

Regulators' Dilemma or Opportunity?

By **LISA WOOD**

Electric companies today are well aware of the profound transformation that is underway in our industry. But, given the rapid pace of technological change and evolving customer needs and expectations, many stakeholders—on all sides—agree that today's regulatory process is too slow and inflexible to respond to needed changes. Our industry's greatest challenge is this: How do we move from today's often inflexible regulatory process to a more flexible future that is responsive to change?

Electric companies recognize the need to develop new capabilities to continue to meet changing customer expectations; to modernize an increasingly complex energy grid; and to integrate a changing energy resource mix including more distributed energy resources (DERs). Much of this depends on technology. And, electric companies have adopted flexible approaches for tapping into new technologies—from partnerships with technology companies, to venture funds, to accelerators.

As an industry, we have made great progress in deploying smarter energy infrastructure, and we continue to integrate more and more DERs. As a result of significant new technology and infrastructure investments, electric companies today have the ability to provide services well beyond commodity electricity—services that some customers are demanding. And, as DERs continue to grow, they present new challenges

to the energy grid. Regulation simply is not keeping pace with the need to address these changes.

Thought leaders across the industry are speaking out on the need for regulatory alignment and reform:

"The fact of the technology revolution in energy is a given; however, its impact on customers is subject to the shape and direction of policy design. Policy can speed or slow change."

—Anne Pramaggiore
president and CEO,
Commonwealth Edison

"Fundamentally, the goal in all states should be long-term alignment of customer expectations, public policy goals, and regulatory processes."

—Bob Rowe
president and CEO,
NorthWestern Energy

"Regulation must change with the times and reflect advances in technologies and public policy goals. State regulators hold the key to this."

—Tom Werner
president and CEO,
SunPower Corporation

Any rate or regulatory reform must balance the need for safe, affordable, reliable, and increasingly clean energy with the ability to provide customized services to those who want them—and basic commodity service to those who do not. While we

Regulation is the Wildcard



do not expect a one-size-fits-all regulatory solution, there is an urgent need for regulation to change now.

Technology coupled with the right policies and regulatory support can provide the essential ingredients for moving this transformation forward. Or, it can stop it in its tracks. Regulators have an unprecedented opportunity to define ways forward and unleash opportunities as we build smarter energy infrastructure across the United States. Today, regulation is the wildcard. **EP**



LISA WOOD is executive director of the Institute for Electric Innovation and vice president of The Edison Foundation.

Read more in *Key Trends Driving Change in the Electric Power Industry, Volume III*, available at www.edisonfoundation.net.

The Institute for Electric Innovation focuses on advancing the adoption and application of new technologies that will strengthen and transform the energy grid. The Institute's members are investor-owned electric companies that represent about 70 percent of the U.S. electric power industry and are committed to an affordable, reliable, secure, and clean energy future.

