

## Consumer advocates at the smart grid table

### Sub Title:

Joint NARUC-NASUCA annual meetings focus on consumer theme

Phil Carson <sup>[1]</sup>

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The National Association of Regulatory Utility Commissioners (NARUC) and the National Association of State Utility Consumer Advocates (NASUCA) held parallel annual meetings in Atlanta last week and one consumer advocate came away optimistic that smart grid projects will get the balanced scrutiny they deserve. For everyone's sake.

In last Thursday's column, "[State Utility Regulators Push for Federal Consumer Representative](#) <sup>[3]</sup>," I noted that the National Association of Regulatory Utility Commissioners (NARUC), had recently adopted a resolution calling for an independent, federal office of consumer advocacy. The federal advocate would intervene in matters before the Federal Energy Regulatory Commission (FERC).

I'd like to return to [NARUC's annual meeting](#) <sup>[4]</sup> (held Nov. 14-17), which I did not attend, just to capture a sense of what might be changing on the landscape for electric utilities, the commissions charged with their regulation and the consumer advocates who may have felt at one point that their mission was quixotic.

In lieu of tracking down all participants, I caught up yesterday with Mary Healey, the president of the National Association of State Utility Consumer Advocates (NASUCA), who also leads the Connecticut Office of Consumer Counsel. ([NASUCA's annual meeting agenda here](#) <sup>[5]</sup>.)

(You may recall we interviewed Healey in July for "[Consumer Concerns About Smart Grid](#)" <sup>[6]</sup>.)

Healey was involved in a pre-meeting session held by the executive committee of NARUC's Critical Consumer Issues Forum, titled "Focusing on Smart Grid from the Consumer Perspective."

That session was the first time that NARUC, NASUCA and EEI—the Edison Electric

Institute, which represents investor-owned utilities—had presented together in a public forum, according to Healey.

"That recognizes that consumer advocate pushback is taking hold," Healey told me. "In this huge, costly undertaking we call the smart grid, we'll want to include the consumer perspective. It took us a while to get the industry to take us seriously, but they are taking us seriously now. The White House, through a representative, certainly sent us that message during a subcommittee panel I participated in."

Healey reiterated that she and other consumer advocates are onboard with grid modernization. The point is, given the headlines over the past year, that without due consideration for all stakeholders—particularly ratepayers, who typically foot the bill—grid modernization will lack the political support it needs to succeed.

With a few hundred billion dollars at stake in the coming decade, perhaps it's not surprising that this issue has gotten improved visibility for that reason.

With consumer advocacy gaining a seat at the table—literally, at the NARUC annual meeting in Atlanta a week ago—Healey turned her attention to her colleagues in the state regulatory commissions.

"If smart grid makes the electric system more reliable, more efficient, and it allows people who can take advantage of it options to manage their energy use and their costs, that's great," Healey said. "But we don't want to see this rushed through the state regulatory commissions. We don't want a 'regulatory lite' review. We don't want to see undue pressure put on commissioners, who feel pressure from companies coming in with stimulus monies, saying 'we've got to get it done quickly.'"

"This was part of the message coming out of this forum: [state commissioners are saying to utilities] even though you've got stimulus monies and this is important to boosting job creation and the economy, the regulatory process works and it should be honored. This could make or break the success of smart grid."

The central issues, in Healey's view, are rigorous regulatory review of costs and benefits to ratepayers, data privacy, security and the right to opt-in for dynamic pricing.

"Trust is a big issue," Healey said. "Utilities go before their commissions and say, 'trust me, the benefits outweigh the costs.' Well, I heard that when they were pushing de-regulation and saying that would lower electricity rates. That never happened. Going forward, our stance will be 'trust, but verify.'"

The state regulatory commissioners' dilemma, she said, is "not just financial pressure but political pressure, too, to be part of the solution for the economy and job creation. Commissioners are relieved to hear consumer advocates say we're all in favor of smart grid, as long as we carefully evaluate projects and can balance ratepayers and utilities' needs.

"The regulatory compact is alive and well," Healey declared. "And my sense is that they're

[state utility commissioners] glad to have us on the podium and in the subcommittees. We're both under-resourced compared to the industry we're hearing from."

One source of unneeded pressure, according to Healey: Wall Street.

"When a state regulatory commission makes a just and reasonable decision, Wall Street whacks them, and that's not fair. We'd like to see more skin in the game from shareholders."

For those who say that multi-million dollar projects such as SmartGridCity only cost pennies per ratepayer and, therefore, ought to be easily approved, Healey has a warning.

"That's just a distraction from important regulatory principles," she said. "The point is accountability in return for ratepayers' dollars and trust. That's a regulatory promise you must keep. If you're in a rate case and prudence review and a mistake was made, the process can address that. There's a way to identify actions and costs that were imprudent. Prudence reviews should be a safety net for commissioners, not a rubber stamp of every company's smart grid proposals."

Healey said she came away from the joint NARUC and NASUCA national meetings in an optimistic mood.

"None of us want to see costly mistakes," she said. "Let's do it right."

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