

From: michael.hoover@sce.com
Sent: 7/12/2013 10:39:10 AM
To: Zafar, Marzia (marzia.zafar@cpuc.ca.gov); Ralff Douglas, Kristin (kristin.ralffdouglas@cpuc.ca.gov)
Cc: Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAe); Brian Prusnek (BPrusnek@semprautilities.com)
Bcc:
Subject: Re: 6 Predictions

It was a great session!

From: "Zafar, Marzia" [marzia.zafar@cpuc.ca.gov]
Sent: 07/12/2013 03:45 PM GMT
To: "Ralff Douglas, Kristin" <kristin.ralffdouglas@cpuc.ca.gov>
Cc: "Prusnek, Brian C" <BPrusnek@semprautilities.com>; "Allen, Meredith" <MEAe@pge.com>; Michael Hoover
Subject: 6 Predictions

Hello,

Here's the latest article talking about the most talked about topic these days in our industry – **THE MODEL!!** ☺

<http://www.utilitydive.com/news/what-the-utility-industry-will-look-like-in-10-years-6-predictions/149641/>

What the utility industry will look like in 10 years: 6 predictions

July 10, 2013

By [Davide Savenije](#)

On Wednesday, utility execs, smart grid technology providers, network operators and state and federal regulators convened in Washington, D.C. for the National Town Meeting on Demand

Response and Smart Grid. At the last panel session of the day—called Utilities 2.0 and focused on what the evolution of the utility business model might look like—Dan Delurey, executive director of the National Town Meeting and moderator of the panel, asked the panelists to describe what they thought the utility industry would look like in 10 years—in just one sentence.

Some of the panelists may have failed to adhere to the one sentence rule, but here's what each of them had to say:

1. Paul A. Centolella, Vice President at Analysis Group and former Commissioner of the Public Utilities Commission of Ohio

"I think it's going to be substantially different. I think, at a minimum, utilities are going to look much more like system operators. They are going to be integrators of a full range of technologies. We will see their pricing for those services be much less on a per kWh charge, much more fixed customer charges, fixed demand charges. There will be some utilities, I don't know that it will be Ameren or everybody, who will be operating partially regulated, partially unregulated and operating a whole range of services. One of the key challenges will be defining, much like we had to define in the telephone industry, the boundary between those regulated services and the unregulated services."

2. David Owens, Executive Vice President of Business Operations, Edison Electric Institute

"I would say very different, and I do agree with a lot of what Paul [Centolella] said. But I would also say, I think there's going to be a tremendous consolidation of the industry. And I don't think a utility is going to be a utility that we see today. I think a utility is going to be involved in a partnership with others who have not traditionally been in the utility industry. It's going to be a hybrid model; [a] very, very different model because it's going to require a different level of expertise and traditional utilities are not going to be able to experts in all those areas."

3. Steve Kidwell, Vice President of Corporate Planning, Ameren Corporation

"The grid will still be at the center of significant value creation in the same model we've had for 100 years."

4. Paul De Martini, Managing Partner, Newport Consulting Group

"I think it's going to have attributes of the telecommunications industry, particularly as we think about mobile and other services that were able to be bundled in. I think we'll see more of that. And then the other is, similar to retail banking, where you saw many more opportunities

where banks got into insurance and other things. Not saying that those are things a utility will do, but there will be a set of bundled services that will be packaged up and offered as some customers will want a simple choice, and the utility might be the most cost-effective way of partnering for others to deliver that."

5. Russ Feingold, Vice President, Black & Veatch

"I think we'll see more utilities [in] an enabler role, the integrator that [Paul Centolella] talked about earlier. But I also think in ten years we're going to see many more utilities under performance-based regulation. You're seeing it north in Canada, in Ontario, now Alberta, soon British Columbia. I think we're going to see some of that increase over the next ten years."

6. David Springe, Consumer Council, Citizens' Utility Ratepayer Board

"I am going to be a little bit contrarian, just because I know how glacially slow everything happens in the utility business. There will be some changes; technology will wreak some changes. I think that the regulatory process changes at an equally glacial pace. In ten years, a lot of things will look a lot like they are today but there will be some fancier gizmos and some larger customers will have some opportunities. I think, 20 years, it will start looking a lot different, but really 10 years is near-term in this world we live in."

Marzia Zafar - Director, Policy & Planning Division

California Public Utilities Commission | zaf@cpuc.ca.gov | 415-703-1997