

Electric Utility Week

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After Sandy, more thoughts turn to building up resiliency; answers are complex and elusive

As residents of New York and New Jersey still slog through the aftermath of Superstorm Sandy, energy and policy experts say distributed generation and microgrid technology will, or should, receive more serious consideration as state officials try to shore up grid reliability.

Along with smart grid and combined heat and power, the technology is not unfamiliar to East Coast energy planners, but now these tools are expected to get more significant attention.

While there may be no electrical equipment that can withstand damaging salt water, new distributed generation along with measures to protect existing generation could help stave off the risk of extended massive power outages, experts said in interviews last week. It becomes a matter of how much a utility will be required to spend to prepare for extreme weather and how much it can recover.

"It is a finely balanced thing between how much you want to spend and what do you want to be prepared for," said Ashley Brown, executive director of the Harvard Electricity Policy Group and a former Ohio utility regulator.

Flooding of underground facilities and calamitous downing
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Midwest transmission owners tangle over claims of rights to MVP projects

Federal energy regulators are allowing transmission developers in the Midwest to seize ownership and development rights for projects begun by competitors that are worth hundreds of millions of dollars, saying that the actions comply with regional rules.

But developers are angry that they are investing millions of dollars developing projects only to see half their ownership rights taken away at the stroke of a pen.

ITC Midwest has filed a complaint with the Federal Energy Regulatory Commission in an attempt to take over development and ownership rights in an American Transmission Co. line, the \$324 million Dubuque-Cardinal project in Wisconsin (Docket No. EL13-13).

ATC has already lost a similar battle to Xcel Energy, after FERC in July ruled that Xcel should be granted 50% ownership in the \$425 million La Crosse-Madison line that ATC had been developing (Docket No. EL12-28).

These contests follow a separate decision in July in which FERC allowed Northern Indiana Public Service to take over half the development and ownership rights to the \$245 million Pioneer 765-kV line in Indiana that had been under development by Duke
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Global warming is back in post-election era; EPA rules carry on, PTC outlook called good

After having avoided global warming as an issue while he was running for reelection, President Barack Obama wasted no time bringing it up right away after he won the race last week.

It may not mean new greenhouse gas initiatives are likely, or that Congress will get together on GHG-reducing strategy, but it signals that in its second term the administration will continue to pursue the low-carbon environmental and renewable energy-promoting measures it has undertaken — many of which constitute what critics call Obama's war on coal.

What it means for wind power's expiring production tax credit will not be clear until Congress returns this month for a post-election session. Wind advocates think that Obama's victory means continuation of the credit in some way is more likely than not.

The post-election, "lame duck" session may include a simple one-year extension of the credit, with more complex legislation to phase it out over time coming later.

"I believe the PTC will be extended" either in the lame duck or early next year, Joseph Mikrut, a partner with Capitol Tax Partners, said during a conference call sponsored by the law
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Edison (A-/Stable), PSEG (BBB/Positive), Jersey Central Power & Light (BBB-/Stable), Atlantic City Electric (BBB+/Stable), Delmarva Power & Light (BBB+/Stable), Peco Energy (BBB/Stable), Connecticut Light & Power (A-/Stable), and United Illuminating (BBB/Stable)."

— *Cathy Cash*

HURRICANE SANDY

Snow storm sets back Sandy recovery, as weary utilities and politicians warn of 'new normal'

Utility and political officials warned last week that the eastern seaboard must prepare for a new normal in weather, as it got walloped from another storm before it had a chance to recover from Hurricane Sandy.

Thousands of workers from as far away as California were still restoring power from the October 29th Hurricane Sandy, when snow and high winds knocked out electricity to more than 300,000 additional customers Wednesday in New York and New Jersey.

Even with the delays from the new storm, utilities had restored all but 761,418 customers late last week, down from 8.66 million after the storm hit 21 states in the final days of October.

But New York Governor Andrew Cuomo continued to take a hard line with utilities, after last week threatening to begin proceedings to revoke utility franchise licenses unless they restored power more quickly (*EUW*, 5 Nov, 1). He said it was not enough that they had restored 90% of customers.

"Ninety percent only matters if you have the power on," he said. "There is only one number that matters to people and that is their number. Ninety percent is not a victory. We will keep working and pushing these utility companies every day until that number is zero. Period."

In the New York City area, one of the hardest hit, Consolidated Edison had brought 1 million customers back online by Friday with 45,000 still to go.

"If there is going to be a silver lining, there is a lesson for us to learn. The lesson is that extreme weather is here to stay. Climate change is a reality. That's going to be the next chapter of this situation," Cuomo said.

New Jersey experienced the largest power outage in its history from Hurricane Sandy, according to the Energy Information Administration. Then last week's snow storm knocked out power to an additional 90,000 customers of Public Service Electric & Gas.

PSE&G is considering changes the company needs to take to address the "new normal" of harsher, more frequent storms, said President Ralph LaRossa.

"In the past two years we have had two hurricanes and two major snow storms around Halloween," LaRossa said referring to Hurricane Sandy, which hit the region October 29, an early winter storm on the same date in 2011 and Hurricane Irene, which occurred in August 2011.

Wednesday's storm delayed by a day the estimated date the company would have all customers who lost power from Sandy back

online, LaRossa said. PSE&G expected to have power restored to most over the weekend. Some 20,000 customers were restored Thursday when repairs were completed at the Sewaren switching station.

Jersey Central Power & Light had 120,000 additional outages from last week's early snowstorm and on Friday it had 167,025 customers without power as a result of both storms. It will take until this week to get power restored to the hardest hit areas in the middle of the state and along the coast, the company said.

Utility workers struggled not only with snow and wind last week, but also with salt-water related damages they had never seen before. John Miksad, Con Edison's senior vice president for electric, described many meters with safety rings that were so corroded, keys to open them no longer worked. Instead, workers had to spend time grinding the rings off the meters.

In addition, the daunting task remained of reconnecting another 35,000 Con Edison customers, who had electrical equipment damage within their buildings. The utility islanded many from the grid for safety reasons, and had to wait for building electricians to make repairs before restoring the connection. They were not included in the outage tallies on the utility's website.

While Con Edison is close to restoring most customers, its system will not be functioning at pre-storm levels for months, Miksad said.

The Long Island Power Authority had restored power to about 80% of its customers, about 760,000 before Wednesday's snow storm, which knocked out power to an additional 123,000 customers. About 173,000 remained without power Friday morning in flooded areas, many unable to safely receive power, LIPA said. The island drew about 14,000 workers to assist with restoration from throughout the country.

LIPA was still trying to get power back on at critical facilities knocked out by the snow storm, including sewage treatment facilities, water pumping stations and nursing homes, as well as 40 school districts and three universities.

— *Lisa Wood, Mary Powers, Derek Sands*

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of power lines in this case took a major toll on Consolidated Edison's system. A week after the storm that packed 95 mph winds and forced tidal surges of 14 feet into lower Manhattan, Staten Island, Long Island and the Jersey shore, nearly 1.4 million people remained without power. Most had been restored by the end of last week, but some damage was longer lasting.

"With every tragedy there is opportunity to see how to do things better," said John Cahill, who concentrates on energy, environmental and corporate law at Chadbourne & Parke and previously served as New York Governor George Pataki's chief of staff. He coordinated recovery of lower Manhattan after the 2001 terrorist attack.

Perhaps in the face of repeated devastating weather events, it may make more sense to have critical facilities, such as hospitals and banks, no longer reliant on the grid for electricity, he suggested.

"Policymakers will look at incentives to promote cell towers and other technology to decrease dependency on utilities and the grid system," said Cahill. "I do think this is an opportunity