



## **Declaration on Power Grid Investments**

**By the CEO Members of GO 15**

**GO 15 Annual Meeting – New York – USA**

**October 28, 2013**

GO 15 is a voluntary association of 16 of the largest power grid operators in the world, responsible for bringing reliable power to over 3.4 billion people. Our key objective is to develop, maintain and operate reliable, safe and cost-efficient power grids to meet customer needs.

We agree that the current rate of change in the electricity industry is unprecedented, and presents many emerging challenges. These are driven by the transition to lower emissions generation and a changing fuel mix, as well as changes in technology, economic factors and consumer behavior. We understand that such challenges require power grids to be strengthened and expanded in many regions of the world, and that major investment will be necessary to upgrade grid infrastructure, and to expand interconnections between power systems. Investment is also needed to develop the information technology systems and “smart” IT systems required for the monitoring and control of power flows under increasingly complex operational conditions.

The world’s grids all face reliability and operational challenges in connecting and integrating new generation sources and renewable generation (such as photovoltaic, geothermal, wind and biomass), which is often intermittent and located far from load centers. These challenges can be compounded with the retirement of conventional power plants.

Emerging economies such as India, China, Brazil, South Africa and Russia also require unprecedented investment to cater for significant growth in electricity consumption due to demographic expansion and quality of life improvements.

In other parts of the world, ageing infrastructure requires replacement or life extension and upgrading to accommodate changing generation technologies and locations. Some grids also need development to cope with local and emerging cross-border needs.

Energy consumers are also more responsive to higher power prices, particularly at a time of declining or steady incomes, as well as emerging technologies, which enable greater control over consumption.



Meanwhile, power grids face new threats associated with climate change and terrorism, resulting in a growing requirement for increased grid resilience and critical infrastructure protection.

To accommodate this evolution, power grid operators and asset owners must support safety and reliability with economically efficient and sustainable investments. We need a stable regulatory framework, which supports economically sensible investment and provides incentives to innovatively meet the challenges we face.

Therefore, we, the Chief Executive Officers of the world's 16 largest power grids, declare that:

- Power grids need increasing investment to accommodate an evolution in global energy requirements and the transition to lower-emission generation. Investment based on condition monitoring and sound asset management is needed to deal with ageing assets.
- Such investment is necessary to satisfy changes in consumption patterns, competitive power markets, and increased penetration of renewable generation, while maintaining grid reliability and quality of service.
- Such investment must be economically efficient and account for the location and uncertainty of renewable generation, which will lead to new transmission line construction.
- Such investment can be made possible through regulatory incentives favorable to the efficient development of new transmission; under those conditions, transmission tariffs must cover both grid operational costs and investment financing to ensure the economic viability of power grid operators.
- The lengthy and complex process of obtaining rights-of-way and construction permits must be shortened, within reason, so that new construction lines can be built on a timely basis to accommodate renewable generation resource connection to the grid.
- Non-grid solutions, such as embedded generation, will be considered.

We will continue to build our relationships with policy-makers and regulators, inform them of the challenges we face, and provide them with inputs for developing energy policies and regulations that promote reliable and resilient power grids that support national emissions policies, new energy sources and technologies.



Signed in one original in the English language.

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Matt, Zema, Managing Director & CEO

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John Bear, President & CEO

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Terry Boston, President & CEO

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