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AEP.com

June 20, 2008

Via Email

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

Re: Comments of AEP Regarding PJM's proposal to use HVDC transmission/cable for the Mid-Atlantic Power Pathway (MAPP) project.

Dear Mr. Boston:

AEP submits these comments on PJM's proposal to use of HVDC transmission/cable for the Mid-Atlantic Power Pathway (MAPP) project, for consideration by the PJM Board at its June 24, 2008 meeting.

Last week, at the TEAC meeting, Paul McGlynn reviewed the technical challenges (such as voltage rise along the 500 kV AC underground cables to be used to cross the Chesapeake Bay) with the originally proposed MAPP project. He also discussed the option to use HVDC as a solution to overcome these technical problems as well as the advantages and disadvantages of AC versus HVDC alternatives being considered for the MAPP project.

It is our understanding that PJM plans to recommend using the DC option at an additional \$400 million to the PJM Board on June 24, 2008 for approval. Consequently, PJM requested that comments be submitted to PJM by June 20, 2008.

We support the project because it is intended to improve reliability and increase market efficiency for the PJM region. However, based on the limited information shared at the last TEAC meeting on this subject we do not believe that adequate information has not been made available to the stakeholders to thoroughly evaluate and provide constructive comments requested by PJM. More information is needed on some technical issues, such as the effect of: i) electro-mechanical interaction (sub-synchronous resonance) of DC converters on the electrically-nearby nuclear and fossil power plants, ii) harmonics as well as iii) reactive power profile in light of the proposed HVDC option would be

helpful. Also, introducing DC in the fully networked AC system within PJM, as opposed to the DC merchant transmission projects with withdrawal rights from the PJM network, needs to be thoroughly evaluated from a technical perspective before being recommended and approved for implementation within PJM.

We appreciate PJM's diligent effort in recommending solutions to address reliability and congestion issues. We are confident that PJM/PHI addressed the technical issues associated with the DC option. However, more technical information should be made available to the stakeholders. Specifically, we strongly recommend that PJM schedule a technical conference to review the technical analyses that have been conducted to date by PJM, PHI, and any other involved parties, with the PJM stakeholders. Such a technical conference will give the stakeholders an opportunity to understand the proposed DC option better and comment on the technical implications of introducing DC within PJM so that the PJM BOM can make an informed decision.

Please feel free to share this letter with the rest of the BOM.

Sincerely,

J. Craig Baker
Senior Vice President – Regulatory Services