

Progress Energy's New Generation Project in Richmond County

On Oct. 29, 2007, Progress Energy announced plans to invest approximately \$600 million in a project to improve electric system reliability in southern and eastern North Carolina. The project will include a 230-kiloVolt transmission line and a new natural gas-fired combined-cycle unit at the Richmond County Energy Complex located near Hamlet, N.C.

The project is part of the company's balanced solution to meeting future energy needs. This solution includes energy efficiency, investments in renewable-energy technologies, and state-of-the-art power plants and energy-delivery systems.

Why do we need a new generation unit?

The project is a critical part of Progress Energy Carolinas' ability to meet the growing needs of its Carolinas customers. Even in the weakened economy, the utility's service area continues to grow, adding more than 17,000 new households and businesses in 2008. Average household use of electricity has increased by about 50 percent in the last three decades as new home size has grown and as the use of electronics has expanded in support of modern lifestyles and businesses. The system of electricity production and delivery must keep pace with that growth.

What kind of generation will be built?

The new unit will be a 600-MW combined-cycle unit fueled primarily by natural gas. The unit will serve as an intermediate-load plant. These typically run 40 percent to 60 percent of the time to meet fluctuating daily customer demand above baseload demand.

Where will the new unit be built?

The unit will be built at the Richmond County Energy Complex located near Hamlet, N.C. The complex currently has one combined-cycle unit and five combustion turbines.

Didn't Progress Energy say it does not need a new plant until 2018?

In May 2007, the company announced the earliest we would plan to bring a nuclear plant on line would be 2018, and we announced a two-year moratorium on announcing new coal-fired power plants.

The need for the new combined-cycle unit has been identified in our N.C. resource plan for several years.

Does the new plant affect Progress Energy's energy-efficiency and conservation programs?

No. We are moving forward with energy-efficiency programs, which will help our customers achieve an aggressive goal of 2,000 MW of displaced growth in energy usage.

We have a number of programs under way and will continue to design, develop and implement programs that fit our customers' lifestyles.

Have you considered using a renewable source to meet this need?

Progress Energy is committed to developing and investing responsibly in renewable-energy technologies. Given the short timeframe we have to meet the project need, the company must move forward with a proven, dependable technology and fuel source. Currently, there are not enough renewable resources available to supply the approximate 600 MW needed.

What is the project schedule?

Plant construction will begin in April 2009. The new unit is scheduled to be operational by mid-2011.