

Quinn Vetos ComEd Rate Hike – 12 Sep 11 – Chicago Tribune ‘Breaking Business’

Flanked by consumer advocates, Gov. Pat Quinn made good on his promise Monday to veto controversial legislation fronted by Commonwealth Edison Co., a move that sets the clock ticking for the bill's proponents to gather enough votes to override the veto.

"It may be a dream come true for Commonwealth Edison, but it's a nightmare for Illinois consumers," Quinn said.

Opponents to the so-called "ComEd bill" had said it was a "Trojan horse" meant to pave the way for the utility to boost its bottom line by gutting the Illinois Commerce Commission's oversight of electricity rate hikes.

ComEd claimed the legislation was essential because it would provide a more stable way to recover the costs of smart-grid implementation -- removing regulatory lag and uncertainty. But changes in the bill would have a profound effect on how rates are determined, how often rate hikes occur and how much profit ComEd would receive.

The ICC, which reviews the utility's books as part of an 11-month process every two or three years, would be relegated to a lesser role under the legislation.

"It would allow the utilities to pass go and head straight for our wallets," said Illinois Atty. Gen. Lisa Madigan Quinn Vetos.

Illinois Commerce Commission Chairman Doug Scott said there is a way to pay for smart grid through the current regulatory process but the legislation fronted by ComEd isn't it.

The ICC, through legislation, had proposed a compromise that borrowed from ComEd's bill. ComEd would get the speedier review process it is looking for about 60 percent of its costs (including those associated with smart grid), but would need to define smart grid and lay out what devices and infrastructure it wishes to purchase, as well as any other long-term infrastructure upgrades the utility is planning.

ComEd would not need to start from scratch.

In December 2008, the ICC ordered the state's two largest utilities -- ComEd and **Ameren** -- to participate in a series of workshops with consumer advocates, government officials and other policymakers to discuss issues surrounding smart grid. The idea was to develop a strategic plan to guide deployment of smart grid in Illinois and to recommend policies the commission could adopt.

The resulting 356-page report, released in October 2010, was meant to guide utilities as they moved forward with requests for smart-grid technology. But the utilities never came forward with a detailed proposal, said Scott, instead choosing to fight for legislation that would provide a means to pay for the smart grid without clearly defining what consumers would be paying for.

Scott said that while that proposal never made the floor, it could be revived for the upcoming veto session.

Whether ComEd will be more willing to compromise, largely depends on whether they obtain the votes need to override Quinn's veto: a three-fifths, supermajority vote of 71 votes in the House and 36 in the Senate. When the bill passed the general assembly, it was five votes short

of that threshold in the Senate and four short in the House.

The utility has been lining up companies who are willing to testify that if smart grid were implemented, they would consider moving their headquarters to Illinois -- a touchy subject for Quinn who has spent millions in incentives to stem the tide of businesses who've left the state for Indiana and elsewhere.

"I think we'll have far more companies on our side," Quinn countered.

As an alternative plan, State Sen. Don Harmon (D-**Orland Park**), has been tasked with putting together a trailer: a second piece of legislation traditionally used to clean up or make the changes necessary to appease lawmakers who would support the original bill if their concerns were addressed.

ComEd said their bill has undergone more than 40 major revisions since its birth.

"In the coming weeks, we will work to show how this legislation provides a diverse array of important benefits to Illinois," ComEd said in a statement. "It is a jobs bill, an economic development bill, an environmental bill, a consumer benefits bill, a regulatory reform bill and an infrastructure bill. It is supported by an extraordinary cross-section of business groups, labor union, environmental organization, high-tech advocates and green tech entrepreneurs."

The ComEd bill called for a plan to invest in smart-grid technology, which, in the near term, would allow ComEd customers to see how much power they are using to better manage electricity usage. At the same time, the technology would allow ComEd to pinpoint outages and make repairs more quickly. Ultimately, homeowners could reduce their home energy use with a smartphone application, and those with solar panels could sell excess electricity back to the grid.

The veto comes just days after The Illinois Commerce Commission announced it has launched an inquiry after summer storms left hundreds of thousands of Illinois residents without power.

A storm July 11 left more than 800,000 Commonwealth Edison customers without power after two late June storms left more than half that number of customers in the dark. Three more storms this summer, most recently Aug. 2, also led to widespread power outages in the Chicago area.

Ameren and ComEd were ranked in the bottom three of 17 utilities in the Midwest in a J.D. Power and Associates' survey.

Robert Gallo, state director for AARP, said there's no guarantee that smart grid technology would improve outages or service.

"We've called the smart grid a wolf in sheep's clothing all along," he said. "You won't have to call ComEd but it doesn't guarantee they'll have someone fix it."

ComEd, a unit of Chicago-based Exelon Corp., serves about 3.8 million customers across northern Illinois. The company said now is the time to invest, because expensive, long-term energy contracts are set to expire this year.

This June, as the utility's lobbying efforts were in full swing, Thomas O'Neill, ComEd general counsel and senior vice president for regulatory and energy policy, told the Tribune that the more quickly the technology is implemented, the sooner consumers can take control of their energy costs if electricity prices spike when coal plants close.

Consumer advocates, including the Citizens Utility Board, AARP, the Environmental Law and

Policy Center, Citizen Action Illinois and Madigan vowed to continue to fight to be sure the veto stands.

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