

The Economic Case For Grid Investment

Summary of Findings



Our Goal

ITC set out to understand whether and how both businesses and the general public understood the complex and significant economic benefits to our society that stem from a fully functioning electric transmission grid. To do so, ITC commissioned two streams of research: an online survey of national adults and in-depth interviews with business leaders conducted in October 2013.

Selected results from the survey

- Nearly all Americans (99%) think that the grid is important to the United States, the national economy and their local economy.
- 91% agree that investing in transmission will help local, regional, and national businesses grow and succeed.
- 91% also believe this investment will promote job creation and economic growth.
- 89% of Americans believe that everybody benefits from investments in electricity transmission grid.
- Americans recognize the cost-savings associated with investing and updating the grid: seven-in-ten (69%) said it will help lower electricity prices.
- When told that investing in transmission could increase competition by facilitating access to more efficient forms of energy, 89% percent of Americans said that investment would lower costs.

The investment gap

In order to maintain a reliable grid, we must invest \$37 billion more than is currently planned by 2020, according to the American Society of Civil Engineers. This investment gap must be closed if we are going to avoid the consequences of an insufficient electricity infrastructure in the U.S.

Selected results from the in-depth-interviews

- Fortune 500 executives, and other business leaders, agree that infrastructure, particularly the grid, should be a national priority to ensure we grow economically and stay competitive globally.
 - “If we are at a point a couple of years from now where we haven’t invested in our infrastructure, we lose credibility with other countries wanting to do business with us.”— Senior Executive, Fortune 500 Company, IT Industry
 - “At the end of the day, all aspects of the infrastructure, whether it’s the energy grid or something else, impact our economy. The more we invest in that, the better it is for the economy in terms of growth, in terms of resiliency, in terms of reliability, and to some degree even credibility for other countries when they do business with us.” – Senior Executive, Fortune 500 Company, F500, IT Industry

Investment gap by region through 2020

Source: American Society of Civil Engineers

Region	Transmission Gap Estimate
Florida	\$1.8 billion
Mid-Atlantic	\$6.4 billion
Midwest	\$1.4 billion
Northeast	\$1.6 billion
Southeast	\$10.9 billion
Southwest	0
Texas	0
West	\$15.2 billion
TOTAL	\$37.3 billion

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Selected results from the in-depth-interviews, continued

- Business leaders connect a strong energy grid to broad job growth, though some businesses or industries may not feel the impact directly.
 - “It’s a job creation argument. It’s a big project, so you’d have to hire engineers, you’d have to hire the labor people, the line people, [and] infrastructure.” – Senior Executive, Fortune 500 Company, Aerospace Industry
 - “[By updating the grid] you give the business an opportunity to grow. So if I’m in manufacturing and I need to add a wing to my manufacturing firm or plant, I’m going to need increased power; therefore, I’m going to be hiring more people.” – Economic Development Official, Energy & Infrastructure Industry
- While many executives understand that cost increases are unavoidable, they also recognize the increase in efficiency, productivity and revenue as well as the potential long-term cost-savings that investing in and updating the grid can facilitate for their businesses.
 - “I look at costs in two ways. One is the cost when the grid fails and what the cost is to my company because of that failure. Second is, because of the necessary investment required by the energy providers, by the different companies, they will invest in this and it costs money, and I understand that. The cost has to be passed down. They can’t just do it from some existing budget. It’s going to have to be in the billions and trillions and dollars to move it up to the level it needs to. So I definitely think it’s impacting my energy costs.” – Senior Executive, Fortune 500 Company, IT Industry
 - “It’s going to take years to see the payback from it. But the bottom line is, yes, it will increase our productivity. It will allow us additional efficiencies and productivity that will come from this as well. Absolutely. So it impacted us in a positive way... it would give us additional opportunity to reach out to other providers on a real-time, as-needed basis.” – Senior Executive, Fortune 500 Company, Aerospace Industry
 - "If you can modernize [the grid]... if you can do things like source your energy from alternative place, like hydro or nuclear, then what it tends to do is drive down the cost of living.”

Conclusion

The grid is the unsung hero of our economy. Delivering reliable power to our homes and businesses, it allows us to prosper. But right now, it is in need of being modernized to serve the nation’s 21 Century energy needs. By a wide margin, people understand why the grid is important for our economy and business leaders who make energy related decisions are attuned to the fact that a stronger grid and investment in transmission would positively impact their business, in turn allowing them to grow and hire more.

Despite this widespread sentiment, new transmission is not being built at the rate that is needed to meet the demands of increased electricity demand over the coming years. A failure to invest will hurt us in many ways, from GDP growth to a family’s electric bill. Proper investment will lower congestion costs, increase reliability and allow us to continue to go on with our lives and businesses, without having to worry about grid failures like blackouts.

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** Polling results came from a survey conducted online by Research Now, an independent opinion research company, with a nationally representative audience of 800 U.S. adults age 18+. The precision of online polls is calculated using a credibility interval, with a poll of 800 accurate to roughly +/- 4 percentage points.*

*** Quotations came from blinded interviews with senior-level officials engaged in energy-related decisions at their organizations conducted by an independent interviewer.*

Full whitepaper: <http://newsroom.itc-holdings.com/Resources/The-Economic-Case-for-Grid-Development-ea.aspx>