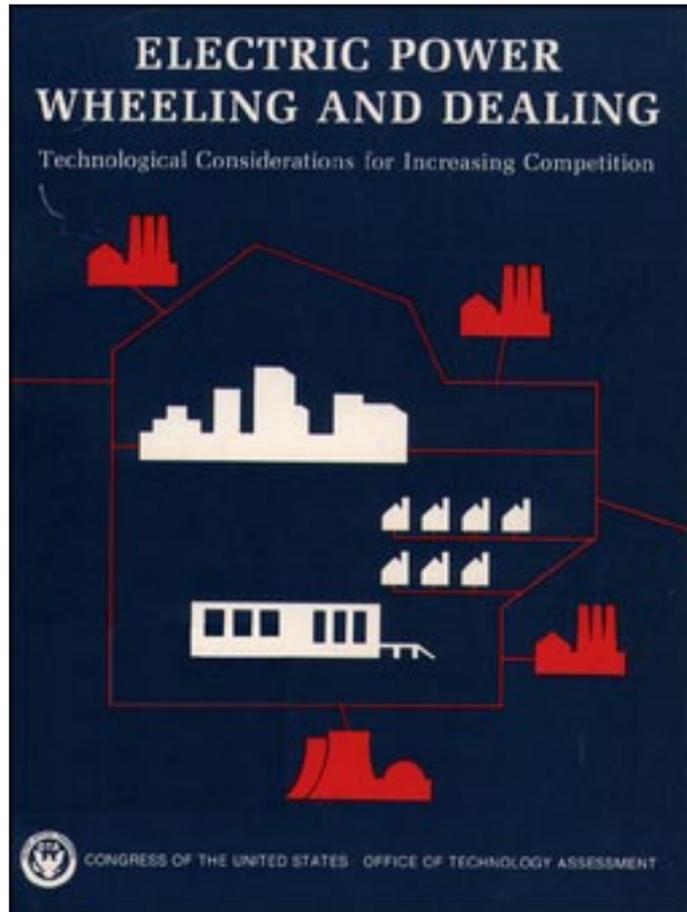


*Electric Power Wheeling and Dealing:
Technological Considerations for
Increasing Competition*

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Foreword

This assessment responds to a request by the House Committee on Energy and Commerce for OTA to evaluate the technical feasibility of increased competition in the electric utility industry. In particular, the Committee requested an analysis of the impact of increased wheeling on the reliability and operation of the transmission systems. Wheeling is the use of a utility's transmission facilities to transmit power for other buyers and sellers.

Competition is being introduced into the electric utility industry in an effort to control costs, encourage innovation, and create business opportunities. Competition among providers of new generating capacity is increasing rapidly, and many purchasers of power are seeking access to these suppliers through wheeling. However, doubts remain as to whether the operation of the electric system will be as economic and reliable under competition as it has been under the present industry structure and regulatory framework.

This assessment analyzes how the Nation's power systems could accommodate various proposals for competition intended to make the electric power industry more responsive to market forces. Operation of an electric power system is extremely complex, and increased competition could have serious effects on costs and reliability if not implemented carefully. The assessment identifies the technical requirements that must be met to keep the system working well as the level of competition increases, and determines how competitive enterprises could meet these requirements.

OTA is grateful for the substantial help received from many organizations and individuals in the course of this study. The project's advisory panel and workshop participants provided invaluable guidance. Reviewers of the draft report contributed greatly to its accuracy and objectivity. Contractors prepared reports (which will be made available in Volume II of this report) that were essential in evaluating the often speculative claims of the advantages and disadvantages of competition.

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NOTE: OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the advisory panel members. The panel does not, however, necessarily approve, disapprove, or endorse this report. OTA assumes full responsibility for the report and the accuracy of its contents.

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