

PUC doubts \$1.5B line upgrade

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Maine can have a reliable power grid for substantially less money, and with far fewer transmission towers and substations, than the \$1.5 billion project Central Maine Power Co. is proposing, Public Utilities Commission staff has concluded.

In an analysis made available late Tuesday, the PUC staff said CMP has overstated and accelerated the need for its Maine Power Reliability Program, in part by using forecasts for growth in electricity use that have become outdated since the recession started.

The analysis is the latest development in CMP's landmark request before state regulators to upgrade its transmission system from Orrington to the New Hampshire border.

The upgrade would include 500 miles of new or rebuilt lines, new substations and other equipment. It would be among the largest energy projects in state history and create thousands of jobs. The project has the strong support of Gov. John Baldacci and many business leaders.

CMP says the work is needed to keep the grid reliable, and to handle power from future wind turbine developments. Many landowners don't want expanded corridors running near their homes, and critics question whether such a large and costly project is really needed.

The PUC analysis will add ammunition to calls to scale down the project. It's sure to be a factor in ongoing, confidential talks between CMP, the PUC staff and intervenors in the case who are trying to reach a settlement outside the formal proceedings. It's also likely to be referenced during public hearings across the state, expected to be held in early December.

CMP said Wednesday that it was reviewing the document and would file formal comments in the case to rebut specific points; but overall, the company disagrees with the staff's conclusions and plans to keep pushing for the full project.

"We still believe the system we designed is the right system for Maine," said John Carroll, a CMP spokesman.

The 46-page document is meant to serve as an impartial, advisory report for the three-member commission. The PUC staff, as a matter of practice, declined to comment on its findings Wednesday.

While some cost information has been removed from public copies of the report, the staff concludes that the grid could be upgraded for \$667 million under a basic plan, and for \$852 million under a more extensive upgrade, depending on what is done.

The staff and its expert consultant do agree with CMP on some things. For instance, they see a need for a second 345-kilovolt transmission path from Orrington to South Albion. Additional 345-kilovolt capacity also is needed in the Buxton-South Gorham area, as are upgrades in northern and western Maine.

However, the staff says CMP could do without a third 345-kilovolt line from South Gorham to the New Hampshire border. Also, it doesn't need more 345-kilovolt transmission in central Maine, or more 115-kilovolt lines between Orrington and central Maine, or between Lewiston and Rumford. It also could do without several new substations and transformers, the staff said.

One big reason: load levels, the forecasts for how much power will be needed to reliably meet demand during peak use periods and under various circumstances. CMP's load forecasts were first developed in 2006, when the economy was booming. They form the basis for how big a project to build and when to build it.

Electricity use has since fallen sharply in New England, however, and there's debate about when it will return to past levels. The PUC staff estimates it will take until 2018 to reach the load forecasts that CMP was projecting for 2007.

The staff also questions the scenarios that CMP uses for what would happen if certain power plants went off line. CMP's scenarios represent an "extreme worst" case, the staff said, rather than what has a reasonable probability of occurring.

Building the project as proposed would be very lucrative for CMP, increasing its net income through wholesale electricity rates by \$100 million a year. The cost would be shared by New England's ratepayers, with Maine paying about 8.3 percent.

As part of the case, the PUC asked CMP to study the price of meeting reliability needs with nontransmission alternatives, such as conservation, efficiency and cheaper, technical fixes. The assessment shows those alternatives could provide a solution for 10 percent of the full project cost, but would be fully paid for by Mainers.

Two key intervenors in the case said the analysis points the way to a smaller, less costly grid upgrade.

"We think CMP's standards are too strict," said Richard Davies, the state's public advocate. "What they're using is a guarantee for the transmission line."

Davies said he has reservations about whether electricity demand will really take 10 years to catch up with projections, but the urgency to build the project as proposed is gone for now.

It's also unclear, he said, that upgraded lines south of Portland are needed in the next decade to carry wind power out of state. If much of that power is generated at night, when demand is lower, the existing grid might do the job, he said.

The analysis also supported the views of Richard Silkman, a partner in Competitive Energy Services in Portland. Silkman heads an unconventional project to meet the system's reliability standards with networks of solar collectors. His Grid Solar plan is covered by a separate case before the PUC.

"Every time there's a choice to be made to stress the transmission system, CMP chose to use a standard above every other one," Silkman said. "They put their thumb on the scale and said, 'Yes, we have a system that's unreliable.'"

Silkman, the public advocate and other intervenors are expected to meet with PUC staff within a week to continue settlement talks. They have until Dec. 4 to rebut the analysis.