

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Emergency Petition and Complaint of)
District of Columbia Public Service Comm'n) Docket No. EL05-145-000
)
)

**POTOMAC ELECTRIC POWER COMPANY'S MOTION FOR LEAVE TO ANSWER
AND ANSWER TO COMMENTS AND PROTESTS**

Pursuant to Rules 212 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("FERC" or the "Commission"), 18 C.F.R. §§ 385.212 and 385.213 (2005), Potomac Electric Power Company ("Pepco") hereby (i) moves for leave to answer and (ii) answers certain of the comments and protests filed in the above-captioned proceeding.¹

I. BACKGROUND²

On August 24, 2005, Mirant³ shut down the Potomac River generating station in Alexandria, Virginia (the "Potomac River Plant" or the "Plant") without authority from any court or regulatory body.⁴

¹ Pepco may respond to motions to intervene under Rule 213. In addition, the Commission allows answers to protests and other pleadings where, as here, such answers will assist the Commission in the decision-making process. See *Cal. Indep. Transmission Sys. Operator Corp.*, 103 FERC ¶ 61,260, at P 5 (2003); *Midwest Indep. Transmission Sys. Operator Inc.*, 103 FERC ¶ 61,028, at P 12 (2003); *New Power Co. v. PJM Interconnection, Inc.*, 98 FERC ¶ 61,208, at 61,756 (2002) (allowing responses to help crystallize the issues and complete the record).

² Pepco respectfully refers the Commission to, and incorporates by reference, its comment and various confidential filings in this case, which provide a detailed discussion of the Plant, the applicable transmission circuits, and the increased risks to reliability posed by the shutdown of the Plant.

³ "Mirant" means Mirant Corporation and its public utility subsidiaries.

⁴ Mirant suggests that it was effectively ordered by the Virginia Department of Environmental Quality ("VDEQ") to shut down the Plant. That is not true. As VDEQ's comments makes clear: "Mirant decided to shut down the Potomac River Plant." Motion to Intervene and Protest of Robert G. Burnley, Director, the Commonwealth of Virginia Department of Environmental Quality (August 29, 2005), at p. 3. In truth, Mirant

On August 24, 2005, the District of Columbia Public Service Commission (“DC PSC”) filed an Emergency Petition and Complaint (the “Complaint”) with the Commission. In the Complaint, DC PSC seeks an order requiring Mirant to operate the Plant to protect the reliable supply of electricity to the Nation’s capital.

On August 25, 2005, the Commission issued a Notice of Filing and instructed interested parties to file comments. Numerous parties did so. Certain parties, including Pepco, PJM, the Pennsylvania Public Utility Commission, the Virginia Electric and Power Company, and the DC PSC argued that Mirant should be ordered to operate the Plant to protect electric reliability. Other parties argued in favor of continuing the shutdown because of concerns about emissions from the Plant. Mirant filed a response to certain of these initial comments on September 1, 2005.

Because of the importance of the risk to electric reliability posed by Mirant’s decision to shut down the Plant, Pepco hereby seeks leave to file a short answer to the parties’ comments.

II. ANSWER TO COMMENTS

It is evident from the parties’ comments, and it is otherwise undisputed, that Mirant’s decision to shut down the Plant poses a great risk to public health, safety, and security.⁵ Absent the generating capacity provided by the Plant, if the two 230kV transmission circuits into the Potomac River substation fail, there will be a blackout in much of the District of Columbia until

made the unilateral decision to shut down the Plant for its own reasons, whatever they may be, and it did so in blatant disregard of the risks attendant to that shutdown.

⁵ See, e.g., Notice of Intervention of the Pennsylvania Public Utility Commission and Comments in Support of Petition, at p. 4 (“[I]t would appear incontrovertible that the immediate and compelling public interest lies with the protection of life and property threatened by the plant shutdown.”); Motion to Intervene of Virginia Electric and Power Company, at p. 2 (“DVP also has a critical interest in the reliability of the transmission system operated by PJM.”); DC PSC Complaint, at p. 4 (“[T]here is no escaping the fact that the Potomac River Plant is for now and the foreseeable future, an essential element in the provision of electric service to the District of Columbia. Without the power generated by it, catastrophe could be very near.”).

the circuits are repaired or the Plant's generators are restarted and can operate at a level that matches load. All electric customers in Georgetown, Foggy Bottom and major portions of downtown Washington will be affected. The affected customers will also include the Blue Plains wastewater treatment plant. It is Pepco's understanding that within 24 hours of the loss of electric supply, Blue Plains will have no option but to release untreated sewage directly into the Potomac River, which would result in a significant adverse impact to human health, aquatic wildlife and other environmental resources. Affected customers will also include numerous hospitals, schools, universities, commercial buildings, and residential customers. Importantly, numerous federal facilities will lose power, including those crucial to the security, safety, and welfare of the whole country, such as the FBI, the Justice Department, the State Department, the Federal Emergency Management Agency, the Department of the Interior, and the Department of Energy to name but a few.

It is also the case, however, that Mirant's modeling analysis of the air quality in the Plant's immediate surroundings shows possible violations of the short-term national ambient air quality standards ("NAAQS") for three criteria air pollutants: SO₂, NO₂, and PM₁₀. But Mirant's modeling does not reflect the actual situation surrounding the Plant. In fact, the Northern Virginia area where the Plant is located is in attainment (meaning it meets) the NAAQS for all three pollutants at issue. Further, as Mirant admits, the modeling is based on non-representative, worst-case conditions.⁶ But Pepco does not believe it would be productive at this

⁶ See *A Dispersion Modeling Analysis of Downwash from Mirant's Potomac River Power Plant*, ENSR Corporation, at p. 5-3 (Aug. 2005) ("Mirant Modeling Analysis") ("The analysis incorporated several conservative assumptions to ensure that the absolute maximum pollutant concentrations are predicted. Actual maximum pollutant concentrations due to the power plant are likely much lower than the maximum predicted concentrations presented in this report."); *id.*, at p. 6-1 ("Worst-case modeling results indicat[ing] . . . exceedances of the NAAQS . . . assum[e] that the facility operates at maximum possible load for the entire year and emits pollutants at the maximum allowable rates and highest impacts.").

time to take issue with Mirant's modeling analysis or the comments of those parties who, in reliance on that analysis, argue in favor of a continued shutdown. Rather, because of the immediate and real risk to electric reliability, Pepco believes the better course is to propose an operating solution for the Plant, set forth below, that ameliorates the risk to electric reliability caused by the shutdown and either eliminates potential exceedances of air quality limits or dramatically reduces such environmental impacts.

Proposed Solution for Operating the Potomac River Plant

First, as PJM Interconnection, L.L.C. ("PJM") has determined, when the load served by the Potomac River substation exceeds approximately 475 MW, *i.e.*, during peak periods in the summer, at least one generator must be kept running so that the loss of one of the two 230kV transmission circuits will not cause an overload or voltage collapse on any remaining transmission facilities.

Second, if maintenance must be scheduled on one of the 230kV transmission circuits, the generation at the Plant, as required by PJM, must match and "follow" the load in real time. Therefore, during any maintenance outage, depending on the load level, up to 5 generators must be running at least at partial output. Of course, these generators need only be running during the duration of the maintenance, which will be limited.

Third, if one of the 230kV transmission circuits into the Potomac River substation trips unexpectedly, all five generators will be required to run on an emergency basis. In this instance, because a line trip cannot be forecast and substitute generation cannot be scheduled to run in advance, all five generators at the Plant must also be available to start within 11 hours.

Fourth, although Pepco and PJM do not operate to a double contingency, if both 230kV transmission circuits into the Potomac River substation were to trip unexpectedly (as has

happened on two occasions in the past), all load served by the Potomac River substation will be lost, *i.e.*, there will be a blackout in the District of Columbia. For a rapid restoration of this load, all generators at the Potomac River station must be available to start within 11 hours.

These operating parameters, while not ideal from a reliability perspective, are entirely feasible. (An ideal solution would be the *status quo ante*, *i.e.*, where the five generators are either in operation or were recently operated, thereby reducing the delay attendant to bringing all five generators up and running from a cold startup.) Mirant has already advised the Commission that the normal cold startup time for the generators is 11 hours or less.⁷ To be sure, Mirant should be able to start up the generators in a shorter time during an emergency. In non-emergency situations, *i.e.*, in the event of scheduled maintenance, Pepco, of course, will be able to give Mirant advance notice.

It is also the case that these operating parameters should satisfy the parties' concerns with regard to emissions from the Plant. For example, Mirant extrapolated SO₂, PM₁₀, and NO₂ emissions from the Plant at various Plant loads using information from its extremely conservative –and arguably unrealistic – modeling analysis. Under these extrapolations there is no predicted exceedance of the PM₁₀ or NO₂ NAAQS at a Plant load of 100 MW, even with the worst-case scenario assumptions that the Mirant analysis uses. Although projected concentrations of SO₂ remain in excess of NAAQS at a Plant load of 100 MW, they are nonetheless substantially reduced and do not reach the level of an air quality “emergency” or

⁷ Mirant has suggested that in addition to the 11 hours cold startup time, it also needs up to 72 hours “notification” time for units 3, 4 and 5 and 7 hours “notification” time for units 1 and 2. The 72 hour notification period is not an issue for scheduled maintenance: Pepco will be able to give more than 72 hours’ notice. It is, however, unacceptable and excessive in an emergency. Pepco believes that in an emergency situation, particularly one where the Nation’s capital has gone dark, Mirant should be able to get the 5 units up and running from a cold startup in 11 hours. Response of Mirant Corporation to FERC Data Request, August 26, 2005.

“warning” under the VDEQ Air Pollution Control Regulations. *See* 9 Virginia Admin. Code § 5-70-40.B. Furthermore, a more refined modeling analysis with more realistic assumptions (*e.g.*, fuel with a lower sulfur content) would result in predicted SO₂ concentrations that are much lower.

Thus, operation of one generator during peak periods in the summer should not cause air quality concerns. It is true that operating the Plant at its maximum capacity could result, for example, in relatively high ambient air SO₂ concentrations, but that would only occur during a short maintenance period or if one or both circuits unexpectedly trip. In these situations, there is either a greater risk of a blackout (where one circuit is out of service) or a blackout will have already occurred (if both circuits are out of service).

Further, once Pepco has completed its transmission reinforcement construction plan, which is estimated to take between 18 and 24 months, the Plant will not be necessary to protect reliability.⁸ During that period, of course, there is no reason why Mirant cannot make necessary modifications to allow the Plant to operate without causing NAAQS to be exceeded or to at least reduce the level of SO₂ ambient concentrations. Such actions, as Mirant itself has recognized but not acted upon, include everything from temporary skid arrangements for the injection of trona type product into the furnaces (which can be accomplished in a short three-month period), use of low sulfur coal, lime injection into the gas stream, combining stacks, raising stacks, and increasing stack temperatures.

⁸ Pepco reserves all rights with respect to the costs of this transmission reinforcement.

In sum, Pepco's solution both protects air quality and reduces the risk to electric reliability. Accordingly, Pepco respectfully submits that the Commission order Mirant to operate the Plant in the manner discussed above.⁹

III. Conclusion

For the foregoing reasons and those set forth in Pepco's Motion to Intervene and Comment In Support of Emergency Petition and Complaint, Pepco respectfully requests that the Commission: (a) grant Pepco leave to respond to the comments and protests filed in this proceeding; and (b) take Pepco's answer to those comments and protests into consideration.

Respectfully submitted,

/s/

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Dated: September 9, 2005

⁹ It is noteworthy that under the Local Area Support Agreement, which was accepted for filing by FERC, Mirant agreed to operate the Plant in a manner that protected electric reliability in the D.C. region. *See In re Potomac Elec. Power Co.*, 93 FERC ¶ 61,240 (2000). Accordingly, in addition to its authority under Sections 202(c), 207 and 309 of the Federal Power Act, 16 U.S.C. § 824a *et seq.* ("FPA"), the Commission has authority under Sections 205 and 206 of the FPA to direct Mirant to operate the Plant.

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Potomac Electric Power Company's Motion for Leave to Answer and Omnibus Answer to Comments and Protests is being served upon each person designated on the official service list in this proceeding in accordance with Rule 2010 of the Commission Rules of Practice and Procedure.

Dated at Washington, D.C. this 9th day of September, 2005.

/s/ _____
Jonathan Guy

Submission Contents

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