

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND**

**IN THE MATTER OF THE APPLICATION)
OF CATOCTIN POWER, LLC FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE) Case No. 8997
AND NECESSITY TO CONSTRUCT A)
NOMINAL 600 MW GENERATING FACILITY)
IN FREDERICK COUNTY, MARYLAND)**

**BRIEF OF THE STAFF OF THE
PUBLIC SERVICE COMMISSION OF MARYLAND**

The Staff of the Public Service Commission of Maryland (“Staff”) hereby files its brief in the above-captioned matter in accordance with Section 20.07.02.04 of the Code of Maryland Regulations. Pursuant to the instructions of the Hearing Examiner at the close of evidentiary hearings in this matter, this optional brief will be limited to the threshold question: whether granting Catoctin Power LLC (“Catoctin” or “Applicant”) a Certificate of Public Convenience and Necessity (“CPCN”) for the its plant, as proposed, is in the public interest, including comments on proposed conditions to the CPCN.¹

I. Description of the Proposed Plant.

Catoctin seeks a CPCN to construct and operate a 600MW combined cycle, natural gas fired, electric generating facility in Frederick County, Maryland. The plant will utilize two combustion turbines with electric generators, associated heat recovery

¹ TR at 1252.

steam generators, and a steam turbine. The plant will be sited on a 20-acre tract of land leased from the Eastalco Aluminum Company and located in the industrial portion of the Eastalco Complex. Interconnection to the electric grid will be through an existing substation located on Eastalco's grounds. No additional transmission line will be required to accommodate Catocin's proposed facility, and no zoning variances will be required in order to build the project. Water will be obtained directly from the Potomac River.² Low-flow augmentation requirements would be satisfied by use of two quarries in West Virginia according to conditions agreed to between Applicant and Intervenors, Fairfax County Water Authority, Washington Suburban Sanitary Commission, and the Washington Aqueduct Division of the United States Army Corps of Engineers. Natural gas would be supplied through connections to existing interstate pipelines. The plant will operate throughout the year, with maximum output during the summer.

II. Standard of Review.

Catocin seeks Commission approval pursuant to Sections 7-207 and 7-208 of the Public Utility Companies ("PUC") Article of the Annotated Code of Maryland. PUC Article §7-207(e)(2) require that the Commission consider the effect of a proposed generating station on the following: 1) the stability and reliability of the electric system; 2) economics; 3) esthetics; 4) historic sites; 5) aviation safety as determined by the Maryland Aviation Administration and the administrator of the Federal Aviation

² Although Applicant has proposed using effluent obtained from Frederick County, there is no indication on the record that an agreement regarding this water source has been reached.

Administration; 6) when applicable, air and water pollution; and 7) the availability of means for the required timely disposal of wastes produced by any generating station.

Staff's brief will address the first issue only inasmuch as the final comments of the Maryland Energy Administration and Power Plant Research Program will be filed simultaneously with this brief.

III. The Effect of the Proposed Plant on the Stability and Reliability of the Electric System.

The record indicates that, should Catoctin comply with PJM's requirements pertaining to direct connection and network upgrades, operation of the proposed plant should not negatively affect the reliability of the electric system in Maryland. PJM's requirements are identified through a series of three studies. Two of these studies, the feasibility and the impact study, have been completed for the proposed plant at issue in this case. The third study, the facilities study, is pending. The project was studied as a 640 MW capacity resource. The record indicates that, if approved, the Catoctin plant will require a single-circuit 230kV line between the plant and the Eastalco substation. In addition two 230 kV metering packages on the lines between the Doubs Substation ("Doubs") and Eastalco will be required. Changes in the relay coordination design between Eastalco and Doubs may be necessary to accommodate Catoctin's generating facility. It is possible that further precautions will be needed in order that Catoctin does not adversely impact the grid. However, nothing further has been identified at this time.³

³ Testimony of S. Craig Taborsky at 5-7.

In order for Catoctin to connect safely with the network seven breakers at Doubs will need replacement. Catoctin will be obligated to share the cost of upgrades or replacement of 26 breakers at the Dickerson substation. However, if built timely, the Catoctin plant could postpone the need to upgrade certain transformers at Doubs. Catoctin would receive a monetary offset for this improvement in baseline reliability.⁴

Catoctin will benefit Maryland's electric system through: 1) increasing generation adequacy and thereby lessening the State's dependence on foreign electricity; 2) providing reactive and voltage support at Doubs; 3) alleviating congestion costs associated with power flows from West to East through Doubs assuming the generation is not too costly; and 4) offering the potential to alleviate excessive loading of the BlackOak-Beddington Transmission Line feeding Doubs.⁵

Staff recommends that any CPCN condition that issues contain the following three conditions to which the Applicant has agreed⁶:

Condition 1: Prior to putting any portion of the project in service, the applicant shall file with the Commission a listing of transmission system improvements required by PJM and certification that the improvements have been completed;

Condition 2: Prior to putting any portion of the project in service, the applicant shall file with the Commission a listing of the interconnection requirements of the interconnecting transmission line owner and certification that the interconnection requirements have been met; and

⁴ *Id.* at 7.

⁵ *Id.*

⁶ TR at 1218.

Condition 3: Within thirty (30) days after putting the project into service, Catoctin Power shall file with the Commission a copy of its Interconnection Service Agreement prior.

IV. Staff Recommendation.

Staff recommends that the Hearing Examiner find favorably for Applicant with regard to the effect of Catoctin's proposed generating plant on the stability and reliability of the electric system. Staff further recommends that any CPCN that may issue be contingent on fulfillment of Staff's recommended conditions.

Respectfully submitted,

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Dated: February 7, 2005