PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403

Pauline Foley
Associate General Counsel
T: (610) 666-8248 | F: (610) 666-8211
pauline.foley@pjm.com

January 27, 2022

The Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, D.C. 20426-0001

Re: *PJM Interconnection, L.L.C., Docket No. ER22-902-000*
New Jersey State Agreement Approach Agreement
Rate Schedule FERC No. 49

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act ("FPA"),[1] Part 35 of the rules and regulations of the Federal Energy Regulatory Commission ("Commission" or "FERC"),[2] and Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. ("Operating Agreement"), Schedule 6, section 1.5.9 (the "State Agreement Approach" or "SAA" process), PJM Interconnection, L.L.C. ("PJM") submits for filing an executed State Agreement Approach Agreement between PJM and the New Jersey Board of Public Utilities ("NJ BPU" or "New Jersey") (collectively, the "Parties"), designated as Rate Schedule FERC No. 49 (the "SAA Agreement" or "Agreement").[3]

As discussed herein, the State Agreement Approach provides a formal mechanism by which PJM's regional transmission expansion planning ("RTEP")[4] process, can respond to a

[1] 16 U.S.C. § 824d.

[2] 18 C.F.R. Part 35 (2021).

[3] The executed SAA Agreement is attached to this Transmittal Letter as Attachment A.

[4] Capitalized terms used in this filing that are not otherwise defined will have the meaning provided under the PJM Open Access Transmission Tariff ("Tariff"), the Operating Agreement or Reliability Assurance Agreement (collectively, the "Governing Documents").

request from one or more states that PJM develop transmission facilities that would assist them in implementing their public policy goals.[5] On November 18, 2020, New Jersey became the first state to seek to implement the State Agreement Approach when the NJ BPU publicly released an order[6] formally requesting that PJM assist in effectuating New Jersey's public policy needs by opening a competitive proposal window to solicit project proposals that improve and/or expand the PJM Transmission System and that identify system improvements to interconnect and provide for the deliverability of 7,500 megawatts ("MW") of offshore wind generation by 2035 (the "SAA Request").[7]

The SAA Agreement represents the next step in the SAA process between PJM and the NJ BPU. Specifically, the SAA Agreement sets forth the process that will govern the timely review and selection of specific transmission projects, which may be onshore and/or offshore facilities, to effectuate New Jersey's public policy goals, including: (i) the solicitation of transmission proposals to address system improvements and to assist new offshore facilities in an effort to facilitate the SAA Request; (ii) PJM's evaluation and development of recommendations regarding the project proposals that applicants submitted for consideration by the NJ BPU and/or its staff in deciding whether to sponsor one or more projects (each sponsored project a "SAA Project") that address New Jersey's public policy goals as set forth in the SAA Request; (iii) the treatment of

[5] PJM Operating Agreement, Schedule 6, section 1.5.9.

[6] *In the Matter of Offshore Wind Transmission*, Order, NJ BPU Docket No. QO20100630, at 7 (Nov. 18, 2020) ("NJ BPU Order").

[7] On December 18, 2020, PJM submitted an executed State Agreement Approach Study Agreement between the NJ BPU and PJM ("SAA Study Agreement"). *PJM Interconnection, L.L.C.*, New Jersey State Agreement Approach Study Agreement, SA No. 5890, Docket No. ER21-689-000 (Dec. 18, 2020) ("December 2020 Filing"). The SAA Study Agreement was accepted by the Commission, effective November 18, 2020. *PJM Interconnection, L.L.C.*, 174 FERC ¶ 61,090 (2021). The SAA Study Agreement provides for coordination between PJM and the State of New Jersey to ensure that the PJM Transmission System can accommodate New Jersey's public policy goal of procuring 7,500 MW of offshore wind generation by 2035.

offshore wind generators selected by the NJ BPU pursuant to its ongoing solicitation process[8] to acquire 7,500 MW of offshore wind generation by 2035 (each such selected generator an "OSW Generator"); and (iv) the relationship between OSW Generators and a SAA Project(s) in effectuating New Jersey's public policy goals.[9]

For the reasons stated herein, the Parties believe the SAA Agreement represents an innovative and significant step forward in meeting New Jersey's public policy goal of procuring and developing offshore wind generation. Accordingly, PJM respectfully requests that the Commission issue an order **no later than April 15, 2022**, accepting the SAA Agreement for filing with an effective date of April 15, 2022 (which is more than 60 days from the date of this filing).[10]

I. ORGANIZATION OF THIS FILING LETTER

This transmittal letter includes the following in support of the justness and reasonableness of the SAA Agreement:

- A section providing a background of: (i) PJM's SAA process; (ii) the State of New Jersey's public policy objectives related to offshore wind and its request to use the State Agreement Approach; and (iii) New Jersey's offshore wind solicitation process; and

- A section describing the SAA Agreement, including: (i) the scope of the Agreement and (ii) a summary of the justness and reasonableness of the SAA Agreement's provisions, as well as a demonstration that such provisions are just and reasonable.

[8] *See* Section II.B.3, *infra*.

[9] This transmittal letter further describes specific instances where additional future filings would be made with the Commission once an SAA Project is awarded to a designated entity.

[10] *See* SAA Agreement, Paragraph 8.0.

II. BACKGROUND

A. The Origin of the SAA Process

In Order No. 1000,[11] the Commission directed transmission providers to "describe procedures that provide for the consideration of transmission needs driven by Public Policy Requirements in the … regional transmission planning processes."[12] Although the Commission encouraged transmission providers to submit proposals establishing a formal role for state commissions in the planning process,[13] the Commission left it to the states and the transmission providers to develop a "formal method for how states will participate in the process."[14]

In PJM's initial Order No. 1000 compliance filing,[15] PJM included the SAA planning mechanism (although the SAA process was not needed for compliance with Order No. 1000)[16] to provide a supplemental process for PJM to consider state public policies in its regional planning process. The SAA process was developed through the collaborative efforts of PJM, PJM stakeholders, and the Organization of PJM States, Inc. ("OPSI"). In supporting the SAA process, "a vast majority of [OPSI] members set aside policy differences between their states to determine a reasonable framework and criteria for pursuing public policy transmission projects in the PJM

---

[11] *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S. C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014) ("Order No. 1000").

[12] Order No. 1000 at P 203.

[13] *Id*. at P 209, n.189.

[14] Order No. 1000-A at P 290.

[15] *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Docket No. ER13-198-000, Compliance Filing of PJM Interconnection, L.L.C. (Oct. 25, 2012) ("October 2012 Compliance Filing").

[16] *See* October 2012 Compliance Filing at 45-48. In the October 2012 Compliance Filing, PJM made clear that the SAA process was not submitted to comply with Order No. 1000. *Id*. at 48. In accepting the SAA process, the Commission agreed with PJM that the State Agreement Approach "is supplemental to PJM's proposal to consider transmission needs driven by public policy requirements, and not needed for compliance with Order No. 1000." *See PJM Interconnection, L.L.C.*, 142 FERC ¶ 61,214, at P 109 (2013).

region."[17] As OPSI explained in its comments supporting the SAA proposal, the intent behind the SAA process was to "leave it to each individual state to determine, under its own applicable laws, the appropriate state entity to pursue any such projects,"[18] and to recognize the "reality that states, which possess transmission siting jurisdiction, are in the best position to determine the viability of siting such non-traditional projects."[19]

As approved by the Commission, PJM's existing State Agreement Approach[20] is a means by which a state (or states) can include its public policy requirements in PJM's transmission planning parameters and voluntarily agree to develop the necessary transmission under PJM's RTEP development process to achieve these state public policy goals, regardless of whether the state-sponsored project is needed to address PJM's required planning criteria specific to reliability, operational performance or market efficiency.[21]

---

[17] *PJM Interconnection, L.L.C.*, Docket No. ER13-198-000, Motion to Intervene and Comments of the Organization of PJM States, Inc., at 1 (Dec. 10, 2012) ("OPSI Compliance Filing Comments"). The SAA process was supported by individual PJM states. For instance, the Delaware Public Service Commission stated that the approach represented an "important and some would argue, the most important) culmination of the process states will utilize to identify and evaluate, review and consider, and, ultimately, approve for payment those transmission projects satisfying transmission needs driven by public policy requirements." *PJM Interconnection, L.L.C.*, Comments of the Delaware Public Service Commission, Docket No. ER13-198-000, at 4 (Dec. 10, 2012); The New Jersey Board of Public Utilities viewed the SAA as the "cornerstone of [PJM's] Compliance Filing" that "correctly balances the desire to develop transmission assets to meet public policy goals with the need of states like New Jersey to ensure their elected officials retain ownership over associated costs." *PJM Interconnection, L.L.C.*, Motion to Intervene and Comments of the New Jersey Board of Public Utilities, Docket No. ER13-198-000, at 2-4 (Dec. 12, 2012); The Public Utilities Commission of Ohio urged the Commission to approve the SAA process. *PJM Interconnection, L.L.C.*, Comments Submitted on Behalf of the Public Utilities Commission of Ohio, Docket No. ER13-198-000, at 7 (Dec. 10, 2012); The Illinois Commerce Commission found that the SAA process is a method by which projects that states determine are necessary to develop in order to achieve a state's public policy requirements are included in PJM's RTEP. *PJM Interconnection, L.L.C.*, Notice of Intervention and Comments of the Illinois Commerce Commission, Docket No. ER13-198-000, at 5 (Dec. 10, 2012).

[18] OPSI Compliance Filing Comments at 7.

[19] *Id*. at 8.

[20] *See* PJM Operating Agreement, Schedule 6, section 1.5.9.

[21] October 2012 Compliance Filing at 48.

As such, the SAA process was designed to allow a state governmental entity (or group of state governmental entities), authorized by their respective state(s), to submit a project that addresses public policy goals identified by such state(s).[22] That said, the SAA mechanism is not a rigidly defined process in the PJM Operating Agreement. Rather, the SAA process is intended to provide the flexibility needed to accommodate the breadth of policies that a state might wish to pursue and to allow that state to select the transmission solution(s) that best addresses its public policy goals.

Additionally, under the SAA process, the costs of transmission facilities that a state voluntarily sponsors are recovered only from the customers in the sponsoring state(s).[23] When one or more states voluntarily select a transmission project to sponsor, they agree that the costs of such a project will be allocated only to the zones or sub-zones within such state(s).[24] That is, the participating state(s) agrees that the costs related to the transmission project will be allocated 100 percent to customers in that state(s) through a Commission-approved cost allocation methodology.[25]

B. New Jersey's Offshore Wind Public Policy and Request to Use the State Agreement Approach

1. The State of New Jersey's Public Policy Objectives Related to Offshore Wind Generation and Transmission

New Jersey's ambitious offshore wind goals were set forth in Governor Philip D. Murphy's Executive Order No. 8, which directs the NJ BPU to take "all necessary actions . . . to promote and realize the development of wind energy off the coast of New Jersey to meet a goal of

[22] *See* PJM Operating Agreement, Schedule 6, section 1.5.9.

[23] October 2012 Compliance Filing at 47.

[24] *Id*.

[25] PJM Operating Agreement, Schedule 6, section 1.5.9.

3,500 [MW] of offshore wind energy generation by the year 2030."[26] In November 2019, Governor Murphy signed Executive Order No. 92, which increased the State's offshore wind generation goal to 7,500 MW by 2035.[27] In 2019, the New Jersey Legislature enshrined the concept of an "open access offshore wind transmission facility" into state law as meaning "an open access transmission facility, located either in the Atlantic Ocean or onshore, used to facilitate the collection of offshore wind energy or its delivery to the electric transmission system in this State."[28]

Subsequently, in January 2020, Governor Murphy unveiled the state's Energy Master Plan,[29] setting forth the state's public policy to expand the transmission system to accommodate this buildout of 7,500 MW of offshore wind generation by 2035. The Energy Master Plan explains how "planned transmission to accommodate the state's offshore wind goals provides the opportunity to decrease ratepayer costs and optimize the delivery of offshore wind generation into the state's transmission system."[30] The Energy Master Plan further states that "[c]oordinating transmission from multiple projects may lead to considerable ratepayer savings, better environmental outcomes, better grid stability, and may significantly reduce permitting risk."[31] The Energy Master Plan directs the NJ BPU to "endeavor to collaborate with PJM to ensure that

[26] N.J. Executive Order No. 8, at P 1 (Jan. 31, 2018), https://nj.gov/infobank/eo/056murphy/pdf/EO-8.pdf. The Clean Energy Act of 2018sets the goal of "at least" 3,500 MW of generation from Offshore Wind Projects. Clean Energy Act of 2018, P.L. 2018, C. 17 (May 23, 2018); N.J. Stat. Ann. § 48:3-87 (West 2018),

[27] N.J. Executive Order No. 92, at P 2 (2019), https://nj.gov/infobank/eo/056murphy/pdf/EO-92.pdf.

[28] Electric Discount and Energy Competition Act, P.L. 2019, c. 440 (Jan. 21, 2020); N.J. Stat. Ann. § 48:3-87.1(e) (West 2020); *see also* N.J. Stat. Ann. § 48:3-51 (West 2020).

[29] State of New Jersey, 2019 Energy Master Plan, Pathway to 2050 (2019), https://nj.gov/emp/docs/pdf/2020_NJBPU_EMP.pdf ("Energy Master Plan").

[30] Energy Master Plan, Goal 2.2.1, at 117.

[31] *Id*.

transmission planning and interconnection rules accommodate [offshore wind] resources."[32] Also included in the Energy Master Plan is the recognition that the NJ BPU must exercise its regulatory authority to "actively engage in transmission planning."[33]

The same week that Governor Murphy issued the Energy Master Plan, he also signed legislation authorizing the NJ BPU to conduct one or more competitive solicitations for open access offshore wind transmission facilities.[34] The NJ BPU thereafter approved, in September 2020, the final New Jersey Offshore Wind Strategic Plan ("Strategic Plan"), the State's comprehensive roadmap for achieving 7,500 MW of offshore wind energy by 2035.[35] The Strategic Plan identifies that "[i]nvestments in planning and infrastructure are necessary to build the transmission infrastructure and regional markets needed for offshore wind energy to support a clean energy future."[36] Specifically, the Strategic Plan recommends that meeting New Jersey's 7,500 MW goal of offshore wind generation requires "[c]ollaborat[ing] with PJM, as set forth in the New Jersey Energy Master Plan, to assure transmission infrastructure accommodates renewable energy such as offshore wind."[37] The Strategic Plan also recommends "[w]ork[ing] with PJM and local utilities to develop a grid transmission study to integrate 7,500 MW of offshore wind energy by 2035."[38]

---

[32] *Id*.

[33] Energy Master Plan, Goal 5.2.1, at 182.

[34] Electric Discount and Energy Competition Act, P.L. 2019, c. 440 (Jan. 21, 2020); N.J. Stat. Ann. § 48:3-87.1(e) (West 2020).

[35] New Jersey Offshore Wind Strategic Plan (Sept. 9, 2020), https://www.nj.gov/bpu/pdf/Final_NJ_OWSP_9-9-20.pdf ("Strategic Plan").

[36] Strategic Plan at 77.

[37] *Id*. at 78.

[38] *Id*.

2. New Jersey's Request to Use the State Agreement Approach Process

In order to identify transmission proposals which would achieve the public policy goals described above, in November 2020, the NJ BPU issued an order "formally designat[ing] a coordinated open access offshore wind transmission solution as a public policy of the State of New Jersey."[39] The NJ BPU further directed its Staff to work with PJM through the SAA process to initiate "a first-of-its-kind public competitive solicitation process to examine whether an integrated suite of transmission upgrades, both on-shore and potentially off-shore, and through one or multiple solicitations, could result in a more efficient and cost-effective means of meeting the State's offshore wind goals and decreasing the chance of delays."[40]

To further the directives of the NJ BPU Order and to implement the SAA process under the PJM Tariff and Operating Agreement, PJM and the NJ BPU entered into the SAA Study Agreement, which was accepted by the Commission on February 16, 2021 (effective November 18, 2020).[41] The SAA Study Agreement was described as a "first step toward identifying a transmission project tailored to New Jersey's public policy goals."[42]

The SAA Study Agreement specified that, consistent with the NJ BPU's request, PJM would use its existing competitive solicitation process set forth in the Operating Agreement, Schedule 6, section 1.5.8(c), to convene a competitive proposal window to solicit transmission solutions to interconnect and provide for the deliverability of up to 7,500 MW of offshore wind

[39] *In the Matter of Offshore Wind Transmission*, Order, NJ BPU Docket No. QO20100630, at 7 (Nov. 18, 2020) ("NJ BPU Order").

[40] NJ BPU Order at 8.

[41] *See supra*, n.7.

[42] December 2020 Filing at 4.

generation by 2035.[43] The SAA Study Agreement detailed that upon the close of the proposal window, PJM would evaluate the project proposals submitted and recommend to New Jersey the more efficient or cost-effective solution(s) for its consideration. The SAA Study Agreement also provided notice to stakeholders that as of November 18, 2020, the SAA Request would be included in the 2020-2021 RTEP cycle and used as inputs in the development of the RTEP and generation interconnection studies.[44]

Consistent with the provisions of the SAA Study Agreement, PJM opened the "2021 Proposal Window to Support NJ OSW" on April 15, 2021 ("SAA Proposal Window"),[45] to solicit project proposals that identify system improvements and new offshore wind transmission facilities to interconnect to the PJM Transmission System to provide for the interconnection and deliverability of 7,500 MW of offshore wind generation off the coast of New Jersey by 2035.[46]

The SAA Proposal Window closed on September 17, 2021. PJM is in the process of analyzing and reviewing the project proposals pursuant to Operating Agreement, Schedule 6, section 1.5.8(d). PJM is conducting its review together with the NJ BPU Staff.[47]

Once proposals from transmission developers have been evaluated through the PJM planning process, and following consultation with PJM, the State of New Jersey (through the NJ BPU) has the option to select one or more of the proposed projects. The NJ BPU has explained

---

[43] *Id*. at 5.

[44] *Id*. at 3 & 7.

[45] *See* https://pjm.com/planning.

[46] At the request of the NJ BPU, PJM agreed to convene a competitive proposal window using its existing RTEP processes as set forth in Operating Agreement, Schedule 6, section 1.5.8. *See* October 25 Filing at 46 (clarifying that "[w]hile a proposed project, or class of projects, submitted *via* the State Agreement Approach may originate from a proposal submitted in a proposal window, it is not a requirement for consideration in the RTEP process.").

[47] PJM's RTEP process allows transmission developers to include legally binding cost caps with their project proposals, which PJM and NJ BPU Staff will evaluate in recommending efficient or cost-effective solutions to the NJ BPU for further consideration. *See* PJM Operating Agreement, Schedule 6, section 1.5.9(e).

that once it receives PJM's initial review, it will conduct a competitive bid evaluation process to select which, if any, of the proposed projects is the more efficient or cost effective solution to meet its public policy goals.[48] The NJ BPU's competitive bid evaluation process will review price, risk, environmental and other factors. If the NJ BPU selects a SAA Project(s), New Jersey ratepayers will be assigned the costs of such project(s) pursuant to a Commission-accepted cost allocation that is agreed to by the NJ BPU.[49]

As required by the SAA Study Agreement, PJM has been working with the NJ BPU to develop the SAA Agreement included with this filing.[50]

3. New Jersey's Offshore Wind Generator Solicitation Process

Transmission is just one piece of the State Agreement Approach puzzle. An integral component of effectuating a state's public policy goals is the acquisition of generation resources to satisfy that public policy. Here, the State of New Jersey has a formal state public policy to expand the Transmission System to accommodate the buildout of 7,500 MW of offshore wind generation. To effectuate this public policy goal, therefore, New Jersey needs not only to assure that PJM has sufficient transmission infrastructure to accommodate offshore wind renewable energy, but also needs to procure 7,500 MW of offshore wind generation.

---

[48] 2021 State Agreement Approach Process Guidance Document (Sept. 24, 2021), https://www.nj.gov/bpu/pdf/ofrp/SAA%20Process%20Overview.pdf.

[49] *See* Section III.B.5.b, *infra*. *See also* SAA Agreement at Paragraph 5.4.

[50] December 2020 Filing at 6. *See also* Section II.C, *infra*. As described in greater detail below, the SAA Agreement sets forth terms and conditions associated with the NJ BPU's SAA Request, as well as the process by which PJM will evaluate and develop recommendations from the project proposals submitted by proposers for consideration by the NJ BPU and/or its staff in deciding whether to sponsor one or more SAA Projects that address the State of New Jersey's stated public policy. Should the NJ BPU choose to sponsor a SAA Project(s), the project-specific information for the SAA Project(s) will be included in a subsequent filing. *See* SAA Agreement, Paragraph 3. The Parties intend, however, that the terms of the SAA Agreement will not otherwise be modified, except as permitted by the Agreement.

To that end, in February 2020, Governor Murphy announced a proposed offshore wind solicitation schedule that, when completed, would enable New Jersey to meet its goal of acquiring 7,500 MW of offshore wind generation capability.[51] The NJ BPU's current offshore wind solicitation schedule is set forth in Table 1 below ("Solicitation Schedule").[52]

Table 1. NJ BPU Offshore Wind Solicitation Schedule

Solicitation	Capability Target (MW)	Capability Awarded (MW)	Issue Date	Submittal Date	Solicitation Award Date	Estimated Commercial Operation Date
1	1,100	1,100	Q3 2018	Q4 2018	Q2 2019	2024-25
2	1,200	2,658	Q3 2020	Q4 2020	Q2 2021	2027-29
3	1,200	N/A	Q3 2022	Q4 2022	Q2 2023	2030
4	1,200	N/A	Q2 2024	Q3 2024	Q1 2025	2031
5	1,342	N/A	Q2 2026	Q3 2026	Q1 2027	2033

The NJ BPU has already conducted two offshore wind solicitations and has awarded over 3,700 MW of offshore wind generation,[53] moving New Jersey closer to the State's goal of 7,500 MW of offshore wind generation by 2035.

The NJ BPU has and will continue to conduct these offshore wind generation solicitations in a fully transparent and competitive manner. First, the NJ BPU develops and issues a Solicitation

[51] *See* https://www.njcleanenergy.com/renewable-energy/programs/nj-offshore-wind/solicitations.

[52] *See also* SAA Agreement, Appendix A.

[53] On June 19, 2019, the NJ BPU announced the winner of New Jersey's first offshore wind solicitation to be Ørsted's Ocean Wind 1,100 MW project. On June 30, 2021 the NJ BPU announced the winners of the second offshore wind solicitation and awarded a combined 2,658 MW of offshore wind capacity to EDF/Shell's Atlantic Shores Offshore Wind and Ørsted's Ocean Wind II. The SAA Agreement contemplates that, upon reasonable prior notice to PJM, the NJ BPU may assign a portion of the SAA Capability (as defined in the SAA Agreement) created by a SAA Project(s) to an OSW Generator selected by NJ BPU under Solicitation 2. *See* SAA Agreement, Appendix A.

Guidance Document[54] for each solicitation window. The Solicitation Guidance Document lays out a robust, competitive process, and includes the competitive scoring criteria that the NJ BPU uses to evaluate applications. Second, an independent evaluation team, comprised of employees from the NJ BPU (and other New Jersey agencies) reviews each proposal, issues formal questions for the record, and scores each proposal based on a host of defined evaluation criteria. Prior to the closing of the generation solicitation window, applications are received through a secure web portal. Finally, the NJ BPU awards Offshore Wind Renewable Energy Certificates to approved projects at an open, public meeting, with documentation issued in the form of a formal, written Board Order.[55]

In the first two generation solicitations under the Solicitation Schedule, the NJ BPU required, among other things, that each generation developer include in its generation proposal the transmission facilities necessary to interconnect its proposed generation project to the PJM Transmission System. Based on those two solicitations, the NJ BPU determined that using the SAA process to build offshore wind transmission for the injection of 7,500 MW of offshore wind generation might be more efficient or cost effective, avoid delays and mitigate development risk for generator developers. As a result, NJ BPU recommended incorporating into future offshore wind solicitations coordinated transmission solutions using the SAA process.[56] Thus, the SAA Agreement provides for a process by which OSW Generators selected by the NJ BPU pursuant to

[54] *See* New Jersey Offshore Wind Solicitation # 2: Solicitation Guidance Document (Sept. 10, 2020), https://njoffshorewind.com/solicitation-documents/Final-Solicitation-Guidance-Document-with-attachments.pdf.

[55] A recording of the public meeting and the Board Orders for approved projects for the second solicitation can be found at https://www.state.nj.us/bpu/agenda/2021calendar/approved/20210630.html.

[56] NJ BPU Order at 7.

the Solicitation Schedule will be permitted to have access to the transmission capability created by any SAA Projects the NJ BPU elects to sponsor.[57]

III. DESCRIPTION OF THE SAA AGREEMENT

A. Scope of the SAA Agreement

The SAA Agreement memorializes the Parties' understanding of the terms and conditions associated with the NJ BPU's request to implement PJM's SAA process. Commission acceptance of the terms and conditions contained in the SAA Agreement is essential to aid New Jersey as it decides whether it will voluntarily sponsor a SAA Project(s) and thereby commit New Jersey customers to pay 100 percent of the costs associated with such SAA Project(s). In order to allow the NJ BPU to proceed forward with the selection of a SAA Project(s), PJM therefore seeks Commission approval of the SAA Agreement. In particular, PJM seeks Commission acceptance of:

- the limited reservation of transmission capability ("SAA Capability") created by a SAA Project(s) for assignment to OSW Generators[58] through New Jersey's solicitations to effectuate New Jersey's Public Policy Goals;

- the manner in which the SAA Capability will be initially assigned (and may be reassigned) to OSW Generators;

- the requirement that OSW Generators will be processed and studied through PJM's interconnection queue, including the manner in which PJM will consider the SAA Capability proposed to be assigned to OSW Generators to grant their Capacity Interconnection Rights consistent with PJM's interconnection study process;

- the granting of any incremental rights, if eligible, associated with any incremental transmission capability created by a SAA Project(s);

- the right of New Jersey to obtain equitable cost sharing from entities (other than OSW Generators) that seek to utilize facilities that would not exist but for a SAA Project,

[57] *See* Section III.B.6, *infra*.

[58] In the SAA Agreement, generators selected by the NJ BPU through its OSW Solicitations are referred to as "OSW Generators." *See* SAA Agreement at 1.

including offshore transmission facilities and extensions to the onshore grid to a point of injection to be developed pursuant to a SAA Project(s), with any specific cost allocation to be set forth in a future filing with the Commission; and

- the ability of NJ BPU, in limited instances and for a defined time period, to assign some or all of the SAA Capability created by SAA Project(s) to Public Policy Resources[59] other than OSW Generators.[60]

Importantly, the SAA Agreement does not consent to the selection of any SAA Project(s), designated entities, or cost allocation methods by which to allocate the costs of any SAA Project(s) to New Jersey customers. Before the NJ BPU can follow through with any of those next steps, it needs to know whether the Commission will accept the terms and conditions contained in the SAA Agreement.[61] Commission acceptance of the SAA Agreement would provide the NJ BPU the regulatory certainty needed to select and sponsor any suitable SAA Project(s), which would then trigger future filings concerning cost allocation or cost sharing (if needed) as detailed below.

[59] As set forth in the SAA Agreement, Public Policy Resources include other types of resources selected by the NJ BPU to facilitate New Jersey's public policy goals. *See* SAA Agreement at Paragraphs 2 & 6.2(e). For purposes of discussion in this filing letter, references to OSW Generator are intended to include both OSW Generators and other Public Policy Resources selected by NJ BPU consistent with Paragraph 6.2(e) of the SAA Agreement.

[60] SAA Agreement, Paragraph 6.2(e).

[61] While the SAA Agreement proposes to define how an OSW Generator will be studied under PJM's current interconnection queue process, the Parties may, in a future filing, have to clarify the alignment of that study process with the award of Capacity Interconnection Rights to OSW Generators should PJM's interconnection study process be modified based on the current Interconnection Process Reform Task Force or any future rulemaking by the Commission. *See* PJM Interconnection Process Reform Task Force webpage at https://pjm.com/committees-and-groups/task-forces/iprtf.

B. The SAA Agreement Provides a Just and Reasonable Process to Allow the NJ BPU to Effectuate its Public Policy Goals through PJM's SAA Process Set Forth in the Operating Agreement, Schedule 6, Section 1.5.9

The provisions in the SAA Agreement are summarized below.

1. Paragraph 1 - Definitions

The definitional section provides that the capitalized terms used in the SAA Agreement that are not otherwise defined will have the meaning provided under PJM's Governing Documents. Additionally, "SAA Capability" is defined to include:

> [A]ll 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 [Capacity Interconnection Rights] 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 of the SAA Agreement. For the avoidance of doubt, SAA Capability shall also include any incremental transmission capability that is created by a SAA Project(s) and is determined to provide Incremental Auction Revenue Rights ("IARRs") or Incremental Capacity Transfer Rights ("ICTRs") associated with Incremental Rights-Eligible Required Transmission Enhancements, Tariff, Schedule 12-A.[62]

2. Paragraph 2 – NJ BPU's Offshore Wind Solicitation Schedule

NJ BPU's offshore wind Solicitation Schedule is set forth in Table 1 above and in the SAA Agreement at Appendix A. Paragraph 2 provides that the NJ BPU will use due diligence in designating OSW Generators for assignment of SAA Capability, consistent with the timetable set forth in the Solicitation Schedule. Any modifications to the Solicitation Schedule are subject to the terms set forth in Paragraph 10 of the SAA Agreement.

---

[62] PJM wishes to clarify that it is not creating new or unique rights under the SAA Agreement. PJM is proposing to apply existing provisions set forth in Tariff, Schedule 12-A for certain rights associated with the RTEP transmission projects that add incremental capability to the PJM Transmission System. The transmission upgrades needed to achieve NJ's public policy goals will be evaluated by PJM to determine if they qualify for IARRs or ICTRs associated with Incremental Rights-Eligible Required Transmission Enhancement. The process that will be used to determine if the SAA Capability includes incremental transmission capability is defined in the existing tariff process set forth in the PJM Tariff at sections 233 (IARRs) and 234 (ICTRs).

3. Paragraph 3 - Description of the SAA Project(s) Selected by the NJ BPU

The SAA Agreement does not propose any specific SAA Project(s). Paragraph 3 of the SAA Agreement simply describes the project-related information expected to be filed with the Commission if and when the NJ BPU agrees to sponsor a SAA Project(s). For example, the Parties contemplate including the following information in a filing specific to a SAA Project(s) selected by the NJ BPU:

- a description of the SAA Project(s) scope;
- the estimated cost of the transmission facilities associated with a SAA Project(s);
- the entity or entities selected to construct the SAA Project(s);
- the in-service date for the SAA Project(s);
- the SAA Project(s) construction milestones;
- the identification and description of the type and amount of SAA Capability created by a SAA Project(s); and
- commitment terms and conditions, including but not limited to financial assurances, cost cap commitments, liquidated damages and timeline commitment provisions for failure to meet construction milestones or other operational availability requirements.

With the exception of construction milestones, SAA Capability created by SAA Project(s) and commitment terms and conditions specific to a SAA Project(s) selected by the NJ BPU, this information is similar to the information included in the report filed with the Commission concurrent with the revisions to Tariff, Schedule 12-Appendix A, assigning cost responsibility for each new RTEP project approved by the PJM Board of Managers.[63] Construction milestones (in the form of a development schedule), the size of the project, and any commitment terms and

[63] *See* Tariff, Schedule 12, section (b)(viii).

conditions are generally included in a designated entity agreement entered into between PJM and the designated entity, filed or reported with the Commission.

4. Paragraph 4 - PJM's Obligations and Milestones

a. Notifying the Entity Designated to Construct, Own, Operate and Maintain a SAA Project(s) and Tracking Construction of the SAA Project(s)

There is no obligation under PJM's SAA process for PJM to use the competitive proposal process set forth in the PJM Operating Agreement, Schedule 6, section 1.5.8 to solicit transmission solutions to satisfy a state's public policy goals. Nonetheless, Paragraph 4 provides, consistent with NJ BPU's SAA Request, that if the NJ BPU notifies PJM of its decision to select and sponsor a SAA Project(s), PJM will follow its RTEP process set forth in the Operating Agreement, Schedule 6, sections 1.5.8 and 1.5.9 to select the entity or entities (incumbent transmission owner or non-incumbent transmission developer) to be designated to construct, own, operate and maintain the NJ BPU-selected SAA Project(s).[64] Just as PJM tracks the construction progress of any other RTEP baseline expansion or enhancement, PJM will track the designated entity's construction progress of a SAA Project(s) consistent with the development schedule and associated construction milestones detailed in a designated entity agreement or subsequent filing submitted on behalf of the NJ BPU.[65] Additionally, PJM commits to provide construction progress reports to the NJ BPU on a quarterly basis.[66]

[64] SAA Agreement, Paragraph 4.1.

[65] *See* PJM *Manual 14C: Generation and Transmission Interconnection Facility Construction*, § 6.1.3 (rev. 14, Jan. 27, 2021).

[66] SAA Agreement, Paragraph 4.2.

b. Interconnection Study Process for OSW Generators Selected by the NJ BPU through its OSW Solicitation Schedule

Paragraph 4.3 confirms that PJM will use its tariffed interconnection study process to study OSW Generators selected through the NJ BPU's OSW Solicitation process described above.[67] Paragraph 4.3 sets forth the procedures that will be followed in order to apply the SAA Capability assigned to OSW Generators in performing their respective System Impact Study. More specifically, PJM will perform an OSW Generator's System Impact Study based on any existing headroom associated with the OSW Generator's queue position, as well as the type and amount of SAA Capability assigned to the OSW Generator as stated in the NJ BPU Notification.[68] Based on that information, PJM will determine the amount of Capacity Interconnection Rights to be granted to the OSW Generator consistent with Paragraph 6.2 (discussed below) and the actual point of interconnection proposed by the OSW Generator in its System Impact Study.[69]

c. Existing Tariff Provisions Serve as a Model for Studying SAA Capability in Granting OSW Generators Capacity Interconnection Rights

The procedures set forth in Paragraph 4.3 are modeled after the procedures set forth in Tariff, sections 230.3.3 and 230.4, which permit an existing generator capacity resource to transfer

---

[67] As part of the interconnection study process, PJM will determine which upgrades, if any, are necessitated by the OSW Generator. To be clear, all upgrades required for the SAA Project(s) will be considered part of the SAA Project that will be cost allocated to New Jersey customers consistent with the SAA process detailed in the PJM Operating Agreement, Schedule 6, section 1.5.9. OSW Generators will not be responsible for any upgrades identified as part of the SAA Project. However, when OSW Generators are studied pursuant to the interconnection queue process set forth in Part VI of the PJM Tariff, other upgrades may be identified as Network Upgrades, Customer Interconnection Facilities or Transmission Owner Interconnection Facilities in the course of the interconnection study process. An OSW Generator will be responsible to pay for the costs related to those additional Network Upgrades and interconnection-related interconnection facilities.

[68] SAA Agreement, Paragraph 4.3(a) (defining OSW Generator Notification to mean the notification that an OSW Generator must provide to PJM together with the NJ BPU documentation provided to the OSW Generator regarding the amount and type of SAA Capability to be assigned to the OSW Generator at one or several points of injection associated with a SAA Project(s)).

[69] SAA Agreement, Paragraph 6.2(d)(ii).

its Capacity Interconnection Rights to a developer with a new generator interconnection request for the purpose of determining the new generator's responsibility associated with requested Capacity Interconnection Rights. Under Tariff, section 230.3.3, the transferred Capacity Interconnection Rights (along with the headroom assigned to the new generator's queue position) are used to determine the new generator's cost responsibility associated with the award of Capacity Interconnection Rights. The similarities between the Tariff, section 230.3.3 procedures and the procedures set forth in Paragraph 4.3 of the SAA Agreement are detailed as follows:

Tariff, Section 230.3.3 Procedures	**SAA Agreement, Paragraph 4.3**
The Capacity Interconnection Rights of a deactivated generation unit may only be transferred to a developer that has submitted a new generation interconnection request pursuant to Part IV of the PJM Tariff.	In order to be selected under the NJ BPU's OSW Solicitation, each OSW Generator must submit an interconnection request, consistent with Part IV of the PJM Tariff, to be assigned a queue position.[70]
The Capacity Interconnection Rights may be transferred to a developer that has submitted a new generation interconnection up to one year after the generation unit's Deactivation Date where the generation interconnection request contemplates the use of the same Capacity Interconnection Rights.	SAA Capability must be initially assigned by NJ BPU to OSW Generator no later than two years from a Solicitation Award Date; and <u>all</u> SAA Capability must be initially assigned by the NJ BPU to OSW Generators no later than two years from the last Solicitation Award Date. Any SAA Capability not initially assigned within such timeframe will be released for use by entities other than OSW Generators subject to the cost sharing provisions set forth in Paragraph 6.2(g).[71]

[70] SAA Agreement, Paragraphs 6.1 & 6.2(d)(i) (SAA Capability will be assigned to generators that enter the PJM New Services Queue and are selected by the NJ BPU through its OSW Solicitations). Interconnection customers entering the PJM New Services Queue are assigned a queue position. PJM Tariff, section 36.1.01. Each generator is studied based on the system as it exists relative to its queue position, which includes all projects and necessary upgrades modeled, as well as any headroom on the system available for that model. Similarly, an OSW Generator also will be assigned a queue position and studied based on the system as it exists relative to its queue position, including any available headroom on the system. Unlike any other generator, however, an OSW Generator will be studied with the SAA Capability that has been assigned to such OSW Generator.

[71] SAA Agreement, Paragraph 6.2(d)(i).

Tariff, Section 230.3.3 Procedures	**SAA Agreement, Paragraph 4.3**
The new generation interconnection customer must provide written notice to PJM that it intends to use the transferred Capacity Interconnection Rights on or before the execution of the System Impact Study Agreement associated with its generation interconnection request.	If selected under NJ BPU's OSW Solicitation, the OSW Generator will be responsible for notifying and presenting to PJM documentation provided by the NJ BPU detailing the amount and type of SAA Capability that the NJ BPU proposes to assign to the OSW Generator at one or several point(s) of injection associated with the SAA Project(s). Such documentation must be presented to PJM on or before the date the OSW Generator executes the System Impact Study Agreement associated with its interconnection request.[72] If the OSW Generator provides such notification to PJM on or before the date the OSW Generator executes its System Impact Study Agreement, PJM will include the SAA Capability assigned to the OSW Generator, as well as any headroom associated with the OSW Generator's queue position, in performing the OSW Generator's System Impact Study;[73] and, upon completion of the System Impact Study, PJM will notify the NJ BPU of the actual amount of SAA Capability remaining in the SAA Capability Pool[74] for future assignments by the NJ BPU.[75]
Notification of transfer of Capacity Interconnection Rights will be posted on PJM's public website.	SAA Capability assigned to OSW Generators and NJ BPU-selected Public Policy Resources will be included in such entity's System

[72] *Id*., Paragraph 4.3(a).

[73] *Id*., Paragraphs 4.3(a) & (b).

[74] As set forth in SAA Agreement, Paragraph 4.3(c), the SAA Capability Pool refers to the actual amount of SAA Capability that will remain for future assignments by the NJ BPU.

[75] SAA Agreement, Paragraph 4.3(c).

Tariff, Section 230.3.3 Procedures	**SAA Agreement, Paragraph 4.3**
	Impact Study conducted by PJM and posted on PJM's website.[76]
Upon execution of an ISA, the holder of the transferred Capacity Interconnection Rights will retain only those rights that are commensurate with the size in MWs of the replacement generation	The OSW Generator must proceed through the PJM interconnection study process and execute an ISA in order to retain the Capacity Interconnection Rights referenced in the System Impact Study.[77]
In the event the new generation interconnection request to which this section refers is or is deemed to be terminated and/or withdrawn for any reason at any time, the pertinent Capacity Interconnection Rights shall not terminate until the end of the one year period from the Deactivation Date, or the end of the one year period from the date the Capacity Resource status change takes effect.	If an OSW Generator fails to execute an ISA, withdraws prior to achieving commercial operation or, if the OSW Generator's assignment of SAA Capability is rescinded prior to execution of an ISA, PJM will terminate the OSW Generator's interconnection request and revise the amount of SAA Capability in the SAA Capability Pool to include such rescinded amount for future reassignment consistent with Paragraph 6.2(f) of the SAA Agreement.[78]

PJM acknowledges that under Paragraph 4.3 of the SAA Agreement, transmission capability created by a SAA Project(s) is being transferred to generators from a transmission project developed under the RTEP process rather than merely transferring Capacity Interconnection Rights between generators. However, in light of: (i) the transparency that PJM and the NJ BPU have provided on the PJM website through postings on the RTEP and interconnection queue webpages regarding NJ BPU's public policy goal[79] associated with the development of offshore transmission (in the form of a SAA Project(s)) and offshore wind

[76] *Id*., Paragraph 4.3(b).

[77] *Id*., Paragraph 4.3(d).

[78] *Id*., Paragraph 4.3(e).

[79] *See* Section III.B.4.d, *infra*.

generation, PJM respectfully submits that it is just and reasonable to use a similar process to perform an OSW Generator's System Impact Study to award Capacity Interconnection Rights.

d. New Jersey's OSW Generators are Integrally Tied to a SAA Project(s) in Order to Meet the State Public Policy Goals

Paragraph 4.3 of the SAA Agreement is also essential to acknowledging the importance the relationship between OSW Generators and a SAA Project(s) has in effectuating New Jersey's public policy goals. New Jersey's public policy goals include the section of OSW Generators to develop offshore wind generation.[80] The SAA process provides an avenue for New Jersey to potentially identify more efficient and cost effective transmission solutions to accomplish this goal. Because the NJ BPU's public policy goal is to encourage offshore wind generation, it has coordinated its selection of a SAA Project(s) with its concurrent process of soliciting bids for new offshore wind generation and awarding contracts to OSW Generators.[81] Stated differently, in the absence of its procurement of offshore wind generation, New Jersey would not have sought to identify and potentially underwrite transmission solutions through the SAA process.

PJM and the NJ BPU have crafted the SAA Agreement to reflect the complex realities and timelines associated with the development of offshore wind generation and any potential SAA

[80] *See* Section II.B.1, *supra*.

[81] *See* Section II.B, *supra*.

Project(s), while at the same time preserving the open access provisions of Order No. 888[82] and ensuring fair treatment of all other generators in PJM interconnection queue.

On this latter point specifically, other generators (*i.e.*, generators not selected under NJ BPU's OSW Solicitation and assigned SAA Capability) that entered the PJM interconnection queue after November 18, 2020 were on notice[83] of the NJ BPU's request that PJM open a competitive proposal window seeking project proposals for transmission to accommodate the injection of up to 7,500 MW of offshore wind into New Jersey through a SAA Project(s)[84] and NJ BPU's OSW Solicitation seeking offshore wind generation to use the transmission capability created by a SAA Project(s) to effectuate NJ BPU's public policy goals.[85] The Commission has found that a customer's costs must be based on circumstances existing as of the date it enters the interconnection queue.[86] Since New Jersey's request to inject up to 7,500 MW of offshore wind into New Jersey via a SAA Project(s) was known to customers entering the queue after

---

[82] *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, 61 FR 21540 (May 10, 1996), FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh'g*, Order No. 888-A, 62 FR 12274 (Mar. 14, 1997), FERC Stats. & Regs. ¶ 31,048, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC,* 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002). In Order No. 888, the Commission concluded that "public utilities may reserve existing transmission capacity needed for native load growth and network transmission customer load growth reasonably forecasted within the utility's current planning horizon." Order No. 888 at 61 Fed. Reg. 21,574-75. In Order No. 888, the Commission affirmed its holdings regarding reservations of transmission capacity for future use, stating that it "continue[s] to believe that public utilities should be allowed to reserve existing transmission capacity needed for native load growth and network customer load growth reasonably forecasted within the utility's current planning horizon." Order No. 888-A, 62 Fed. Reg. 12274, at 12,301 (Mar. 14, 1997). *See also* n.95, *infra*.

[83] *See* December 2020 Filing at 2, 4, 6-7 & Attachment A at 1.

[84] *See* Posting related to 2021 SAA Proposal Window to Support NJ OSW, https://pjm.com/planning/competitive-planning-process.

[85] *See* Posting on the PJM Services & Requests web page highlighting the NJ BPU Order specifying its public policy requirements for offshore wind, https://pjm.com/planning/services-requests. This approach is consistent with Order No. 2003 and Commission precedent.

[86] *See PJM Interconnection, L.L.C.*, 124 FERC ¶ 61,059, at P 22 (2008) (stating a customer's costs must be based on circumstances existing as of its queue date).

November 18, 2020, such circumstances are appropriately factored into the interconnection study process and may form the basis for assigning the customer new facilities to build or for allocating specific costs to subsequent customers. Finally, generators that entered the PJM queue prior to November 18, 2020 are not impacted by the NJ BPU's SAA Request.

PJM and the NJ BPU urge the Commission to recognize the steps they have taken both to preserve fair opportunities for other generators in the queue and open access requirements while, at the same time, ensuring that both the generation and transmission components of the NJ BPU's SAA Proposal can be effectuated on a coordinated and timely basis to meet the state's public policy goals. PJM urges against efforts to strictly "pigeonhole" each component as being either a part of the interconnection process or the RTEP process without recognizing the important relationship between the two processes under the SAA process, as the failure to do so would render the SAA process meaningless. Indeed, PJM posits that the SAA process was originally designed to accomplish this very purpose; namely, to ensure that PJM has transparently taken action through its regional transmission planning process to effectuate state public policies in those instances where the state has agreed to underwrite the costs of the transmission component of those policies through the SAA process.

5. Paragraph 5 - NJ BPU's Obligations and Milestones

a. NJ BPU Must Notify PJM of Its Decision to Sponsor a SAA Project(s)

Paragraph 5.1 states that after PJM evaluates the project proposals submitted through the April 15, 2021 SAA Proposal Window and submits project recommendations to the NJ BPU, the NJ BPU agrees to notify PJM, which, if any, project it will sponsor as a SAA Project(s) and thereafter commit New Jersey customers to be responsible to fund 100 percent of the SAA

Project(s) costs.[87] This provision, together with the milestones set forth in the SAA Study Agreement, are necessary to ensure that the SAA Project(s) continues to move forward through the RTEP process.[88]

b. NJ BPU Selection of OSW Generators, NJ BPU Notification of the Selected OSW Generators and Cost Allocation Milestones

Regarding the selection of OSW Generators, Paragraph 5 provides that: (i) the NJ BPU will use reasonable efforts to conduct future OSW Solicitations Nos. 3 through 5 in accordance with the Solicitation Schedule set forth in Table 1 above and Appendix A of the SAA Agreement and to thereafter select and designate OSW Generators for assignment of SAA Capability;[89] and (ii) following NJ BPU's selection of OSW Generators, NJ BPU agrees to provide written notification to each OSW Generator of the type and amount of SAA Capability assigned to each OSW Generator.[90]

Because PJM lacks privity of contract with New Jersey-selected OSW Generators, Paragraph 5.3 places the responsibility on the NJ BPU to inform each OSW Generator of its responsibility to present such documentation to PJM on or before the date the OSW Generator executes the System Impact Study Agreement associated with its interconnection request.[91]

---

[87] SAA Agreement, Paragraph 5.1.

[88] *See* December 2020 Filing, Attachment A, section 4 & Schedule C.

[89] SAA Agreement, Paragraph 5.2.

[90] SAA Agreement, Paragraph 5.3. The SAA Capability created by the SAA Project(s) is based on the study assumptions contained in the "PJM RTEP - 2021 NJ Offshore Wind SAA Transmission Proposal Window Overview, Appendix: Reliability Analysis to Support 2021 NJ Offshore Wind SAA Transmission Proposal Window," contained in Appendix B of the Study Agreement ("SAA Study Assumptions"). The SAA Study Assumptions were based on an offshore wind generator being eligible to request an amount of Capacity Interconnection Rights that equals 30% of its MFO. Generators that enter the interconnection queue may request rights that differ from the SAA Study Assumptions of the SAA Capability. PJM will determine if SAA Capability requested can be assigned consistent with the SAA Study Assumptions and the remaining capability in the SAA Capability Pool.

[91] SAA Agreement, Paragraph 5.3.

And, while Paragraph 5.4 notes that costs associated with the SAA Project(s) sponsored by the NJ BPU will be assigned consistent with the Operating Agreement, Schedule 6, section 1.5.9(a) and Tariff, Schedule 12, section (b)(xii)(B),[92] the instant filing is not proposing a cost allocation methodology by which to allocate the costs of any SAA Project (if and when selected by the NJ BPU) to New Jersey customers. Any such assignment of costs to New Jersey customers that is proposed in connection with the selection of a SAA Project(s) would be undertaken through a subsequent filing by the Transmission Owners Agreement Administrative Committee ("TOA-AC") under FPA section 205, consistent with the terms of the Consolidated Transmission Owners Agreement, provided that any such filing will not "limit the rights of any Party or other person to oppose such a Section 205 filing pursuant to Section 206 or any other applicable provision of the [FPA], or to limit the right of any Party or other person to make filings under Section 206 of the [FPA]."[93]

6. Paragraph 6 – Rights Associated with the SAA Project

a. Priority Reservation of SAA Capability Initially Assigned to OSW Generators

Simply building additional transmission capability is not enough to satisfy New Jersey's state public policy goals. New Jersey's public policy goals require a comprehensive plan that accommodates both the identification and potential building of policy-driven transmission, as well as the potential use of that transmission by interconnecting OSW Generators selected through New Jersey's OSW Solicitation. Therefore, before New Jersey can agree to voluntarily sponsor a SAA

[92] *Id*., Paragraph 5.4.

[93] Paragraph 5.4 further provides that the NJ BPU reserves the right to oppose any such TOA-AC FPA section 205 filing and/or file its own proposed assignment of costs to Responsible Customers pursuant to FPA section 206. *See also* Consolidated Transmission Owners Agreement, section 7.3.3.

Project(s) and commit its customers to pay the associated costs, the state has to be assured that the transmission capability created by the SAA Project will be available for the purpose for which it is built.[94]

Accordingly, Paragraph 6.1 of the SAA Agreement details how SAA Capability will be recognized by PJM for public policy use by the NJ BPU on behalf of New Jersey customers through PJM's tariffed transmission planning and generation interconnection processes. For instance, this paragraph provides that the NJ BPU has the right to assign the SAA Capability created by the SAA Project(s) to the OSW Generators it selects pursuant to its solicitation process. As explained above, this reservation of the SAA Capability is essential to achieving NJ BPU's public policy goals.[95]

---

[94] The Commission has addressed a similar issue in an analogous context. Specifically, the Commission has granted generators priority rights over their generator lead lines. In the context where a generator is required to fund the cost of interconnecting its generation project over the generator lead line, the generator typically obtains the right to deliver its power over the line that it funds as long as the generator has memorialized reasonable plans under which it continues to progress. *See, e.g.*, *Milford Wind Corridor, LLC*, 129 FERC ¶ 61,149, at PP 22-24 (2009) ("*Milford*") (finding that because Milford had shown it had specific plans for phased development of 1,000 MW of generation and had demonstrated material progress towards meeting those milestones, the Commission confirmed Milford's priority rights to use the entire 1,000 MW of capacity over its facilities for its existing use at the time of a third-party request for service). While transmission capability created by a SAA Project(s) under PJM's RTEP process is different from a generator lead line in that the SAA Project is developed through PJM's RTEP process, it is similar because, like a generator project, the NJ BPU is building the transmission at the expense of New Jersey customers in order to inject the offshore wind generation to effectuate its public policy goals. Similarly, the SAA Agreement limits the reservation of the SAA Capability for a defined period to effectuate New Jersey's public policy goals. Finally, the SAA Agreement affirms that the SAA Project(s) will be subject to open access.

[95] Order No. 1000 recognized that in order for a transmission provider to fulfill its obligations under the Energy Policy Act of 2005 ("EPAct2005") regional planning must include *all* uses of the transmission system, including Public Policy Requirements. The Commission clarified stating that:

> When conducting transmission planning to serve native load customers, a prudent transmission provider will not only plan to maintain reliability and consider whether transmission upgrades or other investments can reduce the overall costs of serving native load, but also consider how to plan for transmission needs driven by Public Policy Requirements. Therefore, we conclude that, to avoid acting in an unduly discriminatory manner against transmission customers that serve other loads, a public utility transmission provider must consider these same transmission needs for all of its transmission customers. Moreover, given that consideration of transmission needs driven by Public Policy Requirements could facilitate the more efficient and cost-effective achievement of those requirements, we conclude the reforms adopted herein are necessary to ensure that rates for Commission-jurisdictional services are just and reasonable. Order No. 1000 at P 83.

Paragraph 6.1 also identifies the terms and conditions under which NJ BPU may have and maintain the right to assign (and reassign) SAA Capability created by the SAA Project(s) (and funded by New Jersey customers) to OSW Generators.[96] This provision is important as it clarifies both the obligations on PJM to effectuate the state's public policy goals while at the same time providing clear time-based limitations to effectuate the assignments to OSW Generators so as to ensure that the program is progressing and those goals are timely accomplished.

b. Award of SAA Capability, Including Capacity Interconnection Rights

Paragraph 6.2 provides details regarding the award of SAA Capability. Specifically, Paragraph 6.2(a) states that once the NJ BPU selects to sponsor one or more SAA Project(s), PJM will promptly notify the NJ BPU of the amount and type of SAA Capability associated with such SAA Project(s), which thereafter can be assigned by the NJ BPU to OSW Generators selected to effectuate New Jersey's public policy goals.

Paragraph 6.2(b) provides that, like any other generator requesting Capacity Interconnection Rights, an OSW Generator assigned SAA Capability will not be guaranteed full deliverability[97] (or an award of Capacity Interconnection Rights by PJM) until the applicable SAA Project(s) and network upgrades assigned to each OSW Generator are completed.[98]

---

[96] The SAA Agreement contemplates that any incremental transmission capability created by a SAA Project(s) will be granted rights, if eligible, as provided for under the PJM Tariff for the benefit of New Jersey customers. *See* SAA Agreement, Paragraph 1, Definition of "SAA Capability." *See also* n.62, *supra*.

[97] A generation unit is considered fully deliverable at the unit's MFO and Capacity Interconnection Rights in megawatts at the time all required transmission network upgrades identified in the Interconnection Service Agreement have been completed and the generation unit achieves commercial operation at its full capability as identified in the ISA. *See* Tariff, Attachment O, Appendix 2, section 1.

[98] *See* PJM Manual 21: *Rules and Procedures for Determination of Generating Capacity*, § 1.1.1 (rev. 16, Aug. 1, 2021), https://www.pjm.com/-/media/documents/manuals/m21.ashx ("If the studies identify any system upgrades are required to obtain the rights, then those upgrades must be completed before the rights are available for use by the generating unit in the market.").

Paragraph 6.2(c) describes the study assumptions used for SAA Capability. Specifically, SAA Capability will be based, modeled and reserved in a manner (i) consistent with PJM's reliability criteria, study assumptions and methodologies, and modeling processes for offshore wind turbines as detailed in PJM Manuals, as well as in Appendix B to the SAA Agreement (PJM RTEP - 2021 NJ Offshore Wind SAA Transmission Proposal Window Overview, Appendix: Reliability Analysis to Support 2021 NJ Offshore Wind SAA Transmission Proposal Window); and (ii) as described and identified in any subsequent filings.[99]

Paragraphs 6.2(d)(i) and (ii) reiterate that the SAA Capability assigned to an OSW Generator will be included in each entity's System Impact Study conducted by PJM.[100] An OSW Generator will be granted Capacity Interconnection Rights, the amount (in MW) of which will:

(i) be based on the type and amount of SAA Capability assigned to the OSW Generator;

(ii) be determined by PJM using:
   a. the applicable RTEP base case used to study the individual Interconnection Requests along with the stated points and amounts of injection for any approved SAA Project(s), as verified by PJM;
   b. the SAA Study Assumptions set forth in Paragraph 6.2(c); and
   c. the actual point of interconnection proposed by the OSW Generator in its System Impact Study; and

(iii) account for any existing system headroom associated with the OSW Generator's queue position.[101]

[99] To be clear, SAA Capability does not include point-to-point transmission service. As discussed above, SAA Capability refers to the additional system capability created by any SAA Project that the NJ BPU selects and agrees to fund and is determined by PJM to be necessary to permit the injection (in terms of MWs) of offshore generation requested by New Jersey at specified Points of Interconnection. The reserved SAA Capability, for a defined period of time set forth in the SAA Agreement at Paragraphs 6.2(d) and (f), is equivalent to system capability preserved today in PJM models for a generator project that enters the PJM interconnection queue, undergoes the study process, executes an Interconnection Service Agreement, and meets the milestones set forth in the Interconnection Service Agreement for achieving commercial operation.

[100] *See* Section III.B.4, *supra*.

[101] *See* SAA Agreement, Paragraph 6.2(d)(ii).

The SAA Agreement authorizes PJM to effectuate the NJ BPU's request to assign SAA Capability created by a SAA Project(s). That authority is bounded by timeframes set forth in Paragraphs 6.2(d) and (f), which are tied to dates and milestones to be met by the state as set forth in the Solicitation Schedule included in Appendix A of the SAA Agreement and set forth in Table 1 above. Any SAA Capability not assigned in accordance with Paragraphs 6.2(d) and (f) of the SAA Agreement may be made available by PJM to third parties other than OSW Generators consistent with Paragraphs 6.2(g) and 10 of the Agreement.

The SAA Agreement further details how the SAA Capability assigned to OSW Generators will be used by PJM in performing an OSW Generator's System Impact Study under PJM's tariffed interconnection study process in awarding Capacity Interconnection Rights to an OSW Generator.[102]

Paragraph 6.2(e) permits PJM to effectuate NJ BPU's request to assign some or all SAA Capability created by SAA Project(s) to Public Policy Resources other than OSW Generators.[103] In the event the NJ BPU chooses to assign SAA Capability to another Public Policy Resource, the NJ BPU will notify PJM of the Public Policy Resource to be assigned SAA Capability and PJM will evaluate such Public Policy Resource consistent with the SAA Agreement and PJM interconnection processes for such other resources.[104] This provision is appropriate because New Jersey is firmly committing to the cost responsibility to build the transmission. Achievement of NJ BPU's public policy goals through a SAA Project(s) will depend on OSW Generators (or, in

[102] *Id*., Paragraph 6.2(d)(i).

[103] *See* n.59, *supra*.

[104] *See also* PJM, *Manual 14G: Generation Interconnection Requests*, § 4.4 (rev. 7, Oct. 20, 2021), https://www.pjm.com/-/media/documents/manuals/m14g.ashx.

the alternative, another state-identified Public Policy Resource) reaching commercial operation. Moreover, this provision is appropriately time bounded as set forth in the SAA Agreement.[105]

Paragraph 6.2(f) provides that SAA Capability assigned to an OSW Generator whose queue position is terminated or withdrawn prior to achieving commercial operation will revert back to the SAA Capability Pool and be available for further assignment by the NJ BPU for two years from the date on which the OSW Generator submits its notice of withdrawal or date of termination but no later than eight years from the last Solicitation Award Date.[106] This provision appropriately provides reasonable limitations on the holding of SAA Capability.

Paragraph 6.2(g) provides that SAA Project(s) shall be under PJM's operational control and subject to PJM open access policies. Specifically, for a period from the date on which the PJM Board approves the SAA Project(s) for inclusion in the RTEP[107] through twenty (20) years from the last Solicitation Award Date, subject to SAA Agreement, Paragraphs 5.2 and 9, PJM shall allocate to any future user of a SAA Project(s) (other than a New Jersey-selected OSW Generator) a *pro rata* share of the total costs of the SAA Project(s) that are attributable to those portions of any offshore wind transmission facilities or transmission facilities that would not exist in the absence of the SAA Project(s), including offshore transmission facilities, as well as onshore

[105] SAA Agreement, Paragraphs 6.2(d) & (f).

[106] *Id*., Paragraphs 6.2(f) & (g).

[107] PJM will be responsible for evaluating a SAA Project selected by the NJ BPU and making recommendations to the PJM Board to ensure that it meets all North American Electric Reliability Corporation and PJM reliability criteria. Additionally, PJM will evaluate and advise the PJM Board whether the SAA Project meets the requirements of the PJM Operating Agreement, Schedule 6, section 1.5.9(a) to be approved as a SAA Project, *e.g.*, whether the project is sponsored by a state governmental entity authorized by the state(s) to voluntarily agree to be responsible for the allocation of all costs of the SAA Project, that the SAA Project addresses the state's identified Public Policy Requirements and the costs of the project will be recovered by a Commission-accepted cost allocation methodology proposed by the state.

transmission facilities that extend the existing PJM transmission system in order to transmit power generated offshore to any point of injection identified in Paragraph 6.2(a) (as may be modified).[108]

As noted previously, this provision primarily seeks to address through the SAA Agreement a circumstance in which any generator, not a NJ BPU-selected OSW Generator or NJ BPU-selected other Public Policy Resource, seeks to interconnect into certain specified components of the SAA Project(s). This provision provides that such generator must equitably share in the costs of the SAA Project(s).

Cost-sharing provisions, such as Paragraph 6.2(g) proposed in the SAA Agreement, have been accepted as a means by which an entity such as a generator or a merchant transmission developer that is required to fund network upgrades to interconnect its project to the transmission system may share (on a *pro rata* basis) the costs of such upgrades with others who benefit from the use of such upgrades. The Commission has found such cost sharing provisions to be just and reasonable under generator interconnection processes because such provisions recognize that several generators, not just one, who initiate service around the same time and who contribute to the need for upgrades should share the costs of the upgrades.[109]

Under the SAA process, any state has an opportunity to collaborate with another state in the development of a SAA Project to effectuate their collective public policy goals. SAA Agreement, Paragraph 6.2(g), for this first implementation of the SAA process, preserves this equitable cost sharing concept since New Jersey is acting as a "first mover" and funding a significant investment in transmission infrastructure that is expected to be in service for 30-40 years or more and, ultimately, could benefit other coastal or non-coastal states. Without this

[108] SAA Agreement, Paragraph 6.2(g).

[109] *Colton Power, L.P. v. S. Cal. Edison Co*., 101 FERC ¶ 61,150 at P 16 (2002).

provision in place, New Jersey would effectively lose the opportunity to recover appropriate cost sharing, subject to Commission determination. Of course, the specific details of any such cost sharing under Paragraph 6.2(g) of the SAA Agreement would need to be filed with and approved by the Commission. As a result, the Parties simply seek approval of this limited provision that would establish NJ BPU's right to recover an appropriate *pro rata* share of its costs, with the exact amount to be subject to a future filing with the Commission should a subsequent entity actually seek to use transmission constructed as a SAA Project(s).

7. The SAA Agreement Contains Other Standard Contractual Provisions

The following standard contractual provisions, mostly contained in and similar to the provisions contained in the SAA Study Agreement, are included as follows:

- Paragraph 7 of the SAA Agreement includes provisions that provide PJM the ability to modify,[110] cancel[111] or terminate[112] a SAA Project(s). The SAA Agreement is clear, however, that nothing in Paragraph 7 of the Agreement is intended to supersede or alter the terms of the Operating Agreement, Schedule 6, section 1.5.8(k), which provision affords PJM the ability to re-evaluate the need for an RTEP project in the event the entity designated responsibility for construction and ownership of the project fails to meet milestones.

- Paragraph 8 sets forth the Agreement's effective date of April 15, 2022, subject to acceptance by the Commission, or such other date as specified by the Commission.

- Paragraph 9 provides for the conditions under which the SAA Agreement may be modified or terminated.

- Paragraph 10 provides that in the event the Solicitation Schedule is modified or delayed, the NJ BPU will promptly notify PJM and any modification or delay must be agreed to by PJM, which consent may not be unreasonably withheld. However, in the event PJM determines the revised Solicitation Schedule materially deviates from the Solicitation Schedule set forth in the Agreement in a manner that may adversely impact the New Services Queue, PJM and the NJ BPU are required to meet to agree upon a solution. If the Parties fail to agree upon a solution, they may seek to use either PJM's or the Commission's

[110] SAA Agreement, Paragraph 7.1.

[111] *Id*., Paragraph 7.2.

[112] *Id*., Paragraphs 7.3.

dispute resolution processes. Should the Parties fail reach agreement, PJM has the right to submit a FPA section 205 filing with the Commission seeking to release the remaining SAA Capability, subject to Paragraph 6.2(g).

- Paragraph 11 provides that in the event of any conflicts or inconsistencies with the PJM Governing Documents and the SAA Agreement, the Governing Documents shall control.

- Paragraph 12 contains a notice mechanism for the communication of certain Agreement-related matters.

- The "no waiver" provision in Paragraph 13 provides that a default of a contractual obligation does not operate nor is it to be construed as a waiver of any other defaults under the Agreement.

- Paragraph 14 contains a limitation on assignment provision.

- Paragraph 15 clarifies that should portions of the Tariff and Operating Agreement pertinent to the subject matter of the Agreement be amended and not otherwise made a part of the Agreement, they are hereby incorporated herein and made a part hereof.

- Paragraph 16 offers a mechanism for a non-breaching party to communicate written notice of a breach and necessary curative steps to the breaching Party and sets a thirty day timeline by which the Parties may agree on a manner of curing a noticed breach. In the event the Parties are unable to agree on a timely cure period, the Party not in breach reserves the right to seek remedy from the FERC.

- Paragraph 17 provides a term setting forth the Agreement's governing law, regulatory authority and rules.

- Paragraph 18 addresses third party beneficiaries.

- Paragraph 19 permits the Agreement to be executed in multiple counterparts.

- Paragraph 20 provides that the Agreement creates no partnership/joint venture/agency relationship between the Parties.

- Paragraph 21 includes a standard severability clause.

- Paragraph 22 includes a reservation of rights provision that preserves the Parties' rights under FPA section 205 or 206 and the Commission's rules and regulations.

IV. WAIVER AND EFFECTIVE DATE

PJM requests that the Commission grant any and all waivers of the Commission's rules and regulations that are necessary for acceptance of this filing and the enclosed SAA Agreement.

Additionally, PJM requests that the Commission issue an order **no later than April 15, 2022**, accepting the SAA Agreement for filing with an effective date of April 15, 2022, which is more than 60 days from the date of this filing.

V. DOCUMENTS ENCLOSED

In accordance with the Commission's eTariff regulations, PJM, on behalf of the Applicant, is submitting an eTariff XML filing package containing the following materials:

1. Attachment A: State Agreement Approach Agreement – Rate Schedule FERC No. 49 in PDF format for publishing in eLibrary;

2. Attachment B: The signature pages of the Parties to the State Agreement Approach Agreement in a single PDF for publishing in eLibrary; and

3. State Agreement Approach Agreement – Rate Schedule FERC No. 49 in eTariff format.

VI. CORRESPONDENCE AND COMMUNICATIONS

All notices, communications, or correspondence addressed to PJM regarding this matter should be directed to, and PJM requests that the Secretary include on the Commission's official service list,[113] the following:

[113] PJM requests a waiver of Commission Rule 203(b)(3) (18 C.F.R. § 385.203(b)(3)) so that each named person may be included on the official service list.

Craig Glazer
Vice President – Federal Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W.
Washington, DC 20005
Ph: (202) 423-4743
Fax: (202) 393-7741
craig.glazer@pjm.com

Pauline Foley
Associate General Counsel
Jessica M. Lynch
Assistant General Counsel
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403
Ph: (610) 666-8248
Fax: (610) 666-8211
pauline.foley@pjm.com
jessica.lynch@pjm.com

VII. SERVICE

PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,[114] PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region[115] alerting them that this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the FERC's eLibrary website located at the following link: http://www.ferc.gov/docs-filing/elibrary.asp in accordance with the Commission's regulations and Order No. 714.

[114] *See* 18 C.F.R. §§ 35.2(e) and 385.2010(f)(3).

[115] PJM already maintains, updates, and regularly uses e-mail lists for all PJM Members and affected state commissions.

VIII. CONCLUSION

The SAA Agreement has been developed collaboratively between the state of New Jersey and PJM, and its terms have been vetted with PJM stakeholders.[116] PJM believes that this first-of-its-kind agreement will help move forward the innovative development of offshore wind generation and its supporting transmission infrastructure in a manner which meets the public policy goals of the state of New Jersey, while protecting other customers and generators. For these reasons, PJM urges the Commission to accept the SAA Agreement as just and reasonable pursuant to FPA section 205, effective as of April 15, 2022 as discussed herein.

Respectfully submitted,

/s/ Pauline Foley

Craig Glazer
Vice President – Federal Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W.
Washington, DC 20005
Ph: (202) 423-4743
Fax: (202) 393-7741
craig.glazer@pjm.com

Pauline Foley
Associate General Counsel
Jessica M. Lynch
Assistant General Counsel
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403
Ph: (610) 666-8248
Fax: (610) 666-8211
pauline.foley@pjm.com
jessica.lynch@pjm.com

On behalf of PJM Interconnection, L.L.C

[116] *See* September 14, 2021 Transmission Expansion Advisory Committee meeting materials, *available at:* https://www.pjm.com/-/media/committees-groups/committees/pc/2021/20210914/20210914-nj-offshore-wind-saa-term-sheet.ashx.

Attachment A

State Agreement Approach Agreement

Rate Schedule FERC No. 49

STATE AGREEMENT APPROACH AGREEMENT

By and Among

PJM Interconnection, L.L.C.

And

New Jersey Board of Public Utilities

This State Agreement Approach Agreement ("Agreement") is entered into by and between PJM Interconnection, L.L.C. ("PJM"), the Regional Transmission Organization for the PJM Region (hereinafter "Transmission Provider" or "PJM") and the New Jersey Board of Public Utilities ("NJ BPU"), duly authorized to act on behalf of the State of New Jersey (each referred to herein individually as a "Party" and collectively as the "Parties").

WITNESSETH

WHEREAS, this Agreement is entered into in accordance with the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. ("Operating Agreement"), Schedule 6, section 1.5.9;

WHEREAS, the New Jersey Legislature has authorized the NJ BPU as the state governmental entity to conduct one or more competitive solicitations for open access offshore wind transmission facilities pursuant to N.J.S.A. 48:3-87.1(e);

WHEREAS, in furtherance of this authority and the state of New Jersey's State Public Policy Objectives or Public Policy Requirements (collectively referred to herein as, "Public Policy Goals"), PJM and the NJ BPU entered into the State Agreement Approach Study Agreement among PJM Interconnection, L.L.C. and the New Jersey Board of Public Utilities, Original Service Agreement No. 5980, effective November 18, 2020, and filed with, and accepted by, the Federal Energy Regulatory Commission ("Commission" or "FERC") in FERC Docket No. ER21-689-000 ("SAA Study Agreement"); and

WHEREAS, PJM, as the Transmission Provider of the PJM Region, is responsible for the development of the regional transmission expansion plan ("RTEP"). As such, PJM implemented the terms and conditions associated with the NJ BPU's request that PJM, through its State Agreement Approach ("SAA") process, open a competitive proposal window under Operating Agreement, Schedule 6, section 1.5.8(c) to: (i) solicit project proposals to identify system improvements and new offshore facilities to interconnect and provide for the deliverability of up to 7,500 megawatts ("MW") of offshore wind by 2035 ("SAA Request"); and (ii) evaluate and develop recommendations from the project proposals submitted through the competitive proposal window by proposers for consideration by the NJ BPU and/or its staff in deciding whether to sponsor one or more projects (each, a "SAA Project(s)") that address the state of New Jersey's Public Policy Goals.

NOW THEREFORE, in consideration of and subject to the mutual covenants contained herein, the Parties agree as follows:

This Agreement sets forth the manner in which SAA Capability (as defined below) created by a SAA Project(s) will: (i) be allocated to generators that enter PJM's New Services Queue and are selected by the NJ BPU through its offshore wind solicitations ("OSW Solicitations") (each such generator an "OSW Generator"); and (ii) thereafter be evaluated by PJM during an OSW Generator's System Impact Study, in accordance with PJM's Open Access Transmission Tariff ("Tariff"), Part VI, in defining such OSW Generator's Capacity Interconnection Rights ("CIRs").

This Agreement herein, further details how the SAA Capability will be preserved by PJM for public policy use by the NJ BPU on behalf of New Jersey customers through PJM's tariffed transmission planning and generation interconnection processes, including granting of rights, if eligible, for any incremental transmission capability created by a SAA Project(s), as provided for under the PJM Tariff, for the benefit of New Jersey's customers.

This Agreement sets forth the process by which subsequent users (other than OSW Generators or other Public Policy Resources (as defined below)) of any portion of a SAA Project(s) will equitably share in the costs of a SAA Project(s).

1.0 Definitions.

1.1 Capitalized terms used and defined in this Agreement shall have the meaning given them under the Agreement. Capitalized terms used and not defined in this Agreement but defined in other provisions of the Tariff, Operating Agreement or Reliability Assurance Agreement (collectively, "Governing Documents") shall have the meaning given them under those provisions. Capitalized terms used in this Agreement that are not defined herein or elsewhere in the Governing Documents shall have the meanings customarily attributed to such terms by the electric utility industry operating within PJM.

1.2 For the purposes of this Agreement, the term "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. For the avoidance of doubt, SAA Capability shall also include any incremental transmission capability that is created by a SAA Project(s) and is determined to provide Incremental Auction Revenue Rights ("IARRs") or Incremental Capacity Transfer Rights ("ICTRs") associated with Incremental Rights-Eligible Required Transmission Enhancements, pursuant to Tariff, Schedule 12-A.

2.0 Offshore Wind Solicitation Schedule. The NJ BPU's current offshore wind solicitation schedule ("Solicitation Schedule") is set forth in Appendix A to this Agreement. The NJ BPU will use due diligence to assign SAA Capability to OSW Generators selected by the NJ BPU under the Solicitation Schedule. The NJ BPU may propose changes to the Solicitation Schedule or select other types of resources to facilitate New Jersey's Public Policy Goals (such resources, "Public Policy Resources"), in addition to (or in combination with) OSW Generators, pursuant to the processes set forth below. Any assignment of SAA Capability must be consistent with PJM's tariffed generation processes for such other resource.

3.0 Description of a SAA Project Selected by the NJ BPU. The following information about a SAA Project(s) selected by the NJ BPU, pursuant to the process set forth in this Agreement, will be included in a subsequent filing:

- SAA Project scope, which shall include a description of the proposed Transmission Facilities – description of project(s), ratings, location, etc., as typically included in a Designated Entity Agreement;
- Estimated cost of the Transmission Facilities associated with a SAA Project(s);
- Entity selected to construct a SAA Project(s);
- Required in-service date for a SAA Project;
- The SAA Project(s) construction milestones;
- Identification and description of the type and amount of SAA Capability created by a SAA Project(s) (individually and/or in combination with other SAA Projects, as applicable); and
- Commitment terms and conditions, including any financial assurances, cost cap commitments, liquidated damages, and timeline commitment provisions for failure to meet established construction milestones or other operational availability requirements.

4.0 PJM's Obligations and Milestones.

4.1 Notifying the Entity Designated to Construct, Own, Operate and Maintain a SAA Project. Following the NJ BPU's notification to PJM of its decision to select and sponsor a SAA Project(s) and commit New Jersey customers to be responsible for the allocation of all costs related to such SAA Project(s), PJM will follow its processes set forth in Operating Agreement, Schedule 6, sections 1.5.8 and 1.5.9 specific to the selection and notification of the entity or entities (incumbent transmission owner or non-incumbent transmission developer) to be designated to construct, own, operate and maintain the NJ BPU-selected SAA Project(s) ("SAA Designated Entity").

4.2 Tracking Construction of a SAA Project. PJM will track the SAA Designated Entity's construction progress with respect to a SAA Project consistent with the Development Schedule and associated construction milestones detailed in a Designated Entity Agreement, and PJM Manual 14C. PJM will provide construction progress reports to the NJ BPU on a quarterly basis.

4.3 Interconnection Study Process for OSW Generators Selected by the NJ BPU through the OSW Solicitation.

(a) Upon the NJ BPU's selection of an OSW Generator, the OSW Generator must notify and present to PJM documentation provided to the OSW Generator by the NJ BPU informing PJM of the amount and type of SAA Capability that the NJ BPU proposes be assigned to the OSW Generator at one or several points of injection associated with a SAA Project(s) ("OSW Generator Notification"). Such OSW Generator Notification must be received on or before the date the Interconnection Customer executes the System Impact Study Agreement associated with its Generation Interconnection Request.

(b) PJM will commence the OSW Generator's respective System Impact Study utilizing the SAA Capability assigned to the OSW Generator through the OSW Solicitation, consistent with Paragraph 6.2 below, and any existing system capability (headroom) associated with the OSW Generator's Queue Position.

(c) Following the completion of the System Impact Study for the selected OSW Generator, PJM will notify the NJ BPU of the actual amount of SAA Capability that will remain for future assignments by the NJ BPU ("SAA Capability Pool").

(d) Each OSW Generator must proceed through the PJM interconnection study process and execute an Interconnection Service Agreement to be awarded CIRs.

(e) Should an OSW Generator fail to execute an Interconnection Service Agreement, withdraw prior to achieving commercial operation, or have its assignment of SAA Capability rescinded prior to execution of an Interconnection Service Agreement, PJM shall terminate the OSW Generator's Interconnection Request and revise the amount of SAA Capability in the SAA Capability Pool to include such rescinded amount, subject to the terms contained in Paragraph 6.2 below.

5.0 NJ BPU's Obligations and Milestones.

5.1 NJ BPU Must Notify PJM of the NJ BPU's Decision to Sponsor a SAA Project(s). Following PJM's evaluation of the project proposals submitted through the proposal window, and subsequent project recommendations submitted to the NJ BPU and/or its staff for consideration in deciding whether or not to sponsor a SAA Project(s), the NJ BPU must notify PJM whether it wishes to sponsor a SAA Project(s) and, if so, which SAA Project(s) it will commit New Jersey customers to be responsible for the allocation of costs associated with a SAA Project(s).

5.2 NJ BPU OSW Generation Solicitations. NJ BPU will use reasonable efforts to conduct its future OSW Solicitations (Nos. 3 through 5) pursuant to the Solicitation Schedule set forth in Appendix A, and to thereafter select and designate OSW Generators for an assignment of SAA Capability, provided that the NJ BPU may propose changes to (i) the Solicitation Schedule set forth in Appendix A as provided for in Paragraph 10, or (ii) add other types of Public Policy Resources as provided for in Paragraph 6.2(e), of this Agreement. Any assignment of such SAA Capability to other types of Public Policy Resources shall be evaluated by PJM consistent with the provisions of this Agreement and PJM's tariffed generation interconnection processes for such other resources.

5.3 NJ BPU Notification to Selected OSW Generators. Following the NJ BPU's election to assign SAA Capability to an OSW Generator, the NJ BPU shall provide written notification to the selected OSW Generator of the type and amount of SAA Capability to be been assigned to the OSW Generator ("NJ BPU Notification"). The NJ BPU Notification shall advise the OSW Generator of its responsibility to submit an OSW Generator Notification to PJM prior to commencement by PJM of the OSW Generator's System Impact Study.

5.4 Cost Allocation Milestone. Costs of a SAA Project shall be assigned consistent with Operating Agreement, Schedule 6, Section 1.5.9(a) and Tariff, Schedule 12, section (b)(xii)(B). No later than the NJ BPU's order formally approving the sponsorship of a SAA Project(s), or such earlier time as agreed to by the Parties, the NJ BPU shall submit to the Transmission Owners Agreement Administrative Committee ("TOA-AC") the proposed allocation of such SAA Project costs among New Jersey customers for consideration and filing with the FERC pursuant to the Federal Power Act ("FPA") section 205, pursuant to the Consolidated Transmission Owners Agreement, section 7.3 and Tariff, Part I, section 9.1(a); provided, however, that the NJ BPU reserves the right to oppose any such TOA-AC section 205 filing, and/or file with the FERC NJ BPU's own proposed assignment of costs to New Jersey customers, pursuant to FPA section 206.

6.0 Rights Associated with a SAA Project.

6.1 Priority Reservation of SAA Capability Initially Assigned to OSW Generators.

The NJ BPU shall have the right to assign the SAA Capability created by a SAA Project(s) to OSW Generators and NJ BPU-selected Public Policy Resources that enter PJM's New Services Queue and are selected by NJ BPU to serve customers in New Jersey and effectuate New Jersey's Public Policy Goals. The initial assignment of SAA Capability to a specific OSW Generator(s) and NJ BPU-selected Public Policy Resources will be conducted pursuant to Paragraph 6.2(d)(i). The NJ BPU shall have and maintain priority rights to assign SAA Capability created by a SAA Project(s) to OSW Generators and NJ BPU-selected Public Policy Resources, subject to Paragraphs 5.2, 6.2(d)(i), 6.2(e), 6.2(f) and 10 of this Agreement. Any SAA Capability that is not allocated in conformance with such provisions may be made available by PJM to entities other than OSW Generators and NJ BPU-selected Public Policy Resources, consistent with Paragraphs 6.2(g) and 10 herein.

6.2 Award of SAA Capability, including CIRs.

(a) Points of Injection. The completion of all Transmission System upgrades and new facilities associated with a SAA Project(s) will create additional SAA Capability on the PJM onshore and offshore Transmission System to facilitate the injection and delivery of energy and other services by OSW Generators consistent with New Jersey's Public Policy Goals. Upon the selection by the NJ BPU of one or more SAA Project(s), PJM shall promptly notify NJ BPU of amount and type of SAA Capability that is associated with such SAA Project(s), and which thereafter can be assigned to OSW Generators. The default points and amounts of injection, subject to change pursuant to any subsequent FERC filings described in Paragraph 3, are:

- 2,542 MW of OSW generation at Deans 500 kV substation;
- 1,200 MW of OSW generation at Larrabee 230 kV substation; and
- 2,658 MW of OSW generation at Cardiff 230 kV and Smithburg 500 kV substations.

(b) Deliverability. OSW Generators assigned SAA Capability will not be guaranteed full deliverability (or an award of CIRs by PJM) until the completion of the applicable SAA Project(s) (and, if appropriate, any additional Network Upgrades that are required by the OSW Generator's Interconnection Service Agreement, as well as demonstration of Initial Commercial Operation consistent with Appendix 2, section 1.2 of the OSW Generator's Interconnection Service Agreement).

(c) SAA Study Assumptions. The SAA Capability will be based, modeled and reserved in a manner (i) consistent with PJM's reliability criteria, study assumptions, and modeling processes for offshore wind turbines as detailed in PJM Manuals, and (ii) as described and identified in any subsequent FERC filings, as well as in Appendix B herein (PJM RTEP - 2021 NJ Offshore Wind SAA Transmission Proposal Window Overview – Appendix: Reliability Analysis to Support 2021 NJ Offshore Wind SAA Transmission Proposal Window) to the PJM RTEP – 2021 NJ Offshore Wind SAA Transmission Proposal Overview Document.

(d) Granting of SAA Capability to an OSW Generator.

(i) SAA Capability shall be assigned initially by the NJ BPU to an OSW Generator or NJ BPU-selected Public Policy Resource no later than two (2) years from the actual Solicitation Award Date under a NJ BPU OSW Solicitation, provided that such OSW Generator and or NJ BPU-selected Public Policy Resource shall have a position in the PJM New Service Queue at the time of such assignment. SAA Capability assigned to OSW Generators and NJ BPU-selected Public Policy Resources will be included in such entity's System Impact Study conducted by PJM consistent with Paragraph 4.3 of this Agreement. All SAA Capability must initially be assigned by the NJ BPU to OSW Generators and NJ BPU-selected Public Policy Resources no later than two (2) years from the last Solicitation Award Date set forth in the Solicitation Schedule in Appendix A herein, subject to Paragraphs 5.2 and 10 of this Agreement. Any SAA Capability not assigned within such timeframe by the NJ BPU to OSW Generators and other NJ BPU-selected Public Policy Resources shall be released for use by entities other than OSW Generators and NJ BPU-selected Public Policy Resources, subject to the cost sharing provisions set forth in Paragraph 6.2(g) below.

(ii) The amount of CIRs (expressed in MW) granted by PJM to an OSW Generator will: (1) be based on the type and amount of SAA Capability assigned by the NJ BPU to the OSW Generator; (2) be determined by PJM using (a) the applicable RTEP base case used to study the individual Interconnection Requests along with the stated points and amounts of injection for any approved SAA Project(s), as verified by PJM, (b) the SAA Study Assumptions set forth in Paragraph 6.2(c) above; and (c) the actual point of interconnection proposed by the OSW Generator in its System Impact Study; and (3) take into account any existing system headroom associated with the OSW Generator's Queue Position.

(e) Project Eligibility for Assignment of SAA Capability. Should New Jersey choose to assign some or all SAA Capability created by a SAA Project(s) to Public Policy Resources other than OSW Generators, NJ BPU will notify PJM of the Public Policy Resource(s) to which NJ BPU proposes to assign such SAA Capability. Any assignment of such SAA Capability to other types of Public Policy Resources shall be evaluated by PJM consistent with the provisions of this Agreement, PJM's tariffed generation interconnection processes for such other resources, and PJM Manuals, including but not limited to PJM Manual 14G, section 4.4.

(f) Reassignment of SAA Capability. In the event an OSW Generator's or other Public Policy Resource's Queue Position is terminated or withdrawn prior to the achievement of commercial operation, all SAA Capability assigned to such OSW Generator or other Public Policy Resource shall revert back to the SAA Capability Pool and be available for further assignment by NJ BPU for a period of two (2) years from the date on which the OSW Generator or NJ BPU-selected Public Policy Resource submits its notice of withdrawal or termination, but no later than eight (8) years from the last Solicitation Award Date, subject to Paragraphs 5.2 and 10 of this Agreement.

(g) Use of SAA Project(s) by Entities Other than OSW Generators or other NJ BPU-Selected Public Policy Resources. The SAA Project(s) shall be controlled by PJM and subject to PJM's open access policies consistent with this Agreement; provided, however, that for a period from the date on which the PJM Board of Managers approves a SAA Project(s) for inclusion in the RTEP through twenty (20) years from the last Solicitation Award Date, subject to Paragraphs 5.2 and 10 of this Agreement, PJM shall allocate to any future user of a SAA Project(s) (other than an OSW Generator or NJ BPU-Selected Public Policy Resource) a *pro rata* share of the total costs of a SAA Project(s) that are attributable to those portions of any Transmission Facilities that extend the existing PJM Transmission System, such as offshore Transmission Facilities or onshore Transmission Facilities that transmit power generated offshore to any point of injection identified in Paragraph 6.2(a) above (as may be modified). Such future users may include, but shall not be limited to, the developer or any user of any offshore wind transmission "backbone" or "network" that extends a SAA Project(s) to additional states, neighboring regions or ISO/RTOs, use by hydrokinetic, offshore wind, other generators not selected by the NJ BPU as Public Policy Resources, or any other comparable user of the transmission that would interconnect to facilities that would not exist in the absence of the SAA Project(s). The specific process for allocating such costs to future users shall be memorialized in a future filing with the FERC.

7.0 Modification or Termination of a SAA Project(s).

7.1 Project Modification. PJM may modify a SAA Project with concurrence from the NJ BPU in the event such modifications result in a more efficient or cost effective solution to meet New Jersey's Public Policy Goals.

7.2 Project Cancelation. PJM may cancel a SAA Project(s) or any transmission upgrades associated with a SAA Project(s), with concurrence from the NJ BPU, in the event PJM determines the transmission upgrade(s) is no longer needed to resolve identified system needs or New Jersey's Public Policy Goals.

7.3 Project Infeasibility. In the event PJM reasonably determines that a SAA Project(s) is infeasible (e.g., due to permitting, siting, or other conditions), PJM will advise NJ BPU of the reasons why PJM has determined a SAA Project(s) is infeasible and of PJM's decision to terminate such SAA Project(s) or, in the alternative, provide other options available to NJ BPU to achieve New Jersey's Public Policy Goals.

7.4 Nothing in this Paragraph 7 is intended to supersede or alter the terms of the Operating Agreement, Schedule 6, section 1.5.8 (k).

8.0 Effective Date. This Agreement shall be effective as of April 15, 2022, subject to acceptance by FERC, or on such other date as specified by the FERC ("Effective Date").

9.0 Modification or Termination of this Agreement.

9.1 Modification of the SAA Agreement. The Parties may mutually agree to modify, amend or supplement this Agreement by a written instrument duly executed by the Parties. An amendment to the Agreement shall become effective and a part of this Agreement upon satisfaction of all applicable laws and regulations.

9.2 Termination of the SAA Agreement.

(a) Mutual Consent. This Agreement may be terminated as of the date on which the Parties mutually agree to terminate this Agreement.

(b) In the event the SAA Study Agreement is terminated because either Party fails to satisfy a milestone date set forth in Schedule C of the SAA Study Agreement and fails to cure such breach/default as provided for under the SAA Study Agreement, this Agreement shall terminate, and NJ BPU shall withdraw its SAA Request within 45 days of the State Agreement Approach Study Agreement's termination date.

(c) NJ BPU may unilaterally terminate this Agreement upon providing PJM no less than 45 days prior written notice. Upon approval by the PJM Board of Managers and inclusion of a SAA Project in the RTEP, construction costs incurred at the time of termination may be subject to cost recovery from New Jersey customers pursuant to the terms of a FERC-accepted filed rate. Consistent with the PJM Tariff, the NJ BPU shall be responsible for additional RTEP upgrades based on subsequent projects in the New Services Queue that are reliant on a SAA Project(s).

(d) FERC Approval. Notwithstanding any other provision of this Agreement, no termination hereunder shall become effective until PJM and/or the NJ BPU have complied with all laws and regulations applicable to such termination, including the filing with the FERC of a notice of termination of this Agreement and acceptance of such notice for filing by the FERC.

(e) Notwithstanding the foregoing, in the event that this Agreement is terminated subsequent to the construction of a SAA Project(s) and the creation of SAA Capability, the provisions of this Agreement shall survive and continue in full force and effect after termination to the extent necessary with respect to such existing SAA Projects and existing SAA Capability.

10.0 Solicitation Schedule Delays. In the event the Solicitation Schedule included herein as Appendix A is modified or delayed, NJ BPU shall promptly notify PJM, provide an explanation for the schedule change, and submit a proposed Solicitation Schedule that will complete the solicitations within a reasonable time period. Such modifications or delays must be agreed to by PJM, which approval may not be unreasonably withheld. In the event PJM determines that the revised Solicitation Schedule materially deviates from the Solicitation Schedule set forth in Appendix A in a manner that may adversely impact the New Services Queue, PJM and NJ BPU shall meet to agree upon a solution. If the Parties cannot reach such a solution, they may seek to utilize dispute resolution processes pursuant to PJM Governing Documents or FERC's dispute resolution service processes. In the event the Parties are unable to reach agreement, PJM reserves the right to promptly seek approval from FERC pursuant to FPA section 205 to release the remaining SAA Capability, subject to the provisions of Paragraph 6.2(g) herein.

11.0 Conflicts with PJM Governing Documents. In the event of any conflicts or inconsistencies between the terms and conditions of this Agreement and any terms or conditions set forth in the PJM Tariff or Operating Agreement, the terms and conditions set forth in the PJM Tariff and Operating Agreement shall control.

12.0 Notice. Any notice, demand, or request required or permitted to be given by any Party to another and any instrument required or permitted to be tendered or delivered by any Party in writing to another may be so given, tendered, or delivered by a recognized national courier or by depositing the same with the United States Postal Service, with postage prepaid for delivery by certified or registered mail addressed to the Party, or by personal delivery to the Party, at the address specified below. Such notices, if agreed to by the Parties, may be made via electronic means, with e-mail confirmation of delivery.

Transmission Provider

Vice President – Planning
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403-2497
custsvc@pjm.com

With a copy to PJM's General Counsel (Chris.OHara@pjm.com)

NJ BPU

NJ BPU
Chief Counsel
New Jersey Board of Public Utilities
44 South Clinton Ave.
Trenton, NJ 08625
abe.silverman@bpu.nj.gov

13.0 No Waiver. No waiver by either Party of one or more defaults by the other in performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or different character.

14.0 Assignment of SAA Agreement. This Agreement may not be assigned without the express written consent of PJM, which consent may be withheld in its sole discretion.

15.0 Incorporation of PJM Tariff and Operating Agreement. All portions of the Tariff and Operating Agreement, as they may be amended from time to time, pertinent to the subject matter of this Agreement and not otherwise made a part hereof are hereby incorporated herein and made a part hereof.

16.0 Breach.

16.1 Notice of Breach. A Party not in breach shall give written notice of an event of breach to the breaching Party. Such notice shall set forth, in reasonable detail, the nature of the breach, and where known and applicable, the steps necessary to cure such breach.

16.2 Cure of Breach or Termination Pursuant to Breach. The breaching Party may reach agreement with the Party not in breach to timely cure the breach within thirty (30) days from the receipt of such written notice of breach. In the event the Parties are unable to agree on a timely cure period, the Party not in breach reserves the right to promptly seek remedy from FERC.

17.0 Governing Law, Regulatory Authority and Rules. The validity, interpretation, and enforcement of this Agreement and each of its provisions shall be governed by the FPA and federal law, and where not in conflict with federal law, the laws of the State of Delaware. The FERC is the exclusive forum for actions arising out of or relating to this Agreement.

18.0 No Third-Party Beneficiaries. Except as otherwise provided herein, this Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties.

19.0 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all of which constitute one and the same instrument.

20.0 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

21.0 Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

22.0 Reservation of Rights. Nothing in this Agreement shall be construed as affecting or limiting in any way the rights of any Party under FPA sections 205 or 206 and the FERC's rules and regulations.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials. By each individual signing below each represents to the other that they are duly authorized to sign on behalf of that Party and have actual and/or apparent authority to bind the respective Party to this Agreement.

Transmission Provider:

By:	*/s/ Kenneth Seiler*	Vice President, Planning, PJM	January 26, 2022
	Name	Title	Date

Printed name of signer: Kenneth Seiler

NJ BPU: (on behalf of the NJ BPU and the staff of the NJ BPU)

By:	*/s/ Joseph Fiordaliso*	President, NJ BPU	January 26, 2022
	Name	Title	Date

Printed name of signer: Joseph Fiordaliso

Rate Schedules – SAA Agreement –Rate Schedule FERC No. 49

Appendix A to the
State Agreement Approach Agreement

NJ BPU Offshore Wind Solicitation Schedule

APPENDIX A

NJ BPU Offshore Wind Solicitation Schedule

Solicitation	Capability Target (MW)	Capability Awarded	Issue Date	Submittal Date	Solicitation Award Date	Estimated Commercial Operation Date
1	1,100*	1,100	Q3 2018	Q4 2018	Q2 2019	2024-25
2	1,200**	2,658	Q3 2020	Q4 2020	Q2 2021	2027-29
3	1,200	N/A	Q3 2022	Q4 2022	Q2 2023	2030
4	1,200	N/A	Q2 2024	Q3 2024	Q1 2025	2031
5	1,342	N/A	Q2 2026	Q3 2026	Q1 2027	2033

** Solicitation 1: Incorporates the injection of a combined total of 1,100 MW at the Oyster Creek 230 kV substation and the BL England 138 kV substation, and is not part of the NJ SAA Process.*

***Solicitation 2 was awarded on June 30, 2021, with a total capability of 2,658 MW. Nothing shall limit the ability of the NJ BPU, upon reasonable prior notice to PJM, to assign a portion of the SAA Capability created by a SAA Project to an OSW Generator selected by NJ BPU under Solicitation 2.*

Appendix B to the
State Agreement Approach Agreement

Reliability Analysis to Support 2021 NJ Offshore Wind SAA Transmission Proposal Window

APPENDIX B

APPENDIX: RELIABILITY ANALYSIS TO SUPPORT 2021 NJ OFFSHORE WIND SAA TRANSMISSION PROPOSAL WINDOW

Scope: 2028 Summer Reliability Analysis; 2028 Winter Reliability Analysis; 2028 Light Load Reliability Analysis; 2035 Long-Term Deliverability Analysis

PJM seeks technical solutions, also called proposals, to resolve potential reliability criteria violations on PJM facilities in accordance with all applicable planning criteria (PJM, NERC, SERC, RFC, and Local Transmission Owner criteria).

Criterion Applied by PJM for this Proposal Window

- 2028 Summer Baseline Thermal and Voltage N-1 Contingency Analysis
- 2028 Summer Generator Deliverability and Common Mode Reliability Analysis
- 2028 Summer Load Deliverability Thermal and Voltage Analysis
- 2028 Summer N-1-1 Thermal and Voltage Analysis and Voltage Collapse
- 2028 Winter Baseline Thermal and Voltage N-1 Contingency Analysis
- 2028 Winter Generator Deliverability and Common Mode Reliability Analysis
- 2028 Winter Load Deliverability Thermal and Voltage Analysis
- 2028 Winter N-1-1 Thermal and Voltage Analysis and Voltage Collapse
- 2028 Light Load Baseline Thermal and Voltage N-1 Contingency Analysis
- 2028 Light Load Generator Deliverability and Common Mode Reliability Analysis
- 2028 FERC Form 715 Analysis
- 2035 Long-Term Deliverability Analysis
- 2025 Stability Analysis
- 2025 Short Circuit Analysis

Terminology for Proposal Windows

Through the analyses listed above, PJM has compiled a list of criteria violations unique to the set of injection locations and amounts identified for the Public Policy Projects identified in the SAA Proposal Window Overview document. This will be referred to as the default set of POIs. The violations and the impacted facilities are identified by a table of flowgates. Descriptions of the column headings are provided below. Different analyses often use different column headings.

Typical thermal analysis column headings:

Column Heading	Title	Description
FG #	Flowgate Number	A sequential numbering of the identified potential violations
Fr Bus	From Bus Number	PSSE model bus number corresponding to one end of line identified as a potential violation
Fr Name	From Bus Name	PSSE model bus name corresponding to one end of line identified as a potential violation
To Bus	To Bus Number	PSSE model bus number corresponding to other end of line identified as a potential violation
To Name	To Bus Name	PSSE model bus name corresponding to other end of line identified as a potential violation
Monitored Facility	Monitored Facility	The circuit on which a potential violation is occurring
Base Rate (MVA)	Base Rate (MVA)	Normal Facility Rating (Rate A)
% Overload	Percentage Overload	Percentage above corresponding Facility Rating
CKT	Circuit ID	Circuit number of identified potential violation
KVs	Kilovolt level (A/B)	Kilovolt level of both sides of potential violation, if A does not equal B, potential violation is a transformer
Areas	Area Numbers (A/B)	Area numbers of both ends of potential violation (A=From Bus Area Number, B=To Bus Area Number) If A does not equal B, potential violation is a tie line
Rating	Facility Rating	Applicable thermal rating (MVA) of facility
DC Ld(%)	Direct Current Loading percentage	Percentage above Facility Rating determined from DC testing
AC Ld(%)	Alternating Current Loading percentage	Percentage above Facility Rating determined from AC testing
Cont Type	Contingency Type	Contingency categorization (e.g., Single, Bus, Line_FB, Tower)

Cont Name	Contingency Name	Contingency name as identified in associated contingency file or embedded in the spreadsheet
Contingency	Contingency	Contingency description
Violation Date	Violation Date	Date on which violation is expected to occur
Analysis Case	Analysis Case	Case title to use in replicating analysis

Typical voltage analysis column headings:

Column Heading	**Title**	**Description**
FG #	Flowgate Number	A sequential numbering of the identified potential violations
Bus #	Bus Number	PSSE model bus number corresponding to bus identified as a potential violation
KVs	Kilovolt level	Kilovolt level of bus identified as potential violation
Area	Area Number	Area number of bus identified as potential violation
ContVolt	Contingency Voltage (P.U.)	Per Unit Voltage at identified bus after contingency is applied
BaseVolt	Basecase Voltage (P.U.)	Per Unit Voltage at identified bus before contingency is applied
Low Limit	Low Voltage Limit(P.U.)	Threshold of Per Unit Low voltage, if ContVolt is under this limit, a potential violation is identified
Upper Limit	High Voltage Limit(P.U.)	Threshold of Per Unit High voltage, if ContVolt is over this limit, a potential violation is identified
Cont Type	Contingency Type	Contingency categorization (e.g., Single, Bus, Line_FB, Tower)
Vdrop (%)	Voltage drop	The percentage that the voltage has dropped as a result of the contingency
Contingency	Contingency	Contingency name as identified in associated contingency file
Contingency 1	First Contingency	N-1 (first) contingency identified
Contingency 2	Second Contingency	N-1-1 (second) contingency identified in N-1-1 analysis

Proposal Window Exclusion Definitions

The following definitions explain the basis for excluding flowgates from the competitive planning process and designating projects to the incumbent Transmission Owner.

Flowgates excluded from competition will include the underlined language in the comment field.

- Below 200kV Exclusion: Due to the lower voltage level of the identified violations, these reliability violations are excluded from the competitive proposal window process. As a result, the local Transmission Owner will be the Designated Entity. Refer to Operating Agreement, Schedule 6 § 1.5.8(n).
- Substation Equipment Exclusion: For reliability violations on existing transmission substation equipment, these reliability violations are excluded from the competitive proposal window process. As a result, the local Transmission Owner will be the Designated Entity. Refer Operating Agreement, Schedule 6 § 1.5.8(p).

Analysis Procedure

Participants are expected to develop solutions to all applicable criteria violations and perform analysis to validate that the solutions remove these violations. The competitive planning process is documented in PJM Manual 14F, which is available here: http://www.pjm.com/-/media/documents/manuals/m14f.ashx

Proposed solutions must also meet Transmission Owner Planning Criteria which is available here: http://www.pjm.com/planning/planning-criteria/to-planning-criteria.aspx

The table below provides the base case dispatch and ramping limits to be applied for the New Jersey Offshore Wind units. This table supplements the base case dispatch and ramping limits specified in PJM Manual 14B, which is available here: https://pjm.com/-/media/documents/manuals/m14b.ashx

Generator Deliverability Requirements For New Jersey Offshore Wind Units

Season	Contingency Type	Base Case Dispatch*	Ramping Limit*
Summer	Single	30%**	30%**
Winter	Single	60%	80%
Light Load	Single	60%	80%
Summer	Common Mode	30%**	100%
Winter	Common Mode	60%	100%
Light Load	Common Mode	60%	80%

* Expressed as % of Maximum Facility Output (MFO)

** In order to reflect awarded solicitations the 30% value will be modified as follows. For Solicitation 1 both BL England and Oyster Creek will be studied at 28.1%. For Solicitation 2 at Cardiff will be studied at 18.2% and Smithburg will be studied at 28.5%.

Although PJM does its best to provide complete and accurate results, changes to the list of violations under consideration are possible. That is, flowgates may be added or removed from consideration in the proposal window. PJM works with Transmission Owners, Generation Owners, neighboring TOs and other affected parties to verify the quality of the analysis. PJM endeavors to minimize such changes and will clearly communicate any changes to the participants.

PJM regularly updates the system model to reflect changes to the transmission system. Analyses are performed to verify that violations continue to be valid, no new violations have appeared and proposed solutions still address the targeted violation(s).

PJM shall determine the more efficient or cost-effective enhancements or expansions for any violation in consultation with the BPU to consider state preferences.

WHAT PJM PROVIDES:

The information listed below is provided to allow replication of PJM analyses. Some of these data are designated Critical Energy Infrastructure Information (CEII) and must be handled consistent with PJM's CEII request process at Competitive Planning Process page on the PJM website:

1. 2028 Power Flow Base Cases (summer, winter and light load). Identifies one or more system configurations to which planning criteria are applied. The default NJ OSW POIs will be included and dispatched in the models at their expected seasonal capacity factor. These are the same power flow cases that were used to derive the flowgate violations posted for this window.
2. Generator Deliverability Workbooks corresponding to the 2028 Power Flow Base Cases.
3. TARA Generation Deliverability options files.
4. Contingency Files: Contains all contingency types (single, bus, tower, line w/ stuck breaker).
5. Subsystem Files: Identifies all subsystem zones to be considered in analysis.
6. Monitor Files: Identify specific ranges of facilities by area and kV level to be considered in analysis.
7. Facility Ratings: (if different from those included in the base cases)
8. Violations List: Lists all criteria violations with power flow results and additional technical notes (flowgates). The results indicate the case(s) to which the criteria violations apply. Note that the criteria violations supplied are for the particular set of injection amounts and locations specified in the overall project description.
9. Short Circuit Base Case. This case reflects the 2025 RTEP base case and will not include models for the NJ OSW.
10. Stability Base Case: This case reflects the 2025 RTEP summer and light load stability models and will not include models for the NJ OSW.
11. TO Criteria Setting Files. Lists settings used for short circuit analysis for each specific TO.
12. Load Forecast Through 2035: To be used for 2035 Long-Term Deliverability Analysis.
13. 2028 Load Deliverability Analytical Files: Analytical files for multiple modelled LDAs in the Mid-Atlantic Region without the NJ OSW are provided. Additional files for the EMAAC and MAAC LDAs with the default NJ OSW POIs are also provided
14. 2028 Market Efficiency Analytical & Supporting Files

Document Revision History

4/15/2021 - V1 - Original Problem Statement posted to the PJM Competitive Planning Process webpage: https://www.pjm.com/planning/competitive-planning-process.aspx.

7/30/2021 – V2 - Problem Statement update to account for award of Solicitation #2 on June 30, 2021 posted to the PJM Competitive Planning Process webpage: https://www.pjm.com/planning/competitive-planning-process.aspx.

8/31/2021 – V3 - Problem Statement update to account for updated Solicitation schedule announced by NJBPU: https://www.njcleanenergy.com/renewable-energy/programs/nj-offshore-wind/solicitations.

Attachment B

Signature Pages to the State Agreement Approach Agreement

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials. By each individual signing below each represents to the other that they are duly authorized to sign on behalf of that Party and have actual and/or apparent authority to bind the respective Party to this Agreement.

Transmission Provider:

By: 	Vice President, Planning, PJM	January 26, 2022
Name	Title	Date

Printed name of signer: Kenneth Seiler

NJ BPU: (on behalf of the NJ BPU and the staff of the NJ BPU)

By: _____	President, NJ BPU	January 26, 2022
Name	Title	Date

Printed name of signer: Joseph Fiordaliso

Rate Schedules – SAA Agreement –Rate Schedule FERC No. 49

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials. By each individual signing below each represents to the other that they are duly authorized to sign on behalf of that Party and have actual and/or apparent authority to bind the respective Party to this Agreement.

Transmission Provider:

By: _____	Vice President, Planning, PJM	January 26, 2022
Name	Title	Date

Printed name of signer: Kenneth Seiler

NJ BPU: (on behalf of the NJ BPU and the staff of the NJ BPU)

By:  _____	President, NJ BPU	January 26, 2022
Name	Title	Date

Printed name of signer: Joseph Fiordaliso

Rate Schedules – SAA Agreement –Rate Schedule FERC No. 49