

NEWS RELEASE

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SCC APPROVES NORTHERN VIRGINIA HIGH VOLTAGE TRANSMISSION LINE ***Finds Need to Assure Reliability of Electric Service***

RICHMOND – The State Corporation Commission (SCC) has determined that a joint request to build a 500-kilovolt electric transmission line in Northern Virginia meets the applicable standards under Virginia law and, as a result, must be approved. The two Virginia segments of the so-called “502 Junction-Loudoun” line make up the eastern end of a proposed 240-mile line that will traverse three states. The project is proposed by Trans-Allegheny Interstate Line Company and Dominion Virginia Power.

The SCC agreed with its hearing examiner that the need for the line had been proven, specifically to cure the reliability problems that will occur on an existing high-voltage line by 2011. The Mt. Storm-Doubs line is a major transmission source of electricity for residents and businesses in Northern Virginia. The SCC determined that the anticipated reliability violations on that line must be fixed.

Several opponents of the 502 Junction-Loudoun line had argued that other alternatives, including new generating plants and conservation programs, could eliminate the need for the line. Some urged the SCC to initiate integrated resource planning to determine whether a combination of options could be superior to the proposed line in removing the threat to reliable power service for Northern Virginia.

In its final order, the SCC said, “We are indeed sympathetic to the opponents’ position that planning for transmission, generation and conservation should be done in an integrated and holistic process, in order to arrive at the most rational and cost-effective plan to meet Virginia’s future load growth and transmission reliability needs.” The Commission went on to say, “The reality is, however, that the law and facts applicable to this matter do not enable us to use a transmission line case [to initiate such a planning exercise] and then use the result of that exercise as the legal basis to deny an application ... when a clear reliability need has been shown and the proposed transmission line is an acceptable option under Virginia statutes to meet that need.”

The SCC noted that, by law, the primary responsibility for transmission line planning is given to a regional transmission organization which Virginia’s electric companies were required to join. PJM, Interconnection LLC, headquartered in Pennsylvania, is regulated by the Federal Energy Regulatory Commission (FERC). Federal policies prohibit PJM from the type of integrated transmission and generation planning advocated by the opponents.

PJM also controls when new power plants are allowed to interconnect with the regional electricity grid. In this case, PJM testified that federal policies prevent PJM from accelerating the order in which planned

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generating units are to be built or from ordering construction of a specific unit even when doing so would solve an identified reliability problem and remove the need for a new line. The SCC said, "Since PJM is regulated by FERC, whether these federal rules represent sensible policy is ultimately for Congress to decide."

One of several alternatives analyzed by the Commission involved the prospect of accelerating construction of the proposed CPV Warren and Possum Point 7 generating plants. The SCC wrote, "As a result of the current development status of these plants and the limitations imposed by PJM ... we cannot reasonably assume that these facilities will be available for dispatch [in time]."

Even assuming that PJM would accept these facilities into the grid by 2011, the SCC said, "... they would not solve the problem that establishes the need for this line." The SCC explained that the factual evidence shows that even if both these units could realistically be available by then, transmission line overloads would still be present on the Mt. Storm-Doubs line.

With regard to conservation programs, the SCC wrote, "... the [power demand] forecasts that we utilize [in our analysis] include projected megawatt savings from [conservation] programs ... We do not find, however, that [conservation] alone – or in hypothetical combination with other alternatives – is a reasonable proposal to meet the need satisfied by the transmission line."

The SCC also considered another proposed high-voltage line projected to run from West Virginia through Maryland known as the Amos-Kempton line. The SCC found that, "...the potential for construction of the Amos-Kempton line remains too speculative." The SCC said, "We cannot take the risk that a proposed Amos-Kempton line will be available to meet on a timely basis the proven need [to assure reliability of electricity service to Northern Virginia]."

The SCC agreed with the hearing examiner's recommendation that approval of the Virginia portion of the 502 Junction-Loudoun line was logically contingent upon approval of segments of the line in West Virginia and Pennsylvania. The SCC ordered that construction of the Virginia segment cannot begin until both the applicable West Virginia and Pennsylvania state authorities have approved segments of the line in those two states.

The SCC also adopted the hearing examiner's recommendation regarding the route for the line. Generally, this locates the line partially or wholly within existing transmission rights-of-way. For Dominion Virginia Power, this is generally known as the "Southern" route. The SCC found that the route reasonably minimizes adverse impact on scenic assets, historic districts, and the environment of the areas concerned. In areas subject to open space easements, the SCC directed that the line stay within such easements and property owners be given the option of shorter towers in exchange for an additional 60-foot easement into the open space land.

Retired SCC Commissioner Preston C. Shannon was recalled for this case and joined SCC Commissioners Mark C. Christie and Judith Williams Jagdmann in the unanimous decision. Shannon added a separate concurring opinion. Commissioner James C. Dimitri did not participate.

Case numbers PUE-2007-00031 and PUE-2007-00033

Final Order

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