



## **BPU Asked to Reopen Two Controversial Cases**

### **Opponents want state agency to reconsider Highlands transmission line and dismissal of a case involving billions in so-called stranded costs**

*By Tom Johnson, February 7 in Energy & Environment*

The state Board of Public Utilities (BPU) is being asked to reconsider two highly contentious issues that it decided last year, but not to the effect its critics had sought.

In a pair of unrelated petitions filed with the agency last week, the board is being asked to reopen its approval of a much opposed power line project through the heart of the New Jersey Highlands. It is also being asked to reevaluate the dismissal of a case seeking to recover billions of dollars collected from ratepayers of Public Service Electric & Gas (PSE&G) in so-called stranded costs.

#### **Potential Power Outages**

In the former petition, a coalition of environmental groups argued that recent events have undermined the assumption for approval of the Susquehanna-Roseland project. That assumption was without it being built, the region, particularly parts of northern New Jersey, would be threatened with power outages beginning as early as 2012.

A portion of the project was held up last year when PSE&G withdrew permits it was seeking for the 45-mile transmission line from the National Park Service. At the time, PSE&G said other power projects it was undertaking could maintain the reliability of the power grid.

**"The New Jersey Board of Utilities approved because they were told the lights could go out without it. Now we know that's not true," said Julia Somers, executive director of the New Jersey Highlands Coalition, one of the organizations that filed the petition. "It's time to take a fresh look at better and cheaper ways to meet our energy needs."**

In addition to the construction delays, PJM Interconnection, the regional grid operator that originally determined the transmission line was needed, last month revised its load forecast down significantly. PJM has acknowledged that it needs to revisit the need for a similar transmission line in light of lower load projections.

"The bottom line is that we are seeing permanent reductions in electricity demand," said attorney Kevin Pflug of the Eastern Environmental Law Center.

PSE&G officials have maintained the need for the project has been well-documented and opponents have failed to set forth sufficient grounds for reconsideration of the project. The transmission line, described by proponents as crucial to maintaining reliability of the regional power grid has been opposed by most environmental groups and many of the 16 communities through which it would pass.

Delays in completing the project have been cited as a factor in the high energy bills New Jersey consumers pay to maintain reliability of the grid, with customers in the state paying more than \$1 billion each year in capacity payments, which ensure there is enough power available to meet peak electricity demands.

### **Relief from Paying Stranded Costs**

In the other case, Michael Breslin, Robert Williams and Daniel Sponseller, attorneys representing an Oradell resident, Richard Murphy, asked the BPU hold another vote on its decision in June to dismiss the plaintiff's request for relief from paying PSE&G's stranded costs.

In deregulating the industry a decade ago, the BPU decided, over the protests of consumer advocates, to allow PSE&G to recover approximately \$5 billion for supposed stranded costs because it was thought at the time the company's power fleet would not be able to compete with newer and more efficient power plants that would be built in a competitive market.

Those assumptions proved faulty. Few new power plants were built and the company's fleet of power plants became even more lucrative in a marketplace often desperate for new generating capacity. Nevertheless, the agency failed to conduct a periodic review as required under the law to determine if the stranded costs were justified, according to a letter from the attorneys to BPU President Lee Solomon.

The letter also argues that a two-minute presentation by a deputy attorney general to dismiss the petition was incomplete and inaccurate. They ask the board to hold an oral argument and conduct a new vote on the issue, or, failing that, issue a final order on the vote. The board has yet to issue such an order, preventing the attorneys from filing an appeal in the appropriate courts.