



State Agreement Approach

Mark Sims

Manager, Infrastructure Coordination

December 1, 2020

Planning Committee

June	July	August	September	December
General SAA Discussion	General SAA Discussion and Cost Allocation	Cost Allocation and Interconnection Process Timing	Example of one state and two state implementation	Today's discussion

Nov. 18, 2020
NJBPU Offshore
Wind Order
<https://www.pjm.com/-/media/planning/services-requests/offshore-wind-transmission-order.ashx?la=en>



Agenda Date: 11/18/2020
Agenda Item: 8D

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF OFFSHORE WIND
TRANSMISSION

)
)
)
)

ORDER

DOCKET NO. QO20100630

Party of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

The public policy of the State of New Jersey, as set out by the legislature and Governor Murphy's 2019 Energy Master Plan ("EMP"), is to expand the transmission system to accommodate the buildout of 7,500 megawatts ("MW") of offshore wind by 2035. In furtherance of this public policy, the New Jersey Board of Public Utilities ("Board") formally requests that PJM Interconnection, LLC ("PJM") incorporate the State's offshore wind goals into the PJM transmission planning process, via the "State Agreement Approach" ("SAA") set forth in the PJM Operating Agreement.

This formal request on behalf of New Jersey consumers represents the first time that a PJM State has requested that PJM incorporate state public policies into its planning process. The Board takes this action to confirm the State's commitment to the development of offshore wind

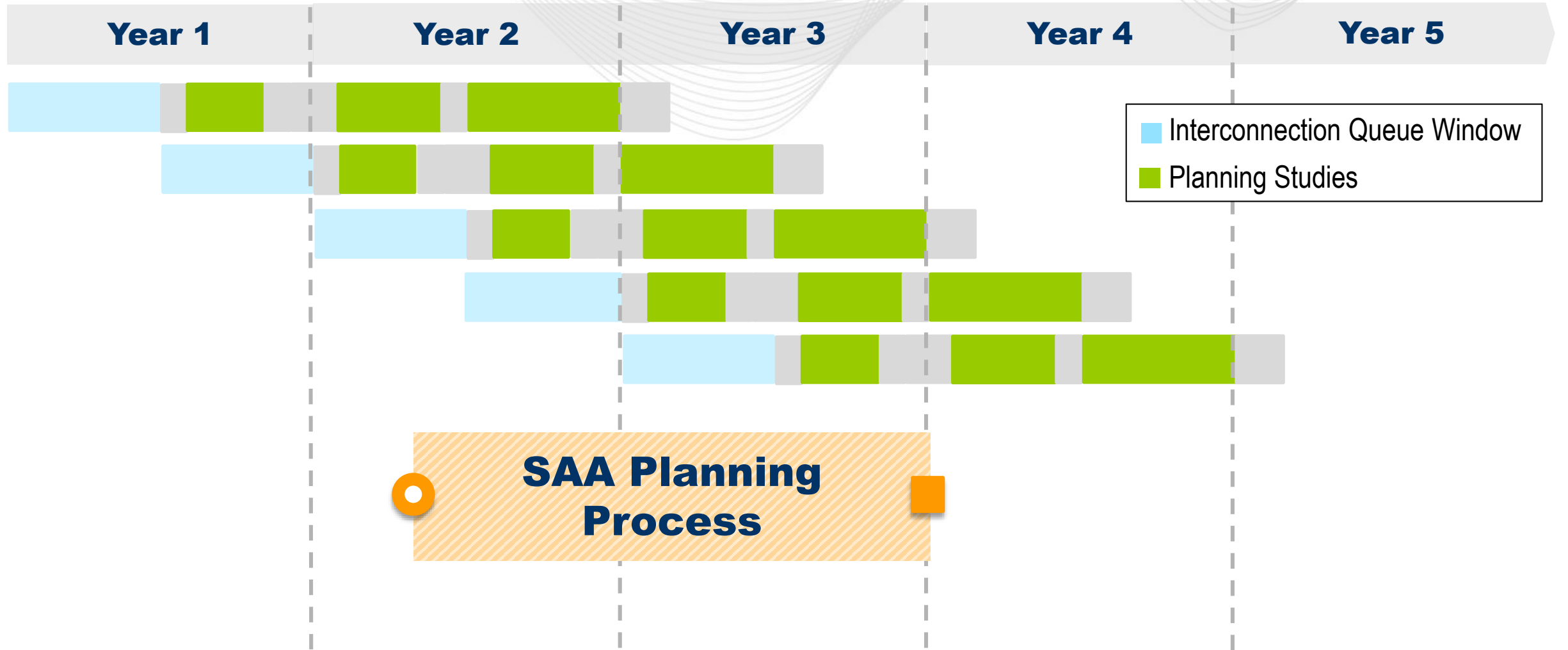
SAA and Public Policy for renewable generation integration

- Announcement of public policy requirement with specific injection details
- Simulation and identification of reliability violations
- Identification of any needed infrastructure buildout
 - Competitive proposal process
- Timing

Interconnection Queue

- Queue priority
- Feasibility study
- Impact study
- Facilities study
- Interconnection Service Agreement (ISA)
- Timing

Interaction of SAA and Interconnection Queue



Note: SAA planning process start, finish, and typical duration are for illustration purposes only

Next Steps



Presenter & SME:

Mark Sims, mark.sims@pjm.com

State Agreement Approach



Member Hotline

(610) 666 – 8980

(866) 400 – 8980

custsvc@pjm.com

Appendix

Operating Agreement – Schedule 6

- **1.5.9 State Agreement Approach.**

- (a) State governmental entities authorized by their respective states, individually or jointly, may agree voluntarily to be responsible for the allocation of all costs of a proposed transmission expansion or enhancement that addresses state Public Policy Requirements identified or accepted by the state(s) in the PJM Region. As determined by the authorized state governmental entities, such transmission enhancements or expansions may be included in the recommended plan, either as a (i) Supplemental Project or (ii) state public policy project, which is a transmission enhancement or expansion, the costs of which will be recovered pursuant to a FERC-accepted cost allocation proposed by agreement of one or more states and voluntarily agreed to by those state(s). All costs related to a state public policy project or Supplemental Project included in the Regional Transmission Expansion Plan to address state Public Policy Requirements pursuant to this Section shall be recovered from customers in a state(s) in the PJM Region that agrees to be responsible for the projects. No such costs shall be recovered from customers in a state that did not agree to be responsible for such cost allocation. A state public policy project will be included in the Regional Transmission Expansion Plan for cost allocation purposes only if there is an associated FERC-accepted allocation permitting recovery of the costs of the state public policy project consistent with this Section.
- (b) Subject to any designation reserved for Transmission Owners in the Operating Agreement, Schedule 6, section 1.5.8(l), the state(s) responsible for cost allocation for a Supplemental Project or a state public policy project in accordance with the Operating Agreement, Schedule 6, section 1.5.9(a) may submit to the Office of the Interconnection the entity(ies) to construct, own, operate and maintain the state public policy project from a list of entities supplied by the Office of the Interconnection that pre-qualified to be Designated Entities pursuant to the Operating Agreement, Schedule 6, section 1.5.8(a).

Operating Agreement – Schedule 6

- **1.5.9 State Agreement Approach.**

- (d) Posting and Review of Projects. Following the close of a proposal window, the Office of the Interconnection shall post on the PJM website all proposals submitted pursuant to the Operating Agreement, Schedule 6, section 1.5.8(c). All proposals addressing state Public Policy Requirements shall be provided to the applicable states in the PJM Region for review and consideration as a Supplemental Project or a state public policy project consistent with the Operating Agreement, Schedule 6, section 1.5.9. The Office of the Interconnection shall review all proposals submitted during a proposal window and determine and present to the Transmission Expansion Advisory Committee the proposals that merit further consideration for inclusion in the recommended plan. In making this determination, the Office of the Interconnection shall consider the criteria set forth in the Operating Agreement, Schedule 6, sections 1.5.8(e) and 1.5.8(f). The Office of the Interconnection shall post on the PJM website and present to the Transmission Expansion Advisory Committee for review and comment descriptions of the proposed enhancements and expansions, including any proposed Supplemental Projects or state public policy projects identified by a state(s). Based on review and comment by the Transmission Expansion Advisory Committee, the Office of the Interconnection may, if necessary conduct further study and evaluation. The Office of the Interconnection shall post on the PJM website and present to the Transmission Expansion Advisory Committee the revised enhancements and expansions for review and comment. After consultation with the Transmission Expansion Advisory Committee, the Office of the Interconnection shall determine the more efficient or cost-effective transmission enhancements and expansions for inclusion in the recommended plan consistent with this Operating Agreement, Schedule 6.

Tariff - SCHEDULE 12

Transmission Enhancement Charges

(a) Establishment of Transmission Enhancement Charges.

(i) Establishment of Transmission Enhancement Charges by Transmission Owners and Entities That Will Become Transmission Owners.

- One or more of the Transmission Owners may be designated to construct and own and/or finance Required Transmission Enhancements by (1) the Regional Transmission Expansion Plan periodically developed pursuant to Operating Agreement, Schedule 6 or (2) any joint planning or coordination agreement between PJM and another region or transmission planning authority set forth in Tariff, Schedule 12-Appendix B (“Appendix B Agreement”) (collectively, for purposes of this Schedule 12 only, “Regional Transmission Expansion Plan”). Operating Agreement, Schedule 6, section 1.7 recognizes that Transmission Owners, subject to obtaining any necessary regulatory approvals, may seek to recover the costs of Required Transmission Enhancements and obligates PJM Settlement to collect on behalf of Transmission Owner(s) any charges established by Transmission Owners to recover the costs of Required Transmission Enhancements. If a Transmission Owner is designated by the Regional Transmission Expansion Plan to construct and own and/or finance a Required Transmission Enhancement, such Transmission Owner may choose any of the following cost recovery mechanisms, subject to the crediting procedures set forth in section (e)...