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**VIA ELECTRONIC SUBMITTAL**  
**Ms. Aida Camacho-Welch**  
**Secretary of the Board**  
**New Jersey Board of Public Utilities**  
**44 South Clinton Avenue, 9<sup>th</sup> Floor**  
**Trenton, NJ 08625**

**Re: COMMENTS OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY**  
**IN THE MATTER OF NEW JERSEY OFFSHORE WIND TRANSMISSION**  
**DOCKET NO. QO20100630**

Dear Secretary Camacho-Welch,

Pursuant to the notice dated January 27, 2021 in this docket, Public Service Electric and Gas Company (“PSE&G”) respectfully submits these post Technical Conference comments regarding offshore wind transmission. The New Jersey Board of Public Utilities’ (“Board”) held a Technical Conference on February 26, 2021 to discuss specifically the risks associated with offshore wind transmission. PSE&G supports the Board’s commitment to Governor Murphy’s clean energy agenda, including the support of the Administration’s offshore wind goals. Offshore wind plays an important role in the Governor’s plan to provide New Jersey customers with a clean, reliable and diverse energy mix. PSE&G respectfully submits these comments as part of the BPU’s examination of issues pertaining to offshore wind transmission. PSE&G supports an integrated approach to offshore wind transmission and suggests that the Board continue a transparent process in order to reduce additional risk being priced into bids to protect New Jersey customers.

**I. Background**

By Order dated November 18, 2020, the Board formally requested that PJM Interconnection, LLC (“PJM”) incorporate New Jersey’s existing public policy related to offshore wind transmission into

the regional transmission planning process (“RTEP”) through the State Agreement Approach (“SAA”). The February 26, 2021 Technical Conference addressed concerns related to disposition of commercial risk that may arise as a result of any separation of the generation and transmission functions of offshore wind development. The Board has directed NJBPU’s Staff to further examine these issues and make recommendations to minimize risk to participating commercial entities and New Jersey customers.

The Technical Conference included three panels of experts each focused on a separate topic related to risk. Panel 1 pertained to pre-commercial operation delays and mismatch of construction schedules. Panel 2 was related to curtailment risk and Panel 3 focused on post-commercial operational risk. PSE&G commends the Board for providing a forum to address these complex issues regarding offshore wind transmission. PSE&G believes an integrated approach to transmission, both onshore and offshore is the best way to achieve New Jersey’s 7500MW goal at the lowest cost for New Jersey residents. PSE&G applauds the Board for interacting with developers and transmission owners in a transparent manner and looks forward to continuing to work through these issues. PSE&G appreciated the opportunity to participate on Panel 1 and submits these comments as a supplement to the remarks made at the Technical Conference.

## **II. Integrated Transmission Approach**

PSE&G agrees that the Board needs to consider the risks associated with the offshore wind transmission that must be developed in order to support the State’s goal of an offshore wind buildout of 7,500 MWs. PSE&G believes an integrated approach to transmission is a key factor in minimizing construction and other commercial risks for any such transmission project. Specifically, if the Board were to allow the individual lead line model to continue, up to twenty individual AC generator lead lines would be required in order to meet the State’s 7,500 MW goal. This would require multiple offshore routes, landing locations, onshore routes and on-shore upgrades – each with its own set of risks. For example, landing locations have been a controversial issue for coastal communities. Under the generator lead model, multiple lines have to go through a few points of interconnection and ostensibly, through each coastal community several times. An integrated DC solution would involve fewer projects and therefore,

include fewer landing locations. While siting and construction risks would still exist, they would be reduced significantly.

The same holds true for permitting risk. Each time a line is constructed, it would need municipal or other local approval. If there are twenty individual AC lines, developers would be required to go to the same municipalities and counties multiple times. This approach would increase the risk of schedule delays due to permitting fatigue and number of overall permits necessary. Integrated transmission has the advantage of fewer lines as well as a more cohesive plan for local agencies to consider when making permitting decisions. It is important for the BPU to keep in mind that although there are risks associated with any offshore wind project, an integrated transmission solution will help the State employ a more cost-effective and holistic planning solution to meet its overall offshore wind target.

### **III. Project Risk**

As discussed at the Technical Conference, there are two types of risk to consider with any large scale transmission project; (1) risks outside the project's control, and (2) risks within the project's control. The risks in the first category exist regardless of whether an offshore wind generator or transmission developer builds a project. These include federal permitting, weather, and supply chain delays. The second category – risks within the project's control – can best be managed by the entity with the most experience building large, linear construction projects. The Board should continue to be cognizant of these two categories and evaluate how a bidder plans to mitigate the risks within the project's control.

### **IV. Bid Evaluation**

The Board should consider both constructability and feasibility when evaluating bid proposals, along with cost effectiveness. These are important qualitative factors that could determine whether or not a project is ultimately successful. The Board also needs to evaluate whether or not a bidder has the capability to be a long term partner with both the generator and the State. Any offshore wind transmission project will be built to create an operational component of the system with a long asset life. The Board should evaluate whether or not a potential bidder will be accountable for the long-term prior to awarding a project since they will be assuming O&M responsibility for the duration of the project.

## **V. Process**

PSE&G encourages the Board to continue discussions with stakeholders regarding offshore wind transmission and the SAA competitive open window that PJM will open at the end March of 2021. The BPU's solicitation of offshore wind transmission using the SAA is the first of its kind in PJM. The Board should schedule another technical conference to review the bid requirements. The more information the Board shares about the SAA and associated bid process, the less risk will be priced into the bids, ultimately protecting New Jersey customers. The Board should continue to be transparent about the process and schedule conferences and working sessions to communicate with potential bidders. PJM's role in the evaluation process should be clearly delineated as well.

The BPU also should allow bidders to submit supplemental information after the PJM closes the window that would allow PJM and the BPU to evaluate the various transmission options. This information should be limited to information about the projects bid into the window. The Board should not permit bidders to change their bids or the bid parameters after the window closes. Again, given the fact that this is the first SAA bid window, the additional information could prove to be beneficial to PJM and the BPU as they evaluate proposals. In addition, the Board should schedule pre-bid meetings with bidders and/or post bid interviews with the short list of bidders, once the window closes. The Board followed a similar process in the first procurement of offshore wind and should do the same here. However, even with the suggested process additions, the Board should not delay the evaluation of bid proposals. For instance, PSE&G does not believe that any additional PJM stakeholder process is necessary for the SAA bid awards to be made by the State. PSE&G is cognizant of the fact that with each phase of offshore wind that is built using the lead line approach, the effectiveness of an integrated transmission system is diminished, thereby increasing the construction, siting and permitting risks discussed herein.

In closing, PSE&G again commends the Board for its leadership role in addressing offshore wind transmission and looks forward to working with the Board and other stakeholders in addressing this important issue.

Very truly yours,

*Cara J. Lewis*

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