

Gongwer News Service Inc.

Volume #45, Report #200 --Tuesday, October 17, 2006

RELIABILITY COUNCIL PREDICTS POWER SHORTAGES

While the Public Service Commission is still studying Michigan's long-term energy outlook, the North American Electric Reliability Council said the prospects for the nation as a whole are not good in the coming years.

The NERC, now legally charged with developing and enforcing reliability standards in the United States and working to achieve those same powers in Canada and Mexico, projected in a [report](#) released Monday that the Midwest would be one of six regions that would see power demand encroach into reliability margins in as little as two years. And it found that demand would outpace new power supply by more than triple nationally over the next 10 years at current rates.

Judy Palnau with the Public Service Commission said commissioners and staff were studying the report and would likely consider its findings as they prepare a similar report for Michigan due out by the end of the year.

But in its most recent report, the PSC did find that there would be enough power in the state to avoid power shortages over the next year.

NERC found that nationally, electric demand will grow 19 percent over the next decade, but supply will grow only 6 percent and transmission capacity less than 7 percent. Canada, the group said, was in slightly better shape with demand projected at 13 percent and supply projected a 9 percent, but still a deficit. Canada faces a stiffer power movement problem, with transmission projected to grow only 3.5 percent.

For the Midwest, or the Reliability First Corporation region, the regional transmission organization that covers most of Michigan, the report estimated that demand would encroach on its 15 percent reliability margins by 2008 and would surpass uncommitted power plants, either in planning or construction, by 2013. For the parts of the Upper Peninsula covered by the Midwest Reliability Organization, reliability margins would be reached by 2009, but uncommitted power could carry the region past 2015. There will be additional generation capacity built on top of what utilities are planning, with the NERC expecting uncommitted resources to double over the next decade. It also warned there is not sufficient emergency transmission capacity to move that power where it may be needed.

NERC recommended that the nation's utilities look both at supply-side and demand-side changes to reduce the disparity between projected demand and supply growth. It also recommended that transmission companies and regional transmission operators work together to design a power grid that will handle both the projected demand and the need to, in emergencies, shift power across that grid.

It also urged federal and state regulators to remove regulatory obstacles to building additional transmission lines across the United States and Canada.

The group put it on utilities to find ways to ensure an adequate workforce. The report noted that much of the current workforce in the power industry will be retiring in the next 10 years. The report said the utilities needed to balance between recruiting replacement workers and developing compensation packages that will encourage those workers to remain on either past retirement or as consultants.

NERC also recommended utilities develop contingency plans for fuel shortages, noting effects both of recent unplanned interruptions from storms and planned interruptions from rail track maintenance near coal mines.