

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Building for the Future Through Electric)	
Regional Transmission Planning and Cost)	Docket No. RM21-17-000
Allocation and Generator Interconnection)	

MOTION TO LODGE OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES

Pursuant to Rule 212¹ and Rule 214² of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure, the New Jersey Board of Public Utilities (“BPU” or “Board”) seeks to lodge its recently issued Board Order³ selecting transmission projects to be built pursuant to PJM’s State Agreement Approach (“SAA”) for the purpose of supporting New Jersey’s offshore wind (“OSW”) goals, the Brattle Group’s (“Brattle”) SAA Evaluation Report,⁴ and PJM’s SAA Economic Analysis Report.⁵

I. Motion to Lodge the Board Order and Its Associated Analyses

The past practice of the Commission has been to “accept a motion to lodge [when] it provides information that assists in the decision-making process,” but deny “motions to lodge or

¹ 18 C.F.R. 385.212 (2018).

² 18 C.F.R. 385.214 (2018).

³ In re Declaring Transmission to Support Offshore Wind a Public Policy of the State of New Jersey, BPU Docket No. QO20100630, Order dated October 26, 2022, https://publicaccess.bpu.state.nj.us/DocumentHandler.ashx?document_id=1279919 (“October 2022 SAA Order”).

⁴ Johannes P. Pfeifenberger et al., Brattle Grp., *New Jersey State Agreement Approach for Offshore Wind Transmission: Evaluation Report* 194 (Oct. 26, 2022), https://publicaccess.bpu.state.nj.us/DocumentHandler.ashx?document_id=1279916 (“Brattle SAA Evaluation Report”).

⁵ PJM, *Economic Analysis Report: 2021 SAA Proposal Window to Support NJ OSW* (Nov. 4, 2022), <https://www.pjm.com/-/media/committees-groups/committees/teac/2022/20221104-special/informational-only---njosw-economic-analysis-report.ashx> (“PJM SAA Economic Analysis”).

similar filings when these filings contain information that is repetitive, outside the scope of the proceeding, or of no assistance in the decision-making process.”⁶ The documents provided herein will assist the Commission’s decision-making process because they contain important empirical evidence on the value of proactive, holistic, and competitive transmission planning to respond to the changes in the resource mix, which is a central issue in this docket.⁷ Moreover, the Board is the first and only state entity to utilize the PJM SAA and a competitive solicitation process to proactively plan a portfolio of transmission projects designed to meet state public policy objectives. The attached documents thus contain unique empirical data, which is neither repetitive nor duplicative of any other evidence submitted in this proceeding, that will help the Commission finalize any future rulemaking. The Board therefore respectfully requests that the Commission accept this Motion to Lodge the Board’s Order and the two related reports.

II. Summary of Data Relevant to this Proceeding

On November 18, 2020, the Board formally requested that PJM include New Jersey’s OSW goal of 7,500 MW into its regional transmission expansion plan pursuant to the SAA provisions of its Operating Agreement.⁸ On April 15, 2021, PJM opened a competitive solicitation window that sought proposals for projects capable of meeting the transmission needs driven by New Jersey’s OSW goals.⁹ As a result of the competitive solicitation, PJM and the

⁶ *Xcel Energy Southwest Transmission Co., LLC*, 149 F.E.R.C. ¶ 61,182, at P 63 (2014).

⁷ *See, e.g.*, NOPR at P 77-78 (proposing to require Long-Term Regional Transmission Planning that includes a process for identifying transmission needs driven by changes in the resource mix and demand and inviting comments on this proposed requirement); *id.* at P 358 (proposing to allow public utility transmission providers to limit competition by adopting conditional rights of first refusal); *id.* at P 378 (seeking comment on whether “this proposed conditional right of first refusal aligns with or advances the goals of Order No. 1000’s reforms”); *id.* at P 335 (noting that Order No. 1000 instituted reforms that were meant to “facilitate competition for transmission development”).

⁸ October 2022 SAA Order at 1.

⁹ Brattle SAA Evaluation Report at 28.

Board received 80 proposals, from 13 different transmission developers, for onshore grid upgrades (“Option 1a Projects”), new onshore grid infrastructure (“Option 1b Projects”), offshore transmission projects to connect OSW projects to an onshore point of interconnection (“Option 2 Projects”), and/or projects that would create an “offshore backbone” (“Option 3 Projects”).¹⁰ On October 26, 2022 the Board selected the Option 1b Larrabee Tri-Collector project and a portfolio of associated Option 1a upgrades located in New Jersey, Delaware, Pennsylvania, and Maryland (collectively, the “SAA Solution”) for inclusion in PJM’s Regional Transmission Expansion Plan and cost allocation to New Jersey ratepayers.¹¹

The SAA Solution will save New Jersey ratepayers over \$900 million when compared to the baseline scenario, in which New Jersey would rely solely on the standard PJM process to interconnect its OSW projects.¹² Specifically, while the SAA Solution costs \$1.08 billion to build, it eliminates the need to build an additional \$1.71 billion worth of new onshore transmission and onshore network upgrades through the PJM interconnection process. That alone saves ratepayers approximately \$630 million.¹³ In other words, New Jersey’s real-life experience is that using a proactive, holistic planning and competitive bidding process to select the necessary system reinforcements for multiple OSW projects is 37% cheaper than the status quo approach that plans and builds new transmission infrastructure for one generator at a time.¹⁴ Moreover, with respect to network system upgrades, the “SAA offers a cost reduction of 43% to

¹⁰ October 2022 SAA Order at 26-27; Brattle SAA Evaluation Report at 28-29.

¹¹ October 2022 SAA Order at 70. For various reasons explained in the October 2022 SAA Order, the Board declined to build and allocate the costs of any Option 2 or 3 projects through the SAA process at this time. *See id.* at 55-59, 61.

¹² *Id.* at 61.

¹³ *Id.*

¹⁴ *Id.*; *see also id.* at 51-53 (explaining why procuring system network upgrades “through the SAA provides clear cost-savings benefits”).

82% compared to the network upgrade costs that would be incurred under the conventional PJM interconnection process.”¹⁵ Additionally, the SAA Solution will also reduce the amount of cabling necessary to deliver OSW energy to the onshore grid, thereby saving ratepayers another \$288 million.¹⁶ The \$630 million in reduced onshore system upgrades and expansion costs plus the \$288 million reduction in cabling costs together will save ratepayers \$918 million. In short, proactively and holistically planning transmission projects to serve New Jersey’s OSW goals through a competitive process will save New Jersey ratepayers nearly \$1 billion.

The SAA Solution also provides substantial regional benefits that significantly outweigh its costs. Specifically, Brattle’s SAA Evaluation Report found that the Larrabee Tri-Collector and associated Option 1a upgrades will have a combined annual revenue requirement of \$117 million.¹⁷ However, PJM’s economic analysis of the SAA Solution shows that it and the OSW generation that it facilitates will reduce annual PJM-wide production costs by at least \$292 million.¹⁸ Thus, even though the SAA Solution is designed to advance New Jersey’s public policies, it nonetheless will enable production cost savings that are about 2.5 times greater than the annualized cost of the necessary transmission infrastructure. Moreover, these benefits are widely distributed throughout the PJM region, indeed, ratepayers that are outside of New Jersey realize most of the savings. Specifically, \$104 million of these annual production cost savings

¹⁵ Brattle SAA Evaluation Report at 80.

¹⁶ October 2022 SAA Order at 61.

¹⁷ See Brattle SAA Evaluation Report at 194 (projecting the annualized cost of the Larrabee Tri-Collector Solution and associated Option 1a upgrades that the Board selected to be \$117 million).

¹⁸ See PJM SAA Economic Analysis at 39. The Board calculated the minimum PJM-wide production cost savings by subtracting the sum of all projected zonal annual gross load payments in Scenario 18 from the sum of all projected zonal annual gross load payments in the base case, as listed in Table 74. Note that the Board’s chosen SAA Solution was the very similar Scenario 18a, for which PJM did not perform a separate economic analysis. See *id.* at 2 n.2 (“PJM performed the energy and capacity market analysis for the NJ BPU-selected finalist Scenario 18. The final solution selected by NJ BPU was scenario 18a, which is equivalent to the Scenario 18 in terms of points of injection.”).

will accrue to New Jersey ratepayers,¹⁹ while the remaining \$188 million in annual savings will accrue to ratepayers in other PJM states.²⁰ New Jersey’s experience with the SAA process therefore clearly demonstrates that longer-term, holistic, and proactive planning for new generation resources needed to meet a state’s public policy requirements can produce significant quantifiable benefits for the wider planning region.

Finally, the results of the SAA process demonstrate that competitive transmission solicitations can provide significant value to consumers. As the Board found in its Order, “the Larrabee Tri-Collector Solution results in an innovative transmission solution, creating a single onshore POI while leveraging existing rights of ways, an outcome that *would not have been possible without . . . a competitive solicitation.*”²¹ The 80 proposals that PJM received in response to the solicitation allowed the Board, its consultants, and PJM to jointly develop 34 scenarios representing unique combinations of project proposals and variations on them.²² This enabled the Board to identify and select the optimal solution, rather than merely accept or reject a single proposal designed in the absence of any competitive pressure. In addition to being highly innovative, the SAA Solution the Board chose also corresponded to the scenario with the second lowest overall cost, at least when one includes the cost of the additional transmission that

¹⁹ *See id.* at 39. The Board calculated production cost savings to New Jersey ratepayers by subtracting total New Jersey zonal annual gross load payments in Scenario 18 from total New Jersey zonal annual gross load payments in the base case, as listed in Table 74.

²⁰ *See id.* The Board calculated production cost savings to ratepayers outside of New Jersey by subtracting the sum of projected zonal annual gross load payments for the APS, BGE, DUQ, FE-ATSI, METED, PECO, PENELEC, and PLGRP zones in Scenario 18 from the sum of these zone’s annual gross load payments in the base case, as listed in Table 74.

²¹ October 2022 SAA Order at 2 (emphasis added).

²² Brattle SAA Evaluation Report at 72, 79.

generation developers will build.²³ Absent the competitive solicitation framework, New Jersey ratepayers may have ultimately paid *billions* more in OSW transmission costs.²⁴ Quite simply, the competitive transmission solicitation process provided New Jersey with a higher quality transmission solution at a substantially lower price.

III. Conclusion

For the reasons stated above, the Board respectfully requests that the Commission grant the Board permission to lodge its October 2022 SAA Order, Brattle’s SAA Evaluation Report, and PJM’s SAA Economic Analysis Report.

Respectfully,

NEW JERSEY BOARD OF PUBLIC UTILITIES

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Trenton, New Jersey

²³ *See id.* at 79

²⁴ *See id.* (showing that 12 of the other analyzed scenarios would have cost ratepayers an additional \$2 billion or more beyond the cost of the Scenario 18a SAA Solution that the Board ultimately selected).

CERTIFICATE OF SERVICE

I hereby certify that, on this 28th day of November, 2022, I have caused the foregoing document to be served upon each party designated on the official service list compiled by the Secretary in this proceeding, by email.

/s/ Paul Youchak

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