

SENATE ENVIRONMENT AND ENERGY COMMITTEE

STATEMENT TO

SENATE, No. 2804

with committee amendments

STATE OF NEW JERSEY

DATED: AUGUST 17, 2020

The Senate Environment and Energy Committee favorably reports Senate Bill No. 2804 with committee amendments.

This bill, as amended, would require the Board of Public Utilities (BPU) to conduct a study that analyzes and compares the potential costs and benefit impacts of: (1) withdrawing from the regional, high-voltage electric transmission grid operated or managed by PJM Interconnection, L.L.C. (PJM), the independent system operator of that electric transmission grid, and establishing an electric transmission grid that would operate independently within the State; (2) withdrawing from PJM and joining an electric transmission grid that operates within the state of New York; (3) remaining within PJM; (4) any other electric transmission grid option that the BPU may consider to be in the best interest of ratepayers of the State; and (5) utilizing the fixed resource requirement alternative to satisfy the State's resource adequacy needs and accelerate achievement of the State's clean energy goals.

Within one year after the date of enactment of the bill, the BPU would be required to submit a written report to the Governor and the Legislature concerning the results of the study. In conducting the study, the BPU would analyze and compare each of the options with regard to: (1) the costs and benefit impacts to ratepayers, including residential and State and local government customers; and (2) the costs and benefit impacts on renewable energy production, energy storage, and distributed electric generation in the State. With regard to withdrawing from PJM, the BPU would be required to study the costs and benefit impacts on any necessary physical or structural changes to the electric transmission or distribution infrastructure or systems within this State and any necessary regulatory approvals needed for these physical or structural changes.

The bill would require the report from the BPU to: (1) summarize the results of the analysis and comparison conducted; (2) discuss and quantify the potential benefits and costs associated with each of the options analyzed and compared; and (3) rank the options analyzed and compared from the most suitable and beneficial for the State to the least suitable and beneficial for the State. In conducting the study, the BPU would consult with stakeholders, including, but not limited to,

electric power suppliers and electric public utilities, the Federal Energy Regulatory Commission, the North American Electric Reliability Corporation, and public and private entities within and without the State that have conducted studies on the operation of, or otherwise concerning, electric transmission grids.

The committee amendment to the bill would require the BPU to study utilizing the fixed resource requirement alternative to satisfy the State's resource adequacy needs and accelerate achievement of the State's clean energy goals.