

# PRESS RELEASE

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## **Smart Grid Funding Misspent On Obsolete Technologies, Says New Report** *Billions spent with taxpayer dollars on “smart meters” will not lead to U.S. sustainability; Place citizens and economy at risk*

**WASHINGTON, D.C. — November 26, 2012.** A new policy report focused on the electric grid and economy of energy, *“Getting Smarter About the Smart Grid”*, was published today by the National Institute for Science, Law & Public Policy (NISLAPP) in Washington, D.C. The report states that billions of dollars in federal subsidies for “smart” utility meters have been misspent on meter technology that will not lead to energy sustainability or contribute to the possibility of a more efficient and responsive electricity grid.

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Authored by engineering and policy consultant, Dr. Timothy Schoechle of Boulder, CO, an expert in smart grid technologies who serves on several international smart grid standard setting committees, the new report *“Getting Smarter About the Smart Grid”* states:

- Congress, state and local governments, as well as ratepayers, have been misled about the potential energy and cost saving benefits of the new “smart” meters, paid for in large part with taxpayer dollars, as well as ratepayer dollars.
- The present policy approach to electricity infrastructure in the United States depicted in the report, *Policy Framework for the 21<sup>st</sup> Century: Enabling Our Secure Energy Future*, issued by the National Science and Technology Council (NSTC) of the Executive Office of the President, evidences a fundamental lack of understanding of the problems associated with the future of electricity and energy.
- The growing grass roots rebellion against smart meters now happening in 18 states, such as CA, VT, AZ, TX, FL, PA, ME, IL, OR and the District of Columbia, is only the “tip of the iceberg”—one that conceals a deeply dysfunctional energy economy needing urgent federal, state and local attention.
- Ratepayers’ desire to “opt-out” of the new wireless meters on privacy, security, reliability, cost and potential public health grounds may herald an “epochal transformation of the political economy of energy”.
- Much of the \$ multi-billion dollar federal subsidy for smart meters in the name of stimulus funding does not benefit ratepayers, nor support economic growth, but primarily benefits meter and meter networking manufacturers, while financially propping up unsustainable Investor-Owned Utilities (IOUs).
- There are inherent conflicts in the monopoly utility business model preventing the nation from moving to a renewable energy economy, and utilities may eventually require a government bail out.
- Because Investor-Owned Utilities (IOUs) are paid on a per-kilowatt-of-energy-sold basis, and also receive a guaranteed ROR on assets, they do not have a financial incentive to encourage less energy usage, or to invest in technologies that would help citizens reduce energy consumption.

- Investors in utilities gain from the smart meter deployment, as they would from any other capital expenditure, while there is no clear gain and significant new risks (financial, privacy, security, health and safety, and cost) for the ratepayer and consumer.
- Utilities actually “curtail”, or waste, much of the renewable energy now generated in order to protect the economics of investor-owned coal plants; state initiatives wanting to fulfill the promise of a 30% or higher renewable portfolio standard (RPS) is practically impossible in a coal baseload system.
- A “smart” electricity grid could be wealth-creating, interconnected, secure, and empowering of people with investments in the right technologies, including renewable energy and distributed (local, or citizen-based) power generation.
- Localization of power generation avoids the energy loss and environmental and capital costs that come with long-distance energy transmission, keeps money in the community, with a 3.5x multiplier effect, and enhances reliability, responsiveness and grid security.
- The U.S. must “move away from dependency on baseload generation, particularly coal, as quickly as possible” to facilitate renewable integration and reach our potential for energy independence.
- We must stop subsidizing a centralized, wasteful infrastructure approach that will not lead to sustainability and that puts the nation at long-term global economic disadvantage.
- The allocation of \$ billions of U.S. government stimulus dollars to subsidize smart meters has been “an egregious waste of federal resources”, delaying the needed transformation of the electricity grid and alienating consumers.
- Leadership in the energy sector is unlikely to come from the top, due to “regulatory capture”, leaving it to the American public through community-based initiatives and municipalization efforts to drive the needed change.
- The heavy lifting on smart grid deployment is yet to be done. It will require research, engineering, and standardization of new consumer premises equipment and communication protocols to support distributed, variable, and transactive control of electricity generation, use, and storage at the household level. This should have been the focus of the federal stimulus funding.
- As occurred in the telecommunications industry, establishing a clear market demarcation between customer premises space and utility space could unleash the creativity and competitive market strength of consumer electronics, appliance manufacturers, homebuilders, solar installers, apps developers, etc., leading to economic growth.
- Utilities must move to a service model that is not based on the present economics of commodity sale of electricity and rate of return regulation (ROR) that encourages unwise capital investments. Generation must be deregulated and separated from distribution, and the customer premises opened up to market competition in products and services for the premises-based generation, storage, management, and use of electricity.
- Local communities must take it upon themselves to understand and obtain the safest and most secure technological options available for utility meters and other smart grid technologies; technologies that present potential privacy, health and national security risks should be avoided where safer more secure options exist.

In the Foreword to *“Getting Smarter About the Smart Grid”*, journalist and political analyst Duncan Campbell summarizes, ***“Dr. Schoechle examines and explains the prevailing confusion about the “smart grid” and offers a clear path forward, lucidly showing an alternative to patching up our overly-complex, vulnerable, and increasingly expensive energy system—thus creating a truly smart and genuinely sustainable electricity system.”***

[Download “Getting Smarter About the Smart Grid”](#)

[Audios/Video on “Getting Smarter About the Smart Grid”](#)