



THE INTEGRATED GRID: BACK TO THE FUTURE

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Looking in the Rear View Mirror

	Project	Lessons
1990s		
1992	DPU - Electric Industry Roundtables	“Reform IRM now”
1996	Natural Gas Unbundling Collaborative	Short run guarantees can kill a good long run deal for customers
1998	Restructuring: “Round 1”	Be wary of press releases
2000s		
2006	MA DG Collaborative	Distribution is <u>very</u> complicated
2008	Ice Storm Review	Customer expectations have changed
2010s		
2012	MD PJM Litigation	Capacity markets are broken
2013	Concentric Utility Innovation Report	Regulators question whether utilities should focus on innovation
2014	NY Reforming Energy Vision	???



Applying these Insights to Current Challenges

Challenge

Lessons

1. Leveraging the Power of Competition

- As opposed to managing competitive outcomes
 - No longer a “closed” system
 - Difficult to predict competitive entity responses
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2. IRP for Distribution

- Potential to be bogged down in process
 - How to leverage competitive DER alternatives
 - Outcome-based regulation is appealing
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3. New Products & Services

- P&S will continually evolve
 - Dust off your Alfred Kahn
 - Develop a new service process & a rate framework
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4. Role of the Regulator

- More strategic role
 - Educated & informed
 - Focus on total energy costs (not just the distribution component)
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In Closing: “If it doesn’t make sense for customers...it doesn’t make sense”



A Modern Regulatory Framework Should Strive to Be . . .

Innovative

Supports investments in new technologies, processes, and enhanced products and services

Customer-Focused

Empowers customers and focuses on customer benefits

Value-Focused

Transitions from a focus on costs to performance measures and achievement of policy goals

Strategic & Flexible

Supports investments while responding to evolving technologies and policy goals

Collaborative & Transparent

Engages regulators & stakeholders in model design, implementation, and evaluation

Incentive Based

Fairly and meaningfully rewards utilities for customer value delivered

Financeable

Ensures the ability of utilities to access capital on reasonable terms



About:

Concentric Energy Advisors

Concentric Energy Advisors is a management consulting firm focused exclusively on the North American energy industry.

Our principals and affiliates have held positions with regulatory agencies, utility companies, regional transmission organizations, retail energy marketers, and global energy companies.

We offer a broad range of advisory and support services that enable our clients to comprehensively address diverse needs without the difficulty of retaining and coordinating multiple resources. Our fully integrated services span five major practice areas.

Utility Regulation

Energy Market Analysis

Finance and M&A

Management
and Operations Support

Litigation and Dispute
Resolution

