




NARUC



Recent Regulatory Developments in the U.S.: State and Regional Issues



Commissioner Tony Clark
North Dakota Public Service Commission
First Vice President, National Association of Regulatory Utility Commissioners



8th US-EU Energy Regulators Roundtable
October 26-27, 2010
Berlin, Germany

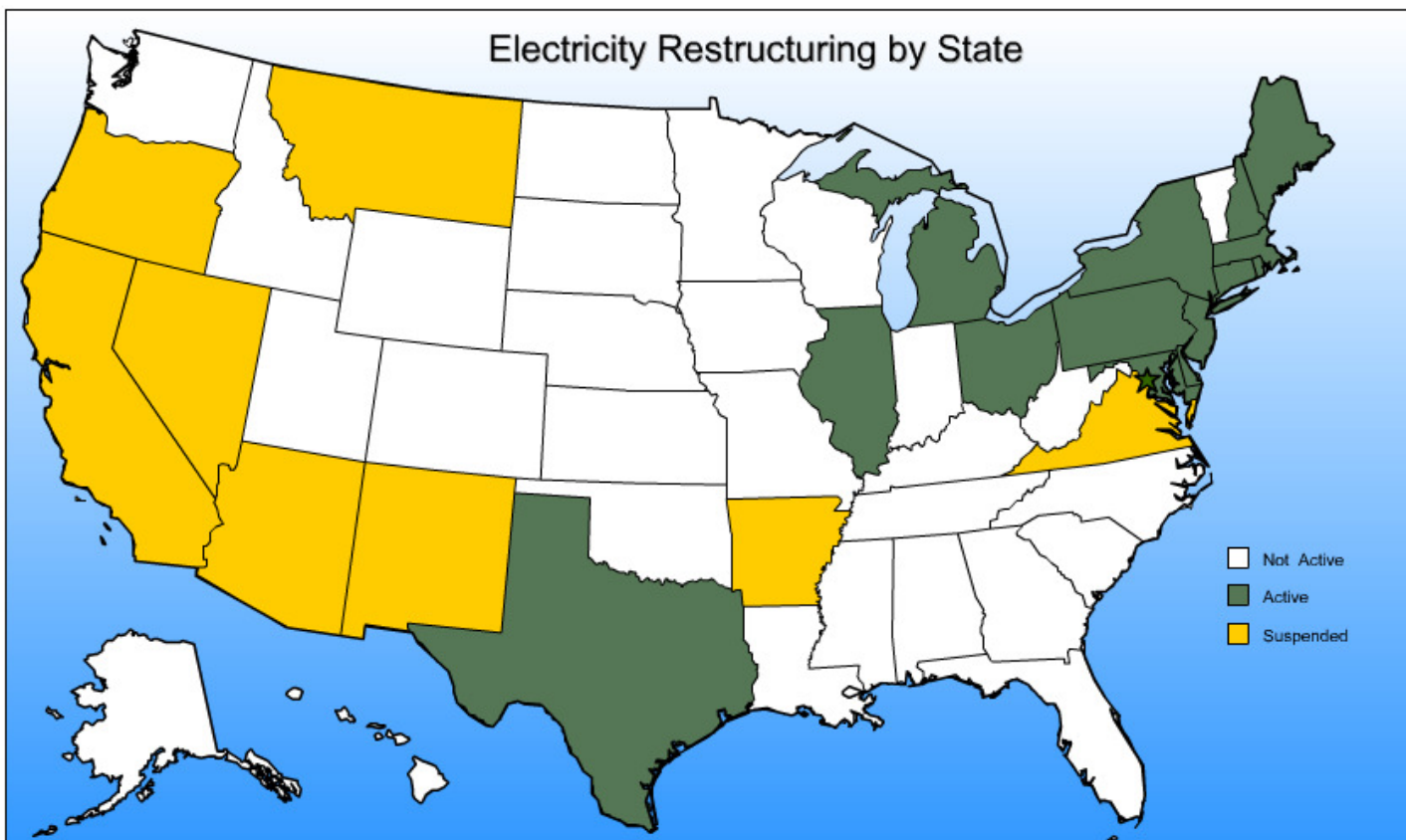


Overview: Factors Affecting Our Energy Sector

- Some Factors Remain: Regulatory Models
- Tremendous Uncertainty from Federal Government
- State / Federal Collaboration
- Economic Factors & Markets For Commodities
- Efficiency, Climate, and Infrastructure As Increasingly Powerful Factors
- State Activities



Electric Utility Regulation Remains a Hybrid System at the Retail Level



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Source: Energy Information Administration, status as of January 2010

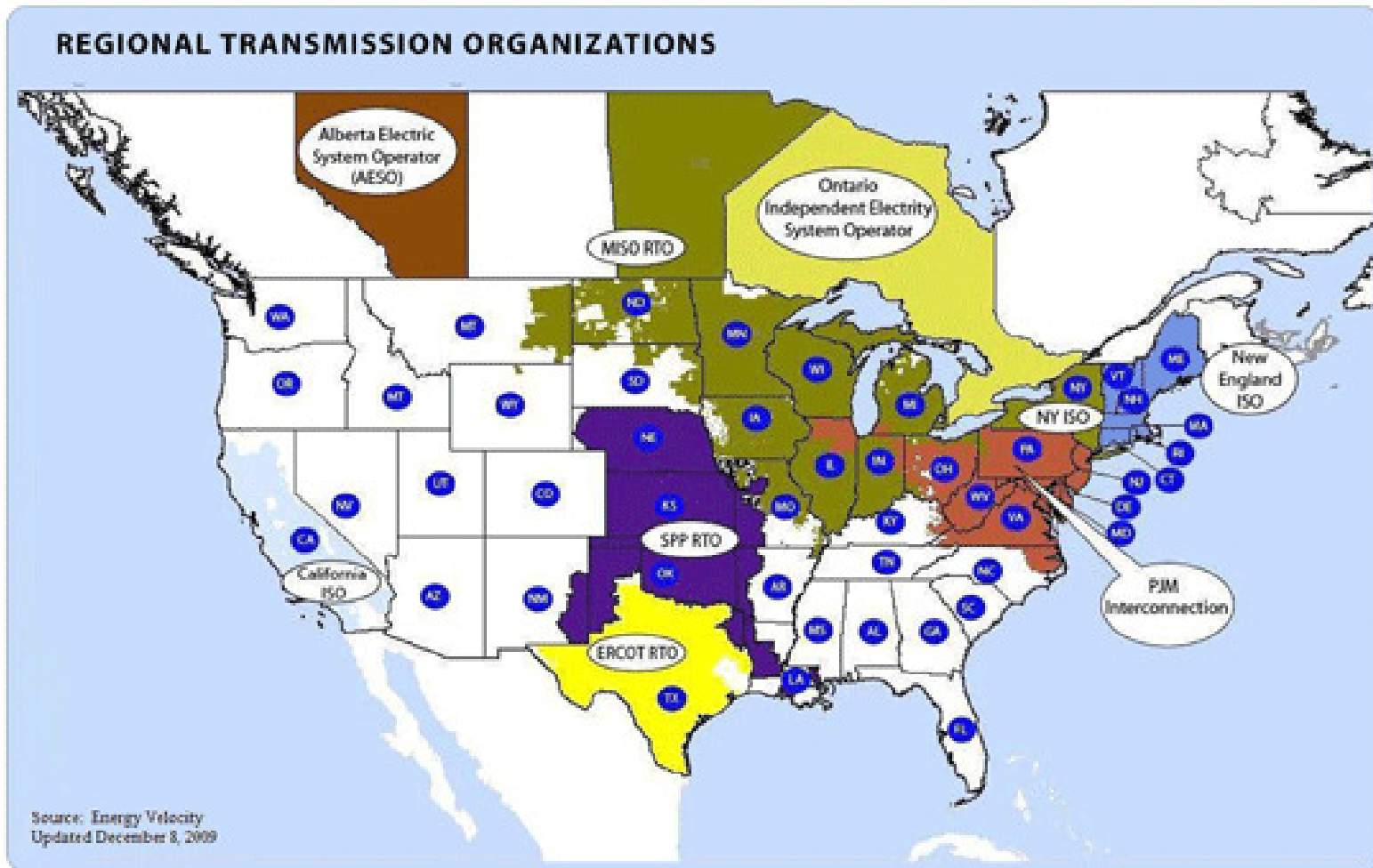


Traditionally Structured States Operating in Vertically Integrated Markets

- State Regulators Use Cost-based, Average Price Methodologies – Southeast, Southwest, Northwest
- Integrated Resource Planning of All Aspects of Utility Operations – Generation, Transmission, Distribution, Load Management/Demand Response
- Some Regional Coordination – WECC; Southern States Energy Board



RTOs in the United States





Restructured States Operating in Organized Markets –

- Retail Customer Choice Available, but Little Used
- State Regulators Manage Local Utility Access to Wholesale Markets for the Benefit of Retail “Standard Offer” Class
 - Northeast, MidAtlantic, MidWest
 - NJ Auction
- Regional Coordination
 - OPSI, OMS



Recent Developments (Since November 2008 EU/US Roundtable)

- Continued Upward Pressure on Electricity Prices
- Economic Downturn -- State Commissions Prepare for Increased Stress on Consumers
- Economic Downturn – Reduced Demand
- Increased Funding for Low Income Home Energy Assistance Program (LIHEAP)
- Growing Recognition of Increased Supply and Infrastructure Needs

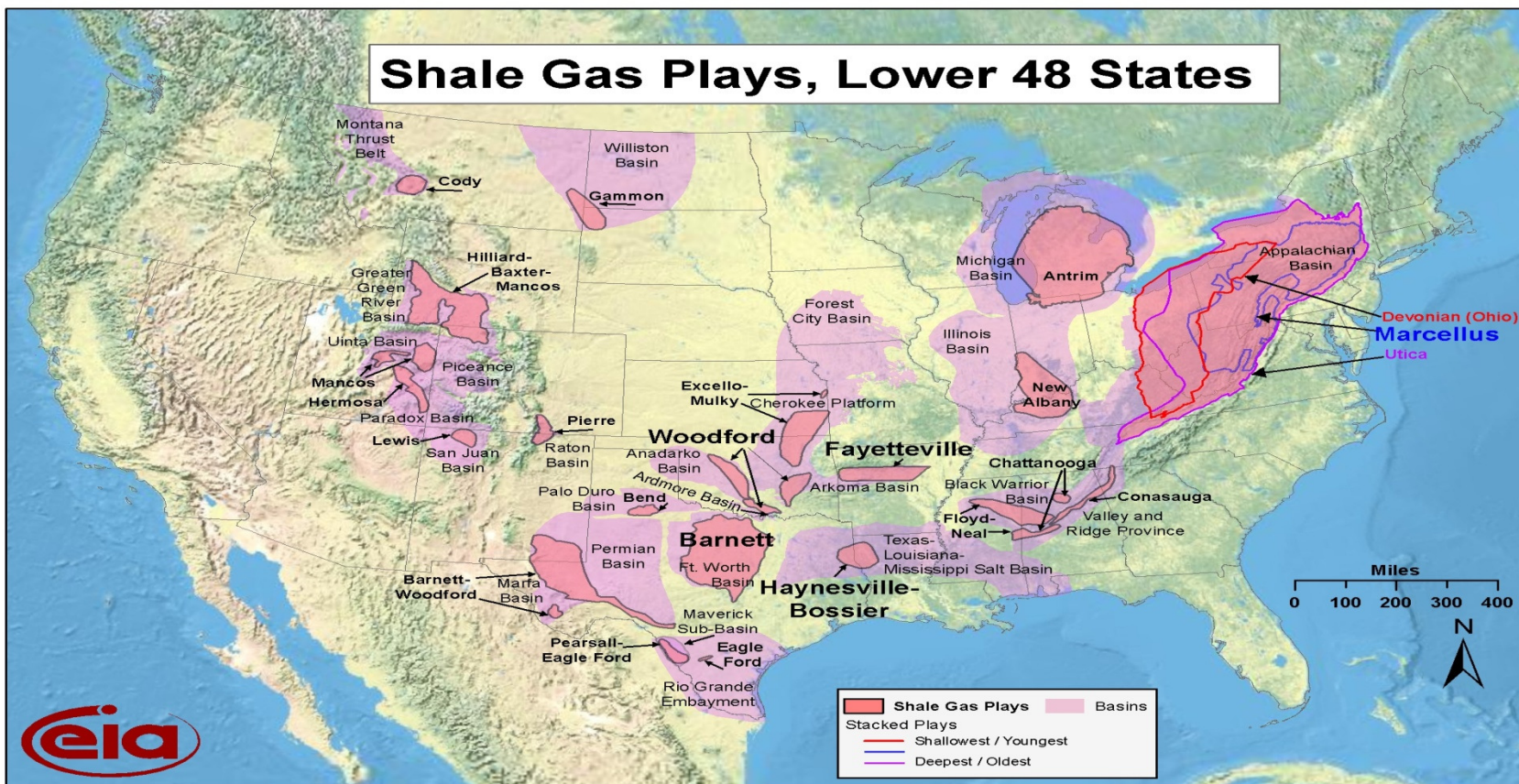


Recent Developments (Continued)

- Extension of Renewable Production Tax Credits and Implementation of RPS
- Rebirth of Nuclear Industry – Loan Guarantees?
- State Renewable Portfolio Standards
- Closing of Yucca Mountain Waste Repository
- Stimulus Funding – Smart Grid, Transmission Planning, Broadband Deployment, “Green Jobs”
- Emergence of Shale Gas



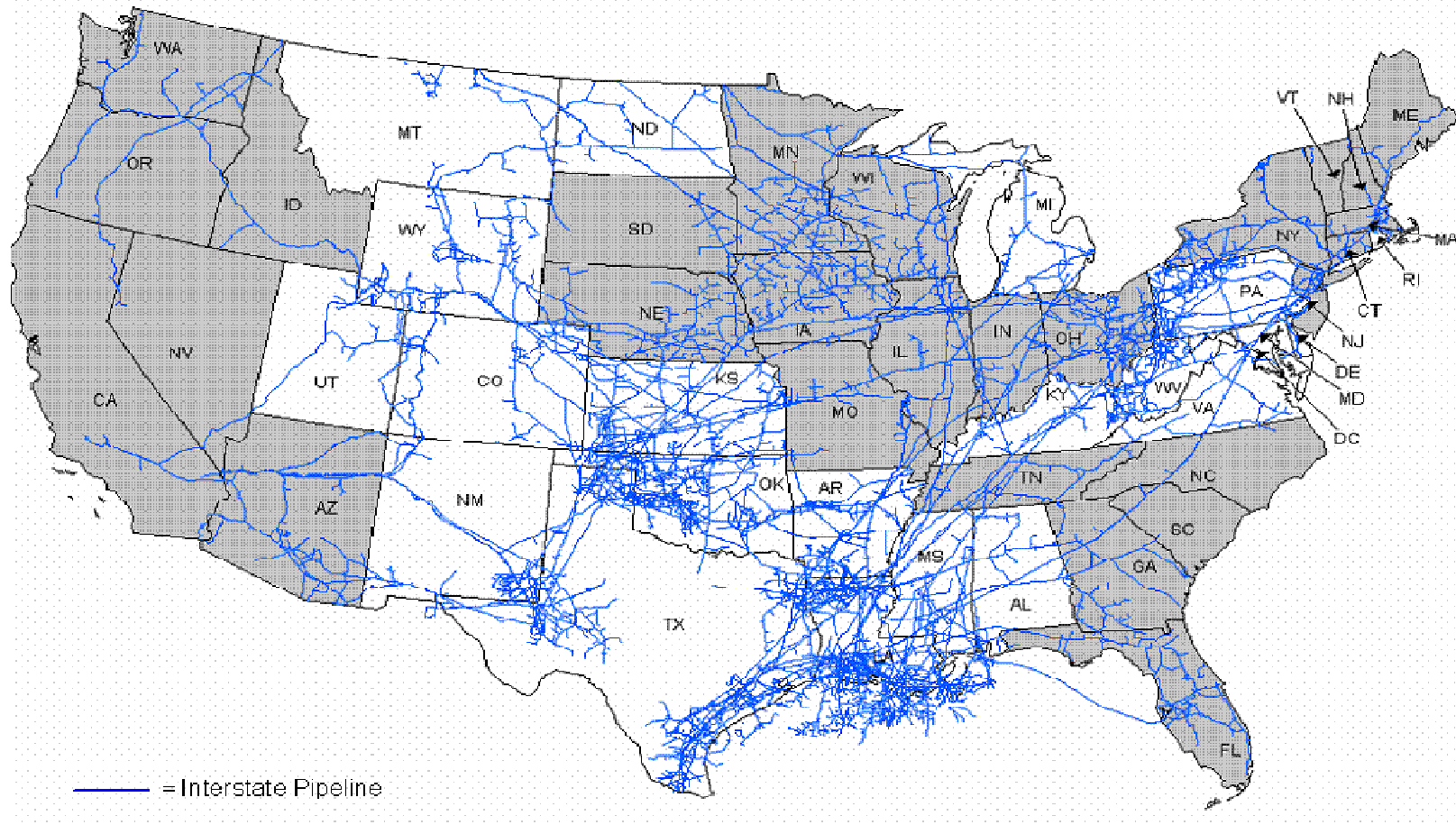
Impact of Shale Gas



Source: Energy Information Administration based on data from various published studies.
Updated: March 10, 2010



Gas Dependent States (in grey)



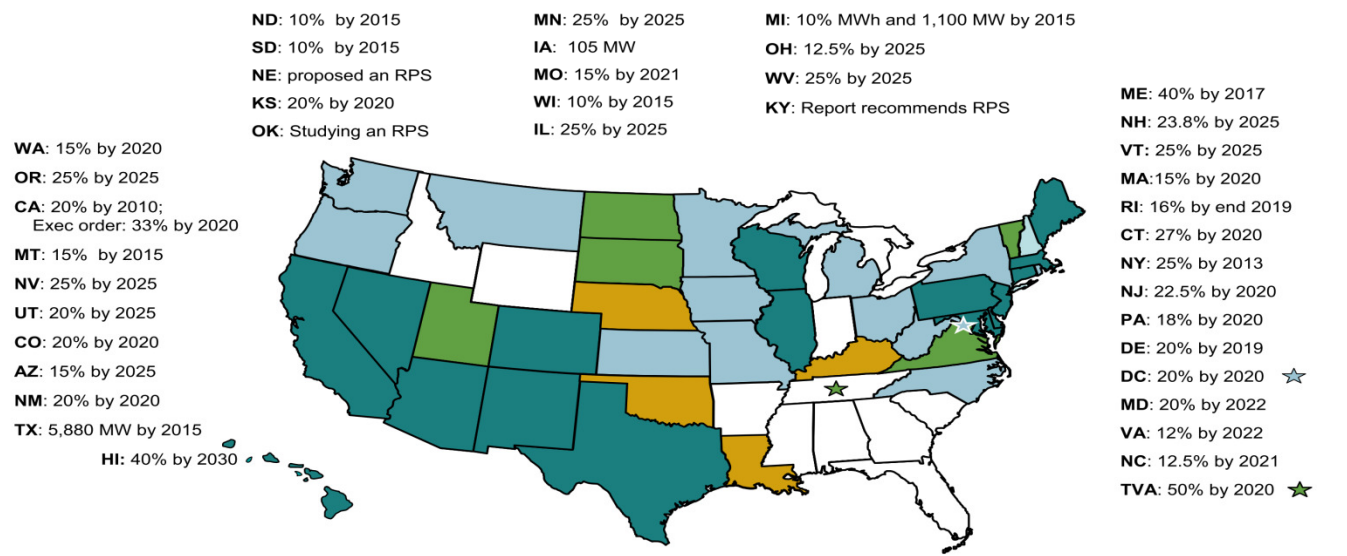


State Renewable Portfolio Standards

Electric Market Overview: Renewable Portfolio Standards

Federal Energy Regulatory Commission • Market Oversight @ FERC.gov

31 States including D.C. have Renewable Energy Portfolio Standards (RPS)



Updates at: <http://www.ferc.gov/market-oversight/mkt-electric/overview/elec-ovr-rps.pdf>

- RPS
- Accelerated or strengthened RPS
- Voluntary standards or goals
- Proposed RPS or studying RPS

Notes: An RPS requires a percent of an electric provider's energy sales (MWh) or installed capacity (MW) to come from renewable resources. Most specify sales (MWh). Map percents are final years' targets. *TVA's goal is not state policy; it calls for 50% zero- or low-carbon generation by 2020. Alaska has no RPS.
Sources: Derived from data in: LBNL, *RPS in the U.S. through 2007* (4/08), PUCs, State legislative tracking services, Pew Center, and the Union of Concerned Scientists. Details, including timelines, are in the Database of State Incentives for Renewables and Energy Efficiency: <http://www.dsireusa.org>

Updated July 8, 2009

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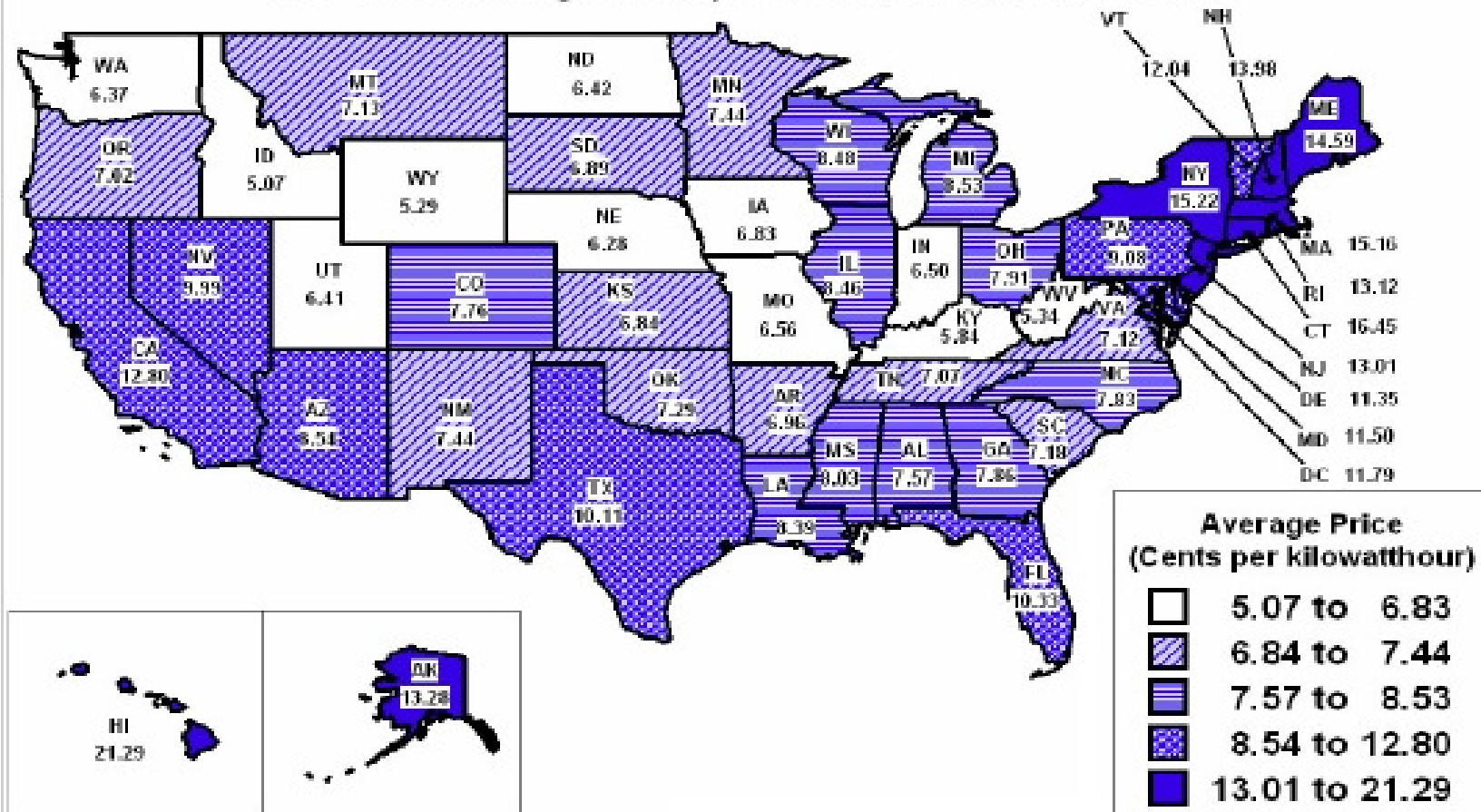
Pending Congressional Legislation

- Cap and Trade Climate Legislation – Passed House of Representatives, Failed to Clear Senate; enactment unlikely
- Other Energy Legislation
 1. Transmission Planning, Siting and Cost Allocation
 2. National Renewable Portfolio Standards, with Energy Efficiency Component
 3. Cyber Security/Grid Protection
 4. Off-Shore Oil and Gas Drilling
 5. Nuclear Power Incentives – Accelerated Licensing; Expanded Loan Guarantees
 6. Energy Efficiency Programs – national Building Codes; Weatherization Retrofit; Appliance Efficiency



US Average Electricity Prices

U.S. Total Average Price per kilowatthour is 9.13 Cents





FERC / NARUC Collaboratives

- NARUC and FERC Participate in two “Collaborative Dialogues” on Issues of Common Concern
 - Demand Response – Focus on Coordinating Implementation of DR between Wholesale (FERC-regulated) and Retail (State-regulated) Markets
 - Smart Grid – Focus on Coordination of State and FERC Policies to Promote/Regulate Investment in Smart Grid Technologies



Conclusions

- To this point, states have led the way in many aspects of energy policy, and will continue to be key players in the future
- Obama administration has a number of initiatives on the table which would have a major impact on national energy policy
- The outcome of federal energy policy changes is still very uncertain
- Key to understanding US energy policy debate is state and regional differences