

## SNL Energy's Michael Copley Features ScottMadden in an Article on E.ON Split

*E.ON Split Points to Growing Focus on Utilities' Delivery Businesses*

**ATLANTA, GA – (December 3, 2014)** – ScottMadden, Inc., one of North America's leading energy consulting firms, was recently featured in a new report from Michael Copley, reporter at SNL Energy, titled "[E.ON Split Points to Growing Focus on Utilities' Delivery Businesses](#)." This article provides insight on the conditions in Germany that preceded E.ON's announcement that it will split in two—one company focused on renewables and the other on conventional generation—and the U.S. utilities interest in the German experience.

The following transcript has been edited for length. To access the full SNL Energy article, please click [here](#).

"The shift comes against the backdrop of a national energy policy that has sought to move Germany toward renewables and energy efficiency and away from nuclear power. In March, [Johannes] Teyssen [CEO E.ON SE], said German policies and 'the related insufficient market process' for conventional energy was a drag on E.ON's business," said Mr. Copley.

"The split appears to be an effort to isolate the fallout from German policy and conditions in the country's energy market," noted [Chris Vlahoplus](#), partner and clean tech & sustainability practice leader at ScottMadden. "Conditions in Germany are very difficult for traditional merchant generation assets. Wholesale power prices are down due to the addition of subsidized renewables, which have pushed gas out of the money on the dispatch curve. As a result, most incumbents with exposure to the competitive wholesale markets have seen significant value destruction. By contrast, the regulated operations of those incumbents, particularly delivery, have not seen the same impact."

"In a [recent report](#), [SEPA](#) said increasing levels of renewable power generation in the U.S. will shape utilities' organizational structures," noted Mr. Copley. "We expect renewable energy divisions to become highly visible and influential groups within utilities as the growth and impact of renewable technologies continue," SEPA wrote.

Mr. Vlahoplus continued, "E.ON's split is not likely to pressure U.S. companies into immediate decisive action." "The U.S. markets have already suffered due to low gas prices and the introduction of renewables," he said, noting that some companies have exited the merchant power business while the U.S. northeast has become home to "wires-only" companies that divested their generation assets. But utilities remain focused on the issue. "U.S. utilities know they need to do something different and are beginning the dialogue," Vlahoplus said. Like E.ON, "we would expect U.S. utilities will similarly place great importance on developing the delivery business model that capitalizes on the opportunities."

**About the Author**

Michael Copley has covered the business, regulation, and politics of renewable energy for SNL Energy since February 2013. Before that he reported for newspapers and websites in Virginia, New Jersey, and New York.

### **About ScottMadden's Clean Tech & Sustainability Practice**

Leveraging our energy expertise, the ScottMadden Clean Tech & Sustainability practice helps our clients effectively navigate through the quickly changing energy landscape. We specialize in assisting our clients with sustainable energy strategies and making smart portfolio choices. We work with our clients to understand and effectively utilize cleaner, renewable sources of energy, such as nuclear, wind, solar, biomass, and biofuels. Our experienced team of energy practitioners understands the roles of energy efficiency, demand response, and storage as part of an integrated strategy. We also assist clients with sustainability, bringing an understanding of energy-unique concerns.

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