

Executives Harness the New Energy Paradigm and BUILD TOWARD

*Tying Together Trends, Technology,
Operations, Leadership and Culture*

INTRODUCTION

by Neal Walker, President, Texas New Mexico Power, and VP, Vital Issues, RMEL

"The Future Belongs to Those Who Are Fast," Keynote Speaker Jim Carroll ignited the Fall Executive Leadership and Management Convention with a jolting look at the future of the electric energy industry. His advice to maximize on the new energy paradigm is to "think big, start small," and 2018 Vital Issues Forum participants used the Fall Convention program of phenomenal speakers to work cooperatively to optimize and build toward the future of the industry. We've summarized the convention and the Vital Issues Forum discussion below. Thank you to everyone who are participated and worked toward RMEL's mission: **preparing the electric energy industry for the future through education and networking.**

Integration of renewables is happening faster, electrification is a growing trend, electricity demand is increasing, the war on coal rages on, transmission markets are changing, the grid is less predictable and battery storage technology is evolving.

PAULA GOLD-WILLIAMS, PRESIDENT & CEO, CPS Energy, welcomed everyone to San Antonio for RMEL's 115th Fall Executive Leadership and Management Convention. She primed the attendees for rapid industry change and opportunity. Jim Carroll gave an insightful, interactive look at what's in store for the energy industry. Ginger Hardage shared the "secrets" that have made Southwest Airlines' culture unstoppable, including strategies that utilities can use today. Greg Flay, CTO, Austin Energy, explored of the future of electric energy data, algorithms and technology best practices. Tom Golden, EPRI, ramped up the excitement around electrification everywhere! He detailed specific electrification opportunities for the industry. Dr. Taylor Riall, Oncology Surgeon and Life Coach, shared her no-holds-barred leadership transformation story and self-awareness tips that

can lead a team to success. Dan Cross-Call, Rocky Mountain Institute, gave attendees real-world, detailed examples of new utility business models. Cheryl Mele guided everyone through how ERCOT is handling resource mix changes, demand rises and reserve margin fluctuations to assure a competitive market and reliability into the future.

Day 2 Keynote, Dr. Michael Webber, provided a fast-paced, jam-packed look at global energy trends and transition. Some of his main points:

- Population growth and economic development are driving up total demand
- Industrialization, urbanization, electrification and motorization are changing how we use energy
- Policy push for renewables is changing our sources of energy

During the CEO Panel on Tuesday, industry leaders shared their energetic look at their

THE FUTURE

strategies to manage Dr. Webber's trends, along with the critical issues discussed in presentations from Day 1. One attendee said, "I'm not exposed to groups of utility CEOs, and I was pleasantly surprised to hear their perspectives, knowledge and strategies."

All the presenters shared Jim Carroll's sentiment that "the future is happening faster than we think." Renewables are being integrated faster, electrification is growing, electricity demand is increasing, coal plants continue to shut down, transmission markets are changing, the grid is less predictable and battery storage technology is evolving. Dr. Michael Webber's advice was to "think about new ways to use data to make your organization and the industry more valuable."

The program topics resonated and aligned directly with executive discussion in the Vital Issues Forum. "If you fight the future, then you lose," one forum participant said. Industry leaders in the Vital Issues Forum shared how they are making trends and analysis actionable at their companies along with strategies around security, innovation, microgrids, customers, communication, changing transmission RTOs, and of course the workforce and the people it will take to revolutionize the electric energy industry.

ALIGNING TECHNOLOGY, IT AND OPERATIONS TO OPTIMIZE THE INNOVATION OPPORTUNITY

Operations and information technology are vital building blocks toward the future. They are prioritizing technology/automation deployment while maintaining reliability and managing costs. The focus is on increasing customization with emphasis on digital engagement and strategies. They continue to seek energy storage best practices and electrification opportunities while also

moving toward technology advancements like implementing SCADA in the Cloud.

SECURITY—WHAT'S IN PLACE TO RESPOND WHEN SOMEONE GETS IN

With technology moving fast, state-of-the-art security best practices must keep pace. The size of the security threat and the complexity of the issues seem almost insurmountable. One attendee said, "someone is going to get in. We don't know how or who, but as an industry or organization, what do we have in place to respond when they get in?" To find the answers, utilities are collaborating and sharing among each other and finding the right mix of government, public and private party activity/ownership. The risk is 80% cyber, so phishing campaigning remains a key tactic. One participant mentioned that having someone on staff who has a security clearance can be a great advantage. Some utilities are testing their backups on the live system to make sure everything really does work. They also discussed resources that everyone may not know about like ISAT fusion centers and Cyber Mutual Assistance Programs. We are all reliant on each other.

GRID RELIABILITY IN THE MIDST OF CHANGE

The grid is a lot less predictable due to changing markets, microgrids, energy storage dynamics, renewable integration and aging infrastructure. "The fact that the west is going from one reliability coordinator to multiple reliability coordinators has a lot of interest from across the country right now," one participant said. This brings up questions about transmission access challenges and other potential impacts on RMEL members. Those RMEL members from the east said going from real-time energy imbalance market to day-ahead commits takes a leap of faith, but it works!

WORKFORCE—LEADERSHIP AND CULTURE ARE CRITICAL

The changing industry is influencing the future leadership and culture of our organizations. Successful companies are evolving fast to attract and retain quality employees (examples include gig economy, flexible hours, unlimited vacation, employee interest groups, paternity leave, etc). Speakers and Vital Issues Forum attendees shared those innovative and effective practices that are working. One attendee said, "We are telling the human interest stories, we talk about the value that power brings to communities. In videos and snapchat, we've captured our customer utility stories and the difference our company has made in various people lives. We play those for other customers and for employees. People get choked up. We're drawing people in." One company is using innovation challenges to grow and engage emerging leaders and shift their culture. Employees line up for their "Innovation Challenges," where they compete for new ideas, make presentations and get more engaged and involved with the company and the industry.

THE RMEL NETWORK'S UNIQUE TRAINING OPPORTUNITY

Member feedback on what makes RMEL a unique member-driven, by industry-for industry association:

"RMEL is the only association that has a consortium of all types of utilities (IOU, MUNIs, COOPs) and industry support groups where we can work together to solve common problems."

"RMEL's networking options are unparalleled."

"Training, education and getting people in the business is a major strength of this organization. You do not see this type of focus in other organizations."

"Excellent technical conferences where real utility issues and technical matters are introduced and



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discussed. Only such groups where the roundtable discussions are just about as informative as the technical presentations. Also bring in industry leaders to present. Most bang for the buck of any power industry organization."

RMEL members specifically requested that RMEL events, content and publications in 2019 provide answers, solutions, best practices and networking opportunities in these areas:

- More training on regulatory, renewable and new technology challenges and opportunities
- Microgrid management
- Battery storage
- Electrification
- Digital engagement and digital strategy
- Maintaining relevancy of the utility with customers
- Aligning OT and IT
- Physical and cyber security
- Leveraging popularity of renewables to bring millennials in and show them all of the diverse industry opportunities
- New utility business model
- New distribution technology
- Transmission access challenges **EE**

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