

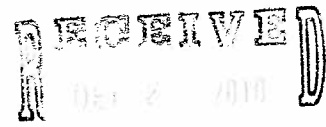
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December 22, 2010

W. Terry Boston  
President and CEO  
PJM Interconnection, L.L.C.  
955 Jefferson Avenue  
Norristown, PA 19403



BY: .....

Howard Schneider  
Chair, The PJM Board of Managers  
PJM Interconnection, L.L.C.  
955 Jefferson Avenue  
Norristown, Pennsylvania 19403-2497

Steven R. Herling  
Vice President, Planning  
PJM Interconnection, L.L.C.  
955 Jefferson Avenue  
Norristown, PA 19403-2497

**RE: Reliability Analysis for R Paul Smith Generating Station, Williamsport, MD**

Dear Messrs. Boston, Schneider, and Herling:

The Environmental Integrity Project, The Sierra Club, Chesapeake Climate Action Network, and Clean Water Action write to respectfully request that PJM Interconnection, Inc. (PJM) (1) provide any information that PJM has related to the 2006 reliability analysis for the R. Paul Smith Generating Station (R Paul Smith) and (2) conduct a current reliability analysis to determine whether the R Paul Smith plant is necessary to ensure reliability in the region. In 2006, Allegheny Energy, Inc. (Allegheny Energy) made representations to the Maryland Department of the Environment (MDE) that continued operation of the R Paul Smith Generating Station (R Paul Smith) was necessary to ensure the reliability of electric service on advice from PJM Interconnection, Inc. (PJM). As a result of those representations, MDE issued regulations revising the Healthy Air Act's emission limits for the R. Paul Smith plant that allows the sixty-two year old plant to emit nearly 1,000 additional tons of nitrogen oxides (NOx) and 3,500 additional tons of sulfur dioxide (SO2) each year.

PJM has failed to produce the 2006 reliability analysis that was the basis for this exemption after repeated requests, and MDE never received any supporting documentation for Allegheny Energy's claims that R Paul Smith is necessary to maintain electric reliability in the region. Based on a November 8, 2006 letter, PJM concluded that retirements of these units in

2009 would have adverse impacts on “local transmission and distribution systems in the area of the plant” but that relatively small fixes (upgrading a 138-kV line and building a new \$3 million substation) would maintain electric reliability. See Letter from Audrey A. Zibelman, PJM Interconnection, Inc., to Joseph H. Richardson, Allegheny Energy, Inc. (Nov. 8, 2006). According to PJM, Allegheny Energy agreed that these fixes could be completed by 2009.

In addition, PJM admits that the 2006 analysis is “irrelevant” to current system conditions. After three specific requests for a copy of the analysis that was the basis of the 2006 letter, PJM finally replied that

PJM does not have a copy of the analysis requested and, therefore, cannot provide a copy to you. Any relevant analyses needs to be performed under current system conditions. Thus, anything done in prior years, especially as far back as 2006 (and since no action was taken to deactivate the unit) would be irrelevant.

Attachment A (Email from Jim Kirby, Client Manager, PJM Member Services, to Jennifer Peterson, Env'tl. Integrity Project (Aug. 24, 2010). Furthermore, load demand has changed since 2006, and PJM’s planning documents reflect that many upgrades to the grid have been completed over the past four years. It is unclear whether an analysis now would yield the same results that were reached in 2006. If retirement of the R. Paul Smith plant does not pose local reliability issues any more, there is no basis for allowing the plant to exceed the emissions limits set forth in the Healthy Air Act and the Maryland State Implementation Plan.

Thus, we respectfully request that PJM provide all information related to the 2006 reliability analysis and conduct a current reliability analysis for the R Paul Smith power plant. Please contact Jennifer Peterson at the number below with any questions or to discuss our request in greater detail. We look forward to hearing from you.

Sincerely,



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## **Attachment A**

## Jennifer Peterson

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**From:** KIRBYJW@pjm.com  
**Sent:** Tuesday, August 24, 2010 5:03 PM  
**To:** Jennifer Peterson  
**Cc:** fosted@pjm.com; foleyp@pjm.com; mcglyp@pjm.com; mcnam@pjm.com; patziw@pjm.com; robine@pjm.com; larocm@pjm.com  
**Subject:** R. P. Smith Generating Facility

Dear Jennifer,

In response to your August 24, 2010 email, please be advised that PJM does not have a copy of the analysis requested and, therefore, cannot provide a copy to you. Any relevant analyses needs to be performed under current system conditions. Thus, anything done in prior years, especially as far back as 2006 (and since no action was taken to deactivate the unit), would be irrelevant.

Best Regards,

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