



CENTER FOR ENERGY POLICY AND THE ENVIRONMENT
AT THE MANHATTAN INSTITUTE

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New Report! The Case for a National Electric Grid:

*Lessening our Dependency on Oil,
Allowing Fuller Utilization of Renewables, and Lowering Electricity Costs*

Today, October 14, 2008, Peter Huber, senior fellow at the Manhattan Institute's Center for Energy Policy and the Environment, will release, "The Million-Volt Answer to Oil," a new report advocating the creation of a new, high-voltage, unified, national electric grid to replace the current four-sectioned antiquated grid. Electricity—not oil—is the heart of the U.S. energy economy. There is an opportunity to employ electricity to supplant a substantial amount of the oil currently used today. But to take advantage of that opportunity there must be the infrastructure in place to accommodate a rapidly electrifying U.S. economy. Building a national electricity transmission and distribution backbone over the existing fragmented grid will have tangible economic, environmental, and foreign policy benefits.

Making the Case for a National Electric Grid:

"The U.S. Grid is by far the most ubiquitous and advanced energy delivery network in the country and on the planet. Building out a backbone grid – a financially modest undertaking for as large as the power industry already is- will unleash innovation and competition in both the supply side and the demand side of our energy market."

— Peter Huber's "The Million Volt Answer to Oil"

Problems with current grid:

- The current grid is divided into four separate parts, so as demand rises and falls, peak wholesale prices vary by 1 to 3 cents per kilowatt-hour because electricity cannot be transmitted from off-peak demand areas to peak demand areas
- On average, day and night over the course of an entire year, about half of the total generating capacity available nationwide stands idle because of the current grids inefficient transmission capability
- Does not allow energy from wind and solar power to be transmitted to market

Electrification of economy:

- 60% of our GDP comes from industries and services that run on electricity
- Since 1980, over 85% of growth in U.S. energy demand has been supplied by electricity

The answer to our oil problems:

- The U.S. spends roughly half as much on electricity—about \$350 billion a year—as we're currently spending on oil, and electrically powered systems do more, faster and better, than oil-fired alternatives
- Fuels other than oil are primarily used to generate our electricity
- New technologies allow electricity to do the same jobs previously performed by oil, in a cheaper and better fashion

"Electricity is also the one immediately practical, affordable, near-term answer to oil, because technologies that substitute electricity for oil are here and now, and because we already generate electricity in quantities huge enough to displace really serious amounts of oil. Electricity is therefore the key to U.S. energy independence"

— Peter Huber's "The Million Volt Answer to Oil"

Positive Impact of a National Electric Grid

- Lower electricity prices by at least 10% for consumers by eliminating inefficiencies inherent in idle electricity capacity
- Cut cost of electricity by as much as 40% longer term by pooling demand to let cheaper fuels displace more expensive fuels
- Could readily move 25 percent of America's power over very long distances, at a cost well under 0.5 cents per kilowatt-hour moved
- Serve as a transmission superhighway to transport electricity generated from all sources
- Offers the only ubiquitous, immediately practical, efficient link between windmills, large solar plants, other renewable-fuel technologies, and the rest of America
- Put idle capacity to productive use
- Move 25% of power over long distances for less than one cent per kilowatt-hour moved

Peter W. Huber is a senior fellow at the Manhattan Institute and a columnist for *Forbes* magazine. He is the author of numerous books and articles on energy, the environment, science and technology, legal policy, scientific evidence, and telecommunications. He taught mechanical engineering at the Massachusetts Institute of Technology, and clerked for Judge Ruth Bader Ginsburg of the D.C. Circuit Court of Appeals, and for Justice Sandra Day O'Connor of the U.S. Supreme Court. He has a Ph.D. from MIT, and a J.D. from Harvard Law School. His most recent book, co-authored with Mark P. Mills, is *The Bottomless Well* (Basic Books, 2005).

To schedule an interview with Peter Huber, please contact Hannah Martone at 646-839-3313 or hmartone@manhattan-institute.org

The full report, "The Million-Volt Answer To Oil," is available here
http://www.manhattan-institute.org/html/eper_03.htm

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