

Adopted July 26, 2013

CMP POLICY & IMPLEMENTATION COMMITTEE MEETING

Richard J. Sullivan Center
Terrence D. Moore Room
15 C Springfield Road
New Lisbon, New Jersey
June 28, 2013 -- 9:30 a.m.

MINUTES

MEMBERS IN ATTENDANCE: Chairman Mark Lohbauer, Leslie Ficcaglia, Robert Jackson, Richard Prickett and Candace Ashmun (1st Alternate)

MEMBERS ABSENT: Paul E. Galletta

STAFF PRESENT: Executive Director Nancy Wittenberg, Larry Liggett, Susan Grogan, Stacey Roth, and Betsy Piner. Also present was Ms. Kerstin Sundstrom, with the Governor's Authorities Unit

Commissioner Jackson called the meeting to order at 9:45 a.m.

1. Adoption of closed session minutes from the April 26, 2013 CMP Policy and Implementation Committee meeting

(Note: the open session April 26, 2013 minutes were approved at the May 31, 2013 Committee meeting)

Commissioner Ashmun moved the adoption of the minutes of the April 26, 2013 CMP Policy and Implementation Committee meeting (closed session). Commissioner Prickett seconded the motion and all voted in favor.

Chairman Lohbauer arrived at 9:46 p.m. and Commissioner Jackson passed the gavel to him.

2. Adoption of minutes from the May 31, 2013 CMP Policy & Implementation Committee meeting

Commissioner Ficcaglia moved the adoption of the minutes of the May 31, 2013 CMP Policy and Implementation Committee meeting (open and closed sessions). Commissioner Prickett seconded the motion and all voted in favor.

3. Briefing on South Jersey Gas' proposed project to repower B.L. England

Ms. Roth made a PowerPoint presentation (*Attachment A to these minutes*) on the proposal by South Jersey Gas and RC Cape May Holdings, the new owner of the B.L. England electric generating plant in Upper Township, to convert its generating units from coal (2 units) and oil (1 unit) to a cleaner and more efficient fuel, natural gas. The proposed re-powering of the B.L. England Plant requires the installation of a 24" gas line to serve the plant. The existing plant is in violation of the Federal Clean Air Act and the NJ Air Pollution Control Act. The applicants are anxious to resolve the issues and meet the obligations of the Administrative Consent Order in order to avoid either partial or complete shut-down of the two coal-fired units of the plant. The Board of Public Utilities (BPU) has approved the standard gas service

agreement between SJ Gas and RC Cape May Holdings and has a pending petition before it to approve the route of the gas line. There are rapidly approaching deadlines including RC Cape May Holdings determination by May 1, 2014 that it will indeed repower the plant or face complete cessation of operations of the coal fired units. Unless repowered, the Amended Administrative Consent Order (AACO) with the DEP requires the complete shut down of the 2 coal fired units by September 30, 2013 and May 1, 2014, respectively. The shut down of these units is irrevocable unless a State or Federal mandate determines that their continued operation is necessary to prevent an electric emergency or the shut down will adversely affect electric energy transmission.

Ms. Roth said that a number of routes had been evaluated. The preferred route for the gas line traverses roughly 15 miles within the Pinelands Area, 10.2 miles of which is in the Forest Area. There are no issues related to the pipeline's impact on wetlands, threatened and endangered species or any other environmental standard, but a deviation from the land use standards of the CMP is required for development of the proposed gas main to proceed. Public service infrastructure, including the proposed gas conveyance line, is permitted in the Forest Area only to the extent that it "is intended to primarily serve only the needs of the Pinelands." The electricity generated by this plant provides power beyond the Pinelands Area.

Ms. Roth said that repowering this plant with natural gas will provide substantial environmental benefit beyond improved air quality. With the anticipated closing of the Oyster Creek plant in Lacey Township in 2019, energy capacity will become a significant issue for South Jersey. Furthermore, the repowered plant will provide a redundancy in gas supply which, based on the experience of local residents during Superstorm Sandy, would benefit the area.

At this time, Ms. Roth introduced the following members of the audience:

- Brian Lipman, DAG with the Board of Public Utilities
- Pete Fontaine, attorney for South Jersey Gas
- Ruth Foster, DEP project coordinator

Commissioner Ashmun said that, at some point in this process, she would like to see a demonstration of the need to repower the plant and also the secondary impacts from both the repowering and the pipeline itself.

Commissioner Prickett questioned how the redundancy of the gas line would be beneficial and how it would work.

Ms. Roth said that she would provide answers to both questions at a future time.

Mr. Lipman said that there is certainly a need for the repowering of this plant and he would be providing that information.

Ms. Roth said, should the Commission wish to enter into a Memorandum of Agreement to permit the development of the gas line through the Forest Area, an offset would be required. She said she had been working with Mr. Liggett to develop an offset for the deviation from the land use standards in the Forest Area by looking at secondary impacts from its development. For instance, there is concern with the potential for future interest in stepping down from this 24" high pressure pipeline to allow service to other areas than just the plant.

Ms. Wittenberg said the Commission would rely on the judgment of BPU as they have the expertise to determine the need for the repowering of this plant..

Commissioner Ashmun stated the Pinelands Protection Act was passed due to threats from linear development such as this proposed pipeline.

Ms. Roth said that precedent had been set with the MOA with BPU for the Conectiv power lines. The MOA would be with the BPU as they are the regulatory agency for the utility. There has been a good working relationship among the Commission, DEP and BPU on this project.

Ms. Roth said the scheduling will be tight because of the deadlines contained within the AACO. However, she and Mr. Liggett would continue to work on the offset and then would return to the Committee in July with a draft MOA. Ms. Roth then reminded the Committee of the process required for the Commission to enter into a MOA.

Commissioner Jackson asked that any draft documents be provided to the Committee as soon as possible via email to maximize the amount of time for their review.

In response to Chairman Lohbauer's question if staff had considered other approaches to an offset, Mr. Liggett said that in other MOAs, there were environmental impacts; for this MOA, it is the secondary land use impacts that concerns staff the most.

Chairman Lohbauer called for public comment.

4. Public comment

Mr. Jeff Tittel, Chair, New Jersey Chapter of the Sierra Club, said he would rebut much of what had been presented this morning regarding the proposed project to power the B.L. England plant that, currently, operates only at peak times. He said that under the NJ Energy Master Plan, there were multiple projects, including many using new technologies, which will provide plenty of energy without repowering this plant. He stated that the plant site could be better used as the distribution point for power created by offshore wind energy facilities. The State is spending millions of dollars to upgrade the grid and make it more efficient and the demand for energy in NJ has continued to decrease. He said that secondary impacts from upgrading the facility from a peak load plant to a base load plant include increased air pollution from CO₂, discharge of superheated water from the cooling tower to the detriment of the local flora and fauna, venting of methane and other chemicals from the pipes, the development of compressor stations (not identified in the proposal) and pressures for increased industrial development since 24" diameter pipes will deliver far more gas than what the plant can utilize. Also, the demand for natural gas will encourage more "fracking" in Pennsylvania with the associated threat to water supplies and aquifers and the demand for dumping sites for wastewater generated by drilling. He reminded the Commissioners of their commitment to protect the unique value of the Pinelands, in some cases, for decades, and asked that they not approve the extension of this gas line through the Pinelands.

Mr. Douglas Dickinson, a resident of Egg Harbor City asked if the studies of threatened and endangered species had been done in both spring and fall. Ms. Roth responded yes, they had. He said there should be no exceptions to the Forest Area standards and the gas line should not be allowed to pass through it.

Mr. Carleton Montgomery of the Pinelands Preservation Alliance said he was discouraged at the presentation to the Committee as it appeared the staff was making the decision to enter into a MOA, rather than the Commission. He said different agencies have different mandates and neither DEP nor the BPU would defend the CMP. He stated that it appears that the Commission is willing to make a contract around the rules every time such a proposal comes before it. He said there are still pressures for off-shore drilling of oil and a precedent permitting the installation of a gas line through the Pinelands would encourage a convenient pathway for oil pipelines to the refineries along the Delaware River. He said

BPU might be signing the MOA but it was to the benefit of a private development project with private profits. He said if South Jersey Gas wanted to do so, it could use an alternative pathway that would respect the CMP. He concurred with the comments of Mr. Tittel regarding air pollution and asked that the Commission look at the big picture of the fracking industry, not just the air quality associated with the local plant. He said the Commission should demand an independent analysis of the secondary impacts. He said the Commission must make it clear to staff that this is not a done deal.

Mr. Fred Akers, Administrator, Great Egg Harbor Watershed Association, thanked the Committee for always providing a forum for public comment. He said the secondary impacts from linear development have been of concern to him as he opposes sewerage the Pinelands Villages. He distributed an excerpt from the CMP and discussed the recreation standards (*Attachment B to File copy of these minutes*). He said the Commission has the prerogative to close areas of the Pinelands to off-road vehicles or motorized vehicles, as a whole. He said that motor vehicles are not permitted in the Preservation District and the Forest Area. He said that the Commission has an opportunity now to support DEP as it tries to close some areas in order to have better control of the uses on the land. He said that Superintendent Rob Auermuller is proposing some areas of control within Wharton State Forest and is having difficulty selling it up the chain of command. Mr. Akers suggested that the Commission approach DEP Commissioner Martin to support closing certain areas to allow better management of the forest. Also, he said that the use of any motorized vehicle in a State park should be on a permit basis. He said that even a nominal fee would help register the vehicles while providing a revenue source.

Ms. Georgina Shandy of Ocean City, NJ asked why New Jersey needed further threat of damage after the experience of the hurricane (*Superstorm Sandy*). She said that the presence of these natural gas pipes will lead to exporting of gas. She said that agencies such as BPU make decisions to side with industry and the fact that this project is being fast-tracked makes it somewhat questionable. She said that there is a risk of gas leaks and that the Commission should stop this “run-away train” and look at the hazards that such lines have created in other parts of the country and stop the pipeline for the protection of the Pinelands.

Mr. Tittel added that there are proposals for 4 additional liquefied natural gas plants in NJ which, when combined, will generate some 2,500 megawatts of electricity. There are other power sources for electric generation in NJ and this one should not be allowed to start up again.

Mr. Ron Hutchinson identified himself as a Biology professor at the Richard Stockton College and said that many compelling reasons had been brought before the Committee today and that running a gas line in order to create CO₂- producing electricity was not wise. He said the idea of running a redundant system in order to protect local residents plays into the fears of those who survived Sandy. He said that the plant currently runs only a few days each year, that there have been no rolling black-outs and that by converting this plant to a base supply plant, the huge output of CO₂ will threaten the very Pinelands that the Commissioners have sworn to protect

Mr. Glenn Klotz, with 350.org (<http://350.org/>) said that South Jersey Gas has not demonstrated a need for this plant and that there was no need to locate this dangerous and large pipeline in an area that will put wildlife in danger and that is also prone to wildfires. He said that explosions are not uncommon with these gas lines. Finally he said that 350.org is focused on reducing carbon and that NJ should build the wind farm.

Chairman Lohbauer thanked the member of the public for their input.

Ms. Wittenberg noted that Mr. Montgomery’s characterization of the function of staff was incorrect. When an application comes before it, the staff has an obligation to process it. It is not the staff that is

making a decision but it is the staff that is preparing the reports and providing the information for the Commission to do so.

Chairman Lohbauer concurred and thanked Ms. Wittenberg for reminding all those present that such was the case.

5. Other Items of Interest

Chairman Lohbauer thanked the members of the public for attending and encouraged them to return to future meetings. Also, he reminded all present that the Annual Whitesbog Blueberry festival would be held tomorrow (Saturday, June 29, 2013).

The meeting adjourned at 11:04 a.m. (moved by Commissioner Ficcaglia and seconded by Commissioner Jackson).

Certified as true and correct:

Betsy Piner, Principal
Principal Planning Assistant

Date: July 9, 2013

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