

January 22, 2018

# AMP Strategic Plan

## Public Utilities Board Meeting



AGENDA ITEM NO.: 6.A.  
MEETING DATE: 01/22/2018  
**EXHIBIT A**

ECONOMICS

STRATEGY

STAKEHOLDERS

SUSTAINABILITY

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# Agenda

- Strategic Plan Overview
- Utility Market Trends
- Stakeholder Feedback
- Alignment Cycle Results
- Strategic Destination and Issues
- Discussion, Next Steps and Close



# Strategic Plan Overview & Process

# Why Update Your Strategic Plan?

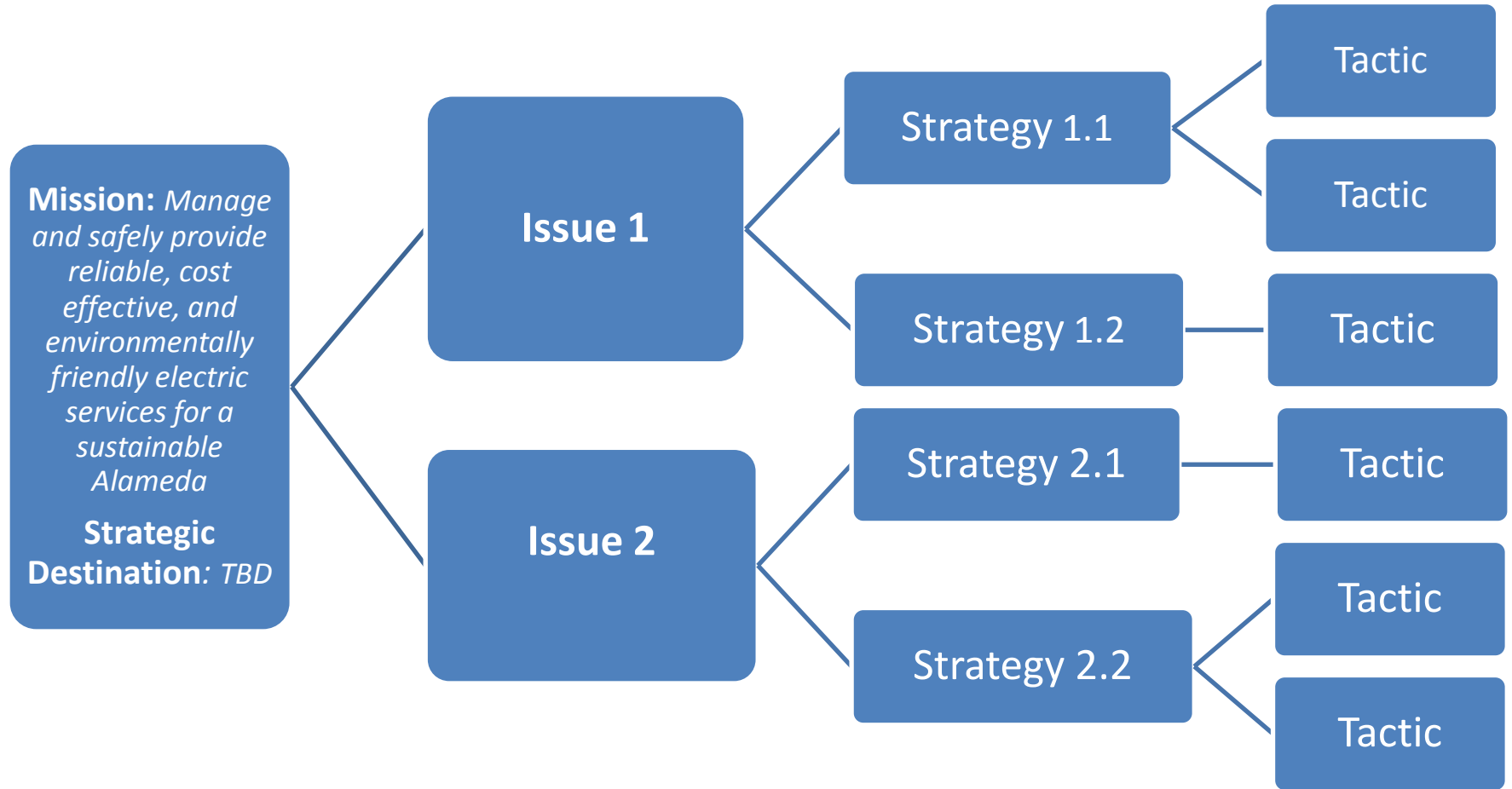
## *Purpose and Benefits of a Strategic Plan:*

- Navigates emerging customer and market trends
- Aligns AMP's Mission / Strategic Destination with tactical activities and decisions
- Acts as a filter for market and organizational decision making; prioritizing activities
- Should provide a clear connection between individual staff activities and utility-wide priorities.

# Strategic Planning Process

- **External Stakeholder Groups:**
  - Two External Advisory Panel workshops, two PUB / Open Meetings
  - Provide overarching direction and support, targeted insight and community feedback to ensure plan alignment and eventual endorsement
- **Core Planning Team's Role:**
  - Drive the development of the Plan and implement
  - Builds internal strategic planning experience and capacity
- **Consultant's Role:**
  - Lead Plan development; providing facilitation, solicit external stakeholder insights, subject matter experts
  - Extensive internal stakeholder engagement to identify, synthesize workforce input and ensure role of all staff in the Plan

# AMP Strategic Plan Structure



Long Term / Enduring Elements

Short/Mid Term / Detailed Elements



# Utility Market Trends

# Market Trends Overview and Discussion

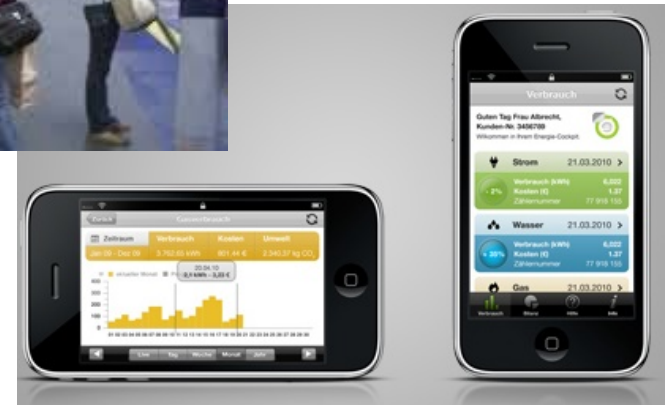
- IT/Technology

- Cyber
- IT & Ops / Automation
- Data Management
- AMI



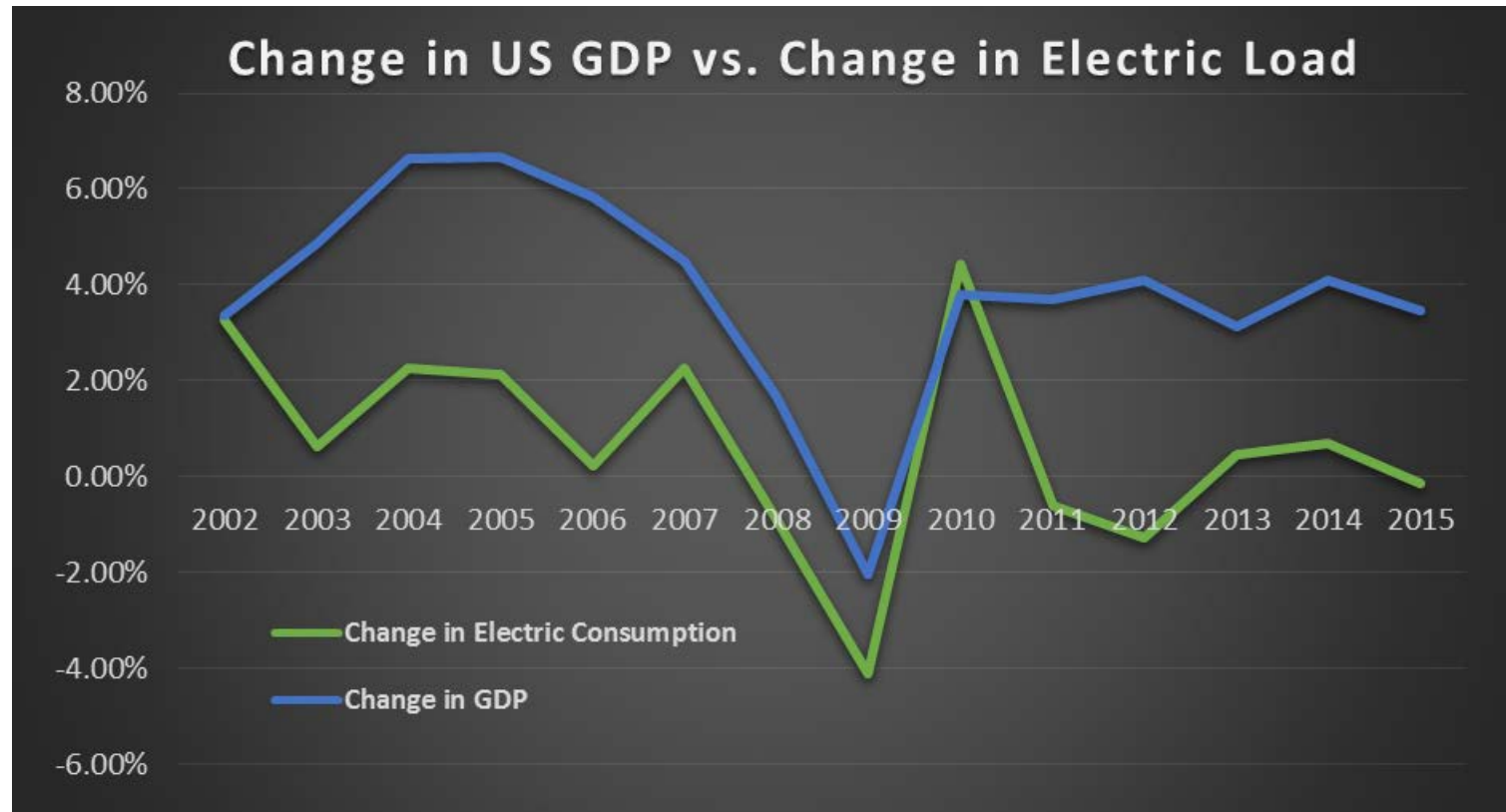
- Customers

- Retail customer pressure, connectivity
- Flexibility
- Unlimited options
- Distributed Energy





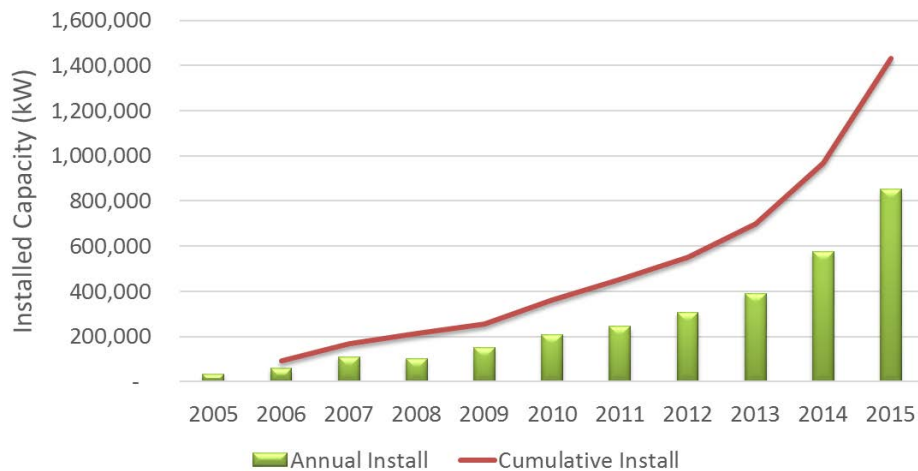
# Electric Load Growth Decouples from GDP



**Demand Destruction: Load Growth as we knew it is likely over. Most utilities experiencing between 0-1% annual growth in loads**

# Solar PV and Electric Vehicle Penetration

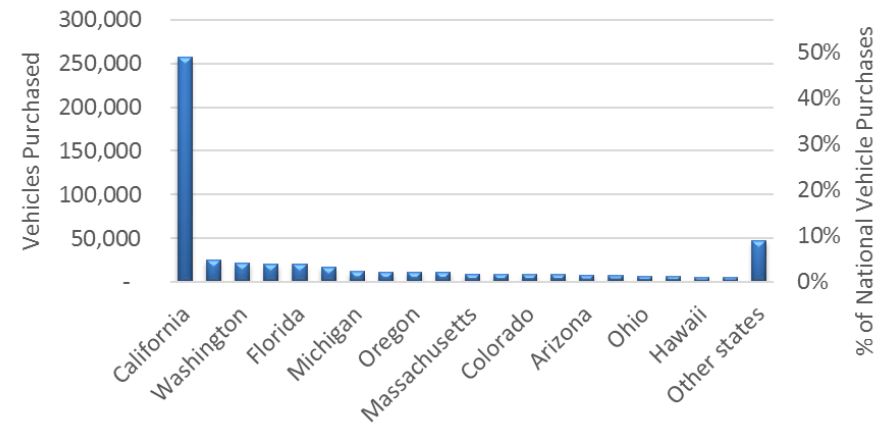
**California Small PV Installations  
(OpenPV.NREL: 1kW-15kW systems)**



Source: OpenPV NREL

*California has more than 50% of the total EVs in the U.S.*

**Electric Vehicle Purchases (2011-2016)**



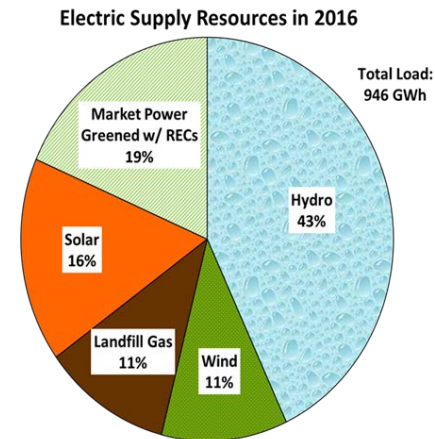
# Competitive Business Environment

Customers' choice continues to expand, from infrastructure, power mix, to provider

**Bloomenergy**

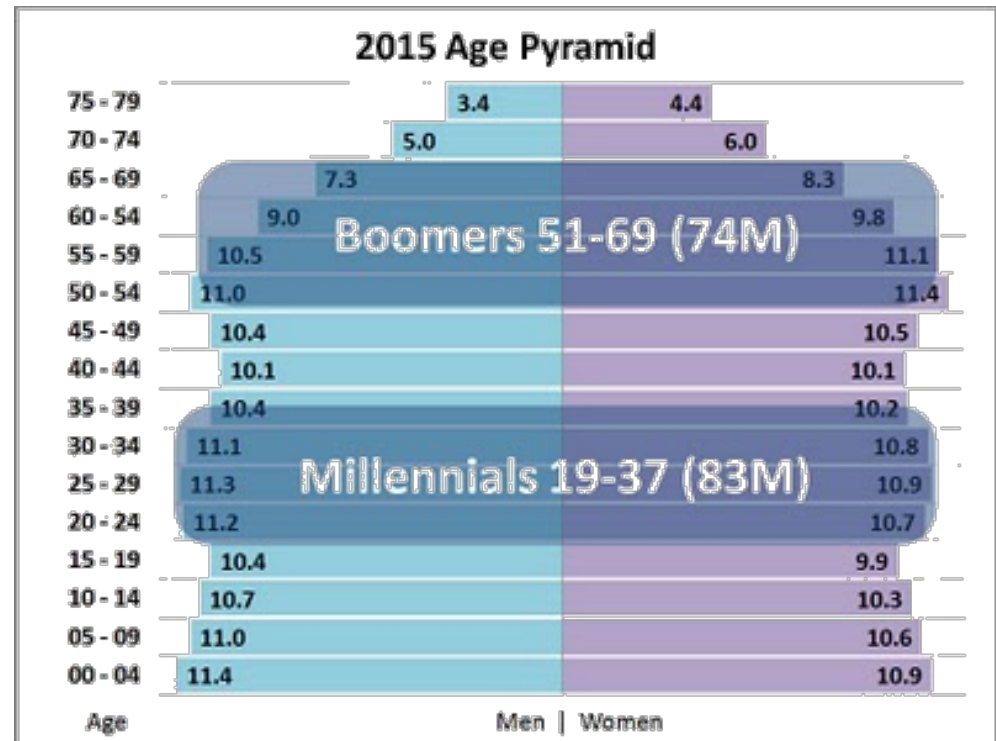


## Power Mix / Content Labels



# Workforce Trends

- 50% of workforce leaving in 5-10 years
- Potential paradigm shift in motivation, collaboration and use of technology
- Business process, culture, technology Changes
- How do we attract millennials?
- Local Issues:
  - Market competition for staff
  - City compensation limitations
  - Commute / Cost of living



# Other Utility Issues / Trends

- Resiliency
- Aging Infrastructure
- Potential New RPS Requirements
  - SB100 (50% by 2026; 60% by 2030, 100% goal by 2045)
  - Increased hydro available; Some utilities to shed hydropower to meet renewables mandates?
- Regulatory
  - Building codes
  - Trade Act ruling on tariffs may increase solar costs



# Stakeholder Feedback

# Customer and Stakeholder Insights and Feedback

## Key Trends / Issues:

- Workforce – attraction / retention
- Innovation opportunities
- Communicate AMP's value
- Technology (EVs, customer options, smart meters)
- Competitiveness (rates/cost management)
- AMP to help customers navigate options
- Resiliency
- AMP as an economic development tool
- Electrification



# Strategic Plan Survey and Alignment Cycle Results





# SchellingPoint Methodology: Data-driven Tool to Facilitate Strategy

Detailed Survey and Data-driven analysis to identify key issues, challenges facing the organization. Survey/results organized into:

Goals: definition of success, the opinions describing the ideal future state

Unintended Consequences: the potential negative side effects triggered by taking action

Barriers: barriers people experience or expect that may prevent goals of organization

Assumptions: underlying assumptions, creating the case for action – why do we need a strategic plan

# Survey, Results and Outcomes

## Process:

1. Seed Interviews: All Core Planning Team (phone or online)
2. Developed survey content / statements (organized into G/U/B/A)
3. Opinion Survey participation: 87% of AMP
4. Convergence participation: 68% of those asked
5. Evaluated outcomes to identify specific issues, opportunities, etc. to address in the Strategic Plan

# Results and Outcomes

Results	AMP	Benchmark Avg/Goal
Overall Alignment	77	72/80+
<b>Goals</b>	<b>*80*</b>	<b>74/80+</b>
Unintended Consequences	72	70/80+
Barriers/Issues	71	70/80+
Assumptions	71	<b>74/80+</b>

Goals show promising alignment

Unintended Consequences, Barriers and Assumptions are below target.

- This is common among organizations
- **Goals:** Higher alignment indicates an overall shared definition of success, foundation to start from.
- **Assumptions:** scores indicates opportunity to educate on *case for action*
- **Unintended Consequences and Barriers:** scores help identify specific issues to include/address in Plan to ensure success.

# Results and Outcomes – Initial Issue Groups

- Workforce / Culture
- Programs/Projects (e.g. internal and customer focused)
- Communication/Collaboration
- Workflow and Business Process
- Utility Business and Financial Model
- Environmental
- Emerging Industry Trends
- Technology
- Infrastructure
- Management and Organizational Structure
- Customer Experience



# Strategic Destination

# Understanding Vision and Mission

## ***Mission:***

Why your organization exists; a purpose, cause or belief

## ***Strategic Destination:***

How your organization will fulfill its vision/mission; elements of what is achieved; Stake in the ground for the next 10 years

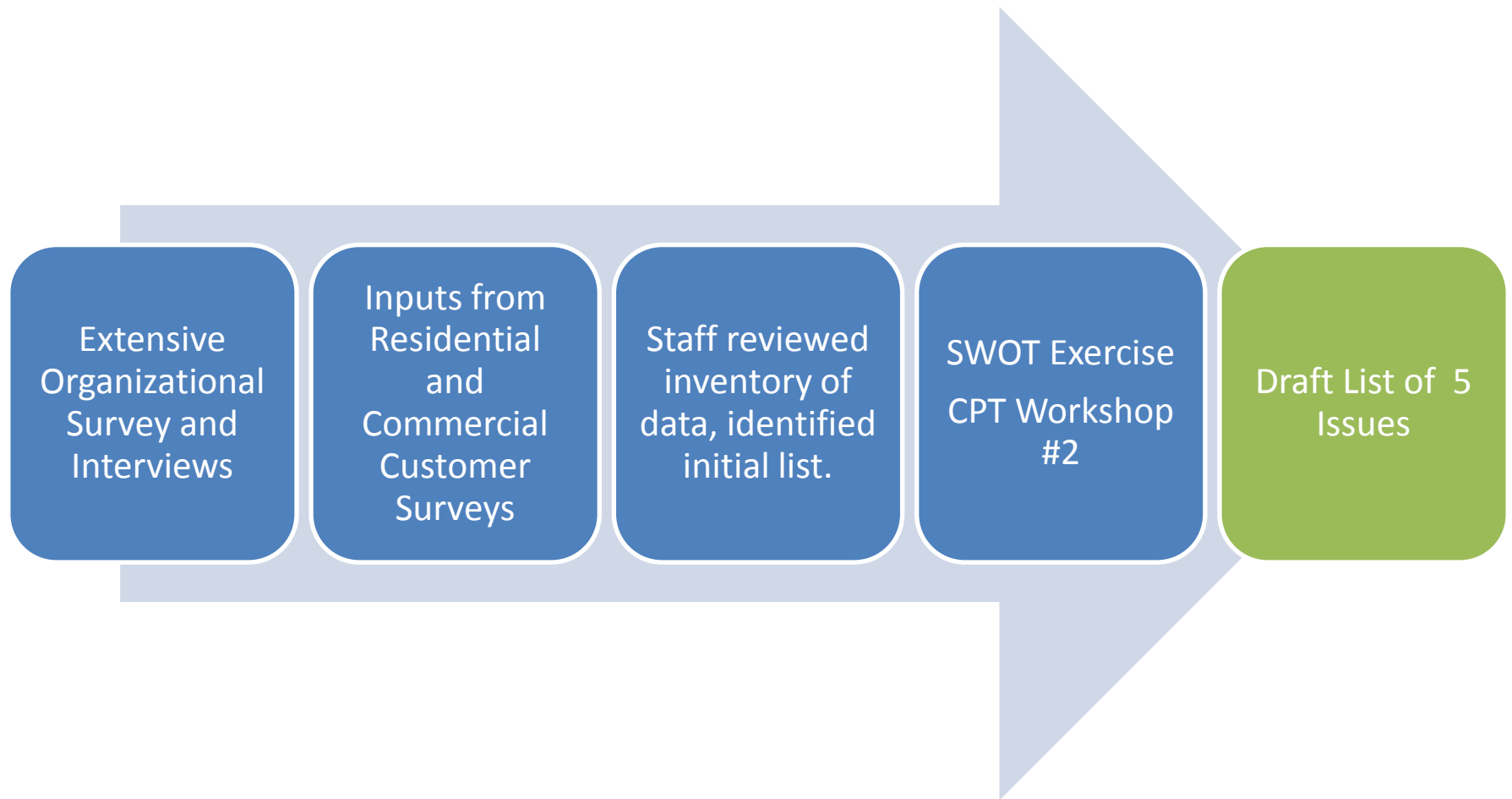
## ***AMP Mission:***

*Manage and safely provide reliable, cost effective, and environmentally friendly electric services for a sustainable Alameda*



# Key Issues AMP Must Address

# Identification of Key Issues and Challenges

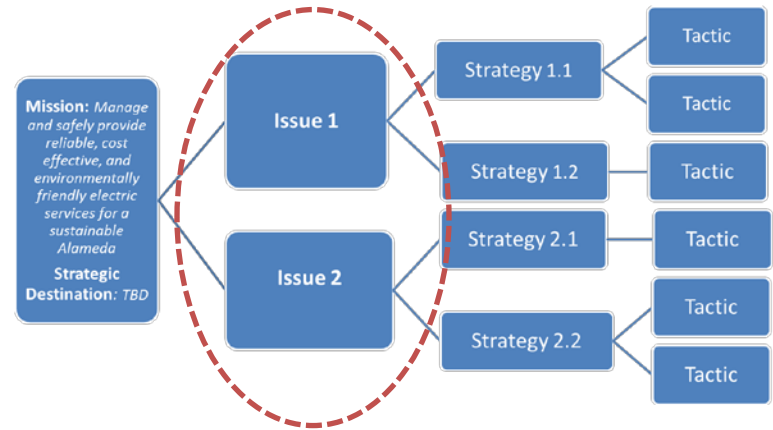




# DRAFT Issues

## Issue:

A problem, concern or challenge that your organization must address to realize the Strategic Destination



- *Workforce and Culture*
- *Organizational Structure and Workflow*
- *Technology*
- *Business and Finance*
- *Customer Experience*

# DRAFT AMP Issue Statements

## 1. Workforce and Culture

AMP must attract and retain employees while adapting to the evolving industry trends

## 2. Organizational Structure and Workflow

AMP shall improve its business processes to meet the needs of a changing workforce, customers' demands, and industry trends

## 3. Technology

AMP must optimize its current technology while evaluating and prioritizing new opportunities

## 4. Business and Finance

AMP must remain competitive and sustain our financial performance to achieve our goals.

## 5. Customer Experience

AMP must increase its value to the community by enhancing the customer experience (programs, brand, interactions)



# Next Steps

- 2/15/18: CPT Workshop 3
  - Completion of Strategic Plan elements
- February/March: AMP Staff refine / finalize details of the Plan
- April/May: Presentation to PUB for approval



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