

Comments of Peter T. McGoldrick, PE
Rockland Electric Company
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Good Morning.

My name is Peter McGoldrick.

I am the Chief Transmission & Substation Engineer for the Rockland Electric Company of New Jersey, a subsidiary of Orange & Rockland Utilities, Inc of New York.

I appreciate the opportunity to discuss local transmission planning and Order 890.

- ◆ Despite Rockland Electric’s (RECO) small size, we have been an active participant in efforts by PJM TOs to facilitate local planning through the PJM Regional Transmission Expansion Plan (RTEP)
 - We recognize that even the smallest transmission owners must have a local transmission planning process that meets the requirements of Order 890
 - In fact, by fitting the local planning process for new transmission facilities into PJM’s existing RTEP, we realize significant efficiencies of scale which would otherwise result in increased costs for our customers
 - Use of PJM’s existing personnel to schedule “sub-regional” planning meetings
 - Use of PJM’s website to post planning information creates more transparency for market participants
 - Use of PJM’s dispute resolution process to resolve differences

- ◆ We feel that all interested parties benefit from incorporating local planning for new transmission projects in a way that mirrors the existing regional planning process because
 - Market participants already understand the process flow
 - Local planning will seamlessly integrate as an input into the regional planning process

- ◆ PJM’s process to date has been developed through a stakeholder process – which is still underway
 - Overall, we are pleased with the way PJM and interested stakeholders are proposing to fold local planning of new transmission projects into the existing PJM planning process
 - The addition of the “supplemental project” category significantly aids the process’ flexibility because it
 - Acknowledges that not all new transmission projects are designed to satisfy PJM-identified needs
 - State initiatives, customer obligations, and all other non-reliability, non-economic transmission still needs to meet Order 890, even though this transmission may not be necessary from a PJM perspective
 - Allows transmission owners assurance that they still can plan their system additions, without requiring PJM Board of Managers approval
 - Doesn’t implicate cost allocation issues
 - Other details are still being worked out
 - For example, there are no local criteria for economic transmission, only PJM criteria
 - This is appropriate, since all PJM load might pay for economic transmission, and PJM will optimize projects to provide maximum benefits to all PJM customers
 - Some market participants have expressed a desire to institute local economic criteria, which would be adopted by PJM, and could have cost allocation implications due to the current PJM cost allocation procedure
 - This could result in a project being cost allocated outside the zone for which it is designed
- ◆ Much work is yet to be done on incorporating local planning into the PJM process
 - Details – contained in PJM manuals – are being developed now
 - Getting a new process started always requires extra management attention, in this case from all PJM TOs and interested PJM market participants

- ◆ RECO has publicly proposed an alternative “bright-line” decision rule for PJM-planned economic transmission
 - The recently filed PJM test
 - relies on benefits too far in the future (15 years from in-service date),
 - doesn’t sufficiently account for lost value of Auction Revenue Rights,
 - doesn’t always take a system-wide view of benefits, and
 - provides no role for the voice of the customer

Thank You – I will be happy to answer any questions that you may have.
