

Closing Presentation

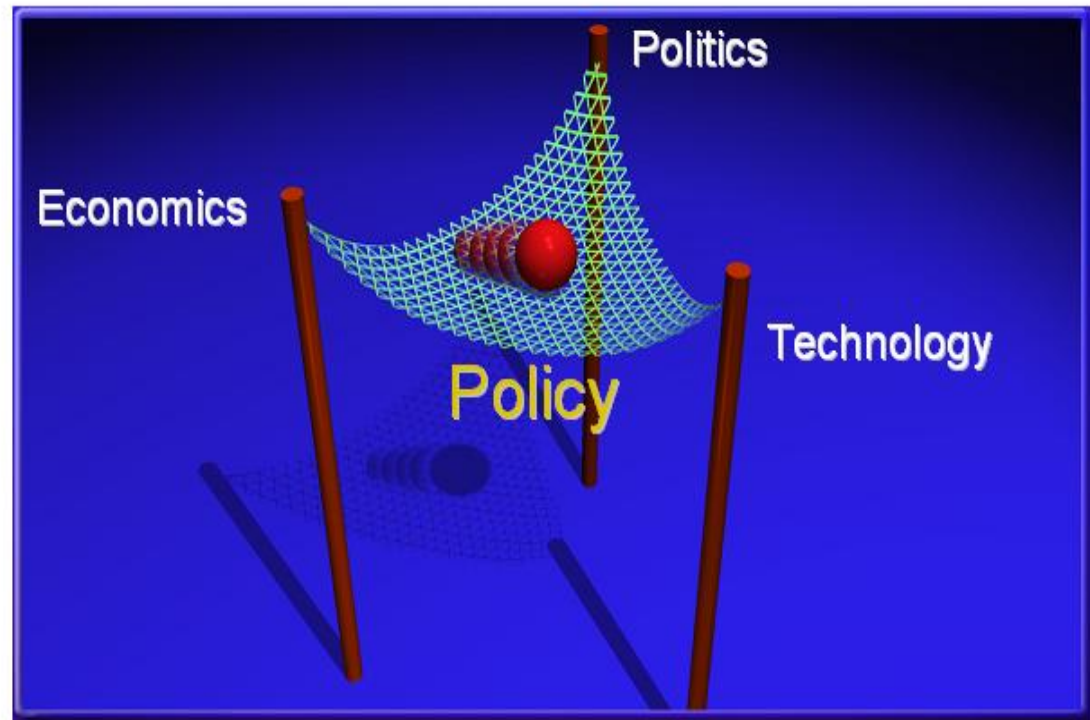
Clark Gellings

EPRI

Restructuring Trilemma

The electricity industry is caught in a Trilemma of Politics, Economics and Technology

- This Trilemma must be brought into balance to:
 - Meet stakeholder needs and expectations
 - Ensure the sustained health and value of the sector



Finding a Way out of the Regulatory Maze



- The electricity sector regulator's role has to change
 - Electricity is no longer a declining cost commodity - to regulate that as such is not logical
- A newly empowered consumer coupled with open and transparent markets and supportive regulation allows for a new transformed future
- Regulatory relations need to bridge financial security in order to incent investment

The Evolving Role of the Regulator

In a transformed electricity sector, regulators will take a proactive, positive role

Future Regulatory Role	Past Regulatory Role
Protecting markets	Protecting consumers
Setting incentives	Delivering punishment
Arbitration between the consumer and the company	Prosecutor of customer complaints
Ensuring financial rate of return	Discouraging rate increases
Encouraging technology advancement	Discouraging investment in excess capacity

Unleash Innovation

- Increase power flow (superconductivity)
- Achieve digital control of the power delivery network (post – silicon power electronics)
- Develop new storage devices
- Integrate communications with the power system
- Integrate distributed energy resources
- Accelerate end-use efficiency

