Preparing for the Competitive Retail Market

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Retail Competition will Maximize Customer Benefits

- Wholesale competition is not enough
- Every consumer is unique
- Innovation in products and services will occur
Unbundling Clarifies Utility’s Role

- Utility’s core function is “a non-discriminatory service provider”
  - utility delivers energy safely and reliably
  - utility facilitates consumer choice
- Competitive products and services should be supplied by non-monopolies
- Relieves regulator from needing to “regulate competition”
Unbundling Should Begin Promptly

- "Revenue cycle" services are important starting point
  - Services include metering, billing, data management, credit, and collections
  - establish customer/retailer relationship

- Do not allow utilities to erect barriers

- Makes competition and consumer choice more meaningful
Unbundling Is Essential to A Successful Market

- Fundamental to consumer choice
- Facilitates the relationship between consumers and retailers
- Provides consumers value-added services tailored to their needs
The Revenue Collection Cycle Offers Many Value-Creation Opportunities
Much of the UDC's "Revenue Cycle" can be Unbundled

ENERGY DISTRIBUTION

ELECTRIC DELIVERY
- DISTRIB MGMT/STRAT
- DISTRIB OPERATIONS
- FORCST/DEFLT PROC
- SYS PROTEC ENGR
- SUBSTATION ENGR
- PROJECT MGMT

GAS DELIVERY
- GAS ENGINEERING
- FORCST/DEFLT PROC
- GAS OPERATIONS

CONSTRUCTION & OPERATIONS
- C&O DEPTS
- CONTRACT ADMIN
- FLEET
- SAFETY/ENVIRON
- SUB CONSTR/MAINT

BUSINESS UNIT SUPPORT
- FINANCIAL PERF
- BUSINESS SYSTEMS
- ELEC REGULATORY
- GAS REGULATORY
- MAPPING/RECORDS
- PAYROLL
- PURCHASING
- RATES
- SKILLS TRAINING

REVENUE CYCLE
- BILLING/PYMT PROC
- CASH CONTROL
- CUST INFO SYSTEM
- COUNTER SERVICE
- CREDIT/COLLECTIONS
- CUSTOMER FIELD OPS
- CUST PROG/RESEARCH
- CUST SVC TEL CENTER
- MARKETING PROGRAMS
- METER SERVICES

CORPORATE SUPPORT
- ACCOUNTING
- BUDGETS
- COMMUNIC
- FACILITIES
- FINANCE
- HR
- ITS
- LAND
- LEGAL
- TELECOM

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The Consequences of Delay

- Someone else will design the program to implement competition
  - California has already begun unbundling the revenue cycle
- Competitive forces will increase the demand for these opportunities