THE ENERGY TRANSFORMATION

2018 MARC CONFERENCE
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THE ENERGY CLOUD
TOWARD A CLEAN, DECENTRALIZED, INTELLIGENT & MOBILE GRID

**PAST:** Traditional Power Grid
Central, One-Way Power System

**TODAY:** The Energy Cloud
Distributed, Cleaner, Two-Way Power Flows

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1  Navigating the Energy Transformation: Building a Competitive Advantage for Energy Cloud 2.0 (white paper)
Many companies outside of the traditional energy space pursuing demand-side opportunities…

Potential ripple effects:

1. 50% reduction in electricity flowing through bulk grid (DER)
2. 75% of industry value shifts downstream to retail (customer centricity)
3. Utilities and energy companies lose 50% of retail market share
AS DER SOLUTIONS PROLIFERATE THE REGULATED UTILITY BUSINESS BECOMES A CONTESTED MARKET

Source: Navigant
ENERGY CLOUD UTILITY – ENABLING PLATFORM

• An Enabler and Facilitator

• Foundational and primary point of entry for the incumbent

• Ratemaking aligned with new business model

• Increase enterprise value through incentives & new offerings
A TIME FOR NEW APPROACHES

• We must recognize the fundamental shifts in the topography of the utility business in an Energy Cloud world; we are in the era of the enabling platform.

• Regulators and third parties must understand and embrace the enhanced grid intelligence and operating sophistication of the utility as a platform.

• Long-standing regulatory practices are not aligned with the utility as a platform
  - Energy value chain is increasingly contested, the depth and breadth of the regulatory role must be recalibrated.
  - Must offer tremendous flexibility, reward innovation, and addresses the permanent shift away from volume of sale.

• Either/or distinctions in terms of who can play in what part of the vertical are ill-advised.
  - Look for the path to the greatest value for customers and society in lieu of philosophical stands.
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Thank you!