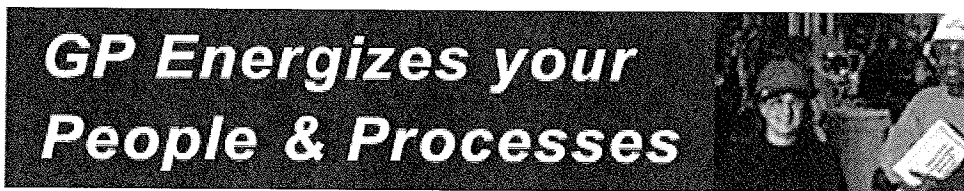
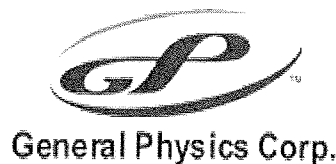


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Understanding the Latest Blackout

9.3.03 *Thomas Casten, Chairman and CEO, Primary Energy LLC*

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I have been on vacation, building and researching bread ovens, during the week of the worst yet power outage. (Sadly, more outages will follow, as the wires are thoroughly congested.) This has produced a unique insight and way to describe the situation. I think history has repeated itself, but you be the judge.

A history of bread ovens in the Swiss/French border area notes that the church introduced grain suitable for bread in about the 12th century. The Carolingian kings owned the bread ovens, known as banal ovens because of rules



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regulating their use.

Although anyone could use the communal oven for a fee, the oven belonged to the lord, and he controlled its use. He had the right to fine anyone who avoided the use of his ovens, his mills, his presses, his bulls, or his sawmills: these fines were called bans. **Footnote: The Bread Builders, 1999, page 115, Chelsea Green Publishing Company, Daniel Wing and Alan Scott**

The laws called "les bans," were referred to as the banality laws. (Funny how that word has evolved to mean commonplace or trivial. Such bans on competition have certainly been common in all of commerce, but their impact has not been trivial.) Over the next five centuries, the oven ownership passed from the kings to the municipalities, but the bans were kept in place and oven use became even more onerous for the people. Recall the dismal pace of economic progress between the 12th and 17th centuries. A half of millennium after the introduction of bread, people were finally allowed to own their own ovens.

North America has just suffered the biggest power blackout yet, because of modern banality laws. Within 25 years of the commercialization of electric power, the Wire Lords persuaded every State government to enact bans on private wires. Those bans remain in place and greatly discourage the construction of distributed generation, near the loads. DG is often made uneconomical by the confiscatory charges of the Wire Lords for back-up power, moving surplus power to neighbors, and for the privilege of connecting to the grid. All electricity flows to the nearest user in an interconnected grid, so increased local generation would immediately reduce the flow of power through the congested T&D system. Since losses are related to the square of the current flow, even modest introduction of DG would significantly reduce line losses and reduce the strain on an increasingly congested T&D system. If independent power generators had the option of running their own wire across the road to a nearby shopping center or hospital or other power user, the wires companies would drop their DG killing charges and seek to at least earn a fee for carrying local power. The wires lords, left without banality laws, would knock on DG developer's door and say, "Let us reason together." Few new wires would cross any roads, but the cost charged by the lords, without banality laws, would be reasonable. As a result, the power industry would stop building wasteful central plants that throw away 66% of the fuel energy on average as heat. Instead, the industry would move to localized combined heat and power projects that recycle heat and achieve 85% efficiency. This would mitigate a long series of problems including economic competitiveness, balance of payments, system vulnerability to weather and terrorists, air pollution and emission of greenhouse gasses. But instead we have banality laws.

Perhaps we could all learn from prior bans on competition to understand the worldwide energy mess. But the flat earth view of wires being a natural monopoly is so widely held and so little challenged that few see the obvious solution -- end the ban on private wires. A Nobel Laureate, Richard Smaley, has become concerned about energy waste as well. He asks audiences to name and rank the top ten problems facing the world, and finds energy is the problem that connects to all of the others. What he does not realize is how the banality laws prevent optimal solutions. The DG community fights for fair and reasonable interconnection charges and reduced backup charges without realizing that their projects actually create huge benefits to the rest of society and should be paid for the locational value of the power, for the saved wires, saved T&D losses, and saved cost and pollution.

As you read the daily journalistic analysis of the blackout and see government officials lining up for more investment in the obsolete central system's wires, think about the impact on world problems if it takes four hundred more years to end the ban on private wires.

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Do you agree or disagree with this article? Send in your own article.

Readers Comments

Date	Comment
Dennis Taylor 9.9.03	Were Mr. Casten to spend as much time researching the early commercialization of electricity as thoroughly as he has bread ovens, he would recognize the canopy of wires that covered cities. Of course there were no siting requirements to deal with – or should we return to those days of cat's-cradle networks? As for the "confiscatory" charges for backup power, does it cost the provider less to install the wires and generation to meet the backyard producer's needs due to its own lack of reliability? It is the number of kilowatt-hours in the denominator that dictates the unit cost of service.
**** **** 9.9.03	Patrick Doss-Smith 9.9.03 I have not done much research into either the taxes on bread ovens or the early history of the electric grid, though I've used homemade bread ovens based on an 1830'S French design and I've used the electrical grid as well. What I can say for certain is that if the economy actually existed to serve everyday people, then Mr. Casten's assertions would probably be quite accurate. However, the problem in his argument is that he is talking about corporations, who, like lords of old, most often serve themselves first and the peasants last, if at all. Our current concept of free market has completely left out the idea of "fair market" and frankly, I don't trust most corporations any further than I can throw a bread oven. I'm sorry Mr. Casten, I feel that you are correct that private ownership of wires would be beneficial but the risk of unethical behavior amongst the "corporate lords" is far too great.
Jack Ellis 9.9.03	Mr. Casten makes an interesting, very relevant argument about the current state of the electric transmission and distribution network. Through their dominance of the wires business, utilities do exert an unhealthy influence on competitive electricity technologies in an attempt to protect their monopolies. Any debate over the relative