

Using Peer Comparisons in Distributor Performance Evaluation

Wired Group

Unleashing Latent Value in Distribution Utility Businesses

Next Grid Working Group 7

Illinois Commerce Commission

July 30, 2018

Paul J. Alvarez, President, Wired Group

Wired Group Background

- Leading experts on grid modernization plans & performance for Advocates



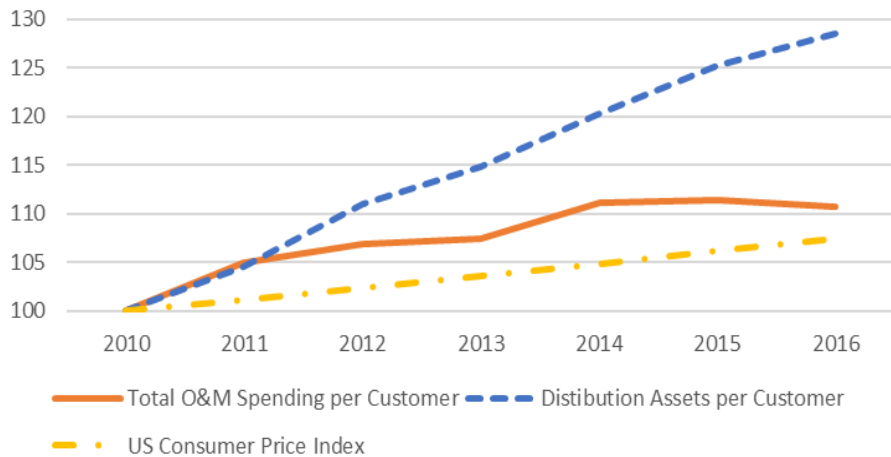
- Comprehensive, objective evaluations of smart grid deployments
 - SmartGridCity™ for Xcel Energy (2010)
 - Duke Energy Ohio for the Ohio PUC (2011)
 - (California DRA, Southern California Edison, smart meters only, 2012)
- Findings:
 - Securing benefits in excess of costs is extremely difficult and rare
 - Variation in post-deployment customer benefits is very high

What Are Customers Getting for Their Money?

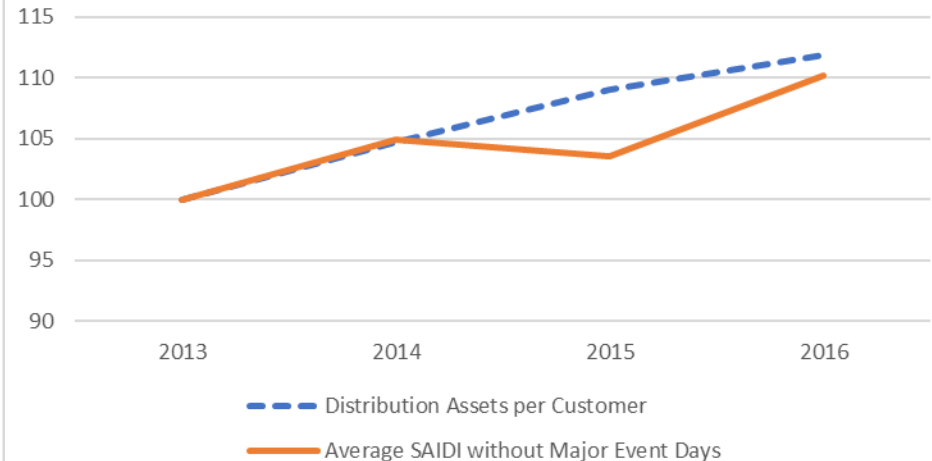
Despite grid investment,
O&M spending is increasing

Despite grid investment,
SAIDI is increasing

Selecte Data, All US IOUs, 2010 = 100
Data sources: FERC Form 1; EIA Form 861



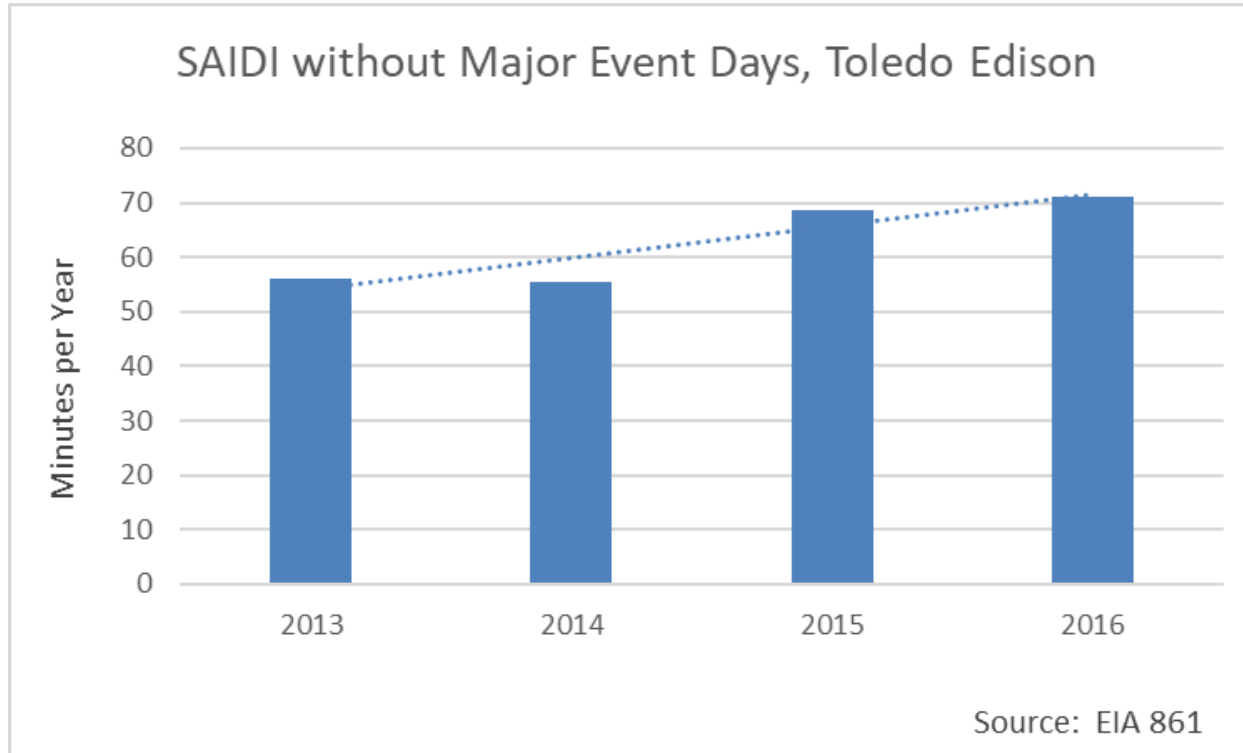
Selected Data, All US IOUs, 2013 = 100
Data sources: FERC Form 1, EIA Form 861



Performance measurement is essential to securing benefits from grid investments

Charts courtesy of the Utility Evaluator™.
For more information visit utilityevaluator.com.

Setting/Prioritizing Targets: Historical Comparison

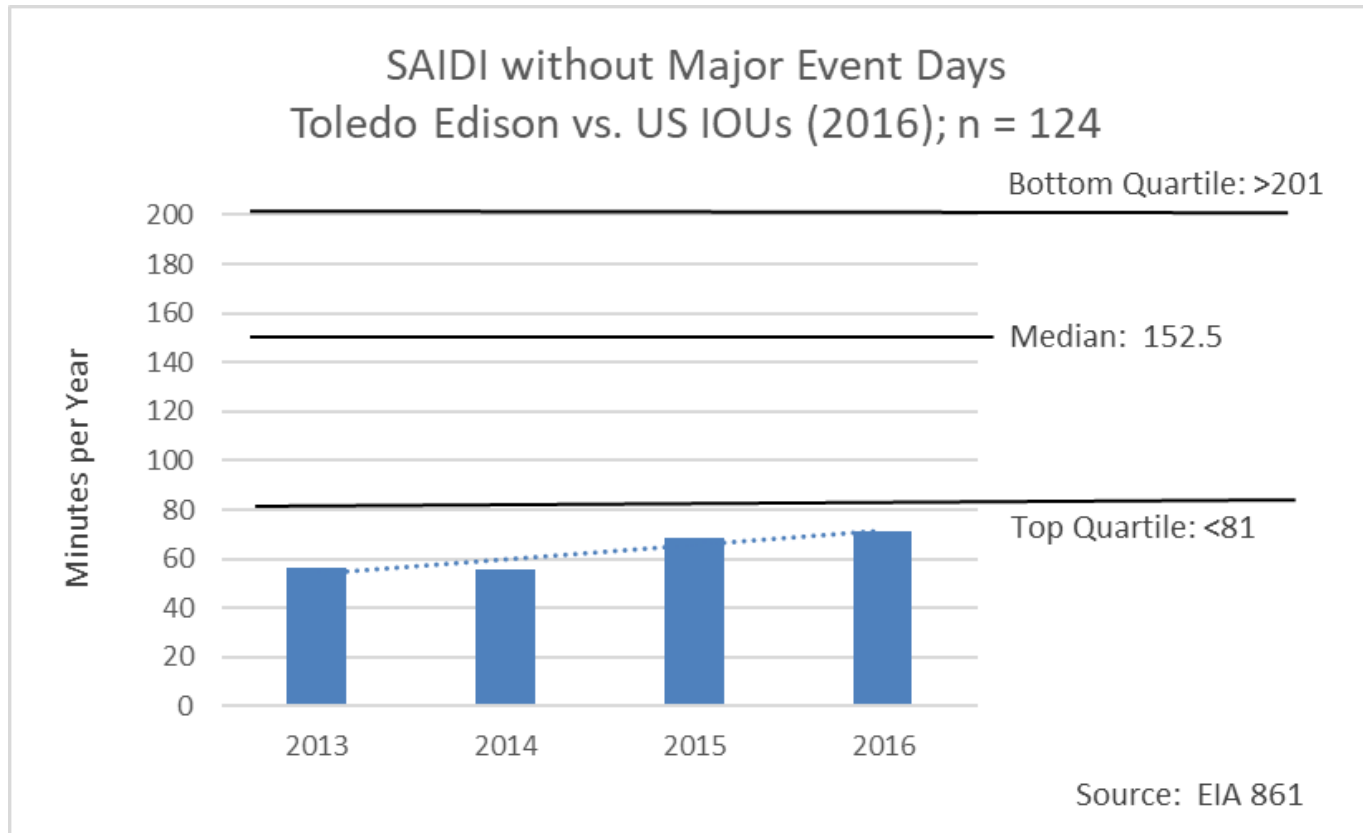


Optional metric:
 “Achieve 60-
 minute SAIDI by
 2019”

Is SAIDI performance problematic for Toledo Edison?

Chart courtesy of the Utility Evaluator™. For more information visit utilityevaluator.com.

Setting/Prioritizing Targets: Peer Comparison

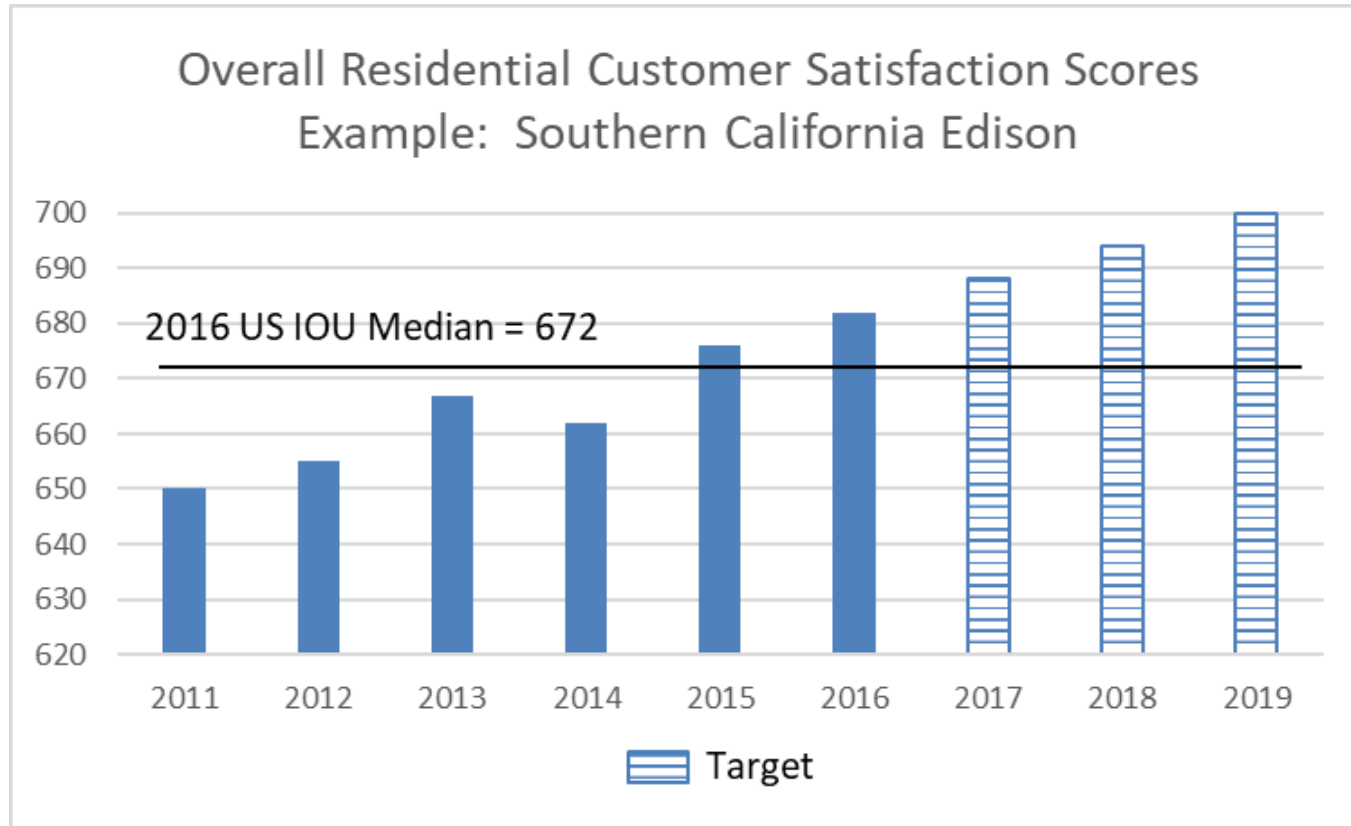


Better metric:
“Remain Top
Quartile in
SAIDI through
2019”

Is SAIDI problematic for Toledo Edison in light of peer performance?

Chart courtesy of the Utility Evaluator™.
For more information visit utilityevaluator.com.

History-based Targets: Do Not Remain Relevant in Changing Circumstances

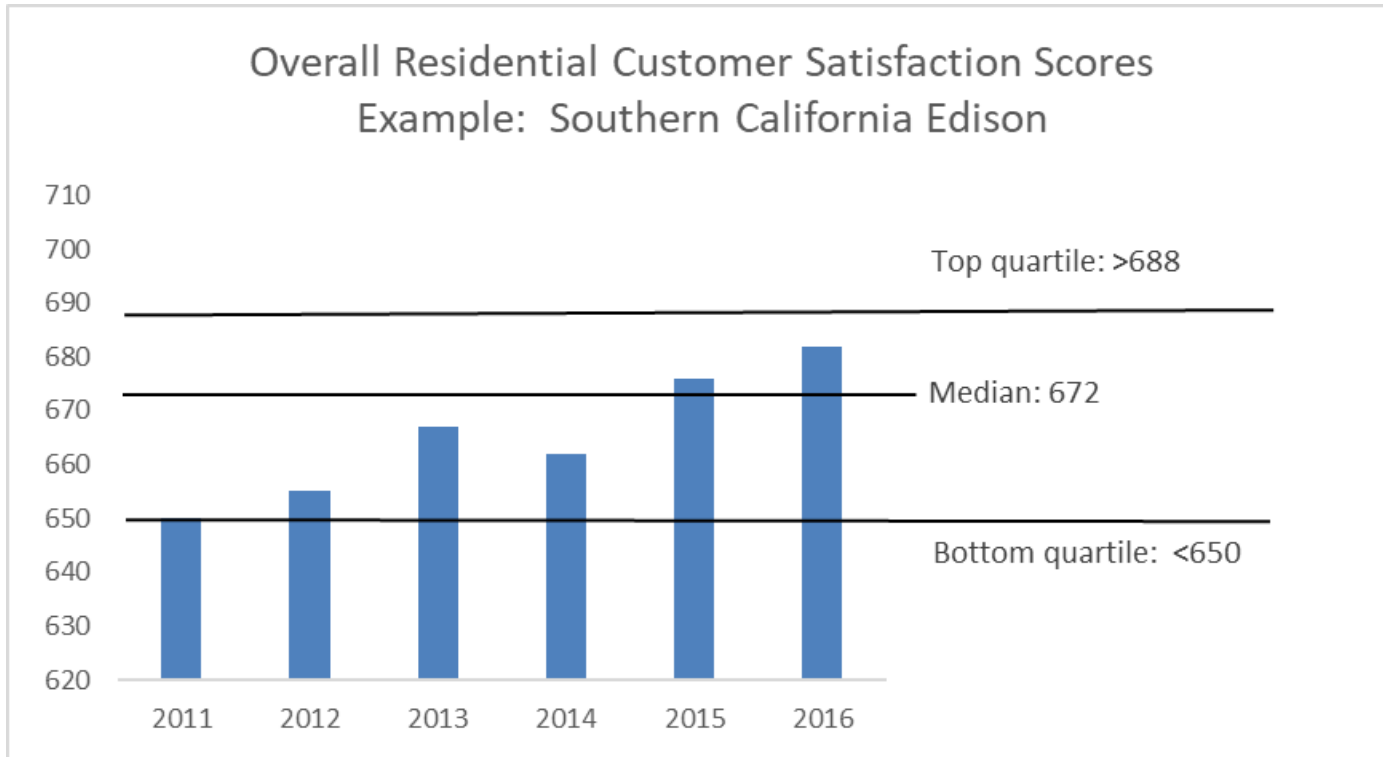


Optional metric:
“Achieve 700
JDPA
Satisfaction
Score by 2019”

Will a target score of 700 by 2019 remain relevant if Natural Gas prices double?

Chart courtesy of the Utility Evaluator™.
For more information visit utilityevaluator.com.

Peer-based Targets DO Remain Relevant in Changing Circumstances

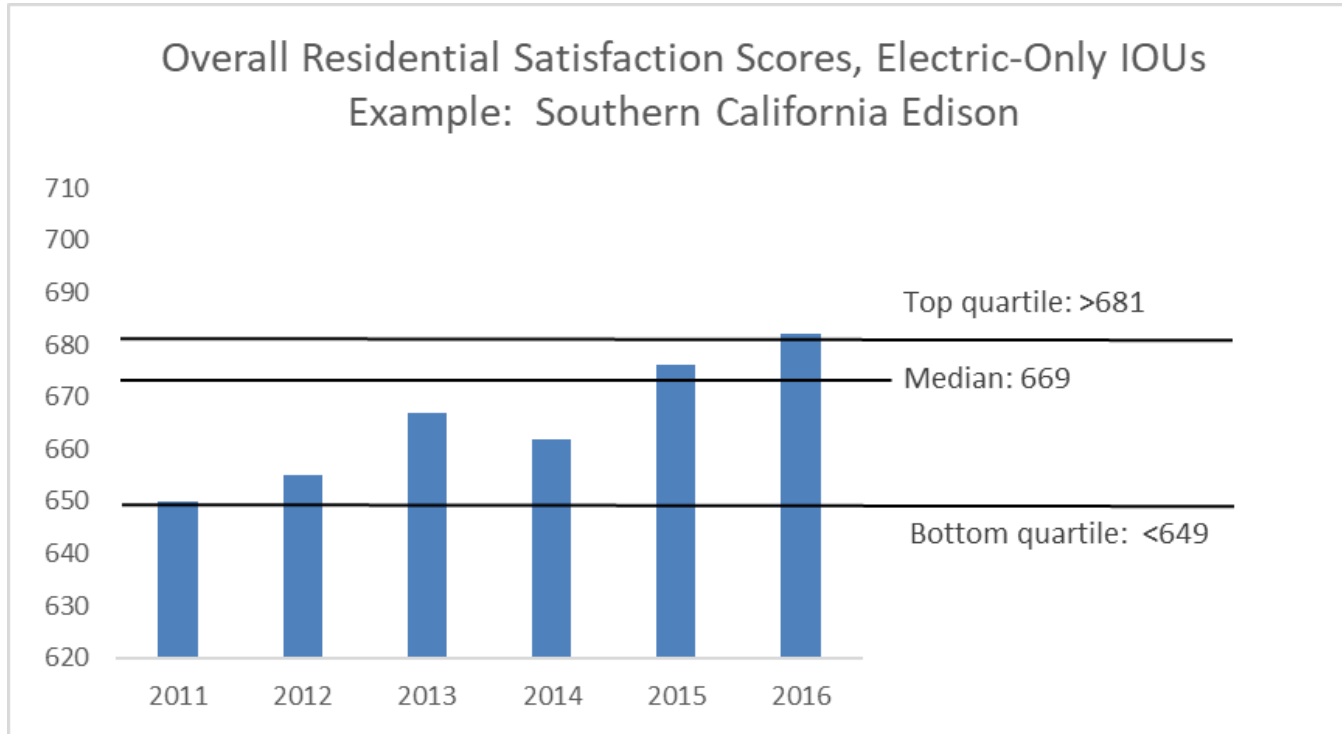


Better metric:
“Achieve Top
Quartile JDPA
Satisfaction
Score by 2019”

By expressing target as a quartile relative to peers, target will remain relevant even if Natural Gas prices double

Chart courtesy of the Utility Evaluator™.
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Peer-Based Targets Can Accommodate Differences in IOU Characteristics



Even better metric:
“Maintain Top Quartile JDPAs Satisfaction Score among Electric-only IOUs through 2019”

Using characteristics to define a peer group results in more relevant targets.

Chart courtesy of the Utility Evaluator™. For more information visit utilityevaluator.com.

Other Benefits to Peer Comparisons for Setting Targets, Measuring Performance

- Reduces performance manipulation opportunities
- Improves administrative efficiency
- *Broad adoption will raise all IOU's performance over time in a manner similar to competition*

Sample Metrics for Peer Comparisons

Focus: affordable, reliable electricity

- Capital investment per customer
- Capital investment per distribution line mile
- O&M spending per customer (Dist, B&CS, A&G)
- Overall residential customer satisfaction (JD Power)
- CAIDI/SAIDI (with or without Major Event Days)
- CAIFI/SAIFI (with or without Major Event Days)
- Demand Response (MW) as % of system peak
- DR program admin \$ per MW of callable Demand

Utility Evaluator™ development plan: Natural Gas version; OSHA safety data.

Thank You!

Paul Alvarez, President, Wired Group

palvarez@wiredgroup.net

Mobile 720-308-2407

Office 303-997-0317, x-801

www.wiredgroup.net

www.utilityevaluator.com