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September 14, 2010

Via U.S. Mail

National Park Service

Attn: DEWA PPL EIS Planning Team

Denver Service Center – Planning Division

12795 West Alameda Parkway

Denver, CO 80225-0287

**Re: Alternatives to the Proposal to Expand the Susquehanna-Roseland
Transmission Line**

Dear Planning Team:

The Eastern Environmental Law Center represents the New Jersey Highlands Coalition, the Sierra Club – New Jersey Chapter, the New Jersey Environmental Federation, Environment New Jersey, Stop the Lines!, and the Delaware Riverkeeper Network in connection with their opposition to the proposed expansion of the Susquehanna-Roseland transmission line. These comments have been prepared in response to the National Park Service's request for public input regarding the preliminary alternatives to the expansion of the power line, as set forth in the Preliminary Alternatives Newsletter dated July 2010.

We ask that in evaluating the No-Build option, the Planning Team consider the history of the proposed project and conduct an independent analysis of whether the claimed "need" for the proposed project is supported by the most recent data and forecasts regarding energy consumption and generation. The Planning Team should also consider whether the alleged reliability concerns cited by the power companies are truly imminent. A careful examination of emerging trends in the energy industry will reveal that the Applicants can satisfy peak demand without expanding the transmission line, and that the reliability concerns cited by the power companies are nothing more than public-relations spin to justify their goals of financial gain. Despite the approval of the project by state agencies, the National Park Service must bear in mind that environmental organizations are appealing these administrative decisions in the appellate courts in New Jersey and Pennsylvania on these grounds. The appeals are based in part on the Applicants'

use of outdated data to justify the expansion, as well as the failure by the Applicants to offer any non-transmission alternatives to the proposed project.

The Department of the Interior, under the leadership of Secretary Ken Salazar, has recognized the importance of reducing greenhouse gas emissions by reducing the use of fossil fuels to produce electricity. Given this policy imperative, it is especially important for the National Park Service to conduct a robust evaluation of all possible alternatives to the proposed project, including the No-Build alternative. Non-transmission alternatives, such as demand response and energy efficiency measures, could be implemented by the Applicants to reduce peak electricity demand and negate the “need” for the project. A number of technologies currently exist that can reduce peak energy demand, and the use of these technologies will grow substantially in years to come. The Applicants have few financial incentives to voluntarily adopt such measures, but they have significant financial incentives to expand the Susquehanna-Roseland line at the expense of the public.

Moreover, the Planning Team should evaluate the environmental impacts from the additional coal that will be burned as a result of any alternatives that include the expansion of the transmission line. Only the No-Build option will prevent further emissions from coal; emissions that will eventually have long-lasting impacts on the Parks. As will be explained below, the expansion of the Susquehanna-Roseland line was dreamt up by coal industry executives and their supporters as part of a larger plan to sell more coal-fired electricity to the lucrative markets of the East Coast. The National Park Service, therefore, should be skeptical of the self-serving data and forecasts put forth by the power companies, and their consortium, PJM, Interconnection L.L.C. (“PJM”), that claim that the expansion of the transmission line is needed to address alleged reliability concerns. The National Park Service must conduct an independent analysis of the need for the proposed project and determine if non-transmission measures instead can be implemented to satisfy peak energy demand.

I. Background History of the Proposal to Expand the Susquehanna-Roseland Transmission Line

The history of this project begins in 2005, when the Federal Energy Regulation Commission (“FERC”) held a conference in Charleston, West Virginia to promote “Regional Transmission Planning and Expansion to Facilitate Fuel Diversity Including Expanding Uses of Coal-Fired Resources.” The speakers and attendees at this conference included FERC officials, leaders of PJM, coal industry executives, and coal industry consultants and lawyers. The purpose of this conference was to discuss how the process of electricity transmission line planning could be used to increase the amount of electricity produced from coal. As stated by then FERC Chairman Pat Wood, III, who presided over the conference:

As you know, transmission is sited by the states, and so, again, that's a strong reason for collaboration here, that we've got to make this work as a team. [We are] looking to come away with some ideas which the Commission can assist in promoting the regional planning process to integrate electric resources that are hard to locate closest to customers. These coal plants, the future coal plants in our country, and the existing coal plants, tend to be located relatively remotely from where they're being used, at least in part, and so to enable that power to get from where it's generated to where it's consumed, it's important to have a strong and robust delivery system.

FERC Coal/Transmission Conference Transcript, p. 13. At this conference, as part of the collaborative effort described by Chairman Wood, PJM submitted a series of west-to-east transmission projects including this very proposal to expand the Susquehanna-Roseland transmission line.¹ Karl Pfirrmann, President of PJM, Western Region, stated that:

PJM is certainly proud of what has been accomplished to date to open up markets to coal, but there is much more that we and others in this region can do to further enhance that use of coal. It is for this reason that, today, PJM is setting out by example, a new initiative which we have labeled Project Mountaineer – appropriately titled for the state that we're in – to utilize our regional transmission expansion planning process to explore ways to further develop an efficient transmission super highway, if you will, to deliver the low-cost coal resources in this region of the country, to market.

FERC Transcript, p. 61. This PJM official also submitted written testimony to FERC regarding Project Mountaineer. His written testimony describes how in 2004 and 2005 American Electric Power ("AEP") joined PJM, "resulting in a dramatic increase in west to east power flows" and allowing AEP, a power company which produces over 65% of its electricity from coal, to sell large amounts of electricity into the Northeast. Pfirrmann Written Testimony, p. 4. The testimony also demonstrated the detail with which PJM envisioned Project Mountaineer, complete with maps and routes showing the transmission pathways that would achieve west-to-east flow of cheap coal energy.

In fact, as further described by Mr. Pfirrmann's testimony, PJM thought far enough ahead to recommend using the regional transmission planning process as a

¹ PJM Interconnection is a Regional Transmission Organization (RTO), which is part of the Eastern Interconnection grid operating an electric transmission system serving thirteen states and the District of Columbia. Public Service Electric and Gas Company ("PSE&G"), Pennsylvania Power & Light Company ("PPL"), and Philadelphia Electric Company created PJM in 1927 as a power pool, then called the Pennsylvania-New Jersey Interconnection. The purpose of this power pool was to dispatch electric generating plants on a lowest cost basis, thereby increasing the profits of its members. In 1956, a Maryland-based power company joined the power pool and it was renamed Pennsylvania-New Jersey-Maryland Interconnection, or PJM for short. Today, PJM has over 500 power companies as its members and continues to serve them to ensure that the lowest cost sources of power are brought to market.

tool to push through these transmission line expansion projects that would open up new markets for coal. The speakers at the conference realized that citizens and environmentalists would oppose transmission expansion projects such as Project Mountaineer that sought to bring more coal-produced energy to the East Coast. Specifically, they correctly predicted that opposition would come from citizens and government officials in inland states such as Pennsylvania, because these states would see the detrimental environmental effects of the expanding transmission lines, but would not receive any of the benefits from the inexpensive, coal-produced electricity. As stated by the Executive Director of the Regional Transmission Organization for the Southeast, the SERC Reliability Corporation:

I was on a taskforce when Governor Moore was governor of West Virginia and Governor Sununu was in New England. Governor Moore's objective was to build power plants in West Virginia and ship it. We quickly discovered or came to the conclusion that if the lines were going to go into New England, they had to cross Pennsylvania and New York. **Therein was the problem – raping and pillaging the land and not dropping off some of that power would be an impediment and so the project never really went very far.**

FERC Transcript, p. 181-82 (emphasis added).

Speakers at the conference strategized that to ward off opposition to west-to-east transmission line expansion, power companies should use the regional transmission planning process to give credibility to transmission expansion projects and promote them as efforts to increase reliability, rather than reveal the true nature of the projects as efforts to increase the use of coal and thereby benefit the coal industry and the power companies that profit by exporting coal-fired electricity to the lucrative markets of the Northeast. Mike Morris, the President, Chairman, and Chief Executive Officer of AEP described how pushing these projects through with the regional planning process would lend credibility to the projects when he stated:²

[W]hat do power plant owners think about regional planning and how can regional planning bodies help us out? Let me group those two bullets together and say that we think that regional planning is an excellent idea without question. I think ... the notion of taking a look at these things through an RTO lens, taking a look at these things through the regional state compacts that we've tried to put together makes a tremendous amount of sense because it lends credibility to what you're trying to do.

FERC Transcript, p. 186. An executive from Peabody Energy clarified this point and added that the economic benefits of transmission expansion projects such as Project Mountaineer should be stressed as well:

² American Electric Power ("AEP") is the second largest power produced in the United States. More than 65% of the energy they produce comes from coal-fired power plants. AEP is one of two companies sponsoring the expansion of the PATH power line, which was also a power line proposed to be expanded as part of PJM's Project Mountaineer.

Finally – and I’ve sat through enough public hearings. If you would lay out the value of these lines to parties in a clear economic story, it’s a lot easier for regulators, state and local politicians to get behind them. But if all we do is waive the reliability flag, you know. But for a blackout it’s hard to get people excited about it. But if you say we are going to save X amount in general because this line is going to be built and, oh, by the way, it may help reduce gas prices as well, I think you have a far better story to tell.

FERC Transcript, p. 202. As described by the Peabody executive, transmission expansion projects do indeed have economic benefits, but most of these benefits accrue to the power companies. The power companies are allowed to charge ratepayers for the costs of transmission projects. In addition to recovering their out-of-pocket costs, the power companies are also entitled to a 14% rate of return above their costs, which in this case are estimated to be north of \$1.4 billion dollars. Furthermore, the proposed project will yield significant additional returns by ensuring that an additional 3,000 MW or more of mostly coal-produced power will flow to New Jersey and New York, home to some of the highest electricity rates in the country. A recent article from the Journal of Natural Gas & Electricity describes the profits to be made from long-distance transmission projects:

Investor-owned utilities make far more profit on transmission lines than any other types of infrastructure they build. This reality is often lost in the debate over whether it is preferable to generate renewable energy remotely and transmit it to demand centers or generate it locally. For example, a 1,000 megawatt transmission line being proposed by a western utility ostensibly to transmit renewable energy, with an estimated cost of \$1.9 billion, will generate at least \$1.3 billion in profits (in current dollars) for the utility shareholders over the financial life of the project. A total of \$700 million of those profits will be credited to the company in the first eight-and-a-half years. Remote renewable energy generation requires transmission. Local renewable energy generation does not.

“CEC Cancels Gas-Fed Peaker, Suggesting Rooftop Photovoltaic Equally Cost-Effective,” Bill Powers, Journal of Natural Gas & Electricity, p. 12.

The study of the extended history behind the Susquehanna-Roseland transmission line proposal clearly shows the true nature of the power companies’ desire to push through this project. Project Mountaineer, the power companies’ overarching plan of attack, will do nothing more than line the pockets of power industry executives while doing environmental damage to our nation’s National Parks. It is no wonder the power companies have attempted to keep this monstrosity out of the media spotlight. Toward the conclusion of the 2005 FERC conference, FERC Chairman Wood stated, **“I hope we don’t have that transmission project become common dinner talk for the average citizen before we actually take care of it.”** Indeed. Not only is the controversy surrounding the planned

expansion of the Susquehanna-Roseland line receiving an increasing amount of media coverage, but it has now landed before the National Park Service for a full and thorough review as required by the National Environmental Policy Act. In conducting this review, we urge the Park Service to read the transcript from the FERC conference, and bear in mind that the Applicants have provided the public and regulators with as little detail as possible regarding the supposed need for this proposed project and they have also completely avoided discussing the possibility of using non-transmission alternatives to satisfy peak energy demand. Because there has been limited review of the black-box-like process employed by PJM to justify the expansion of the transmission line, the National Park Service should conduct its own analysis to determine if the expansion is needed in the first place, and if non-transmission alternatives can satisfy peak energy demand and thus allow the Park Service to choose the No-Build option.

II. The National Park Service Must Conduct An Independent Analysis to Determine if the Susquehanna-Roseland Line Expansion is Necessary

It would be imprudent for the National Park Service to accept without questioning the assertion that the expansion of the Susquehanna-Roseland Transmission line is needed, especially given that this assertion is being put forth by the very parties who stand to profit enormously from the project's approval. Even a cursory review of the limited data put forth by PJM and the Applicants suggests that the need for the line was based on out-of-date and unrealistic assumptions of ever-increasing electricity demand. The Applicants' assertion that "the need for this project is simple" is belied by the convoluted, and oft-changing justification they have offered for the proposed project. The lack of consistent information from PJM and the Applicants draws further attention to the information we *do* have: the power companies' desire to expand the use of coal. For this reason, the National Park Service must conduct an independent review of the purported need to expand the transmission line.

A. The Stated Need for the Line Has Changed Multiple Times To Suit the Needs of the Applicants, Suggesting that the Analysis Conducted by PJM and the Power Companies is Self-Serving and Flawed

Implementing the strategy discussed at the FERC conference, PJM claimed that through its Regional Transmission Expansion Planning process ("RTEP"), it originally determined that the expansion of the Susquehanna-Roseland line must be completed by the summer of 2012. According to PJM, the RTEP produced 23 potential "reliability criteria violations" that could occur starting as early as 2012 if the line was not expanded. It was later revealed during hearings before the NJ BPU that this prediction was based on out-of-date electricity demand data from 2007. PJM then produced a new RTEP study incorporating data from 2008. According to

this new RTEP study, issued in March of 2009, the original 23 potential reliability violations had been reduced to 13, and while some of the violations were still scheduled to occur in 2012, the bulk of the violations were not anticipated to occur until late in the decade and the early years of the next decade. Based on this reduction in potential reliability violations, environmental groups argued that the expansion of the line was not needed, or at a minimum its construction could be delayed. Magically, the remaining 13 potential violations turned back into 23. PJM and the power companies added ten new potential "double circuit tower contingencies" to the claimed justification for the need to expand the line. These contingencies, also known as "n-2" situations, do not actually account for peak energy use due to extreme weather conditions, and were used to bolster the number of potential reliability violations back up to 23. With this information, PJM and the Applicants continued to assert that "reliability violations" would occur as soon as 2012 and the line was needed to prevent brownouts and blackouts.³

Circumstances, however, required PJM and the Applicants to change their tune once more. In an apparent attempt to pressure the National Park Service by making the expansion of the transmission line appear to be inevitable, PJM and the Applicants attempted to commence construction on a portion of the line that does not go through federal land. Specifically, PSE&G attempted to begin expansion of the eastern segment of the Susquehanna-Roseland line this past July. PJM now claimed that the expansion of eastern segment of the line east of the Delaware Water Gap had "independent utility." To support this claim, PJM sent the New Jersey Department of Environmental Protection ("NJ DEP") a one-page letter stating that expansion of this eastern segment of the line was needed to cure unspecified "reliability criteria violations" and that the eastern expansion "is currently included in PJM's power flow simulation models beginning in 2012." The NJ DEP denied PSE&G's permit applications, on the ground that construction of the proposed project cannot begin until the National Park Service has completed its review.

This rejection put PJM and the Applicants in a rather awkward position. They had previously asserted that the expansion of the line was needed no later than 2012 to fix reliability violations, but now circumstances dictated that the project could not be completed until 2015, at the earliest. Once again, PJM and the Applicants were able to "adjust" their models to demonstrate that existing electricity transmission and generation is sufficient to satisfy peak demand during the summers of 2012, 2013, and 2014. Under the Applicants' own models, existing transmission and generation infrastructure, together with the significant new

³ PJM and the Applicants habitually make vague references to the blackout that occurred in the Northeast in August of 2003, and make unspecified assertions that more blackouts will occur if the Susquehanna-Roseland line is not expanded. Nothing could be further from the truth. The blackout of 2003 was not caused by a lack of transmission lines. Power company incompetence, namely the failure to prune trees in a transmission line right-of-way and the use of out-dated monitoring systems, was the cause. The Applicants should be called to task for using such fear tactics in attempting to gain public support for this proposed project.

sources of renewable forms of energy that are planned for the region, may be more than adequate to render the purported need for the line to be obsolete.

In addition to the constantly fluctuating information being offered, the Applicants also assert that review of the proposed project by state agencies has “essentially achieved the intent of the NEPA EIS process.” We strongly disagree. The National Environmental Policy Act requires a far more thorough review and analysis of this project than was conducted at the state level. Indeed, the state agencies did no research on their own, and merely accepted the claims put forth by the Applicants. This claim, however, is consistent with the Applicants’ track record of offering shifting rationales in support of the proposed project. With the lack of clear information, the avoidance of discussing non-transmission alternatives, and the constantly changing justifications, the power companies have made nothing more clear than this: the less scrutiny for the project the better. For this very reason, the National Park Service must not allow the Applicants to circumvent NEPA review by pointing to state administrative decisions that are currently being appealed in the courts of New Jersey and Pennsylvania. Instead, the Planning Team must closely examine the data, methods, and assumptions used by PJM and the Applicants with a demanding eye.

B. The Limited Data and Assumptions Released by PJM and the Power Companies Reveal That the Need to Expand the Line is Based on Inaccurate Forecasts of Future Energy Consumption

Not surprisingly, the forecasts of ever-increasing energy consumption offered by PJM and the Applicants have proven, even at this early date, to be inaccurate. In support of the proposed project, PJM had predicted that peak energy demand would grow at 1.4% a year, into perpetuity. To the contrary, beginning in 2008 peak energy demand has dropped significantly in the PJM region and most independent forecasts predict that peak demand will continue to fall or remain flat for the foreseeable future. Study after study continue to show that energy demand is falling and will continue to fall over the long-term. In fact, PJM’s own 2010 RTEP has been delayed again and again, possibly because the power companies are reluctant to release yet another study that shows this same trend of decreasing demand. The reason for this drop in energy consumption should come as no surprise. The increasing attention and activity being focused on energy efficiency and demand response measure means that peak energy demand will continue to drop for the foreseeable future. It is true that some of this drop in demand can be attributed to the current economic environment. However, it is important to note that as the nation undertakes the effort to shift away from an economy based on the unsustainable and excessive use of fossil fuels, demand response initiatives, energy efficiency measures, and renewable forms of power will clearly play a much larger role in ensuring that the region has a reliable energy infrastructure. As new energy-use patterns and technologies that support reduced energy consumption and increased conservation gain traction, it will become evident that that the supposed

need for the expansion of the transmission line will disappear, if it has not done so already.

At a recent stakeholder's meeting regarding New Jersey's Energy Master Plan, the Board of Public Utilities reiterated that New Jersey seeks to reduce energy consumption by at least 20% by 2020 through a combination of increased energy conservation and efficiency measures. PJM's 2008 and 2010 electricity demand forecasts were well above the baseline forecasts that are used by the NJ BPU in evaluating the Energy Master Plan. This is clearly visible in the two charts included as an Appendix to this letter.

New Jersey is well positioned to meet its target of reducing energy consumption by 20% by 2020. According to a September 2010 report issued by the Center for American Progress and the Energy Resource Management Corporation,

[U]nder the state's Administrative Procedure Act, the New Jersey Board of Public Utilities may adopt an Electric Energy Efficiency Portfolio Standard that requires public utilities to implement energy efficiency measures that reduce state usage to a level that is 20 percent below the projected usage by 2020. ... The Office of Clean Energy sponsors a suite of residential energy efficiency programs as well as the New Jersey SmartStart Building Program, which enables energy efficiency upgrades for commercial and residential buildings. Last year, it also approved \$225.4 million in energy efficiency projects for residential, commercial, and industrial consumers who are served by three of New Jersey's seven utility companies. The utilities estimate that these projects will create nearly 1,000 direct jobs.

"Efficiency Works - Create Good Jobs and New Markets Through Energy Efficiency," p. 30.

Despite the Applicants' attempt to paint a bleak picture for the future of energy consumption, the facts reveal their puffery for what it is - a desire to see a future where the country continues to burn excessive amounts of fossil fuels for the benefit of their own pockets to the detriment of the environment that we all share. When making an educated prediction based on facts, it is clear that the future of energy consumption is getting brighter and more promising each day, and the time for the expansion of transmission lines, a technology first advanced by power companies in the 1930's, is long past.

III. Non-Transmission Alternatives to the Proposed Project Must Be Evaluated As Part of the Analysis of the No-Build Option

To date, not a single study has been conducted by anyone to determine if there are suitable non-transmission alternatives to the proposed expansion of the

Susquehanna-Roseland line. It would be a breach of Park Service responsibilities under the National Environmental Policy Act for the Planning Team to conduct a review of this proposal without evaluating the feasibility of non-transmission alternatives.

The reason non-transmission alternatives have not been considered by PJM and the power companies is that they have no financial incentive to propose measures that result in less of their product (electricity) being sold. Environmentalists have urged PJM, the Applicants, and state regulators, to study whether non-transmission alternatives could eliminate the need for the line, but the corporations and the regulators have refused to conduct such studies. During the BPU hearings, Steven Herling, a Vice President of Planning for PJM, stated that non-transmission alternative such as demand response and efficiency measures were not considered because the implementation of such measures was speculative and PJM does not have authority to compel its member corporations to implement such solutions. It should come as no surprise that PJM and the Applicants did not consider non-transmission alternatives, because they have no financial incentive to consider alternatives that would reduce the amount of electricity that is sold. One is reminded of the Upton Sinclair quote, "It is difficult to get a man to understand something when his salary depends on his not understanding it."

A. The National Park Service Should Study Whether the Growing Use of Demand Response and Energy Efficiency Measures Could Be a Viable Alternative to Expanding the Susquehanna-Roseland Line

The term "demand response" refers to measures by which users of electricity are offered financial incentives to shift electricity consumption away from peak periods. Although demand response measures do not decrease overall energy consumption, demand response reduces energy demand during peak periods, and thus plays a large role in reducing the burden on transmission infrastructure. A recent report sponsored in part by PSE&G describes that in the PJM region there exist significant, untapped load management tools such as demand response as well as large amounts of excess reserve generation capacity. An August 2010 report, entitled "Ensuring a Clean, Modern, Electric Generating Fleet While Maintaining Electric System Reliability," was issued by the Clean Energy Group's Clean Air Policy Initiative. The report observes that demand response has increased five-fold in the past five years and continues to grow. The report also states:

As with Demand Response, Energy Efficiency programs have increased dramatically in the past several years. ... [T]he total budget for all US ratepayer-funded Energy Efficiency and Demand Response programs has increased 80 percent since 2006 to \$4.4 billion in 2009. These programs resulted in savings of almost 105,000 gigawatt hours of electricity in 2008 – the equivalent of the total electricity consumption in Tennessee in the same

year. By 2018, new Energy Efficiency programs alone are expected to reduce summer peak demands by almost 20,000 MW (a full year's growth).

Clean Energy Group Report, p. 12-13.

In addition, a report issued by FERC in June 2009 entitled "A National Assessment of Demand Response Potential" describes the remarkable potential of demand response to dramatically decrease peak energy demand. The report finds that New Jersey could reduce its peak energy use by 11.9% to 17.5%, (the equivalent of 2,379 MW to 3,508 MW of electricity) by participation in demand response programs. New York can reduce its peak demand by 13% to 16.5% (the equivalent of 4,852 MW to 6,179 MW of electricity) by implementing demand response technology. The results from PJM's 2012/2013 RPM Base Residual Auction demonstrate that implementation of demand response initiatives is on the rise. The auction results state that, "The total quantity of Demand Response offered into the 2012/2013 BRA was 9,827.6 MW (UCAP) **which represents an increase of 496% over the Demand Resources offered into the 2011/2012 BRA.**" (emphasis added).

FERC and PJM are not the only organizations that believe in the untapped potential of demand response technology. A cottage industry of companies offering demand response technology is beginning to spring up. For example, EnerNOC, Inc. provides demand response programs to the grid by working with corporations, factories, office buildings, etc. that can implement strategies such as curtailment of energy used and permitted generation to decrease peak load demand. In a May 17, 2010 press release, the company noted that "according to a recent announcement by PJM, the 2012/2014 Base Residual Auction had **only 6% penetration by demand response, which will leave plenty of room for growth beyond 2013/2014.**" In evaluating the alternatives to the proposed project, the National Park Service must evaluate whether the increasing use of demand response technology can serve as an alternative to the expansion of the transmission line. If at this point the PJM region is only taking advantage of 6% of the potential of demand response, the Planning Team should evaluate whether increased use of demand response technology is a viable alternative to the proposed project.

B. The National Park Service Should Evaluate Whether Local Sources of Power Generation Can Reliably Satisfy the Region's Energy Needs.

Subsequent to a review of this line by state agencies, several new large-scale electricity generation projects have been announced. These new projects include both renewable and traditional sources of power generation. Importantly, these new sources of energy are all located east of the Delaware River. The National Park Service must take into account the new sources of electricity described below in determining not only if the line is needed, but also if they expanding use of local, renewable forms of generation is a suitable alternative to expanding the Susquehanna-Roseland line.

1. The New Jersey Offshore Wind Economic Development Act of 2010

On August 19, 2010, Governor Christie signed the New Jersey Offshore Wind Economic Development Act of 2010, which requires that New Jersey produce 1,100 MW of electricity from offshore wind. Investment in the development of wind energy on the East Coast has been increasing for several years, as demonstrated by proposals for the construction of wind farms in Rhode Island, Delaware, and New Jersey. In the last year alone, much progress has been made in the field of wind energy development, especially in New Jersey. The state agencies reviewing the need for the Susquehanna-Roseland expansion did not take into account the mitigating effect of the very real progress in wind energy development, particularly in New Jersey.

New Jersey has been investing in the development of wind energy since 2008. In fact, Garden Shore Offshore Energy (GSOE), a joint venture between PSE&G and Deepwater Wind a leading offshore wind developer, proposed a 350 MW wind farm more than 16 miles off the south Jersey coast. In October 2008, the BPU voted unanimously to award a \$4 million wind energy grant to GSOE for this proposed wind farm. The plan calls for 96 wind turbines, 16-20 miles off the coast of Atlantic counties, which would produce enough electricity to power 125,000 homes a year. This project is meant to contribute to the goal set by New Jersey's Energy Master Plan of generating 3,000 MW of wind energy by 2020. This fact was not properly accounted for in the BPU's review of the Applicant's proposed project. It is notable that, in its lengthy seventy-eight page order, the BPU devoted only five short paragraphs of its analysis to discussion of non-transmission alternatives, and did not mention wind energy once.

In addition, the Offshore Wind Act creates an offshore wind renewable energy certificate (OREC) program, whereby suppliers of electricity to retail customers must hold a number of ORECs, determined by the BPU based on total kilowatt hours sold by the supplier. To this end, the Act offers (through the New Jersey Economic Development Authority) financial assistance and \$100 million in tax credits for companies that will build qualified wind energy facilities in proper wind energy zones. This new law is evidence not only of the further development of wind energy in New Jersey generally, but also of the concrete nature of this state's commitment to the wind farm projects in development. Any effort to predict the future of energy generation in the region, therefore, must take into account that wind energy will certainly play a larger role in providing local, renewable energy.

Furthermore, New Jersey is not the only state on the east coast involved in the effort to promote the development of wind resources. The Secretary of the Interior and governors of ten east coast states signed a Memorandum of Understanding in June 2010 that formally established the Atlantic Offshore Wind Energy Consortium. This group was organized to promote wind resources on the

Outer Continental Shelf. This organized effort reflects a widespread interest in promoting the use of wind energy to mitigate demand on electrical energy. Two other east coast states have pursued development of wind energy - both Rhode Island and Delaware have also approved plans for offshore wind farms in the near future. The competitive spirit between these east coast states, which include New Jersey, will act to speed up the process in achieving wind energy from offshore wind farms.

The states are not alone in their commitment to the development of wind resources. In its 2010 Sustainability Report, PSE&G stated, "More than ever, we need to find new ways to align our business goals with society's interest in clean air, good jobs, and healthier communities." (2010 PSEG Sustainability Report 3). In this report, PSE&G Energy Holding, a subsidiary of PSE&G, was said to be "assessing the validity" of a wind farm. This promise to "assess[] the validity" of a wind farm has proved fruitful when the NJ Board of Public Utilities chose the GSOE joint venture project as its preferred wind farm developer. The passing of the Offshore Wind Economic Development Act along with the organization of the Atlantic Offshore Wind Energy Consortium is further evidence that wind energy will soon be meeting a significant portion of energy demand in New Jersey. On top of the imminent success of the wind farm projects, contributions from other non-transmission alternatives will continue to add up. If PSE&G was genuine in its pledge to do what it can to promise a future of greener energy, the company should delay the expansion of the line until further reports validate the need, if it exists, for the project. As the most recent data confirms the downward trend in energy consumption, non-transmission alternatives become not only more viable but more practical and cost-efficient as well.

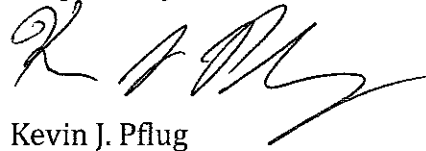
2. PSE&G's Planned Expansion of the Salem Nuclear Generating Facility

In the spring of 2010, PSE&G announced that it intends to add one, or possibly two, new nuclear generators at its facility in Salem, New Jersey. Currently, this facility has three nuclear generators and produces over 3,300 MW of electricity. The proposal to add two new nuclear generators could increase the capacity of this facility by more than 2,000 MW. While there are significant environmental, regulatory, and financial challenges associated with the construction of nuclear power plants, the Star-Ledge reported in August of 2010 that the Nuclear Regulatory Commission has begun its review of PSE&G's early site permit application, indicating that PSE&G intends to follow through with its proposal to add to its generating capacity at Salem. This sizable source of new generating capacity was not taken into account by PJM in determining the need for the line. It is possible that such a large amount of new power generation in New Jersey may alone obviate the need for the expansion of the Susquehanna-Roseland Line.

IV. Conclusion

I wish I had the means to hire an independent expert to study the need for the project and determine if alternatives exist that do not involve expanding transmission lines through National Parks and increase our country's use of coal, but I do not have such resources at my disposal. Given the sullied history of the proposed project, the significant financial incentives that exist in expanding the line, and the failure of state regulators to conduct any in-depth analysis of their own, the obligation has fallen on the National Park Service to independently verify the claims made by the Applicants. The National Park Service must thoroughly evaluate the need for the line and the viability of non-transmission alternatives. The National Environmental Policy Act, as well as the current and future users of our National Parks, requires nothing less.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K. Pflug', written over a horizontal line.

Kevin J. Pflug

cc: Superintendent John Donahue
Superintendent Pamela Underhill

Attachments