Montana's Energy Utility Planning/Decision Practice

Stakeholder Workshop

June 27, 2012

This Workshop's Purpose

- This workshop is part one:
  - Establishes context for the development of rules by:
    - Exploring the decisions, questions, and observations involved in electric utility services and resources
    - Developing capacity to converse about the meaning of various broad guidelines often applied to questions of electric utility services and planning
  - Learn about other states' practices in the context of the characteristics of those states and what they have been experiencing
  - Do a high-level assessment of these practices
  - Think creatively about the role technology might play in supporting a planning and decision practice
- Part two (tentatively, week of August 8):
  - Assess several possible planning/decision practices that Montana might adopt
  - Identify areas of agreement/disagreement on good practices

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This Afternoon's Agenda
July 27, 2012 PM

- Introduction
- Planning/Decision Practice
  - Definitions
  - Small group work on decisions, questions and observations
- Giving content to the goals and objectives of a Planning/Decision Practice
  - Definitions
  - Small group work
- Looking at other states Planning/Decision Practices
  - Discussion: similarities, differences and what they mean
  - Presentation on energy context for the states examined
  - Pairs work forecasting exercise

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Conversation matters . . . a lot

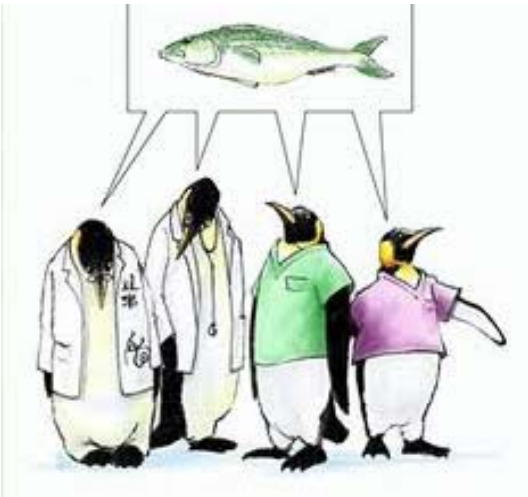
This is what we often do when we "talk"

But what I say and what you hear can be very different!

The only way to achieve this

Rather than this

Is through a conversation



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A Go-Around

NAME

What resources do you bring to the work today/tomorrow?

What do you find distracting?

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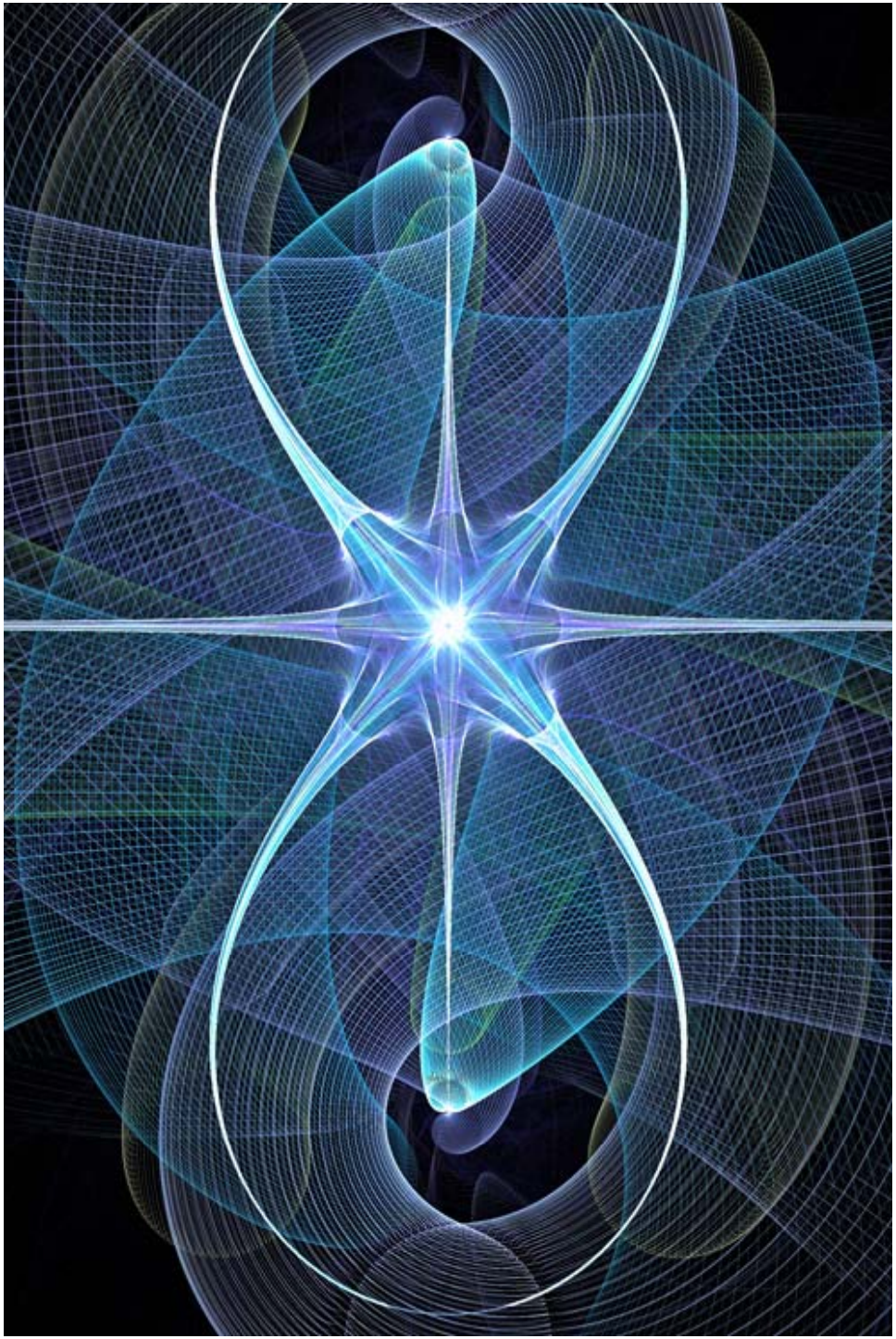

THE PLANNING/DECISION PRACTICE

It's not just about the rules . . .

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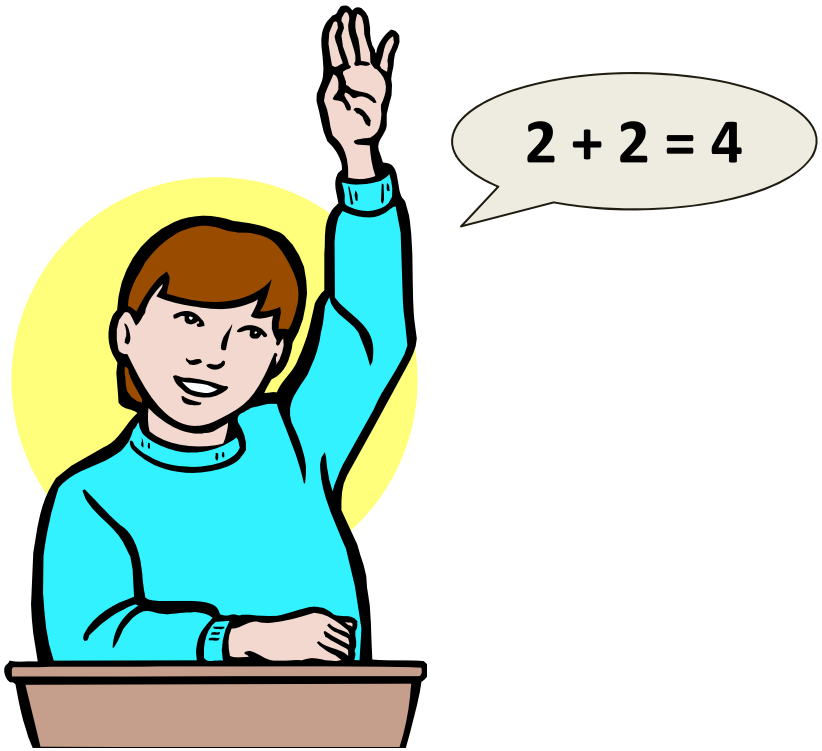
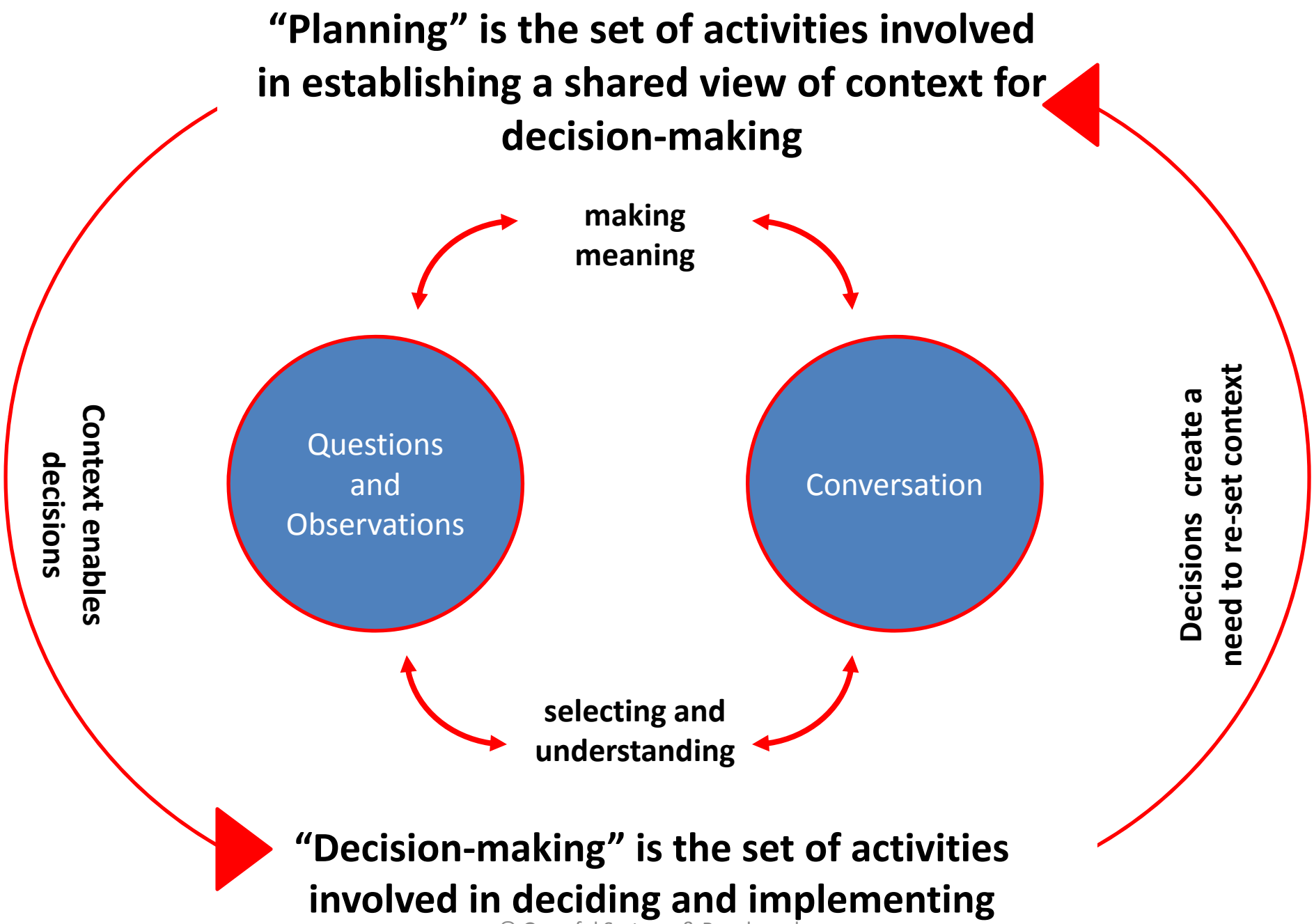
There is no right answer



And we are not "solving" a "problem"



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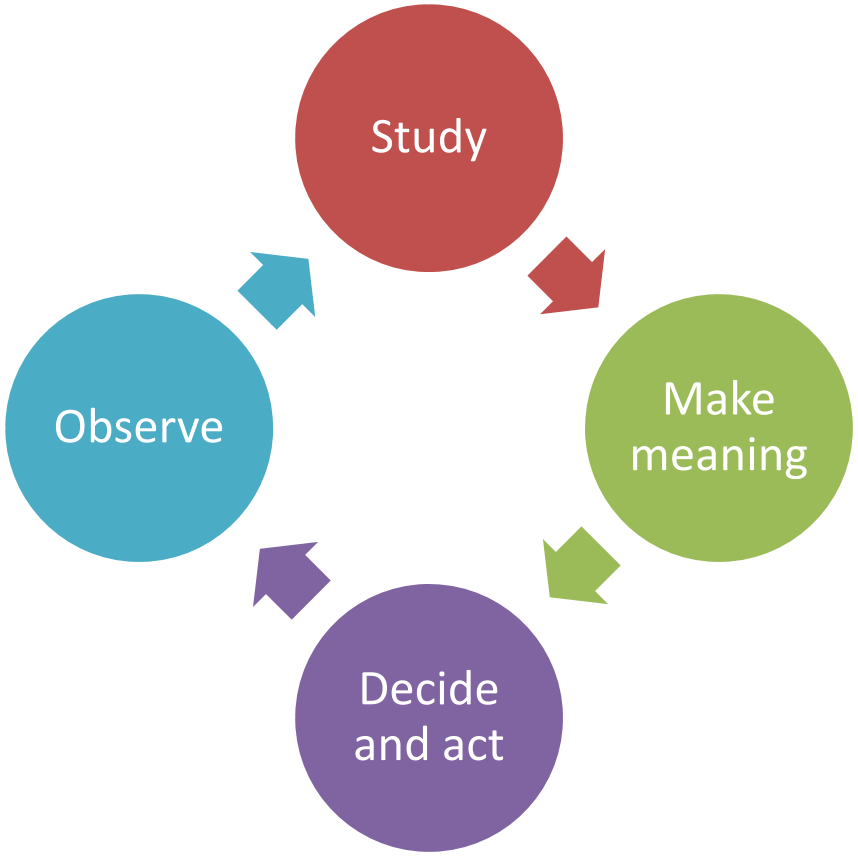
Why a “practice”?

Many processes, not just one

Professional undertaking



What we do and how we do it

Adapted to and evolved with the context

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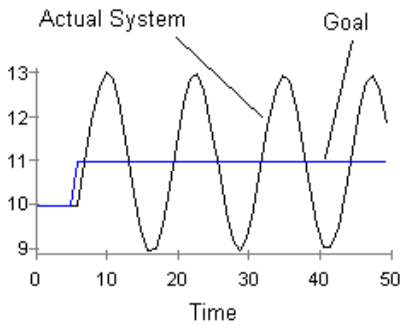
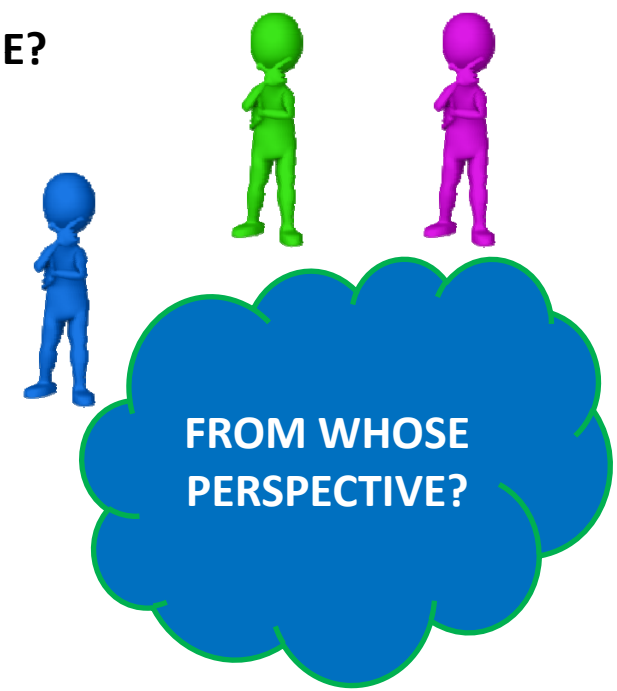
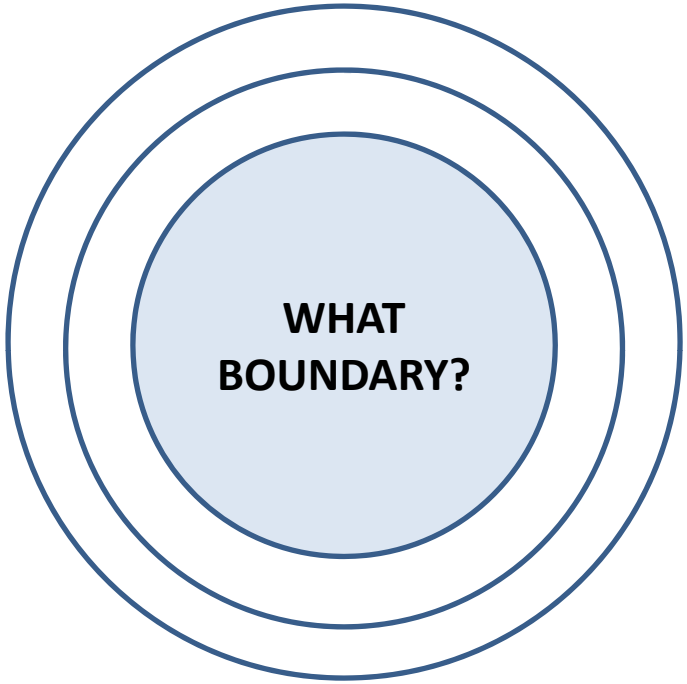
Observations



OVER WHAT TIME?





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An Example

DECISIONS

- To operate a piece of household equipment or appliance
- To make and follow a plan to reduce my monthly bills (or lower my household's energy use-related environmental footprint, or achieve some other goal)
- To adjust what I am spending on other things given likely utility bills
- To acquire a piece of household equipment or appliance
- To replace a piece of household equipment that isn't broken or is broken but is easily/cheaply repairable
- To acquire a means of generating electricity or of heating water/space other than electricity/natural gas
- To make a change in the structure of my house, (e.g. put in/take out windows/doors, replace windows/doors, add insulation, change rooms)
- To design a house

QUESTIONS

How much will operating this add to my current monthly bill?
How much is that bill right now?

How much energy does it need?
How long am I likely to have it?
What are electricity prices likely to be?
Does it have any means of managing how much energy it uses other than plugging or unplugging it?
Do I have any choice other than to own it?
Will operating it affect any of my other household energy needs?

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An Example (Con'd)

QUESTIONS

How much will operating this add to my current monthly bill?
How much is that bill right now?

How much energy does it need?
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What are electricity prices likely to be?
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Will operating it affect any of my other household energy needs?

OBSERVATIONS

What are they now?
What has been the pattern of change?
What does the utility say they are going to be over the period that I will have this for?
Are there competing views of this projection?
What are the major uncertainties?
How do I feel about those uncertainties?

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Your Turn

UTILITY

COMMUNITIES/ LOCAL GOVERNMENTS

For the perspective given your group:

1
LIST
About six decisions you think this/these person(s) need to make

2
FOR AT LEAST ONE OF THOSE DECISIONS, LIST
All of the questions you can think of that this/these person(s) might have in considering the decision

ADVOCACY GROUPS AND MPSC INTERVENORS

MPSC

3
FOR AT LEAST ONE OF THOSE QUESTIONS, LIST
All of the types of information you might look at to provide insight on the question

POWER PROJECT DEVELOPERS/ OPERATORS

BUSINESS CUSTOMERS

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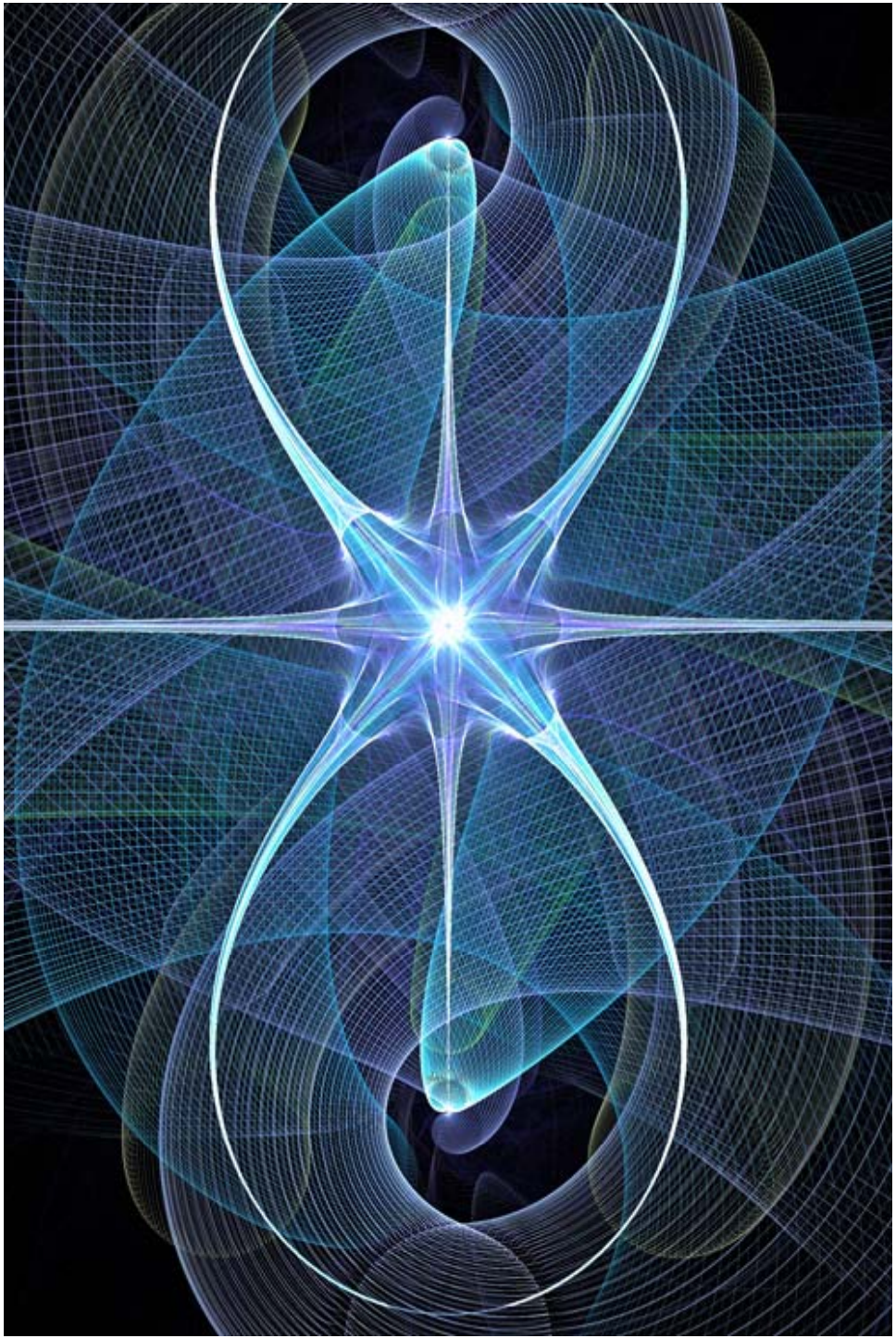

THE GOALS OF A PLANNING/DECISION PRACTICE?

The Goals of a Planning/Decision Practice

ADEQUATE AND RELIABLE SUPPLY

OPTIMAL MIX OF RESOURCES

TRANSPARENT DECISION-MAKING

FAIR PROCUREMENT PROCESS

EFFECTIVELY MANAGED RISK

STABLE PRICE

REASONABLY UNDERSTANDABLE DOCUMENTATION

LOWEST TOTAL COST TO CUSTOMER

RATIONAL CONSUMPTION DECISIONS

UTILITY FINANCIAL HEALTH

REASONABLE PRICE

But what do these words MEAN?

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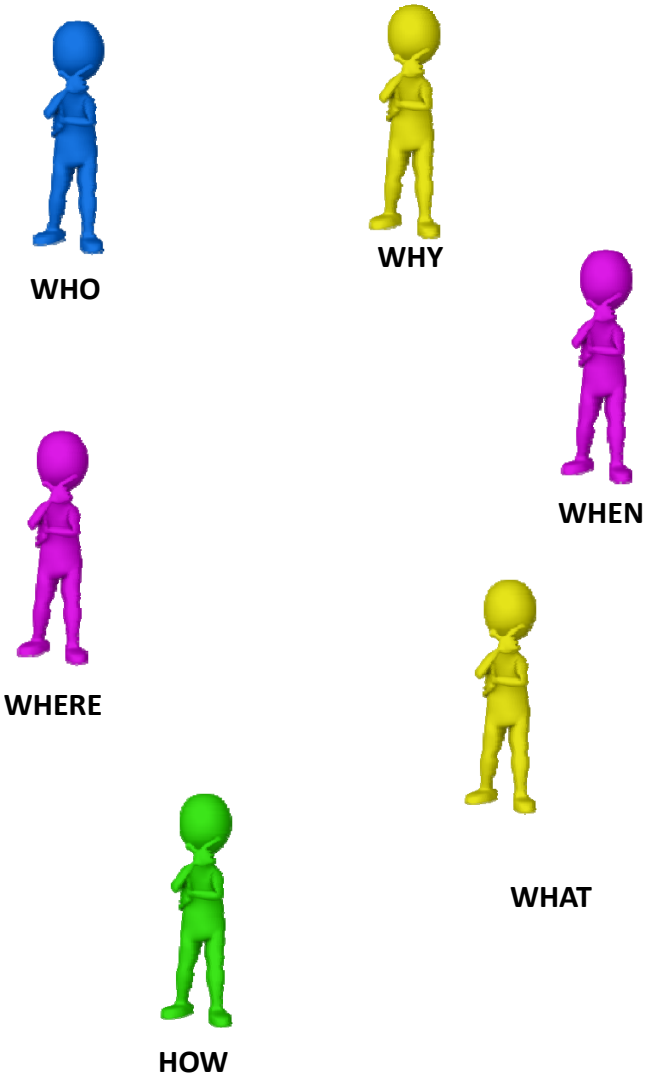
Why Does This Exist?



The goal is that a given "state" exists. In newspaper style, tell one (or more) short stories why this state has come to be .

How?

Who is doing what?

Where and when is it happening?

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Ask Perspective Questions

What are people with this perspective:

- **Seeing?**
- **Hearing?**
- **Thinking?**
- **Feeling?**
- **Doing?**
- **Saying?**

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Think Through Consequences

Every outcome or goal will have consequences that we think are "good" and consequences that we think are "bad."

We will not all necessarily see these consequences the same way

Ask: If we had it, would we want it?

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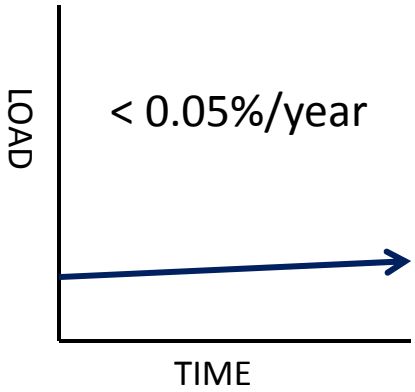
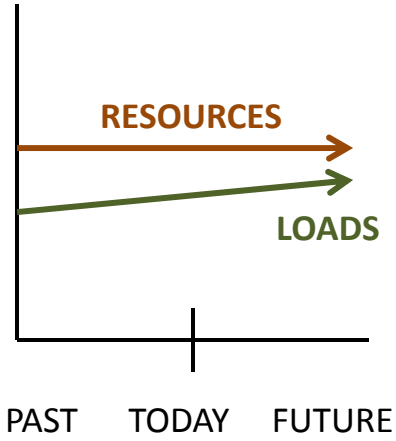
An Example: Stable Price
WHY?





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An Example: Stable Price

Perspective

Consumer Advocate

Seeing
- Rates change no more often than ___
- Rate changes are no more/less than ___ %

Hearing
- Few complaints from constituents
- Not much from anyone

Thinking
- I wonder how long this is going to go on?
- What should I be working on if rates aren't changing?

Feeling
- Bored

Doing
- Looking into customer service rules
- Contesting the interest rate set for late payments

Saying
- "But [utility] could still do better!

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An Example: Stable Price
Consequences

"Good"

- Customers are satisfied
- Customers can make long-term investments with confidence
- Ideas?
- Another?
- And one more?

"Bad"

- Growing very, very slowly so economic growth can't be high unless it has very low energy intensity
- The utility will start to over-earn because of accumulated depreciation; this could stair-step
- Ideas?
- Another"
- One more?

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Your Turn

1

Gather in teams; we will give each team a goal to work on

2

- Tell a story why it exists
- Quickly run through a couple of perspectives: Seeing? Hearing? Doing? Saying? Thinking? Feeling?
- What is one potential consequence of striving toward this characteristic that you think is “good” Why?
- What is one potential consequences of striving toward this characteristic that you think is “bad” Why?

3

Switch goals with another team and add to their notes as you think important to express its content (use sticky notes)

4

Each team will explain the goal with which they started

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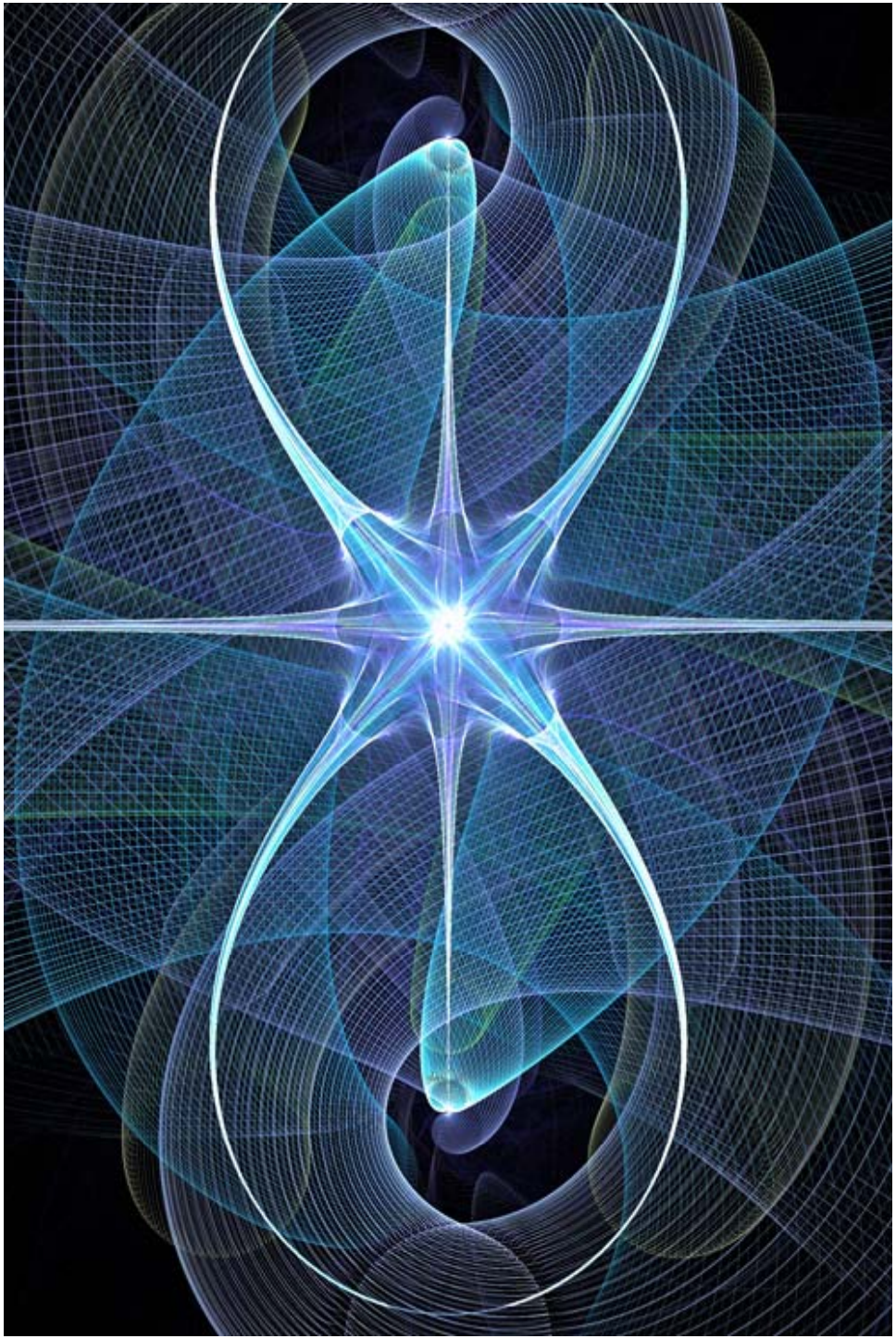
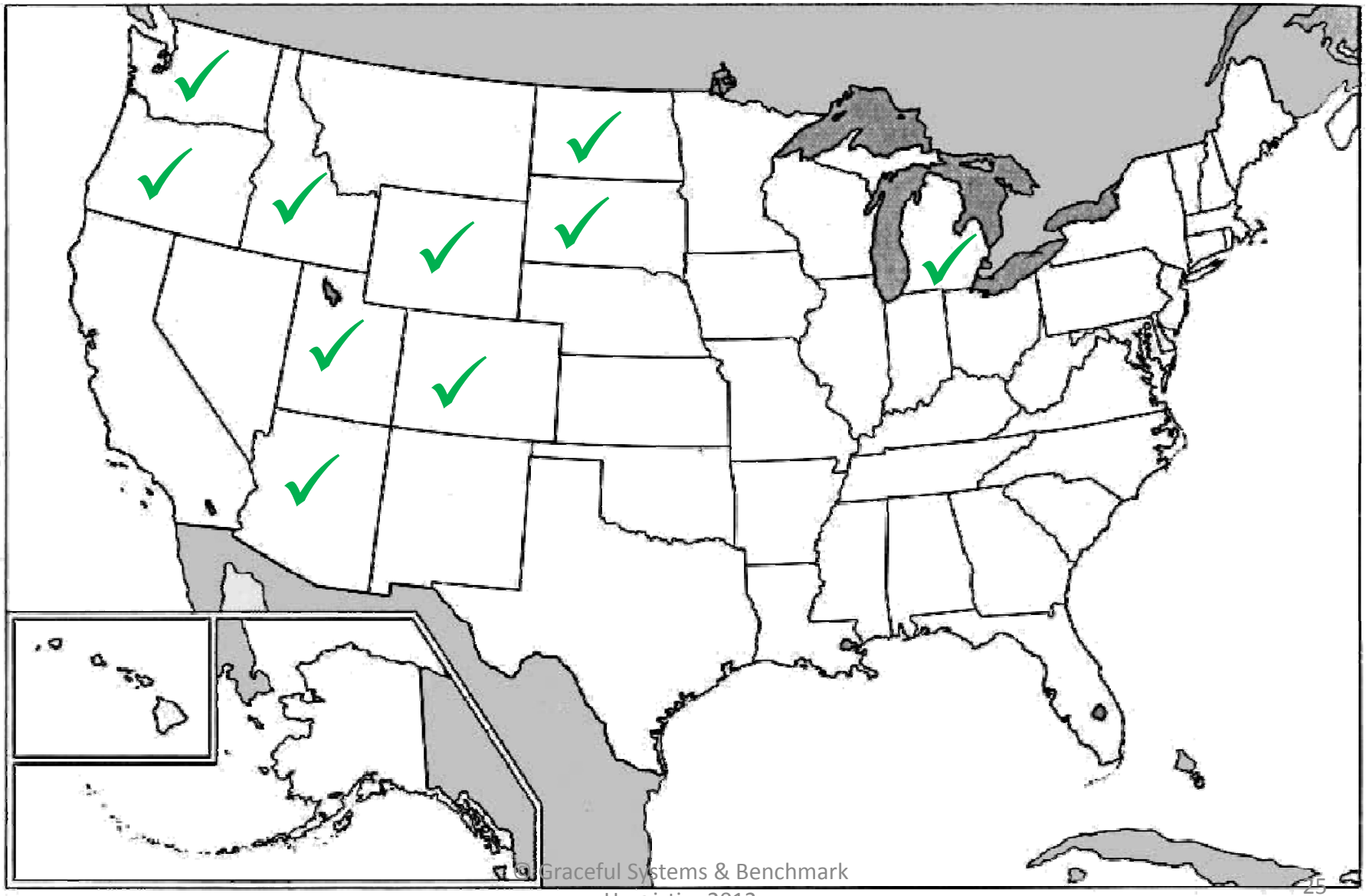
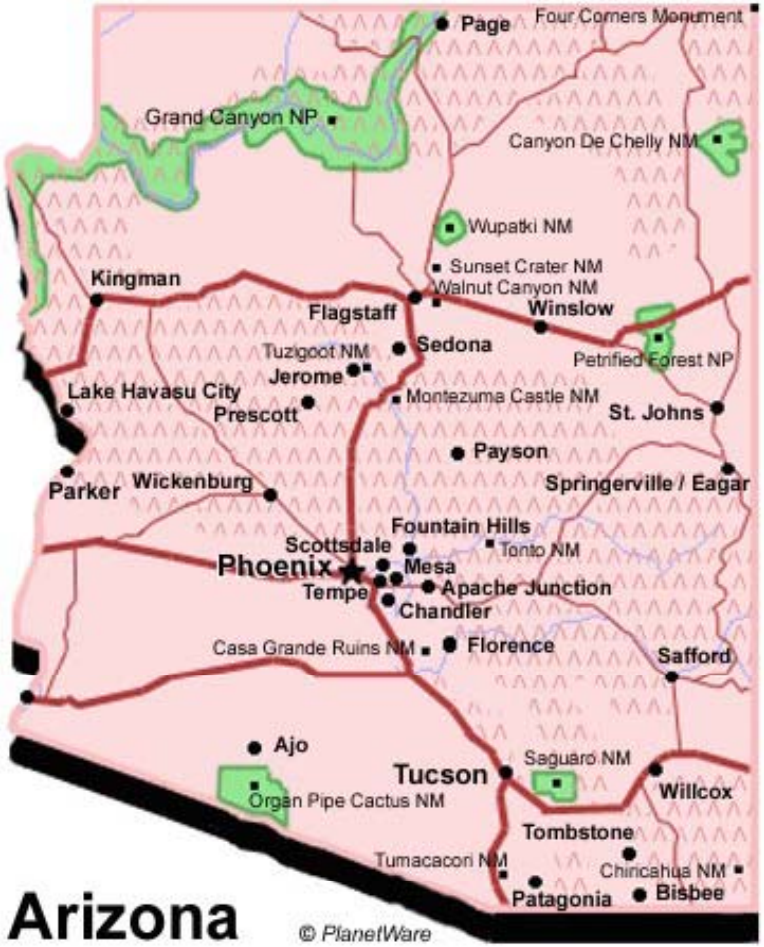


THINKING ABOUT THE CONTEXT FROM WHICH WE DRAW LESSONS

Who Did We Look At?





How is Arizona LIKE Montana?

How is Arizona DIFFERENT FROM Montana?

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How is Colorado LIKE Montana?

How is Colorado DIFFERENT FROM Montana?

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How is Idaho
LIKE
Montana?

How is Idaho
DIFFERENT FROM
Montana?

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How is Michigan LIKE Montana?

How is Michigan DIFFERENT FROM Montana?

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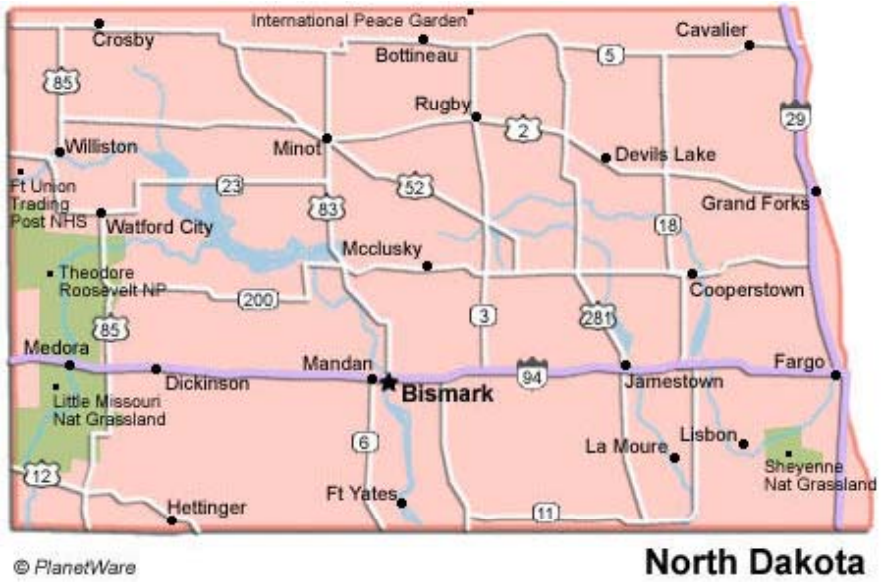

How is North Dakota LIKE Montana?

How is North Dakota DIFFERENT FROM Montana?

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How is Oregon LIKE Montana?

How is Oregon DIFFERENT FROM Montana?

How is South Dakota LIKE Montana?

How is South Dakota DIFFERENT FROM Montana?

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How is Utah
LIKE
Montana?

How is Utah
DIFFERENT FROM
Montana?

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How is Washington LIKE Montana?

How is Washington DIFFERENT FROM Montana?

Wyoming

How is Wyoming LIKE Montana?

How is Wyoming DIFFERENT FROM Montana?

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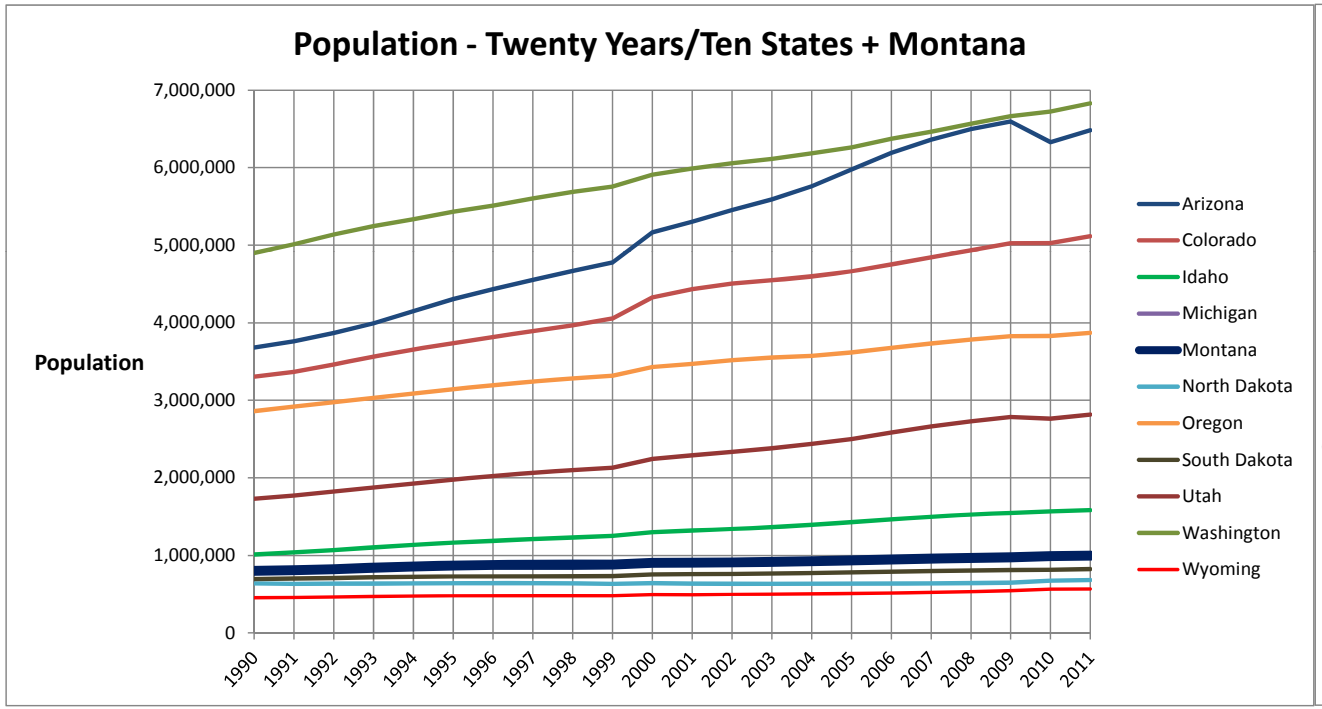
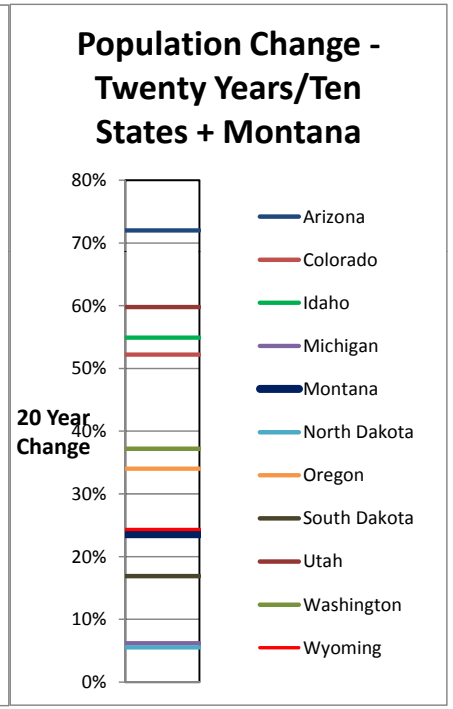
Comparing the states: Population





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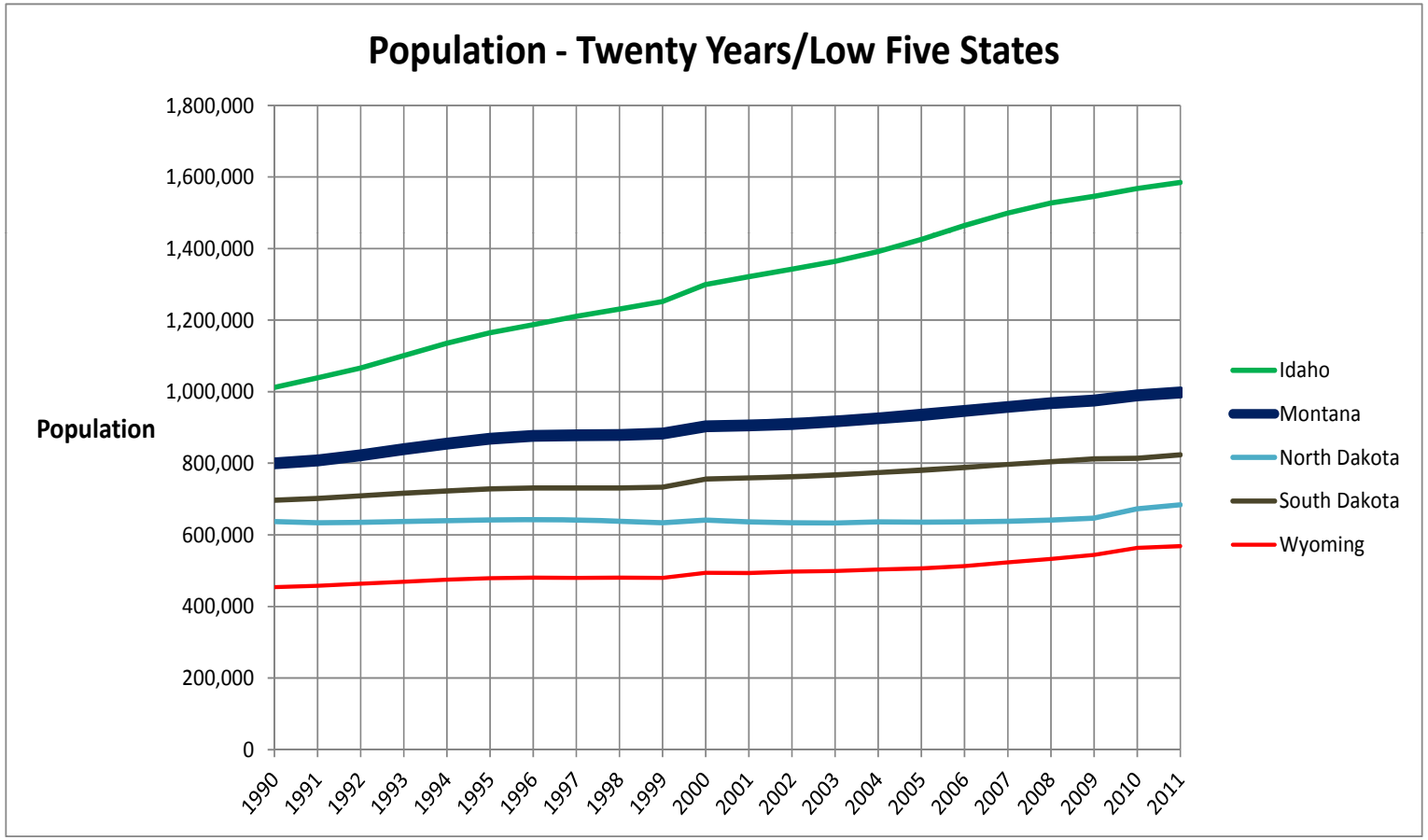
Comparing the states: Population (cont.)



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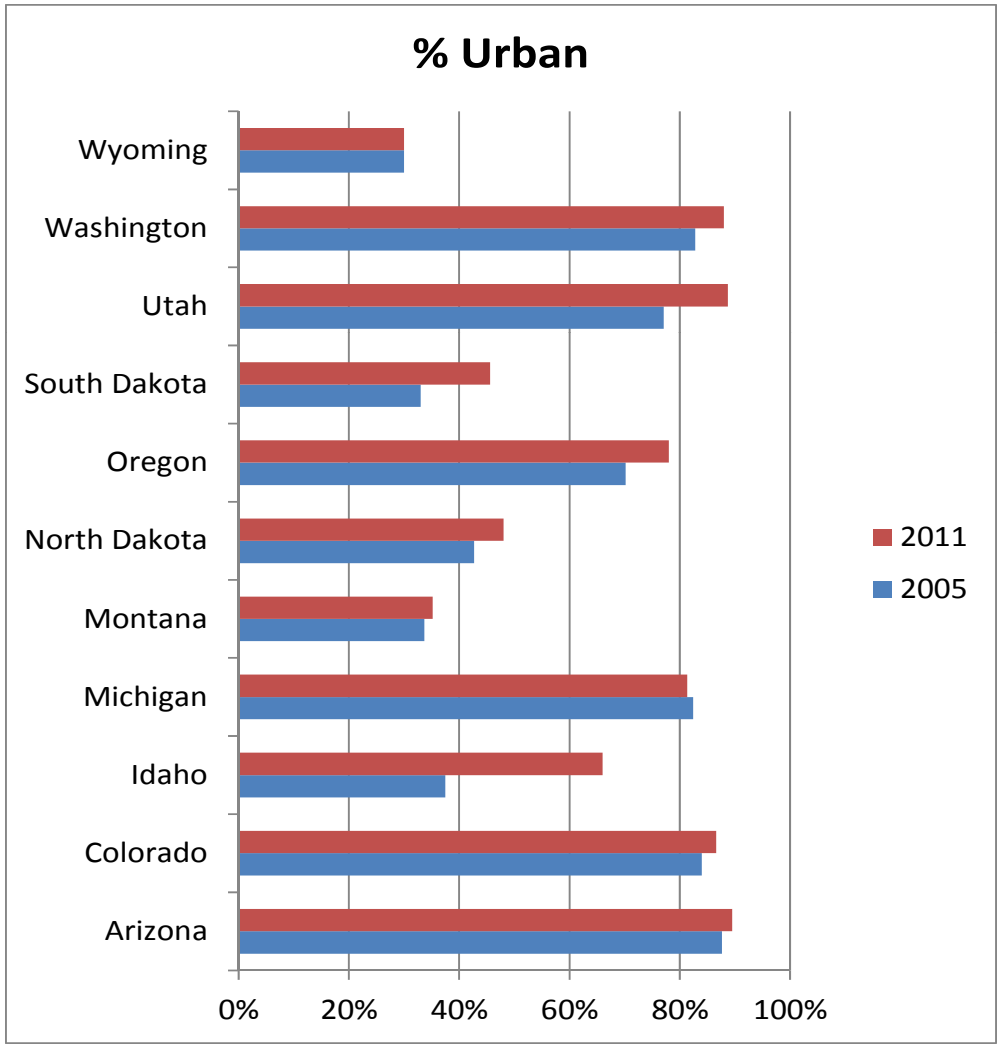
Comparing the states: Population (cont.)



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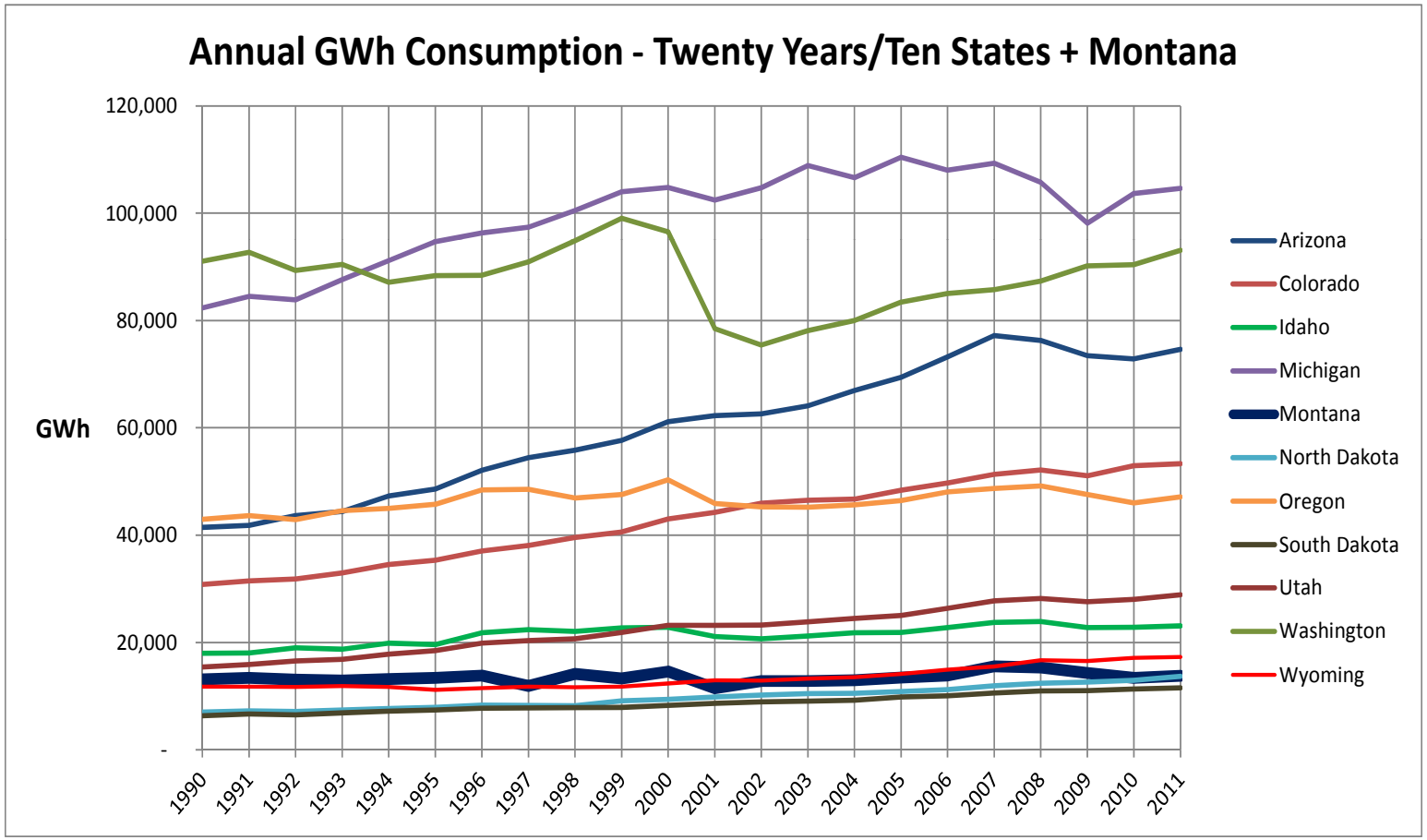
Comparing the states: Load



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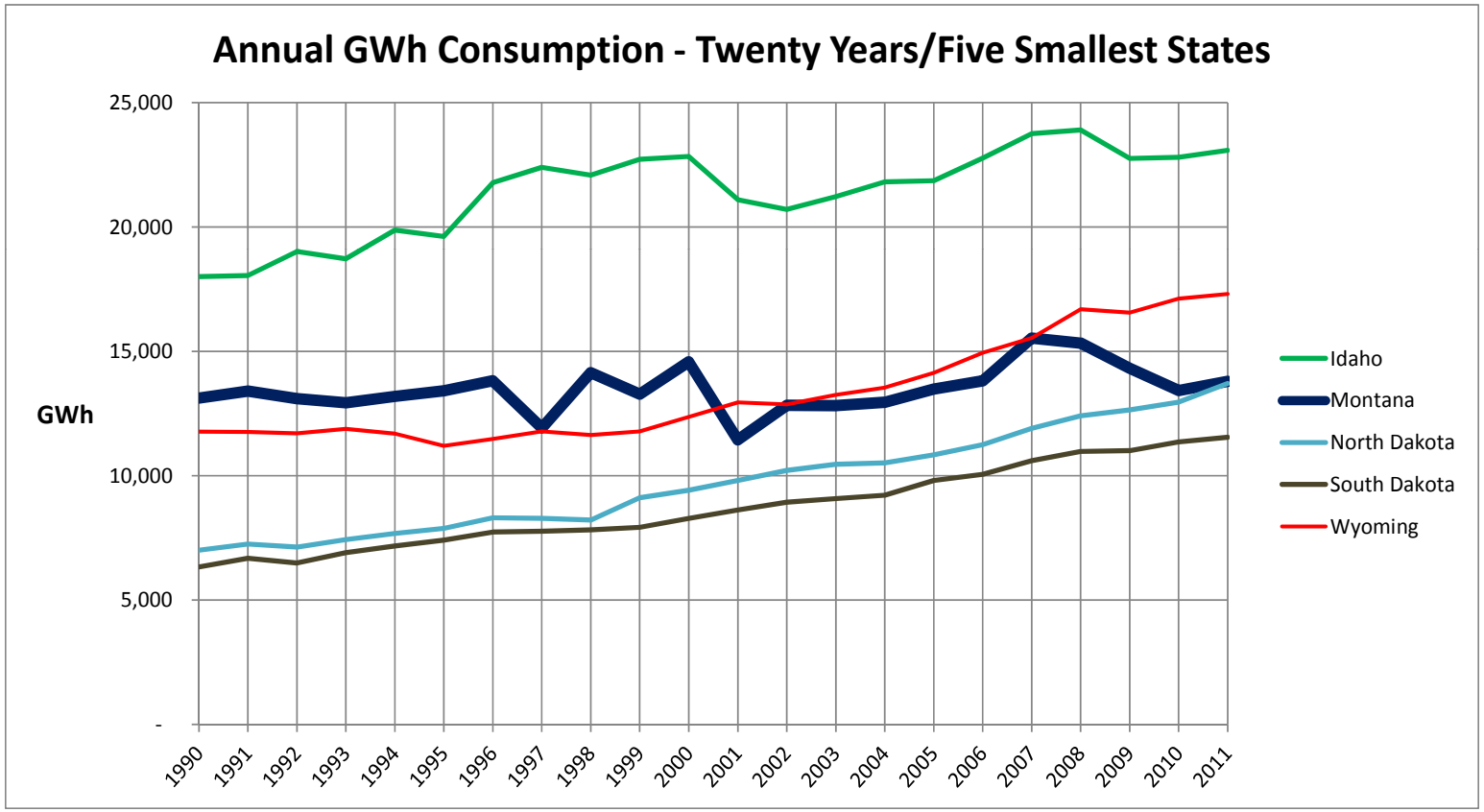

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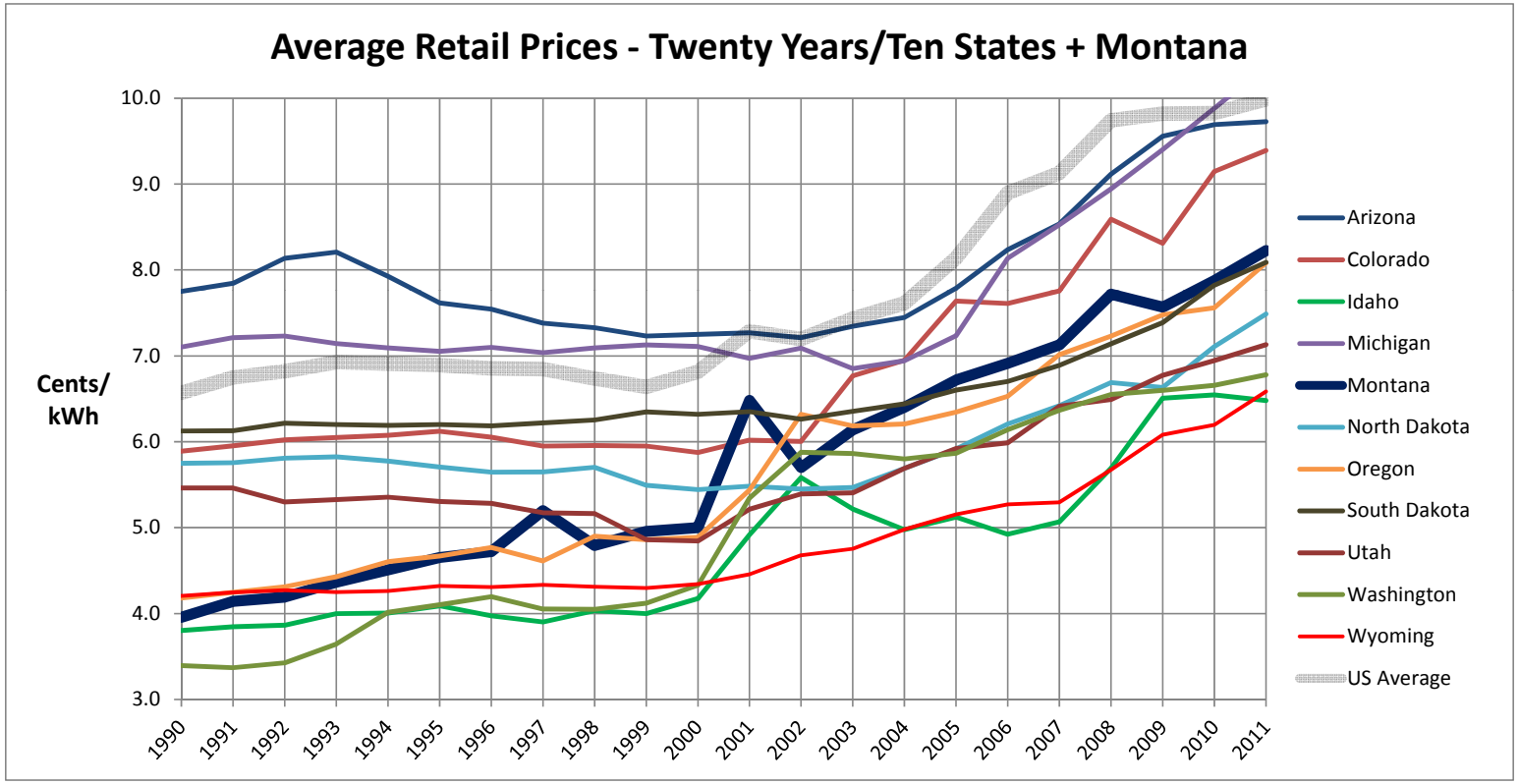
Comparing the states: Prices



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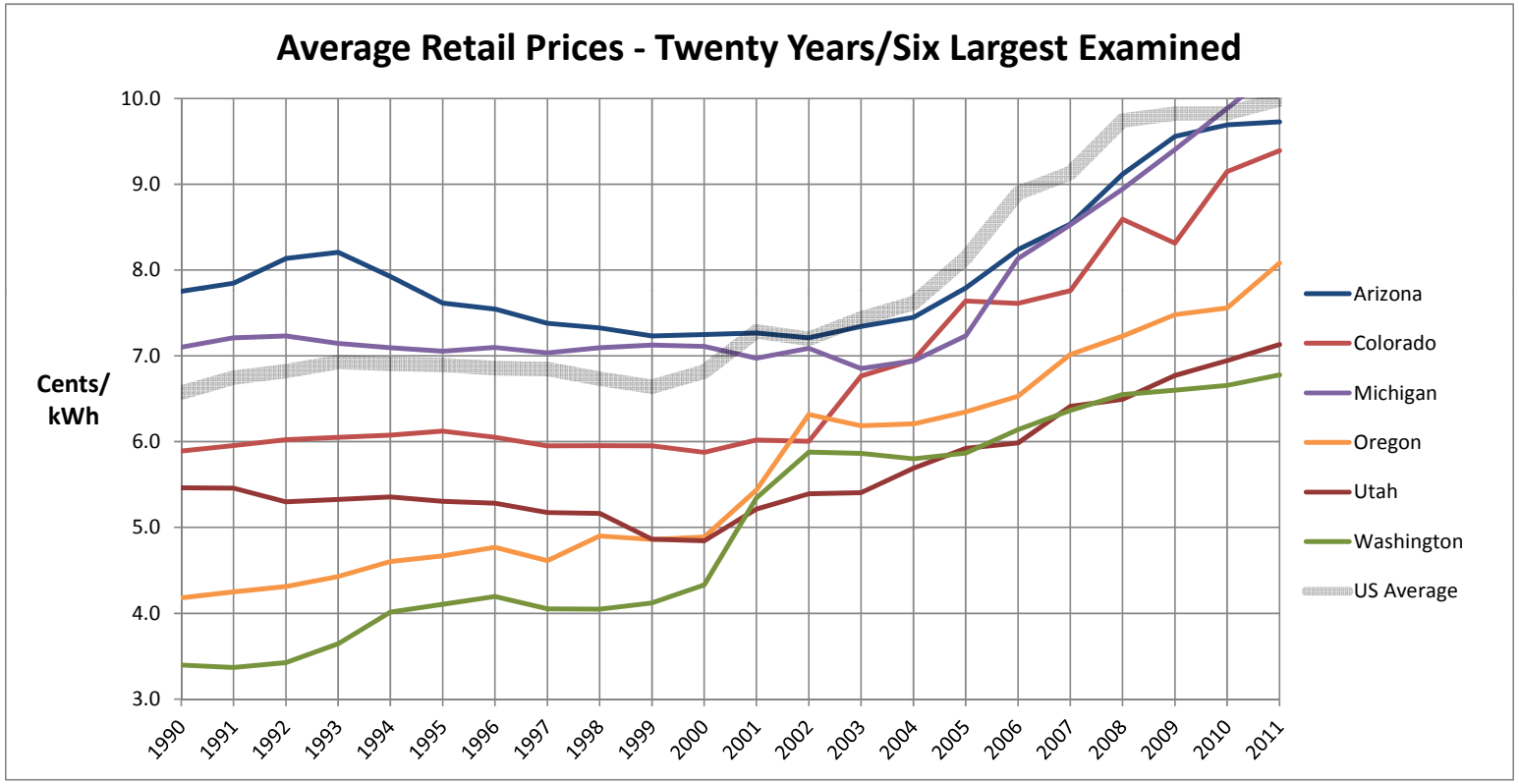
Comparing the states: Prices (cont.)



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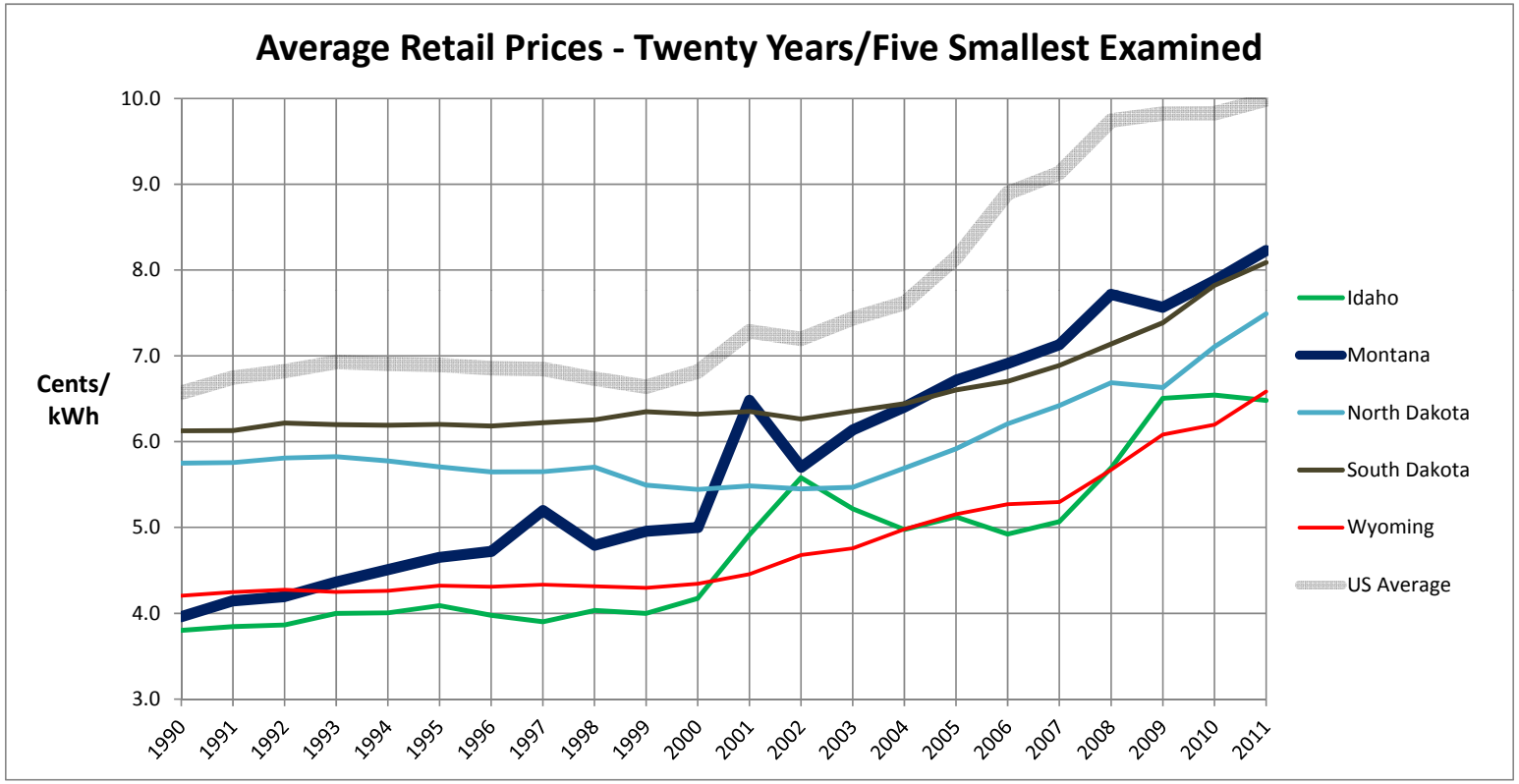
Comparing the states: Prices (cont.)



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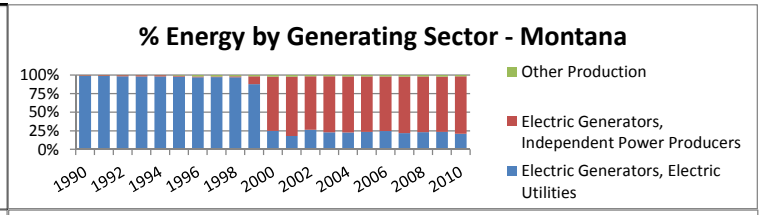
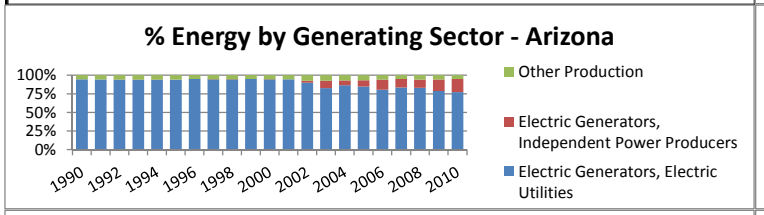
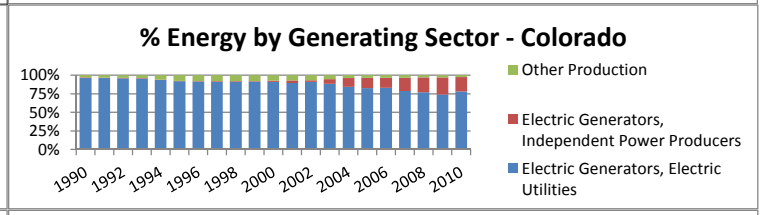
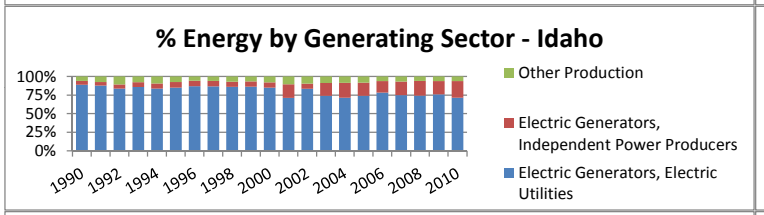
Comparing the states:

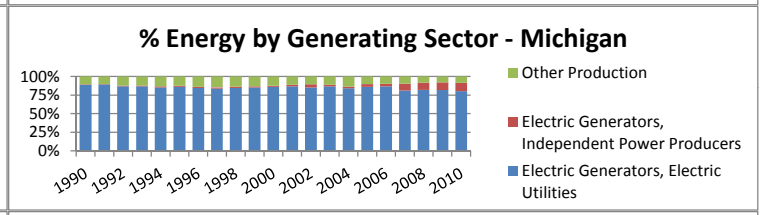
Montana IPP share of energy production is unique in this set of states. The historical cause is familiar, but begs questions: what are the benefits of this IPP share, what are the costs? Has Montana jumped ahead of other states (note the growth of IPP share in all the other examined states)? Is there a "best" or "good" level of IPP share? If so, what is it, how should it be approached, how quickly? How do rules and process enhance or inhibit the discovery of answers?

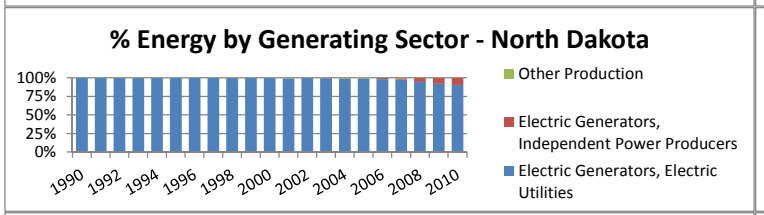


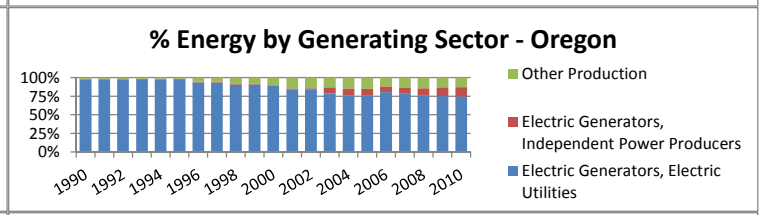


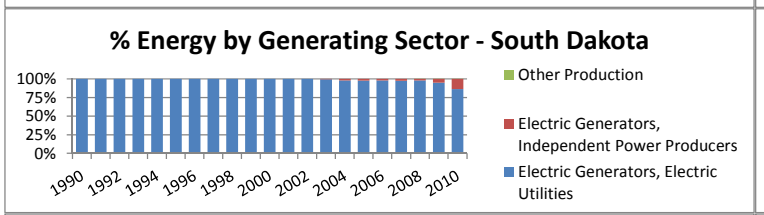


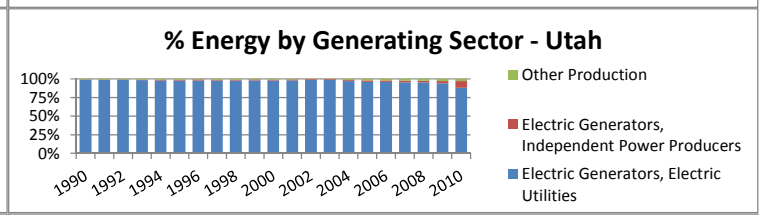


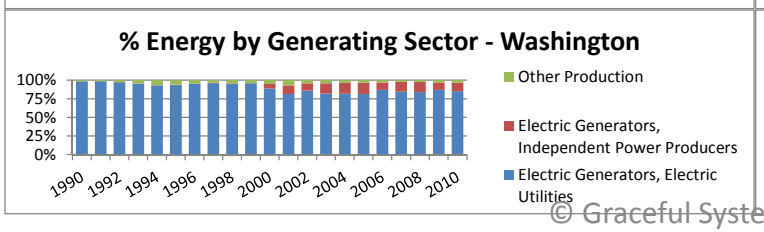


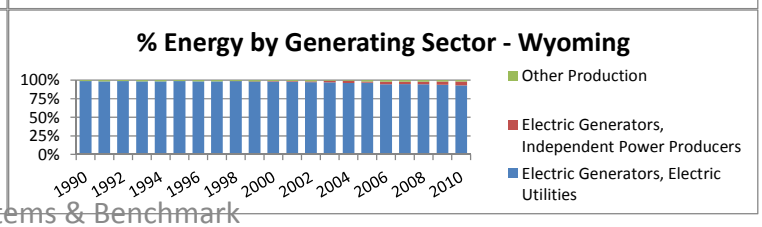












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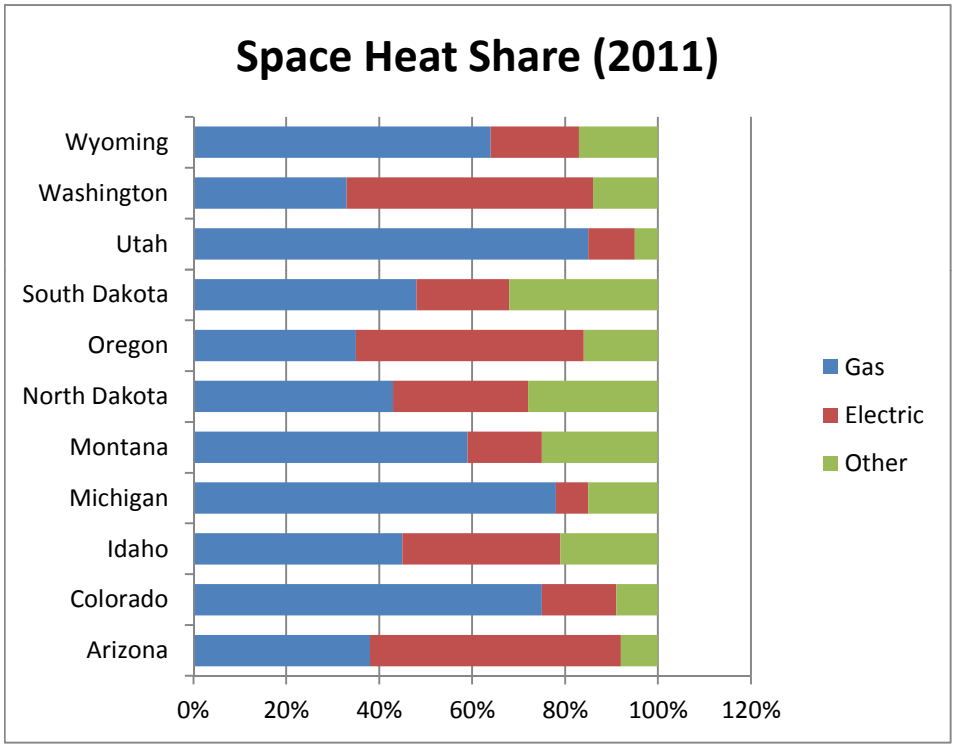
Comparing the states: Space Heat Sources



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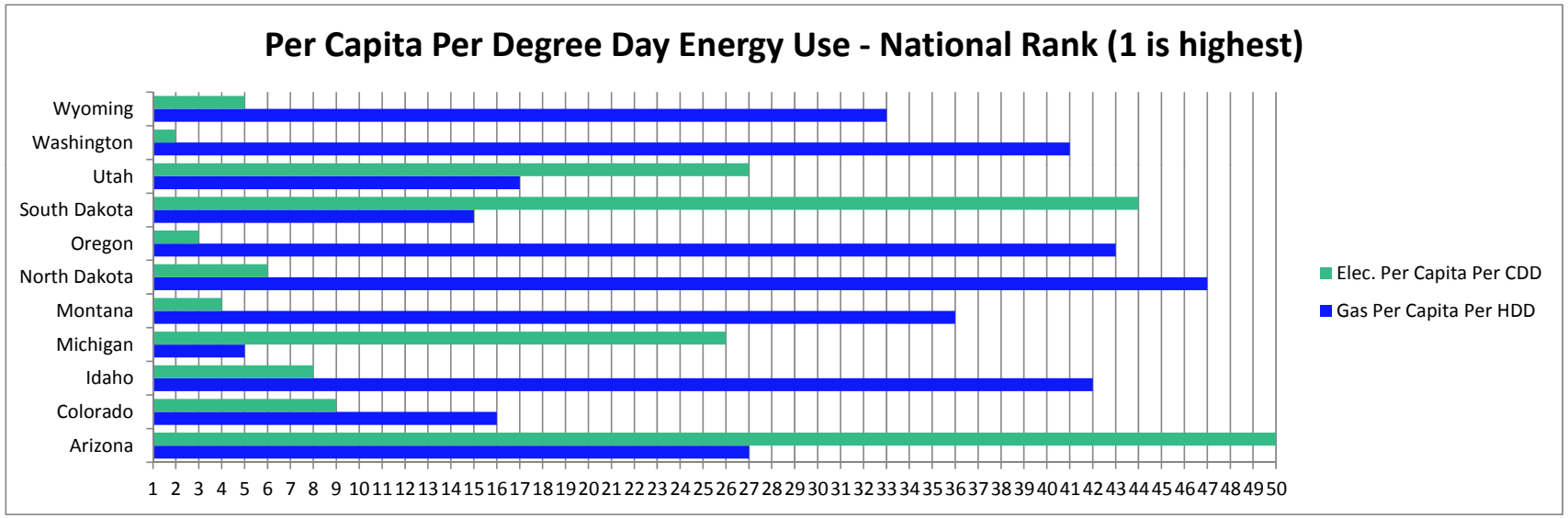
Comparing the states:
Space Conditioning Effectiveness



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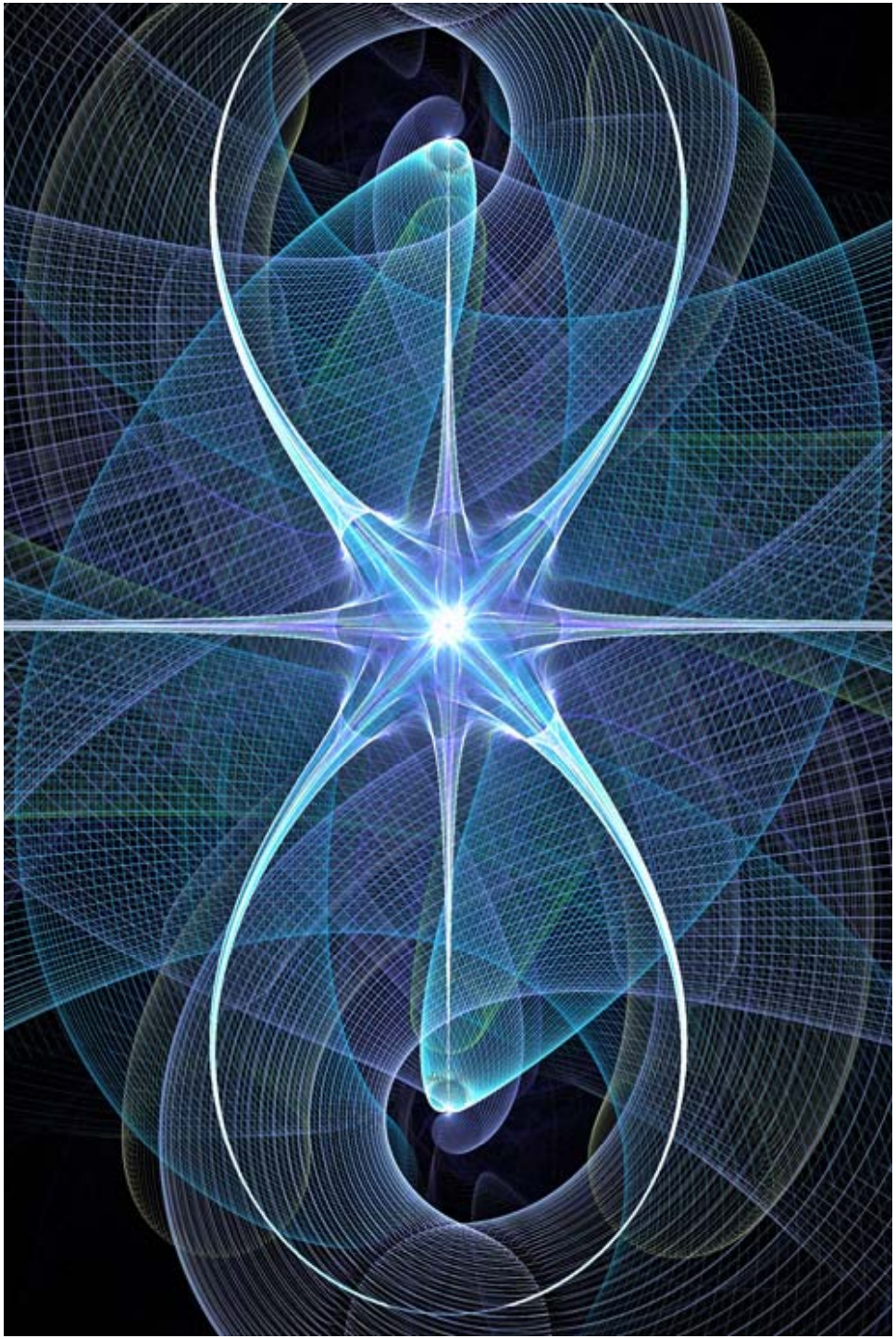

ANTICIPATING WHAT WE WILL FIND

Talking/Listening in Pairs

Group yourselves in pairs
Choose “A” and “B”

What planning/decision practices will the states have in common?

2 minutes – A talks, B listens
1 minute – A&B reflect, take notes
2 minutes – B talks, A listens
2 minute – A&B reflect, take notes

What planning/decision practices will be different or rare?

2 minutes – B talks, A listens
1 minute – A&B reflect, take notes
2 minutes – A talks, B listens
1 minute – A&B reflect, take notes

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