

Big changes happen in no time

by **Jerry Toenyas**

The last few years have been a time of dramatic change for Western and the entire electric utility industry. The need to maintain

or reduce rates, industry deregulation, competition and a sharp decline in construction activities have caused Western and utilities nationwide to change the way we do business.

Robert Glynn Jr., CEO of Pacific Gas & Electric, predicts that "future energy markets will be dominated by customer preferences, defined by competition and driven at the speed of light—or at the very least, the speed of the Internet... The successful companies of the future will have to transform themselves over and over again to meet continually changing demands, desires and expectations."

He warns that the electric utility industry faces "rapid changes at a relentless pace." Electric company officials "will need to mirror the competitive spirit and entrepreneurial mind set of California's Silicon Valley... where a major portion of the products and services they are providing today didn't exist 24 to 36 months before."

This certainly is true in California where just 24 months ago an Independent System Operator and Power Exchange were only concepts. Now they are operational realities. And this is only the beginning of the rapid changes we will encounter. Although the ISO just started operation on March 31, some industry observers already suggest there may be a transition from a non-profit ISO to a for-profit "GridCo" in the near future.

Other policy issues such as how to monitor the marketplace to prevent abuse, evaluate the impacts of a competitive marketplace on reliability and plan for transmission expansion, along with considering a myriad of legislative

actions such as national industry restructuring, are just some of the items that will continue to change the industry at Internet speed.

Western must continue to show its flexibility to adapt to the rapid changes that will be coming at a relentless pace.

Western staff have expended a significant effort participating in industry change. Western has been influential in the development of ISO grid management charge and the PX administrative charge, managing transmission congestion, scheduling coordinator certification requirements, supporting the need to honor existing contracts, participating in ISO governing board meetings, developing mandatory maintenance standards, preparing for security coordinator roles, and modifying tariffs and protocols to allow power marketing administration participation in industry restructuring. These efforts—on things that are a reality today but didn't exist 24 months ago—are required to ensure Western remains a viable entity in the electric utility industry. If we had remained at the status quo, Western would already be a misfit or dinosaur in California—and everyone knows what happened to the dinosaurs!

Western is changing its culture and business practices to succeed in the deregulated industry. But more change is inevitable and our ability to transform over and over again to meet changing demands, desires and expectations will be critical for our continued success. We must work closely with our customers to help them maintain their competitive positions, along with looking at new ways to contain costs, increase revenues and productivity, provide new products and services, and operate more efficiently. All of us need to work together to help Western meet these challenges.