

Press Release

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Reduced Electricity Demand Bolsters Reserve Margins throughout North America for the Coming Summer

PRINCETON, N.J., May 19, 2009 — The outlook for electricity reliability for the coming summer season is generally good, the North American Electric Reliability Corporation (NERC) announced today in its annual *2009 Summer Reliability Assessment*.

“The economic recession has contributed to an overall reduction in the forecasted demand for electricity this summer, leading to higher reserve margins across North America for the season,” commented Mark Lauby, Director of Reliability Assessments and Performance Analysis at NERC. “Despite this decline in demand, it is vital that infrastructure development continue if we are to maintain reliability for the coming years. This is especially true for transmission infrastructure as new variable resources like wind and solar are developed.”

Specific key findings, detailed in the report, include:

Economic Recession Drives Broad Decline in Forecast Demand; Reserve Margins Increase — 2009 summer peak demand is projected to be nearly 15 GW (1.8 percent) lower than last year. Summer energy use (total electricity used over time) is also projected to decline by over 30 Terawatt hours (TWh), trending towards 2006 summer levels. Such year-over-year reduction in electricity use is not uncommon, for example — industrial use of electricity has declined in 10 of the past 60 years,.

Coal and Natural Gas Fuel Forecasts Appear Adequate — Overall, U.S. fossil-fuel inventories, supply, and delivery capability appear adequate for the 2009 summer season. Coal stockpiles are currently at nearly 50 percent above average levels and natural gas storage at 23 percent above average levels.

Nameplate Wind Capacity Grows by more than 9,000 MW — Projected installed nameplate wind capacity increased 45 percent from summer 2008 to nearly 30,000 MW total in summer 2009. The need for transmission infrastructure to support these new resources is becoming evident, as regions integrating wind resources are projecting increased transmission congestion in the 2009 summer – particularly during off-peak periods. Nevertheless, integration of new wind resources appears to be manageable for the 2009 summer.

Demand Response Increasingly Contributes to Capacity — Demand response resources used to reduce peak demand during the 2009 summer are projected to increase by eight percent (more than 2,200 MW) from the 2008 summer. The greatest rise in demand response resources is seen in the Northeast Power Coordinating Council (NPCC) and *ReliabilityFirst* (RFC) regions, where market mechanisms have encouraged significant development in demand response programs in ISO New England, New York ISO, and PJM.

The *2009 Summer Reliability Assessment* assesses the reliability of the North American bulk power system for the coming summer season. The report is available at:
<http://www.nerc.com/files/summer2009.pdf>.

The North American Electric Reliability Corporation (NERC) is an international regulatory authority for electric reliability of the bulk power system in North America. NERC develops and enforces reliability standards; assesses adequacy annually via a 10-year forecast and winter and summer forecasts; monitors the bulk power system; and educates, trains, and certifies industry personnel. NERC is a self-regulatory organization, subject to oversight by the U.S. Federal Energy Regulatory Commission and governmental authorities in Canada. Learn more at www.nerc.com.

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