

Blackout Report Provides Significant Opportunity to Improve Reliability, PPL CEO Says

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The interim report of the U.S.-Canada task force on the Aug. 14 blackout lays out a blueprint for renewed focus on the reliability of the North American electric transmission system, William F. Hecht, chairman, president and chief executive officer of PPL Corporation (NYSE: PPL) said Wednesday (11/19).

"The report points out that this blackout would not have occurred if equipment had been properly maintained, prudent vegetation management had been performed and voluntary reliability standards had been fully adhered to," said Hecht. "Clearly, this blackout could have been avoided if all parties involved had simply followed the intent of these well-established standards."

Hecht said that reliability standards, known as the NERC Criteria, were developed in the 1970s following the 1965 Northeast Blackout. "These reliability standards provide a technical guide to the development and operation of the reliable and robust electric transmission system that is absolutely essential to the economic vitality of our nation," said Hecht.

On Aug. 14, three transmission lines failed in a 40-minute span. These three line failures, coupled with control room system failures, led to a cascading sequence that caused the blackout. Hecht said the NERC criteria, when applied as intended following any initial failure, enable operators to avoid cascading failures of the sort that occurred on Aug. 14.

"NERC has done an excellent job in providing the industry with effective operating standards and the vast majority of transmission operators in the country have rigorously, but voluntarily, adhered to these principles," said Hecht. "Many of us in the industry had previously concluded that mandatory, enforceable standards are necessary."

The blackout report, Hecht said, reinforces the conclusion that it is time for mandatory standards. "The report correctly emphasizes the need for a disciplined focus on ensuring compliance with the NERC reliability standards, developing rigorous implementation plans to address non-compliance and performing basic transmission line maintenance, especially vegetation management," he said.

PPL is very pleased, Hecht said, that the Energy Bill, which was overwhelmingly approved by the U.S. House of Representatives Tuesday, contains a provision that will establish a self-regulating reliability organization, with Federal Energy Regulatory Commission oversight.

"This provision of the Energy Bill will help us ensure that reliability standards are met by all those who use our nation's integrated electricity transmission system," said Hecht. "Because of this and other important electricity provisions, the nation will be very well-served by prompt passage of this Energy Bill. We urge the Senate to act as soon as possible so that we can move forward in the establishment of the reliability organization envisioned by the bill."

Hecht said the new reliability organization must also tackle the important issue of communications and coordination among regional transmission organizations (RTOs). "Preventing widespread uncontrolled, cascading outages requires coordination and communication, and establishment of logical RTO boundaries. The current patchwork pattern of RTO boundaries in the Midwest increases the complexity of managing the electric grid, and eliminates efficiencies gleaned from integrated planning and operation," said Hecht.

PPL's electricity delivery subsidiary, which serves 1.3 million customers in eastern and central Pennsylvania, was unaffected by the Aug. 14 blackout. PPL generating facilities in Connecticut and New York were employed in the restoration efforts following the blackout. The remainder of the company's power plants - in Pennsylvania, Maine, Montana, Arizona and Illinois - were unaffected by the blackout.

PPL Corporation, headquartered in Allentown, Pa., controls about 11,500 megawatts of generating capacity in the United States, sells energy in key U.S. markets and delivers electricity to customers in Pennsylvania, the United Kingdom and Latin America.

SOURCE: PPL Corporation

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