

TESTIMONY OF  
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BEFORE THE  
U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON OVERSIGHT AND GOVERNMENT  
REFORM  
SUBCOMMITTEE ON DOMESTIC POLICY

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Good afternoon.

My name is Paul Koonce and I am chief executive officer of Dominion Energy.

Dominion Energy is responsible for the electric and gas transmission and storage operations of Dominion Resources Inc., one of the nation's largest energy providers.

Dominion Energy owns about 6,000 miles of electric transmission lines in Virginia and northeastern North Carolina, delivering bulk power to more than 6 million residents in a region that *Forbes.com* calls the No. 1 state in which to do business. We are proud to play a significant role in Virginia's jobs success story and that ranking by providing reliable, low-cost electricity for the Commonwealth's high-tech industries, small businesses and homes.

I thank the subcommittee for giving me the opportunity to address how Dominion is responding to the urgent need for new electric transmission infrastructure in Virginia, especially in the greater Northern Virginia region.

Last August, this region was identified as one of the two most critically congested areas for electric transmission by the National Electric Transmission Congestion Study conducted by the U.S. Department of Energy.

Northern Virginia is part of the D.C. Metro area, including Washington and its Virginia and Maryland suburbs. This greater region is home to 12 local jurisdictions, two states,

the District of Columbia, the three branches of federal government, 231 federal departments and agencies, the largest number of high-ranking defense contracting companies, 2,100 non-profit organizations and more than 4.2 million Americans, 340,000 of whom are federal workers.

In addition to the government security and intelligence agencies, the region includes a concentration of 251 military bases with a total of more than 204,000 military personnel.

It is also home to what the U.S. Census Bureau says is six of the fastest-growing counties in the nation, with their schools, hospitals, businesses and a high quality of life. It is the site of major new transportation projects, including the \$3.4 billion renovation and expansion of Washington Dulles International Airport and the \$4 billion expansion of the Metrorail system. This region is a worldwide hub for the Internet and the site of dozens of data centers with electrical demands 15 to 20 times greater than a typical office building.

In short, this is a region where neither we as a nation nor Dominion as a company can afford any increased risk to the electricity supply or the transmission network.

Now allow me to address the subcommittee's specific questions.

## **Dominion's Position on the Designation of National Interest Electric Transmission Corridors (NIETCs)**

Dominion supports the Energy Policy Act of 2005, including those sections that called for the government to establish NIETC designations.

In the wake of the August 2003 cascading blackout from the Midwest to New York State, the entire country realized that we had to improve our nation's electricity infrastructure. Our economy cannot tolerate such events becoming regular. The Energy Policy Act of 2005 recognized this need and established two important principles.

First, reliability was no longer voluntary. The Energy Policy Act of 2005 established reliability standards and backed those standards with substantial penalty authority, some penalties as high as \$1 million per day per violation.

Second, in areas where national interests are at stake, and permitting across state lines stymied, the Energy Policy Act of 2005 provides Federal "Backstop" siting Authority.

While Dominion has not sought such authority, we support Congress' actions to protect and improve what the National Academy of Engineering in 2000 called the No. 1 greatest positive impact on society in the last century – and that is electrification.

As consumers of energy, we take our infrastructure for granted, and only appreciate its operations in time of stress and even failure. While the August blackout was unfortunate, our society today more clearly understands that the interconnected grid moves bulk power daily – not just during emergencies – and is an asset and strength to our nation’s economy. The NIETC designations and the federal regulatory siting process, once it is established and tested, have the potential to improve our nation’s grid.

Potential is the operative word here. We must not jump to conclusions and prejudge the outcome, regardless of which side of the debate we are all on. We simply do not know if the Energy Policy Act of 2005 will deliver the balanced outcomes we all seek. It’s too early. No designations have been established and no federal “backstop” siting requests have been filed.

### **Dominion’s Anticipated Need for a New Transmission Infrastructure**

Dominion presently has 14 projects representing 244 miles of transmission lines 150,000 volts or greater either before the Virginia State Corporation Commission or under construction. Since 2000, we have made \$142 million in improvements to the transmission infrastructure in Northern Virginia. Clearly, we are doing our part to ensure reliability and to assure our 2.3 million retail customers in Virginia and northeastern North Carolina that their lights will stay on.

Last week, we filed an application with our Virginia regulators for a 65-mile, 500,000-volt transmission line to serve the greater Northern Virginia region. The application for this \$234-million project is our part of a 265-mile transmission line that will run between southwestern Pennsylvania and Northern Virginia. Allegheny Energy will build the remainder of this project.

This line is needed to relieve identified violations of the North American Electric Reliability Corporation mandatory reliability standards on our Northern Virginia transmission system beginning in the summer of 2011. Without this line, we may find it necessary to relieve the overload violations by a series of “rolling blackouts,” perhaps on the hottest days of the summer.

These violations are because of significant increases in electrical demand over the past 10 years as well as expected demand growth in the future. In the last five years, the company’s total electric demand has grown by almost 2,400 megawatts, with almost half of this increase in Northern Virginia. In the next five years, PJM Interconnection, the regional transmission organization to which Dominion belongs, says the increase in demand on our system would be like adding approximately 1 million new houses. More growth is expected to occur in our load area in the next five years than in any other PJM region.

Our six-volume filing for this project totals more than 1,000 pages. It presents overwhelming evidence of the need for this transmission line. It contains independent

reports that validate the need, expert testimony on the load-forecasting model we used and detailed information on the proposed route. It is, without a doubt, the most thoroughly researched and prepared application for a high-voltage transmission line in our company's history.

### **Dominion's Efforts to Develop Alternatives to the Construction of New Transmission Infrastructure**

Dominion encourages its customers to conserve energy when they can and use it wisely. The company offers a variety of energy- and money-saving resources to encourage its customers to conserve.

This includes time-based rate programs that have customers shifting their heavier uses of electricity to off-peak hours in exchange for savings. A number of industrial customers and other large electricity users help reduce loads by up to 314 megawatts during times of peak demand, or enough electricity to serve about 80,000 homes.

We also offer pages and pages of energy conservation information on our Web site. These easy-to-use tips can end up saving energy and money.

For example, we recently sent our weatherization expert to a Northern Virginia family to show them some simple changes in their home's insulation and their family's lifestyle could lower its monthly consumption of electricity and their monthly bill. Over a three-

week period, the family reduced its electricity use and its monthly bill by more than a third. Their story was featured in a news show by a Washington television station.

We also realize that we need to do more. The company has formed a new department to grow our demand-side management and conservation efforts over the next several years. The group is in the research and planning stages now.

In Virginia, we also supported major energy legislation enacted by the General Assembly earlier this month. The legislation makes it easier for utilities to implement conservation and load management programs. It also sets an ambitious goal of reducing Virginia's electricity consumption by 10 percent by 2022, and directs the State Corporation Commission to develop a plan to achieve that goal. Finally, the new law places great emphasis on energy produced from renewable resources.

However, most transmission system problems are energy transportation issues and not ones that can be remedied through energy efficiency measures alone.

But we wanted to be sure that was the case in Northern Virginia. So in preparing our filing for this recent transmission line application, we looked at potential best-in-class conservation efforts and other alternatives from across the country. We wanted to consider all the possible solutions to the potential overload violations.



Furthermore, we asked KEMA of Burlington, Mass., an internationally recognized power engineering consulting firm, to look at the same load forecasting data and give us an independent assessment of how we could solve the potential overloads without building a multi-million dollar transmission line.

KEMA said that the critical overload on a key, existing transmission line in 2011 would require a reduction in electric load of 2,850 megawatts. That is almost 40 percent of the present Northern Virginia load. KEMA concluded that it was clearly not reasonable to assume such a massive demand-side management or conservation program could be designed, approved, implemented, and accepted by Dominion customers in less than four years.

So the only answer for today is to build this line. Pursuing any other action would be just wishful thinking that puts us on a collision course with potential blackouts.

This concludes my comments. I will be happy to answer any questions.