

Center for American Progress



# A Forward-Looking Agenda for the Nation's Public Utility Commissions

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# Introduction and summary

The electricity sector in the United States is experiencing a period of dynamic change. Technological advancements are making energy available from new and innovative sources and offering an array of new and exciting tools for managing and understanding the way that Americans use energy. Market forces are pushing natural gas in and backing coal out, while renewable energy is increasing its share of the national market. Regulations, such as the proposed Clean Power Plan, are beginning to chart a course to a low-carbon future. Furthermore, the reality of climate change is barging onto the scene for the electricity sector, bringing with it challenges such as additional strain on the nation's water supplies, which are relied upon for cooling coal-fired and nuclear power plants and turning hydroelectric turbines.

Historically, electric retail markets have been regulated at the state level, but the challenges facing the electricity sector from a changing climate, powerful market forces, and the need to reduce pollution are of such importance that the federal government has a strong interest in ensuring they are met. Unfortunately, states' responses to these challenges to date have been uneven. Some state public utility commissions, or PUCs, have been tempted by short-sighted arguments to undermine successful regulatory policies and pretend the challenges of the day do not exist. Others are working overtime to surmount the challenges that the nation faces to create an affordable, reliable clean energy future.

Over the past four decades, Congress has periodically amended the Public Utility Regulatory Policies Act, or PURPA, to call upon state PUCs to consider adjusting their electricity policies using an open and evidence-based review process. By simply requiring PUCs to examine the merits of various policies through formal proceedings, PURPA has triggered states to adopt smart policies that have helped save energy and promote renewable energy.

Congress should embrace this precedent and help set a forward-looking agenda for the nation's PUCs to address the important issues facing the electricity sector today. Specifically, Congress should amend PURPA to require state PUCs to consider three policy standards:

- Boost energy-efficiency efforts through technology and regulation.
- Establish policies to encourage utilities to use clean energy to reduce pollution.
- Ensure utilities will have the resilience to function reliably in the future.

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As progressives, we believe America should be a land of boundless opportunity, where people can climb the ladder of economic mobility. We believe we owe it to future generations to protect the planet and promote peace and shared global prosperity.

And we believe an effective government can earn the trust of the American people, champion the common good over narrow self-interest, and harness the strength of our diversity.

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