Utility Business Models and PBR

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The energy landscape is changing

- Smart technologies
- Decarbonization
- Internet of things

- Real-time data
- Uncertain load growth
- Big data

- Prosumers
- DER penetration
- Sharing economy

- New partnerships
- Changing demographics

- Competitive intensity
- Bill pressure
- Automation & AI
In considering the future role of the utility three key themes can help shape our thinking

Customer focus
*Putting the customer at the beginning and end of everything we do*

Smarter grid
*Modernizing the grid to improve resiliency and management of complexity*

Optimization
*Across our own networks and helping customers to optimize across their energy portfolio*
What functions should the utility perform?
*Accountability and execution must be considered separately*

**Safe and reliable, efficient delivery of energy**
- Safety
- System planning, design, construction & maintenance,
- Interconnection,
- Network operations, emergency planning and storm response
- Rate design / pricing
- Our customer relationships

**Thinking broadly about customer needs and how they are most efficiently and effectively met**
As the role of the utility evolves, so might the utility business model.

**NY Earning Adjustment Mechanisms:**
Driving specific outcomes that customers value

- **System Efficiency**
  - Peak reduction
  - Substation Load Factor
  - DER Utilization

- **Energy Efficiency**
  - Incremental EE
  - Energy Intensity

- **Interconnection**
  - Timeliness
  - Developer Satisfaction

- **Customer Engagement**
  - Engagement
  - Satisfaction

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**UK RIIO:**
A holistic approach to driving performance

**Revenue =**

- Innovation
- Incentives
- Outputs

- **Cost efficiency/productivity**
- Incentives e.g. capex efficiency
- Scope of outputs e.g. NWA