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October 15, 2024

Via Electronic Mail board.secretary@bpu.nj.gov

Sherri L. Golden
Secretary of the Board
44 South Clinton Ave., 1st Floor
PO Box 350
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**Re: In the Matter of the Opening of a Solicitation for a Transmission Infrastructure Project to Support New Jersey's Offshore Wind Public Policy
BPU Docket No. QO23100719**

Dear Secretary Golden:

Rate Counsel thanks the Board for the opportunity to comment on the OSW pre-build infrastructure ("PBI") being considered for approval at this time. At the October 1st public hearing, a number of serious issues were raised by members of the public. Rate Counsel will not comment on many of those concerns, not because they are unimportant, but because they fall outside Rate Counsel's primary focus. Rate Counsel will focus on costs and ratepayer impacts. The Board, however, must review and consider all the issues raised at the public hearing.

In reviewing the Board's presentation at the October 1st public hearing, Rate Counsel notes the absence of ratepayer impact. We note that some participants questioned the cost-effectiveness of the project but again, there was no discussion on ratepayer impact. This is an important consideration, especially in the current economic environment. Ratepayers are already asked to subsidize much of the energy transition, with bills that are only increasing. We must

ensure that electric rates do not become unaffordable. There is no dispute that New Jersey requires additional generation to meet its energy needs or that there will need to be additional transmission to bring that power to where in New Jersey it needs to go. The conundrum is determining how to obtain that generation and transmission at the lowest cost. Deliberate and holistic planning is key. We cannot look at any one project in isolation. For transmission, such as the project before the Board in the present matter, regional planning is important. Matching the region's goals with properly planned transmission projects will ensure that we do not overbuild, or build multiple smaller systems when one larger system will suffice.

Under the State Agreement Approach, New Jersey ratepayers will be solely responsible for the costs of these projects. We have already seen how this resulted in New Jersey paying more for a project than necessary, because the upgrades allocated solely to New Jersey were ultimately needed by other states as well. New Jersey, along with PJM, must do a better job of identifying all the regional drivers for any transmission project and ensuring that costs are properly allocated. No state should bear the full cost of a project with shared benefits. Indeed, the entire point of a regional transmission organization is to find economies of scale that will save ratepayers money, in transmission, in markets, and in administration. The Board must make sure that any project selected is properly allocated to ensure that all who benefit actually pay for the project.

Furthermore, in evaluating projects, cost matters. If the Board determines that the PBI is in fact needed, it is imperative that the Board find the lowest cost solution. A bidding process was utilized in this matter to spur competition and hopefully drive innovation and ensure lowest cost. In selecting a bid, ratepayer impact must be a significant consideration. The Board must determine, and then seriously consider, the cost of each bid, not as a budget, but as ratepayer

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impact, in determining which bid to select. Larger is not always better and price matters.

Ratepayers will be paying for the PBI for decades into the future. At the same time, ratepayers will be paying for the offshore wind generation, energy efficiency, additional grid modernization, solar subsidies and so much more. Ratepayers are not a bottomless pit of money and the cost of the PBI must be a significant consideration in determining first whether to move forward with the PBI, and if moving forward in the selection of the winning bid.

Thank you for your attention to this matter. Rate Counsel appreciates the Board's willingness to consider all the public's concerns with this important issue, and hopes that the Board will seriously consider the ratepayer impact of this decision as it evaluates the need for the PBI and the submitted bids.

Respectfully submitted,

Division of Rate Counsel

By: */s/ Brian Lipman*
Brian O. Lipman, Esq.
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cc: Service List

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