

Tom Kuhn Email to Member Companies – August 21, 2009

Call to Action on Smart Grid

Smart Grid is rapidly growing in importance due to the federal economic stimulus program. We will devote our Policy Committee on Strategic Issues to Smart Grid at the upcoming Board and CEO Meetings in Colorado. However, I now need to bring to your immediate attention a critical need that has arisen with regard to Smart Grid interoperability standards. The development of Smart Grid interoperability standards has been accelerated by implementation of the American Recovery and Reinvestment Act (ARRA). As of the moment, our industry is severely under-represented and the standards development process is being set by other interests.

As described below and in the timeline attached to this e-mail, it is important that EEI members actively participate in the development of Smart Grid interoperability standards to ensure utility knowledge and vision are a part of the process.

CALL TO ACTION FOR PARTICIPATION IN SMART GRID INTEROPERABILITY STANDARDS DEVELOPMENT

EEI Member Involvement is Needed Now

- This initiative is moving very quickly. The National Institute of Standards and Technology (NIST) is expected to release its Interoperability Framework the week of September 21-25, 2009. Once NIST has certified the standards, FERC could move quickly with a rulemaking to adopt the standards.
- The shareholder-owned electric utilities need to get involved now by actively engaging the various standards development organizations (SDOs) in order to have a meaningful impact on the standards that are ultimately developed.
- It is critical that EEI members actively participate in the development of Smart Grid interoperability standards to:
 - Support collaboration with vendors early in the standards development process to avoid situations where the standards are formulated entirely by vendors and other third parties;
 - Minimize the potential cost impacts on customers resulting from the adoption of technologies that might later be determined to be obsolete or insufficient to meet minimum standards;
 - Ensure that the unique role of utilities as the primary entities that can fully optimize the use of the Smart Grid for the benefit of all consumers is recognized; and

- Ensure that EEI members are actively involved in the development and acceptance of the standards now, before they are forwarded to FERC and a Notice of Proposed Rulemaking is initiated.
- In order for EEI to effectively coordinate its members' participation, PLEASE PROVIDE US WITH A COMPANY SMART GRID INTEROPERABILITY STANDARDS POINT OF CONTACT AS SOON AS POSSIBLE. Please send this information, by August 31, 2009, to: Chris Eisenbrey: ceisenbrey@eei.org, 202.508.5574

Why is this Initiative Important?

Smart Grid interoperability standards and technologies, as they develop and are implemented on a large scale, have the potential to radically alter and possibly redefine the roles of utilities, consumers and other parties in the supply, delivery, and consumption of energy. Yet at a recent stakeholder workshop on Smart Grid interoperability standards sponsored by NIST, the electric utility industry accounted for *less than 15%* of the total attendance.

If the industry continues to be severely under-represented, you may have to accommodate technologies that may be costly or may not fit well with your operations or business models.

Thank you for your support on this important issue.