

Grid Operator Says It Wants to Cancel Two Mammoth Power Line Projects

Announcement gives opponents of controversial Susquehanna-Roseland expansion some reason to hope for another cancellation

By Tom Johnson, August 9, 2012 in Energy & Environment

The operator of the nation's largest electric transmission grid is proposing to cancel two huge projects to expand high-voltage lines in the Mid-Atlantic, a step boosting the hopes of foes of expanding power lines through the New Jersey Highlands.

The staff of PJM Interconnection yesterday recommended that a transmission upgrade stretching from West Virginia to Maryland, as well as a 150-mile project from northern Virginia to southern Maryland, no longer be pursued.

In arriving at its conclusion, the staff said grid conditions have changed since the lines were originally planned. Its updated analysis no longer shows a need for the lines to maintain grid reliability.

In its assessment, the staff also repeated many of the assertions opponents of the controversial Susquehanna-Roseland project in New Jersey have lodged about the 145-mile line from eastern Pennsylvania to Roseland in Essex County.

Among other things, the staff suggested the need for the two projects changed because a slow economy has reduced the projected growth in the use of electricity and new power plants are coming on line in the region. Opponents of Susquehanna-Roseland repeatedly voiced the same arguments about the \$1 billion project, which would be built by Public Service Electric & Gas and PPL Electric Utilities Corp.

“Don’t you think it’s time to say we told you so,” said Julia Somers, executive director of the New Jersey Highlands Coalition. “The bottom line of PSEG is completely dependent on these construction projects.”

Susquehanna-Roseland, however, is going forward after the National Park Service approved the permits to let it traverse national recreation areas, a step Somers said has accelerated PSE&G’s spending on the project.

“PSE&G is engaging in a game of chicken with the PJM,” she said, daring the organization to stop a project where the utility is already spending ratepayers’ money. Under an order from the Federal Energy Regulatory Commission, the utility will recover any costs it expends, even if the project is

abandoned.

With power prices dropping sharply because of the steep decline in the cost of natural gas, Public Service Enterprise Group, the utility's parent, has shifted most of its capital expenditures to PSE&G, where its returns are guaranteed, instead of the unregulated power sector.

Last year, the company said it would boost capital spending on new transmission and distribution lines by 15 percent to \$5.2 billion over the next three years. On the Susquehanna-Roseland project, the utility has won special incentives awarding it a 14 percent rate of return.

The proposal to build the Susquehanna-Roseland line has evoked fierce opposition from environmental and conservation groups, primarily because a 45-mile link in New Jersey crosses the Delaware Water Gap National Recreation Area and the Appalachian National Scenic Trail.

Many business interests have backed the project, saying it will avoid potential brownouts in northern New Jersey and save customers more than \$200 million annually by easing congestion on the power grid, a problem that can lead to huge price spikes for electric customers.

But critics of the project in the Highlands argue that three new natural gas power plants are being built, two of which are financed by subsidies provided by electric utility customers.

In a press release issued by PJM, it noted that more than 4,900 megawatts of new generation are coming on line in the future. It also secured more than 14,000 megawatts of demand-response, in which manufacturers and businesses voluntarily reduce energy usage during times of peak demand, typically summer heat waves.

"It says we were right," said Scott Olson, deputy mayor of Byram Township. "It's the wrong thing to do. There are other alternatives."

Jeff Tittel, director of the New Jersey chapter of the Sierra Club, agreed. "The reliability issue is out the window," he said, noting that there are numerous fossil-fueled plants being built in the state, as well as the conversion of two coal plants to natural gas.

Whether those views prevail remains a big question. The Obama administration has selected the Susquehanna-Roseland project as a high-priority upgrade of the transmission system, a project targeted for fast-track action as a way of modernizing the electric grid.

PSE&G did not respond to a request for comment.