

The Right Energy Mix For Virginia

By Paul D. Koonce, Richmond

On last week's Local Opinions page, Ivy Main of the Sierra Club questioned Dominion Virginia Power's commitment to renewable energy. Allow me to set the record straight:

Renewable energy is and will continue to be an important element of Dominion's plan to meet our customers' needs. It is part of a balanced approach, a balance that is necessary to protect the environment, keep rates low and reliability high, and support economic growth across the commonwealth. Forcing an over-reliance on any one source of energy - no matter how well-intentioned- can threaten that balance.

Dominion Virginia Power and its sister companies have a broad array of renewable facilities in operation, under construction or in development. While it may appear to be a relatively small portion of our generating capacity, these renewable projects have the potential to power more than 400,000 homes.

Our renewable generation includes one of the largest biomass plants in the East, taking advantage of one of Virginia's richest renewable resources. Four more biomass projects are in various stages of construction or development. We operate several hydroelectric facilities and have announced plans for solar arrays on commercial and public buildings. Other Dominion companies operate large wind farms in Indiana and West Virginia.

All of these efforts are part of the broader picture of energy affordability and reliability. Affordable and reliable energy is a prime factor in Virginia's consistent ranking by publications such as Forbes as one of the best states in the nation for business. A good climate for business is a good climate for jobs.

Virginia's policies toward promoting renewable energy are consistent with this customer-oriented approach. Each new project - including those using renewable energy - must be approved by the State Corporation Commission to ensure it makes economic sense for our Virginia customers. To promote renewable energy, the state is using an incentive-based approach that is bringing new projects into operation while limiting the cost to customers.

Counter to Main's assertion, energy from Dominion's West Virginia wind farm does flow to consumers in Northern Virginia and beyond. Saying otherwise shows a lack of understanding of how the electric grid works. Left out was the fact that Dominion Virginia Power worked hard to build a wind farm in Tazewell County. Unfortunately, and ironically, it was blocked by opposition that cited environmental concerns among its objections.

We are working with others under a U.S. Energy Department program to reduce the high costs of offshore wind generation, costs that have scuttled such projects elsewhere in the United States. Additionally, Dominion is completing a second study of how to bring offshore wind power to shore should those projects become cost-competitive.

As for solar energy, Dominion has proposed a program to place solar panels on commercial and government buildings in high-demand areas such as Northern Virginia. We have worked successfully with the growing number of homeowners who are installing their own solar generation. Main was remiss in not noting that the modest standby fee for large solar generators - not for typical home installations - is a simple matter of fairness. Without it, other customers would have to subsidize the infrastructure needed to serve large solar generators when they don't produce enough of their own power, such as at night or on cloudy days. The fee is not likely to challenge the economics of large solar projects, which can cost \$100,000 or more.

Finally, Main's preference for a mandatory renewable portfolio standard (RPS) carries high risks. Experiences in other states have shown that this mandate increases costs for customers. Twenty-nine states and the District have a mandatory RPS. Twenty-three of these jurisdictions - including Maryland and the District - have higher electricity rates than Virginia's.

Virginia has correctly chosen to take an "all of the above" strategy in developing energy independence. This includes clean coal, natural gas, nuclear, energy conservation and renewable technologies when they make sense for customers.

An economic analysis by Chmura Economics & Analytics found that Dominion Virginia Power's generation projects underway or planned for the near future will produce 14,200 and \$3.3 billion in economic activity for the commonwealth. This includes most of the renewable projects mentioned above as well as natural gas-fired power plants in Buckingham County and Warren County. Since the study's completion, the company has announced plans to close one coal station, convert two others to cleaner-burning natural gas, and construct two additional natural gas plants.

The result of these investments has been the lowest electricity rates in the Washington metro area, reliable electric service, jobs and tax revenue for Virginia, and an attractive climate for economic development.

We're very proud of that record and would not want to trade with any other state.

The writer is chief executive officer of Dominion Virginia Power.