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## **GRID: Energy conservation helps stymie a major transmission line**

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Transmission projects have traditionally come under attack by environmental, scenic and "not in my backyard" partisans. Now a major mid-Atlantic power line proposal may be held up instead by a weak economy and a growing energy conservation movement.

A Virginia regulatory examiner plans this week to rule on a request by PATH Allegheny Virginia Transmission Corp. to withdraw its proposal to build a 276-mile, \$1.8 billion high-voltage transmission line from West Virginia through Virginia's northwest corner to a proposed substation near Frederick, Md. The project would be resubmitted this fall, its backers say.

A hurried analysis over the weekend between Christmas and New Year's Day by the PJM Interconnection, called for by the Virginia State Corporation Commission, indicated that the PATH line was not required in June 2014 to keep lights on the mid-Atlantic region. PJM had called for the 2014 completion date last April, in its regular yearly study of transmission needs.

The new planning scenarios "suggest that the PATH Project appears not to be needed in 2014," said Steven Herling, PJM's vice president for planning, in a Dec. 28 letter to the project's developers, American Electric Power and Allegheny Energy Inc.

The two-year-long recession had already caused PJM, the mid-Atlantic grid operator, several times to push back its forecast of when the line would be needed to meet reliability requirements. The new element that figured in PJM's latest analysis was the recent sharp increase in demand response offers -- commitments by businesses and some pooled residential customers to cut back electricity usage when power shortages threaten, in return for compensation by utilities.

"Clearly, the big impact of the delay [in last spring's forecast] related to the economy," Herling said in an interview. "The analysis we did at the beginning of 2009 was based on load forecast that included the recession. That pushed the line to 2014." Last month's analysis added demand response, and that showed that the line was no longer required in 2014. "Demand response is having a significant effect," Herling said.

Energy conservation kicks in to ease reliability worries

The outlook was direr in 2007, when the line was proposed, according to the companies. "The PATH project addresses significant reliability concerns in the region, including overloads that will occur on more than thirteen existing transmission lines in Maryland, West Virginia, Virginia and Pennsylvania, as soon as 2012 if PATH is not built," AEP chairman Michael Morris said in a release in December of that year.

Environmental organizations and property owners in the line's right of way said the new PJM analysis confirmed what should have been obvious -- that the economic slump and efficiency and conservation initiatives were undercutting the need for the line.

"We knew the economy was lousy last spring. We knew these efficiency measures were in place. They have been ignoring the facts right along," said Malcolm Baldwin, who owns a farm in Lovettsville in Loudoun County, Va., and is a board member of the Piedmont Environmental Council. The council opposes the PATH project and a second major project, the TRAIL power line that is now under construction from West Virginia to Northern Virginia.

PJM's new preliminary analysis indicates that because of reduced demand, key high-voltage power lines into Maryland and northern Virginia aren't threatened with overloading until 2021 or later, based on assessments of how much power they can safely carry. Herling said reliability limits on voltages, however, could be reached in the region as early as 2016.

Herling said PJM won't have a firm fix on when the PATH line is required until it completes its next annual detailed assessment in June.  
Multi-state confusion results

The new forecast has added confusion to an already clouded regulatory picture in the three states that would be linked by the proposed line -- Virginia, Maryland and West Virginia. The project is under review in West Virginia. The Maryland Public Service Commission dismissed the PATH application on Sept. 9 last year, finding that a new entity created to operate the line in Maryland didn't meet state requirements. Potomac Edison, a unit of Allegheny Energy, has refiled under its own name, and the Maryland PSC has a hearing scheduled today to consider the new filing.

"I'm anticipating a discussion and numerous questions [from the commission]. They need get much more detailed information from Potomac Edison as why they are moving forward at this time given the activities" the utility is undertaking in Virginia, said Paula Carmody, Maryland's people's counsel.

On Dec. 21, Potomac Edison submitted testimony from PJM experts declaring that the line would be needed in 2014. Potomac Edison notified the Maryland commission of the new PJM finding on Monday, asking that the commission hold its review open until this summer, when the full PJM assessment is done.

In Virginia, the PATH opponents are asking state regulators to reject the project outright. "The application should be denied. They've admitted they don't need it," said Wil Burns, an attorney for the Sierra Club. The Virginia State Corporation Commission's staff also urged the commission to dismiss the PATH project based on Maryland's rejection.

The Virginia staff said that if the review remains open, it could invite intervention by the Federal Energy Regulatory Commission, which could order the line to be built backed by federal eminent domain authority. The 2005 federal energy act permits FERC to direct the construction of high-priority transmission lines if states fail to act on proposals within one year. The 4th U.S. Circuit Court of Appeals ruled last year that FERC could not step in if a state commission rejected a transmission project, however.

PATH told Virginia regulators that it will not ask FERC to intervene in the case.

PJM's changed forecasts may illustrate the uncertainties about projecting grid requirements, as the power industry heads into a future of smart grid innovations, growing renewable power flows, more conservation and demand response policies and proposals for carbon emission legislation. "Changing circumstances may make the proposed project vitally needed to maintain essential utilities services," said Alexander Skirpan Jr., senior hearing examiner for the Virginia commission, last November.

PATH's opponents protest that the line will bring more coal-fired electric power into the Eastern Seaboard. Companies promoting new lines say they will also carry wind, nuclear or natural gas-fired generation, and the economics of