

REV Connect on Rethinking Innovation

Building Space to Co-Create the Future

BY DAN BRADLEY AND H. CHRISTINE RICHARDS, NAVIGANT

Through a series of articles with *Public Utilities Fortnightly*, we've explored new approaches to develop transformational business models in New York State through REV Connect and Innovation Sprints. A theme throughout these discussions is that REV Connect builds a safe space to innovate – an opportunity for partners to share their perspectives and ideas, to challenge one another and to work to better define energy's future business models.

These patterns are extending beyond New York State as other utilities begin to rethink their approaches to innovation. Navigant caught up with Phil Nevels, director of the Utility of the Future at Exelon Utilities, and Jason Scarlett, director of the Center for Innovation at CPS Energy, to discuss the importance of co-creating the future and the need for transparency as their organizations look to drive more innovation internally and externally in their communities.

Co-Creating the Future

REV Connect has communicated the need for utilities and solution providers to redefine their old relationship patterns. CPS Energy and Exelon Utilities are both revisiting their long-held relationships with their respective partners. A couple of years ago, much of CPS Energy's approach to innovation was largely driven by new

products and offerings.

According to Jason Scarlett, "If vendors had a new technology or a research group wanted to try out new things with a couple utilities, that was primarily the way we got introduced to new ways of thinking. We'd also go to the big conferences and see how other utilities have done things and perhaps try to adopt some of the products and solutions they had deployed."

Exelon Utilities had a solution-focused mindset as well. "The way we traditionally operated is that we engaged around a single solution for some problem, then we spent millions and millions of dollars on it, and years and years to implement it," said Nevels.

Today we are seeing a shift in these patterns as vendors move from solution providers to potential partners in future energy business models. A single app, or even an enterprise software system,

is not going to address everything the future needs.

Similarly, a single vendor or partner is not going to address every business need. Utilities and their partners need to consider a portfolio of opportunities and solutions to be ready for the future.

"The future is going to be much more modular as we'll have several different solutions that comprise many different partners and are not focused on solving a single problem," said Nevels. "We have to think about how all the different components work together as you think about solar panels, electric vehicles, street lights, autonomous vehicles, and so on."

You can't look at any one of those by themselves. You can't engage with a single vendor to solve a single problem. You must think about how all those different angles and components impact the others."

Nevels continued, "We don't want to engage with vendors and say, 'Hey, what's the new product you have and let's implement this product.' We want to engage with them as partners and hopefully co-create an optimal version of the future. The future is going to be something from all those players working side-by-side, leveraging their proprietary gifts and competitive advantages to bring a more comprehensive solution together."

Dan Bradley is a managing director in Navigant's energy practice, where he focuses on developing and operationalizing strategies for investments, business initiatives, products and development, and professional services across the utility, investor, and manufacturing sectors. Currently, he is director in charge of the REV Connect program, where Navigant has partnered with NYSERDA to accelerate innovative energy partnerships in New York State. **H. Christine Richards** is a managing consultant in Navigant's energy practice.

Utilities Must Increase Transparency

Both Nevels and Scarlett understand that their organizations can't address all customer needs in a future community. At the same time, no other organization can address everything either – whether Google or AT&T. They all must co-create and, as Navigant learned through REV Connect, co-creation requires building spaces to innovate. Utilities and their partners must be open to sharing their needs and their capabilities to enable the future.

“Right now, we're trying to establish a process to share externally our strategic imperatives, objectives, and the questions we're trying to answer to bring collaboration from other partners,” Nevels said. “With a deeper understanding of us, our partners can work with us to not only identify solutions to the problems that we're looking to address, but also reveal what questions they're trying to answer. Our hope is that we can then collectively answer some of those questions.”

Exelon Utilities is looking for an opportunity where all the entities with a role to play in a community's future can come together and share their vision for that future. “If we have an open dialogue, then we can start to put the pieces of the puzzle together in a way that may be more optimal than if we each focus on our own proprietary vision of the future,” said Nevels. “I like the idea that we're greater than the sum of our parts when we think about the future.”

CPS Energy has found greater transparency and connection through a dataset that it released for a datathon competition – one year of fifteen-minute interval usage data for ten thousand smart meters.

It is anonymized to protect individ-



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ual customer privacy, but the dataset provides insights into individual usage and behaviors for residential customers. After the datathon, the vendor community approached CPS Energy seeking to use the dataset for their demos. One of the biggest challenges facing vendors was approaching a utility with often fictitious datasets that vendors had to create to demonstrate their solutions.

This interaction ultimately sparked an idea about how CPS Energy could change its conversations with potential partners.

“What if instead of vendors coming to us and the first thing they say is, ‘What are your pain points?’ we go ahead and publish some of our challenges, along with anonymized or aggregated datasets that are structured the same way as a real dataset?” said Scarlett. “With these synthetic datasets they can come up with something and then pitch CPS Energy with new ideas to solve our challenges. That's exciting.”

CPS Energy also opened the opportunity for greater transparency with its



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customers and invited them to join in the process of innovation. “We wanted to engage our customers and our community in this dialogue and see if they have any innovations that are grown in our backyard,” said Scarlett.

The company started a program called C3, or Customer Centric Competition, which is an idea competition to generate and grow new ideas for CPS Energy. “If you live in the San Antonio community and you have an idea that would be focused in on customers at CPS Energy, we'd love to hear from you,” said Scarlett.

Creating the Space for Innovation

Utilities and their business partners are working to create space to rethink long-held procurement practices. The future of utilities is becoming increasingly complex with new needs and opportunities. Creating space for this openness and these relationships that challenge the current thinking in the industry, is vital for success. Innovative approaches to partnerships and thinking are needed to bring about the true change required to build future utilities and communities. 

Indianapolis. July 21 – 24. The NARUC Summer Policy Summit, naturally, be there or be square.