



→ How to align utility organizations around 7 top boardroom priorities

By Val Jensen, and Michael Jung, ICF

Executive summary

The roughly 3,000 utilities in the United States are diverse in geography, customer demographics, structure, assets, and corporate culture. Yet, the C-suites within these utilities share many of the same top boardroom priorities.

The priorities arise from trends that disrupt how utilities have done business for the last century. It's imperative that utility leaders assess these priorities, develop a point of view on what each means for their utility, and build a strategy to start evolving for the future. These seven boardroom priorities will define the strategic roadmaps utilities are creating for the coming years — and decades. The priorities are closely interrelated, and they will benefit from an integrated strategy orchestrated in carefully planned stages to achieve success. Too often, however, the strategies for each priority are disjointed and opportunities for synergies go untapped.

This paper from ICF outlines the seven top utility boardroom priorities and offers a framework for leaders to create integrated strategies that address each priority both individually and in concert.



7 boardroom priorities atop every C-suite's list

In ICF's work with utilities, C-suite leaders consistently identify these seven topics at the top of their priority lists:



1. Decarbonization

Significant effort is underway to reduce greenhouse gas emissions, both directly from utility operations and more broadly throughout the economy through electrification.



2. Adaptation and resilience

Utilities are investing in infrastructure and modernizing systems to operate a resilient grid that delivers electricity reliably in the face of growing climate threats and changing demand.



3. Distributed energy resources (DERs)

DERs, including rooftop solar, battery storage, and electric vehicles, are arriving onto the grid at speed and scale, and they will disrupt traditional operating and investment paradigms.



4. Customer awakening

Utilities have long been responsible for safely generating and delivering reliable and affordable electricity, but today's customers increasingly value options and freedom to make their own energy choices.



5. Energy equity and environmental justice

More than a quarter of all utility customers live in poverty, which utility leaders view as both a moral problem they must help solve and a challenge to the health of the communities that support their businesses. Building new infrastructure also involves equity and justice considerations.



6. Workforce needs

As the utility business evolves and the existing utility workforce ages, leaders must recruit, train, and retain the next generation of workers with critical new skills and technology.



7. Regulatory evolution

Whether state regulators are evolving quickly to address trends like electrification and decarbonization or reluctant to change at all, this evolution (or lack thereof) is a critical factor in how utilities can take action to achieve their other priorities.



Creating successful integrated strategies to address the boardroom priorities requires getting the order right for which strategies to develop first.

Understand the order of operations

Creating successful integrated strategies to address the boardroom priorities requires getting the order right for which strategies to develop first. A strategic vision for decarbonization and adaptation and resilience should be developed first, because how a utility chooses to address those priorities guides strategies for the remaining five priorities.

For example, a utility's decarbonization plans should drive how it chooses to address the rise of DERs or design programs that will leverage customer desires and behaviors.

Decarbonization and adaptation and resilience are both responses to the threat of climate change. For many utilities, these closely related priorities are taking a place next to reliability and revenue on the top line of strategic issues. However, utilities tend to be more uniformly focused on adaptation and resilience because they represent a more tangible, direct threat to the longtime utility imperative for electric reliability. Utility leaders often recognize that their businesses are better built to respond to threats than opportunities, and adaptation is a critical response to an existential threat.

Decarbonization is a response to the same threats posed by climate change, but utility leaders in private sometimes express frustration that their utility's effort to decarbonize will do nothing to solve the threat if others around the world don't do their part. While that's true, and represents one reason for policymaker intervention to ensure economy-wide success in reducing climate emissions, that view underestimates decarbonization as an opportunity for utilities.

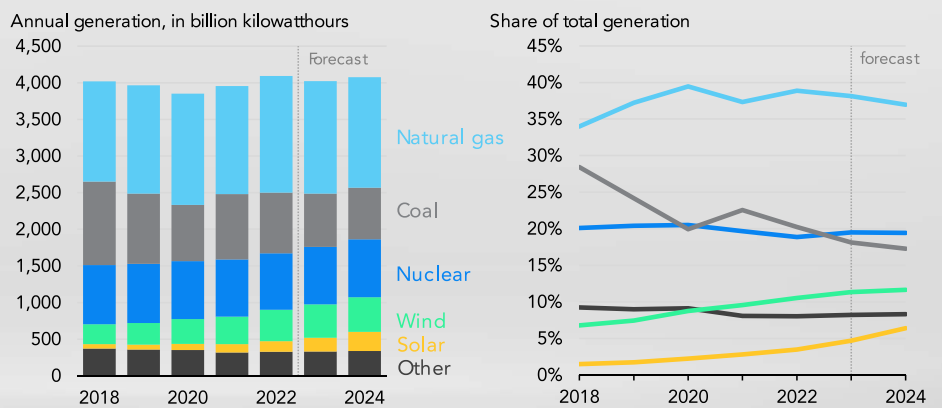
The decarbonization opportunity

Given the coming watershed of state and federal infrastructure and climate funding, as well as increasingly environmentally oriented customer and investor preferences, decarbonization investments offer utilities a unique opportunity to build the support they need to upgrade aging infrastructure and build stronger relationships with customers.

The U.S. Energy Information Administration forecasts that solar and wind generation will grow rapidly in 2023 and 2024 as electricity from coal and natural plants becomes less competitive. That forecast reflects the impact of enhanced and extended renewable energy tax credits established through the Inflation Reduction Act (IRA).

ICF estimates that the IRA will result in significant decreases in the levelized cost of energy (LCOE) of utility-scale wind, solar, and other decarbonization technologies. With growing policy, investor, and customer momentum behind renewable energy and electrification, the economic case for investing in grid infrastructure to achieve decarbonization is becoming increasingly compelling.

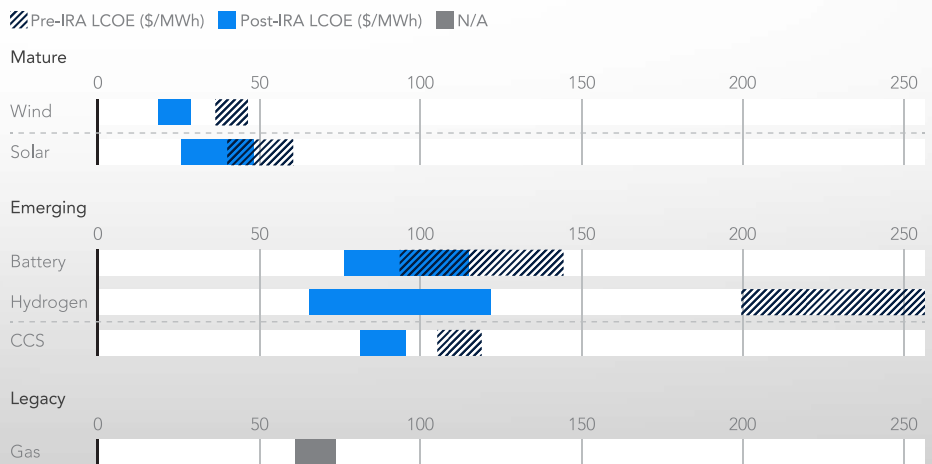
U.S. electricity generation by energy source (2018–2024)



Source: U.S. Energy Information Administration

Building new generation resources, augmenting and upgrading delivery assets to deliver this clean power, and implementing systems to orchestrate the growing numbers of clean energy DERs all represent opportunities for utilities to grow the capital asset base upon which investor-owned utilities earn regulated returns, as well as to modernize the aging infrastructure that consumer-owned utilities operate. Executed well, the results should be enhanced reliability, greater customer satisfaction, and increased equity across customers and communities.

Impact of the IRA on levelized cost of energy in 2030



Source: ICF

Where to start with decarbonization and adaptation and resilience

For decarbonization, utility leaders must properly define the desired outcome. Is the utility only seeking to decarbonize its own operations? Or will the utility seek to help other parts of the economy, such as the transportation sector and chemicals industry, decarbonize their footprints, as well? The answer has far-reaching implications for how broad and complex a decarbonization strategy is needed. Scenario planning and consideration of multiple potential pathways, using rigorous and vetted analytical models, can address the fear of overcommitting.

For adaptation and resilience, utility leaders need quantitative vulnerability assessments of their infrastructure and systems. Such assessments require a synthesis of high-resolution climate forecasts with detailed mapping of utility infrastructure and community assets. Once these vulnerabilities are understood, leaders can start to devise an investment strategy tailored to foster adaptation and build climate resilience in a manner consistent with their approach to decarbonization.

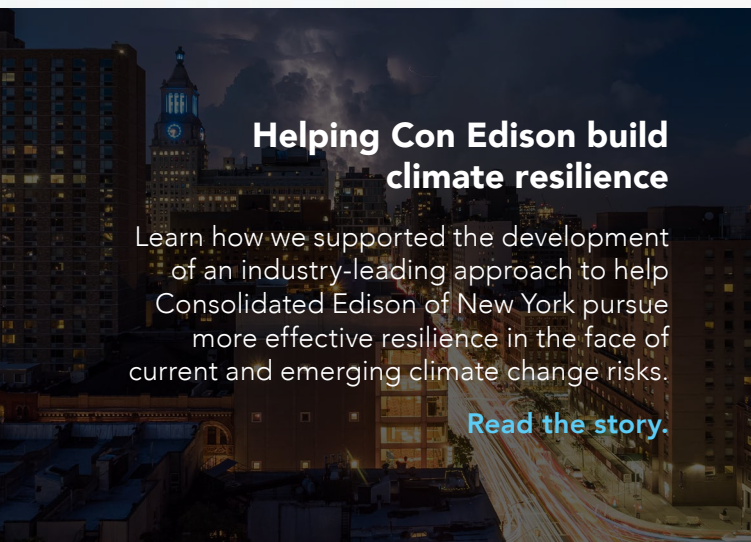
When utilities complete those assessments, leaders are likely to discover some actions that can help address both priorities, offering clear “no-regrets” first steps. For example, no-regrets actions serving the decarbonization strategy and adaptation and resilience strategy are likely to emerge in the areas of energy efficiency, DERs, and grid modernization. How utilities balance their strategic response to the first two priorities will impact which no-regrets actions emerge, which will then in turn inform strategies for the remaining top priorities.



Helping New York City become carbon neutral by 2050

Learn how we partnered with the New York City Mayor’s Office of Sustainability, Con Edison, and National Grid for a landmark scenario analysis that defined pathways to achieve deep decarbonization in NYC.

[Read the story.](#)



Helping Con Edison build climate resilience

Learn how we supported the development of an industry-leading approach to help Consolidated Edison of New York pursue more effective resilience in the face of current and emerging climate change risks.

[Read the story.](#)

Integrating strategies for the top boardroom priorities

At many utilities today, the silos that arose from the drive toward operational excellence remain. There is evidence these barriers to collaboration are crumbling, particularly at the senior management level as a new generation of leaders rises. But lower-level utility silos often still rule due to how teams are structured and incentivized to optimize one specific function of the business.

Because of these silos, utilities may miss opportunities to thread together strategies to pursue all seven priorities at the top of their C-suite and boardroom lists.

How can utilities overcome silos and start integrating their strategies to mutually enhance the pursuit of all seven priorities? Doing so requires establishing a framework for teams to collaborate and drive real organizational change. The key steps include:

1. Create clear accountability

Utility leaders need to think differently about performance and accountability to create an operating environment that truly takes an integrated approach to priorities and coax the organization to pursue collaborative solutions. Methods should not only include financial incentives but also proper capital allocation and management attention. Utilities have traditionally determined capital allocation on a one- or two-year timeframe, built upon a bottom-up approach in which every team advocates for what's most important in their silo. When leaders create the incentives for everyone to want the same strategic vision, capital allocation can be better aligned with desired outcomes. On the management attention front, new teams assigned to a priority need utility leaders to oversee them and evaluate their work. Members of an organization observe their leaders closely. If leaders say something is a priority but aren't following up with rigorous efforts to track progress or other means to signal importance, efforts to tackle the priority will not be sustained.

2. Define the challenges

Utility teams excel at optimizing within well-defined challenges and clear constraints. When the Apollo 13 mission faced a [critical threat from rising carbon dioxide levels](#), the NASA team back on Earth laid out well-defined parameters: The astronauts have these tools and materials at their disposal in their module. You have only a few hours to help them solve the problem. Go! That's often how utility teams work at their best, so utility leaders should empower their teams by making sure they have a clear challenge to address, know what is expected of them, and have the right deadlines. With those critical pieces in place, good talent and resourceful thinking can rise to the occasion.

3. Link problems to solve them correctly

If your utility does not have cross-functional, interdisciplinary teams dedicated to the seven priorities, form them today. When the challenge is properly defined as described in step 2, these teams can optimize to solve the right problems. However, make sure the teams also know their problems don't exist in a vacuum. Various problems are linked across priorities. If one challenge is to cut greenhouse gas emissions 50% by 2030 and another is to deploy front-of-the-meter DERs to improve grid resiliency, an opportunity to optimally solve those problems will be missed if the utility fails to fully capitalize upon the linkages between these challenges and their potential solutions.

4. Solve the problems together.

These priorities will take multiple teams and significant resources to address. However, leaders cannot create seven different teams that work alone on islands. Any utility that tries to solve the priorities separately will fail at all seven. It's necessary for these teams to work together through means such as regular meetings of leaders who represent each area, processes, or systems. Arizona-based Salt River Project [showcased this approach](#) during a recent integrated resource planning effort in which employees were pulled from their regular functional teams and figuratively locked in a room together for months to complete the process. They handed off their usual duties to others in order to complete the task with an end-to-end cross-functional, collaborative approach. And when they returned to their functional teams, their experience made them strong advocates to help align their functions with the work of the resource planning team.



5. Ensure the right people are at the table.

A diversity of experienced veterans and fresh talent will surface the variety of ideas that will be necessary to devise successful strategies. For example, boardroom priorities such as energy equity and leveraging the customer awakening will get left out if there's not someone at the table who knows the utility's customers and can speak for them. In addition, don't underestimate the importance of middle management in the successful implementation of any new strategy. Middle management must have skin in the game to ensure efforts and information needed to successfully address priorities move up or down the organization as needed.

Lastly, utility leaders should consider how best to bring external stakeholders to the table. Key customers, disadvantaged and underrepresented groups, and representatives from energy justice communities can offer creative approaches and effective strategies for pursuing top priorities. They can also be powerful sources of support for utility plans. However, none of those benefits will be realized if the process for including these stakeholders is not set up in a meaningful way.

6. Provide the right tools

The seven boardroom priorities require different tools than what utility teams have relied upon for decades to deliver safe, reliable, and affordable electricity. From distributed energy resource management systems to new data collection and analytics capabilities, utilities will need a number of technology, quantitative, and analytical tools they didn't have 10 years ago to build for the future. Climate change and energy equity may be viewed by some as "soft social issues" because utilities historically haven't measured their progress and success rigorously. However, policy, economic, and social imperatives now demand that these issues be treated with rigor and discipline. Tools are available to establish targets, understand performance, and create accountability.

Conclusion

This paper offers the beginnings of how utilities can shape integrated strategies to address the top boardroom priorities that utility leaders face today. The topics challenge paradigms and are rich with complexity, and the strategies needed to address these priorities must be commensurately innovative and sophisticated. Even if a utility brings a depth of knowledge, skills, and experiences to the table to tackle these priorities, it is all for naught if leaders don't start with the right approach. Building approaches around accountability and collaboration will create the conditions for success. Recognizing linkages between challenges can open opportunities for win-win solutions.

Following the approach outlined in this paper empowers utilities to align teams for integrated strategic planning. ICF can help a utility's senior leaders set up the framework to pursue their top boardroom priorities through an integrated approach.

About the authors



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Val is a specialist in the energy and utilities industry field with over 40 years of experience. As Senior Vice President for strategy and policy at Exelon Utilities, he oversaw technology and business strategy, supported policy, and coordinated strategy development for Exelon's operating utilities. As Senior Vice President for customer operations at Commonwealth Edison (ComEd), Val managed the development and delivery of customer-facing products and services, including the company's \$250 million annual portfolio of demand response and energy efficiency programs.

As Senior Vice President, Val helped grow our commercial energy business. While heading up our San Francisco office, he designed and managed energy efficiency programs for numerous utilities, including ComEd, WE Energies, Wisconsin Public Service, Nevada Power, Ameren, and PG&E.

Val previously served on boards of The Chicago Lighthouse, Energy Foundry, Alliance to Save Energy, and the Smart Grid Consumer Collaborative. He sat on the U.S. Department of Energy's Electricity Advisory Committee and founded the Midwest Energy Efficiency Alliance.

Val is also a senior fellow with the ICF Climate Center. In this role, he provides compelling research and objective perspectives on a wide range of climate-related topics to help advance climate conversations and accelerate climate action.



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Michael serves as the founding Executive Director of the ICF Climate Center, a resource hub for knowledge and insights on climate mitigation, resilience, and adaptation, drawn from ICF's 2000+ climate, energy, and environment professionals.

Michael's career in energy has reached across both investor-owned and consumer-owned utilities. He has served as a policy advisor to governors and has been an early team member at several successful clean technology startups, including Utilidata, Varentec, and Silver Spring Networks.

Michael most recently served as Vice President for Government Affairs at the Pacific Northwest Generating Cooperative. He chaired an energy task force for Oregon Governor John Kitzhaber and crafted landmark electricity legislation as a policy advisor to the campaign and administration of Ohio Governor Ted Strickland. Michael began his career managing environmental and climate change policy at American Electric Power.

Michael is a U.S. Fulbright Fellow, Tae Kwon Do black belt, former competitive ballroom dancer, professional ski instructor, ping pong entrepreneur, active tennis player, avid backpacker, and Eagle Scout. He is a graduate of Phillips Exeter Academy, Yale College, and the Harvard Kennedy School. Michael speaks English natively and has studied Mandarin, Korean, Russian, and German. He lives in Portland, Oregon with his wife, three children, and labradoodle puppy.



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About ICF

ICF is a global consulting services company, but we are not your typical consultants. We help clients navigate change and better prepare for the future.

Our experts have been embedded in every corner of the energy industry for over 40 years, working at the intersection of policy and practice. We work with the top global utilities, plus all major federal agencies and relevant energy NGOs, to devise effective strategies, implement efficient programs, and build strong relationships with their customers. From creating roadmaps to meet net zero carbon goals to advising on regulatory compliance, we provide deep industry expertise, advanced data modeling, and innovative technology solutions, so the right decisions can be made when the stakes are high.