



Ceres' Electric Power/Investor "21st Century Utility" Initiative

Paper for Consideration at the NARUC Climate Conference

Ceres has undertaken an electric power/investor initiative to examine the "21st century utility". As part of this initiative, Ceres has retained Navigant Consulting to prepare a report that presents a vision and key characteristics of leading utilities in the new century, and recommendations for what utilities can be doing now to address the opportunities and challenges they face. The report will discuss how utilities are dealing with key environmental trends, while continuing to provide reliable, affordable electricity, and quality customer service.

An underlying theme of the initiative is that a low carbon economy will necessarily cause us to rethink how we produce, deliver and use electricity. Decisions that utilities make today will have impacts that are felt for decades. Indeed, some utilities will be more successful than others in making the transition, and will emerge as leaders. We believe that leading utilities will embody key characteristics including:

- Carbon/greenhouse gas management across the enterprise;
- Integration of energy efficiency and distributed energy resources; and
- Enabled and engaged customers as energy partners.

The target audience includes utilities, regulators and the investment/analyst community. The report is intended to present a vision for the 21st century utility, and to discuss the challenges that must be overcome to achieve that vision. It will consider current trends including renewable energy, the Smart Grid, and evolving customer expectations. The report will also present examples of things that leading utilities and regulators are doing now to move toward the vision. As part of the background research for the report, the Ceres team has conducted in-depth interviews with several utilities, industry analysts and regulatory experts.

We believe that this report will enrich the discussion and exchange of ideas at the NARUC Climate Conference. We appreciate your consideration and look forward to joining the group at this important event.