

My name is Annette Smith. I live in Danby. Thank you for providing the opportunity to comment on the “Comprehensive Energy and Electric Plan.”

I am executive director of Vermonters for a Clean Environment, a grassroots organization of citizens who came together five years ago to deal with a large natural gas power plant and pipeline project proposed for southwestern Vermont.

In 2000, Governor Dean created Vermont’s Committee to Ensure Clean Air, on which I served along with representatives of business & industry, environmental groups and state agency officials. I was in the role of Consumer Advocate.

The Clean Air Committee’s final report is only 72 pages, but it contains more specifics, facts and recommendations than this so-called “Comprehensive Energy and Electric Plan” which is 80 pages and replaces more than a thousand pages in two separate documents from 1994 and 1998.

This so-called plan purports to Lower Energy Prices, Reduce Risk, and Reduce Environmental Impacts, but calls for solutions that guarantee higher energy prices, increased risk and increased environmental impacts.

In the real world, Electricity comprises only 15% of energy used in Vermont.

In this so-called plan, non-electric energy comprises only 15% or less of the text.

In the real world, Vermont’s high electric rates are driven by high transmission costs and demand and ratchet charges that can make up more than 50% of a businesses’ electric bill.

In this so-called plan, there is no discussion of the cost of transmission or demand and ratchet charges.

In the real world, Vermont has a quality of life that attracts businesses and encourages entrepreneurialism.

In this so-called plan, the percentage of Gross State Product spent on electricity is used to show Vermont’s high cost of energy compared to other states. Maine has an even higher percentage of Gross State Product spent on electricity than Vermont. But Maine has already adopted many of the policies advocated for in this so-called plan – deregulation, many new natural gas power plants and pipelines. This comparison makes no sense.

In the real world, FERC – that’s Federal Energy Regulatory Commission – is requiring geographic regions to form Regional Transmission Organizations (RTO’s). Under this contractual arrangement, the RTO will have clear authority to direct the transmission

owners to operate their facilities in a manner that preserves system reliability, including requiring transmission owners to expand existing transmission lines or build new ones when needed for reliability. It is important that Vermont's interests are represented and protected at ongoing RTO meetings. Due to Vermont's small size, it will be easy for the interests of larger states to overpower the interests of Vermont on regional transmission issues.

In this so-called plan, RTOs aren't mentioned. There is no map showing how Vermont's power grid interconnects with the region. The proposed VELCO power line upgrade is not explained in the context of the socialization of transmission upgrade costs. According to VELCO, Vermonters will pay only a small percentage of the total cost of the power line upgrade. But Vermonters will also be paying a percentage of the cost of all regional transmission line upgrades in a six-state region, such as a \$200 million all-underground transmission line expansion in the Boston area.

In the real world, new technologies are working on solutions to transmission needs without building big new power lines. Reconfiguration of the Marcy substation in New York, new types of lines which have greater capacity, battery and capacitor storage, and railroad corridors for underground transmission lines are alternatives to building bigger, new power lines.

In this so-called plan, Vermont utilities' plans for power line upgrades are not mentioned. Transmission lines are known to decrease property values. Transmission line upgrades in Vermont could negatively impact Vermont's aesthetics and economy.

The real world has changed dramatically since the state's last Comprehensive Energy Plan was written in 1998. Deregulation, competition and energy trading have irrevocably altered the landscape. The free market philosophy that preached merchant power plants and competition has proven to be a failed policy.

In the real world, most of the region's statewide utilities have been purchased by one of three very large utility companies – Northeast Utilities owns New Hampshire Public Service and Connecticut Light and Power, Energy East owns Central Maine Power and New York State Electric and Gas, and National Grid USA owns Massachusetts Electric, Granite State Electric, and Niagara Mohawk.

In this so-called plan, there is no discussion about the potential for large utilities to buy out or take over any of Vermont's 22 state-wide utilities and what that might mean to Vermonters, nor is there any discussion about the varied rate standards throughout the state, or whether or not consolidation or aggregation of the state's utilities, perhaps into a public power authority might make economic sense for ratepayers.

In the real world, Hydro-Quebec is not the only energy provider with whom Vermont might want to consider negotiation for future power contracts. Quebec has embraced open access and allowed alternative producers, including the Grand Council of the Cree, Alcan, and Newfoundland.

In this so-called plan, there is no understanding of the changes in the energy marketplace in Quebec.

In the real world, power supplied by Hydro Quebec is not considered renewable under Vermont statute.

In this so-called plan, it says that “Almost 50 percent of Vermont’s electricity is supplied by renewable resources.” That figure includes Hydro Quebec’s power, which is not legal under Vermont law.

In the real world, the requested Vermont Yankee uprate may result in increased radioactive emissions, increased radioactive waste storage problems, increased environmental impacts, increased risks to public health & safety, and decreased reliability.

In this so-called plan, nuclear power plant license extensions are accepted, while there is no reference to nuclear power plants in Maine and Connecticut that have been shut down over safety issues.

In the real world, several wind farms are being proposed for Vermont.

In this so-called plan, there is no map to put the proposals into context, no discussion of all the proposals to show how they all fit together and could make a difference in Vermont’s energy needs.

In the real world, Photovoltaic hot water and electricity are viable sources of energy.

In this so-called energy plan, photovoltaics are not mentioned.

In the real world, there is a critical shortage of natural gas to supply the demand created by all the new natural gas electric generation built in the last 5 years. Alan Greenspan testified twice before Congress last year, expressing concerns about short supplies, volatile and high prices, and industries moving offshore. New natural gas supplies must come from increasingly remote and environmentally damaging sources -- new Liquefied Natural Gas terminals, drilling in deep waters of the Gulf of Mexico and the Rockies, and a pipeline from Alaska. New England has 22% excess electric capacity, but is overly-reliant on natural gas. 38% of new gas generators burn only natural gas, and are especially vulnerable to volatile prices and supplies. About 60% of gas-only power generation in the

region could be interrupted, especially on the coldest days when there will not be enough gas for the power system. One pipeline failure could lead to a “crash” of the electric system.

In this so-called plan, “gas-fired cogeneration and combined-cycle units” are promoted as being able to “provide additional reliability for the electric power transmission grid, while also providing competitive electric supplies and economic development opportunities.”

In the real world, natural gas prices have shifted dramatically, from \$2.00/millionbtu in 1999 to an average of \$5.00/millionmbtu. The price of electricity from gas is not competitive and will not provide economic development opportunities.

In this so-called plan, natural gas service is seen to be possible in the southwest part of the state, requiring siting electric generation facilities that will use natural gas and serve as “anchor tenants” to justify the expense of expanding the transmission system.

In the real world, we went through this once already when gas was \$2 and it failed. Everything is worse now. With gas at \$5 and rising, it is not likely that the economics will ever support building natural gas power plants and pipelines in southwestern Vermont. There are other reasons why southwestern Vermont will never see natural gas power plants and pipelines.

- Difficult-to-engineer terrain consisting almost entirely of rocks and water is a substantial deterrent to pipeline construction.
- Power plants in the towns of Rutland and Bennington would create air quality problems because of the topography. Power plants would add hundreds of tons of hazardous air pollutants to the area that already has bad air.
- Millions of gallons of water a day are evaporated by natural gas power plants, creating vapor plumes that extend for miles and causing fogging and icing conditions on highways.
- Control is ceded to FERC (Federal Energy Regulatory Commission).
- Land can be taken by eminent domain for pipeline routes, which require clear—cuts, drilling under waterways, blasting away rock, and trucking in large amounts of soil to fill a trench blasted out of rock.
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In this so-called plan, “faster permitting for infrastructure modernization and expansion, including LNG facilities and pipelines” is called for, without any discussion of the past, current and future supply and demand issues.

In the real world, Vermont Gas Systems’ recent “Supply Watch” reveals the risk of dependence on natural gas when supplies are interrupted. Duke Energy is selling off merchant power plants and has stopped projects already in construction and abandoned plans for new generation projects. The natural gas marketplace is in crisis and does not

and will not have the ability to meet this so-called plan's goals of Lowering Energy Prices, Reducing Risk, and Reducing Environmental Impacts. Reliance on natural gas means higher energy prices, increased risk, increased environmental impacts and decreased reliability.

In the real world, there are readily available examples of technically superior planning studies.

In this so-called plan, Chapter 4 is ten to fifteen years behind the current state of the art of energy planning.

In the real world, Vermont's Department of Public Service is charged with the public good.

In this so-called plan and current policy, the Department of Public Service favors the Vermont Yankee uprate, the VELCO power line upgrade, and new natural gas generation – projects that all share the common feature of benefiting the region but not necessarily Vermont's public good.

Energy and electricity are critical to Vermont's economy and environment. A plan is more than just an industry wish list. It represents the knowledge of the department, and therefore the content of this so-called plan raises red flags because of substantial deficiencies in fundamentals and understanding of the marketplace and by promoting goals that will not be achieved by the policies being advocated. For some people, the changing energy marketplace and new technologies present exciting opportunities. This so-called plan exhibits a lack of interest and inspiration.

In closing, I would like to focus on the Department's failure to observe Vermont law.

We cannot afford to entrust the writing of a real plan to those who are so unable and unwilling to address the real world, the public good, or even to abide by our laws.

Please turn this job over to somebody with the ability and willingness to do it right.

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