

MAKING NORTH AMERICAN NETWORKS SMARTER, MORE EFFICIENT

By Don Horne

During the middle of the heat wave at a recent meeting of the European Energy Commission in Paris, France, one of the members wryly observed that when nature is providing the earth with the most energy, utilities are generating the most to keep customers cool.

Klaus Heimann, Senior Vice President of Industry Business Unit Utilities SAP AG, is bringing the future of transmission and distribution to utilities around the globe, through automation, next-generation technologies and smarter networks.

And, the movement towards deregulation in the United States is spurring this. But Mr. Heimann would prefer a different word than deregulation.

“I don’t like the term ‘deregulation’, I prefer ‘new market methods’,” he says. “By taking it (utilities) out of public hands and placing them into private, entrepreneurial, creative hands, you see much more efficiency.”



Klaus Heimann

Based out of Germany, Mr. Heimann checks in with his U.S. SAP clients on a quarterly basis.

“We never lose the view of what is happening here in the United States. Deregulation is a big business driver, and there is a thirst for more intelligent networks; more efficiency, more from each kilowatt hour.”

But North America has been more concerned with reliability and safety, especially following the series of black-outs and after the terrorist attacks of 9/11.

“After September 11, the focus became safety and reliability for at least two years. And certainly the troubles with Enron and California’s experiment with deregulation didn’t help, as both cost taxpayer money.”

Europe has the jump on smart networks, and it is SAP that hopes to bring that experience and technological advice here.

“We’re extending our expertise to North America, but they want to see it in

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Smarter networks

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action; and the ocean is wide,” he points out.

“It is easier to use a Canadian example of smarter networks, something the Americans can see as being viable.”

The Ontario electricity market has been deregulated since 2002 (Alberta deregulated its market in 2001), and is currently undergoing an extensive smart meter upgrade for all of its residential customers.

In what Mr. Heimann describes as a “staggering effect” of deregulation across North America, he stresses that intelligent utility platforms are effective – if not more profitable – for smaller utilities.

“We have basically the same demographic in Germany as in the United States, many large communities with many mid-size utility providers. The smaller ‘munis’ are attractive as customers, as profitability is a strong incentive for them to make the move to automation.”

The SAP road map for utilities takes into account market trends and challenges, targeting pending deregulation requirements such as “unbundling”, which will affect sweeping changes across utilities’ organizational structures, business processes and IT systems. As early as 2007, utilities in the European Union and other countries around the world must meet regulatory requirements to separate their previously “bundled” generation, distribution and retail operations.



Mr. Heimann, affectionately called the “Grandfather of Utilities”, expects his children will see a new way in how power is generated and distributed in the coming years.

“The majority of people who switch do it because of how that power is generated. It makes a difference to them; or they will produce it themselves.

“In my neighbourhood, there are two soccer-field sized solar generation plants, generating four megawatts. These and other creative combinations are the future.”

Although the North American market hasn’t fully embraced deregulation, Mr. Heimann points to the Lone Star state as a prime example of what the future holds for the continent.

“Texas is very similar to Europe, insofar as deregulation.

“With TXU (citing the major Texas utility), we can roll out our product to its full scope.”

In the U.S. southwest, SAP recently introduced their Safe Passage program to the Arizona Electric Power Cooperative, Inc. (AEPCO), a tailored package of applications, technology and incentives to consolidate approximately 100 disparate legacy systems onto a single, integrated platform, streamlining business processes for improved usability across its three cooperative organizations.

The move will aid in the modernization of internal systems and help AEPCO preserve its intellectual property.

“We realized the need to modernize our business processes and move to a more streamlined and integrated approach in order to increase enterprise visibility in our internal operations,” said Lee Anne Wilfert, CIO of Sierra, the energy services and human resources arm of AEPCO. “SAP was the natural choice — it offered a complete, flexible, enterprise-wide, integrated solution and the reassurance of knowing we were partnering with a stable vendor that could support us for the long term.”

By standardizing business processes on a single, integrated, enterprise platform, AEPCO is able to preserve the valuable working knowledge, trade secrets, networking contacts and customer information that resides in each employee’s head. By transferring this knowledge to a place where it can be stored, shared and accessed by the entire company — from employees at the electric generation plant site to the boardroom — AEPCO will be able to save time and money on training new employees, decrease the drain on company knowledge resources and increase productivity among workers.

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