



FEDERAL ENERGY REGULATORY COMMISSION

July 16, 2009

Commissioner Marc Spitzer

Statement of Commissioner Marc Spitzer on Smart Grid Policy

"This Policy Statement encourages utilities to invest in smart grid technology. I believe the Commission today strikes the correct balance between competing interests. On one hand we encourage utilities and product developers to develop and install legitimate smart grid technology before interoperability and cybersecurity standards are finalized to assure the benefits of smart grid technology flow through to consumers as soon as possible. Delay in technological innovation ill serves ratepayers. In addition, widespread application of the best technology will foster further advancements. On the other hand, the Commission protects consumers from imprudent costs and wasteful investment by creating limited parameters under which such cost assurances are appropriate. This is an important interim measure pending final adoption of interoperability and cybersecurity standards.

The Regulators' job, however, does not end with the development of smart grid standards. Indeed, our smart grid effort may end up for naught if we fail to take an important further step: application of smart rates. I anticipate that smart grid technology will permit regulators and consumers to more accurately quantify usage and demand. This, in turn, will allow for the design of rates that encourage appropriate and efficient usage of electricity and the nation's transmission grid. I envision that this technology will ultimately allow regulators to customize rates and services in a manner to date not possible. Smart rates tailored to the users' needs will allow for higher quality of service to consumers at better rates.

In sum, I think it appropriate that we encourage utilities to invest in smart grid technologies and to modernize their operations and the services they provide based on the new technologies. I also believe that there remains a critical role for the states and the industry in developing standards and then designing smart rate programs consistent with new technology. The Commission is not interested in usurping traditional state jurisdictional authority. Indeed, the Policy Statement does not alter Federal and state ratemaking jurisdiction. I look forward to working with my fellow regulators to take advantage of opportunities for the ultimate benefit of consumers.

I thank the members of the Team for their hard work on getting this Policy Statement issued and I look forward to the additional work that we need to do to make smart grid, and the benefits it can provide, a reality for consumers."



STATEMENT