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VIA ELECTRONIC MAIL ONLY

Sherri L. Golden, Secretary
New Jersey Board of Public Utilities
44 South Clinton Ave.
Trenton, NJ 08625
Board.Secretary@bpu.nj.gov

**Re: In the Matter of New Jersey Grid Modernization / Interconnection Process
Docket No. Q021010085**

Dear Secretary Golden:

Consistent with the Board’s January 27, 2023 Notice in the above-captioned docket (“Notice”), Public Service Electric and Gas Company (“PSE&G”) respectfully submits the enclosed Comments with respect to proposed changes to the interconnection rules (the “Proposed Rules”). In addition, please note that the New Jersey Electric Distribution Companies (“EDCs”), including PSE&G, submitted joint comments and redlined edits to the Proposed Rules under separate cover, and we incorporate those herein by reference.

We thank the Board and all parties for the courtesies extended. Please do not hesitate to contact me with any questions.

Very truly yours,

Ana J. Murteira

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**Public Service Electric and Gas Company Comments on Proposed Interconnection Rules
In the Matter of New Jersey Grid Modernization / Interconnection Process
Docket No. QO21010085**

Public Service Electric and Gas Company (“PSE&G” or the “Company”) provides these comments in response to the Board of Public Utilities’ (“Board”) January 27, 2023 Notice in the above-referenced Docket, enclosing proposed rule changes (“Proposed Rules”) regarding the interconnection of distributed generation resources - also known as Distributed Energy Resources (“DERs”), to the New Jersey electric grid. PSE&G is one of the New Jersey Electric Distribution Companies (“EDCs”)¹ that have collaborated to submit joint comments and a redlined version of the Proposed Rules (the “Redlines”) (collectively, the “Joint Comments”). In addition to the Joint Comments, which are incorporated herein by reference, PSE&G hereby files individual comments to provide a more detailed explanation of certain edits contained in the Redlines and to provide additional concerns regarding the Proposed Rules.

As a general matter, PSE&G supports the Board’s efforts to achieve Grid Modernization, as well as the State’s Energy Master Plan. For its part, PSE&G has been, and is continuing to be, deeply engaged in the critical work of addressing the impacts of climate change for the benefit of its customers, and the community at large, and to focus on cost-consciously powering a future where people use less energy, and it’s cleaner, safer and delivered more reliably than ever. From the onset of this proceeding, PSE&G has been engaged with the Board, Board Staff and the Board’s Consultant, Guidehouse, providing input and guidance that supports the Board’s efforts to streamline the Interconnection Rules and accelerate the Interconnection process.

¹ Atlantic City Electric Company, Jersey Central Power & Light Company, Public Service Electric and Gas Company, Rockland Electric Company

In this proceeding, it is vital that the Board carefully balance the need for grid modernization with the safety and reliability of the electric grid, and to be mindful not to create additional requirements that may unnecessarily overburden EDCs and/or developers, resulting in the opposite effect of what is intended.

As a general matter, PSE&G believes that the Proposed Rules should focus on those changes intended to streamline and expedite the State's interconnection regulations and processes to be implemented in the near-term, as recommended by Guidehouse's Report issued on August 24, 2022. However, to the extent that there are more complex issues in the Proposed Rules, such as aggregations related to FERC Order No. 2222 - which are awaiting final resolution at FERC, grid flexibility services, and the broadening of net energy metering to incorporate storage and non-class I renewables, the Board should further evaluate and obtain stakeholder input on those issues. The Company agrees that the merit of these issues can be explored, but this process has not been sufficiently extensive, either in scope or timeframe, to properly address these issues.

PSE&G has significant concerns with recommendations that may impact the safety and security of the electric grid and customer information. For example, the Company needs to ensure that any publicly posted data, electronic platforms or tracking process do not pose physical or cybersecurity risks. As such, the Board should implement changes to the Proposed Rules that allow EDCs to safeguard the electric grid and customer information.

With regard to the proposed software requirements proposed in Section 5.2, PSE&G appreciates the Board's opportunity to allow flexibility for EDCs to install software that is compatible with existing EDC systems or is more appropriately tailored for that EDC, while satisfying the requirement to provide certain necessary information to developers and the Board.

PSE&G supports the recommendation to streamline the interconnection process through the use of electronic tracking and software, but wants to ensure that there are options to meet the individual needs of EDCs without overburdening EDCs. To that end, the EDCs have proposed changes in the Redlines that balance the needs of each stakeholder.

PSE&G agrees with the need for certain uniformity and consistency across EDCs, but the implementation of a process to establish hosting capacity maps should not require a Tariff filing. As the current landscape on the interconnection of DERs and the technology continues to rapidly evolve, requiring a Tariff filing to implement hosting capacity maps will be inefficient and burdensome.

In addition, the Board should require hosting capacity maps to provide only the data that is necessary to facilitate the process without overburdening EDCs. The Board should also ensure that the required data does not trigger any privacy or security issues. The Company believes its hosting capacity maps provide sufficient information to developers and has significant concerns regarding this particular section of the Proposed Rules. For example, the level of required granularity will be very costly, challenging and may pose potential security risks.

PSE&G agrees that consistency across the EDCs and map labeling may assist developers and facilitate the process. However, it cautions the Board on whether all of the details proposed on the hosting capacity maps are necessary. More importantly, PSE&G needs to ensure that the data that is tracked and made available in hosting capacity maps does not compromise the safety and integrity of the grid, is not proprietary, and does not share customer information. As such, the proposed Redlines reflect the data that should be required on Hosting Capacity Maps, which the Company believes is sufficient for developers and EDCs to make respective decisions. Moreover,

the Redlines propose protective language that the information provided will remain subject to regulatory requirements and industry standards with respect to physical and cyber security restrictions.

In addition, PSE&G believes that there is limited benefit of providing developers with the proposed level of detail in hosting capacity maps, while the Pre-Application Verification/Evaluation (“PAVE”) process will satisfy most developer needs. PSE&G’s hosting capacity maps currently provide information that developers would need pre-application, and Board staff should evaluate the cost/benefit of requiring hosting capacity map capability beyond what is already provided by PSE&G. Instead, PSE&G fully supports focusing on the development of a PAVE process that works for both developers and the EDCs. An effective PAVE process greatly reduces the need to have unnecessarily detailed hosting capacity maps that pose a greater risk and burden on EDCs. PSE&G believes that efforts to streamlining and accelerating the State’s interconnection process will be more effectively spent on automated application processing, data acquisition and data management at this stage of DER deployment in New Jersey.

On the proposed application fees, PSE&G agrees with the Proposed Rules’ implementation of uniform fees for Level 1 applications to sufficiently offset EDC costs. The Redlines provide further recommendations based on the EDC’s consensus on proposed fees for each level.

With regard to proposed timelines established throughout the Proposed Rules, the EDCs have proposed some minor, yet important edits to set realistic timeframes, given the anticipated timing in this process and the steps required to implement certain actions. For example, in proposed section 5.2 on the Common Interconnection Application Portal (“CIAP”), recognizing that there is need for EDC collaboration, a budgeting and selection process to procure a vendor, and

additional time to fully implement a new system. As such, the EDCs suggest that CIAP implementation be required one (1) year after Board issues a formal rule-making process, as June 1, 2023 is simply not feasible.

Another important proposal in the Redlines is to establish an expiration date for Applications that are either not proceeding or not complying with the Rules. This offers the possibility for other projects to enter the Interconnection Queue that might otherwise not be able to if a circuit is saturated.

The EDCs propose that the Board address the Proactive System Upgrade Planning System (“PSUP”) through separate working groups with various stakeholders. From PSE&G’s perspective, the PSUP will be challenging for EDCs to implement and requires significant discussion and evaluation. It is a complex process with costs that will vary dramatically based on size, location and the scope of the upgrades, and will be difficult to calculate accurately. Most system upgrades must be done on a case by case basis. While some upgrades can be relatively inexpensive such as simply relocating equipment, others can be extremely costly and involved, including a combination of line extensions, pole replacements, or significant equipment upgrades. As such, if developers do not site projects in accordance with a utility’s proposed upgrade plan, the PSUP could cause unnecessary expense to rate payers. The Board must also evaluate and address other details with stakeholders before implementing a PSUP, including but not limited to, the cost allocation methodology, the appropriate level of data granularity, and the capacity mapping tools that should be utilized. As such, PSE&G recommends that the Board initiate a separate work stream that considers the EDCs’ input and concerns before making a determination on the PSUP.

The Board has proposed changes throughout the Proposed Rules resulting in an expansion of the NEM program that exceeds the intended scope of the Interconnection Rules and this docket. For example, the Company does not agree that non-renewable fuel sources should count generation toward the Net Energy Metering (“NEM”) program. To expand beneficiaries in the NEM program would further exacerbate the inequities between those ratepayers that can take advantage of NEM, and those that cannot. It would leave those with limited means paying the full cost of maintaining the distribution system, while those customers with more money have more opportunity for carve-outs and bill reductions. PSE&G believes it would be more appropriate that non-renewable resources have a different incentive structure, if they have incentives at all, to ensure they are actually benefiting the grid without comingling with NEM subsidies. This will require significantly more extensive analysis, which has not been conducted during this proceeding.

Lastly, New Jersey statute (N.J.S.A. 48:3-51) restricts the NEM program to Class I renewable resources, and therefore the Board cannot expand the NEM program to other non-Class I resource types without legislation being passed. If state policy wishes to shift to incentivize these non-renewable resources, it should be clearly stated in a future Energy Master Plan and require legislative action prior to the implementation of the Proposed Rules.

The Company appreciates the opportunity to provide feedback on the Proposed Rules, and thanks Board Staff for all of its efforts in this proceeding. As a recommended next step, PSE&G believes that a meeting with Board Staff will be beneficial to discuss the merits of and rationale behind the Redlines. As such, PSE&G remains available to provide guidance and continue to assist in this proceeding.