g., Minnesota).

Legislative Affairs. PUCs and SEOs might collaborate on engagements with the state legislature. An example includes sharing testimony in advance of legislative hearings to ensure that all information is accurate and to prevent redundant or conflicting presentations. If the two offices are closely affiliated, they might also coordinate their educational presentations to legislators and share updates on proposed bills and amendments that affect energy policy and utility service (e.g., Kentucky).

Review and Feedback. More informally, PUCs and SEOs might share reports and presentations with each other to peer review if they touch on programs run by their counterpart or when the other agency has deeper expertise on a topic (e.g., in Kentucky and Maryland). Staff who work on similar issues might tap each other's expertise to learn more about a topic and quickly ground truth information (e.g., in Maryland and North Carolina).

Examples of Effective Collaboration

During interviews for this mini guide, commissioners and state energy officials discussed several approaches they have taken to enhance collaboration, communication, and understanding across their organizations. These approaches are summarized here as ideas that could be applied in other states.

Joint Efforts that Encourage Collaboration

- Schedule regular meetings (e.g., once a month) between the leadership and staff of each organization to keep each other apprised of ongoing and upcoming priorities. Regular communication minimizes duplicative work and provides each agency with advanced notice of upcoming dockets, policies, or planning processes that might affect their organization or on which they can provide helpful input.
- Consider formalizing collaboration through a memorandum of understanding (MOU). If the SEO regularly performs a critical function, such as analysis on energy efficiency performance by utilities or modeling for utility IRP review, propose a formal agreement that would ensure regular and continuous collaboration and schedule alignment.

- Set a positive example of engagement at the top. When staff see commissioners and directors closely collaborating across agency lines, they are more likely to maintain open communication with their counterparts.
- When a new commissioner or state energy director comes on board, set up a meeting or lunch with your counterpart to establish a personal relationship early. This approach / outreach will help new leadership to learn more about the separate and overlapping jurisdictions of each agency, understand the current hot topics and areas of focus, and allow folks to easily pick up the phone if they have questions or requests in the future.
- Consider staff exchange or rotation programs to the other agency where possible. When staff have worked at their sister agency, they gain a deeper understanding of the process, viewpoint, and jurisdiction of their counterpart. When they return, staff will have gained both knowledge and closer working relationships with their counterparts in the other office. In some states, these transfers occur naturally, but a formal program—similar to the rotation program at federal agencies—would increase cross-training and ensure continuity.
- Create working groups on specific issues to formalize and encourage information sharing between agencies (and with stakeholders and utilities). Energy emergency preparedness and response, cybersecurity, pre-disaster mitigation planning, changing technologies impacting the relationship between utilities and consumers, the role of third parties, federal-state jurisdictional issues, and data sharing considerations are all topics that will require increased coordination and cooperation between PUCs and SEOs. If your counterpart agency has existing working groups or holds a technical session, send staff to join. If your agency hosts, invite your counterparts.
- Understand the areas where the other agency might have deeper expertise or additional capacity and take advantage of these comparative advantages. Examples include commissions relying on SEOs to lead stakeholder engagement processes or to provide analysis and modeling for PUC proceedings and IRP review.
- Identify a point person on important issues so that staff from the other office know who to contact when that topic arises. If possible, ensure that more than one person from your organization is involved in engagement so there is continuity in the relationship in the case of staff turnover.
- National working groups, such as joint initiatives led by NARUC and NASEO, provide a stellar opportunity to get know your counterparts. Workshops and discussions can also put your issues in a national context, where you might discover that other states are facing similar challenges and learn from one another.

PUC-Led Approaches that Encourage Collaboration

- Hold trainings for energy office staff on the ins-and-outs of the PUC. Commission proceedings can be intimidating for those not well-versed in PUC terminology and the quasi-judicial structure of commissions. Ensure that SEO staff understand the processes and timelines of PUC proceedings, how to find documents on the PUC website, and rules around ex parte communications.
- As much as possible, provide a clear timeline of upcoming proceedings to the SEO so that they can plan to provide relevant analysis and research support. If the SEO must apply for grant funding to undergo the necessary research or modeling, they need to be aware of an upcoming proceeding up to a year in advance.
- Hold planning meetings and workshops outside of formal proceedings. These less formal meetings provide a chance for the SEO to present on their programs and work, as well as the opportunity to ask questions and learn more about your agency.

SEO-Led Approaches that Encourage Collaboration

- Brief and educate commission staff about emerging state energy policies and plans being developed by the SEO that will impact the future of utility markets and operations (e.g., electrification, offshore wind, increases in renewable electricity standards).
- Communicate findings of stakeholder engagement processes, market and technology developments, federal and congressional actions, and other analyses and information that may help PUCs make more informed decisions.

- Proactively engage in joint planning, mitigation, and response efforts with PUC staff to address energy security (including those related to Energy Support Function #12, or ESF 12) with attention to the interdependencies of electricity, natural gas, petroleum, and major energy end-use sectors.
- Understand ex parte and open meeting rules that restrict communication with commissioners and staff. Learning how to communicate while following these rules is essential to productive PUC-SEO engagement. If unable to discuss a matter with a commissioner, you sometimes are able to talk to PUC staff instead.

“Ex parte rules are not something usually well-understood by state energy offices. You learn a lot of things on the job as you go, but there is just so much complexity here. If you’re going to work with the PUC, getting more specific resources on how to have a productive conversation without unintentionally violating existing requirements is really important.”

— Lise Trudeau, Minnesota State Energy Office

NARUC-NASEO TASK FORCE ON COMPREHENSIVE ELECTRICITY PLANNING

In November 2018, NARUC and NASEO established a joint forum for the development of state-led pathways toward a more resilient, efficient, and affordable grid. The two-year initiative formally began with 15 states in February 2019.

Emerging technologies, decreasing costs, consumer preferences, new energy service providers, and state and local efforts are driving significant growth in distributed energy resources (DERs) such as solar, storage, energy efficiency, demand management, and microgrids. These investments increasingly require regulatory and policy innovation and a greater emphasis on planning to overcome system complexities and avoid unnecessary costs associated with operating the grid.

The Task Force on Comprehensive Electricity Planning required states to bring in leaders from both the PUC and SEO. Members are from 15 states: Arizona, Arkansas, California, Colorado, Hawaii, Indiana, Maryland, Michigan, Minnesota, North Carolina, Ohio, Puerto Rico, Rhode Island, Utah, and Virginia. Since spring 2019, these states have gathered for a series of workshops to examine key planning process intersections to envision what a rational and optimized path forward could look like, while engaging in a safe space to test concepts, learn from national-caliber experts, and define and prioritize policy and technical needs. These workshops have provided an excellent opportunity for the leadership and staff of a state’s energy office and PUC to gather together for several days of formal sessions and informal conversations.

This Task Force is only one example of the collaboration between NARUC and NASEO and their members. Both organizations also collaborate on working groups for solar cybersecurity, microgrids, and grid-interactive efficient buildings.

For more information, visit www.naruc.org/taskforce.

MINI GUIDE EXAMPLES

To give commissions and energy offices a more complete idea of how these relationships work in practice, the following section presents condensed excerpts from interviews with state energy directors or staff and commissioners or commission staff from four states: Kentucky, Maryland, Minnesota, and North Carolina.

| Name, Position | Organization | Type of Engagement |
|---|--|---|
| Hon. Talina Mathews, Commissioner | Kentucky Public Service Commission | Kentucky SEO provides analysis to PSC. Both participate in working groups together, collaborate on legislative affairs, and assist each other with peer review. |
| Karen Wilson, Executive Advisor and Legislative Director | | |
| Kenya Stump, Executive Director | | |
| Hon. Jason Stanek, Chairman | Maryland Public Service Commission | Maryland SEO intervenes in PSC proceedings, implements clean energy and energy efficiency programs, and engages stakeholders. Both participate in working groups together and assist each other with peer review. |
| Dr. Mary Beth Tung, Director | Maryland Energy Administration | |
| Hon. Katie Sieben, Chair | Minnesota Public Utilities Commission | Minnesota SEO's parent agency (Department of Commerce Energy Regulation and Planning Division) intervenes in PUC proceedings. The SEO provides analysis to parent agency, convenes stakeholders, and implements clean energy and energy efficiency programs. Both participate in working groups together. |
| Lise Trudeau, Emerging Energy Technology Planning Director | Minnesota Department of Commerce State Energy Office | |
| Tricia DeBleeckere, Planning Director | Minnesota Department of Commerce Energy Regulation and Planning Division | |
| Hon. Charlotte Mitchell, Chair | North Carolina Utilities Commission | North Carolina SEO provides analysis to the PUC and convenes stakeholders. Both participate in working groups together and assist each other with peer review. |
| Sushma Masemore, Deputy Assistant Secretary and State Energy Director | North Carolina Department of Environmental Quality | |

SEOs and commissions in these states have diverse levels of engagement with each other and varying types of participation in commission proceedings. Three interviewees have worked at both agencies at various points in their career.

Each person interviewed expressed his or her own opinions. Inclusion in this document does not indicate an author's or organization's endorsement of any statement or suggestion.

KENTUCKY

Kentucky maintains a more informal, advisory role for its Office of Energy Policy, which does not intervene in public service commission (PSC) proceedings. The SEO provides analysis to the PSC related to integrated planning. Both offices are in the same cabinet agency and participate in working groups together, collaborate on legislative affairs, and assist each other with peer review.

The following text is a summary of interviews conducted with Commissioner Talina Mathews, Kentucky PSC; Karen Wilson, Executive Advisor and Legislative Director, Kentucky PSC; and Kenya Stump, Executive Director, Kentucky Office of Energy Policy.

Could you describe the working relationship between the PSC and the Office of Energy Policy?

Kenya Stump, Kentucky Office of Energy Policy: I would characterize our relationship as informal for the most part because we're housed in one cabinet. We see the PSC as we would see any of our other departments that we work with. Some specific examples: We were part of a cooperative streamlining rate-case work group that the PSC held and were invited to participate as a stakeholder. I think the PSC sees the Energy Office as a way to have another entity provide overarching policy comments. As an energy office, we're non-regulatory, so we can talk to all stakeholders and have a bit more flexibility than PSC staff in what we can do. Recently, we've been asked to take a look at integrated resource plans and, from a policy perspective, provide suggestions on questions that the PSC might ask.

How did it come to be this way? Were there any precipitating events that led to your current level of interaction or engagement?

Wilson, PSC: The Office of Energy Policy has evolved over the years. Looking back to the late 1990s, the relationship with the PSC was not as collaborative as it is now. I think that goes back to the organizational structure, when the PSC wasn't attached, for administrative purposes, to the Energy and Environment Cabinet.

Talina Mathews, Kentucky PSC: It was a more adversarial relationship between the SEO and the PSC back then. They intervened in cases, and they were very critical. It was confrontational.

What types of engagement do you have with the SEO or PSC?

Mathews, PSC: The most important relationship we have is in the IRP realm. In fact, we have semi-formalized the relationship between the Energy Office personnel and the Commission, in that we have them look at publicly available data to help us in our data requests and reports under the IRPs. The Energy Office has the benefit of having a wider view of new technologies and energy efficiency. It wasn't until I came back to the PSC from the Energy Office that I recognized that, by nature, the Energy Office has familiarity with (and modeling capabilities for) issues the PSC may not. The collaboration probably grew from that.

Stump, Office of Energy Policy: If the PSC is working on a presentation either for the commissioners or for the executive director, sometimes we'll provide data support. If we're working on projects, such as the energy profile that we produce, we'll send it over to the PSC and ask for a review. We'll ask them to weigh in if we have a big report or presentation and we'd like their eyes on it to make sure we didn't mischaracterize anything from the PSC's perspective. If our legislature is session, we also have weekly meetings on bill reviews that affect the PSC and the Energy and Environment Cabinet.

When is the relationship working at its best? Is there anything that could enhance coordination?

Mathews, PSC: We try to work collaboratively. Some of the success is in personality, some of it is proximity (I'm sitting and looking out my window and seeing where their office is), and some of it is more of an alignment of goals. We've had discussions of an MOU between the two agencies: there's not always going to be someone at the PSC who used to work at the Energy Office or someone at the Energy Office who used to work at the PSC. The people may change, but the relationship needs to continue.

Stump, Office of Energy Policy: We've thought about the sharing of a staff person. We don't know how that would work, but that's been an option. One challenge with the PSC is the formality of a rate case. It's a lawyer's game. We know why it has to be that way, but how do you find a way to work within that? The second challenge is understanding their timeline and internal processes, understanding the internal workings, and finding out who exactly and when to provide something to the PSC. One of the other hurdles is just finding testimony in a rate case. There's a learning curve for energy offices of, "How do you find things?" Once, I had somebody who had worked with the PSC teach me how to find things on the PSC website, which was very helpful.

MARYLAND

The Maryland Energy Administration (MEA) is regularly an official intervenor in Maryland Public Service Commission (PSC) proceedings. MEA also helps to convene stakeholders and implements clean energy and energy efficiency programs in the state (which have an impact on utility efforts). Both agencies participate in working groups and workshops together and provide each other with feedback and peer review.

The following text is a summary of interviews conducted with Chairman Jason Stanek, Maryland PSC, and Dr. Mary Beth Tung, Director, MEA.

Could you describe the working relationship between the PSC and MEA?

Jason Stanek, Maryland PSC: MEA is considered a Cabinet-level agency, whereas the PSC is considered an independent agency. In the areas that we do have overlap, MEA does not get any special status before the PSC. If they want to participate in a case, they have party rights, but no different or no preferential rights than any other member of the public or any other stakeholder. We're both located in the city of Baltimore about a mile apart from each other, so it's not difficult for their staff to come over here. Between the agency heads (myself and Dr. Mary Beth Tung), it's very informal. On my first week after I was sworn in, she reached out to me to explain what MEA does. We met for lunch, and she brought slide decks on "MEA 101." It was very helpful to establish a personal agency head-to-agency head relationship from the beginning and acquire a better understanding of what MEA does. In terms of all other interactions, when MEA comes before the PSC, it's all on the record. It's all docketed.

Dr. Mary Beth Tung, Maryland Energy Administration: MEA and the PSC collaborate via working groups, regulatory hearings, and informal conversations. The staff of the two agencies work very well together. I'm in communication with the Commissioners about items that are not before the Commission, which, of course, isn't a problem. MEA is the energy policy shop for the state and the PSC is the regulatory division. The relationship is both formal and informal, depending on the situation. It's formal in that, as representing the Governor of the State of Maryland, MEA is a party in proceedings.

What types of engagement do you have with the MEA or the PSC? Who initiates?

Stanek, PSC: We have some type of formal interaction with MEA on, at least, a monthly basis, either in a rulemaking, at an administrative meeting, or at a legislative hearing in Annapolis. Oftentimes, when we have a very important policy issue such as the recent PJM MOPR decision² from FERC, both MEA and PSC testified before a joint hearing of the House and Senate to share our respective positions. We do have staff in close contact. Right now, the legislative session is going on. MEA and PSC each have government affairs liaisons who work closely in Annapolis. We don't coordinate with MEA, but we at least make sure to offer situational awareness: say that, we're going to make a left turn and they're going to make a right turn, so there are no surprises.

Tung, MEA: One area where we've been collaborative is on transmission line issues. While the PSC is looking at whether the i's are dotted and the t's are crossed, we are hearing directly from constituents. We work with the staff of the PSC, letting them know the concerns we are hearing. In general, the PSC will initiate most engagement, mostly through a formal hearing. Sometimes, we find out about issues and take them to the PSC. EmPOWER is the energy efficiency program for the state. We are empowered—well, actually required—by the legislature to report to the PSC every six months on how well that program is working and how well the utilities are performing. Lately, it's gotten very, very busy. I've brought on staff just to handle the amount of PSC work. The energy landscape has changed immensely in the last five years. We've become more and more involved as the PSC has set forth these different requests to get more information so they know what to do.

Can you share a time when your offices realized better collaboration could enable better results?

Stanek, PSC: EmPOWER, our state efficiency goals program, was created by statute. We oversee the program but MEA participates in it. We were both at a legislative committee hearing. MEA testified first, explaining all the ins and outs of the program. We were sitting there, having planned to give basically the same presentation. Had we had a little more discussion on the front end, particularly testifying back-to-back, we might have avoided that situation.

When is the relationship working at its best? Is there anything that could enhance coordination?

Stanek, PSC: I think the relationship functions at its best when it's transparent and all of our conversations happen in public. MEA also has resources that we don't have in terms of marketing, education, reaching the public. So to the extent that we're

² In 2019, the Federal Energy Regulatory Commission (FERC) ordered PJM to change its Minimum Offer Price Rule (MOPR) by expanding it to all new and existing resources receiving state subsidies. For more information on the impact of this issue, see <https://naseo.org/issues/electricity/ferc>.

on the same page with MEA, we could effectively tap into those resources and use that as almost as a force multiplier. You should get to know your counterpart, get to know where their jurisdiction ends and where yours begins. If I didn't have a good personal relationship with Dr. Tung, I think that would bleed down to our staff.

Tung, MEA: The relationship is at its best when we maintain open communications. I've got everyone's cell phone numbers and they have mine. When there are challenging or contested topics, we can still work well together within the constraints of any pending cases before the PSC. That's where staff come in. We can communicate sometimes with staff when we can't with the commissioners themselves. I have various staff members who handle different items with the PSC. Each has their favorite staff member who they communicate with closely on projects that the two work on. I try to ensure duplicative functions and cross-training so that people can handle each other's issues. One time when the importance of the relationship came home was during a NARUC-NASEO workshop on electricity planning. We all ate together, got to talk together. In some cases there was new staff on both sides, so we went to D.C. so we could meet each other. That joint engagement with NASEO and NARUC has been extraordinarily helpful—it broadens your horizons. After a while, you realize a lot of us have the same issues.

MINNESOTA

The Minnesota Department of Commerce, the parent agency of the SEO, does intervene in PUC proceedings through its Energy Regulation and Planning Division (ERP). The Energy Office works collaboratively with the ERP to provide analysis to the PUC, helps convene stakeholders, and implements clean energy and energy efficiency programs (which have an impact on utility efforts). Both agencies participate together in working groups and workshops.

The following text is a summary of interviews conducted with Chair Katie Sieben, Minnesota PUC; Lise Trudeau, Emerging Energy Technology Planning Director, Minnesota Department of Commerce's SEO; and Tricia DeBleekere, Planning Director, Minnesota Department of Commerce's Energy Regulation and Planning Division.

Could you describe the working relationship between the PUC and the SEO? How does this relationship play out in practice?

Katie Sieben, Minnesota PUC: The SEO is a division within the Minnesota Department of Commerce. The Public Utilities Commission and the Department of Commerce are obviously separate entities, but we work really closely with the Department of Commerce. They house many of the regulatory staff that provide the technical assistance on siting and routing of large energy projects, for example. The Department of Commerce, as a whole, advocates on most issues before the Commission on behalf of the state of Minnesota, for instance—heavily in rate cases. Unlike some states where the advocacy staff is part of the state's Commission, the Department of Commerce is separate. But we work together closely. Within the Department of Commerce, the Energy Office provides information and assistance related to various forms of energy technologies, and they administer the state's Conservation Improvement Program, which encompasses utility energy efficiency plans and the Weatherization Assistance Program.³ They certify renewable facilities, write reports for the legislature, and administer grants for stakeholder engagement on a variety of energy-related issues. Sometimes the SEO staff will get a specific utility customer complaint or inquiry about a regulated utility, and direct it to the Consumer Affairs Office at the Commission to help.

Our folks have to be mindful to respect ex parte communication rules and avoid discussion of open dockets, but I would say it's an ongoing collaborative relationship, even if it is pretty formal. The PUC engages with SEO colleagues through NARUC and NASEO initiatives, like the NARUC-NASEO Task Force on Comprehensive Electricity Planning and the NASEO-NARUC Grid-Interactive Efficient Buildings Working Group.

Tricia DeBleekere, Minnesota Department of Commerce, Energy Regulation and Planning Unit: Lise Trudeau is with the SEO, and I'm with the Department of Commerce's Energy Regulation and Planning Division. We bring slightly different aspects to this conversation. I think that's unique in our state. Instead of a two-party relationship, it's more like a trifacta. I view the SEO as an independent body that helps take the state of the knowledge and turn it into a science- or fact-based recommendations in a report. The value of the work the SEO has done over the last decade is they're able to conduct studies (like the Energy Storage Study or the Supply and Demand Efficiency Studies), which provide independent assessment of issues and topics relevant to our state, and they are able to do so as they have more regulatory and legal flexibility than the PUC. These studies run both parallel to and on their own track from the work the Commission does, and they help provide the baseline state-specific set of information for all stakeholders participating in cases before the Commission.

³ As of mid-2019, the Conservation Improvement Program is now a separate division within Commerce, outside of the Energy Office, like the Energy Regulation and Planning (ERP) division and the Energy and Environmental Review and Analysis (EERA) division.

When is the relationship functioning at its best? Is there anything that could enhance coordination?

Sieben, PUC: It's best when we work as closely as possible, given the constraints of our open meeting laws and ex parte rules, but find ways to really be in close contact so we can have a consistent and beneficial message back to the utilities and to the public. Because we so often hear from the Department of Commerce in formal proceedings, we're trying to do more planning meeting style proceedings where there won't be a decision point for the Commission to make, but rather it's a presentation from folks at the SEO. It's a more informal opportunity for dialogue about things that they're working on, while still in an open-meeting setting.

Lise Trudeau, Minnesota Department of Commerce, SEO: Another thing that helps the relationship function at its best is when the SEO is able to bring resources into the conversation. Being able to get DOE grants can be helpful. Sometimes it is difficult to make them fit with the PUC process because either we can't forecast the schedule for a discussion or just getting them to mesh up can be tricky. It really is improved when we understand what each other's plans are for different initiatives so that we can still support each other and not duplicate.

DeBleekere, Department of Commerce: A couple of years ago, the Commission's grid modernization investigation proceedings started to run in parallel with the SEO supply and demand side studies on utility efficiency. There was work going on that was funded by the DOE at the SEO that was related to the work the Commission was seeking stakeholder feedback on. That illustrated for me that there should be better alignment between the two agencies because we were both, at the time, receiving DOE funding for not the same – but aligned – efforts. More recently, there has been increased coordination and communication and there are efforts to improve this further by both agencies.

Having been at the PUC before the Department of Commerce, Tricia, is there anything you've come to understand since moving over?

DeBleekere, Department of Commerce: Having the opportunity to see both sides of the dual-agency relationship has dramatically increased my understanding of how our organizations work and can be improved. I would recommend it to anyone working in these regulatory agencies, from staff to managers. I am learning the nuances of how and why the Department of Commerce (both the Energy Regulatory and Planning Division and the SEO) makes the decisions it does, how the agencies view their roles, existing limitations (which were not obvious as an outsider) and the benefits of increased collaboration between the agencies. I'm obtaining a perspective I would have not had otherwise.

NORTH CAROLINA

The North Carolina Energy Office does not intervene in North Carolina Utilities Commission (NCUC) proceedings. The SEO does provide analysis to the NCUC and convene stakeholders in the state. Both agencies participate in working groups together and assist each other with peer review.

The following text is a summary of interviews conducted with Chair Charlotte Mitchell, NCUC, and Sushma Masemore, Deputy Assistant Secretary for Environment and State Energy Director, North Carolina Department of Environmental Quality (DEQ).

Could you describe the working relationship between the NCUC and the SEO? How does this relationship play out in practice?

Charlotte Mitchell, NCUC: The utilities commission is an independent agency of the state. We are primarily an economic regulator that regulates rates charged by and service provided by investor-owned utilities within North Carolina. The SEO is located within our state Department of Environmental Quality. The SEO is involved in discussions that occur at the state level regarding policy matters and electricity. At the Commission, although we typically stay out of policy deliberations, we obviously stay informed and pay attention to the issues that the SEO takes up, deliberates on, gets involved in, and moves forward with.

The SEO interfaces with the federal government on a regular basis. For example, they'll interface with the U. S. Department of Energy and the National Labs on specific research endeavors. That work is of significant interest to us at the Commission because they're working on modeling issues that are relevant to our electric utilities and therefore to us.

Sushma Masemore, North Carolina Department of Environmental Quality: Our current relationship with the Commission, as well as the Commission Public Staff, has been one of collaboration and sharing resources and information. In areas where we have common interests and needs, we collaborate through dialogue. The Public Staff serves as both the consumer advocate and the Commission's investigative arm. It is much bigger than the utilities commission that evaluates impacts and what's in the best interest for the public at large. In general, our staffs get together and exchange information. When we need

information, we go to the Commission to see if it's accessible. There's a lot that we do that they are not aware of. There's a lot that they do that we are not aware of. Currently, we are in the process of better understanding the kind of data, information analysis, and capability that we have as a state in a holistic fashion.

Would you describe the relationship as formal or more informal?

Mitchell, NCUC: It is seldom that we would interact with the Energy Office on a formal basis, and the Energy Office would never appear in a proceeding at the Commission. However, we do have working relationships. I interact on a regular basis with Sushma and we keep each other informed about matters of interest to both agencies. There is an existing strong relationship, but it is informal and more in the nature of conversational dialogue than it is formal interface. From time to time, they may call over here and say, "Can you help me? We're working on this issue and we want to ground truth something," or "Help us get oriented on this particular issue." On Energy Office research, we'd be hesitant to go so far as to say, "Go in this direction or that direction." However, we're certainly interested in the outcomes of their analyses.

Masemore, DEQ: In practice, the relationship is informal because there's nothing that's in an MOU that binds us into specific commitments. That's allowed us to engage more with the Public Staff because the Public Staff is able to attend some of our community and statewide planning workshops that we run and be part of the dialogue. Recently, the Commission has been engaged, too. They send in staff and, when appropriate, sometimes one or two commissioners also participate if it is something that they see value in.

When is the relationship functioning at its best? Is there anything that could enhance coordination?

Mitchell, NCUC: The SEO's work on the clean energy plan, particularly in recent months, has more directly touched matters that the Commission typically deals with than any work that the SEO has done in the past. The work that they do in concert with federal agencies and universities, particularly because it's North Carolina-focused research, helps the universe of stakeholders become more informed, which I believe ultimately leads to better decisions.

In North Carolina, having personal relationships with counterparts and other agencies is really critical to having working dialogue. If you don't know who to call and you make a cold call over to an agency, it's unlikely that you're going to get help quickly. I think it's important to put the effort in and to figure out how to have meaningful discussion in a way that's compliant with legal limitations while striving to meet the public interest in the exchange of information.

Masemore, DEQ: When NARUC and NASEO came out with the Task Force on Comprehensive Electricity Planning, I was new in my role. I asked our leadership, our Secretary's office, whether we could pursue this partnership with the Commission and the Public Staff. Initially, membership was only available to the Energy Office and the Commission, but we brought in the Public Staff because we felt that energy planning was a natural three-way partnership. I think it has opened up the door for the Commission and the Public Staff to be engaged in an active national dialogue.

Another example is when Governor Cooper directed our agency to prepare a clean energy plan by October 2019, we reached out to the Commission and Public Staff. But as we produced a plan, a lot of the recommendations and actions that the public identified clearly fell under the commission's purview. We engaged with them prior to the draft coming out. We shared with them all the things that people wanted them to look into and change. We held a one-on-one teleconference to share where we were headed. Many of them saw some concerns, and so we had an opportunity to address them before that draft went to the Governor's Office for review. Within a few weeks of the draft coming out, the NCUC issued an order accepting the 2018 Duke Energy IRPs, and required Duke Energy to file responses to information requests on carbon dioxide reductions. This included Duke Energy's strategic plans related to achieving the company's most current emission reductions goals, modeling of carbon-reduction targets laid out in the draft clean energy plan, and comparison with the 2025 reductions specified in the Governor's executive order.

It's really easy to each work in our silos. A week ago, the head of the Public Staff and I decided that there's a lot going on in our state and that we need to have at least monthly updates with each other. So we had one of those updates, and we decided that there were some items that would be of use to Chair Mitchell, so we looped her in. I'm hoping we have more of those in the future and that we can bring to them things that they would find valuable, that they wouldn't be able to have access to, and vice versa. We are part of the same state government. It's a better use of our taxpayer money if we are able to collaborate.

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NATIONAL COUNCIL
ON ELECTRICITY POLICY

About the National Council on Electricity Policy

The National Council on Electricity Policy (NCEP) is a platform for all state-level electricity decision makers to share and learn from diverse perspectives on the evolving electricity sector. Our community includes over 200 representatives from public utility commissions, air and environmental regulatory agencies, governors' staffs and state energy offices, legislatures, and consumer advocates. We are an affiliate of the National Association of Regulatory Utility Commissioners (NARUC) Center for Partnerships and Innovation (CPI).

NCEP serves as a forum for collaboration around grid-related topics at state, regional, and national levels, offering a unique opportunity for state electricity decision makers throughout the country to examine the ways new technologies, policies, regulations, and markets impact state resources and the bulk power system.

NCEP facilitates an annual meeting, connections to virtual resources, and ongoing learning opportunities for members to explore multiple perspectives on complex electricity system issues.



NARUC

National Association of Regulatory Utility Commissioners

About the NARUC Center for Partnerships & Innovation

The NARUC Center for Partnerships & Innovation (CPI) identifies emerging challenges and connects state utility commissions with expertise and strategies to navigate complex decision-making. We accomplish this goal by building relationships, developing resources, and delivering training that provides answers to state commissioners' questions. CPI works across four key areas on a wide range of projects: energy infrastructure modernization; electricity system transition; critical infrastructure, cybersecurity, resilience; and emerging issues. CPI is funded by cooperative agreements with the U.S. Department of Energy (DOE), the U.S. Department of Commerce's National Institute of Standards and Technology (NIST), and charitable sources.



National Association of
State Energy Officials

About the National Association of State Energy Officials

NASEO is the only national non-profit association for the governor-designated energy officials 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 offices, and advocates the interests of the state energy offices to Congress and federal agencies.