



State of New Jersey

BOARD OF PUBLIC UTILITIES
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July 15, 2014

The PJM Board of Managers
PJM Interconnection, LLC
955 Jefferson Avenue
Valley Forge Corporate Center
Norristown, PA 19403

RE: Artificial Island Project

Dear PJM Board of Managers:

The following comments are submitted to the PJM Board of Managers on behalf of the New Jersey Board of Public Utilities ("BPU") staff and the New Jersey Division of Rate Counsel regarding the PJM staff RTEP recommendation for resolution of the Artificial Island operational issues. In essence, we are requesting that the PJM Board consider certain problematic aspects of the PJM staff recommended 500kV circuit from Hope Creek to Red Lion, particularly in light of more economic and ostensibly less challenging Southern Crossing alternatives.

We are principally concerned with two aspects of the recommended Hope Creek to Red Lion proposal: siting and permitting requirements associated with a project that impacts the Supawna Meadows National Wildlife Refuge as well as other land and wildlife management areas;¹ and the substantially higher relative cost of the project in light of the alternative LS Power Group Southern Crossing projects, recently offered with a cost cap of \$171 million.² Additionally, PJM staff's conclusion that the outages to the 5015 transmission line that would be required for the Hope Creek to Red Lion circuit is of concern to us given the comparative facility of interconnecting the Southern Crossing alternatives (either submarine or overhead).³

Recent experience with permitting delays in the construction of the Susquehanna-Roseland 500 kV transmission line should give pause for consideration of a transmission facility routing through federal lands.⁴ The U.S. Fish and Wildlife Service manages the Supawna Meadows National Wildlife Refuge, which it describes as "part of the larger Cape May National

¹ In addition to the Supawna Meadows National Wildlife Refuge, the line will impact the Alloway Creek Watershed Wetland Restoration Site and the Abbots Meadow Wildlife Management Area in Elsinboro, NJ, and the Mad Horse Creek Wildlife Management Area in Salem, NJ.

² Letter of July 8, 2014, from Northeast Transmission Development, LLC, to PJM Board of Managers regarding PJM Artificial Island Project Selection ("July 8th LS Power Comments").

³ PJM TEAC, Artificial Island Recommendation, *Artificial Island Proposal Window*, June 16, 2014 at 26.

⁴ The Susquehanna-Roseland project has been delayed three years past its original in-service date.

Wildlife Refuge and *recognized as wetlands of international importance* and an *international shorebird reserve*.”⁵ We are extremely concerned that any new line through Supawna Meadows National Wildlife Refuge will be met with opposition not only from the U.S. Department of the Interior but also from state and national environmental organizations; given that this Refuge also serves as a resting area for international bird migrations, it would not be unreasonable to anticipate *international* opposition to the proposed line. Simply put, the selection of this route for transmission upgrades to resolve Artificial Island stability issues would appear to be the option of last resort, selected only in the absence of a viable alternative.

The Southern Crossing proposals offered by LS Power Group not only avoid the problematic nature of traversing the Supawna Meadows National Wildlife Refuge, but now offer a *guaranteed* cost cap on total project costs, as well as a lower up-front cost. The July 8th LS Power Comments commit to a cost cap of \$171 million for both the submarine and overhead Southern Crossing projects, which is between \$40 and \$86 million less than the PJM-*estimated* cost of the Hope Creek to Red Lion circuit. If LS Power Group were to construct its Southern Crossing submarine line at its own estimated cost of \$148 million, the implied savings to consumers would be \$63 to \$109 million over the PJM cost estimates for the recommended Hope Creek to Red Lion. If LS Power Group brought its overhead Southern Crossing line in at its own estimated cost of \$116 million, those implied relative savings climb to between \$95 and \$141 million. In short, the cost benefits to consumers of the cost-capped LS Power Group Southern Crossing projects are too substantial to ignore. In conjunction with the far less problematic routing of the Southern Crossing projects, we conclude that either of the two LS Power Group routes offer greater certainty of timely construction at a substantially lower, guaranteed maximum cost to consumers.

In closing, BPU staff and Rate Counsel urge the PJM Board of Managers to compare the evident relative merits of the PJM staff recommended Hope Creek to Red Lion 500 kV project to either of the cost-capped Southern Crossing alternatives offered by the LS Power Group. In our view, the Southern Crossing projects represent the most favorable and viable options among those considered for resolution of Artificial Island operational issues.

Sincerely,


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⁵ <http://www.fws.gov/supawnameadows/> (*emphasis supplied*)