



955 Jefferson Avenue  
Valley Forge Corporate Center  
Norristown, PA 19403-2497

Steven R. Herling  
Vice President - Planning

January 21, 2010

***Via Electronic Mail and Federal Express Overnight***

Kristi Izzo, Secretary  
New Jersey Board of Public Utilities  
Two Gateway Center  
8<sup>th</sup> Floor  
Newark, New Jersey 07102

Re: I/M/O Petition of Public Service Electric and Gas Company for a Determination Pursuant to the Provisions of *N.J.S.A. 40:55D-19* (Susquehanna-Roseland).

BPU Docket No. EM 09010035

Dear Secretary Izzo:

Please accept this letter on behalf of PJM Interconnection, L.L.C. (“PJM”), submitted in response to your letter dated January 15, 2010 (“January 15<sup>th</sup> Letter”), addressed to me relative to the Petition filed on behalf of Public Service Electric and Gas Company (“PSE&G”) and evidentiary hearings held on November 16, 18, 19, 20, 23 and 24, 2009 before Presiding Commission Joseph Fiordaliso in the above captioned matter.

**A. Background.**

As you are aware, PJM was recently requested to perform a number of sensitivity analyses by the Hearing Examiner, Alexander Skirpan, in the PATH proceeding pending before the Virginia Public Service Commission in Case No. PUE-2009-00043. The sensitivity analyses examined the impact of recent changes to factors, such as: (i) the PJM load forecast, (ii) new generation additions and announcements to retire, and (iii) the increased amount of Demand Response and Energy Efficiency programs that cleared in the 2012/2013 RPM Base Residual Auction, and their affect on the reliability criteria violations driving the need for the PATH project. Of those factors considered, the most significant factor affecting the need for the PATH project appears to be the impact of additional amounts of Demand Response resources concentrated in the PJM Mid-Atlantic area.

The analysis underlying the testimony filed in proceedings before the Maryland Public Service Commission in Case No. 9179 in support of the MAPP project was based, in large part, on the same body of criteria tests that were the basis for the analysis supporting the PATH project. Specifically, both projects are largely driven by the analysis of load deliverability related to the

PJM Mid-Atlantic area and both are similarly impacted by the additional amount of Demand Response resources in that area. In addition, the analysis submitted in support of the MAPP project assumed that the PATH project would be in service in 2014.

**B. Responses to Board's Requests.**

1. PJM's Board of Managers ("PJM Board") periodically reviews proposed updates to its RTEP.
  - a. Please describe whether and how the nature, scope and depth of PJM's upcoming analyses of PATH and MAPP differ materially from the normal periodic reviews.

**RESPONSE:**

The nature, scope and depth of PJM's upcoming analyses of PATH and MAPP will be evaluated in the course of PJM's normal periodic review, which is the 2010 comprehensive Regional Transmission Expansion Planning ("RTEP") analysis. PJM's RTEP analysis is conducted annually in accordance with Schedule 6 of the PJM Amended and Restated Operating Agreement. The scope of the 2010 RTEP analysis will include: (i) evaluating compliance with all NERC reliability criteria based on the most current information available regarding all aspects of the transmission system; (ii) identifying all violations of NERC criteria and the years in which the violations will occur; and (iii) recommending a plan to resolve the violations.

- b. Has PJM determined whether it needs to conduct an analysis of Susquehanna-Roseland that will differ materially from the normal periodic reviews, in light of the recent developments concerning the PATH and MAPP projects?

**RESPONSE:**

As discussed below, the factors impacting the need for the PATH and MAPP projects will not impact the need for the Susquehanna – Roseland project. As a result, PJM has determined that it does not need to conduct any further analysis of Susquehanna-Roseland outside PJM's 2010 RTEP analysis.

- c. If so, please identify when that analysis will take place and when the Board can expect to see the results of that analysis. If not, please explain why no analysis has been conducted.

RESPONSE:

As stated above, PJM does not need to perform any further analysis of Susquehanna-Roseland outside the scope of its 2010 RTEP analysis. This determination is based on the factors we have detailed in response to Question No. 2 below.

2. PJM suggested that it will need to make changes in its testimony in the Maryland proceeding on the PATH project. PJM stated yesterday that “the factors driving the delays” of the PATH and MAPP projects “will not in any way change the need for the Susquehanna-Roseland project in New Jersey” as detailed in PJM’s testimony in this proceeding.
  - a. Please explain the basis for PJM’s statement.

RESPONSE:

With respect to the Susquehanna-Roseland project, it is PJM’s firm belief that the circumstances related to the PATH and MAPP projects will have no impact on the need for the Susquehanna-Roseland line. First, neither the PATH nor the MAPP line was scheduled to be in service prior to the Susquehanna-Roseland in-service date. Therefore, delays to PATH and MAPP projects, themselves, cannot impact the analysis of the 2012 summer period when the need for the Susquehanna – Roseland line was identified. Further, the factors driving the need for the change in the PATH and MAPP in-service dates are based primarily on the additional amounts of Demand Response resources located in the PJM Mid-Atlantic area. The Demand Response resources reduce the amount of energy that must be imported into the Mid-Atlantic area during emergency conditions that are modeled through PJM’s load deliverability test. Contrary to PATH and MAPP, a significant number of the criteria violations driving the need for the Susquehanna-Roseland line are related to the potential loss of various double-circuit tower lines. These contingency violations cannot be relieved by the availability of additional Demand Response resources. Double-circuit tower line events occur suddenly, without warning and are not evaluated under emergency conditions when Demand Response resources could and would be called upon by PJM operators. Demand Response resources are activated by PJM operators through a series of emergency procedures that begin to unfold early in the operating day, based on forecasted peak load and generation availability for that day. Notice must be provided to these resources hours in advance of the time of anticipated need. There is no opportunity for such notice when the event is due to the loss of double circuit tower lines. As a result, Demand Response resources that have suggested the need for a delay of both the PATH and MAPP projects will have no impact on the need for the Susquehanna-Roseland project.

- b. Has PJM reviewed its testimony in the New Jersey or Pennsylvania Susquehanna-Roseland proceedings to determine whether the delays in the PATH and MAPP projects (as distinguished from the factors driving those delays) are reasonably likely to result in any material changes to that testimony?
- c. If so, please summarize any such material changes.
- d. If not, please do so and advise the Board as soon as possible whether any such material changes are reasonably likely.

RESPONSE:

PJM has reviewed its testimony in the New Jersey and Pennsylvania Susquehanna-Roseland proceedings. For all the reasons stated above, PJM has concluded that the delays in the PATH and MAPP projects are not reasonably likely to result in any material changes to that testimony.

Very truly yours,



Steven R. Herling,

cc: All Parties Designated on the Service List (*via* email or regular mail, as necessary)  
The Honorable Frederick F. Butler  
The Honorable Nicholas Asselta  
The Honorable Elizabeth Randall  
Ralph A. LaRossa  
J.A. Bouknight, Jr.