

McDONNELL GROUP

Smart Grid Market Research
Summary

Red Clay Forum Panel

University of Georgia

March 20, 2009



What We Do

Service Offerings

Research, Strategy & Retained Integrated Marketing Communications Services			
Business Strategy	Marketing & Brand Strategy	Marketing Program Planning	Communications & Program Support
<ul style="list-style-type: none"> • Customer and market segmentation • Market-driven innovation and growth strategies • Customer value proposition 	<ul style="list-style-type: none"> • Identity and positioning research • Brand leverage /extendibility • Brand strategy • Competitive Analysis 	<ul style="list-style-type: none"> • Strategy and plans • Product/service development and launch strategies • Brand and marketing management 	<ul style="list-style-type: none"> • Market Perception & Brand Research • Retained Communications Programs & Services • Trade Public & Analyst Relations
Custom Research, KPI & Results Tracking Analysis			

Client Benefits

Provide Access to New Customers & Markets	Uncover Business & Brand Potential	Increase Investment Efficiency	Strengthen & Extend Customer Relationships
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Smart Grid Going Mainstream & Consumer Perceptions Are Forming



Smart Grid Makes The Super Bowl, But Is It Smart Stimulus?

February 2009

Smart Grid Defined From a Distribution Utility Company Perspective

The expansion of automation technologies and integrated systems to support a wide range of market opportunities leveraging programs including:

- Distribution system optimization and loss minimization*
- Integrated systems connecting customers and suppliers in real-time to support variable and time of use (TOU) pricing, peak load reduction, and integrated demand management
- Distributed generation modeling and system integration including incremental/intermittent residential generation sources (Solar, Wind etc).
- The smart grid of the future will require a tight integration between market systems that deliver price transparency and the distribution systems we rely upon today
- Finally, the integration of load control, smart thermostats, in home displays/networks, and message-based price response programs that tie consumers, utilities, and intelligent appliances together with 'software agents' to effect the realized price elasticity of market demand

What are the Distribution Utility Business Constraint Realities in Implementing Smart Grid Technologies?

Striking the “optimal” balance between cost, quality, and service.

Quality Objectives

- Meeting customer quality, reliability, service commitments

Risk Management Objectives

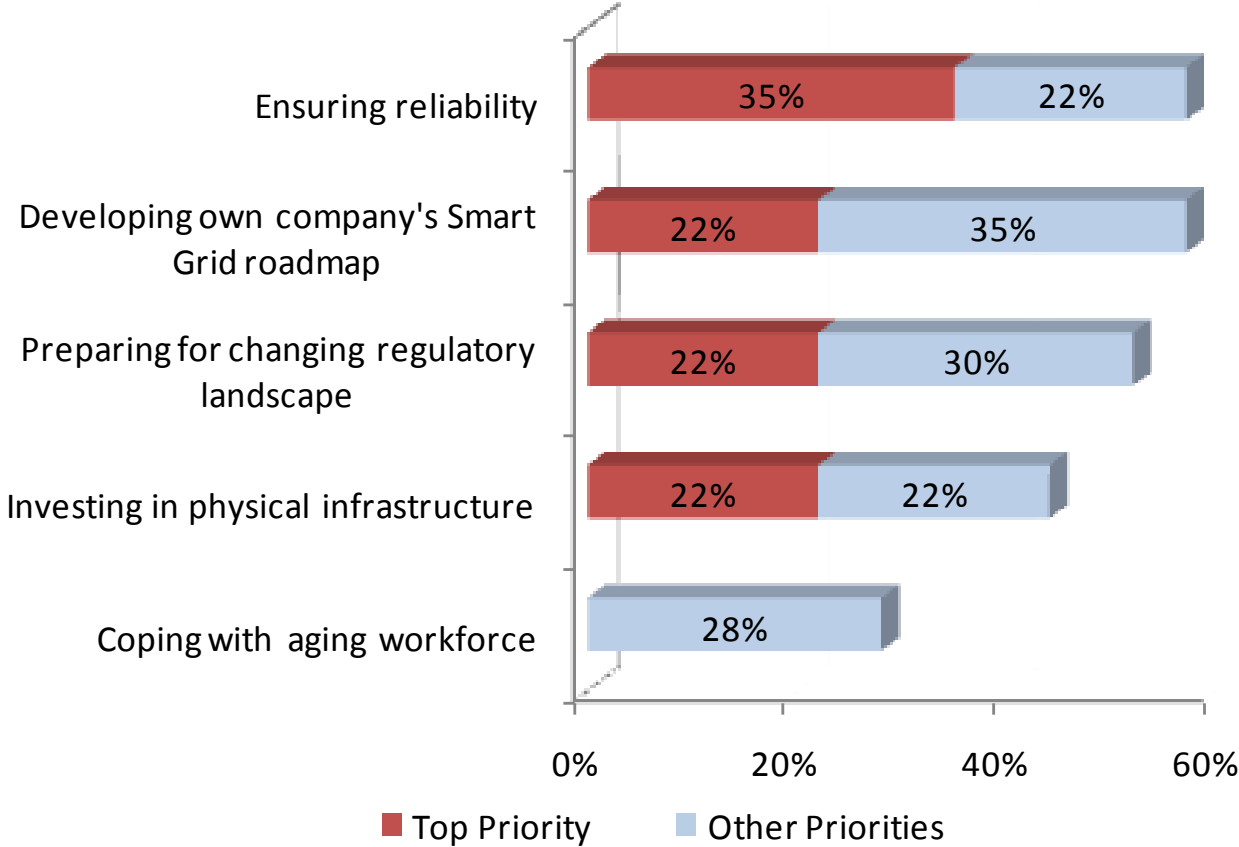
- Managing to the Delivery System Planning Envelopes

Economy Objectives

- Demand Management
- Managed Cost Efficiency
- Technology Business Case & Rate Recovery



Which of the following do you consider a TOP priority for your company? (Repeat question for Other Priorities)

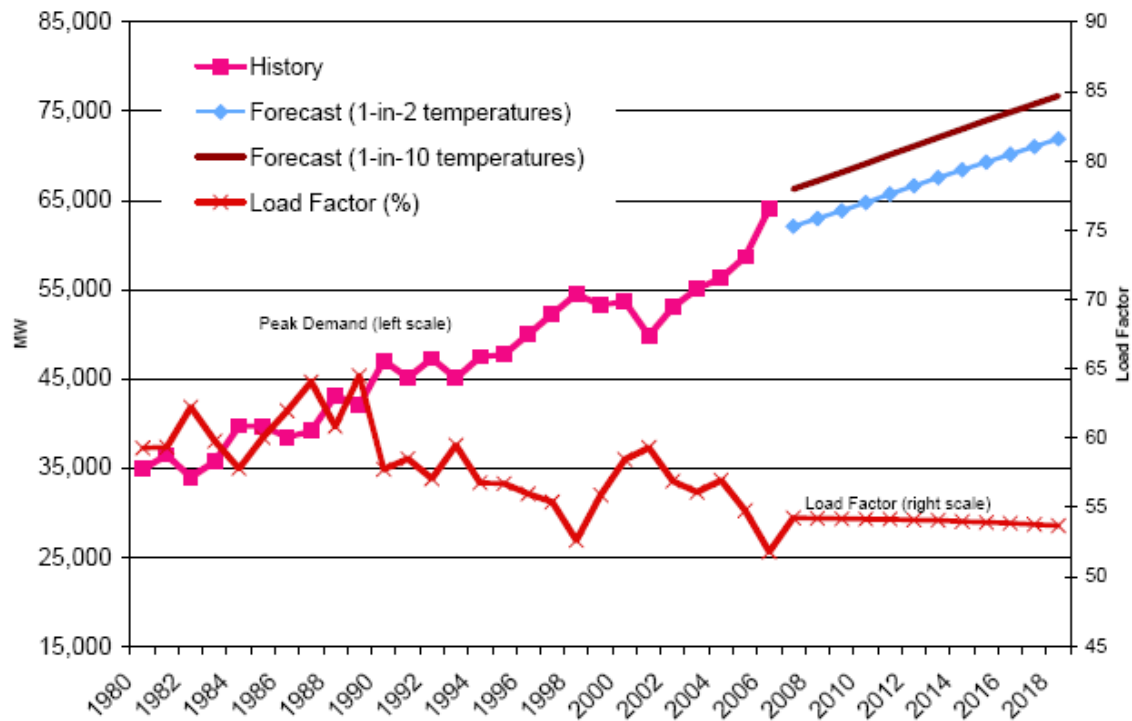


N=23

Utility Asset Capacity Utilization Factors Are Decreasing

- “Statewide annual peak demand is projected to grow, on average, 850 MW per year for the next 10 years”

Figure 2-6: Statewide Coincident Peak



Peak demand grows

Power plant utilization declines

Source: California Energy Commission California Energy Demand 2008-2018, CEC-200-2007-015-SF

For More Information Visit:

www.themcdonnellgroup.com