

TRENDS IN UTILITY POLICY AND REGULATION: STRIKING THE RIGHT BALANCE

Elin Swanson Katz
Connecticut Consumer Counsel
NASCUA Orlando
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What is the Office of Consumer Counsel?

- Independent state agency since 1975
- Charged by state statute "to act as the advocate for consumer interests in all matters, which may affect Connecticut consumers with respect to public service companies, electric suppliers, and certified telecommunication companies." (Conn. Gen. Stat. §16-2a)
 - Electric, gas, water, telephone, cable television
- Authorized to participate on behalf of consumer interests in all administrative and judicial forums
 - Matters before the Public Utilities Regulatory Authority (PURA)
- Comprised of attorneys, accountants, financial analysts, and support staff



THE ULTIMATE QUESTION:

How do we provide a high level of consumer protection to customers, while providing the lowest possible price for energy, all while supporting the state's legitimate policy goals?



What are the agents of change in utility regulation?

- Evolving policies and technologies on energy and environmental issues
 - Always a hot topic for major state legislation
 - Historical lack of a strong federal energy policy
- Antipathy toward “the old DPUC model”
- Concerns about weather and climate change
- Major changes in fossil fuel access and sources



IN CONNECTICUT, WEATHER HAS BECOME A MAJOR CHANGE AGENT

- HURRICANE IRENE – AUGUST 28, 2011
 - 7 MILLION LOSE POWER ON EAST COAST
- OCTOBER NOR'EASTER – OCTOBER 29, 2011
 - 3 MILLION LOSE POWER, MANY IN CONNECTICUT FOR OVER A WEEK
- SUPERSTORM SANDY – OCTOBER 29, 2012
 - SECOND COSTLIEST STORM IN US HISTORY
 - 8.5 MILLION LOSE POWER

What happened next?

- Legislative investigations
- Legislation directing PURA investigations
- Demand for greater investment in system resiliency, better storm response, and penalties
- Distrust of utilities and as a result, those who are involved in regulating them
- Increased desire for investment in distributed generation such as microgrids, fuel cells, and home generation
- Settlement by CT AG and OCC of a pending merger between Northeast Utilities and NStar, with terms that addressed storm response, resiliency, and DG
- Calls for storm trackers, bonus ROEs, and performance incentives

An example of new complexities

- Fuel cells and other types of DG in multi-dwelling units led to interest in submetering
- In Connecticut, no existing policy on how to submeter in these types of multi-dwelling units
- Lack of submetering framework stymied policy goals for innovation and implementation of DG
- Utilities have serious concerns about submetering
- Very significant consumer protection issues

Good news (one model)

- Legislature directed PURA to open a docket on submetering
- PURA created a working group
- Working group is very active, and is working through consumer issues and impact on utilities
- A draft policy achieved largely through consensus will soon be completed
- Alternative methods of developing a submetering policy could either have created a mess, unfairness, or obstructionism

So how do we effectively advocate for an appropriate balance between high level policy direction by legislative and executive branches, and oversight and regulation by the PUCs?

- Acknowledge that broad (and often particular) policy goals and directions may appropriately set by legislatures and other elected and appointed officials
- However, “the devil is in the details” – the details generally need to be worked out through administrative processes run by PUCs – the utility experts
- Appropriate process is essential for the best results AND to legitimize governmental decisions
- Governmental paradigms need checks and balances
- “Democracy is messy”

