

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission :
On Its Own Motion :
 : 16-NOI-01
Notice of Inquiry Regarding the :
Regulatory Treatment of Cloud-Based Solutions :

INITIAL COMMENTS OF THE UTILITY ANALYTICS INSTITUTE

The Utility Analytics Institute, a division of Energy Central, hereby respectfully submits these initial comments in response to the Notice of Inquiry (“NOI”) published by the Illinois Commerce Commission (“ICC”) initiated on February 10, 2016 concerning the regulatory treatment of cloud-based solutions. Specifically, the Utility Analytics Institute’s comments will briefly address the public policy considerations at the heart of this NOI.

Introduction

The Utility Analytics Institute is a corporate membership-based organization that consists of 51 utility company members as well as leading analytics solution providers. Energy Central has served and connected the global power industry for over 20 years as a leading publisher and conference producer and today provides a variety of opportunities that enable utility industry professionals to connect and collaborate with peers and share knowledge and expertise.

The mission of the Utility Analytics Institute is to “*accelerate the adoption, advancement and utilization of analytics, enabling utilities to engage and satisfy their customers and operate more safely, reliably, sustainably and efficiently through a utility-led collaborative process.*” Given its mission, the Institute applauds the ICC for initiating this NOI.

The Regulatory Accounting Treatment of Cloud-based Solutions

Members of the Utility Analytics Institute include analytics solution providers that offer both cloud-based and premises-based solutions. The Institute favors policies that encourage the adoption of analytics by utility companies given the vast opportunities that exist to enhance customer service, reliability, safety, operational efficiency, and sustainability. Unfortunately, the current regulatory accounting treatment of cloud-based analytics solutions dampens their adoption.

The Institute supports the idea of a “level playing field” between cloud and premises-based options referred to in the NOI and encourages the ICC and other utility regulatory agencies to allow rate recovery for cloud-based analytics solutions. Utilities must evaluate a host of cost, reliability, cybersecurity, technology, and other factors before selecting *any analytics solution*. Sometimes the result of such an evaluation will show that a premises-based option is best and sometimes it will demonstrate that a cloud-based alternative is the lowest cost, most reliable, most secure, and most effective. If the ICC determines that there is a need for specific customer protections relative to utility use of cloud-based solutions, then the ICC can take the actions that it deems necessary to address those concerns.

One chief information officer of a large utility that is a member of the Institute’s Executive Advisory Council (EAC) stated (paraphrasing) “*the reality is that the inability to capitalize cloud-based solutions makes them virtually a non-starter for us.*” This statement is concerning if not surprising given the cash flow and profitability implications for a utility company. Absent a change in the current regulatory treatment, the utility industry will fail to fully realize the substantial customer service, operational and financial benefits of analytics solutions delivered via the cloud.

Conclusion

In summary, the technical and functional merits of analytics solutions should drive the selection of analytics solutions, rather than regulatory accounting considerations. The Utility Analytics Institute urges the ICC to implement regulatory accounting rules that enable utilities to capitalize investments in cloud-based analytics solutions.

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Respectfully submitted,

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