



New Jersey Board of Public Utilities

PRESS RELEASE

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BOARD PROTESTS PSEG'S BID TO MAKE POWER PLANT UNAVAILABLE TO NEW JERSEY RATEPAYERS

(NEWARK, NJ) – The New Jersey Board of Public Utilities (NJBPU) yesterday filed a motion with the Federal Energy Regulatory Commission (FERC) to intervene and protest PSEG's proposal to the FERC to build a line to connect the Bergen Generating Plant to New York City's Cross Hudson Plant.

PSEG Fossil owns and operates Bergen Generating Station Unit 2 ("Bergen 2"), a 550 megawatt combined-cycle electric generating unit which began operating as part of PJM when it was built in 2002. Bergen 2 is located in Ridgefield, Bergen County, New Jersey—an area of northern New Jersey that already has concentrated high demand for electricity that is difficult to supply. Cross Hudson LLC ("Cross Hudson") proposes to build a line to connect Bergen Generating Station site to Consolidated Edison's West 49th Street Substation in New York City ("the Cross Hudson line").

This proposal would render Bergen 2 unavailable to serve customers in New Jersey, and would export the entirety of the unit's energy and capacity to New York over the Cross Hudson line. In addition, PSEG and Cross Hudson have asked the FERC to declare that it will never order the Cross Hudson line to interconnect with PJM, claiming that such an interconnection would be an "undue burden" and contrary to the public interest.

"This project is likely to make New Jersey's supply of electricity less reliable and its prices higher, and will further constrict the wholesale electricity market in New Jersey," said Jeanne M. Fox, President of the BPU. "My fellow Commissioners and I are also deeply concerned that PSEG has requested a guarantee from the FERC that one of the company's cleanest, most efficient plants will never again be required to supply electricity to New Jersey. While PSEG claims that this project is in the public interest, it appears to only benefit the citizens of New York City, leaving New Jersey ratepayers behind."

The BPU's areas of concern regarding this project center around issues of reliability, increased prices to consumers, and negative impact on the environment.

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- Both PJM and the U.S. Department of Energy have expressed great concern over the reliability of the supply of electricity in northern New Jersey and throughout the Mid-Atlantic States.
- Bergen 2 has become increasingly important in providing a reliable supply of electricity in New Jersey due to its strategic location in Northern New Jersey and its ability as a natural gas combined-cycle unit to generate electricity more efficiently and at lower cost than other older, inefficient power plants that PSEG may turn to in order to meet the supply gap created by this project.
- Bergen's removal has a considerable impact on cost, which would be imposed on PJM-operated energy markets, and will directly impact New Jersey electricity consumers.
- PSEG does not dispute that the Bergen/Cross Hudson project threatens reliability in New Jersey and PJM, and have disclaimed responsibility to manage reliability impacts in PJM resulting from their project.
- PSEG has indicated potential alternative sources of power, including plans to keep the 1964-vintage Hudson Generating Station Unit 1 in service. Hudson 1, located in Jersey City, burns natural gas and residual oil, and is not equipped with any modern technology to reduce air pollution. Other plans that have been outlined by PSEG include replacing Bergen 2 with less efficient and more costly plants.

“Given the broad economic and environmental implications of this project, it is vital that the FERC conduct further analysis, including an open and transparent stakeholder process,” said President Fox. “I urge the FERC to give the Board’s protest all due consideration on behalf of the ratepayers of New Jersey.”

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About the New Jersey Board of Public Utilities (NJBPU)

The New Jersey Board of Public Utilities is a state agency and regulatory authority mandated to ensure safe, adequate, and proper utility services at reasonable rates for New Jersey customers. Critical services regulated by the NJBPU include natural gas, electricity, water, wastewater, telecommunications and cable television. The Board has general oversight responsibility for monitoring utility service, responding to consumer complaints, and investigating utility accidents. To find out more about the NJBPU, visit our web site at www.nj.gov/bpu.