

Acclaimed Economist Todd Buchholz and Top Investor Michael Mindlin Say Sparks Fly, as Big Tech Shocks Electric Utilities

LOS ANGELES, UNITED STATES, March 20, 2024 /EINPresswire.com/ -- If John D. Rockefeller were around today, he'd be screwing a Google Nest into the wall of his home, say acclaimed economist [Todd Buchholz](#) and noted business investor Michael Mindlin. The notoriously thrifty oil baron who gave away nickels to children would want to save on his monthly energy bill. Big Tech is everywhere, and traditional energy companies from Rockefeller's legacy, ExxonMobil, to your local utility are embracing Big Tech with hope while also shaking with fear. Will companies like Google, Amazon, and Meta shove aside your local utility and put your meter reader and his bosses out to pasture? Who wins if they do?



Todd Buchholz

In an article published by [Project Syndicate](#), Buchholz and Mindlin point out that Big Tech has already shown a lust for disruption. Just twenty years ago, a "Google" was merely a big number, a cloud was a puffy thing in the sky, and 5G was the row you left your car in at the parking garage. Tech has upended industries at the enterprise and retail levels.

Consider pharmacies, which relied on shoppers' patience to wait days for a prescription and stand in queues to pick it up. Now, companies like Hims and Hers will confidentially overnight drugs to calm your nerves, grow your hair, or kindle Eros. Meanwhile, Amazon One Medical enables 24/7 telehealth and same/next-day appointments, which is quite a feat considering the average wait time in major cities is three weeks. Buchholz and Mindlin add that storefront profit margins have dropped, plunging Rite-Aid into bankruptcy.

Just as the world needs more widely distributed medicine, it also needs more efficient, reliable, and better-distributed power—too many Americans are sitting in the dark too often and for too long. According to the Energy Information Agency, between 2013 and 2021, the average duration of a blackout doubled to 7 hours, and the frequency jumped by almost 20 percent. Given their dim surroundings, Americans take a dimmer view of their local utilities, with 71 percent saying they would switch providers and businesses complaining that power outages cost them \$150 billion yearly.

Utilities do not deserve all the blame. State and local regulators and politicians dictate profits and prices while skewing and delaying capital upgrades. The Department of Energy takes five years to study a new project before approval, leaving 2,000 gigawatts of annual capacity waiting in the queue.

Fast-growing trillion-dollar tech companies cannot afford to lose power, so they're taking matters into their own hands. Amazon's clean energy program produces electricity in twenty states, generating enough to power over 7 million homes. Under rocks dating from Jurassic times in Nevada's Blue Mountains, Google is partnering with Fervo Energy to cook up geothermal energy to run Google data centers.

Unlike utilities saddled with old plants that cannot figure out how to decommission, tech companies can start anew. The average age of an oil-burning steam turbine plant in the Midwest is nearly 70 years, and Whiting, Wisconsin, runs a plant built in 1891—that's 40 years before Boris Karloff was hooked up to lightning bolts in the original *Frankenstein* movie!

Although tech companies are constructing new power supplies that integrate AI to modulate output for themselves, they are also aiming for home-dwellers. Big Tech is already welcome in the home. Amazon evolved from delivering brown boxes of books, cleaning floors with the Roomba, recording porch-front activity with the Ring, and answering questions with Alexa. Google recently merged its smart thermostat Nest with Ohm-Connect and will pay people to turn down their thermostats and dim their lights during peak hours. Linked with AI-enabled weather forecasting, they can do so before lightning storms strike.



Michael Mindlin

How should utilities respond to free-wheeling, free-spending wizards? Executives should turn on their smart televisions and rewatch Michael Corleone's advice to "keep your friends close, but your enemies closer." First, communicate better with customers. Has your utility ever sent you a newsletter, a movie link, or a dozen roses? Or do you think about it only to complain when things go dark or when you see a meter reader skulking among the backyard weeds? Second, partner with Big Tech to boost efficiency. A few weeks ago, Southern Company announced a deal with Samsung SmartThings to create an innovation laboratory to enable fancy refrigerators, dishwashers, and garage door openers to speak cooperatively to each other while saving power. In San Diego, SEMPRA is partnering with Fermata Energy so that EVs can sell their battery power back to the grid during peak demand hours.

Ever since the age of John D. Rockefeller and Thomas Edison, utilities have been the Steady Eddies of investments, the cliché favorite of dividend-seeking widows and other risk-averse investors. Buchholz and Mindlin conclude that the sector is getting hotter, whether or not the climate is getting warmer. As Big Tech enters, sparks will fly.

Todd G. Buchholz, a former White House director of economic policy under President George H.W. Bush and managing director of the Tiger hedge fund, was awarded the Ally Young Teaching Prize by the Harvard Department of Economics and is the author of *New Ideas from Dead Economists*, *The Price of Prosperity*, and co-author of the musical [Glory Ride](#). @econTodd

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