



DEMEC

Delaware Municipal Electric Corporation

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November 6, 2008

Mr. Terry Boston, CEO
PJM Interconnection
Valley Forge Corporate Center
955 Jefferson Avenue
Norristown, PA 19403-2497

RECEIVED
BY: _____

RE: Support of HVDC for PHI's MAPP project

Dear Mr. Boston,

We understand from the October 15, 2008 TEAC meeting, that PJM staff has recommended the installation of a High Voltage Direct Current link from Calvert County under the Chesapeake Bay to Vienna, MD and another High Voltage Direct Current link from Calvert County under the Chesapeake Bay to Indian River, DE, but appear to be recommending a deferral of the Indian River to Salem AC link.

On behalf of DEMEC and all nine of our municipal distribution system members in Delaware, we would like to let you know that we have supported the construction of a new high voltage transmission line into the Delmarva Peninsula for the past 10 years. We are very pleased to see this project finally moving forward on PJM's infrastructure plan. Additionally, the new DC technology installation will be very valuable for our customers on the Delmarva Peninsula, as well as a positive benefit for the entire PJM region.

We believe this installation has the following benefits for the Delmarva Peninsula:

- The DC option will significantly increase the transfer capacity into eastern PJM. The 2-1000MW HVDC links can increase power flows up to 2000MW for major line or generation outages.
- MAPP flows can be increased or decreased to reduce overloads on the AC circuits.
- HVDC is not a source of short circuit current. Therefore, our circuit breakers which are close to their interrupting rating will not need to be replaced.
- HVDC control improves AC system stability.
- HVDC control improves AC system damping.
- HVDC can be enacted to participate in remedial action schemes to prevent other system overloads.
- HVDC can provide very good frequency and voltage control in the event of a black start situation.
- HVDC does not contribute to loop flow on parallel AC paths.

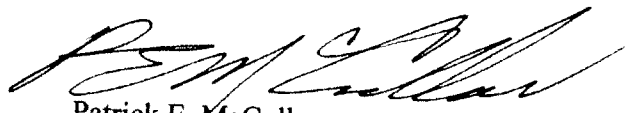
In addition to the Delmarva Peninsula benefits, PJM has identified region-wide benefits for the MAPP project including solutions to various potential voltage collapse scenarios as well as relieving numerous contingency overloads which appeared in PJM's 15-year forward looking analysis.

Our support of the MAPP project and the DC technology being clearly stated, we want to express our concern that PJM staff has stated that their assessment of the Indian River to Salem leg of the project may result in a recommendation that this leg be put off and not constructed until some unstated future date. The load growth on the peninsula over the next two decades is projected to be very much above the PJM average load growth over the same period. A postponement of any part of this much needed transmission project could quickly result in a reduction in future reliability and a loss of the positive economics of electric service the MAPP project brings to the peninsula. We have been "behind the curve" for far too long to have the problem arise again in a few years because of a delay in the completion of all phases of the MAPP project by 2013.

In summary, we believe the HVDC option is the preferred method of construction for the Delmarva Peninsula, and we strongly recommend that all proposed phases of the MAPP project be authorized by PJM and constructed for an in-service date no later than 2013.

If you have a need for additional information on our position regarding the MAPP project, or for further discussion, please feel free to contact me.

Best Regards,



Patrick E. McCullar
President & CEO