Remarks to the Electricity Advisory Committee
May 20, 2008

Thank you all for being here today. My colleagues and I truly appreciate the time and personal commitment each of you has made in accepting your invitations to serve on the Department's newest advisory committee.

We are on the verge of some profound and challenging changes in the electric sector. This is an exciting time to be working on electricity matters. I believe this committee of leaders, thinkers, and experts has the potential to make some very important contributions to what needs to become a coordinated, transformative effort that will have positive results for the future of every American.

I especially want to thank Linda Stuntz for agreeing to chair the committee and Yakout Mansour for accepting the post of vice chair. Would the two of you please stand, for those people here who may not know your faces?

Electricity is one of the pillars of our economy, and the challenges associated with ensuring that it will be clean, reliable, and affordable in the years ahead are daunting. Although the rate of electricity demand growth in the U.S. has slowed over the past several decades, we expect that overall electricity demand will continue to grow. DOE'S Energy Information Administration projects that total U.S. electricity demand will increase by about 30 percent by 2030. This means that - in addition to new generation capacity, increased energy efficiency, the integration of energy storage technologies, and adoption of new smart grid technologies - this country will need new transmission infrastructure. And yet, while the prospect of achieving all that is indeed daunting, it is not insurmountable.

When Secretary Bodman approved the formation of the EAC in March, he understood the Department and the Nation would benefit from the advice and counsel of this diverse and talented group of outside experts. The assemblage today includes some of the country's public and private sector leaders in electricity policy, planning, and

operations. The Department of Energy is eager to hear from you, learn from you, and work with you to achieve our shared objectives.

Among other things, you will provide senior-level counsel to the Office of Electricity Delivery and Energy Reliability to assist it in executing its mission and meeting the requirements of the Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007. In addition, you will advise the Office on deployment of smart grid technologies, research and development of energy storage technologies, renewable energy resource system integration, and explore the necessity of, and barriers to, the development of new transmission infrastructure.

In today's meeting, we will discuss the objectives of the EAC, and the creation of at least two subcommittees, one on implementation of smart-grid technologies, and one on energy storage. The Energy Security and Independence Act of 2007 directed the Department to establish advisory groups on these two subjects. To facilitate greater coordination in the electricity sector, and to avoid a proliferation of advisory committees, DOE decided to establish a general electricity committee with subcommittees on these topics. The Committee and the DOE may of course establish additional subcommittees, task forces, or working groups if it thinks appropriate.

You will also hear and discuss two presentations, one from a senior analyst at the Federal Energy Regulatory Commission concerning wholesale electricity markets, and another from the North American Electric Reliability Corporation concerning current and future challenges to reliability.

Finally, and perhaps most important, you will discuss possible EAC analyses or work products that speak to the issue of "continued electric supply adequacy." You may refer to this by a different term, but the label is not important. This nation will require significant and sustained investment in new electricity infrastructure in generation, transmission, distribution, and grid management systems over the next 15-20 years if we are to rise to the challenges presented by growing electricity demand, carbon emissions

and climate change, and aging and inefficient infrastructure, just to name a few. These investments will involve much new technology - some of which does not even exist today - and there are many obstacles to putting those new facilities in place in a timely and coordinated manner.

Developing a thoughtful, impartial and coherent design for this new infrastructure will be a major challenge. Balancing the need for greater project certainty as a prerequisite to investment against the necessity of local and state involvement in siting decisions, is one example.

The Electricity Advisory Committee can and should be ail influential participant in today's public debate. It's a debate that has gathered force and attention over the past several years and is likely be even more important, complex, and urgent as it continues.

With that, let me say thank you again to the members of the committee, and turn things over to Linda. Thank you.