



# A Mindset to Mimic

What if Utilities Were Lead Like Amazon?

BY ROGER WOODWORTH

**E**lectricity truly is the most empowering invention. The benefits are pervasive to every aspect of our lives.

Electric energy relieves the burdens of work. It powers productivity, enables entertainment, and connects people in new ways. This kind of power has changed the world for the better.

Yet, as utility leaders, we too often under-appreciate these truths. I once heard a seasoned utility executive declare the Internet as the most empowering invention.

He quickly recanted, of course. Because without electricity there is no Internet. Still, I couldn't help but wonder how his mindset affected those around him. Or how others with a similar frame of reference are defining the utility industry's trajectory.

How easy it is to lose sight of the value we deliver. This affects what we see, what we think, and what we do. As industry leaders, it's our mindset that first filters our view and all that happens next.

To push the point further: what if a typical utility mindset had guided Jeff Bezos at Amazon? Or in the alternative, how might his mindset reshape a utility?

Certainly, the forces affecting

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Amazon are familiar. Changes in technology, shifts in consumer preferences, and the risk of stranded assets have all been in play. Here's a recap in simple terms.

At Amazon's start, Mr. Bezos leveraged technology that enabled a new way to sell and distribute printed books. Once built, the same system could then be leveraged to sell and deliver other products of all kinds. New waves of growth followed.

Along the way to becoming the number one retailer in the world, Amazon faced the potential disruption of e-books as an alternative to print. Rather than defend printed books, the company instead invested in technologies to enable the e-book market.

Best known are the tools for self-publishing and the Kindle e-reader. By integrating e-books into its delivery system, Amazon once again expanded its role and relevance to consumers.

Of course, all of this Internet-enabled distribution requires a robust system of computer servers. Similar to capacity of an energy system, Amazon owns more computing capacity than it needs all of the time.

By sharing the excess capacity, even with competitors, the company optimizes its investment. In so doing, an entirely new line of business growth emerged – Amazon Web Services.

There's much more to this growth story including Amazon Prime shipping service, Amazon Fresh food delivery, Amazon Firestick TV, and more. All reflect a persistent focus on enabling technologies that leverage assets in ways responsive to consumers.

As Mr. Bezos has said, "If you decide that you're going to do only the things you know are going to work, you're going to leave a lot of opportunity on the table."

Reflect for a moment on the Amazon story. Yes, it's a different type of business. But take careful note of how their leader's mindset has shaped the outcomes.

What if Mr. Bezos had viewed Amazon as strictly a distributor of printed books only? Or withheld investment in

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## Finishing Transmission Planning Reforms

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### Ensuring Interregional Planning Works

As Order 1000 recognized, the health of the national grid would be strengthened by moving beyond the past century's piecemeal approach. This sort of improved transmission planning could reap huge rewards. U.S. consumers could see net savings of between thirty to seventy billion dollars every year from better transmission planning, according to a recent study from the Brattle Group, prepared on behalf of WIRES.

To make this a reality, new projects should be analyzed over longer planning horizons, anticipating a variety of future needs across regions rather than acting only with the immediate needs of a particular region. In other words, we should ask whether the size of planned transmission projects is appropriate for both present needs and those arising in the years ahead. And as a prerequisite, interregional planning must be further standardized so that projects are able to find ultimate consensus between

different regions.

In addition, when examining the needs of the electric system, we should take a more holistic approach, moving beyond solely considering reliability concerns and instead also capturing the full range of benefits in cost-benefit analyses.

Unfortunately, today, congestion and economic savings to consumers, as well as the benefits of resource diversity and facilitating states' achievement of their public policy goals, are still just afterthoughts in interregional planning. The goal of the interregional transmission planning process must be to optimize the all-in cost of the system.

What emerges from this type of interregional planning is transmission that delivers renewables to load over increasingly long distances. This is in many ways no different than coal and natural gas-fired generation. The key difference, of course, being that we have built railroads, barges, and pipelines to deliver fossil fuels to generators located near load. To enable this shift to remote renewable resources to happen, we must

invest in long-distance high voltage transmission.

To create the healthiest electricity grid that can meet twenty-first century needs, interregional planning should be improved, sped up and streamlined so that arbitrary boundaries don't stand in the way of the most efficient, economical solutions. The current interregional planning process is not up to that task. There is no better evidence of that fact than the reality that not a single transmission project has been selected in a regional transmission plan for interregional cost allocation.

If we are ever going to realize an interstate electric highway transmission system that can most efficiently and cost-effectively connect areas rich in renewable resources with consumers, there is no other way to get there without FERC acting now. Completing the intended reforms of transmission planning will help move beyond both real and imagined divisions between regions.

I reiterate the Commission's own words from 2011. "It is therefore critical that the Commission act now to address deficiencies to ensure that more efficient or cost-effective investments are made as the industry addresses its challenges." **PUF**

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systems that enabled more business?

What if he'd ignored consumers and learned nothing of their preferences? Or resisted integrating e-books into the distribution system?

What if he'd refused to leverage Amazon's assets into new diversified services? Or partner with competitors?

Finally, what if he'd fought to protect only that which he'd first created?

To the good fortune of many, Mr. Bezos did none of these things. He instead has been a steadfast champion

for something greater. Can the same be said of you? How is your mindset shaping efforts and outcomes of the things you lead?

Now imagine Mr. Bezos and his mindset leading your favorite utility. Will he see opportunities beyond distributing kilowatt-hours or therms?

Will he invest purposefully in technologies that enable new services? Listen to consumers? Adopt simplified billing? Routinely try new things?

Will he integrate grid-edge

technologies? Look to leverage utility assets for other purposes, such as smart cities? Elect to partner with competitors?

Hopefully, you've answered yes to each of these questions. If not, do reflect on how your thinking is influencing those around you and the future of your organization.

The potent lessons for those paying attention are clear. Don't be hidebound by past success. Embrace enabling technology.

Integrate the new, to optimize the whole. Leverage what is, into what can be.

Always remember, mindset matters. **PUF**