

**Statement in Support of the
Illinois SMART GRID Initiative
by
Sudeen G. Kelly, Commissioner
Federal Energy Regulatory Commission
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Our industry faces daunting challenges in the first half of the 21st Century. We must contend not only with load growth but also with changing types of load, some of which require much higher quality electric service. We must combat climate change, and we must figure out how to use new types of resources, like renewables, which have different characteristics from the familiar traditional generation. We are paying higher fuel prices for our legacy generators, and we must reduce the significant bottlenecks in our transmission system. The fact that the Smart Grid concept can help address all of these problems is very exciting.

The Smart Grid concept, also known as the modern grid concept, is a multi-faceted effort to greatly improve the functionality, efficiency, and reliability of the electric system through the use of advanced sensor and control equipment coupled with a network of high-speed communications and information processing that will integrate all of this new information and capability into grid operations. The potential benefits are enormous:

- fundamental improvements in wholesale and retail power markets
- more efficient and reliable operation of the existing distribution and transmission grids
- better integration of non-dispatchable resources like wind and base-load nuclear generation
- more effective use of new energy storage technologies like compressed air, batteries, and, potentially, plug-in hybrid vehicles
- much wider access to smaller, more numerous distributed resources including demand response

These valuable benefits can only be achieved through substantial coordination between wholesale and retail markets and between Federal and State regulators. Recognizing this fact, FERC and NARUC have formed a Smart Grid Collaborative, co-chaired by Commissioner Fred Butler of New Jersey and myself, to keep ahead of developments in this area. Now your State of Illinois begins its effort to explore and understand the opportunities the Smart Grid can bring to the people of Illinois and the country. I applaud you. I thank you for your leadership.

We are just in the beginning stages of this effort to move the nation toward a Smart Grid future, and we must work together to see it done correctly. I look forward to working with you to achieve our grand vision.