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July 29, 2019

Bureau of Ocean Energy Management
Office of Renewable Energy Programs
45600 Woodland Road
Mailstop: VAM-OREP
Sterling, VA 20166

Re: *PJM Interconnection, L.L.C. Response to Bureau of Ocean Energy Management (BOEM) Proposed Grant Area and Request for Competitive Interest: Commercial Renewable Energy Transmission on the Outer Continental Shelf (OCS) Offshore New York and New Jersey (BOEM Notice)*
Docket No. BOEM-2018-0067-0001

Dear Sir/Madam:

PJM appreciates this opportunity to provide comments in response to the BOEM Proposed Grant Area and Request for Competitive Interest (“Public Notice”) in the captioned docket.¹ PJM offers these comments to provide background information for BOEM’s consideration regarding the interplay between PJM’s regional transmission planning and interconnection processes set forth in PJM’s tariffs and approved by the Federal Energy Regulatory Commission (FERC) with BOEM’s role in granting an OSC right of way (OSC ROW). To that end, these comments are responsive to the following two questions included in the BOEM Notice:

- Current and future need for a regional transmission system in the proposed area, including utility, available grid connections, economics, efficiency or other relevant metrics; and
- Conditions to make such a network compatible with offshore wind projects.

I. PJM RESPONSE

PJM recognizes the unique challenges of developing renewable energy resources offshore and potential benefits of developing an offshore transmission grid that may enable efficient and

¹ PJM requests that BOEM accept these late-submitted comments. These comments are intended to be educational in nature by providing important background information for BOEM’s consideration. No party will be prejudiced by the acceptance of these comments.

timely development of such resources. PJM cautions that a OCS ROW offshore New Jersey must be undertaken in a manner consistent with FERC's regulations and policies regarding open access and transparent planning and interconnection principles set forth in the PJM Open Access Transmission Tariff ("Tariff") and Amended and Restated Operation Agreement of PJM Interconnection, L.L.C. ("Operating Agreement").

A. *Review of PJM's Regional Transmission Expansion Planning ("RTEP") Process (including drivers for that process)*

In response to the current and future need for a regional transmission system in the proposed area, any current or future need for a regional transmission system is determined by PJM as the independent regional planner through analysis performed under PJM's regional transmission expansion planning ("RTEP") protocol ("RTEPP") set forth in Schedule 6 of the Operating Agreement ("Schedule 6"). The RTEP process evaluates current or future transmission system needs under one of the following drivers.

For reliability. Under Schedule 6, PJM is responsible for identifying reliability violations consistent with NERC Reliability Standards, ReliabilityFirst Corporation and SERC reliability principles and standards for planning the Bulk Electric System and individual PJM Transmission Owners' FERC filed planning criteria as reported in its FERC Form No. 715 and posted on the PJM website. Consistent with such criteria, PJM retains the authority to direct the construction of new transmission facilities to address identified reliability violations. The costs of such projects are allocated to the PJM zones benefiting from such projects consistent with the cost allocation methodologies set forth in the PJM Tariff, Schedule 12.²

For economic constraints. Under Schedule 6, section 1.5.7, PJM is responsible for evaluating whether any economic-based transmission projects would relieve an economic constraint using a benefit/cost ratio calculation upon set forth in Schedule 6.³ The costs of such projects are allocated to the PJM zones benefiting from such projects consistent with the cost allocation methodology set forth in the PJM Tariff, Schedule 12.⁴

For State Public Policy Requirements. Under Schedule 6, section 1.5.9, FERC has approved and the PJM states generally have supported a process by which a state governmental entity(ies), individually or jointly, voluntary agree to sponsor a public policy project they identify for inclusion in the RTEP, the costs of which will be recovered from customers in the state(s) proposing the project.

² PJM Tariff, Schedule 12, sections (b)(i) through (iv).

³ PJM Operating Agreement, Schedule 6, section 1.5.7.

⁴ PJM Tariff, Schedule 12, section (b)(v).

B. Review of PJM's Generation and Transmission Interconnection Process

A project requesting an OSC ROW to construct a transmission facility in the proposed area to interconnect generation facility(ies), such as offshore wind, to the PJM transmission system would be required to follow PJM's interconnection processes for generation or merchant transmission facilities.

PJM evaluates current and future transmission needs under its interconnection processes. PJM's interconnection process is set forth in Tariff, Part IV and VI.

For interconnection of generation and merchant transmission facilities. PJM's Tariff provides for the development of: (i) generation facilities interconnecting to the transmission system; (ii) transmission facilities that interconnect with or are added to the PJM transmission system but do not include any generator interconnection facilities;⁵ and (iii) merchant direct current ("D.C.") and/or controllable alternating current ("A.C.") transmission facilities that will interconnect with the PJM transmission system and another control area outside the PJM Region. The costs of such transmission facilities are paid for by the respective generation or merchant transmission developer.

While PJM's current interconnection process permits a merchant developer to submit a request to interconnect A.C. or D.C. transmission facilities to the PJM transmission system, currently the developer is required to identify the generation facilities to be interconnected to the transmission line. If a merchant developer wishes to interconnect the PJM transmission system with another control area outside the PJM Region, the merchant developer may do so provided the transmission facilities are direct current ("D.C.") and/or controllable alternating current ("A.C.") transmission facilities. This requirement that the developer identify the actual generation facilities to be interconnected to the proposed merchant transmission facilities enables PJM to meaningfully study the impact of the operation of the facility on the rest of the grid including impacts at the point of interconnection. As a result, to date, PJM's current tariffed interconnection process does not provide for a merchant transmission developer to submit an interconnection request to propose interconnecting non-controllable A.C. transmission facilities to the PJM transmission system without identifying the specific generation facilities to be interconnected to the transmission line.

Nevertheless, given the interest of some merchant developers to receive approval to interconnect (and receive valuable capacity interconnection rights) without having specific generation commitments in hand, PJM is currently engaged in a stakeholder process to review its existing tariff and interconnection processes to explore the feasibility of a process whereby a merchant developer can develop A.C. transmission facilities offshore for interconnection of future unidentified generation while still providing PJM with enough information to allow for meaningful analysis as to grid impacts from the potential generation that would utilize the proposed merchant facilities.

⁵ PJM Tariff, Part I, Definitions M – N.

PJM supports the New Jersey Board of Public Utility's call for a coordinated rather than serial process in analyzing the request before the BOEM. If the BOEM determines to move forward with a competitive OSC ROW grant issuance process, it is important that any OSC ROW is granted consistent with FERC's open access and transmission planning principles, as well as PJM's RTEPP and interconnection processes. This would ensure that the terms of any BOEM lease do not create a set of legal rights and obligations that are in conflict with those specified in the PJM Tariff for other interconnected projects. Finally, granting an OSC ROW should be conditioned on timely development by grantees. It is in BOEM's interest, as well as the interest of PJM and other potential project developers, to avoid one entity acquiring a lease but not timely proceeding with its proposed project. The PJM interconnection queue of projects (which is made up of both on-shore and off-shore projects) depends upon timely project development so that the grid analyses and model that gave rise to the grant of the interconnection rights in the first place continue to reflect the realities of infrastructure actually being developed. Any long term misalignment of the two adversely impacts both other developers, as well the electric infrastructure needs of states and the entire PJM Region.

II. CONCLUSION

These comments are offered by PJM to inform BOEM about our RTEP and interconnection processes that will have to be considered as part of any offshore wind development interconnecting to the PJM transmission system. PJM stands ready to serve as a resource to BOEM as its work on this matter continues.

Respectfully submitted,

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