



An Exelon Company

Position Statement

Oppose
Finance Committee
02/25/2020

SB 578 Electricity - Considerations for Certificate of Public Convenience and Necessity and Overhead Transmission Lines

Baltimore Gas and Electric Company (BGE) opposes *Senate Bill 578 Electricity – Consideration for Certificate of Public Convenience and Necessity and Overhead Transmission Lines*, which would require the Public Service Commission (Commission), before taking final action on an application for a Certificate of Public Convenience and Necessity (CPCN), to consider whether an applicant’s design prioritizes the use of existing infrastructure or upgrading existing infrastructure. In addition, the bill would prohibit the Commission from authorizing – and a person from undertaking – the construction of an overhead transmission line that is aligned with and within one mile of a conservation easement unless there is an exceptional showing of good cause.

While this legislation is well intentioned, BGE believes it is unnecessary as the Commission already takes into consideration any conservation easements or other environmental constraints that pertain to the site of an overhead transmission line. The legislation would unduly restrict the Commission’s ability to balance the public need to site the overhead transmission line in a particular location with a myriad of factors, including environmental considerations.

This legislation would create more questions than solutions with particular concern around the language that restricts construction within 1 mile of a conservation easement is concerning. As currently drafted, this legislation would apply to rebuilds and modifications of existing transmission lines, which is extremely restrictive in scope and would alter the utility’s mechanisms for compliance.

The electric transmission system is analogous to the interstate highway system. Its purpose is to move electricity efficiently, to eliminate congestion or traffic jams and ensure electricity is delivered to where customers need it. BGE’s transmission system consists of more than 6,000 structures that move high-voltage electricity from power sources to BGE substations where the voltage is managed and then moved along the distribution system until ultimately it is safely delivered to homes and businesses. Transmission of electricity is required to keep the lights on in Maryland.

Currently, state agencies already have the obligation to examine the impacts of CPCN projects. The CPCN regulatory process is designed to consider the physical, environmental, aesthetic and noise impacts of a transmission line project. These construction impacts are currently considered by the Commission as part of the thorough process for reviewing an application for a CPCN. The Commission has an opportunity to require an applicant to mitigate and properly manage any adverse construction impacts through the issuance of licensing conditions that attach to a grant of a CPCN. A CPCN process is a comprehensive

regulatory process, involving many state agencies, including the Power Plant Research Program, the Department of Planning, the Department of Natural Resource and the Maryland Department of the Environment, as well as input from the impacted local governing body or bodies, landowners, and the public.

Additionally, construction environmental and health impacts are largely mitigated through the regulatory permitting requirements for a project. Permit conditions require the company to manage: particulate matter from construction activity and air pollution, such as dusting from construction activity. It restricts any cause of discharge into the atmosphere any odors or vapors that may be a nuisance.

Because it is a truly comprehensive information gathering process, the CPCN process typically takes roughly 18 months to complete.

From a technical standpoint, the restriction contained in the bill to limit new transmission construction to existing rights-of-way is simply unworkable from an engineering and system planning perspective. Electric companies always look to existing rights-of-way first as part of the project planning process, and the preferred option is always to make use of such existing property rights. In order to address safety, reliability, and/or market efficiency concerns; however, simply upgrading existing transmission lines or installing new overhead transmission lines within existing right-of-way may not be feasible or may not mitigate the underlying concern that drives the need for the project. The practicality of constructing on existing rights-of-way is limited to the extent that the existing assets can be compressed to a minimum footprint. At some point, the rights-of-way cannot support any additional lines, essentially capping the expandability of the transmission system. Importantly, the Commission considers alternative routes and the technical requirements of a proposed transmission project under the regulations that govern the existing CPCN adjudicatory process.

It is the Commission's statutory obligation to determine whether a CPCN is in the best interest of Maryland and the reliability of the electric system. BGE believes that the current scope of environmental considerations sufficiently provides guidance to the Commission, state agencies and local governments when considering CPCN applications and the siting of new and existing transmission lines. For these reasons, BGE respectfully request that the Committee vote unfavorable on this legislation.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.2 million electric customers and more than 655,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's leading competitive energy provider.