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VAST MAJORITY OF UTILITY STAKEHOLDERS EXPECT A MAJOR SHIFT IN BUSINESS MODELS BECAUSE OF DISTRIBUTED ENERGY

Navigant and Public Utilities Fortnightly Preview “State & Future of the Power Industry” Report at EEI Annual Convention

CHICAGO – June 14, 2016 – This week at the Edison Electric Institute (EEI) Annual Convention, Navigant Consulting, Inc. (NYSE:NCI) and Public Utilities Fortnightly (PUF) preview “State & Future of the Power Industry,” a special report exploring the current status as well as the future of the electric utility industry. The full report, which will be released on July 5, 2016, signals change is coming, and while 90% of utility stakeholders surveyed say that distributed energy resources (DER) will force a shift in utility business models, they are split (50-50) on the timing of this shift.

“This study points to several forces that will continue to transform the way utilities do business. Although DER is already growing faster than central station generation this year in North America, this trend varies by region as the policy approach, regulation, market dynamics, and structure vary,” said Jan Vrins, leader of Navigant’s Global Energy segment. “North American utilities are at various stages of integrating distributed generation, demand response, energy efficiency, electric vehicles, and energy storage. Many are unprepared for the dynamic impact these resources will have on integrated resource planning and current grid operations. Since there is no one-size-fits all approach, Navigant has developed a flexible playbook that helps a utility develop an integrated DER strategy and approach, based on their maturity level and the market in which they operate.”

Although more than half of survey respondents believe the role of regulated utilities will not undergo significant change in providing services to customers within the decade, most recognize that advances in technology and changing customer demands present new opportunities and challenges. These findings suggest a more conservative approach by utilities, with 70% of respondents indicating that a utility’s ability to provide reliable power is still the most important role, significantly ahead of affordable and green power.

“While utility stakeholders voice widespread consensus that the industry is facing profound change and advances in technology and changing customer demands present new opportunities and challenges, the lack of urgency to change the services offered to customers surfaced in this report is concerning,” added Vrins. “Providing reliable, safe, and affordable power are table stakes, and utilities must evolve their business models to include sustainable, intelligent, and distributed elements of the energy cloud in order to serve their customers and protect shareholder value.”

The report summarizes “off-the-record” conversations held by PUF editor Steve Mitnick with utility leaders about electricity’s future, presents findings from a PUF reader survey on the future



of electricity, and includes perspective from leaders within Navigant's Global Energy practice on where they see the industry shifting and evolving.

Key findings from the survey include:

- Solar photovoltaic (PV) (70%), energy efficiency (42%), demand response (40%), and energy storage (39%) were named as the most prevalent DER solutions in terms of capacity by 2025.
- More than 90% of survey respondents believe that the growth of DER will force a major shift in utility business models.
- Almost 50% of industry respondents pointed to a supportive regulatory environment as the most important tipping point for moving aggressively into owning and operating DER.
- Almost 50% of the survey participants believe that by 2025 there will be five or more states to adopt a distribution-level system operator model.
- Over 80% of the respondents believe that residential and commercial customers' demand for choice and control will change moderately (50%) or substantially (33%).
- Emerging customer engagement channels that will be most widely used to deliver value to customers are: apps (55%), behavioral & analytical demand-side management (38%), and integrated energy services platforms (37%).
- Survey findings point to expectations of an increasing threat of cyber-attacks, from more connectivity on both sides of the meter:
 - o 55% of the respondents expect there will be one or two cyber-attacks.
 - o 30% expect there will be several serious service disruptions in the coming years.

To learn more information about Navigant's Global Energy segment visit navigant.com/energy.

About Navigant

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at navigant.com.

About Public Utilities Fortnightly

Public Utilities Fortnightly (PUF) has been, since 1929, the magazine of record for the electric and natural gas utilities industry. It is a forum for commentary, opinion and debate on utility regulation and policy. PUF is must-read for the broad readership of some fifteen thousand-plus senior utility managers, regulators, policymakers, and leaderships of the asset owner/developer,



advocacy, financial, legal, engineering, economic and consulting communities that must address the industry's challenges every day.

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