

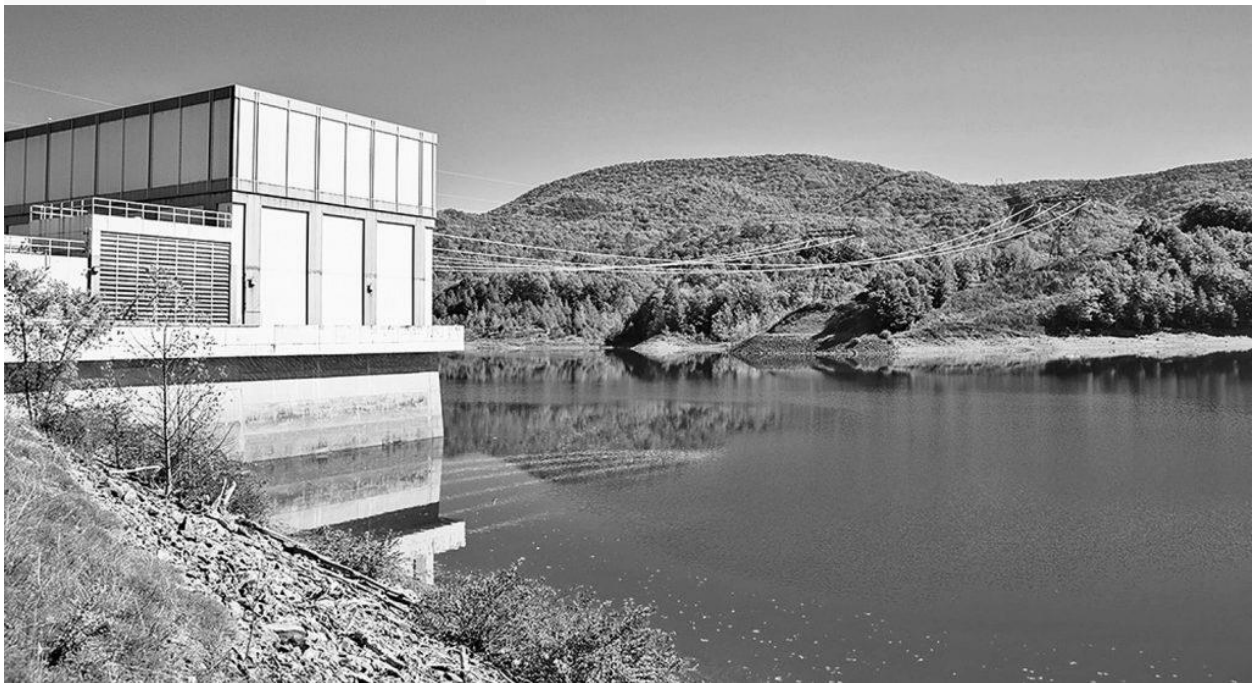
The Recorder

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Dominion confident in its troubled pipeline project

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BY JOHN BRUCE • STAFF WRITER



The Bath County Pumped Storage Station is described as the largest battery in the world and could be a prototype for fossil-fuel free assistance to renewable energy sources such as wind and solar. (Courtesy Appvoices.org)

MONTEREY — Dominion Energy informed investors that if the U.S. Supreme Court upholds a lower court decision suspending the proposed \$7.5 billion Atlantic Coast Pipeline, there are “alternatives” sure to “get the job done.”

CEO Tom Farrell did not say what the “alternatives” were.

The “job” is the ACP, a major part of Dominion Energy’s plan to “decarbonize” or close down coal-fueled power plants, Farrell told shareholders on “Investor Day,” Monday, March 25.

He did not mention that methane gas is a fossil fuel that emits carbon dioxide when burned to generate electricity.

Electric co-ops affected

ACP capital costs could be passed on to co-op members and Dominion’s direct ratepayers.

Dominion sells wholesale electricity through purchased-power agreements to Old Dominion Electric Cooperative, which is owned by BARC and Shenandoah Valley Electric Cooperatives, plus nine other member-owned electric coops in Virginia, Maryland and Delaware.

Highland County, served by both BARC and SVEC, would be the gateway for the ACP from West Virginia to Virginia. Northern Bath County, served by BARC, would bridge the route into western Augusta County.

Concerns over swelling costs, water quality degradation, karst and species protection, mountaintop razing and eminent domain have driven a massive organized resistance filing lawsuits since the project was proposed in May 2014. Farrell said that was no surprise, and the opposition required determination on Dominion’s part.

“Gas infrastructure has already become foundational to electric utilities,” Farrell said. The reason is that car companies are moving toward electric vehicles, and over the next two to three decades, a 25 percent growth in demand for electricity could result from a rise in electric vehicles, he suggested.

While Farrell focused on electric cars in his comments to investors, he didn’t touch on larger vehicles. China, for instance, has had an explosion in electric bus mass transit. If the Chinese experience holds true, then electric cars would be a negligible consumer of electricity, but buses could be a major draw, particularly in tourism areas. Some American cities have begun to make the switch, but not in Dominion’s service territory in Virginia, North Carolina, or South Carolina.

According to the U.S. Energy Information Administration, methane gas produces about 27 percent less CO₂ than diesel and 49 percent less than anthracite coal. No data was available for a gas-renewable mix.

“There’s also a big push for renewables,” Farrell told investors. “Our customers want renewables. All our polling shows that. Most of our policymakers want more renewables on our system. Utilities can accommodate that.”

Farrell referred to “intermittency” — a term for the fact that renewables cannot generate power continuously.

One way to address the intermittency of renewables is gas infrastructure, he stressed. In the mid-to long-term, there are other ways. “Pumped storage,” Farrell said. “Dominion owns the world’s largest pumped storage facility in the Virginia mountains. We have a plan to build another pumped storage in the Virginia mountains (in the coalfields region). They want it very much.”

The Bath County Pumped Storage Station in Mountain Grove, described as the largest battery in the world, is on the southeast side of the Eastern Continental Divide, which forms a section of the border between Virginia and West Virginia. Dominion owns 60 percent, Bath County Energy LLC owns about 24 percent, and Allegheny Power System owns about 16 percent. Dominion manages the station.

Farrell said the other way to manage renewables is with “gas peakers” — fast-start gas peaking plants commonly known as combustion turbine units, which are basically enclosed jet engines mounted on concrete pads.

“The only way to do that is to have more gas transmission infrastructure. When the clouds start moving through and the solar shuts down, you use the gas peakers. That leads to more gas transmission and storage,” Farrell said.

Dominion’s \$26 billion five-year investment plan calls for capital spending of roughly:

- \$4.3 billion on Virginia electric transmission;
- \$3.7 billion on Virginia solar;
- \$3.6 billion on gas transmission and storage;
- \$3.6 billion on gas distribution;
- \$2.1 billion on S.C.
- \$1.7 billion on Virginia customer growth expenses such as data centers;
- \$1.6 billion on Virginia grid transformation;
- \$1.2 billion on Virginia nuclear relicensing;
- \$1.1 billion on Virginia offshore wind;
- \$1 billion on pumped storage;
- \$800 million on Virginia strategic undergrounding of power lines;
- \$500 million on Virginia environmental measures; and
- \$500 million on Virginia gas generation to enable solar and wind.

Supreme Court ruling

“Nothing new here,” Farrell said in his concluding remarks on the ACP, noting construction is expected to resume by the end of September, at least on the portions from Buckingham to Lumberton to North Carolina, Virginia, and in West Virginia.

An appeal to the Appalachian Trail decision by the Fourth Circuit to the U.S. Supreme Court will be filed by early June and full construction could commence by June 2020.

“We have a high confidence level the solicitor general will join us on the appeal,” Farrell said, adding there are other methods besides the Supreme Court.

“The Appalachian Trail is almost 2,000 miles long. The effect of this decision for the first time ever in more than 50 years of people issuing permits under the Appalachian Trail is to basically block energy infrastructure coming from the western part of the United States to the eastern part of the United States,” Farrell said. “Don’t think it will hold up, but there are other processes. We are pursuing them. We want to see what the court does with granting the hearing. There are two alternatives, both will get the job done,” he added, without further explanation of what the alternatives might be.

“It’s very important to get this precedent overturned,” Farrell said.

In related news Monday, ACP partner Duke Energy CEO Lynn Good told Bloomberg News while her utility is committed to seeing the project through, it would need to find another project if the north-south ACP fails.

She suggested an option could be an east-west pipeline across North Carolina.