

Tom Kuhn Remarks
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Good afternoon. Thank you, Barry, for that kind introduction. I always enjoy participating in this forum, as it provides a terrific opportunity to hear about the issues that my colleagues across the energy sector have on their radars.

I also really enjoy the beginning of a new year—it is the time to take stock of what you achieved last year, to set goals for what you want to achieve this year, and, most important, an unparalleled time of possibility for what is to come.

American columnist and author Bill Vaughan once said, “An optimist stays up until midnight to see the New Year in. A pessimist stays up to make sure the old year leaves.” So, I guess that would make me an optimist—this year, at least. And, it is this spirit of optimism and possibility that I hope to leave you with this afternoon.

Fueling my optimism and excitement is the profound transformation that is underway across our industry. This transformation—more evolutionary than revolutionary—is being driven in large part by new technologies, shifts in public policy at both the federal and state levels, and evolving customer and market expectations. And, in my opinion, our industry is adapting to and leading enormous change right now, while continuing to provide value to our customers.

From the way they generate power to the way they manage electricity use, EEI’s member companies—and the electric utility industry as a whole—are adapting new strategies to transition to the future. By investing in renewable energy, transitioning from coal to natural gas, and pursuing energy efficiency, we are leading the way in reducing emissions and making electricity even cleaner. Today, nearly one-third of U.S. power generation comes from zero-emissions sources like nuclear and renewables.

These changes are not lost on our customers. In fact, across the country, there is a sense among our customers that energy is changing. Customers are paying attention to what is coming next, and they want our industry to be at the center of change.

More than ever, we, as an industry, have the opportunity to push the boundaries of innovation and to craft a vision for the future. At EEI, we are leading the transformation by helping to showcase the work that our member companies are doing to deliver the future that customers want and expect, in ways that do not jeopardize reliability and affordability.

We are focused on telling our industry's story and demonstrating the value that electricity—and our industry—brings to our customers' lives, our local communities, and to our nation's economy.

As we tell this story, we will be guided by three core driving principles: a modern reliable grid, innovative customer solutions, and even cleaner energy. At the center of the story will be our customers—and the benefits that they will derive from the changes underway. And, as always, we will focus on getting the policies right along the way.

A Modern, Reliable, and Resilient Grid

We all know that the power grid truly is the backbone of our electric system. It is the integrating platform that powers our lives and keeps us connected—now and in the future.

For electric utilities that invest in and operate the grid, this means that we are seamlessly integrating new resources, technologies, and services, and continually evolving to meet the needs of our customers.

Today, investor-owned electric utilities are investing more than \$90 billion per year, on average, to transition to a cleaner generating fleet and enhance the electric grid. (A record \$108.6 billion in investments is estimated in 2015 alone.)

To further support this transition, rate designs and business models are evolving to provide more options to customers, take advantage of technology commercialization, and adopt regulatory innovations based on sound economic principles.

In order to unlock the full potential of the grid and to drive innovation and change, we cannot do it alone. That's why utilities are working side-by-side with technology partners to integrate the many new technologies and innovations coming to the market each day.

Against this evolving landscape, protecting the grid remains a top priority for all of us. We are proactively safeguarding the grid from cyber and physical security threats, and we have a strong record of working with each other and the government (through the Electricity Subsector Coordinating Council) to prepare for, assess, and respond to a variety of emergency situations that could impact the grid.

This year, we will be working closely with the federal government and with the other critical infrastructure sectors to implement the new grid security provisions passed by Congress last year in the transportation bill and the cybersecurity information sharing legislation that was included in the omnibus bill.

Innovative Customer Solutions

We recently conducted customer research, and findings show that customers believe that the industry—above all others—is best equipped to deliver “the next big thing” and the future they expect. At the same time, customers want more control and flexibility in how they use electricity.

That's why our industry is bringing innovative solutions and information to the edge of the grid. We are also leading by example:

- Electric utilities are responsible for 90 percent of the total customer-funded energy efficiency expenditures nationwide.

- Last year, EEI announced its fleet electrification initiative to expand the adoption of plug-in EVs in utility fleets. To date, this initiative has exceeded the anticipated \$50 million annual industry commitment, and will total more than \$90 million in 2015, adding 800 new plug-in EVs and 740 new charging ports.

I follow the Consumer Electronics Show each January, and I was excited this year to see that a number of publications, in their “Best of CES” wrap-ups, highlighted at least one electric vehicle or smart car in their awards. This is pretty amazing when you consider this is a consumer *electronics* show—and it supports EEI’s ongoing efforts to promote greater transportation electrification (in both on-road and non-road applications).

Electric utilities are partnering with technology partners to meet the evolving needs and expectations of our customers. We are accelerating the next generation of technology by partnering with the start-up community to bring tomorrow’s technologies to customers today. And, we are also partnering with major customers to help them meet their corporate sustainability goals through specialized offerings, such as increased renewable energy, as well as electrification and energy efficiency incentives.

Even Cleaner Energy

It goes without saying that the final Clean Power Plan is one of the most sweeping and far-reaching environmental regulations ever promulgated by the federal government to affect our industry.

Throughout the Clean Power Plan rulemaking process, EEI led industry efforts to improve the final guidelines in order to minimize the costs to customers and to protect the reliability of the electricity system.

EPA projects that the Clean Power Plan will lead to a 32-percent reduction in power sector greenhouse gas emissions from 2005 levels by 2030. As of the end of last year, our greenhouse gas emissions were already 15 percent below 2005 levels, and this trajectory will continue and be accelerated under the Clean Power Plan.

Electric utilities have always relied on a variety of domestic fuels to generate electricity, and we are focused on preserving fuel diversity and flexibility as energy markets and our generation fleet change. Achieving the goals set forth in the Clean Power Plan will require the use of all fuels, including natural gas, renewable energy, nuclear energy, and energy efficiency.

Now that the final rule has been issued, EEI and our member companies are serving as useful resources as states move through the planning process. We will continue our outreach to key state officials, including the state regulators and environmental officials who will be responsible for developing and implementing state or federal plans, to help them understand the final guidelines and the impacts of the various choices that will have to be made going forward.

Separately—but, of course related—our industry is also the largest investor in carbon-free renewable energy in the U.S. Virtually all of the wind energy in the country is provided by utilities. At the same time, solar energy is an increasingly important part of our clean energy future. Large-scale utility solar projects now amount to approximately 60 percent of the country's total installed solar capacity—and this capacity is expected to triple by the end of this year. These projects offer the most cost-effective way to increase the use of solar that benefits all electricity customers.

As utilities continue to invest in renewable energy, there is also growing customer interest in the use of distributed generation (DG) systems, such as customer-owned wind and rooftop solar panels. DG offers an attractive option for some customers, and utilities are actively examining the ways in which DG systems can work with and enhance the existing grid.

It is important to make sure that state and federal policies recognize the value of the grid to all customers, both those with and those without distributed generation. In order to ensure that costs of the grid are equally shared by all those who use it, policies must evolve to keep pace with technology.

Focus for 2016

At the end of the day, I believe it is important that large-scale and traditional generating systems work hand-in-hand with distributed generation technologies; that fuel diversity and flexibility are maintained; and that new technologies like microgrids and storage batteries are in balance with traditional transmission towers and lines—complementing one another, instead of competing against the other. Thoughtful planning and strategy will be needed to construct a balanced, aligned system.

While new technologies and customer expectations play critical roles in the industry's ongoing transformation, public policy is also a major driver of change. Our strategic focus on these three core issue areas will help us tell our story as we work to meet our policy goals this year.

Safe, reliable, affordable, and clean electricity is essential to nearly everything we do. And, I remain optimistic about the possibilities that 2016 will bring.