701 Pennsylvania Avenue, N.W. | Washington, D.C. 20004-2696 | 202.508.5000 | www.eei.org

Edison Electric Institute

Eric Lightner
Director
Federal Smart Grid Task Force
Office of Electricity Delivery and Energy Reliability
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Re: Comments on the Department of Energy/Gridwise Alliance October 2014 Final Report: The Future of the Grid Evolving to Meet America's Needs

Dear Mr. Lightner:

Thank you for the opportunity for the Edison Electric Institute ("EEI") to review and provide comments the draft Final Report, "The Future of the Grid, Evolving to Meet America's Needs" ("Final Report") that will be issued by the Department of Energy ("DOE") and is based on the collaboration of the DOE's Energy Office of Electric Delivery and Energy Reliability ("OE") and the Gridwise Alliance ("GWA") to create an industry-driven vision of the electric grid in 2030. Overall, the Final Report presents a balanced view of the future of the electric grid and the associated changes that may occur with regard to utility business and regulatory models, and therefore EEI offers the following high-level comments.

EEI agrees that industry is experiencing a period of extraordinary innovations in energy markets as a result of changes not only in technology, but in public policy, social preferences and business practices. As a result, EEI believes that the Final Report is important and timely work because it goes beyond setting forth a vision of the future electric system and the evolution of utility business and regulatory models by setting forth realistic recommendations for planning the transition to this future state. Accordingly, EEI is very interested in working with DOE OE/GWA team to implement the Final Reports recommendations.

It is very important that Final Report acknowledges that specific transition plans for utility business and regulatory models, to the extent they are developed, will depend on service territory, utility and/or state(s) involved. As the DOE is aware, there is a growing group of states that are rethinking in regulatory proceedings the functionality of their distribution grids and how they should be operated and paid for. EEI therefore agrees with the Final Report's recommended approach of establishing clear and comprehensive guiding principles, along with a unifying architecture that can be applied at regional, state and local levels to guide modernization of the grid. EEI agrees that guiding principles for grid modernization should balance the interests of the national economy, as well as societal and individual consumers' needs. It cannot be emphasized enough that the guiding principles must be overarching and non-prescriptive to give direction but also allow for consideration of specific operating conditions and needs at the consumer, state, and regional levels.

Recognizing that the paths to reaching the future grid will not be same with respect to role of the grid, utility business models, state regulatory models, and utility operating conditions, EEI agrees that it would be valuable to develop a unifying architecture and attendant technical standards to ensure the systems and markets can interoperate across the these different structures. As the industry evolves, it is imperative that that customers and distribution operators are able to easily interface with the wholesale electric markets that cover different jurisdictions and service territories. A unifying architecture that provides the functional specifications but does not dictate the method of implementation will be critical to increasing flexibility, decreasing the potential for stranded assets, lowering costs, and allowing for innovation which gives the companies a consistent foundation from which to develop their products and services.

It is also crucial to create a framework for guiding investments to transition from today's grid to the future grid. Identifying what foundational investments will be needed to achieve the full capabilities of the vision for the future grid, the linkages between technologies, and the time frames for implementation will be valuable to provide investment certainty by establishing technology constraints and time frames for deployment that can inform state and regional road-mapping efforts as well as specific utility investments. It is likewise important that the aforementioned work may serve as basis for regional and state specific roadmaps that account for specific priorities, current capabilities, and the needs of the customers.

EEI also supports efforts by the DOE to convene stakeholders in a collaborative environment to address common challenges in order to develop innovative solutions. It is essential for industry to share lessons learned in order to expedite and lower the cost of modernizing the electric system. Furthermore, EEI agrees that consumer education with respect to the need and value of the grid, grid modernization, resilience, security, and other energy issues is important so that consumers understand, accept and manage the changes in how they will receive and pay for electricity.

In conclusion, EEI commends the good work of all those who participated in the development of the Final Report and reiterates interest in collaborating with the DOE OE/GWA team in implementing the recommendations contained in the Final Report.

Respectfully,

/s/ David K. Owens

David K. Owens
Executive Vice President
Edison Electric Institute
701 Pennsylvania Avenue, NW
Washington, DC 20004-2696
(202) 508-5000
dowens@eei.org

Aryeh B. Fishman
Associate General Counsel
Edison Electric Institute
701 Pennsylvania Avenue, NW
Washington, DC 20004-2696
(202) 508-5000
afishman@eei.org

Dated: November 6, 2014