

# Rising Expectations

MEETING CONSUMER DEMAND FOR POWER QUALITY

BY ROBERT W. GALVIN

**CONSUMERS DEMAND THAT SOME** businesses strive for nothing less than perfection. Take airlines. Travelers believe that they should be perfectly safe and perfectly reliable. The fact they are neither does not change the fact that perfection is the standard by which they are measured. Consumers expect the same from manufactured goods. They want to choose the computer, automobile or MP3 player that most perfectly suits their needs, and they expect that product to work exactly as promised. I ran Motorola based on the idea that these consumer demands are not only reasonable but practical. To succeed in the marketplace you must demand quality and expect perfection.

Why then do American consumers accept so little in the way of quality from their electric power service? The public seems to shrug off as inevitable the fact that ordinary thunderstorms regularly shut down the power system they rely on in virtually every aspect of their lives. They tolerate the fact that they cannot customize their electric service to meet their needs – though they are able to do so with telephone, television and Internet services. This fallacy that perfection in electric service is not possible has stifled the healthy spirit of constructive discontent that breeds innovation and continual renewal.

This complacency is finally nearing an end – and not a minute too soon. Reliability problems cost our nation's economy more than \$100 billion every year. In a time of global concern over air quality, U.S. power plants throw away more energy than Japan consumes. And in an ever more dangerous world, our bulk power system presents a tempting target to those who would do us harm. It is urgent that we undertake wholesale renewal of the system that is nothing less than the lifeblood of our economy.

The technology to achieve electric service perfection exists. But until now, we have not had the catalyst of consumer discontent to overcome the barriers that stand in the way of renewal. That will soon change – the result of soaring fuel prices, deepening concern about the environment, and utility bills that will reflect the cost of long-deferred capital improvement and peak-load capacity building.

I founded the Galvin Electricity Initiative to do my small part by catalyzing the call for renewal. The initiative aims to develop a perfect power system that best meets the needs of twenty-first century consumers. Key to achieving this goal is the design and construction of smart microgrid prototypes of perfection. One such prototype has been designed to perfectly meet the needs of the Illinois Institute of Technology in Chicago, from lighting dormitories to powering sensitive digital technology. This self-contained system will show that perfection is not only possible but profitable, as it allows the campus to become a power provider as well as a more efficient power consumer. Cost-benefit analyses suggest the IIT system will quickly pay for itself, demonstrating a key principle that we followed at Motorola. Quality is the cornerstone of cost efficiency.

The Galvin Electricity Initiative recognizes that outmoded regulations and financial incentive structures still exist and must be dealt with on a policy level if renewal is to commence. On this front we are launching a public information campaign in support of policies that address these anachronisms. Our view is that the changes necessary are not incremental. For the utility industry, we seek no less than a paradigm shift – from a structure in which compensation comes solely from the sale of kilowatt hours to a system that rewards meeting the needs of customers and protecting the environment.

Policy and cultural change are inevitably a slow process. In the meantime, I am focusing on the prototype approach because it recognizes that the most confident and sustainable engine for quality improvement is to enable innovative, self-organizing entrepreneurs to commercially engage in the electricity enterprise. In doing so, they will be able to demonstrate their ability to best serve the quality needs of all consumers.

Equally important, this approach will set the tone for creative discussion that is focused on comprehensive solutions rather than timid patchwork answers. Everyone involved in the electricity business – including consumers and utilities alike – will echo a call for innovation that is nothing less than transformative. ☺

*Robert W. Galvin is the founder of the Galvin Electricity Initiative and former chairman and chief executive of Motorola.*



Robert W. Galvin  
PHOTO COURTESY OF GALVIN ELECTRICITY INITIATIVE.

## The Galvin Initiative

The Galvin Electricity Initiative seeks to transform the nation's aging grid into a system that can allow for consumer control of energy use, as well as the interconnection of smart micro-grids and distributed generation.

Subscribe Online to EnergyBiz



## CONSERVING ENERGY CAN NOW EXTEND TO YOUR ACCOUNTING DEPARTMENT.

When utilities accept MasterCard® for payments, your customers aren't the only ones who will be pleased. Internally, you'll appreciate fewer delays and problems processing checks, faster cash flow (settlements in only one to three days), and less overhead. At the same time, you'll raise customer service, giving people the flexibility to pay their bills by phone, online, or (with Recurring Payments) automatically. That can be a load off their minds. They may even be able to build reward points. So why not **visit [www.mastercardmerchant.com/utilities](http://www.mastercardmerchant.com/utilities) or e-mail [utilities@mastercard.com](mailto:utilities@mastercard.com)**. You'll get the whole story, plus learn how our *Utility Industry Program* can benefit you even more with each transaction. That's what we call conserving energy.

