

# Global Transmission Expansion

## Recipes for Success

### A first

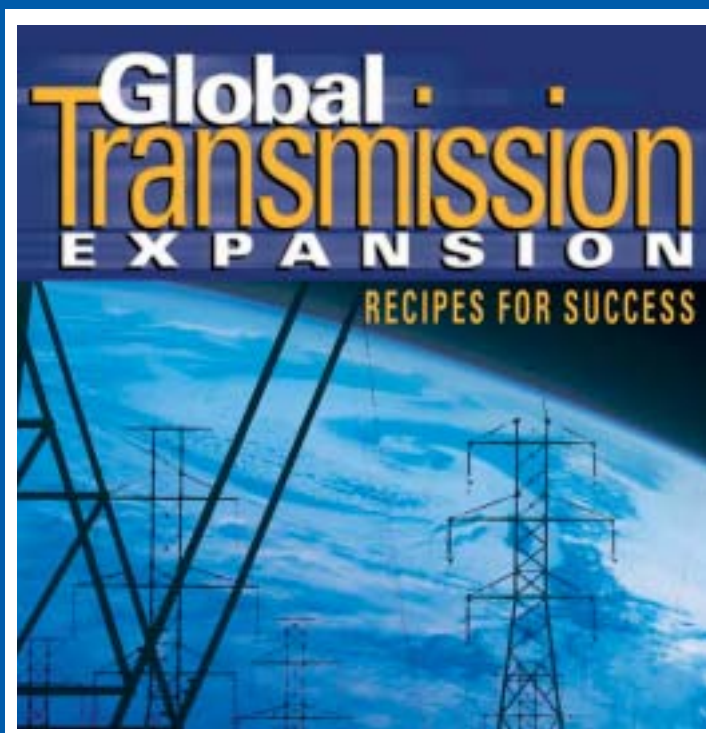
Fiona Woolf's new book is the first of its kind:

- a hands-on recipe book about achieving success in a network industry
- readable chapters giving answers to a set of the most substantial and difficult issues confronting the electricity industry and its regulators
- a comparative survey of global experience in transmission with some strong lessons
- it suggests different methods of presentation to stakeholders a first in any recipe book.

### The cooks and the key ingredients

The recipe book contains simple stories about:

- how investors make decisions
- the economics of transmission
- the cooks – ISOs, RTOs, ITPs, transcos, ITCs, IMOs, TAs
- the regulated ovens and the open barbecue of the market place
- the essential ingredients from market design
- the most appealing flavours of transmission pricing and transmission rights



## Network expansion need not be so difficult

Fiona Woolf's book demonstrates that if the right ingredients and preparation methods chosen, transmission will attract investment and become a vibrant business. Much depends upon:

- ✔ the raising agent – how market forces are captured
- ✔ the setting agent – how transmission is regulated
- ✔ preparation – the planning coordination process
- ✔ timing (critical in all recipes) - how the siting and permitting processes could be made more efficient
- ✔ presentation (which makes even the simplest recipes a success) – taking into account the concerns of landowners and stakeholders.

## Tasting market forces

If your taste is for market forces, Fiona Woolf's recipe book discusses:

- ✔ the experience of merchant transmission projects to date
- ✔ the key ingredients for merchant projects to flourish
- ✔ the institutionalised approaches to market-based expansion that have been successful

## Recipes for regulators

The book creates new recipes for regulators who worry that needed transmission expansion is not happening. There is no need to read through twenty years of economic literature. Fiona Woolf summarises the pros and cons of a variety of different regulatory approaches.

She looks at:

- ✔ why rate of return (cost of service regulation) has failed
- ✔ which of the various forms of performance-based (incentive) regulation make sense for both the regulator and the investor
- ✔ new ideas for improving the price cap to attract investment
- ✔ performance based, incentive regulation that will enable the investors to earn more in return for taking on more risk within their core competencies to reduce the cost to the consumer.

## A book designed to achieve results

The outcome of the cooking process for the regulator will be a transmission system that reduces congestion and other costs for the consumer, improves reliability and reduces the potential for the abuse of market power.

The cost to society will be small by comparison to the benefits that it gains. Under-investment in transmission costs much more than marginal over investment.

## How to buy the book

The book, priced £60 (excluding p& p), can be ordered by e-mail at [vanessa.dennison@cmck.com](mailto:vanessa.dennison@cmck.com) or by telephone on +44 (0)20 7367 2047. There will be a 25% discount for CMS Cameron McKenna clients and contacts.