StraightTALK

Resilient Grid Tops Agenda

By **Colette D. Honorable**, *NARUC*

We often hear about making our electricity system more reliable, but how do we also make it more resilient?

Over the next several months, our national organization — the National Association of Regulatory Utility Commissioners (NARUC) — will be initiating a dialogue over how best to assess resilience investments intended not only to keep the lights on but also to help the electricity system better withstand massive storms, catastrophic manmade events and other disruptions.

We are undertaking this effort because more utilities are seeking ratepayer recovery of costs associated with what have often been characterized as resilience investments. The concept of utility resilience is not new; Louisiana, Texas and Florida deal with hurricane damage almost every year. But severe weather events like Superstorm Sandy, Hurricane Irene and the 2012 derecho are forcing utilities and regulators across a wide swath of the Mid-Atlantic, Midwest and Northeast to consider these issues — and their collective response — as well.

Although resilience tends to fit within the existing structure of reliability that regulators already oversee, a singular focus on resilience is necessary because of growing concerns about extreme weather events and other natural and manmade disasters. Our work in this area is intended to initiate a conversation and lay the foundation for establishing common definitions and methodologies for state commissions, industry and others when exploring utility resilience investments.

Just what is a resilience investment? Essentially, this kind of investment involves hardening the system so it can better withstand catastrophic events. Should a utility underground its system in urban areas? Should it invest in reinforced concrete poles that can better withstand high winds?

These are the kinds of decisions utilities and regulators are called upon to make. From the NARUC perspective, applying a risk-based approach makes the most sense. Undergrounding transmission lines is a popular notion after a severe storm brings about lengthy power outages, but regulators and consumers tend to balk at the costs. Moreover, making every element of a utility's system resilient is not only cost-prohibitive but also unnecessary. State commissions seek investments that deliver the best system improvements and ratepayer value. To

This leads to a few natural questions: Just how do we make these determinations, who should pay and how should these costs be allocated? For many regulators, one useful approach is to differentiate between and within customer classes. Commercial and industrial customers, for example, could lose a considerable amount of business from a prolonged outage and may be more willing to pay for system hardening. Residential consumers, meanwhile, face other hardships when the power is out, such as health concerns if the outage occurs during a heat wave or cold snap.

So, where do we go from here? The NARUC paper is a conversation starter; we will be engaging with our members and other key stakeholders, including utility organizations, the federal government, companies and consumer advocates, to broaden and inform the dialogue. Our Grants and Research team is planning on holding workshops around the country to address these issues.

And we need your help. Do we need new tools to evaluate risks? Are new partnerships between the federal and state governments necessary to help identify problem areas on the grid? What kinds of contingency plans may be necessary to prepare for a 1-in-a-100-year storm that may never come or occur frequently for some states?

We at NARUC will engage in these kinds of conversations over the next year. We hope to learn from our colleagues in New Jersey, Texas, Ohio, Florida, Maryland and Pennsylvania. These states are already pursuing resilience programs. We are also watching closely as the New York Public Service Commission initiates a top-to-bottom review of its policies to ensure resilience, among other factors, is a key driver in its decisions. While NARUC does not endorse any particular approach, we can learn a great deal from the states that are pushing ahead with new and innovative policies. We applaud their efforts.

Typically, we don't think of resilience until after a hurricane or other natural or manmade disaster knocks out power to millions. We hope that, through these discussions, we can better prepare ourselves for the next event. TDW

Colette D. Honorable is president of National Association of Regulatory Utility Commissioners and chair of the Arkansas Public Service Commission.