

SNL

Exclusive

Thursday, August 31, 2017 4:00 PM CT

Harvey highlights need for nationwide transmission equipment banks

By [Annalee Armstrong](#)

Hurricane Harvey mostly has spared Texas' electric transmission infrastructure and instead has wrought havoc with local [distribution lines](#) and cut power to hundreds of thousands of individual customers. But the storm and related flooding nevertheless have highlighted the need for a nationwide stockpile of difficult-to-replace transmission equipment to prevent delays in recovery.

Both the federal government and the private sector have been mulling for years the potential formation of a national transmission infrastructure bank that utilities can draw from when transformers and other critical equipment are damaged during an emergency. Such equipment can take many months, or in some cases years, to manufacture and ship to where it is needed.

One company that already is working toward a private-sector solution is Grid Assurance, which was first [proposed](#) in June 2015 and formed by [American Electric Power Co. Inc.](#), [Edison Transmission, LLC](#), [Eversource Energy](#), [Duke Energy Corp.](#), [Berkshire Hathaway Energy](#) and [Great Plains Energy Inc.](#)

The Department of Energy in April [recommended](#) that industry take over efforts to develop a strategic transformer reserve program that would be driven by volunteer actions and supported by North American Electric Reliability Corp. standards. Grid Assurance is following through on that recommendation by developing a national bank of transmission equipment that utilities can tap into when needed.



A driver works his way through a maze of fallen utility poles damaged in the wake of Hurricane Harvey, Aug. 26, in Taft, Texas.

Source: AP Photo/Eric Gay

"The hurricane and catastrophic events like what's going on [in Texas] is exactly the reason why Grid Assurance was created," said the company's CEO, Mike Deggendorf, in an interview Aug. 31.

While Grid Assurance is not yet ready to get equipment on the roads and headed for Texas, Deggendorf said the company is watching the recovery efforts closely for any lessons learned to ensure it can be most effective for utilities when needed in the future.

"It's an unfortunate situation, but it is a great illustration of why the need exists," Deggendorf said. He added that the growing dependence on electricity and manmade risks such as cybersecurity threats further underscore the need for a grid bank.

Some utilities have limited surplus major transmission equipment on hand, but Deggendorf said that equipment often is stored within the same facility as the equipment it is meant to replace and therefore could be similarly impacted by the emergency event.

According to [Public Service Electric and Gas Co.](#) Senior Vice President of Gas and Electric Operations John Latka, part of that company's preparations ahead of Superstorm Sandy, which hit the Mid-Atlantic region in 2012, was pulling these spare parts out of stations that were expected to be in the path of the predicted storm surge. Anything left behind that was damaged had to be meticulously cleaned or replaced.

Which is where Grid Assurance comes in. The company will provide not just the physical equipment but also the manpower and logistics necessary to ensure that equipment gets where it is needed. Deggendorf said the company is considering establishing a number of infrastructure banks around the country that will be located close to multiple forms of transportation — road, rail and water — to ensure equipment can be moved quickly and efficiently. The banks, which will feature storm-hardened storage facilities, will spread out the cost of maintaining the equipment across a number of utilities.

Utilities have offered Grid Assurance a wishlist of equipment they would like to have on hand in the warehouses, such as larger transformers that which can take anywhere from one to two years to build and replace. Other possibilities for inclusion in the banks' inventories, Deggendorf noted, are breakers and specialized transmission towers.

Deggendorf said Grid Assurance's goal is to begin procuring equipment in the second quarter of 2018, and service will begin "as soon as the equipment gets in our warehouses." Right now, the company is engaging with over 50 transmission owners and 30 utilities and negotiating prices with equipment manufacturers, he added.