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Voice of the Electric Transmission Industry



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New Study Highlights the Risks and Costs of Not Planning For a Strong, Flexible Transmission Network

WASHINGTON, DC – A new study commissioned by **WIRE** says policy makers must press electric grid planners to recognize and evaluate a full spectrum of enhanced transmission benefits and improved interregional planning processes, while also considering the risks and potentially high costs of an insufficiently robust and flexible grid.

Challenges to the electricity-dependent economy cannot be met unless planning processes fully explore the range of benefits and risk mitigation that most transmission projects can provide, according to [*Toward More Effective Transmission Planning: Addressing the Costs and Risks of an Insufficiently Flexible Electricity Grid*](#), released today and prepared by economists at [*The Brattle Group*](#). According to the analysis, transmission planners need to more fully recognize that a modernized, more flexible transmission system is key to take advantage of regional fuel diversity, facilitate competitive markets, and support economic growth.

If planners fail to study and mitigate the risks and costs to consumers from an insufficiently flexible transmission system, a suboptimal grid could result in higher costs over time, the study finds.

Brattle analysts say regional planning systems today consider an overly narrow set of economic or reliability criteria, ignoring many transmission-related benefits and values that would allow investments in building more flexible transmission grid. The current focus on new digital and distributed technologies may increase the risk imposed by inadequate transmission infrastructure. Transmission has in fact become more important to reliability and the deployment of those technologies.

Brattle's study also found that the current interregional planning processes developed in response to FERC's Order No. 1000 are generally ineffective.

This new analysis builds on The Brattle Group's 2013 study for **WIRE**, [*The Benefits of Electric Transmission: Identifying and Analyzing the Value of Investments*](#).

“By commissioning this report, **WIRE** is asking policy makers and transmission planners to re-think whether they are actually fostering and authorizing development and operation of the *most*

beneficial, economically efficient, and environmentally helpful transmission infrastructure,” said **WIRES President John Flynn** of National Grid. “We believe that it’s difficult for planners to say ‘yes’ in response unless the transmission planning processes they oversee fully consider all the potential long-term benefits of transmission, based on the best understanding of how transmission benefits can be identified and distributed. It is my hope that this is not another report that collects dust on the shelf, because ignoring its message will entail higher risks and higher costs down the road.”

“The wait-and-see approach taken by today’s planners is dominated too much by short-term thinking about reliability or narrowly-defined economic benefits,” said **WIRES Counsel Jim Hoecker**, a former FERC Chair. “It’s hard to criticize regional planning efforts, and even the meager results of interregional planning, when the industry is struggling to restructure its planning processes and criteria under FERC’s direction. However, the Brattle economists show that there are critical shortfalls in how planners are thinking about the future of the high-voltage system. Those shortfalls will be costly. Even though changing planning practices is hard, the U.S. and Canada will incur far greater costs and risks if they fail to begin planning for a more sweeping modernization of the high voltage transmission network within the foreseeable future. The mounting pressures for change in the electric generation mix and electric transportation make reducing or delaying investment by conservatively understating transmission-related benefits a high-cost, high-risk gamble,” Hoecker added.

Here are links to the [full report](#) and the three-page [executive summary](#).

WIRES is a non-profit trade association of investor-, publicly-, and cooperatively owned transmission providers, transmission customers, regional grid managers, and equipment and service companies. WIRES promotes investment in electric transmission and progressive State and Federal policies that advance energy markets, economic efficiency, and consumer and environmental benefits through development of electric power infrastructure. For more information, visit www.wiresgroup.com or contact Jim Hoecker at 202-378-2316.