



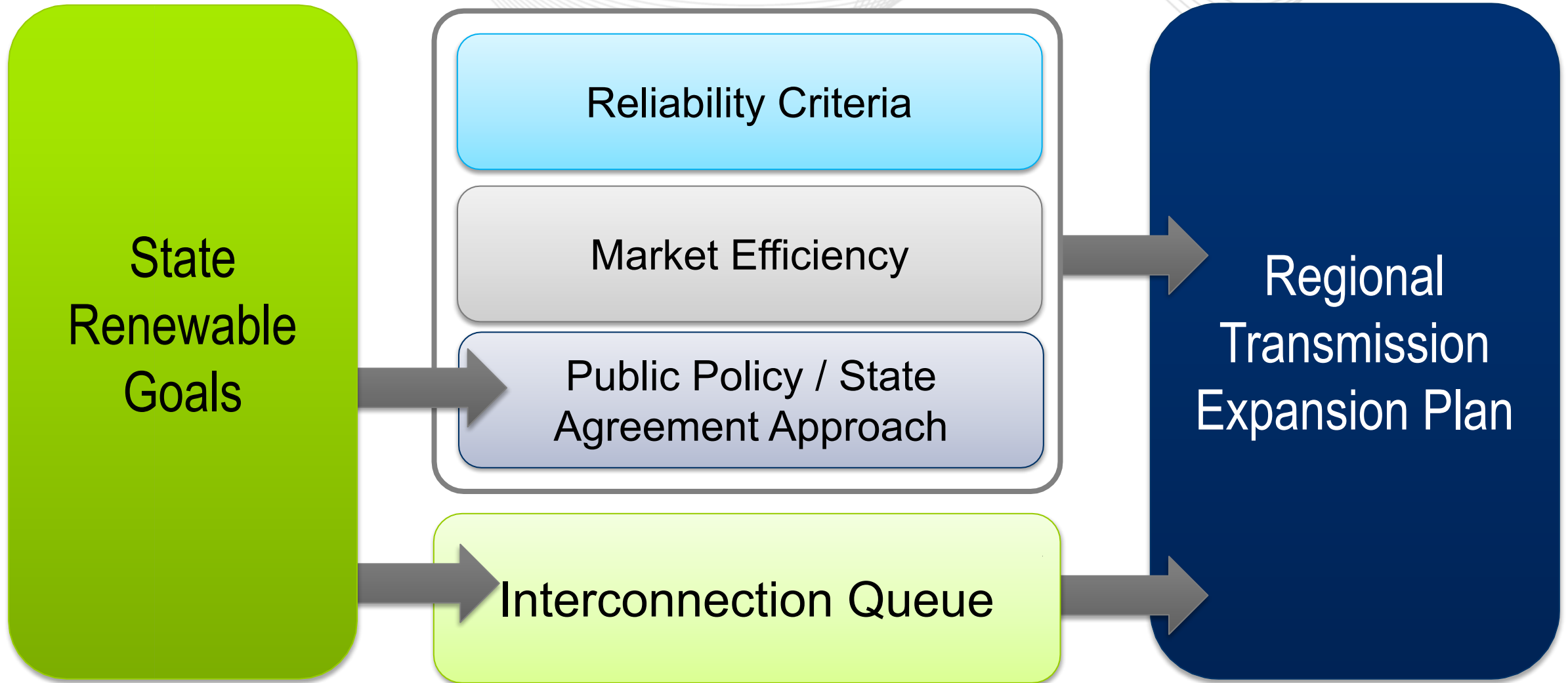
New Jersey and the State Agreement Approach

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- In Order 1000, FERC required regional grid operators to “provide for the consideration of transmission needs driven by public policy requirements in the regional transmission planning processes.”
- The State Agreement Approach is a provision in the OA (*developed with input from PJM states*) where a state or group of states can sponsor a project to meet its state public policy requirements, as long as it agrees to voluntarily be responsible for cost responsibility for transmission project.

State Agreement Approach

- RTEP planning process
- Baseline project (or Supplemental Project)
- Subject to state’s commitment for cost responsibility
- Transmission investment is recovered through transmission cost of service rates





New Jersey Request to Use the SAA Process

- On November 18, 2020, the NJ Board of Public Utilities (NJBPU) issued an order formally requesting that PJM open a competitive proposal window to solicit project proposals to identify a transmission project that addresses NJ's public policy goals for 7,500 MW for offshore wind (OSW)
- Concurrently with receiving notice from NJ, PJM notified stakeholders of the request and posted the information regarding the request on the PJM Interconnection Planning page

Public Policy Requirements

The State Agreement Approach detailed in the PJM Operating Agreement, Schedule 6, section 1.5.9 [WEB](#) | [PDF](#) provides a mechanism whereby a state or group of states can submit a public policy project to PJM to address state-specific public policy requirements, so long as the state(s) agrees to pay all costs associated with the state-selected build-out included in the Regional Transmission Expansion Plan.

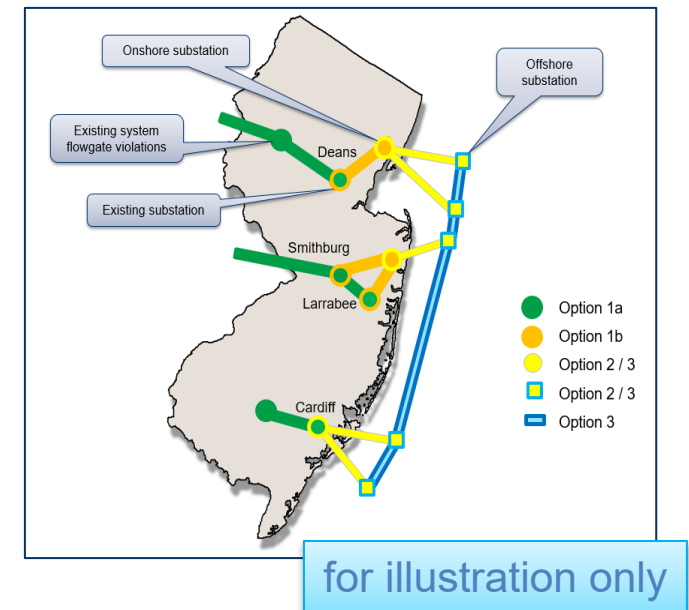
New Jersey Board of Public Utilities Order

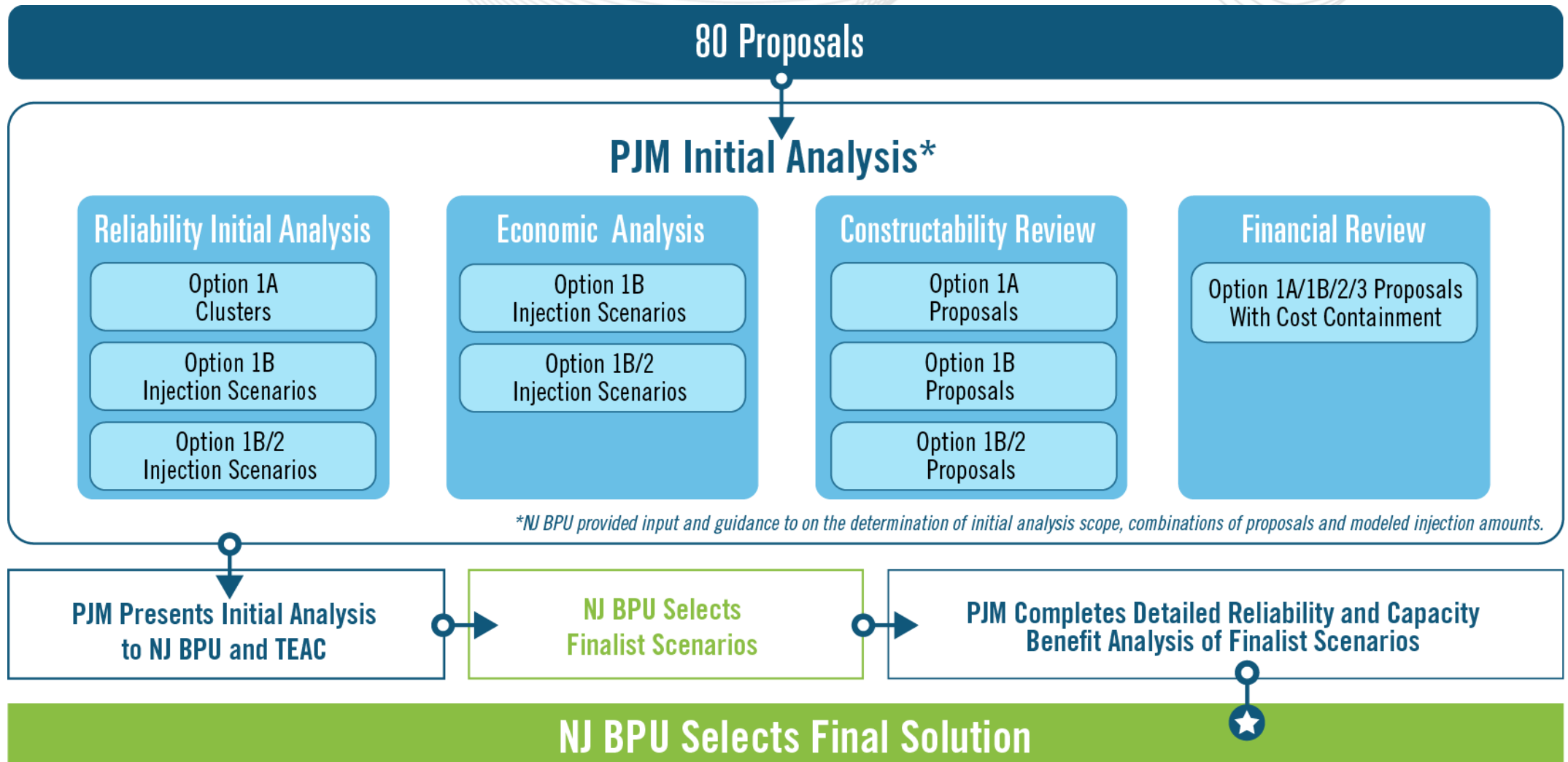
On Nov. 18, 2020, the New Jersey Board of Public Utilities (NJBPU) notified PJM of an [Offshore Wind Transmission Order](#) [PDF](#) specifying its public policy requirements for offshore wind. The order requested that PJM open a competitive proposal window in 2021 to solicit onshore and offshore project proposals that address New Jersey's public policy needs. PJM opened a 120 day State Agreement Approach proposal window on April 15, 2021 to solicit proposals. On June 30, 2021, the NJBPU notified PJM of two Board Orders announcing awards of offshore wind generation Solicitation #2 to [Ocean Wind II](#) and [Atlantic Shores Offshore Wind Project I](#).

Point of Interconnection & Associated Injected Amounts

Location	State	Transmission Owner	MFO	MW Energy	MW Capacity	Notification Date	Requested In-Service Date
Deans 500 kV	NJ	PSEG	3,100	3,100	930	11.18.2020	2028-2035
Smithburg 500 kV	NJ	JCPL	1,200	1,200	360	11.18.2020	2028-2035
Larrabee 230 kV	NJ	JCPL	1,200	1,200	360	11.18.2020	2028-2035
Cardiff 230 kV	NJ	AEC	900	900	270	11.18.2020	2028-2035

- PJM opened an RTEP proposal window to solicit submissions to build the necessary transmission to meet New Jersey’s goal of facilitating the delivery of a total of 7,500 MW of offshore wind through 2035
 - Window opened April 15, 2021
 - Window closed September 17, 2021
- Proposals were sought for upgrades for the following options:
 - Option 1a – Onshore Upgrades on Existing Facilities
 - Option 1b – Onshore New Transmission Connection Facilities
 - Option 2 – Offshore New Transmission Connection Facilities
 - Option 3 – Offshore Network





- In November 2022, the evaluation process concluded with the section of the SAA Project
- The SAA Project consists of a portfolio of transmission upgrades that collectively make up the project to effectuate the NJ public policy
- The solution includes new transmission that extends new lines from existing NJ substations and establishes a new collector substation for the NJ-selected offshore wind generators to interconnect to
- The SAA Project also includes a portfolio of transmission upgrades that collectively create system capability that accommodates the injection of offshore wind generation in the amounts specified as SAA Capability memorialized in the SAA Agreement between PJM and NJBPU and also posted on the PJM Interconnection Planning page
- Details of the SAA Project can be found on the TEAC page

<https://www.pjm.com/-/media/committees-groups/committees/teac/2022/20221104-special/item-01---nj-osw-saa.ashx>

A new term was developed in the NJ SAA Agreement (FERC Docket ER23-775) between PJM and New Jersey that defines SAA Capability

“SAA Capability” shall mean all transmission capability created by a SAA Project(s), including but not limited to the capability to integrate resources injecting energy up to the Maximum Facility Output (“MFO”), capability which may become CIRs through the PJM interconnection process, and any other capability or rights under the PJM Tariff, and consistent with the reliability study criteria applied to the evaluation of a SAA Project(s) as set forth in Paragraph 6 below.



SAA Capability Created by the NJ SAA Project

On October 26, 2022, the New Jersey Board of Public Utilities issued a [Board Order](#) [PDF](#) notifying PJM of its selection of the transmission project(s) that it will sponsor to achieve its stated public policy goals of injecting 7,500 MW of offshore wind into New Jersey by 2035. PJM will convene a special TEAC meeting on November 4, 2022, to discuss the project(s) that they have selected and will seek PJM Board approval in December 2022.

The NJBPU-selected project(s) will include the construction of a new Larrabee Collector substation (LCS). Following PJM Board approval in December, generators will be able to request the LCS as a point of interconnection (POI) when submitting an interconnection queue request.

The selected SAA project will result in creating SAA Capability as follows:

Location	State	Transmission Owner	SAA Capability	MFO	MW Energy	MW Capacity
Larrabee Collector 230 kV - Larrabee	NJ	MAOD	1,200	1,200	1,200	360
Larrabee Collector 230 kV - Atlantic	NJ	MAOD	1,200	1,200	1,200	360
Larrabee Collector 230 kV - Smithburg	NJ	MAOD	1,342	1,342	1,342	402.6
Smithburg 500 kV	NJ	JCPL	1,148	1,148	1,148	327

Last updated on 10.27.2022

- Eligibility to use SAA Capability
 - OSW Generator must be selected by the NJBPU through its OREC Solicitation process
 - OSW Generator must be assigned SAA Capability by the NJBPU following its selection
 - OSW Generator must notify PJM of the amount and type of SAA Capability assigned prior to the Application Deadline
 - PJM will perform the OSW Generator's interconnection study utilizing the SAA Capability consistent with the process currently described in M14G section 4.4 (applicable to CIR transfers)
 - Each OSW Generator must proceed through the PJM interconnection study process and execute an ISA (GIA) to be awarded CIRs

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Interconnection Process Subcommittee



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- Appendix



Offshore Wind Solicitation Schedule for New Jersey

Solicitation	Minimum Capacity Target (MW)*	Capacity Awarded (MW)	Issue Date	Submittal Date	Award Date	Estimated COD
1	1100	1100	Q3 2018	Q4 2018	Q2 2019	2024-25
2	1,200 – 2,400	2658	Q3 2020	Q4 2020	Q2 2021	2027-29
3	1,200 - 4,000		Q1 2023	Q2 2023	Q4 2023	2030
4	1,200**		Q3 2024	Q4 2024	Q2 2025	2032
5	1,200**		Q3 2026	Q4 2026	Q2 2027	2034
6	1,200**		Q3 2028	Q4 2028	Q2 2029	2036
7	1,200**		Q3 2030	Q4 2030	Q2 2031	2038
Total Awarded + Target	11000					



Timeline for New Jersey Request to Use the SAA Process

- On November 18, 2020, the NJ Board of Public Utilities (NJBPU) issued an order formally requesting that PJM open a competitive proposal window to solicit project proposals to identify a transmission project that addresses NJ's public policy goals for 7,500 MW for offshore wind (OSW)
- On February 16, 2021, the Commission accepted the State Agreement Approach (SAA) Study Agreement ([FERC Docket ER21-689](#)) between PJM and the NJBPU that authorized PJM to implement the SAA process to conduct an open proposal window for OSW transmission facilities that effectuate NJ's public policy goals; and established key dates and milestones
- On April 15, 2021 PJM convened a competitive transmission window to solicit solutions to meet the public policy needs of NJ
- On April 14, 2022, FERC accepted the SAA Agreement between PJM and NJBPU ([FERC Docket ER22-902](#)), which memorializes the rights and obligations of PJM and NJ BPU with respect to the SAA project and SAA Capability that will be created by the transmission projects, should NJ opt to sponsor transmission upgrades and agree to cost responsibility for the upgrades
- On October 26, 2022, following completion of the proposal evaluation process by PJM and NJBPU, the NJBPU announced it would sponsor transmission upgrades pursuant to the State Agreement Approach ([NJ BPU Docket No. QO20100630](#))
- On Dec 2, 2022 FERC accepted the SAA Cost Allocation methodology ([FERC Docket ER22-2690](#)) that was filed on behalf of the PJM TOs on the NJ BPU requested cost allocation methodology
- On March 6, 2023, FERC accepted the amended SAA Agreement ([FERC Docket ER23-775](#)), which incorporated the selected NJSAA Project and the details regarding the SAA Capability