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ATC's transmission system studies show need for $2.7 billion in upgrades

System reliability improved; weak areas and renewable energy demands draw attention

WAUKESHA, Wis. – American Transmission Co. identifies in its 2008 10-Year Transmission System Assessment report (www.atc10yearplan.com) an estimated $2.7 billion in work needed over the next 10 years to ensure that the transmission grid can reliably meet the electricity needs of people and businesses in communities throughout most of Wisconsin and Michigan's Upper Peninsula. This is in addition to the $1.9 billion that ATC has invested in the transmission system over the past seven years.

"We've made major progress in improving electric system reliability in our first seven years as owner and operator of the transmission grid," said Flora Flygt, director of ATC Transmission Planning. "Some pockets of vulnerability remain, notably Dane and Walworth counties and the Green Bay, Appleton and Rhinelander areas. In these locales, low voltages and overloaded facilities must be addressed to maintain future system reliability. New and upgraded infrastructure will be needed."

She added, "We also have to address the infrastructure needs of adding more wind power onto the grid. Building new interstate high-voltage transmission lines with the strategic location and capacity to deliver large volumes of renewable power from remote areas where it's located into population centers will be a central challenge for years to come."

Of the $2.7 billion investment that ATC identified in its 2008 Assessment, approximately $1.3 billion would be for new equipment including:

- adding 210 miles of new transmission lines,
- upgrading more than 540 miles of existing lines and
- installing more than 23 new transformers and 39 capacitor banks.

The remaining $1.4 billion would be for improvements including:

- maintenance on aging equipment
- connections to power plants
- infrastructure replacements and relocations
- distribution interconnections and
- other smaller network reliability improvements

(more)

The $2.7 billion is a slight decline from the $2.8 billion estimate ATC made in its 2007 10-Year Transmission Assessment update, and it's the third consecutive year of a decline. Flygt said, "This trend represents a historical shift from building new facilities to maintaining the assets we have. However," she cautioned, "several developments could well cause that trend to reverse in future assessments, including new renewable energy requirements and the resulting shift in generation usage, the expected adoption of higher federal reliability standards and fundamental changes in regional power flows across the Midwest as the wholesale market continues to evolve."

ATC's investments since its inception in 2001 have helped to raise the transmission system's performance in meeting peak demand, supporting a new fleet of generation, increasing import capability, interconnecting wind projects, reducing energy losses, alleviating system overloads and voltage instabilities, and improving system reliability ratings.

Since 2001, ATC has invested more than $1.9 billion in improvements to the power grid including:

- upgrading more than 1,350 miles of transmission lines,
- connecting more than 4,300 megawatts of new or expanded generation including 391 megawatts of wind power,
- improving 110 electric substations,
- building 32 new transmission lines totaling 344 miles, and
- reducing energy losses by 16.2 million megawatt hours, enough to power 38,000 homes per year for 40 years.

ATC takes a fresh look at the future needs of the transmission system every year, and identifies and begins to prioritize potential projects that may be needed to ensure electric system reliability. ATC engineers analyze the system for changes in the various factors impacting electric system needs such as electricity usage, capacity of the system to meet those usage levels, population projections, employment trends, and anticipated generation expansion or retirement.

"We reassess our system every year," Flygt says, "because conditions change continuously and new project needs can appear both in the near term and out on our 10-year horizon. By continuously evaluating system conditions, we are in the best position to propose and substantiate needed projects."

ATC owns, operates, builds and maintains the high-voltage electric transmission system serving portions of Wisconsin, Michigan, Minnesota and Illinois. Formed in 2001 as the nation's first multi-state transmission-only utility, ATC has invested $1.7 billion to improve the adequacy and reliability of its infrastructure. ATC now is a $2.2 billion company with 9,350 miles of transmission lines and 500 substations. The company is a member of the Midwest ISO regional transmission organization, and provides nondiscriminatory service to all customers, supporting effective competition in energy markets without favoring any market participant. For more information, visit our Web site at www.atcllc.com.

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