

June 6, 2023
PJM
Transmission Expansion
Advisory Committee



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New Jersey's State Agreement Approach 2.0

April 26, 2023 Board Order

- New Jersey offshore wind goal: 11 GW by 2040
- SAA 1.0: awarded a suite of projects to support NJ's previous 7.5 GW offshore wind goal
- On April 26, 2023, the Board formally requested that PJM incorporate New Jersey's updated offshore wind goals into PJM RTEP



State Agreement Approach (“SAA”)

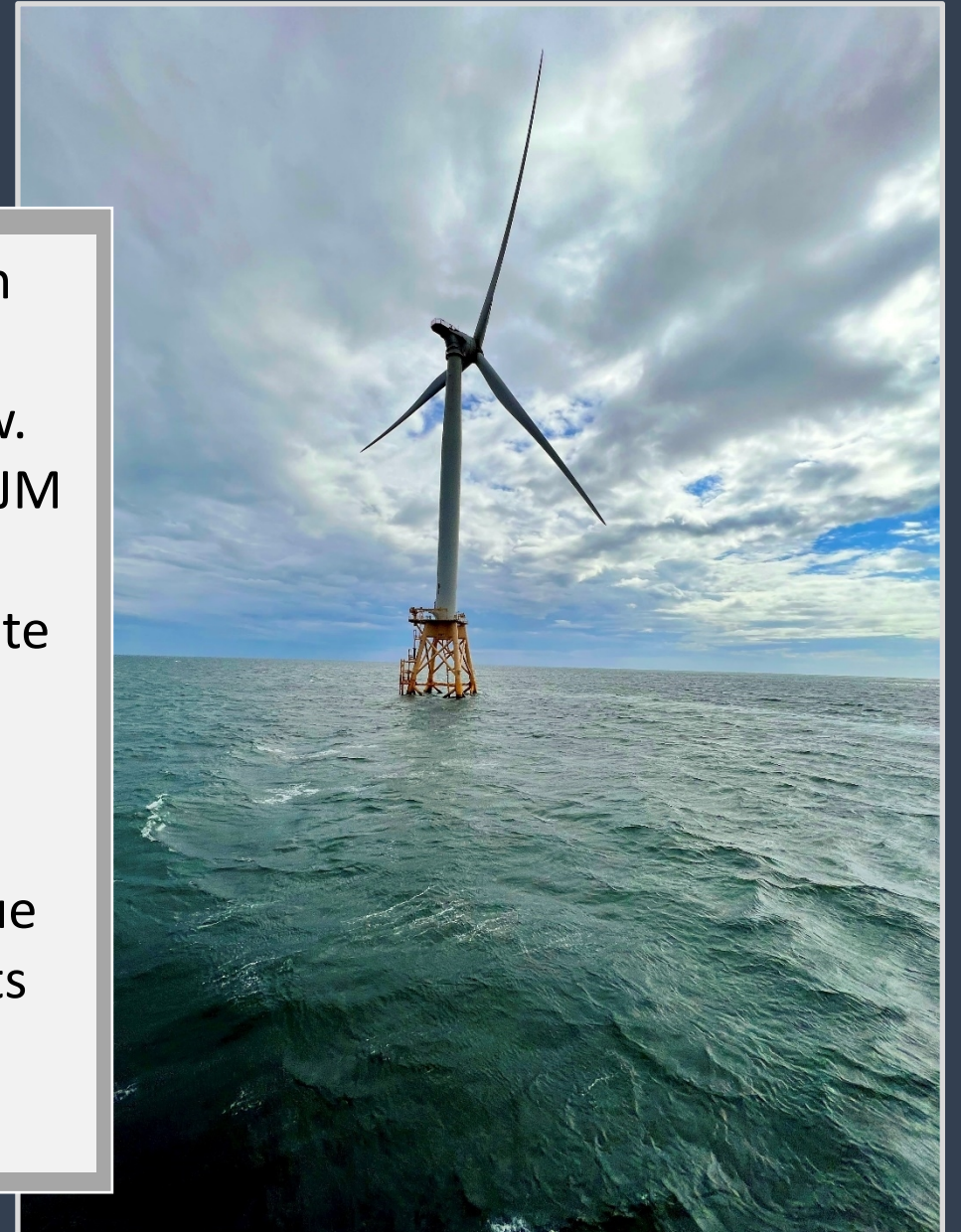
A coordinated transmission solution



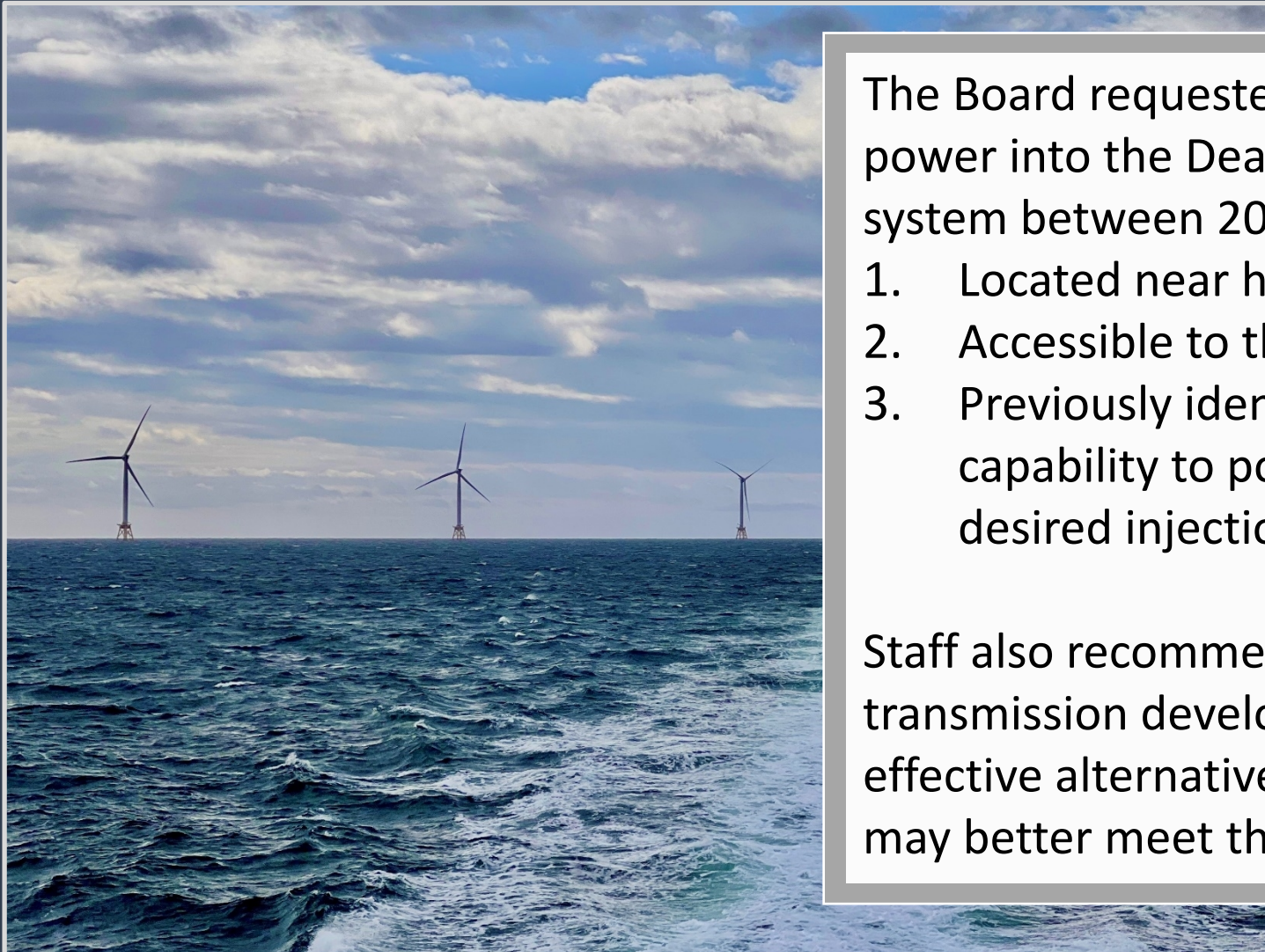
- The SAA set forth in PJM’s Operating Agreement provides a tool for states to propose public policy projects to PJM for inclusion in the RTEP
 - PJM to post Public Policy Assumptions, pursuant to OA, Schedule 6, §§ 1.5.6(b) and 1.5.8(b).
 - PJM to convene a project proposal window pursuant to OA, Schedule 6, § 1.5.8(c).
- New Jersey was the first state to use the SAA
- BPU Staff will collaborate with PJM on preliminary analyses
 - Screening Analysis
 - Scenario Analysis

SAA Safeguards

- April 26 Order is not authorization to proceed with any particular project, but to incorporate public policy requirements into an RTEP planning window.
- Cost containment provisions in PJM's tariff allow PJM to consider and make recommendations based on voluntarily-submitted binding cost and delivery-date commitments, which will be critical for any evaluation.
- Allocation of commercial risk between generators and transmission developers remains a critical issue
- Board is not changing any solicitation requirements for the first, second or third offshore wind solicitations.



SAA 2.0 Points of Interconnection



The Board requested PJM to plan for injections of power into the Deans 500 kV substation on the PJM system between 2032 and 2040, because:

1. Located near high electric load;
2. Accessible to the offshore wind lease areas; and
3. Previously identified by PJM as having available capability to potentially accommodate the desired injection

Staff also recommended that the Board invite transmission developers to propose particularly cost-effective alternative points of interconnection that may better meet the State's policy goals.

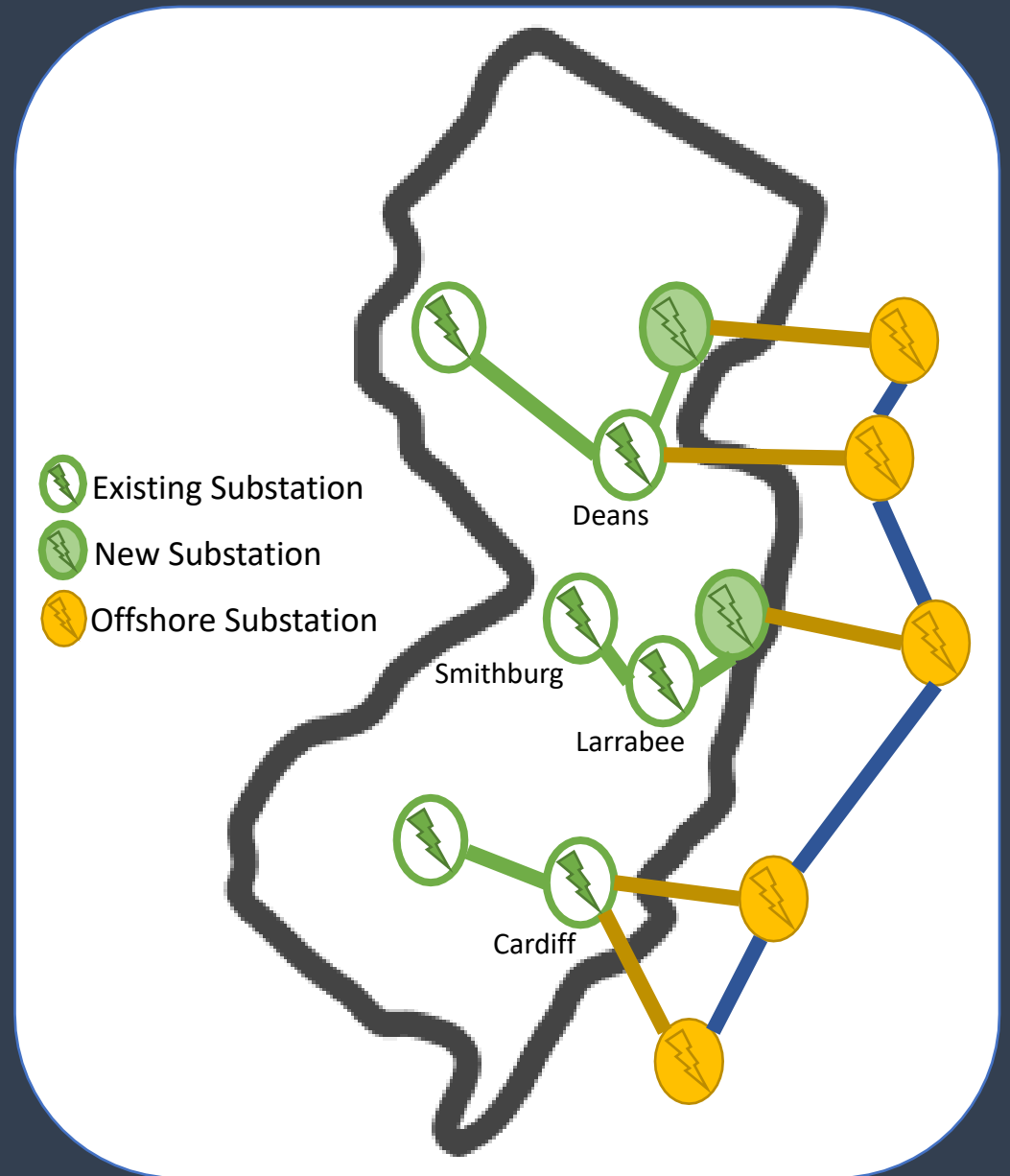
SAA 2.0 General Scope

Option 1: New or existing onshore upgrades

Option 2: New offshore substations over shore crossing to onshore substations

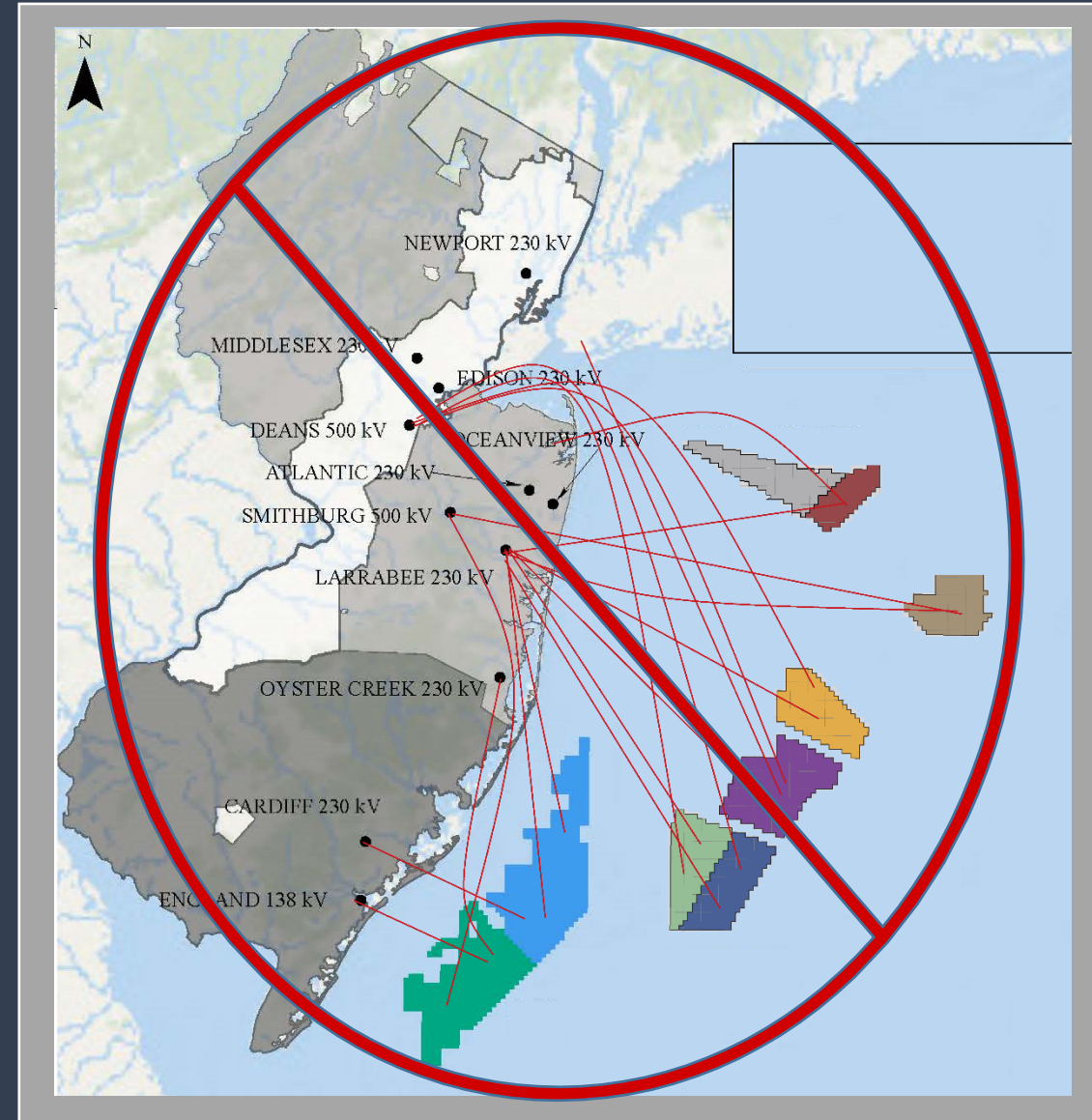
Option 3: “Network” or “backbone”, interconnecting multiple offshore facilities

Detailed scoping discussions will occur as competitive window preparations continue.



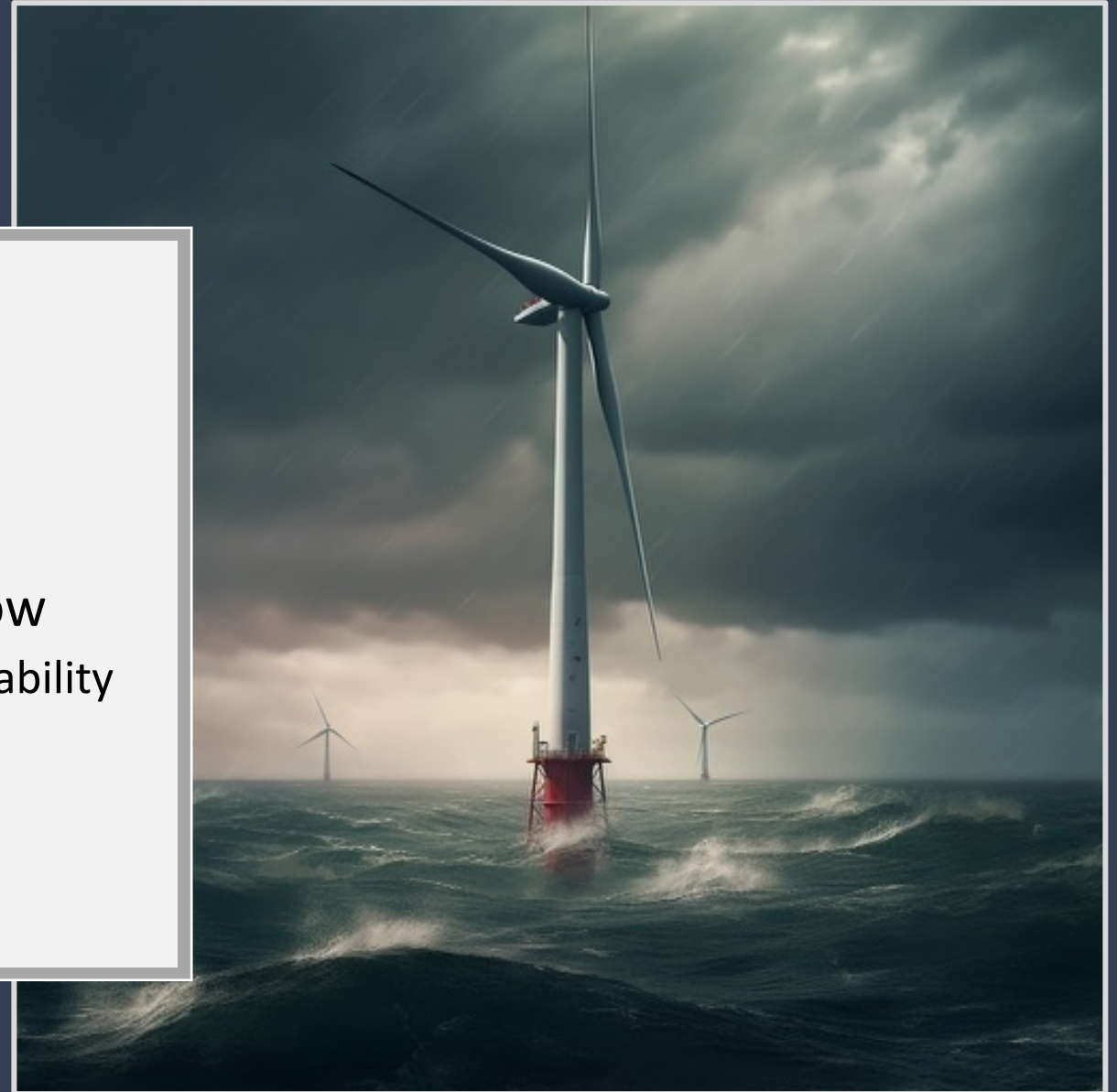
Some of New Jersey's SAA 2.0 Goals

- Minimize environmental, community, permitting and fishing impacts
 - Minimize cables crossing shore
 - Minimize points of interconnection
- Encourage competition
- Lower cost and risk of OSW generation and transmission
- Maximize transmission developer expertise
- Lower OREC prices



Next Steps

- Order directed Staff to continue collaboration with PJM
- Transmission Study Agreement
- Stakeholder process
- Problem Statement for SAA 2.0 Window
 - Environmental Requirements / Constructability
 - Cost Cap request
- Finalize SAA 2.0 Solicitation
- Open competitive window



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