

Press Release

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Winter Electric Reliability Outlook Generally Good

PRINCETON, N.J., November 24, 2009 — The outlook for electric reliability in North America this winter appears good, announced the North American Electric Reliability Corporation (NERC) in its *2009/2010 Winter Reliability Assessment* today. Reserve margins, including supply and demand-side resources, are expected to exceed NERC's reference planning levels in all regions.

Demand for electricity and stress on the transmission system generally declines in North America during the winter months, primarily due to reduced air conditioning use. Much of Canada, however, experiences peak demand for electricity during the winter months due to electric heating. The resource outlook in Canada remains positive, with resource margins expected to improve slightly from 16 percent last winter to 17 percent this winter.

"Today's report shows we expect to have enough electricity supply and demand-side resources to meet peak demand for the winter months, under normal conditions," commented Mark Lauby, Director of Reliability Assessments and Performance Analysis at NERC.

Highlights from the report include:

Economic Recession Results in Increased Projected Reserve Margins – Reduced economic activity has led to a decrease in projected demand and, as a result, higher reserve margins throughout North America over the coming winter season. While some winter-peaking subregions, including Québec and the Western Canada, are projected to come close to NERC's reference reserve levels, all regions appear to have sufficient resources to maintain reliable operations this winter.

Natural Gas and Wind Resources Continue to Grow – Over half of the generation capacity added to the system since last year has been natural gas-fired. Regions with the highest growth in natural gas generation include Florida, the southeast and northeast U.S., and southeastern Canada. Natural gas-fired generation is projected to provide roughly 30 percent (40 percent when dual-fuel resources are included) of the electricity generated during this winter's hour of peak demand. On-shore natural gas supply, storage, and pipeline capacity have increased significantly as unconventional gas reserves are accessed. Rising penetration of liquefied and unconventional natural gas may raise some fuel quality concerns in the future, but are not expected to impact reliability this winter. NERC is actively monitoring this issue.

"Nameplate" wind generation has grown by more than 8,000 MW or 30 percent (of which 1,500 MW is projected to be available on peak) since last winter. Wind power will provide less than one percent of the total electricity generated during this winter's hour of peak demand.

Operational Challenges are Manageable Through the Winter – No operational conditions are expected to significantly impact bulk power system reliability this winter. The variability of new wind resources continues to present concerns, however operational procedures are expected to be sufficient to ensure reliable operation of the system.

The *2009/2010 Winter Reliability Assessment* is available at: <http://www.nerc.com/files/Winter2009-10.pdf>

The North American Electric Reliability Corporation's (NERC) mission is to ensure the reliability of the bulk power system in North America. To achieve that, NERC develops and enforces reliability standards; assesses adequacy annually via a 10-year forecast and winter and summer forecasts; monitors the bulk power system; audits owners, operators, and users for preparedness; 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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