

Sugarloaf Conservancy

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March 26, 2012

Office of Electricity Delivery and Energy Reliability, OE-20
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

RE: Comments for Consideration in the Preparation of the 2012 National Electric Transmission Congestion (NIETC) Study.

Sugarloaf Conservancy, Inc. is a registered 501 (c)(3) grassroots organization formed to protect and enhance the quality of life in Frederick County, Maryland, by education on issues related to wetlands, streams, meadows, rivers, forests, view sheds, conservation, restoration, and preservation. For the last three years, our focus has been opposing the overhead PATH high voltage power lines.

Pursuant to the request for comments, as noted in a Federal Register Notice initiating preparations for development of the 2012 National Electric Transmission Congestion Study, Sugarloaf Conservancy offers the following observations and comments.

A balanced study must take into consideration not only the possibility of increasing transmission capability by building new lines, but also should look at the rebuilding of outdated lines, which would dramatically increase their transfer capacity and thus reduce congestion without the need for new lines and further confiscation of property through eminent domain. As an example, Dominion Virginia Power is in the process of rebuilding the Mt. Storm to Doubs line (part of an alternative to PATH), which will increase the capacity over the existing line by 66%. This is the type of approach that is less costly than a new line, and has the advantage of less environmental destruction, while achieving the same desired results.

From a national security perspective, it is also important that consideration be given to burying new or rebuilt lines utilizing High Voltage Direct Current (HVDC) technology as is currently the practice with our natural gas lines. Underground HVDC technology has the added benefit of being able to use existing rights-of-way (ROW) and thus could expedite the permitting process as there would be less environmental damage and citizen opposition.

The designation of a NIETEC corridor is the first step in providing the federal government siting authority that supplements existing state authority through the Federal Energy Regulatory Commission (FERC). An accurate projection of future energy needs is critical. A minor miscalculation could cause incorrect conclusions and lead to construction of unneeded and costly transmission lines. As stated in a letter to the FERC by fifteen officials in thirteen states: "The current incentive structure places unwarranted burdens on consumers, and diverts ratepayer capital away from other important electric infrastructure investments."

An industry article by Jeff Davis of the Missouri Public Service Commission on November 1, 2010, further states the case against the construction of unneeded transmission lines:

"The great transmission gold rush is on...Consumers are going to end up shelling out billions of dollars more than traditional rate-of-return regulation so transmission owners can develop hundreds of millions of dollars in assets they don't even have to operate...."

"FERC's repudiation of the 'beneficiaries pay' doctrine along with all the 'candy' incentives they are offering have created a modern-day gold rush to the transmission sector. Unfortunately, all the gold in this mine winds up in the hands of the transmission owners who get paid handsomely to build assets they end up owning. Consumers won't even realize they have gotten 'the shaft' until a few years from now when their electric bills start going up to pay for these projects."

PJM projections for energy growth have been overstated for years. Their actions raise the question whether their primary concern is for ratepayers or their transmission company members. PJM presented their reasoning for overstating past forecasts of energy needs in a press release on February 28, 2011. "Recent dramatic swings in economic forecasts and evolving public policies (particularly with respect to renewable energy) are adding greater uncertainty to our planning studies. Uncertainty about generation retirements, particularly in response to potential changes in environmental regulations, may also be diminishing the robustness of the current planning criteria."

For years they have claimed that the lights would go out if PATH were not constructed. As late as January 2011 they insisted PATH had to be in service by June 2015. Then in February 2011 they acknowledged that not only would PATH not be needed in 2015, but was no longer in their 15-year planning window. The fact is that for years their projections for energy consumption have been substantially higher than those published by the Energy Information Administration of the Department of Energy.

While some will claim that demand for electricity is primarily down due to the slowdown in the economy, the facts show otherwise. The Department of Energy *Annual Energy Outlook 2010 and 2011* Reports stated other, long-term reasons that the growth in electricity has slowed dramatically.

Over the long term, electricity demand growth has slowed progressively in each decade since the 1950s. After growing by 9.8 percent per year in the 1950s, electricity demand (including retail sales and direct use) increased by 2.4 percent per year in the 1990s, and from 2000 to 2008 it grew on average by 0.9 percent per

year. The slower growth continues in the *AE02010* Reference case, as increased demand for electricity services is offset by efficiency gains from new appliance efficiency standards and investment in energy-efficient equipment.

Total industrial electricity demand grows by only 3 percent from 2008 to 2035, as a result of efficiency gains and slow growth in industrial production, particularly in the energy-intensive industries.

In addition to energy efficiency and demand response, electricity growth has slowed as the US industrial base has declined and our society has moved from manufacturing to a service industry.

The need for additional transmission capacity is also called into question by the growth in local distributed power from both natural gas and renewable power generation. Thus, future infrastructure planning should not be based on the supposition that the current decline in energy consumption is a result of our economic downturn.

In summary, before the Department of Energy even considers declaring a National Interest Electric Transmission Corridor, it is essential that studies be conducted independently of the RTOs to consider whether future energy needs can be met with less costly alternatives. The US Federal Government and specifically the Department of Energy should take the necessary steps to assure the public that their responsibility is to truly look out for the citizens and not the transmission companies. Independent analysis with public input is essential if the process is to be seen as fair and unbiased.

Respectfully submitted,

Douglas S. Kaplan
President