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For further information, contact: Brent Gilroy
301-587-6831 / brentgilroy@starpower.net

Shift to Renewable Power Generation Demands New Approaches to Transmission Challenges

WASHINGTON, DC – Significant progress is being made to prepare America’s electrical grid for integration of innovative, renewable and carbon-neutral generation sources. But a successful, large-scale shift to clean energy demands a bold and far-reaching commitment by utilities, regulators, and policymakers to provide infrastructure and new rules that enable power from often-remotely located clean resources to be delivered to consumers efficiently and economically.

Those are the key conclusions of a new report by the industry group WIRES, which identifies the most effective technical, commercial, and regulatory practices for integrating “locationally-constrained” wind, solar, biomass, clean coal and other generation sources into the grid. WIRES – the Washington-based Working Group for Investment in Reliable and Economic Electric Systems – promotes investment in the grid and provides information about transmission to state and federal policymakers.

Entitled *Integrating Locationally-Constrained Resources Into Transmission Systems: A Survey of U.S. Practices*, the study is available on the WIRES website – www.wiresgroup.com and www.wiresgroup.com/resources/industry_reports/WIRES_Report_LCR.pdf

“Our national transmission system’s key challenges include interconnecting and operationally integrating the clean and often volatile generation resources needed to comply with potential climate change legislation and renewable portfolio standards,” said Will Kaul, Chairman of CapX 2020, Vice President of Great River Energy and President of WIRES.

“The amount of power provided today by wind, solar and other clean resources is relatively small compared with what eventually must come on line to drastically reduce carbon emissions. We must link these resources – and the places with favorable geology for carbon sequestration – to large population centers that demand cleaner electricity,” Kaul said.

Widespread use of renewable energy is complicated by its locational constraints and operating characteristics, said Paul McCoy of Trans-Elect Development, WIRES’ Vice President and principal supervisor of the report. “The wind doesn’t always blow; the sun doesn’t always shine. But we can harness these resources for the public good as a valuable part of the generation mix if we invest in additional transmission facilities.”

The report – which was prepared for WIRES by CRA International of Boston – details a first-of-its-kind survey of practices that will facilitate clean energy’s integration into the electric system. It addresses investment priorities, planning, operational and regulator issues, and rate and tax matters.

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Among other positive developments, the report found:

- Regional and cross-utility collaboration are encouraging new transmission planning tools, including creation of transmission infrastructure authorities and renewable enterprise zones.
- Regulatory rules of the marketplace increasingly are being designed to address the technical challenges of connecting locationally-constrained resources – including relaxation of otherwise prohibitively costly scheduling and imbalance charges for intermittent resources.
- Because transmission pricing and cost recovery are critical elements of transmission investment decisions, certain jurisdictions have taken positive steps to ensure recovery of investment in transmission built to connect to renewable resources.
- Federal and state governments are providing incentives to accommodate integration of locationally-constrained resources, extending tax breaks for investment in renewable resources to transmission required to connect those resources.

“We need major strengthening and expansion of the existing grid,” McCoy said. “We hope this analysis will awaken policymakers to the difficulties the industry is addressing -- often with success, but sometimes with great frustration.”

WIRES has concluded in the Preface of the report that a strong regional planning regime is critical, wind forecasting and regional aggregation of intermittent resources result in highly reliable power, cost allocation and cost recovery should be made less uncertain, and queue reform processes are promising and should be accelerated.

WIRES is a non-profit trade association of transmission providers, customers, and equipment and service companies formed to promote 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 202-639-6500.