

FERC Commission John Norris
Bloomberg TV News
July 7, 2010

Peter Cook: I'm joined by John Norris. He's a Commissioner at the Federal Energy Regulatory Commission here in Washington. Thank you for the time. I appreciate you joining us here on Bloomberg.

What's your assessment right now about how the grid is holding up? I know that you yourself are one of those power customers right now without power.

Commissioner Norris: Well, I've got power now. It was off for a few hours last night, probably at the distribution level, so I didn't become too alarmed. You know the system is, whenever you have heat like this – Mother Nature can throw some wild cards at us – it puts a strain on the system, but right now there's adequate reserves. There have been some equipment failures, and there is some strain on the system right now, but this hasn't reached record levels, peak levels, so we feel good from the reports we're having this morning that power should stay on.

Peter Cook: Are there particular areas that you're watching most closely? Lot of people drew attention to New York yesterday. Obviously, the D.C. area today is facing record heat.

Commissioner Norris: Yeah, the Mid-Atlantic appears to be the most stressed region. It's the closest to record peaks, but it's still a few points below that. So, we've done adequate planning, there's reserves out there, and the system looks stable at this point.

Peter Cook: To some extent, what we're looking at right now is an economy that's been in recession so demand hasn't been as high. That's one reason people suggest why the electricity grid is up to the task right now. How confident are you that once the economy recovers further, if it indeed does, that the grid is going to be able to match the challenges posed by that modern economy?

Commissioner Norris: Well I think you raised a great point. The fact is the economy is down. That's impacting the demand for supply, so it's probably helping this situation right now. Again, we're still not at peak records, and we managed 2006 with higher peaks than this, so even an uptick in the economy will probably be fine. But the reality is our transmission infrastructure in this country is decades old, and there's investment needed and investment being pursued to make sure the grid is reliable and sustainable.

Peter Cook: This has been an issue for many years at the FERC. I know I covered it several years ago after the California power crisis. How are you handling the issue of transmission and the cost factor? Why would consumers, for example in Arizona, have to pay for the cost of transmission upgrades if those lines, for example, go through their state but serve California?

Commissioner Norris: That is probably the most difficult issue to resolve that we're working on currently is the cost allocation issue: Who pays for transmission and to what degree they use that transmission and have to pay the bill. The reality is though with our aging infrastructure, we're

going to need transmission upgrades throughout the country. The question probably will be more centered on renewables. If there is a renewable standard or a carbon policy, that there'll be need for additional renewables and how we transport remote, renewable energy to load centers in the urban areas is going to require more transmission lines, high voltage, to cross large expanses of land and who pays for that is the big question.

Peter Cook: What about the question of authority? Does Congress need to step in here and give the FERC clearer lines of authority when it comes to transmission siting? Resolving disputes between states that may say "Yes, we need that line," other states may say "No, we don't need that line?"

Commissioner Norris: Well, it's hard to say siting's an issue; we don't have a policy yet that drives renewable energy or carbon policy. Until we have that, we have a hard time knowing what to plan for and what to site for, so that's really an issue we may confront once we have a policy decision, and right now you have a lot of people waiting to build the energy system for the future, but they don't know what the rules and so it's causing a backlog in infrastructure needs.

Peter Cook: Immediately, really quickly, 2003 blackout. You don't see any prospect for a repeat of that this summer?

Commissioner Norris: Well, you know, can't promise you what Mother Nature will deal us, but right now the system appears stable and strong, there's adequate reserves, and we're monitoring it by the minute.

Peter Cook: Commissioner Norris. Thanks for joining us here on Bloomberg.

Commissioner Norris: Good to be here.