



Historical Overview of the NARUC UMAP

From DOE Minority Business Roundtable to
Consideration for UMAP as a NARUC Subcommittee

**National Association of Regulatory
Utility Commissioners**
Utility Market Access Partnership
Atlanta, Georgia
November 14, 2010



Today I want to share with you the mission and goals of an initiative that functions as an extension of NARUC which is UMAP – Utility Market Access Partnership Board. This presentation is designed to provide you with an overview of UMAP, and to encourage you to look at the important issue of supplier diversity as it relates to procurement processes within the utility industry.



Presentation Overview

- **California's Early Role in Supplier Diversity**
- **Formation of DOE Minority Business Roundtable: Strategy/ Vision**
- **FTAA & Collaboration by Industry & Diverse Businesses**
- **DOE Collaboration with NARUC Yields EMAP**
 - Energy Marketplace Access Partnership
 - Focus on DBE Natural Gas Market Opportunities
- **EMAP Broadens to UMAP**
 - UMAP Broadens Focus to All DBE Suppliers
 - All utilities-Gas, Telecom, Power & Water
- **UMAP Progress**
 - National Standards; Spreading UMAP Efforts via G.A.T.E. Concept
- **UMAP adds: Ohio, New Jersey, Florida, Indiana, Maryland, CA NUDC**
- **NARUC UMAP Future**

This presentation will give an overview of the main points listed here, including a brief glimpse of two programs that are currently operating using the UMAP standards as their backdrop.



California's Leading Role in Supplier Diversity

- In mid 1970's, the Federal Government began Small Business Programs with 5% Women and 15% minority goals for Fed Contractors.
- In Mid 1980's California State Assemblywoman Gwen Moore created an Emerging Business Enterprises Task Force.
- The Emerging Business effort evolved into an Assembly Bill and California Public Utilities Commission General Order 156 to promote Supplier Diversity in Utility Procurement . GO 156 called for 5% / 15% Goals, Annual Reports and Plans. Service Disabled Veterans were added later with a 1.5% goal.
- As CA Assembly Utilities & Commerce Committee Chair, Ms. Moore held Annual hearings with Utility Executives to Review Supplier Diversity Progress. These hearings kept the Executives focused and most utilities began to push past the 21.5% goal by the mid 1990's.
- For 2009, many CA Utilities were approaching 25%-30%. In contrast, many Fortune 500 companies achieve in the 3%-10% range.

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DOE Roundtable Formation

July, 1994 – Energy Secretary Hazel O'Leary met with Ms. Helen Crawley, President of C&L Petroleum, about DOE support to WMBE's in the natural gas industry.

September, 1994 --The American Gas Association, Washington Gas, SoCalGas, VISAGE Energy and DOE form an ad hoc workgroup to help WMBE's compete in the natural gas industry.

July, 1996 --The ad hoc workgroup sponsors a one day seminar at DOE to identify and address the issues preventing greater WMBE participation in the natural gas industry. At a reception following the Workshop, Secretary O'Leary announces that DOE will create an "Advisory Committee" to help us draft an Outreach Strategy for assisting WMBE's. To avoid legal issues associated with a formal "Advisory Committee", we create an informal "Roundtable" to help draft the Strategy.

January, 1997 --The WMBE Outreach Strategy is drafted with a core focus on increasing WMBE access to supply, capital, and wholesale gas markets

January 1997 --Implement the Outreach Strategy. The DOE Office of Fossil Energy has been the DOE lead in this effort. The DOE Office of Economic Impact and Diversity provides support.



Roundtable Strategy & Opportunities

Create a natural gas business development program:

- **Identify opportunities for Diverse Business Enterprises (DBE) in the natural gas industry**
- **Remove obstacles to for DBEs**
- **Encourage Collaboration between Industry & DBEs**
- **Work with NARUC to Encourage Utilities**
- **Organize Industry Conferences- 14 Meetings through 2001**
- **Develop Potential Financing Options for DBEs**



Developing Financing For Diverse Businesses: The Funds Transfer Agency Agreement

- **DBEs lacked Financing for Natural Gas Deals**
- **California had Developed Initial Solution:**
 - SoCalGas/Visage/BP Amoco/Union Bank FTA 1996
- **DOE Roundtable Collaborates with the Gas Industry Standards Board (GISB) on new National Gas Contract**
 - DBE FTAA becomes first "GISB" option
- **DOE Works with Many Federal Agencies to Promote DBEs**
- **DOE Works with Fed Office of Comptroller of Currency**
 - FTAA given Bank Community Redevelopment Agency Recognition
- **FTAA Overview**



FTAA Overview



DOE Collaboration with NARUC: EMAP

- **NARUC recognized importance of providing market access for DBE**
- **NARUC Forms EMAP 2000-2001**
 - “Energy Marketplace Access Partnership”
- **EMAP’s Goals**
 - “Level the Playing Field” for DBEs
 - Encourage Competition for Utility Contracts
 - Lower Utility Costs to Consumers
- **EMAP Board**
 - DOE, State Commissioners, Utilities, Big Energy & DBEs

Some may wonder “what is the purpose of having an initiative such as UMAP?” Stated here is the purpose and rationale for NARUC supporting an initiative such as this one.

As our country becomes more and more diverse, it is imperative that the utility industry recognize those changes and respond with a more inclusive process so that we are sure to create opportunities for all.

It just makes good business sense!



EMAP Broadens to UMAP

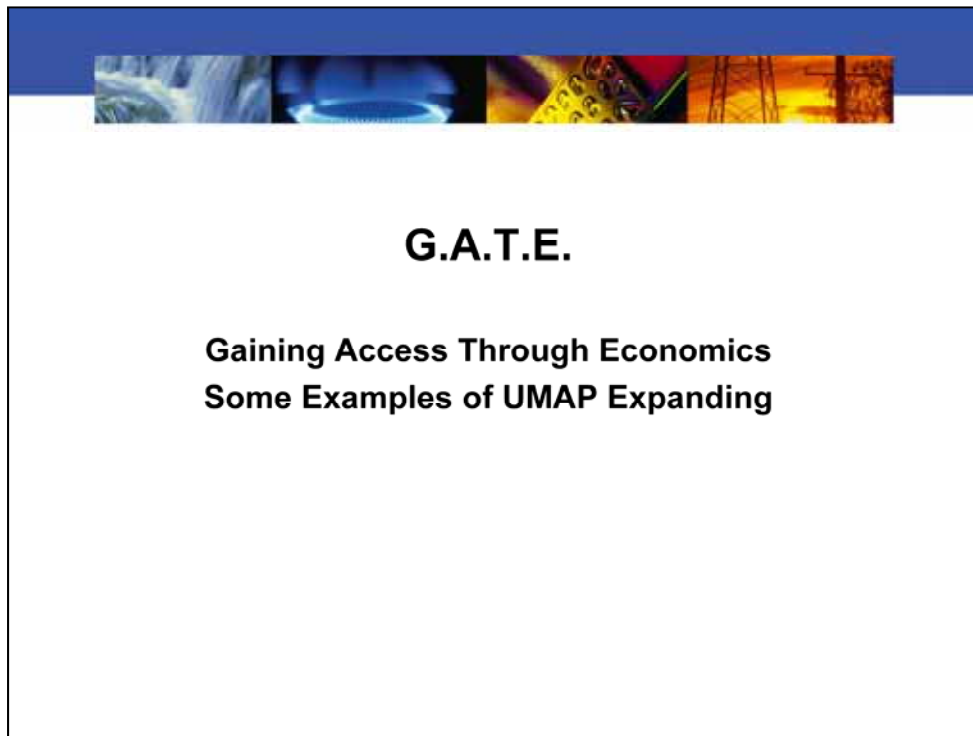
- **UMAP Broadens Focus:**
 - All DBE Suppliers
 - All utilities-Gas, Telecom, Power & Water
- **UMAP Progress**
 - National Standards
 - Spread UMAP Efforts via G.A.T.E. Concept
 - UMAP Reaches New Jersey, Florida, Ohio and Indiana



UMAP Model Standards

1. Utilities should create policies to establish annual numerical goals to increase DBE participation.
2. Commissions should strive for uniform reporting formats and requirements across utilities.
3. Each state may establish a utility revenue threshold to determine reporting feasibility
4. Suppliers should be certified as minority, women, or service disabled veteran
5. Utilities and Commissions should consider allocating dedicated staff to support the development of the DBE program
6. Utilities should consider establishing management and procurement staff training on supplier diversity as well as policies and procedures to increase DBE utilization
7. Utilities should consider placing subcontracting language in all products and services contract over \$500,000 and all construction contracts
8. Utilities should consider developing DBE outreach programs including education, mentoring and supplier development
9. Commissions should request utilities to provide quantifiable and verifiable progress report on an annual basis
10. Commissions, in collaboration with utilities, should consider establishing an advisory committee to provide ongoing oversight, support and recognition
11. Commissions should consider conducting annual information workshops to evaluate utility progress.
12. Commissions will be invited to report on the State of DBE programs, results and plans in their region
13. NARUC will provide an annual forum through UMAP for Commissions to recommend recognition of Utilities with exceptional supplier diversity progress and accomplishments.

The UMAP Board has established a model of standards that commissioners can use when looking to develop a program within their state.



The GATE Concept:

The participants of UMAP met back in 2005 to discuss strategies for furthering the mission of UMAP. During a strategy retreat the group was brainstorming on what UMAP really means, and what message we want to convey when promoting UMAP throughout the country. Commissioner Rogers (OH) came up with the acronym G.A.T.E., which stands for Gaining Access through Economics. The thought being that we really want people to understand that supplier diversity is about economics and to get away from the notion that we are promoting a social program. We are not asking any company to adversely effect their “bottom line” just to do business with diverse suppliers, in fact most companies will testify that they have been able to receive the same (if not better) quality of work while spending less when including diverse businesses.

The genius of GATE is that each state or region can start a GATE council in their area and add their name (i.e. Ohio GATE) to connect us all together working on a common goal while tailoring the program to meet the needs of their individual states.



**Ohio and New Jersey
UMAP in Action**

**Ohio GATE
Advisory Council
(Ohio GATE)**

**New Jersey
Supplier Diversity
Development Council
(NJ SDDC)**

The next few slides will feature two programs that are currently in place using the UMAP model standards: Ohio G.A.T.E. Advisory Council and the Supplier Diversity Development Council of New Jersey.

Ohio	vs.	New Jersey
<u>Ohio GATE</u>		<u>NJ SDDC</u>
<ul style="list-style-type: none"> • Est. June 1, 2005 • Initiative driven by Commissioner Clarence Rogers (OH) • Established by Commission resolution • Oversight by the PUCO 		<ul style="list-style-type: none"> • Est. October 8, 1997 • Initiative driven by former Board President Herbert Tate • Established by Board resolution • Oversight by BPU

Ohio Gate:

As a UMAP board member Commissioner Rogers became enlightened of the work that was being done in the supplier diversity arena. This prompted him to develop a vision for what this work might look like in the state of Ohio.


Ohio GATE aligns with and is supportive of NARUC/UMAP policies; It builds upon work that has been pioneered in states like New Jersey and California; and at the same time has its own uniqueness.

Commissioner Rogers and his staff went about learning from their counterparts in California and New Jersey, which was followed by one-to-one interviews with all of the sizeable utilities throughout the state.

Commissioner Rogers then set about educating his colleagues and gaining their commitment to an advisory group to work on issues relative to supplier diversity.

A self-directed council that is supported by the PUCO but not controlled by the PUCO was the result of his work.

One of the first steps Commissioner Rogers took as the Champion of Ohio GATE was to invite Chiquetta Britton-Nutt from the New Jersey Council in to assist us in getting started. We attribute much of our success, and ability to organize quickly, to the work that New Jersey had done and were so willing to share.



Ohio	vs.	New Jersey
<ul style="list-style-type: none"> • Aligned with NARUC/UMAP • Builds upon councils in NJ and CA • All major utilities in Ohio represented around the table • Sharing of “best practices” and reporting back to the PUCO • Participation in council is voluntary 		<ul style="list-style-type: none"> • Working toward alignment with NARUC/UMAP standards • Sixteen regulated entities and fourteen minority and women owned businesses or organizations are represented on the Council • Forging effective relationships and promoting best practices that will be reported to the BPU • Participation in the council is voluntary

Ohio Gate:

Ohio GATE was established using the strategies that UMAP promotes. The council also researched both the New Jersey and California models before determining what made sense for Ohio.

Ohio GATE membership is open to Electric, Natural Gas, Telephone and Water Companies operating in the state of Ohio. Targeted companies have \$10 million annual revenue.

Advocacy partners represent the interest of Minority, Woman-owned, Service-Disabled Veteran-Owned Businesses, and the Council includes PUCO Staff who serve on the Council as non-voting members and are the liaisons to the PUCO on behalf of the Council.

The companies represented around the table have agreed to work together and share “best practices” among their organizations. The companies have also committed to sharing information relative to spending, and have committed to building better programs through goal setting and measuring outcomes.

Participation in Ohio GATE is totally voluntary, with no punitive action taken on those who choose not to be included.



Considerations for UMAP-type Programs

- **Political climate – political realities**
- **Visible leadership of Commission and Utility Executives**
- **Commission driven vs. Commission oversight**
- **Degree of regulated company involvement in program development, implementation, and accountability**
- **Inclusion of diverse suppliers in the development and implementation of a program**
- **Desired level of reporting; Staffing support – funding**
- **Many approaches**
 - Start a Council
 - Codify a Utility Program
 - Start a Voluntary Informal Program

There are other options besides starting a full blown council. As a Commissioner you must consider all of the variables to determine what would work best in your state.

Some of the things to assess when deciding what type of program would be best include:

-the political climate that you are operating in; what are your realities? Would an initiative such as this be able to garner support for everyone? Etc.

-What are your commitments as a Commissioner? Do you have time to initiate a program and become it's champion? Visible Commissioner participation encourages the companies to lend both talent and resources to the program.

-will your program be driven by the mission & goals of the Commission, or will the Commission just serve as an oversight body with the group being self driven?

-How involved do you want the companies to be in the formation of a program? Will you structure the program and seek buy-in, or will you allow the group to form and establish their own structure and pattern of operation?

-will the program include representation by diverse business owners or will you have their industry representatives sit at the table on their behalf?

-what type of reporting would you like to see come before the Commission as a result of the work that this group does?

-will the Commission offer staff support to the project?

Not all states are ideal for starting a full council, however Commissioners could decide to call groups together periodically to discuss what is going on in the area of supplier diversity, share best practices, and figure out how to work together to achieve certain goals. The group could also come together to form some variation of a council that implements UMAP strategies to further the cause of supplier diversity in their region.



Maryland as Example of UMAP Collaboration

1992 - HB 1197 PROPOSED a Public Service WMBE Program

1993 - Maryland PSC started Collaborative MOU with Utilities

Good Start, but....

Undefined Goals and Lack of Uniform Reporting Requirements

2008/9 - PSC Convened first annual DBE Utility Conference

Working Group Established to write new MOU

Key Elements of Program

**25% aspirational goals by 2012; Uniform Reporting, Verification
Maryland Program Inspired by CA GO 156**



**Future of Utility Supplier Diversity:
California Updates
UMAP Updates**

- California Updates – CA DBE Rulemaking
- UMAP Continuing to Inspire Supplier Diversity Programs
- Proposal/ Resolution on UMAP
 - UMAP Would Assume Higher Profile at NARUC



Questions/Comments for Panel Participants

Wendell Holland <i>Moderator</i>	Commissioner Emeritus, Pennsylvania Partner – Saul Ewing, LLP
Christopher Freitas	U.S. DOE Senior Program Manager
Will Johnson	President of Visage Energy
Jeff Thorsen	DBE Program Manager, SoCalGas and San Diego Gas & Electric