

# **PREPARED COMMENTS OF PROGRESS ENERGY, INC.**

**OATT REFORM TECHNICAL CONFERENCE, RM05-25-000 AND RM05-17-000**

**OCTOBER 12, 2006**

Verne B. Ingersoll II  
Director of Regional Planning  
Progress Energy

Progress Energy greatly appreciates the opportunity to participate on this technical conference panel. Progress Energy is a major transmission service provider operating over 11,000 miles of transmission in Florida, North Carolina and South Carolina. We have been providing reliable and economical service to our customers for over 100 years.

Progress Energy strongly supports the NOPR principles of openness, collaboration and transparency in the transmission planning process and we strongly encourage the Commission to issue flexible guidelines concerning the development of collaborative and voluntary transmission planning processes that adequately accommodate regional differences. Based on experience, Progress Energy has found that voluntary efforts that support a collaborative approach to transmission planning are very beneficial to the planning process.

The Commission, in section 28.2 of the Pro-Forma OATT, directed transmission providers to include Network Customer load in their transmission system planning, and to endeavor to construct and place in service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve their Network Load on a comparable basis to the Transmission Provider's own resources. Moreover, the Energy

Policy Act of 2005 further strengthened the protection and priority of service to load-serving entities. In response to these directives and in an effort to meet the needs of our Network Customers, Progress Energy is working to improve the transmission planning processes in the areas in which we operate.

In the Carolinas, we sponsored the establishment of the North Carolina Transmission Planning Collaborative (“NTPC”), and in Florida, we supported an expanded regional transmission planning process sponsored by the Florida Reliability Coordinating Council (FRCC). In SERC, the regional transmission planning process is being enhanced to provide broader participation of industry stakeholders and greater inter-regional coordination. Just recently, the six Regional Reliability Organizations in the Eastern interconnection signed a new reliability coordination agreement. This agreement provides a platform for coordinated transmission studies to be performed across the entire eastern interconnection. These processes are providing Network Customers and other stakeholders with better information, greater consistency in planning assumptions, and a platform for planning innovation.

### Geographic Scope

An effective regional planning process should be of sufficient scale to allow for meaningful planning, but should not be so large as to make planning cumbersome and inefficient. There are many factors that can influence the geographic scope of these planning processes. In peninsula Florida, a region wide approach has been adopted. However, in a very large region such as SERC, a regional approach would be cumbersome and impractical. The precise geographic scope of the transmission planning process is best left to the transmission provider and its transmission

customers. They will bear the costs of the process and they are best suited to determine the scope of transmission planning that suits their interests.

### Confidentiality

Progress Energy believes that the protection of confidential information in the transmission planning process is essential. Detailed information regarding the status and operation of the transmission system must be kept confidential to protect national security and grid reliability and to promote a fair marketplace. In addition, LSEs should not have to disclose their competitively-sensitive information and put themselves at a disadvantage with their potential power suppliers. We have found that a two-tiered approach to stakeholder participation combined with appropriate confidentiality agreements provides for an open and transparent transmission planning process while, at the same time, protecting confidential information and assuring compliance with the Standards of Conduct.

### Congestion Studies

Transmission congestion studies can be conducted in many different ways and these studies should be tailored to meet the needs of the particular region. For example, the NCTPC process provides for the study of LSE's various generation resource alternatives and the study of transmission customers' potential transmission expansion projects. These studies convey the necessary information to the LSEs and other transmission customers concerning current and potential future congested areas of the transmission grid. This information can then be used within the LSE's least-cost planning processes.

A requirement to analyze the associated costs of congestion, as proposed in the NOPR, would take the Commission and the transmission provider outside the

boundaries of planning transmission and into the realm of generation planning, generation cost analysis, market analysis and market price forecasting. This proposal is clearly outside the scope of what should be included within a transmission planning process and there are substantial legal, economic and practical problems with requiring transmission providers to perform such an analysis.

### Independent Third Party

Progress Energy believes that the use of an independent third party can, in some cases, benefit the planning process. For example, the NCTPC process uses an independent third party to facilitate the planning process, to help develop consensus, and to provide a variety of support functions. In the FRCC Transmission Planning process, the FRCC staff acts in a similar role as the independent third party. However, Progress does not believe that the involvement of an independent third party is required to ensure confidence in the planning process. An open, transparent and collaborative process will achieve this goal. Therefore, the Commission should leave it to the various transmission planning forums to determine whether they want to include an independent third party in the planning process and what roles that third party should perform.

### Goal of Planning

It must be recognized that the transmission planning process is not an end in itself. The true measure of an effective transmission planning process is the provision of a transmission infrastructure that provides for reliable and economical delivery of electric energy to customers. We are proud that in the Southeast we have clearly achieved these objectives. The Southeast has a long history of effective regional coordination of transmission plans, and of making the transmission investments needed to ensure an economic and reliable transmission system that supports the economic

growth and well being of the region. For example, from 2001 through 2005, transmission owners in the SERC region made over \$4.5 billion in capital improvements to the transmission grid. SERC transmission owners have plans in place to invest over \$6.7 billion over the next five years for additional infrastructure improvements to the grid. This represents a total investment of over \$11 billion by 2010.

For these reasons, we strongly encourage the Commission to issue flexible guidelines concerning the development of collaborative and voluntary transmission planning processes that accommodate regional differences and the good progress that has already been made to improve transmission planning processes in the Southeast.

Thank you for your attention and I look forward to responding to your questions.

Verne B. Ingersoll II  
Director of Regional Planning, System Planning & Operations Department  
Progress Energy, Inc.  
Progress Energy Building, 7th Floor  
410 South Wilmington Street  
Raleigh, NC 27601  
Phone: 919-546-7534  
E-mail: [verne.ingersoll@pgnmail.com](mailto:verne.ingersoll@pgnmail.com)