



Industry leaders opine on deregulation, reliability

BPA survey reinforces agency's view of the future

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Bonneville Power Administration

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PORTLAND, Ore. – Given the opportunity under deregulation, fewer than 25 percent of residential and small electricity consumers in the region would choose to jump from their current suppliers to other sellers, a recent survey of utility and industrial executives shows.

"We conducted this survey of industry leaders in order to understand the region's opinions regarding deregulation," said Steve Wright, senior vice president of the Bonneville Power Administration (BPA). "They told us they think deregulation will move forward, but not rapidly. They also told us a lot about how they thought it would proceed and what the results would be."

The survey group comprised 75 respondents chosen for their leadership positions and knowledge of Northwest energy affairs. The survey was conducted between November and January by the Portland firm of Davis & Hibbits. Results were released today. BPA will use the survey information to develop plans, policies and directions that are in line with its customers, constituents and interest groups. Here are highlights:

- Nearly 60 percent thought the capacity of the region's transmission system would fail to keep up with increasing demand in the next five years. Another 32 percent said the system could keep up but with qualifications. The survey did not distinguish between local delivery systems and high-voltage long-distance lines.
- Two-thirds thought the region would generate enough power to meet its own needs for the next five years. This runs counter to recent studies by the Northwest Power Planning Council and BPA that project severe shortages of power during dry, cold winters.
- Seventy percent of respondents believed entrepreneurs would step up and build "merchant" plants – generators built on speculation that the costs would be covered by sales in a competitive market. However, few plants are under construction at the present time.
- Sixty percent of those surveyed doubted that national energy legislation would pass in the next five years to address consumer electricity price issues. An even higher percentage — 74 percent — said they didn't think Congress would pass a law requiring that BPA and other federal power marketing agencies charge higher "market" rates to all buyers.

"Members of congress from the Northeast and Mid-west are mounting a concerted effort to deny the Northwest its lower power rates," said Wright. "Northwest elected representatives and their constituents

must be vigilant."

Other questions dealt with forming a regional transmission operator (RTO), an RTO's role on the West Coast and how it might deal with electric reliability. Some findings:

- Nearly two-thirds believe transmission and distribution systems will play a role in e-commerce and the fledgling information economy. Electric reliability – the ability to generate enough electricity to meet demand and the availability of transmission capacity to carry the electricity – will become increasingly important as an e-commerce-based economy matures. If these new markets are going to work, reliable power and transmission systems will be critical.
- Eighty percent agreed that the region's transmission system would be organized under a RTO within the next five years. Sixty-four percent said such an RTO would serve only the Pacific Northwest instead of the whole western region. Respondents were split on whether an RTO is necessary to maintain system reliability.

Respondents also spoke to the future of the federal hydro system, BPA's role in a deregulated market, equitable distribution of federal power, separation of BPA's power and transmission businesses and the agency's role in regional power planning. To get a full copy of the survey results, contact the Bonneville Power Administration.

"It's good to know what these people are thinking because our plans and actions directly impact them," Wright said. "We are always considering how our decisions will impact our customers, constituents and interest groups. This information will help us make better strategic decisions."

BPA is a federal power marketing agency responsible for marketing power from

29 federal dams and one nonfederal nuclear plant in the Columbia River Basin. It also owns and operates more than three-fourths of the high-voltage transmission lines in the Pacific Northwest. A self-funding agency, BPA pays for its costs through power and transmission sales. Both its power and transmission services are sold at cost. BPA also funds the region's efforts to protect and rebuild fish and wildlife populations in the Columbia River Basin. While BPA does borrow from the U.S. Treasury, it repays Treasury at market rates.

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