

Utilities as Champions, Again

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Reliable. Safe. Affordable. Who could argue with such standards for the delivery of electricity? By and large, electric utilities have championed and kept this promise for more than a century. The industry has performed so well, in fact, that some see operation of electric infrastructure as utilities' only relevant role today. But beyond infrastructure, utilities are part of the very fabric of each community they serve and are well-positioned to enable their customers to achieve so much more. And not just with energy.

The rapid advance of technologies and the digitization of information fundamentally change what's possible—even with something as conventional as the power grid. Proof of such change abounds in the many new market entrants that are combining sensing, analytic, and communication technologies with alternative business models to offer customers new options for energy and related services. Indeed, much more is possible.

In the face of such trends, the U.S. electric power industry is on a foreseeable path to invest billions of dollars to modernize aging utility infrastructure, enable the system to integrate and optimize distributed energy, and deliver new, sophisticated services. The result of this investment will certainly be a smarter, more resilient grid—one that's even more reliable, safe, and affordable. But this begs a question: "Is that all?"

What if utilities layered new technologies into the electric system to do more than deliver electricity and optimize control of the grid in smarter ways? How might utilities add to *what they plan to do anyway* to deliver value in new, unexpected ways and, in so doing, strengthen their relevance to the communities they serve?

THE MOST EMPOWERING INVENTION

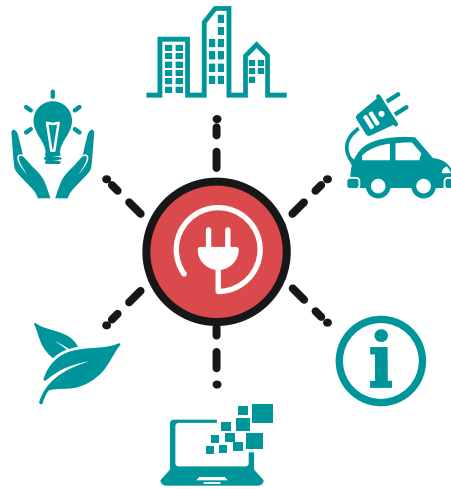
Imagine utilities as champions for improving the quality of life. This role dates to a time when electricity was

new, a technology unlike anything before. Utilities enabled the hot in your shower, the cold in your beer, and lights at the flip of a switch. To this day, whether you live in a small house or the White House, electricity relieves the burden of work; powers productivity; enables entertainment; and connects consumers in ways never before possible. Little wonder then that electrification was voted the greatest engineering achievement of the 20th century by the National Academy of Engineering.

Electricity truly is the most empowering invention, and yet... . Recently, in response to this declaration, a seasoned utility executive's impulsive retort was, "No, it's the Internet!" He quickly recanted, of course, because without electricity there is no Internet. Even those closest to the complexities of delivering this highly valued service can lose sight of power's pervasive influence on every aspect of our personal and professional lives.

So, what's next? Anyone can stand in defense of what is. But who'll stand as champions for the potential of what can be? Utilities are an obvious candidate. They are already trusted operators of a ubiquitous system that empowers society. So, in addition to a cleaner, more resilient electric system, how might utilities leverage their assets, capabilities

and other resources to improve the built environment and serve society in new ways?



Expanding the Grid's Role

A MODEL TO MIMIC

As the above story of the executive suggests, whether utilities expand and strengthen their role and relevance depends first on the mindset of leaders. Champions of anything must first understand and embrace the higher purpose they serve. Then, a combination of wisdom and innocence helps open eyes to see fresh opportunities. Finally, the courage to act and adapt separates value-builders from the pack.

As a point of reference, consider the transitional experience of Amazon. In simple terms, new technology enabled an alternative model for the

distribution of books—the real kind, printed on paper. Once built, the same distribution system could then be leveraged for delivery of other products of all kinds, driving a new wave of growth.

Along the way, Amazon faced the potential disruption of e-books as an alternative to print. By integrating e-books into the delivery system—coupled with another new enabling technology, the Kindle—Amazon again expanded its role and relevance to consumers. Of course, all of this Internet-enabled distribution requires a system of computer servers so robust that excess capacity could be shared, even with competitors. That led to Amazon Web Services.

Reflect for a moment on Amazon's experience. What if Mr. Bezos had defined Amazon as strictly a distributor of printed books and printed books only? What if e-books were kept apart from, rather than made a part of, the distribution system? What if he'd refused to leverage Amazon's assets in to new, diversified services? What if he'd fought to protect only that which he'd first created rather than stand as a champion for something more, something greater? To the good fortune of many, he did none of these things.

Amazon's transitions offer potent lessons for utilities paying attention and

willing to step-up: don't be hidebound by past success. Embrace enabling technology. Integrate the new to optimize the whole. Leverage what is into what can be.

THE SMARTER CITIES OPTION

Utilities must continue to honor the promise of reliable, safe, and affordable electricity. As the grid is modernized, new technology will enable a smarter, more resilient electric system. But more is possible. With technology, the ability to sense anything, anywhere, at any time is on the rise, as is the capacity to store and to analyze digitized data.

How might utilities—as trusted purveyors of electricity—combine and integrate these new capabilities into new streams of value in service to communities? What role might electric utilities play toward improving water services, building operations, transportation modes, and more?

The time to experiment with such options is now, while the bulk of modernizing investments lies ahead. Along the way, we're certain to discover new value that utilities can deliver—as curators of prosperity. As champions, again.