



New Jersey Board of Public Utilities Special Session TEAC 9.16.24

FERC Order No. 1920

Board of Public Utilities Staff
September 2024

Requested Feedback from Stakeholders

- ◆ Scenario Development: Discounting of Factors
- ◆ Benefits Metrics: Additional Benefits to Consider
- ◆ Use of Multiple Scenarios: Beyond the 3 Required by FERC
- ◆ Alternative Transmission Technologies: Storage/GETs Consideration in Scenarios and Selection Criteria
- ◆ Project Selection Criteria: Automatic Selection and Additional Criteria

Long Term Planning Cycle

- ◆ PJM was considering a 3-year planning cycle in its Long Term Regional Transmission Planning process
- ◆ In Order No. 1920, FERC required that the Long Term Planning process be conducted on a 5-year planning cycle, at minimum.
- ◆ NJBPU Staff is supportive of PJM conducting the Long Term Plan more frequently (i.e. every 3 years).

Categories of Factors Required (7) by FERC Order 1920

- 1) Laws and Regulations That Affect the Future Resource Mix and Demand
- 2) Laws and Regulations on Decarbonization and Electrification
- 3) State-Approved Utility Integrated Resource Plans and Expected Supply Obligations for Load-Serving Entities
- 4) Trends in Technology and Fuel Costs
- 5) Resource Retirements
- 6) Generator Interconnection Requests and Withdrawals
- 7) Utility and Corporate Commitments and Local Policy Goals

Minimum Factors to Consider in Scenario Development

- ◆ FERC required that 7 categories of factors be considered in developing the long-term scenarios.
- ◆ Under FERC Order No. 1920, PJM can discount factors in categories 4-7 as deemed reasonable and appropriate.
- ◆ NJBPU Staff does not support PJM having the ability to fully discount (100%) any of the factors within the 7 categories required by FERC in any of the developed scenarios.
 - ◆ This is contrary to the goals of Order No. 1920, as this allows the long-term planning process to ignore some of the required factors.

Benefits Required (7) by FERC Order 1920

- 1) Avoided or Deferred Facilities and/or Aging Infrastructure Replacement
- 2) Reduced Loss of Load Probability OR Reduced Planning Reserve Margin
- 3) Production Cost Savings
- 4) Reduced Transmission Energy Losses
- 5) Reduced Congestion Due to Transmission Outages
- 6) Mitigation of Extreme Weather Events
- 7) Capacity Cost Benefits

NJBPU Supports Consideration of Additional Benefits

- ◆ **New Jersey State Agreement Approach:** NJBPU created additional metrics to reflect that projects are supporting State's Public Policy goals
- ◆ In addition to standard transmission project benefits, NJBPU also considered:
 - ◆ Future expansion “Capability”: adding features that would easily allow for expansion of the grid/facility in the future without voiding investments made today
 - ◆ Point of Interconnection Utilization: optimization of POIs
 - ◆ Cost Recovery Profile: transparency about where the risk lies, i.e. incentives to be requested at FERC
 - ◆ Schedule Compatibility: Delivery Date Schedule, Schedule Commitments, Project-on-Project Coordination (portfolio solution)
 - ◆ Environmental Impacts: Environmental Siting Impact and Permitting, Number of Corridors and Community Impact
- ◆ NJBPU Staff supports considering some or all of these previously used public policy benefits for Long Term Planning.

NJBPU Supports the Use of Additional Scenarios in Long Term Planning

- ◆ In its Request for Clarification, OPSI requested that FERC clarify that there is flexibility in the development of scenarios. Specifically, OPSI requested:
 - ◆ States should be allowed to request additional scenarios or sensitivities (i.e. a base case or analysis of continued “status quo” that may help facilitate cost allocation discussions for projects that may be driven by public policy).
- ◆ NJBPU Staff supports the use of additional scenarios or sensitivities, especially those requested by the states to facilitate cost allocation discussions.
 - ◆ States should be able to formally request an additional scenario or sensitivity through the Relevant State Entities Committee, to be set up by OPSI.
 - ◆ Additional modeling will help instill confidence in investments for the long term, better identification of the “least regrets” solutions.

Alternative Transmission Technologies

- ◆ NJBPU Staff supports the use of Storage as a Transmission Asset and Grid Enhancing Technologies (GETs: dynamic line ratings, advanced power flow, advanced conductors, transmission switching) in all of PJM's transmission planning processes.
- ◆ Storage as a Transmission Asset in Long Term Planning:
 - ◆ Scenario Development: NJBPU Staff supports PJM holding the ability to run a scenario or a sensitivity on the scenarios that allows storage to be an assumed transmission solution.
 - ◆ i.e. in a scenario with an assumed high level of retirements, PJM may run a sensitivity that assumes X% of retiring units' MW are replaced by battery storage capability.
 - ◆ Selection Criteria: NJBPU Staff supports the ability for PJM to signal to developers that use of storage as a transmission asset will have priority in the selection process.
 - ◆ Additional value from: meeting states public policy goals, potentially cheaper solutions, potential benefit of timing, dual benefits (transmission asset and reliability/supply asset).
- ◆ Grid Enhancing Technologies in Long Term Planning:
 - ◆ Scenario Development: NJBPU Staff supports use of GETs in the modeling phase of all regional transmission planning, as widespread deployment may be able to avoid more costly transmission.
 - ◆ Selection Criteria: NJBPU Staff supports including use of GETs as an additional benefit in the selection criteria, to help incent deployment of these technologies.

Project Selection Criteria

- ◆ NJBPU Staff supports the implementation of an automatic selection of projects that meet a certain benefit/cost threshold.
 - ◆ FERC does not require that projects actually get selected and built. If PJM and stakeholders are to invest this many resources into a Long-Term Planning Process, and developers are to spend time and resources developing solutions, there should be some level of certainty in the selection criteria process.
 - ◆ i.e. projects that have a benefit/cost threshold above 1.0 are automatically selected and built.
- ◆ States in the decision-making process:
 - ◆ States should have a defined role in the selection process during each LTRTP cycle, if there is consensus among states to support a project, this should be considered as a “benefit”.
- ◆ Potential additional Selection Criteria to consider:
 - ◆ Use of existing Rights of Way: use of existing ROW will minimize community impact and add more certainty in the planning process by avoiding new siting and permitting processes.
 - ◆ Accomplishment of State Public Policy Goals: whether or not a project that is planned for state public policy goals allows the transmission to support the public policy goal on time.
 - ◆ i.e. NJ SAA required that transmission projects have an in-service date that supported the, at the time, public policy goal of 7,500 MW of OSW online by 2035.

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