Remarks of Travis Kavulla on Receiving the Kent Wheatland Memorial Award
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Ladies and Gentlemen, Chairman [Pat] Wood, and other honored guests, thank you very much, and thank you Gary [Ackerman] for the kind introduction. I want to acknowledge the hardworking Renaissance Man behind my firm's regulatory policy interests in the Western United States, Scott Olson, who is here today. And I want to note with regret the absence of my wife, Laura, who was due to be here until an unforeseen daycare closure, which means I will only add to my significant debt to her for her care of our three charming but demanding children, four-year-old Julius and our 10-month old twins Alice and Clara (or "A/C" as I call them).

Having turned 39 years old last week, I personally think I'm a bit young for a lifetime achievement award, so I hope this award is not that. And for my part, I'll try to ensure its bestowal is also not the occasion for an incipient mid-life crisis either. But it is true that I have spent a long part of my professional career to date trying to continue the efforts of many others to introduce and improve competition in energy sectors where monopoly too often still has a powerful foothold. So I am deeply honored by this recognition in particular.

For those who don't know me, I grew up in Great Falls, Montana, went back East for school, then to England, and then to Africa, and in the midst of deciding whether to be a historian (where I wrote about colonial era development projects) or a journalist (where, for example, I reported for the Wall Street Journal from Burning Man), I decided to spend a summer back in Montana. There, I quickly was plunged into the vortex of local politics and, however improbably, was elected to be a utility commissioner the year after my return. A pretty normal career trajectory.

Being the chairman of a state utility commission at the age of 26 is sort of like going to graduate school with a gavel, and to allow myself a moment of seriousness, one of the true blessings in my career was that Montana voters entrusted me to perform this public service when I had no real qualifications at all, other than a promise to work hard. And I did, because I was a bachelor with no social life to speak of. I read Al Kahn in the mornings, my rate cases in the middle of the day, and Pat's FERC Orders at night.

Another blessing deserves mention also: the incredible community of those involved in energy policy, some of whom are here in this room and many of whom are not—including those incredible people who have passed to the other side, who took this stuff seriously, but did not take themselves too seriously.

I will credit that learning and fellowship with some insights that accompanied me progress through my public service:

First, “regulation” as it is sometimes practiced is less about protecting consumer interests than it is venal rent-seeking from monopoly interests driven to spend more and thus make more, borne out of the often hopelessly counterintuitive incentives established by traditional cost of service regulation.

Second, this “regulation” also too often exists within a silo of vertically integrated utilities that are not part of competitive regional wholesale markets. This further increases the information asymmetry inherent in regulating a highly specialized industry, entrapping regulators and consumers alike in a bubble of unreality.

Third—and this view was at least slightly heterodox for a Montanan, given the much-spoken-of failure of “deregulation” in the state—but it seemed to me that the one group that had escaped the bubble and had a choice in their energy supplier, commercial and industrial customers, would never relinquish that choice and wanted as little to do as possible with the supposed blessings of the my institution’s rate regulation. It sure seemed to the customers who had a choice, to steal shamelessly an adage from our keynote speaker, that “competition on its worst day is best than regulation on its best day.”

I suppose all of this slowly at first and then quickly coalesced in me to make me at least phenotypically eligible for what this award honors. And I am today delighted to work for NRG, a company that even while it has reinvented itself many times, has always been constant in never having had a captive base of ratepayers on which to rely. It is a particular source of pride that our current work has us focused not only on wholesale electricity market design that conventionally has concerned itself with supply resources, but on activating demand so that electricity may finally become a genuinely two-sided marketplace.

Being here in Coeur d’Alene, I am particularly happy to see the West is making incremental progress on trying to optimize the commitment and dispatch of power plants from the Bay Area to Billings and to obtain the benefits of portfolio diversity as the natural strengths of various geographies of the West help balance one another. My work and that of EIM Governing Body Members John Prescott and Anita Decker, both here with us today, and so many others, in nurturing the Energy Imbalance Market has proven to be both a good in itself and a catalyst to a much wider-ranging conversation. To be sure, this regional integration does not alone ensure competition, and the complexity of overlapping market structures can impose transaction costs and unintentionally impede the smaller actors and innovators who should be encouraged onto the system. However, even someone who is by nature a skeptic can see that the Western markets conversation is a glass that is half full. And so, on that note, and thanking you again for this generous honor, let us raise that glass to a healthy, efficient, consumer-focused competition in the Western United States.