STRATEGIC PLANNING

Strategic Planning Facilitation



October 2022

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STRATEGIC PLANNING AGENDA & SESSION BOOK

01 AGENDA

05 STRATEGIC ISSUES
Issues Feedback
Issues Checklist

02 INDUSTRY DISRUPTIVE TRENDS

06 GOAL SETTING

03 MISSION STATEMENT

SWOT
SWOT Team Exercise
SWOT Feedback







"Plans are useless, but planning is indispensable."-**Dwight D. Eisenhower**



"The essence of strategy is choosing what not to do."
Michael Porter



"A goal should scare you a little, and excite you A LOT."-Joe Vitale

Why Engage In Strategic Planning?

- Establish priorities and set the direction of the organization
- Discussions "sweep out the corners" of the cooperative
- Align activities of stakeholders
- Provide a platform for communication
- Provide metrics against which to measure progress
- Better serve our members through good governance





SAMPLE GOAL/OBJECTIVE/STRATEGY







STRATEGIC PLANNING

Electric Industry Disruptive Trends



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Disruptors In The Headlines

- West Virginia v. Environmental Protection Agency
 - Major questions doctrine
 - Neither the EPA nor any other agency may adopt rules that are "transformational" to the economy – unless Congress has specifically authorized the agency to deal with the matter
 - "Something more than a merely plausible textual basis for the agency action is necessary. The agency instead must point to 'clear congressional authorization' for the power it claims." - Chief Justice John Roberts





Post-Pandemic Disruptors

- Interest rates
- Economic issues-are we in a recession?
- Lack of available skilled workforce
- Inflation
- Supply chain













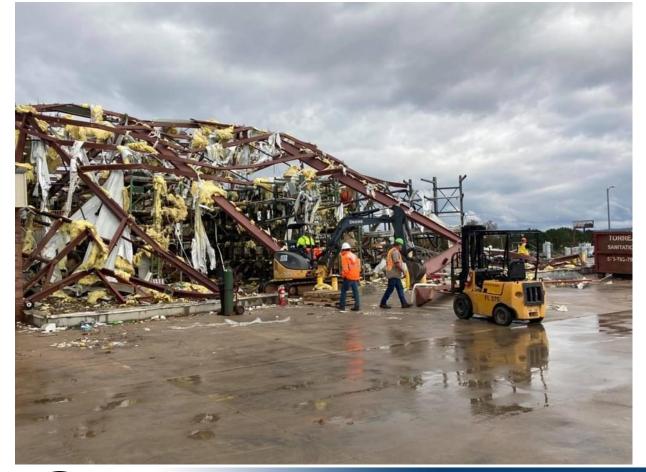
















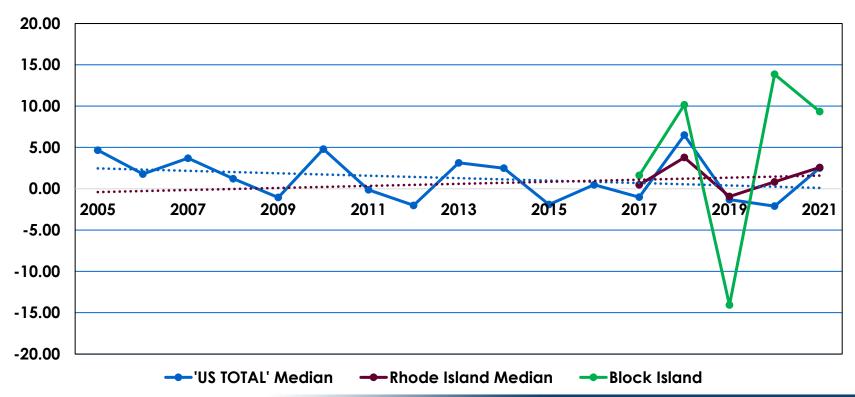








Annual % Growth kWh Sold



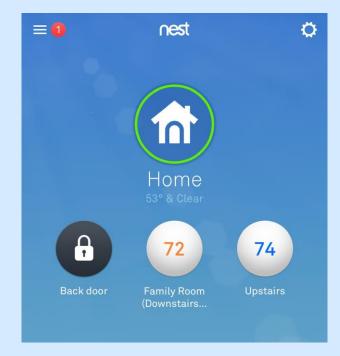




Why Now?.... What is Different?

New Technology

- Smart Controls
- Efficiencies
 - Lighting
 - Appliances
 - HVAC
- AMI
- Distributed Generation
- Competing Fuels



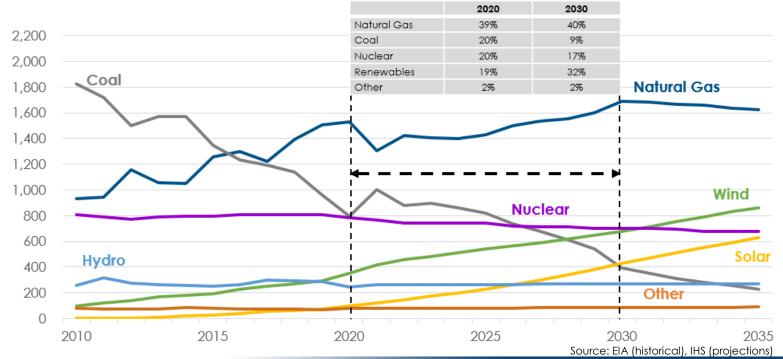






U.S. Electricity Mix ... In Transition, Speeding Up!

U.S Lower-48 Generation by Fuel Source, TWh

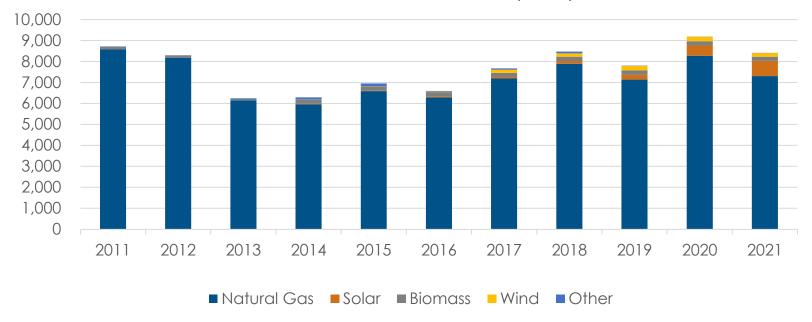






Rhode Island Generation Mix – Annual





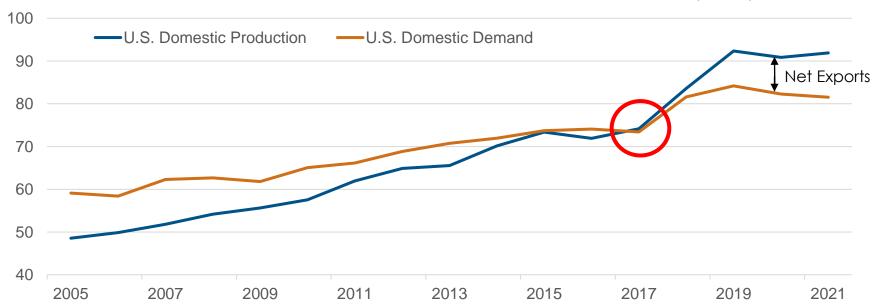
Source: EIA





U.S. is a Net Exporter of Natural Gas

U.S. Natural Gas Domestic Production vs. Domestic Demand (Bcf/d)

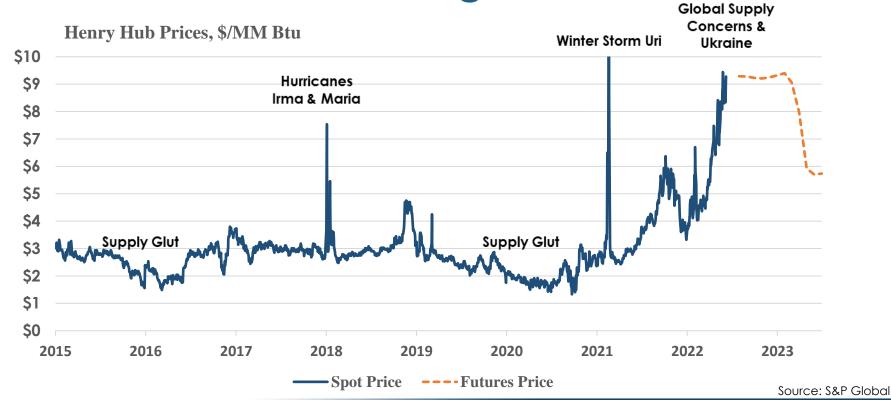






Source: IHS Markit

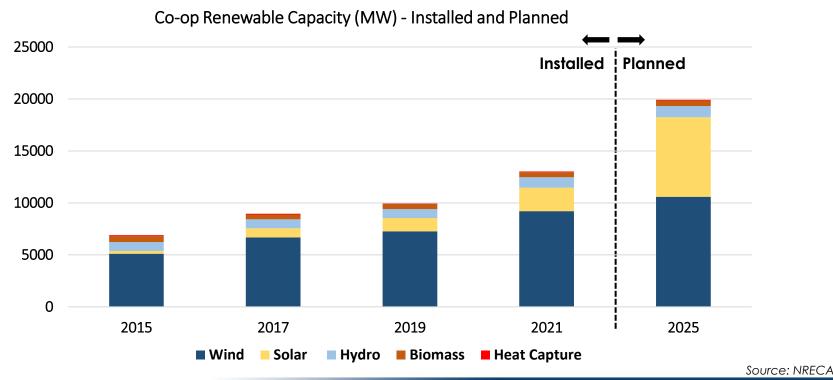
U.S. Natural Gas Pricing







Co-op Renewable Energy Growth

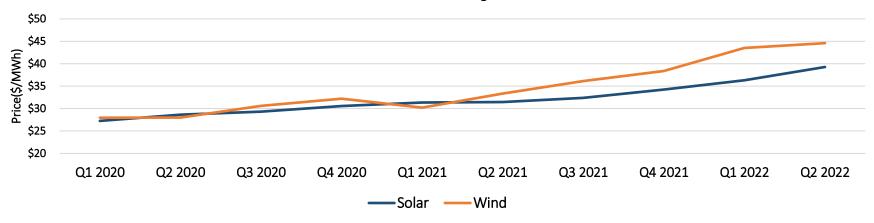






Renewable Prices Rising

Renewable Prices - Market Averaged National Index





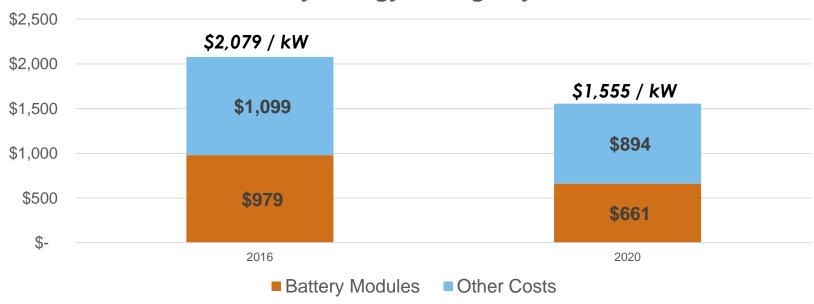
Source: LevelTen Energy





Battery Storage Cost Reductions

Capital Cost of a 5 MW, 4 hour Utility Scale Battery Energy Storage System



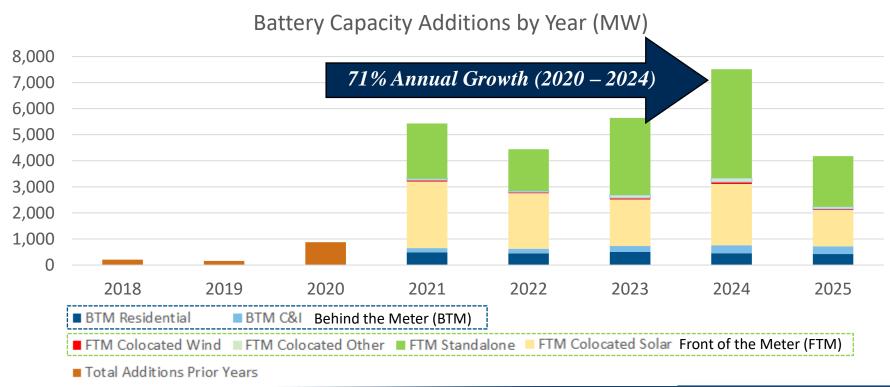
Cost reductions for a 5 MW, 20 MWh distribution utility scale battery energy storage system.







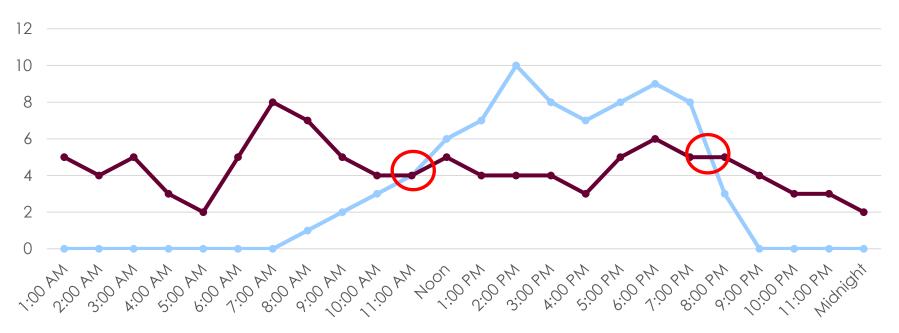
U.S. Annual BESS Additions and Projections







Who is the Battery?



Generation → Demand





















Auto Manufacturer EV Commitments

Ford	 \$11.4 billion investment in battery plants and EV manufacturing complexes. Plans to accelerate their deployment of EVs and could increase investments by up to \$20 billion.
<u>GM</u>	 All-electric model lineup by 2035. 40% EV lineup by 2025. Plans to invest more than \$35 billion in electric and autonomous technologies, 2020-2025.
HONDA	 40% of sales by 2030. 80% of sales by 2035. 100% of sales by 2040.
TOYOTA	 3.5 million EVs per year worldwide by 2030. Lexus will be 100% electric by 2030.
CHRYSLER	• Plans to go all-electric by 2028.





EV Opportunities



Residential Charging



Public Fast Charging



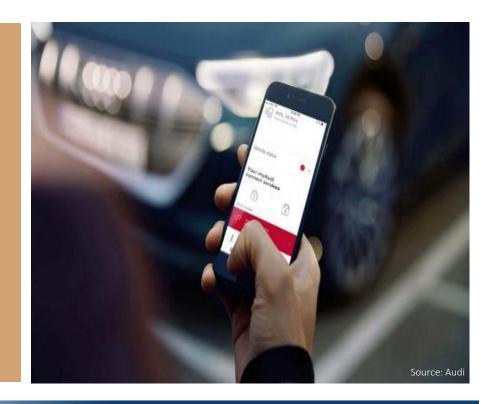
Fleet Charging V2G (Vehicle 2 Grid)





EV - Changing the Experience with the Co-op

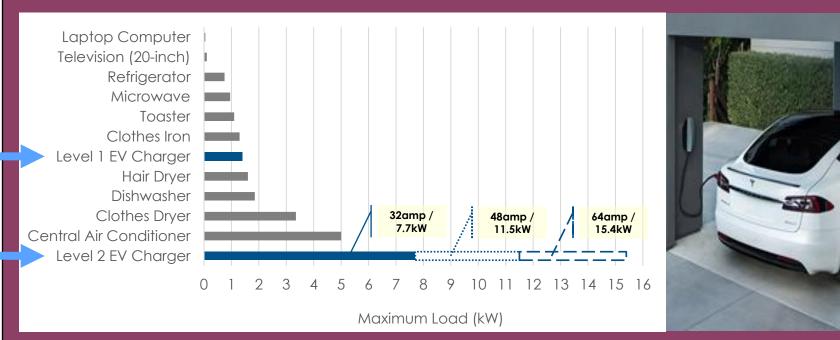
- EV Owners Prefer Charging @ Home
 - + 2,700 3,300 kWh per year (+30%)
 - Flexibility in Load
- Look to the Co-op as Experts in the Electrification of Vehicles
- Interest around Electric Rates
 - Engaged in Rate Conversations
 - Ease of Use is Scheduling Charging
- Generally Interested in Cleaner Sources of Energy







Consideration for the Distribution System







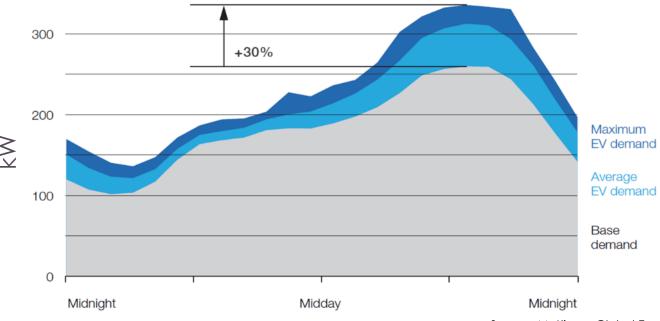


Consideration for the Distribution System



Residential Charging

Feeder circuit load, 150 homes with 2 vehicles per household, with 25% electric-vehicle (EV) penetration for Midwestern U.S. on a typical day in September.







Source: McKinsey Global Energy Perspective

Impact of Unmanaged EV Charging

Wholesale Demand Rate		Impact of Single 10 kW EV Charger On-Peak	
\$	8	\$	80
\$	10	\$	100
\$	12	\$	120
\$	14	\$	140
\$	16	\$	160
\$	18	\$	180
\$	20	\$	200

- Unmanaged EV charging may significantly increase wholesale demand costs
- > Adds modest revenue
- > Leads to erosion of margin





What Are The Challenges?

- Rates and Cost of Service
- Member Communication and Engagement
- Technology at the Utility
- Cyber and Physical Security
- Demographic Changes





Rates and Cost of Service

Why Adjust Rates?

- Inadequate Revenue
- Changing Circumstances (Inflation, G&T Signals, Asset Investments)

What Are The Trends?

- Fixed Charges Recover Fixed Costs
- Three Part Rates
 - (Fixed, Energy & Demand)
- Time of Use

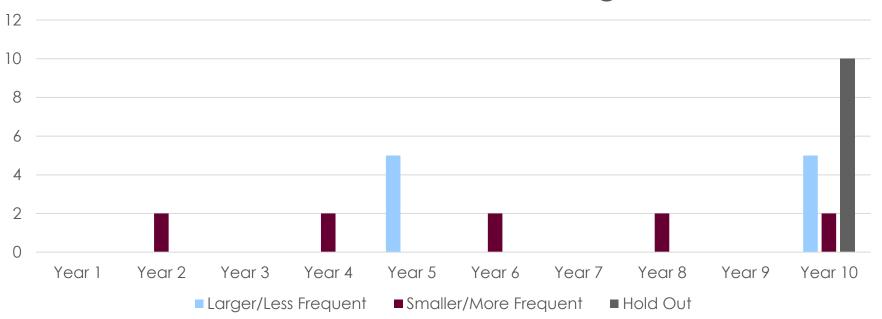






Frequency vs. Magnitude of Rate Increases

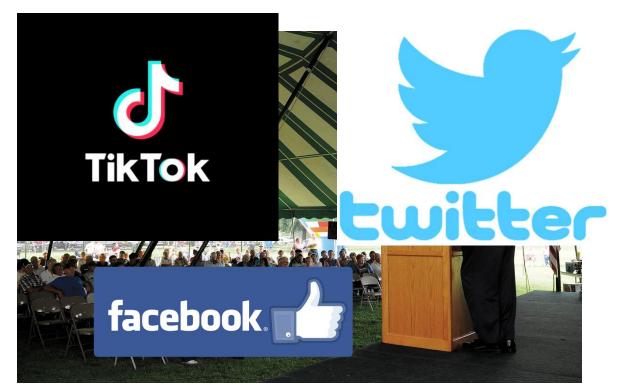
Rate Increase Percentages







Member Communication & Engagement

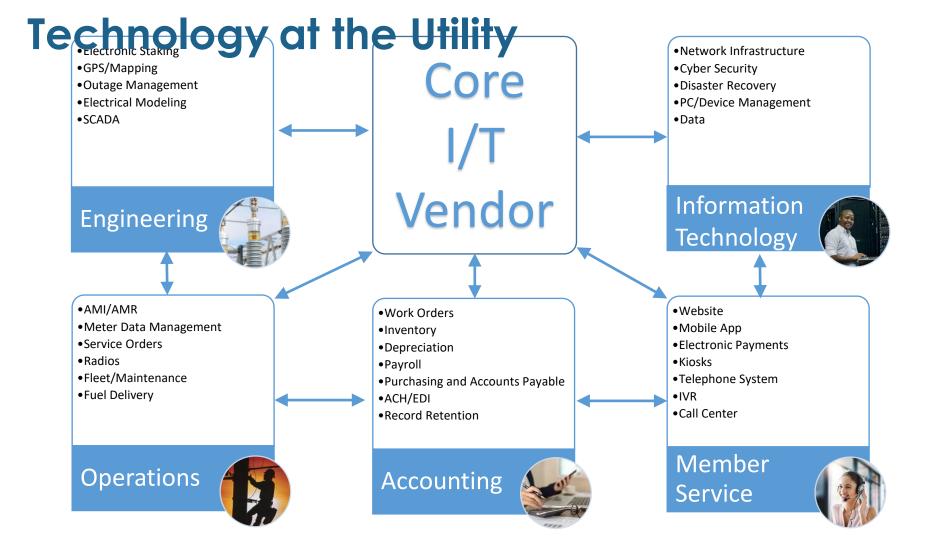












Cyber and Physical Security

- Risk Management
- Building Security
- Insurance
- Audits
- Phishing/Social Engineering
- Hacking
- and many more....





Multiple Generations at Work

TRADITIONALISTS



Pre-1945

Work is: An obligation

Changing Jobs: Stay for life

Changing Paths: Slow and steady

BOOMERS



1946-1965

Work is: Expected

Changing Jobs: Loyal to employer; connecting to values

Changing Paths: Upward mobility

GEN X



1966-1977

Work is:
A difficult challenge

Changing Jobs: If necessary for compensation

Changing Paths:
Need to know options now

MILLENNIAL



1978-1995

Work is: A means to an end

Changing Jobs: Is expected

Changing Paths: Switch frequently and fast

GEN 2020



After 1995

Work is: Consistently evolving

> Changing Jobs: Constantly

Changing Paths: Career "multitaskers"







- She had a heart to serve
- She had pure motives
- She wanted to put our best foot forward in the community
- She put in the time
- She was a good steward
- She was convinced she was doing the right thing
- Bottom line-nothing changed







DROP THE **BLADES!!!**











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Organizational Statements

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Current Mission Statement

The Block Island Utility District dba Block Island Power Company proudly serves Block Islanders with safe and reliable energy.





Mission Statements

"To enrich women's lives." - Mary Kay

"Our mission is to organize the world's information and make it universally accessible and useful." - <u>Google</u>

"<u>Tesla</u>'s mission is to accelerate the world's transition to sustainable energy."









