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State of New Jersey

Highlands Water Protection and Planning Council

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JUN 17, 2015

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Chairman

MARGARET NORDSTROM
Executive Director

June 12, 2015

Wilma Frey
Senior Policy Manager
New Jersey Conservation Foundation
Bamboo Brook 170 Longview Road
Far Hills, NJ 07931

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RE: Highlands Council Consistency Determination and Review Role

Dear Wilma,

Thank you for your letter of June 4, 2015 concerning the Highlands Council's role with regard to the PennEast project. As you know, this project is in the pre-filing stage of the Federal Energy Regulatory Commission's (FERC) process and as such, no applications for permits, or approvals have been prepared, submitted or requested to date. The pre-filing stage is what we understand to be an information gathering opportunity prior to formal application to FERC, NJDEP and other state and federal agencies.

We are more than familiar with the portions of the Highlands Act that you cite that define our responsibilities as an agency in this matter. Therefore, I am providing you with the following detail regarding our participation in the review of the proposed project to date.

Highlands Council staff has consulted with NJDEP's Office of Permit Coordination and Environmental Review (PCER) on the proposed PennEast project since October 31, 2014. We have participated in internal conference calls; we have provided comments on pre-application meeting requests; we have attended interagency meetings and have been participating in the FERC bi-weekly telephone conferences since February of this year. Staff regularly monitors the FERC docket for public comments that are pertinent to the Highlands Region and responds to residents and elected officials of both Highlands municipalities (Holland and Alexandria Townships) along the proposed route.

On January 22, 2015, representatives of PennEast and their professional consultants attended a meeting here at our offices to discuss the proposed project and the Highlands resources that are the basis of the Highlands Regional Master Plan (RMP). As you are aware, many resources that are not regulated by NJDEP or other agencies are afforded protection in the Highlands Region through the RMP. It is these resources that the Highlands Council staff discussed with the PennEast representatives, specifically, regarding avoidance, minimization and mitigation for any anticipated impacts.

Large interstate linear development projects such as the Tennessee Gas Pipeline (TGP) projects and the PSE&G S-R Transmission Line (PSEG) project, whether under the jurisdiction of FERC or not, were

addressed by Highlands Council staff in a very similar manner. These former projects however, both qualified for a Highlands Act Exemption #11, as they were upgrades to existing utilities. In making the exemption determination, the Highlands Council staff prepared a Consistency Determination for the Council to consider. PennEast cannot qualify for an exemption as it is a new project. Therefore, Highlands Council staff has informed PennEast that we will conduct a formal Consistency Determination to analyze the proposed impacts to the Highlands Resources. As with TGP and PSEG, we will ask PennEast to prepare a Comprehensive Mitigation Plan for the project within the Highlands Region. We will also continue to coordinate very closely with NJDEP during any permit review process within the Highlands Region, in accordance with the Highlands Rules and Highlands Act.

You urge us in your letter to undertake a formal Consistency Determination (CD) as soon as possible. It is the full intention of this agency to do exactly that, and upon the filing of an application to FERC for their Certificate of Public Convenience and Necessity, it is our expectation that PennEast will also be requesting a Highlands Council CD. As in the past, this process will require a public hearing at a regularly scheduled Highlands Council meeting, preceded by an electronic public comment period. It is outside of our scope and authority to proceed with this action prior to the project being formally proposed.

If you have any further questions on our intentions, involvement or level of concern with this proposed project, please do not hesitate to contact me.

Yours sincerely,



Margaret Nordstrom
Executive Director

- c: ✓ Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission
 Medha Kochhar, Environmental Project Manager, Federal Energy Regulatory Commission
 Anthony C. Cox, PennEast Pipeline Company, LLC; UGI Energy Services, LLC
 Steven J. Tambini, P.E., Executive Director, Delaware River Basin Commission (DRBC)
 William J. Muszybski, P.E., Manager, Water Resources Management Branch, DRBC
 NJ State Agriculture Development Committee
 Congressman Leonard Lance
 Congresswoman Bonnie Watson Coleman
 Senator Shirley Turner (D-15)
 Assemblyman Reed Gusciora (D-15)
 Assemblywoman Elizabeth Maher Muoio (D-15)
 Senator Christopher Bateman (R-16)
 Assemblyman Jack M. Ciattarelli (R-16)
 Assemblywoman Donna M. Simon (R-16)
 Senator Michael J. Doherty (R-23)
 Assemblyman John DiMaio (R-23)
 Assemblyman Erik Peterson (R-23)
 Alexandria Township Committee, Planning Board, and Environmental Commission
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