

## ***Electric grid in need of better legislation***

**Dateline April 1, 2009. Immediate Release**

Renewable Energy Transmission Company Inc. today released a major new report into the US grid. The report concludes that the US is close to the bottom of international league tables in terms of existing grid infrastructure and that this is the biggest single barrier to the administration's goal of creating a new green economy. The report welcomes the move by Congress to legislate in this area but concludes that the early drafts of the legislation fail to address the problem and may do more harm than good.

The report released today, entitled "*The US electric grid – essential infrastructure in need of comprehensive legislation*" is a comprehensive look at the electric grid. The US grid was mostly built in the 1950's, to serve a far smaller population with different needs. Policy makers have known for some years that the grid is in need of a major overhaul.

The report compares the US grid with the grid in ten other industrialized countries and this puts us in eighth place on a basis of transmission assets per energy use and GDP. This underperformance, the report concludes, primarily arises from an archaic and inefficient industry structure, with over 500 owners and 120 control centers; two levels of grid planning (regional and utility) and two levels of grid regulation (federal and state).

The report concludes that this is a major problem as clean, new forms of wind, solar and geothermal generation all depend upon the grid, as the prime sites are invariably located long distances from our major cities. With 40% of our nation's energy use already in the form of electricity and rising, the grid is also important for the conventional economy. The report examines the risk of another major blackout, as occurred in 2003, 1977 and 1965 in the Northeast and in 1996 in California and the Northwest.

Congress is currently considering two possible forms of legislation for the grid. Senate Majority Leader Harry Reid, who has been at the forefront of this issue, has proposed the "*Clean Renewable Energy and Economic Development Act 2009*". The staff of the Senate Energy and Natural Resources Committee has drafted a similar bill.

The report welcomes the move by Congress to pass new legislation in this area and concludes that the early drafts are a step in the right direction. It concludes that the move to create “interconnection” wide grid investment planning is positive, as is the move to provide federal powers to support the siting and cost recovery of new transmission. The report argues, however, for a smarter approach in three key areas.

Firstly, the draft legislation provides for regulators to appoint two new planning entities with wide ranging powers but yet places no obligation on this entity to be independent. The report concludes that without impartiality, the flow of capital to the sector could actually slow down, as investors need to be assured of equal treatment and a level playing field. The report also questions the wisdom of appointing an existing organization or business to this role within 120 days and concludes that a better way would be to create a new organization, with genuinely independent governance.

Secondly, the report notes that the draft legislation risks creating yet another layer of planning authority whereas a better way forward would be for the new entity to focus on rationalizing and improving the current industry investment planning structures.

Thirdly, the report observes that a pattern of over 120 control centers is in contrast to nearly all other countries that have now rationalized down to one single national control center. This structure, the report concludes, leads to the inefficient use of existing grid capacity and is a significant barrier to the deployment of wind generation and smart grid technologies. The report recommends that legislation provides for the new independent planning entity to be responsible for managing and consolidating grid control centers.

“Congress built highways; restructured the natural gas pipeline and telecoms industries and created the FAA, all too good effect”, said the company’s President and the report’s author, Stephen Burnage, an industry veteran. He added, “We welcome the interest by Congress and hope that this new report will help them pass the legislation we all need”.

A copy of the report is available on [www.renewabletrans.com](http://www.renewabletrans.com).

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Renewable Energy Transmission Company (Retco) is a new, green economy, company dedicated to connecting renewable generation (wind farms, solar and geothermal plants) to the electric grid, from where the energy can be delivered to population centers. It’s President, Stephen Burnage, is an industry veteran with over twenty years executive experience in managing, financing and building grid assets.

Before going on his own and creating Retco in 2009, he was a Senior Executive with a major utility from where he led the largest multi-state transmission project in the US.