



NJ BPU Investigation of Resource Adequacy: 2022 PROGRESS REPORT ON NEW JERSEY'S RESOURCE ADEQUACY ALTERNATIVES

Update regarding Staff's Investigation of Resource Adequacy Alternatives, Docket #EO20030203

Board of Public Utilities Staff
March 2023

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BPU Investigation of Resource Adequacy Alternatives

- March 2020: Initiation of Investigation
- Staff solicited comments from stakeholders on PJM’s FRR Alternative for meeting resource adequacy needs
- September 2020: Technical Conference
- Three Work Sessions with stakeholders
 - November 2020: FRR Alternative proposals
 - February 2021: Introducing Integrated Clean Capacity Market (“ICCM”)
 - March 2021: Brattle modeling results
- July 2021: Staff Report on Alternative RA Structures

The Board’s charge to Staff was to examine:

“whether New Jersey can achieve its long-term clean energy and environmental objectives under the current resource adequacy paradigm and, if not, recommend how best to meet New Jersey’s resource adequacy needs in a manner consistent with the State’s clean energy and environmental objectives, while considering costs to utility customers.”

- In the Matter of: Resource Adequacy Alternatives, March 27, 2020



2022 PROGRESS REPORT ON NEW JERSEY'S RESOURCE ADEQUACY ALTERNATIVES

- Staff Report, on regional progress and internal findings regarding best structures to meet New Jersey's resource adequacy and public policy needs
- Released in September 2022 and updated in March 2023
- Staff concludes its Investigation of Resource Adequacy Alternatives and recommends best path forward for the Board

Options for the Board Discussed in the 2022 Progress Report:

1. FRR Alternative: exiting the PJM RPM and meeting the states' resource adequacy needs through bilateral contracts
2. NJ-led Forward Clean Energy Market: a 3-year forward market for all existing and newly defined clean energy products, administered by NJ, open to voluntary participants
3. PJM Forward Clean Energy Market: a 3-year forward all existing and newly defined clean energy products, available as an opt-in program for PJM members
4. Integrated Clean Capacity Market: a co-optimization of regional resource adequacy needs and regional clean energy demand
5. Clean Capacity Credit Program: a product and purchase obligation to reward capacity resource for their clean attributes



Main Recommendations

- An Integrated Clean Capacity Market would result in significant cost savings and accelerate the clean energy transition; New Jersey should continue to advocate for its adoption at the regional level;
- While regional efforts remain uncertain, New Jersey should establish a regional voluntary clean energy market; and
- New Jersey should favor procurement of clean capacity over capacity from emitting resources.