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Voice of the Electric Transmission Industry



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Report: New Technologies Are Both Boon to The Grid And Complement To Transmission Investment

WASHINGTON, DC – A new study, conducted for **WIRE** and responding to **FERC**'s requirement in [Order No. 1000](#) that planners take account of “non-transmission alternatives,” finds that distributed generation, energy efficiency, storage, microgrids, and other innovations add resilience and dynamism to the grid, but do not obviate the need for major expansion of the high-voltage, bulk power system.

Entitled [*Market Resource Alternatives: An Examination of New Technologies in the Electric Transmission Planning Process*](#) and authored by [London Economics International](#) (LEI), the report explains the alternative resources it re-labels Market Resource Alternatives (“MRAs”), analyzes the capabilities of each technology, and examines how these supply-side and demand-side options can benefit the electric system and ultimately consumers. Importantly, LEI's benefit-by-benefit analysis shows that, when compared to the benefits that additional or upgraded transmission capacity offers in specific circumstances, “MRAs are rarely a complete substitute for transmission.” Instead, MRAs “provide specific benefits and can serve as complements to transmission and vice versa.”

In its preface to the report, WIRE observes that MRAs are not a threat to transmission investment and seldom provide a genuine alternative. WIRE concludes that transmission planners should seek to optimize both kinds of investment rather than choosing between them, because MRAs and transmission offer different benefits.

“LEI has produced a high-quality work product showing planners that MRAs and transmission are not mutually exclusive, but actually can complement each other,” said **Phillip Grigsby**, WIRE President. “I think the study makes a sound argument for modernizing the transmission system to obtain the economic and reliability benefits of both strong infrastructure and versatile, more efficient, low-carbon options.”

WIRE asked LEI to examine the proposition advanced by some that MRAs can replace transmission, and to outline how to evaluate MRAs and transmission on equal footing within the regional and interregional transmission planning processes mandated by Order No.1000. Looking at how MRAs have been examined by planners and regulators to date, the authors

propose a set of analytical tools and modeling techniques to effectively evaluate MRAs alongside transmission investment.

“This assignment challenged us to understand and compare how multiple technologies can be expected to perform and the benefits they can provide,” said **Julia Frayer**, who led the team at London Economics. As the case studies show, transmission and MRAs have distinct characteristics and provide specific benefits. Seldom are planners genuinely faced with having to choose between a transmission project and an array of MRA investments,”

“LEI’s work is a major contribution to an understanding of MRA’s operations and benefits and how they fit into regional and interregional transmission planning,” said **Jim Hoecker**, WIRES Counsel at Husch Blackwell and former FERC Chairman. “At a time when compliance with the planning requirements of Order No. 1000 – both regional and interregional – is plagued by low expectations and disagreements about how to value transmission, a study like LEI’s tells us we can do better if we want to.”

“FERC’s policy objectives, if I understand them correctly, are to honor regional differences when planning the grid but also to instill some rigor in the process of evaluating the best solutions for our electric system,” Hoecker added. “In the final analysis, LEI’s study is a call for action.”

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.