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Closing the deal

GridWise Global Forum wraps with a close-up on how utilities can better market the smart grid to consumers

Positioning the smart grid and affiliated services properly in the minds of consumers took center stage during Day 3 of the GridWise Global Forum. Bob McDonald, Chairman of the Board; President and Chief Executive Officer of consumer product giant Procter & Gamble, kicked off the day, challenging the industry to reconsider its longstanding relationships with ratepayers.

"Empathy leads to innovations," said McDonald. "Innovation is not invention, it is the convergence of a new idea with consumer delight."

Back in the trenches, Southern Company's Susan Story agreed that the industry had miles to go in presenting the benefits of the grid. "We're doing a lousy job of communicating," she said. "We need to take this 'so what' and turn it into, 'this is what it means to you.'" She also said utilities need to do a better job of understanding their various customer segments.

In the case of Southern, many of the company's ratepayers across four southern states clearly fall near the bottom end of the income spectrum. No less than 18% of Southern's customers do not even have bank accounts. Roughly 30-35% walk into one of the offices of the company's utility subsidiaries each month to pay their bills. This lay in contrast to Michael Niggli of San Diego Gas & Electric, whose customers are likely to be among the fastest adopters of electric vehicles and solar PV in the coming years. The sheer diversity of energy consumers must be tackled through sensible segmentation when it comes to consumer offerings, panelists agreed – different types of consumers will want to be engaged in different ways.

Fellow panelist Petter Allison of British Gas (the UK's largest retail electricity supplier) acknowledged the branding challenge for the sector. The highly competitive nature of the UK market means there is a high churn rate of customers signing on and leaving – roughly 100,000 per week nationwide, according to Allison. The smart meter and associated services can curtail some of this by potentially differentiating the British Gas product in a highly commoditized market, he said.

To date, the company has rolled out 400,000 smart meters but has another 16.6 million to go over the next seven years to reach the rest of its customers. In some cases, the new technology has been a downright hit with customers. Some have even held "smart meter parties" to show off the technology, said Allison.

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The next session sought to examine some of the industry's greatest successes to date, along with some of its challenges. No major country has seen a higher level of smart meter penetration than Italy, so it was fitting that Claudio Zito of Enel Distribuzione kicked things off. Enel's successful deployment of new meters has allowed it to move onto other grid-related matters, said Zito, namely improving automation. "All of our [sub] stations are automated," he said, while acknowledging that there was still a long way to go to integrate other smart-grid functionalities such as smart electric vehicle charging and distributed generation.

Oncor Electric Delivery has achieved similar success in Texas, according to Chairman and CEO Robert Shapard. The key has been educating consumers well before technicians show up on their doorstep to install new equipment. Still, there has been customer resistance. Among other things, Shapard recommended banning "smart" from any description of the new technology. Better to use "advanced" instead. Zito and Shapard concurred that the new technology had resulted in significant cost savings for their respective companies. Oncor will log 14 million fewer trucking miles next year due to the fact that meters no longer need to be checked in person, but can be done via computer back at the office.

Eric Dresselhuys of Silver Spring Networks added that, while there have been high profile setbacks on smart grid projects, there have also been "hundreds of success stories" around the world - and getting the technology choices right to allow future adaptability is a key ingredient. Of all the smart meter projects that Silver Spring has worked in, "None of them are still doing just metering" he said.

Echoing the previous day's panel on regulatory approaches to smart grid, several panelists expressed the need for smarter regulations that incentivize innovative investments. For example, the Italian regulator allows a higher regulated return on smart grid investment to account for technology risk. In the final panel of the day, Terry Effeney of ENERGEX Limited said he would like to see something similar in Australia: "Smart grid has a different risk profile. The regulatory regime needs to understand that these assets could have a shorter lifetime, so you can't build a 30 year business case - the cycle of obsolescence will be much shorter."

In Japan, where natural disaster has forced the shutdown of significant nuclear generating capacity, "Consumer attitudes towards energy are changing," said Hiroshi Watanabe of NEDO, while in Korea, smart grid investments have been driven by a national policy vision for green growth first articulated more than two years ago, according to Ja-Kyun Koo of LSIS.

It seems that around the world there are smart grid projects and policies falling into place, and a frenzy of activity aimed at ensuring that the interlinked objectives of economic development, sustainable growth and national competitiveness are met. Perhaps the most fitting quotation to sum up the Forum came from Joseph Rigby of Pepco Holdings Inc., who spoke in the last session of the day: "This is the busiest my company has ever been."

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