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## Drunk on Power

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Thursday's blackout shouldn't have come as a surprise. In 2001, the general counsel of the North American Electric Reliability Council declared, "The question is not whether, but when, the next major failure of the grid will occur." Indeed, as energy secretary I held a series of electricity reliability meetings around the country in 2000 in an effort to bring industry representatives, government regulators and citizens together to tackle this looming problem. Unfortunately, as a nation, we sometimes wait for a crisis before taking much-needed action.

The fact is that as our demand for electricity has increased, our infrastructure — primarily the electrical grid that connects homes and businesses to power plants across North America — has not kept pace. Investments by utility companies have been inadequate; they have not built enough transmission lines. As wholesale electric markets evolve, utility companies and other electric generators have greater incentive to stretch the grid to its limits to gain a competitive advantage. At the same time, state and federal officials continue to quarrel over who will be responsible for regulating the interstate grid.

We can and must do better. There are moves we need to make quickly to ease the crisis facing our electric transmission system. First, we must establish mandatory reliability rules. In 1998, President Bill Clinton proposed legislation that would have required utility companies to protect and promote grid reliability. Utilities now operate under voluntary guidelines developed by the reliability council, which in practice means no one has to comply. An almost identical measure is pending before a House-Senate conference committee. Congress needs to stop delaying and pass this legislation.

Second, we need to outline basic rules of the road for utilities. For some time, the industry has been caught between the old paradigm of vertically integrated monopolies and the more modern approach of competitive wholesale markets. During this transition to competition, utilities have been reluctant to make investments in the transmission grid until they know what the rules will be and how they will benefit by them. Congress is considering legislation supported by utility monopolies in the Southeast that would further delay efforts by the Federal Energy Regulatory Commission to develop and enforce such rules. Congress must defeat this measure and, instead, promote the commission's efforts to modernize the grid.

Next, we should create regional transmission organizations to provide much-needed oversight. We learned from the 1996 blackout in the West that operators of the transmission grid need to communicate better. Such coordination can be best achieved if a single operator, independent of utilities controlling power plants, is established to control the grid for a region. Such organizations can also help a region accommodate the additional need for power within the grid.

Finally, federal and state governments need to set aside their differences and work together. Over the last decade, as the nation has moved toward a more competitive electric marketplace, the tension between the Federal Energy Regulatory Commission and state regulators has increased substantially. Before the 1990's, the lines of regulatory responsibility were clearly drawn. Since then the states and the commission have been at odds (egged on at times by utilities seeking to protect their monopoly status) over their regulatory roles. As a governor, I am sensitive to states' need to protect their citizens. Nevertheless, as the blackout demonstrated, we are all dependent on an interstate and multinational transmission grid.

States must recognize that the regulatory commission has an important role to play in ensuring the well-being of the grid and all electricity consumers. Both state regulators and the federal government (as well as the Canadian government) must cooperate to ensure that our electric grid is performing as well as possible.

We will soon know what specifically went wrong from an engineering perspective to cause the blackout this week. I hope that this time we will heed the warnings. Action is needed to bring our electric grid into the 21st century. As the events of the last couple of days have demonstrated, electricity is too important to our quality of life to do nothing.

*Bill Richardson, governor of New Mexico, was secretary of energy from 1998 to 2001.*

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