



BACKGROUNDER ON SOUTH JERSEY GAS' PIPELINE RELIABILITY PROJECT APPLICATION

In 2012, South Jersey Gas sought Pinelands Commission approval for the construction of a 22-mile natural gas pipeline to facilitate the conversion of the B.L. England electric generating facility from coal to natural gas and to also provide a back-up natural gas supply route to customers in Atlantic and Cape May counties in the event of an accident or natural disaster. During Pinelands Commission staff's review of the application, it was determined that the project did not strictly comply with the Forest Management Area land use standards of the Pinelands Comprehensive Management Plan (CMP), which permit natural gas pipelines in the Forest Area if they are intended to primarily benefit uses (businesses or people) within the Pinelands.

Staff determined that the B.L. England facility was a Pinelands use and therefore that a pipeline through the Forest Area to serve the plant was consistent with the Forest Management Area land use standards. However, because South Jersey Gas also proposed to connect the pipeline to the company's existing distribution system to ensure the availability of an alternative gas supply route to serve customers outside the Pinelands in Cape May County in case the existing supply line is ever damaged, the staff decided that this additional benefit to people outside the Pinelands rendered the pipeline non-compliant with the primary benefit requirement.

Commission staff advised South Jersey Gas that the project could still be approved and recommended that the Commission enter into a Memorandum of Agreement (MOA) with the New Jersey Board of Public Utilities (NJ BPU) to approve the pipeline. Under this process, the Pinelands Commission can enter into a MOA with another public or governmental agency, such as the NJ BPU, when a project does not strictly comply with the CMP but has substantial public benefits.

During its history, the Commission has entered into more than a dozen MOAs with other agencies, several of which authorized public utilities to undertake reliability improvement projects. In 2004, for example, the Pinelands Commission entered into a MOA with the NJ BPU authorizing Atlantic City Electric to build high voltage transmission lines through 17.5 miles of protected Pinelands Preservation Area and Forest Area to address electric reliability needs.

Approval of the MOA required eight Commissioners to vote in its favor. In January 2014, seven of the Pinelands Commissioners voted in favor of the MOA and seven opposed it. This vote came as a surprise to many since the Pinelands Commission staff had recommended that South Jersey Gas seek approval through the MOA process in light of the Commission's past practice of using MOAs to approve energy reliability projects. Additionally, during the six-month period leading up to the vote, the Commission convened 10 separate meetings to discuss the project and the proposed MOA. Finally, the vote ignored the expert recommendations of the NJ BPU

and the NJ Department of Environmental Protection, both of which found that a repowered B.L. England was necessary to fulfill the goals of the State's Energy Master Plan (EMP), to ensure gas and electric reliability in Cape May and Atlantic counties, and to reduce asthma-related pollutants within the Pinelands and surrounding communities.