Xcel Energy Fields Its IT Dream Team

Xcel UP Close

By Martin Rosenberg

XCEL ENERGY EXECUTIVES say they are looking to eventually save as much as $50 million a year in operating expenses as a result of innovations to be forged through a unique partnership with information technology vendors.

In mid-May, the utility unveiled its unique collaboration with IBM, Indus, Itron, Mercury and SPL WorldGroup at a press conference in its Denver office.

Raymond E. Gogel, Xcel vice president and CIO, said that his company invested $3 million and its IT partners put up $10 million to launch the "Utility Innovations" program.

"Ours is an industry that, as you know, is cost-constrained," Gogel said. "It is also an industry that typically doesn't have a lot of research and development. So what we really wanted to prove was that you could bring partners together who have their own R&D and synergistically pull them together so that they all work with each other."

Wayne H. Brunetti, Xcel chairman and CEO, cited the path-breaking nature of this effort. "I had never seen where you get five fundamentally different technology companies who compete with one another in one form or another, to sit down and share their technology across the board, to come up with a product line to couple their technologies together," Brunetti said. "That is incredibly unique."

Guido Bartels, IBM general manager of global energy and utilities, said that IBM's relationship with Xcel will demonstrate how new technology can help develop the concept of a digital utility. Xcel has had a decade-long relationship with IBM. Utilities are in a difficult position, facing increasing demand from customers for a more reliable supply of energy while regulators remain reluctant to allow an increase in energy prices. "The whole intelligent network is an escape out of that dilemma," Bartels said. "We're seeing the digitalization of the electric grid, with fuel cells and distributed generation on the horizon. That represents a tremendous opportunity for IBM and, obviously, our competitors."

Even though IBM is a major player in information technology, Bartels says it welcomes the opportunity to work together with other players on the strategic advisory board that Xcel has put together. "With different parties at the table, you wind up with different solutions than you thought of," Bartels said. "It's about the transformation of the industry."

XCEL ENERGY'S TECHNOLOGY PARTNERS

- **IBM** — Providing industry expertise, technology and software, project management and systems integration.
- **Indus** — Providing the work management and supply chain system, resource optimization, scheduling and mobility solutions.
- **Itron** — Providing meters and meter reading automation, meter data management, billing and asset management.
- **Mercury** — Providing software monitoring IT demand, improving business performance.
- **SPL WorldGroup** — Providing systems that leverage existing technology for outage response, operational efficiency and safety.

Gogel agreed that the utility business is changing, and some of that change will be pioneered at Xcel. "We are the gadfly and the subject matter experts that work with the technology companies to make new capabilities start to appear," Gogel said.

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BRITS BRING WIND POWER HOME

British Gas envisions a future of small wind turbines atop homes in the United Kingdom. A pilot program will soon be rolled out across the country.

Windsave will produce a small unit that will generate 1 kilowatt of power, enough to run assorted devices and appliances. It will work when breezes are as gentle as 3 miles per hour as well as in more robust winds.

Diana Montgomery, environmental strategist at British Gas, said, "Having a roof-top turbine means householders can save money and help do their bit for the environment. Initial estimates show one unit could cut annual electricity bills by up to a third and reduce CO_2 emissions by half a ton per annum."

A cable leads directly from the turbine into a control box and on into household wiring through a 13 amp plug.

A squad of engineers will install the satellite dish sized turbines and service them under a maintenance contract.

Photos courtesy of: British Gas