



Neptune Power Ventures LLC

Cable was made ready last year for an underwater power line between Sayreville, N.J., and Levittown, N.Y.

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Manhattan Turns to New Jersey to Fulfill Its Need for Electricity

By PATRICK McGEEHAN

Manhattan already orders out to New Jersey for much of what it needs, from food to furniture to gasoline. Soon the list of imports from across the Hudson River may include electricity.

Two private companies are vying to be the first to lay a cable under the river that would carry power to Consolidated Edison's electrical network in Manhattan. They are racing to meet a 2010 deadline for replacing the power produced by a 30-year-old generating plant in Queens that is to be shut down that year.

The city's need to import power to meet growing demand becomes more urgent as obstacles rise to building new power plants in the city. With much of the city sitting on islands, building underwater transmission cables is likely to be part of the solution.

One company with hopes of building such a connection, the Cross Hudson Corporation, laid out its construction plan last month to a group of harbor users and local officials.

Cross Hudson would essentially build an 8.5-mile extension cord from a power plant in Ridgefield, N.J., to Midtown Manhattan. It is considering bidding on a contract to deliver a constant flow of up to 500 megawatts of electricity to the New York Power Authority, a state-owned utility, which supplies electricity to the New York City Housing Authority and other city agencies.

“If the endgame here is to deliver power to New York by 2010, then we’re in better position to do it,” said Paul Rich, chief development officer of Cross Hudson, which has received approval for its project from some state and federal regulatory agencies.

But the power authority has already granted a similar contract to a different company, Hudson Transmission Partners, that has its own plan for running a cable between Manhattan and New Jersey. That cable would follow roughly the same path from Bergen County through the silty river bottom to Midtown.

The rivalry between the two companies already has involved federal and state regulators, city officials and executives of Con Edison, some of whom would prefer to see two cables laid across the Hudson.

“We don’t take sides. We want both of these projects,” said Thomas Simpson, vice president for energy and telecommunications at the city’s Economic Development Corporation.

Indeed, Mayor Michael R. Bloomberg sent a letter in October to the chairman of the Federal Energy Regulatory Commission asking that the commission find a way to allow both projects to proceed as scheduled.

Tapping into the broad network of power plants in New Jersey, Pennsylvania and several other states could be “very beneficial” in diversifying the city’s sources of power and reducing the prices it pays for electricity, Mr. Simpson said.

But one problem is that both companies want to deliver their power to the same destination, the one available outlet at Con Edison’s substation on West 49th Street, a few blocks from Times Square. Whichever company lays a cable

first could gain a big advantage over the other in supplying the city's growing thirst for power.

"There are costs involved in not getting there first," said Christopher Hocker, vice president of planning for Hudson Transmission Partners.

The second to arrive might have to pay for the cost of expanding the substation to accommodate another connection, Mr. Hocker said. That expense would drive up the cost, which might already be approaching \$500 million, he said.

Still, Mr. Hocker said, both projects may be completed and could coexist. Neither cable by itself could substitute for all of the 885 megawatts of power now being supplied to the city by the Charles Poletti Power Project in Astoria, Queens, which the Environmental Protection Agency ranks as the third-largest source of toxic pollutants in the city.

Both ventures would collect fees from the buyers of electricity for providing the cable connections for transmitting it to consumers in the city.

Mr. Hocker and his colleagues are not daunted by the size of a cross-river project because they spent the last few years constructing a much longer cable between central New Jersey and Long Island.

That connection, known as the Neptune Regional Transmission System, stretches more than 50 miles under the Atlantic Ocean. It cost about \$600 million and began moving electricity from a substation in Sayreville, N.J., to one in Levittown, N.Y., in July.

The Long Island Power Authority contracted with the Neptune system to supplement the electricity it supplies in Nassau and Suffolk Counties and to the Rockaways in Queens. That was the second underwater cable to the island. Since 2004, the Long Island Power Authority has been drawing power from Connecticut through a 24-mile cable that crosses Long Island Sound.

The Hudson Transmission Partners plan would, like the Neptune project, connect to the power grid in New Jersey and Pennsylvania, which is known as the P.J.M. Interconnection. Its cable would carry as much as 660 megawatts off the grid from a substation in Ridgefield, N.J., underground to the riverfront in Edgewater. From there, it would run across and down the Hudson and under the city streets to Con Ed's substation.

Most, but not all, of the electricity that would run through that cable would go to the New York Power Authority's customers. The rest could be sold to other consumers in Manhattan.

Historically, the price of electricity off the P.J.M. grid has been significantly lower than the price of power generated in the city, said Mr. Simpson of the Economic Development Corporation. Lowering the cost of obtaining electricity is one of the goals Mayor Bloomberg set out in PlaNYC, his blueprint for long-term sustainability of city resources, he said, and one reason the mayor weighed in to ask federal regulators to allow both projects to proceed.

Hudson Transmission Partners had sought to leapfrog Cross Hudson in line for federal regulatory approval. Cross Hudson's plan was conceived several years ago by the biggest utility in New Jersey, Public Service Enterprise Group, which had proposed running a dedicated cable, known as a generator lead, from its power plant in Ridgefield to the Con Ed substation in Manhattan.

The utility received permits from several regulatory agencies, including the New York State Public Service Commission and the Army Corps of Engineers. But it did not move forward, and Cross Hudson Corporation bought the project from the utility.

In the meantime, Hudson Transmission Partners picked up on the idea and proposed building a cable of its own along much the same route and won a contract to supply power to the New York Power Authority.

Con Edison officials said they could make room for both cables to connect to their system and that there would probably be a need for both of them.

"We have a need, and what's driving that need is load growth," said Michael Forte, chief engineer for Con Edison.

In fact, Mr. Forte said in an interview, Con Ed is planning an underwater cable of its own. It would carry power from Yonkers through the Bronx and under the Harlem River to Upper Manhattan.