

Press Release

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Change, Innovation Needed to Ensure Future Reliability Says NERC President & CEO

WASHINGTON, D.C., Feb. 21, 2008 — Rick Sergel, President and CEO of the North American Electric Reliability Corporation (NERC), delivered a luncheon keynote address at the National Transmission Delivery Forum in Washington, D.C. co-sponsored by the National Association for Regulatory Utility Commissioners and the Department of Energy.

Excerpts from his prepared remarks include:

“Our 2007 Long-Term Reliability Assessment projects a 20% growth in demand over the next ten years. While it may seem a simple statistic on paper, we will need every resource in our arsenal to meet this challenge – from new infrastructure to breakthrough improvements in operating efficiency and demand management.

“We have seen a lot of public support for wind and renewables development over the past year, but in order to realize the value of these resources, we need the same kind of support for the transmission lines that will link them to population centers. We need to think of transmission as a ‘clean energy superhighway,’ an enabler for future development of renewable generation resources.

“We are on the cusp of dramatic change in our industry with respect to climate change and proposed carbon legislation. We are already seeing its effects begin to ripple through as more coal plants are deferred or cancelled in favor of natural gas and reduced emissions. In our mission to ensure reliability, you can rest assured that we will be actively engaged in this growing issue this year.

“Frankly, we are at the point where we must consider how to meet our obligations and maintain reliability without all the infrastructure we need – we simply don’t have enough time to solve many of our ‘issues,’ rather we must learn how to manage them.

“Increasing operating efficiency is the great opportunity of our time. It is essential because we are operating the grid closer to the edge than ever before. We have three key opportunities in front of us today which do not require a siting study and will not contribute to global warming, but they will require new thinking, innovation, and a long-term vision:

“We must embrace new technologies – today we have the opportunity to continue building the ‘MRI’ of power systems, giving us the ability to identify issues within seconds through measuring and monitoring phase angles on the system. The key to making this technology work is many investments by many owners and operators spread out across the international grid. We are well on our way to reaching this goal, and, with your support, we will see this project across the finish line. Its adoption is imperative if we are to ensure future reliability.

“We must double the amount of demand management available to system operators, with a goal of ten percent of total peak demand.

“And, finally, we need to make the grid ready for distributed generation, storage, and hybrid vehicles.”

The North American Electric Reliability Corporation’s (NERC) mission is to ensure the reliability of the bulk power system in North America. To achieve that, NERC develops and enforces reliability standards; assesses adequacy annually via a 10-year forecast and winter and summer forecasts; monitors the bulk power system; audits owners, operators, and users for preparedness; and educates, trains, and certifies industry personnel. NERC is a self-regulatory organization, subject to oversight by the U.S. Federal Energy Regulatory Commission and governmental authorities in Canada. Learn more at www.nerc.com.

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