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**VIA ELECTRONIC MAIL**  
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Sherri L. Golden, RMC  
Secretary of the Board  
Board of Public Utilities  
P.O. Box 350  
Trenton, New Jersey 08625-0350

**RE:** In the Matter of Modernizing New Jersey's Interconnection Rules and Metrics;  
Renewable Energy and Energy Efficiency Proposed Amendments: N.J.A.C.  
14:8-4.2 and 14:8-5, Proposed New Rules: N.J.A.C. 14:8-5.10, 5.11 and 5.12  
BPU Docket No. QO21010085  
Proposal No. PRN 2024-067

Dear Secretary Golden:

Atlantic City Electric Company respectfully submits the attached Comments to the Board of Public Utilities ("Board" or "BPU") in the above-captioned Docket.

Consistent with the Order issued by the BPU on March 19, 2020 in connection with *In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations*, BPU Docket No. EO20030254, ACE files these Comments electronically with the Secretary of the Board and the New Jersey Division of Rate Counsel. No paper copies will follow.

Thank you for your consideration and courtesies. Feel free to contact me with any questions or if I can be of further assistance.

Respectfully submitted,



Michael Wallace

Enclosure

**In the Matter of Modernizing New Jersey’s Interconnection Rules, Processes, and Metrics  
 (“Grid Modernization”)**

**Renewable Energy and Energy Efficiency Proposed Amendments: N.J.A.C. 14:8-4.2 and  
 14:8-5, Proposed New Rules: N.J.A.C. 14:8-5.10, 5.11, and 5.12**

**BPU Docket No. QO21010085**

**Proposal Number: PRN 2024-067**

**COMMENTS OF  
 ATLANTIC CITY ELECTRIC COMPANY**

On June 3, 2024, the New Jersey Board of Public Utilities (“Board” or “BPU”) published a notice of proposed rulemaking in the above-captioned docket (the “Notice”) soliciting comments on proposed amendments to the BPU’s net metering and interconnection regulations at N.J.A.C. 14:8-4.2 and 14:8-5.1 *et seq.* (the “Proposed Amendments”). This Notice follows a BPU Staff driven stakeholder process where the collective electric distribution companies (“EDCs”) and individual electric utilities proposed language for Staff’s consideration. Atlantic City Electric Company (“ACE” or the “Company”) participated in the stakeholder process and now submits its comments (“Comments”) on this Notice.

Through its interconnection process, ACE has been at the forefront of supporting the State's clean energy goals. As part of the Company’s commitment to fostering a more sustainable and resilient energy future, ACE is upgrading its infrastructure and systems to integrate and manage renewable energy more efficiently. These improvements will enhance grid reliability, streamline the interconnection process, and provide robust customer support. By investing in these advancements, ACE aims to create a more efficient energy ecosystem that benefits all stakeholders and supports our shared goal of a cleaner, greener future.

ACE, along with the joint EDC’s, previously submitted comments in this Docket on April 24, 2023, as requested by the Board in responses to the initial rule. ACE is appreciative of the recognition of a number of concerns previously raised and acknowledges they have been reflected within the Proposed Amendments.

In response to the Notice, ACE recommends additional changes and clarifications to the Proposed Amendments. Some of these concerns were raised during the stakeholder process preceding the Notice. They remain important and further amendments may be necessary to address them.

ACE’s comments are separated into general themes and specific responses to Proposed Amendments.

## **A. Cost Recovery Changes are Necessary**

ACE strongly encourages broadening cost recovery beyond CIAP related costs. ACE reiterates the comments filed April 24, 2023 regarding cost recovery in the above captioned docket. ACE recognizes the importance of streamlining the interconnection process; however, the proposed amendments have substantive changes which will require significant EDC obligations and expenses by the proposed amendments. It is important ACE and EDC's have appropriate mechanisms for cost recovery.

The proposed rules would allow EDCs to recover CIAP-related costs through base rates or an approved Infrastructure Investment Program [(IIP)] pursuant to N.J.A.C. 14:3-2A.2, but do not provide cost recovery for the investments required to comply with the other significant EDC obligations imposed by the proposed rule changes. To ensure that each EDC is able to provide enhanced interconnection services while maintaining safe, reliable, and adequate service to its customers, the EDCs proposed an addition in N.J.A.C. 14:8-5.2 to make clear that the EDCs can recover any incremental costs incurred as a result of compliance with the Draft Amendments in a full and timely manner, either through a rider mechanism, through base rates, or through an approved Infrastructure Investment Program pursuant to N.J.A.C. 14:3-2A.2, in each case, subject to Board review and approval.

The Joint EDC comments filed April 24, 2023 also unanimously supported broadening cost recovery stating:

The Interconnection Rules should specifically provide for full and timely recovery of incremental costs that will result from the changes proposed to Chapter 8 by Staff, including personnel costs. As the Board rightfully believes that Interconnection is a critical factor in reaching the goals of the Energy Master Plan, it should help to ensure that investment in such systems and processes to improve Interconnection are incentivized and regulatory lag is minimized.

The Proposed Amendments omitted a rider mechanism as a means of recovery without any explanation. The Joint EDC comments submitted in the stakeholder process included a redlined version of the prior regulations to include a rider mechanism. ACE again recommends inclusion of "rider mechanism," in addition to base rate case, or an approved IIP as cost recovery mechanism. ACE further notes that the IIP program has limitations not recognized or amended in these Proposed Amendments. By contrast, the inclusion of a rider mechanism is more consistent with the Board's statutory authority for cost recovery for renewable energy programs under N.J.S.A. 48:3-98.1.

## **B. An Appropriate Deadline for Compliance is Necessary**

The Proposed Amendments set certain timeframes for compliance that are not consistent with the EDCs' recommendations. The Company reasserts that it is unrealistic to allow only 120 days for the EDCs to make tariff changes and to implement the necessary system changes and modifications to their business processes associated with the additional requirements imposed by the Proposed Amendments, including establishing a standardized interconnection dispute resolution process, complying with extensive new reporting requirements, and enhancing hosting capacity maps as detailed in N.J.A.C. 14:8-5. The Joint EDC comments, submitted in the stakeholder process on April 24, 2023, recommended that the regulation requirements should not be included in the EDCs' tariffs. The Joint EDCs noted that amending tariffs is a time consuming, cumbersome process. Tariff approvals demand a lot of Staff. The current landscape of distributed generated resources (DERs) continues to evolve, as a result, it is more appropriate that technical standards should be memorialized in technical support documents. Ultimately, ACE reiterates its own, and the Joint EDC comments proposing further consideration of timeframes, at least one year following the adoption of final amendments to N.J.A.C.14:8-5.

## **C. Recommended Changes to Proposed Subsections**

### **14:8-5.1 Interconnection Definitions**

ACE understands the need to begin defining terms but recommends additional changes.

**Non-Exporting Customer Generator Facility** – The definition in the proposed rules needs to provide adequate guidance in determining these types of facilities, such as providing an industry standard. ACE recommends that the definition in the Proposed Amendments requires further discussion with stakeholders or, in the alternative, ACE recommends the following definition:

*“Non-exporting technology” means a power control system certified to the UL-3141 standard and/or EDC-approved electrical microprocessor relay that is designed to ensure that a customer-generator facility is a non-exporting customer-generator facility that limits the amount of injection past the point of common coupling, or maintains a minimum import of electrical power past the point of common coupling.*

**“Pre-application verification/evaluation process” or “PAVE” process** – ACE recommends modifying the definition to align with the Joint EDC redline submitted on April 24, 2023. In the Proposed Amendments under this definition, ACE recommends striking reference to inclusion of “processing time and other procedural requirements,” because these are not requirements outlined in the PAVE process at proposed section 5.10. Additionally, the processing timelines depend on the scope of the distribution upgrades required for a facility to be safely and reliably interconnected. The scope of the distribution upgrades results from a more in-depth study and cannot be provided without an extensive technical screening.

**“Solar permitting application software”** – This proposed definition should be stricken from the proposal regulation because this type of software is not available in the jurisdiction.

#### **14:8-5.2 General Interconnection Provisions**

**14:8-5.2(i) PAVE Requests** – ACE recommends expanding the payment option for PAVE application fees beyond payment through the portal. Currently, payments cannot be accepted in ACE’s interconnection portal. The applicant receives an invoice and pays it on a third-party website. Having this payment feature included in the near term would be an expensive undertaking, which raises some of the above referenced to cost recovery concerns.

**14:8-5.2(l) Non-exporting controls** – ACE recommends that stakeholders fully vet this term. A standardized system should be defined to mitigate inadvertent export concerns for level 1 applications.

**14:8-5.2(g) Forms of Communication** – Throughout the Proposed Amendments is mention of notifying the applicant though the portal and by email, or other writing. As indicated in the April 24, 2023, Joint EDC comments, ACE recommends use of electronic communication and striking “by email, or other writing.” Streamlining the interconnection process should include alleviating multiple forms of communication. Utilizing the portal as a single source of communication ensures more accurate retention of communication and reduces the work redundancy of multiple forms of communication.

**14:8-5.2(m)(3) Integration of Solar Permitting Software** – Consistent with Joint EDC comments filed April 24, 2023, ACE recommends striking the definition and inclusion of Integration of Solar App Permitting Software in the Proposed Amendments. As mentioned above and in previously filed comments, SolarAPP+ is not yet available in New Jersey, and the incorporation of software that cannot be implemented in the near term should not be included in these proposed regulations, especially when considering the aggressive timeline to implement these regulations. In addition, ACE is at the forefront of DER and interconnection processes and has had an interconnection portal that has been implemented since 2019. Integrating external software into the interconnection portal will be challenging and extensive, establishing a stranded asset.

**14:8-5.2(r) Elements of a System Impact Study** – The proposed elements that must be included in a systems impact study are extensive and would come at a considerable cost to the applicant. ACE recommends keeping the existing language as stated in the current N.J.A.C.14:8-5.6(l) and not proceeding with this proposal. The current regulations give the EDC the opportunity to carry out all or parts of the elements of a systems impact study. ACE's goal is to ensure that cost is not a hindrance to the interconnection study process and to allow an applicant to tailor the scope of the study.

#### 14:8-5.4 Level 1 Interconnection Review

**14:8-5.4(o)(7) Unauthorized System interconnection or operation** – The proposal to issue a notification within four hours of disconnection of an unauthorized system is an impracticable timeline. Various departments would be involved in the disconnection process; therefore, four hours would be insufficient to notify the customer of such an action. The Company recommends 48 hours consistent with ACE’s Board-approved Tariff at Section II, paragraph 7.2 and other Board-approved timelines.

**14:8-5.4(p) Failure of a Level 1 Review** – ACE recommends removing the expedited review process for Level 1 projects. If the interconnection customers decide to resubmit an application, it should be considered a new application. The creation of the expedited review process creates the potential for undue preference in the interconnection process; disadvantaging other applicants. In relation to considering other mitigating factors, if an application fails the screening, the Company can only consider a non-export technology if appropriate standards are provided for such technology. As mentioned above, further defining non-export technology utilizing ACE recommended definition or a stakeholder process, would allow more streamlined review of Level 1 applications. In the absence of an appropriate definition of non-export technology, ACE anticipates that there will be delay in the review of Level 1 applications, requiring more manual review of Level 1 applications. This manual review process appears contrary to the Board’s goals in this rule proposal.

#### 14:8-5.5 Level 2 Interconnection Review

**14:8-5.5(a)(1) Capacity of Level 2** – ACE has identified that there is an inconsistency when comparing the general provision 14:8-5.3(a)(2) which outlines that Level 2 is measured in alternating current (ac), while this provision uses direct current (dc). ACE prefers alternating current, as the electrical infrastructure was designed for alternating current. Interconnection practices and impact studies are performed under the AC rating, not the DC rating. The energy generated by the photovoltaic system will be converted to alternating current to be used. Accordingly, ACE requests amendment by the BPU.

**14:8-5.5(f) Screening Criteria for Levels 1 and 2** – ACE recommends the amendment of the screening criteria guidelines with the addition of the wording in red and the removal of the words struck through.

*If a customer-generator facility is to be connected to a radial line section, the aggregate generation capacity connected to the electric distribution system by non-EDC sources, including the customer-generator facility, **reduced by any export limited capacity achieved through non-exporting technology**, shall not exceed **the minimum load (or minimum daytime load for solar distributed generation) or when historic minimum load is not available [10] 15 percent (or [15] 25 percent for solar electric generation)** of the total circuit annual peak load. For the purposes of this subsection, annual peak load, **minimum load, and minimum daytime load** shall be based on measurements taken over the 12 months prior to the submittal of the*

*application, measured at the ~~substation~~ feeder supplying nearest to the customer-generator facility.*

**14:8-5.5(i) Range for Estimates** – The Company can only support giving estimates in the +25 percent/-25 percent level range after completing a detailed systems impact study and when there is certainty of scope. Currently, without a thorough study, the Company gives a cost estimate of +50 percent/-50 percent at the end of the technical screening. When the good faith cost estimate is issued at the end of the technical screening, known as phase zero, the project scope is not fixed. It is subject to changes by the developer or ACE based on external factors such as permits, timelines, and costs. The range of the estimates decreases after the design has been completed. Additionally, where a project requires further review by an EDC, a +25 percent/-25 percent estimate will be impossible because the company will not be able to determine, with accuracy, the upgrades required.

**14:8-5.5(o)(3)(ii) Request for Additional Review** – ACE recommends the regulation be amended to specify an EDC will not commence a review until payment is made. Additionally, failure to make a payment will result in the removal of the application from the interconnection queue. ACE recommends the amendment of the subsection with the addition of the wording in red and the removal of the words struck through:

*[If the customer-generator notifies the EDC that the customer-generator consents to pay for the review and/or modifications, the] Within 15 business days after the EDC offers to perform additional review and/or modifications, the customer-generator shall notify the EDC if the customer-generator consents to pay for the review and/or modifications. The EDC shall undertake the review and/or modifications within 15 business days after ~~this notice~~ after payment from the customer-generator[; and], or within a longer period agreed to by the customer-generator and the EDC in writing. Any required payments for the additional review shall be received within 30 days after invoicing. If such deposits or payments are not made, the EDC ~~may make the interconnection capacity available to other potential customer generators and may require the applicant to re-start the interconnection process;~~ and may remove the customer-generator from the interconnection queue and make the interconnection capacity available to other applicants.*

**14:8-5.5(o)(4)(i) Mitigation Efforts for Failure of Level 2 Application** – The Company cannot consider a non-export technology without a definition with the appropriate standards.

**14:8-5.5(r)(7) Unauthorized System** – ACE reaffirms its inability to notify customers within 4 hours referred in Section 14:8-5.4(o)(7).

### **14:8-5.6 Level 3 Interconnection Review**

**14:8-5.6(a) Capacity of Level 3** – ACE reaffirms the inconsistency between the general provision stated 14:8-5.3(a)(3) around the use of direct and alternating currents.

**14:8-5.6(k) – 14:8-5.6(o) Timelines and Requirements for Level 3 Interconnection** – ACE has concerns about the timeframe for initiating and completing studies for level 3 applications. ACE recognizes the Board’s desire to ensure that the studies are completed within the shortest period during the interconnection period. The Company requires ten business days to draft the impact study agreement. Additionally, ACE is unwilling to hold an application in abeyance for 60 days until the scope is finalized. An applicant should only be given 30 days to negotiate the scope to ensure that the projects within the interconnection queue are progressing. Additionally, these studies should only commence after the applicant pays for the study rather than when the agreement is executed.

As noted above, the proposed system impact has seven elements that the EDC must complete; as such, thirty business days to complete it and issue a cost estimate is impractical. The additional 20 business days provided would not provide a sufficient safeguard for studies of this nature. Additionally, if a facilities study is recommended, an EDC should not be required to provide an estimate of the proposed modification and the timeline to complete it. This information will be produced after the facilities study has been completed. ACE reaffirms that the timelines to complete studies, including facility studies, are impractical. As mentioned in the joint EDC comments filed April 24, 2023, the Company is not supportive of giving an applicant 60 business days to make a deposit to commence the study and 40 business days to execute the interconnection agreement. The interconnection process should be fluid, and pausing an application for an extended period would affect the queue and other applicants.

**14:8-5.6(o) Cost Overruns** – Proposed rules state “that if the EDC commences construction of actual upgrades, the EDC may not charge the applicant for any portion of cost overruns that exceed 50 percent of the total estimated upgrade cost.” This provision would cause EDCs financial risk and would be unduly burdensome if this provision remains without any exception. The interconnection process is dynamic, and the costs could change due to unexpected scope changes.

**14:8-5.6(s) Payment of Interconnection Upgrades** – ACE supports BPU’s proposal to have a flexible payment option between the EDC and the applicant to ensure that the cost and payment for the distribution upgrade do not hinder the interconnection process. However, the Company would not want to expose itself to financial harm and recommends that all costs be paid prior to any construction to reduce bad debts. Additionally, it recommends that monthly billing only applies to applicants with projects requiring material or substantial upgrades, that is, projects with upgrades of over \$200,000.

**14:8-5.6(t) Final Accounting** – ACE recommends increasing the period to provide final accounting to 120 days after the completion of the construction to provide final accounting. The process requires a full accounting of all expenses from design to construction, which can be tedious.



### **14:8-5.9 Interconnection Reporting Requirements for EDCs**

There are reporting requirements within the June 3, 2024 Proposed Amendment that cannot be supported by ACE, which includes the below items.

**14:8-5.9(c)(4)** – The interconnection portal is designed to ensure that there is a record of all interconnections. If an application is incomplete due to missing information, the applicant would be required to resubmit it with the information that was removed. ACE recommends 14:5-5.9 (c)(4) be removed.

**14:8-5.9(c)(9)** – The regulations need to internally accord. In 14:8.9(c)(5) of the proposed regulation, an EDC would be required to provide data on the PAVE requests which would also include enhanced PAVE requests. Therefore, being required to provide extensive reporting on an aspect of the PAVE report is burdensome. ACE recommends 14:5-5.9 (c)(9) be removed.

**14:8-5.9(c)(13)** – A trend analysis by ACE would require extensive forecasting of DERs which is not currently being performed. ACE recommends 14:5-5.9 (c)(13) be removed.

**14:8-5.9(d)** – The periodic publishing of data online is burdensome. EDCs will be required to publish a queue containing information on capacity for level 2 and 3 applications received and being processed. Additionally, it is proposed that EDCs are to submit quarterly reports to the BPU containing this information. Therefore, we do not believe this provision would add value to the reporting process. ACE recommends 14:5-5.9 (d) be removed.

**14:8-5.9(e)** – The reporting requirements on the EDCs are extensive and burdensome. ACE recommends 14:5-5.9 (e) be removed.

### **14:8-5.10 Pre-Application Verification/Evaluation (PAVE) Process**

ACE currently conducts PAVE reports upon request of a prospective interconnection applicant. The Company has established a PAVE process for these reports. Section 14:8-5.11 of the PAVE requirement should be removed because this type of review should be done during the technical review process rather than during pre-application. Additionally, under 14:8-5.12, ACE requests 15 business days to explain the findings for an Enhanced PAVE report. The subsection is drafted to provide all applicants with a report rather than an applicant who requested an Enhanced PAVE report. This subsection is inconsistent with the definition provided.

### **14:8-5.11 Hosting Capacity Maps**

**14:8-5.11(a)** – ACE reaffirms its position outlined in its April 24, 2023 Comments on hosting capacity methodology on April 24, 2023. The Company understands the importance of hosting capacity maps in ensuring that a prospective applicant has all the requisite information. However, there are aspects of the hosting capacity mapping requirements that are not feasible or practical for the Company to undertake. ACE is not supportive of the recommendation that there should be a common hosting capacity process for all EDCs. Currently, the methods used by each utility to compile and present this data vary; as such, all utilities cannot use a common method to calculate their hosting capacity methodology. If EDCs were to implement a common process, it would

require considerable expense and time and could not be done within 120 days of adopting the regulations. Additionally, ACE finds the following provisions problematic to implement:

**14:8-5.11(c)** – ACE has concerns about visually presenting all system data for substations, feeders, and related distribution assets. Detailed infrastructure data relating to substations, feeders and distribution assets can potentially be combined with other sources to infer sensitive information about utility operations or grid management. Publicly displaying detailed infrastructure and information may result in malicious actors seeking to exploit weaknesses in the grid by facilitating targeted attacks, including physical sabotage or cyberattacks designed to disrupt service. ACE recommends 14:5-5.11(c) be removed.

**14:8-5.11(c)(3)** – ACE does not maintain this information and it is unclear how the EDCs could measure “interest level,” nor what value it would offer Applicants as ACE does not believe that “interest levels” would be sufficient to make actionable recommendations to Applicants. ACE recommends 14:5-5.11(c) (3) be removed.

**14:8-5.11(c)(4)** – Hosting capacity maps are not designed to filter sites but feeders. ACE recommends 14:5-5.11(c) (4) be removed.

**14:8-5.11(c)(5)** – Providing estimates for anticipated upgrades is not feasible for ACE because this type of analysis is not done. ACE recommends 14:5-5.11(c) (5) be removed.

**14:8-5.11(c)(6)** – Each recloser has several segments, this would be a manual exercise and would require significant investment if it were implemented. ACE recommends 14:5-5.11(c)(6) be removed.

**14:8-5.11(c)(7)** – Retrieving the requisite information from ACE’s transmission and protection department regularly to update hosting capacity maps quarterly will be challenging and as such recommending removing this provision. ACE recommends 14:5-5.11(c) (7) be removed.

**14:8-5.11(c)(8)** – ACE currently does not provide this information, and if it were to do so, it would be an expensive endeavor. ACE recommends 14:5-5.11(c) (8) be removed.

#### **14:8-5.12 Dispute Resolution**

ACE reaffirms its position in its previous Comments requesting additional time to implement a dispute resolution.