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# FEDERAL ENERGY REGULATORY COMMISSION



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## NEWS RELEASE

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### FOR IMMEDIATE RELEASE

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### **FERC CHAIRMAN URGES CONGRESSIONAL ACTION TO IMPROVE TRANSMISSION, THE 'WEAKEST LINK' IN U.S. POWER SUPPLY SYSTEM**

Investment in the nation's power grid is lagging behind growing demand for electricity, and Congressional action is needed to maintain a reliable system and realize the Administration's goal of creating the power grid's equivalent of the U.S. interstate highway system, Federal Energy Regulatory Commission Chairman Pat Wood, III said in testimony today before the House Government Reform Subcommittee on Energy and Resources.

"Right now, our electricity transmission system is the weakest link in our electric supply system," Chairman Wood testified. "Although the Commission is working within its current statutory authority to encourage infrastructure investment, additional measures are needed to reach the level of investment required to maintain the reliability of the nation's bulk power system. The energy legislation currently pending before the Congress addresses certain impediments to investment in the short term, but more may be needed in the future."

Construction of high-voltage transmission facilities is expected to increase only 6 percent in line miles over the next decade, while electricity demand is projected to increase by 20 percent, Chairman Wood told the Congressional panel. Transmission investment in 1999 was only half of the level 20 years earlier. While there has been a short-term uptick in investment since then, growth in transmission capacity is lagging behind demand, he said.

This is contributing to billions of dollars in increased costs for customers because of transmission congestion and curtailment of otherwise economic transactions. "Significant transmission constraints limit access to competing electric resources" and impede the realization of competitive benefits for customers, Chairman Wood said. The issue will only become more acute as the nation moves to develop new clean-coal and nuclear generation facilities, he warned.

"We need to have an environment that is receptive to cost-efficient and energy-efficient technology" Chairman Wood testified. "We must encourage the industry to continue to develop and test these new technologies so that we can move forward in achieving a more modernized and efficient grid consistent with the Grid 2030 vision outlined by the Administration two years ago."

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One important tool that could be realized today is effective demand response programs, which can reduce energy costs and increase efficiency, “but these programs are hindered because of blurred jurisdictional lines,” the Chairman said.

Chairman Wood urged Congress to focus on three issues in finalizing energy legislation: (1) creating a mechanism for mandatory and enforceable power grid reliability standards; (2) providing a federal backstop for electric transmission siting authority; and (3) repeal of the 1935 Public Utility Holding Company Act (PUHCA), which promotes anticompetitive electric company structures and helps impede investment in independent transmission companies.

“PUHCA is a statute that has served its usefulness and now needs to be repealed,” Chairman Wood said.

Today’s testimony and the Department of Energy’s Grid 2030 Vision report can be accessed at [www.ferc.gov](http://www.ferc.gov).

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