



NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

August 16, 2003

Statement of Michehl R. Gent President and CEO

Good Afternoon.

Ladies and Gentlemen, I am pleased to tell you that we're back. As of 10 a.m. today, all electric systems affected by the disturbance in the Eastern Interconnection had returned virtually all customers to normal electric service, although some customers will continue to experience rotating outages due to limitations of generating availability. Please understand that these rotating blackouts are not a failure of the system, but an indication that it is working properly. This may be counterintuitive but it is how the system is designed to work, unlike what happened two days ago. It is a way of sharing the shortage of generation among customers until enough generating capacity is available to serve everyone.

As we gear up for another workweek, the demand for electricity will increase and it may be necessary to again have rotating blackouts in Detroit and Ontario. If we get the rest of the generation on line, even these may be avoided.

I would like to commend the extraordinary work of DTE, the operating electric utility in the Detroit area, for bringing their system back on line so quickly. I would also like to commend everyone else involved in this effort for the superhuman effort it took to bring this complicated system back on line.

NERC is now entering the investigation stage. We released some preliminary data yesterday showing the sequence of events that we believed were germane to our focus at the time, which was to find out where this started and what was the cause. I apologize for the cryptic nature of that data, but I thought you should be able to see what we were seeing and we will clarify it as soon as we are able to.

We now are fairly certain this disturbance started in Ohio. We are now trying to determine why this situation was not brought under control after the first three transmission lines relayed out of service. We will get to the bottom of this.

We are also fairly confident that this event will not reoccur in the foreseeable future. We believe this because system operators are and will be extremely vigilant to any sign of a disturbance or situations that could lead to such a disturbance, and will take all necessary action to prevent such a situation from reoccurring. We also expect the system to be operating in a very conservative manner until we get to the bottom of what happened.

We are now turning our attention to collecting the necessary data on the events from all of the system operators that were involved in the blackout. There were probably over 10,000 discrete system events that we will need to examine. These logs will come from energy management systems (EMS) of system operators throughout the

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affected area. The EMS were operating at maximum capability during the events. It will take awhile to retrieve the data and even longer to analyze it.

I would like to tell you that I very much appreciate the media's patience and attention to detail, and we are doing everything we can to respond to your urgent need for information. I encourage you to keep digging, as we have found the information you are uncovering to be very useful to our investigation. Many of the reports we've seen are on target, and even when they are not on target, our investigations of your reports prove to be helpful as well.

NERC is conducting a thorough investigation into this event in conjunction with the regional reliability councils and their member utilities, and in coordination with federal, state, and provincial agencies. This investigation will be open, accurate, and timely. We will publicly report our findings as soon as possible. Please understand that we need to collect a great deal of additional data and information before we are able to draw definitive conclusions about the root causes of this outage.

In the days ahead, we expect to have Congress, the states and provinces, and many federal agencies conduct their own investigations. We understand and respect that. We invite all these others to join us. We will keep everyone informed as our investigation proceeds.

Thank you very much for your time and thank you for listening.