



New Jersey Board of Public Utilities

NEWS RELEASE

For Immediate Release:
December 16, 2015

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NJ Board of Public Utilities finds South Jersey Gas's Proposed Natural Gas Pipeline Project Necessary

TRENTON, N.J. – Today, the NJ Board of Public Utilities (Board) approved a petition filed by South Jersey Gas Company (SJG) requesting the Board to rule under N.J.S.A. 40:55D-19 of the Municipal Land Use Law (MLUL) that zoning, site plan review and all other municipal land use ordinances and regulations shall not apply to a South Jersey Gas Company (SJG) proposed natural gas pipeline project. In doing so the Board found that the pipeline project is reasonably necessary for the service, convenience or welfare of the public.

Without the Board's approval in this MLUL matter, SJG would have needed to obtain local approvals from the Upper Township and Maurice River Township. The mayor and council members from Upper Township appeared at public hearings regarding the proposed pipeline to indicate support for the project, while Maurice River Township officials did not voice opposition at any of the public hearings or in response to any of the petitions filed with the Board. Also, the City of Estell Manor and the Board of Chosen Freeholders of Cape May County issued resolutions indicating support for the project.

"This project is yet another case in point where the Board is implementing the policies contained the State's 2011 Energy Master Plan and demonstrating progress towards the Energy Master Plan's overarching goals of lowering the cost of energy for customers and promoting a diverse portfolio of clean in-state generation," said N.J. Board of Public Utilities President Richard S. Mroz. "This proposed pipeline will provide redundancy for approximately 142,000 SJG customers, while also enabling the conversion of the B.L. England power plant from running on coal and oil to running on cleaner natural gas."

SJG's proposed 21.6 mile natural gas transmission pipeline is intended to serve the B.L. England power plant at Beesley's Point in Upper Twp. and will also increase reliability of service through redundancy improvements for customers in Atlantic and Cape May counties. The project will provide redundancy for 142,000 SJG customers, while the conversion of the power plant from coal, oil, and diesel fuels to cleaner natural gas will improve the environment while maintaining grid reliability.

Due to environmental concerns, SJG identified 6 alternate routes for the pipeline. The NJ Department of Environmental Protection (NJDEP) has concluded that the route chosen for the project has less environmental impact than the other possible alternate routes based upon wetlands impacts, potential adverse impacts to threatened and endangered species habitat, and minimization of stream and open water crossings. NJDEP and the Army Corps of Engineers are the governmental agencies with the

expertise concerning environmental permitting issues, and they have determined that the project and route comply with the relevant standards.

In issuing its Order, the Board found that SJG has met its burden of proving that its proposed routing is reasonable, and that no alternative route would be less intrusive to the environment or community. Of the proposed 21.6 mile route for the pipeline, 90% or 19.4 miles of the pipeline will be located within right-of-ways and the remaining 10% or 2.2 miles will be set in easements across private property. While the majority of the project is set to be constructed within right-of-ways, approximately 15 miles of the pipeline will travel beneath existing paved portions or roadway shoulders within the Pinelands.

The Board also recognized the importance of the B.L. England plant to maintaining the reliability of the electrical grid of the region. The power plant is often required by PJM – the regional transmission organization that operates the grid in 13 states and the District of Columbia – to be operational for grid reliability purposes during severe weather events such as Superstorm Sandy, winter storms, Nor'easters, extreme cold or heat waves. If the power plant were to be retired instead of converting to natural gas, PJM has identified the need for nine required upgrades that would have total projected costs in excess of \$145 million. Furthermore, PJM identified seven additional overloads attributed to the retirement of B.L. England. The majority of the identified upgrade projects would be located within or in close proximity to the Pinelands Area and the project costs would be borne by electric ratepayers.

Today's action by the Board is the fourth such action in a series of matters before the Board concerning the proposed pipeline. The Board first issued a Board Order in April 2013 approving a gas service agreement between SJG and B.L. England facility owner R.C. Cape May Holdings Corporation. In June 2013, the Board approved the route, finding that the proposed pipeline meets the pipeline safety requirements of N.J.A.C. 14:7 and federal safety requirements, and authorized SJG to construct the proposed 21.6 mile natural gas transmission pipeline. In July 2015, the Board approved two amendments to its prior June 2013 Order, adding a restriction that SJG cannot connect any new customer to that portion of the pipeline located within the Pineland's Forest Area without first obtaining the Board's approval and relocating a planned interconnection and regulator station site from an area within the Forest Area to a location outside the Forest Area. The Board's July 2015 Order has been appealed and remains pending before the N. J. Appellate Division.