Adjusting to the New Normal: Three Big Challenges

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#ECAC2019
American Public Power Association—the Basics

- We are the national service organization (trade association) for the U.S.’s 2,000 electric utilities owned by units of state/local government
- Public power serves 49 million people in 49 states and 5 territories
- We are located in Crystal City (Arlington), VA (note that we moved to Crystal City before it was cool!)
APPA Leadership and Staff

• Board sets policy direction; 35 Board members from US and its territories

• Decosta Jenkins, Nashville Electric Service, Chair; Jolene Thompson, AMP, Chair-Elect; Colin Hansen, Kansas Municipal Utilities, Vice Chair; Coleman Smoak, PMPA, Past Chair; Tony Cannon, Greenville UC, Executive Committee; Joel Ledbetter, Easley SC, Board

• APPA has 70 staffers doing everything from lobbying to education to coordinating mutual aid after storms (hurricanes, typhoons, floods, wildfires, snowstorms—next up, locusts!)
Change—The New Normal Is Uncertainty

• Across the country, we see rapid changes in our industry:
  • New technologies
  • New competitors
  • New ways of living
  • New customer choices and expectations of their utility service providers
• The Three Big Challenges
Challenge No. 1—Customers are Using New Technologies

- Technology is changing our lives
  - Riding in strangers’ cars—Uber, Lyft
  - Staying in strangers’ houses—Air B&B
  - Meeting potential spouses (or not!)—Match.com, E-Harmony, OkCupid, Christian Mingle
  - Purchasing products/services from online vendors with next day service—Amazon Prime
  - People are purchasing services from each other using an on-line platform, so why not purchase power that way?
We Need to Come to Grips With These Changes Now

• What do they mean for:
  • The services we offer?
  • The rates (prices) we charge?
  • The costs we incur?

• Will need to evaluate and pick new technologies to support new ways of providing service, with all the headaches that entails (Monday morning quarterbacking, possible premature adolescence, customer pushback…)

• But those problems are minor compared to the ones we will have if we sit still…
Develop a Plan and Work It

• If you have no plan yet, you need to develop one—but first find out what your customers think of you and what they (think they) want from you (they might not know…)
• Develop a strategic plan to get you from where you are now to where you need to be
• You don’t need to do it all at once—every journey starts with the first step
• But you need to get moving…don’t just kick the can down the road
You Do Not Have to Do This Alone…

• One of public power’s strengths is our network of public power entities and our willingness to work together

• You can call on other public power utilities, your joint action agency, your state association, our Association, allied organizations (Hometown Connections, The Energy Authority… ) and trusted vendors/consultants to help you plot your course and execute your strategy
Public Power Forward: Association Member Toolbox

- Policy research/analysis for members
- Options/case studies/best (and not-so-best) practices
- Communication toolkits: to educate member communities and retail customers on these issues
- Find it all at www.publicpower.org/index.php/public-power-forward
A Public Power Forward Example: Electric Vehicle Resources

- Electric Vehicle Interest Group
  - Quarterly webinar meetings featuring guest speakers
- Creating an Electric Vehicle Blueprint for Your Community: Public Power Strategies
- A Public Power Guide to Understanding the U.S. Plug-In Electric Vehicle Market
- Public Power EV Activities Tracker
- Next up: publication on Fleet Vehicles
Make Your Next Car 100% Electric

with a Nissan LEAF rebate from your #PublicPower utility

#COMMUNITYpowered #ElectricVehicles @PublicPowerOrg @NissanLeaf
Do Your Customers Know Who You Are?

• Our research shows that retail customers of public power utilities under the age of 55 have little idea of what electric utility serves them
• Our “secret sauce” is our not-for-profit business model, and local ownership/control
• But if your customers don’t even now that, how can they appreciate it
• No longer can you have the attitude that “if we aren’t in the news and no one talks about us, that is a good day…”
PR Daily Award for Best Visual Design
Join the campaign in 2019!
Challenge No. 2—Climate Change and Greenhouse Gas Reductions

- During the Obama Administration, the action was at the EPA—the Clean Power Plan (CPP) was its greenhouse gas (GHG) reduction plan, and its de facto energy policy
- Advent of the Trump Administration and a Republican Congress radically changed the situation
  - CPP out—replaced by EPA’s Affordable Clean Energy (ACE) proposal (now in court)
  - US to leave the Paris Accord
  - Little Congressional activity
  - Many states and cities stepped in with their own plans
States with greenhouse gas reduction targets

Source: Center for Climate and Energy Solutions
NC Executive Order No. 80 (10/29/18)

• Text can be found here: executive order
• Calls for North Carolina to support the Paris Agreement goals
• North Carolina will “strive” to do the following by 2025:
  • Reduce statewide GHG emissions to 25% below 2005 levels
  • Increase the number of zero emission vehicles (ZEVs) to at least 80,000
  • Reduce energy consumption per sq foot in state-owned buildings by at least 40% from fiscal year 2002-2003 levels
• NC DEQ to develop NC Clean Energy Plan and get to Governor by October 1, 2019
Mid-Term Elections Have Changed the Climate Conversation in Congress

• Newly Democratic House is deeply interested in climate issues—as are the Democratic candidates for President

• “Green New Deal” put down as a marker by the Democrats’ Left Wing—endorsed by some of their Presidential candidates, but described as “aspirational” by Democratic moderates and House leadership

• Republicans in House and Senate leadership are now seriously talking about climate change and GHG, and the need to take reasonable steps to address the issue; a real change from last year…
Rep. Paul Tonko (D-NY)

• Chair of the Subcommittee on Environment and Climate Change of the House Energy and Commerce Committee
• Spoke at our 2019 Leg Rally
• Wants a climate change strategy to make our nation GHG-free by mid-century; released set of principles to reach that goal
Rep. Greg Walden (R-OR)

• Ranking Member, House Energy and Commerce Committee

• Told our Leg Rally there is broad bipartisan agreement in Congress that “prudent, practical steps should be taken to address current and future climate risks”

• A few weeks later, he co-authored an editorial with Rep. John Shimkus (R-IL) and Rep. Fred Upton (R-MI)
“Climate change is real, and as Republican leaders of the House Energy and Commerce Committee, we are focused on solutions.”
And Here is Another Harbinger of Change...

• “Let’s just cross the Rubicon. Let’s, as a party, say the Green New Deal sucks but climate change is real…. If you want the party to grow—people from eighteen to thirty-five believe in climate change whether you do or not.”

• Sen. Lindsey Graham, R-SC
2019-2020: Testing the Waters and Small Ball?

• Given the divided Congress and Trump’s veto pen, comprehensive climate/GHG law is unlikely in the next 2 years
• But expect many hearings, proposals, bills, select committees, etc.
• This is how big legislation gets done in Washington—it can take some years for proposals to jell and then catch on, so you have to put your views out there early
• And there could be bipartisan action on “low hanging fruit”—energy efficiency, electric vehicles/infrastructure, favorable tax treatment of preferred energy resources…
Be at the Table or Be on the Menu

- The Association’s current policy resolution on climate change was done in 2007 (No. 07-03, Principles for Federal Climate Change Legislation)

- It was drafted in the context of the Waxman-Markey cap-and-trade bill—needs to be updated to guide Association’s advocacy on this issue going forward

- Association’s CEO Climate Change and Generation Policy Task Force is currently working on principles—hopes to bring a new resolution to the membership next year
“It would be prudent for public power to anticipate the changes that are needed rather than react to pressure after the fact.”

Alex Radin, 2003
Some Thoughts on the Way Forward

• The Association has supported a broad-based approach to reducing carbon—not just wind, solar and storage, but also hydro, nuclear, geothermal, demand-side measures (use all the tools!)

• Fossil-fuel generation is a substantial part of the fleet in some regions; legacy generation must be dealt with

• Affordability, reliability and carbon reduction have to be solved for simultaneously to have a successful regime (three-legged stool)

• Studies show electrification of new load, e.g., transport, produces overall more carbon reduction at a more reasonable price than a “100% renewable” portfolio requirement for electric utilities
33% CARBON EMISSIONS REDUCTION 2005 – 2017
#PublicPower
Challenge No. 3—Cyber Security

- As utilities invest in new technologies, we must ensure that we keep our IT and OT systems hardened against cyber threats.
- Utilities already possess substantial amount of data regarding our customers.
- We will have lots more as we invest in smart meters, smart inverters, sensors, next generation thermostats, DR-controllable water heaters and A/C units, etc.
- Must earn and keep the customers’ trust by protecting them, their information, and their electric service.
Grid Security and Policymakers

• Cyber/grid security getting lots of attention on the Hill and in the media (like the Wall Street Journal…)

• The unified electric utility industry message:
  • We take grid security very seriously; do nationwide table top exercises like Grid Ex (next one is in November—participate or observe!)
  • We work with federal government partners through the CEO level Electricity Sector Coordinating Council (ESCC)
  • The NERC-FERC CIP and NRC standards provide a solid foundation for security efforts, but more mandatory standards are not the answer
  • We must recognize we cannot protect all assets from all threats all the time, and instead must manage risk
  • Close industry-government coordination is crucial
Current Association Cyber Initiatives

• Baseline Assessment Surveys of public power utilities
• Cyber security training (can bring to your state/region)
• Cybersecurity Scorecard (Maturity Model just for us)
• Onsite Vulnerability Assessments
• Assess Cyber security technologies
• Improving Information Sharing
  • Electric Sector Information Sharing and Analysis Center (E-ISAC) is the national focal point: https://www.eisac.com/
  • If your utility is not signed up, please do so! If you have difficulties, contact Nathan Mitchell at nmitchell@publicpower.org
Cybersecurity Scorecard: Dashboard
www.PublicPower.org/Cybersecurity
Moving Public Power Forward Through Joint Action

• Joint action at all levels—local/state/joint action/federal—will help us all move forward—we need to share the learnings

• We need to demonstrate our *continuing* value to the communities we serve (remember, memories are short…)

• Public power has a great opportunity if we stay true to our ideals and roots while adapting our mindsets and services to this new era!
Thank You

Participate in conference discussions on Twitter: #ECAC2019

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