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Agenda Item: LSA

STATE OF NEW JERSEY
Board of Public Utilities
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Trenton, New Jersey 08625-0350
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CLEAN ENERGY

IN THE MATTER OF DECLARING TRANSMISSION) ORDER ON THE STATE
TO SUPPORT OFFSHORE WIND A PUBLIC) AGREEMENT APPROACH (SAA)
POLICY OF THE STATE OF NEW JERSEY) MUTUAL TERMINATION
) AGREEMENT
)
) DOCKET NO. QO20100630

Parties of Record:

- Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel
- Susan McGill**, PJM Interconnection, L.L.C.
- Thomas Donadio**, Jersey Central Power & Light Company
- Cynthia Holland**, Exelon Corporation
- Matthew Virant**, Mid-Atlantic Offshore Development, LLC
- Jason Niven**, LS Power Grid Mid-Atlantic, LLC
- Shadab Ali**, PPL Electric Utilities
- Jodi Moskowitz**, Public Service Electric and Gas Company
- Maria J. Malguarnera**, Transource Energy, LLC

BY THE BOARD:

By this Decision and Order, the New Jersey Board of Public Utilities (“Board” or “BPU”) considers whether to enter into a Mutual Agreement to Terminate the Amended and Restated State Agreement Approach Agreement with PJM Interconnection, LLC (“PJM”) (“Mutual Termination Agreement”).

BACKGROUND AND PROCEDURAL HISTORY

By Order dated November 18, 2020, the Board initiated a proceeding for New Jersey to become the first state to integrate its offshore wind (“OSW”) transmission goals with its regional electric transmission grid’s planning and development process, one of many steps taken to advance timely, effective, and efficient deployment of major in-state energy generation sources.¹ By the November 2020 Order, the Board formally requested the inclusion of the state’s plans for OSW generation into PJM’s regional transmission expansion plan (“RTEP”) through the State Agreement Approach (“SAA”), a first-in-the-nation mechanism that allows a state to pursue its

¹ In the Matter of Declaring Transmission to Support Offshore Wind a Public Policy of the State of New Jersey, BPU Docket No. QO20100630, Order dated November 18, 2020 (“November 2020 Order”).

energy priorities within PJM's RTEP if that state agrees to assume cost responsibilities for any transmission projects selected to support the state's public policy goals.² On December 18, 2020, PJM submitted to the Federal Energy Regulatory Commission ("FERC") an executed SAA Study Agreement between PJM and the Board to begin implementing the SAA.³

In January 2022, PJM filed Rate Schedule 49 at FERC, setting out the agreement between the Board and PJM to implement the SAA process for New Jersey ("SAA Agreement").⁴ In the SAA Agreement, PJM committed to preserving transmission capability necessary to realize New Jersey's goals for in-state generation.⁵ In exchange, PJM required and New Jersey, through the Board, agreed to accept cost responsibility for the transmission projects that would facilitate that in-state generation, subject to cost-sharing for certain projects that also resolved regional reliability needs.⁶ On April 14, 2022, FERC approved the SAA Agreement.⁷ The Board and PJM subsequently modified, and on March 6, 2023 FERC approved, the SAA Agreement to expressly incorporate the costs and in-service dates for the selected SAA Projects.⁸

PJM then opened a competitive solicitation to receive project proposals to advance New Jersey's targeted OSW goals. By Order dated October 26, 2022, the Board awarded SAA Projects to nine (9) SAA Developers. These developers proposed to make major investments in New Jersey, upgrading and strengthening the state's electric grid and associated facilities necessary to deliver 4,890 megawatts ("MW") of electricity from New Jersey-built wind projects to New Jersey customers. Taken together, those investments were planned to save ratepayers an estimated \$900 million compared to interconnecting OSW generation through a traditional non-SAA

² Amended and Restated Operating Agreement of PJM Interconnection, LLC, Sch. 6, § 1.5.9 ("PJM Operating Agreement"); PJM Open Access Transmission Tariff, Sch. 12(b)(xii) ("PJM Tariff").

³ PJM Interconnection, L.L.C., 174 FERC ¶ 61,090 at P 1 (2021).

⁴ PJM Interconnection, L.L.C., 179 FERC ¶ 61,024 at P 1 (2022).

⁵ The provisions of the SAA Agreement formally establish the terms and obligations, under FERC jurisdiction, for the management of the SAA. The SAA Agreement sets forth PJM's ongoing obligation to preserve the transmission capability created by projects selected for the Larabee Collector Solution ("LCS") project, consisting of Mid-Atlantic Offshore Development, LLC's LCS and Jersey Central Power & Light Company's Clean Energy Corridor, for the purpose of enabling New Jersey's OSW generation procurements—referred to as "SAA Capability." See SAA Agreement at § 6.2(c) ("The SAA Capability will be based, modeled and reserved in a manner (i) consistent with PJM's reliability criteria, study assumptions, and modeling processes for offshore wind turbines as detailed in PJM Manuals, and (ii) as described and identified in any subsequent FERC filings, as well as in Appendix B herein (citing PJM Competitive Planning Webpage, 2021 NJ OSW Proposal Overview, at Appendix).") SAA Capability is defined as "all transmission capability created by a SAA Project(s), including but not limited to the capability to integrate resources injecting energy up to the Maximum Facility Output ("MFO"), capability which may become CIRs through the PJM interconnection process, and any other capability or rights under the PJM Tariff, and consistent with the reliability study criteria applied to the evaluation of a SAA Project(s) as set forth in Paragraph 6 [of the SAA Agreement]." SAA Agreement § 1.2.

⁶ The SAA Agreement incorporates by reference the provisions of PJM's Tariff that provide for cost-sharing of Multi-Driver Projects that both support state public policies and solve a reliability problem. See SAA Agreement § 15.0; PJM Tariff, Sch. 12(b)(xiv).

⁷ Id.

⁸ PJM Interconnection, L.L.C., ER23-775 (Mar. 6, 2023).

approach.⁹ All projects were planned to be complete and operational by June 1, 2030.¹⁰

By Presidential Action, in the form of a memorandum issued January 20, 2025 (“PM”), the federal government halted all new OSW leasing and permitting and initiated a comprehensive review of federal wind leasing and permitting practices.¹¹ Following that Presidential Action, the U.S. offshore wind industry, its investors, the manufacturing, maritime, and construction workers who were actively employed in it, and the ratepayers who looked forward to its promised relief from skyrocketing utility costs have been thrown into turmoil and uncertainty. Repetitive environmental reviews, unnecessary permitting costs, and even stop-work orders on active construction projects, have deeply eroded near-term confidence in the federal regulatory regime for a broad swath of U.S. energy projects, including offshore wind.¹²

In light of this market uncertainty, on May 23, 2025, Jersey Central Power and Light Company (“JCP&L”) filed a Motion for Declaratory Guidance in this docket, requesting the Board “either affirm[] the schedule for Movant’s development of its project supporting the State’s goal of offshore wind development and transmission reliability, or, in the alternative, . . . modify[] said schedule.”¹³ JCP&L requested “this relief due to the occurrence of new facts and circumstances, primarily at the federal level.”¹⁴ As examples, JCP&L’s motion cited both the PM and a decision from the United States Environmental Protection Agency’s (“EPA”) Environmental Appeals Board (“EAB”) approving EPA’s request for a voluntary remand of the Clean Air Act permit it granted to the Atlantic Shores OSW project.¹⁵ JCP&L explained that under its Designated Entity Agreement (“DEA”) with PJM, it would soon need to commence construction on several SAA Projects that had substantial costs.¹⁶ JCP&L thus asked the Board to specifically state whether it should

⁹ In re Declaring Transmission to Support Offshore Wind a Public Policy of the State of New Jersey, BPU Docket No. QO20100630, Order dated October 26, 2022 (“October 2022 Order”).

¹⁰ Id., App. A.

¹¹ Presidential Action: Memorandum to Agency Heads, Temporary Withdrawal of All Areas on the Outer Continental Shelf from Offshore Wind Leasing and Review of the Federal Government’s Leasing and Permitting Practices for Wind Projects, (Jan, 20, 2025), <https://www.whitehouse.gov/presidentialactions/2025/01/temporary-withdrawal-of-all-areas-on-the-outer-continental-shelf-from-offshore-wind-leasing-andreview-of-the-federal-governments-leasing-and-permitting-practices-for-wind-projects/> (“Presidential Memorandum”).

¹² See, e.g., Director’s Order from Walter D. Cruickshank, Acting Dir., Bureau of Ocean Energy Mgmt, to Matthew Brotmann, Sec’y, Empire Offshore Wind LLC (Apr. 16, 2025), <https://www.boem.gov/sites/default/files/documents/renewable-energy/state-activities/BOEM%20Director%26%23039%3Bs%20Order%20Empire%20Wind.pdf>; In re Atlantic Shores Offshore Wind, LLC, OCS Appeal No. 24-01, slip op. at 5 (EAB Mar. 14, 2025). [https://yosemite.epa.gov/oa/eab_web_docket.nsf/9C7B7CF33923032185258C4D0058F4A7/\\$File/Atlantic%20Shores%20Order%20Granting%20Motion%20for%20Voluntary%20Remand,%20FINAL.pdf](https://yosemite.epa.gov/oa/eab_web_docket.nsf/9C7B7CF33923032185258C4D0058F4A7/$File/Atlantic%20Shores%20Order%20Granting%20Motion%20for%20Voluntary%20Remand,%20FINAL.pdf) (“EAB Voluntary Remand Order”).

¹³ Mot. for Decl. Guidance by The Jersey Central Power & Light Company on Current Project Development Schedule, or, Alternatively, for Modification of Current Project Schedule at 1 (May 23, 2025).

¹⁴ Id.

¹⁵ Id. at 3-4 (citing President Memorandum & EAB Voluntary Remand Order).

¹⁶ Id. at 2, 5-6.

proceed with “development as required to meet the current DEA schedule commitments, or should delay near-term commencement of construction pending further OSW development guidance from the Board.”¹⁷

On June 9, 2025, the New Jersey Division of Rate Counsel (“Rate Counsel”) filed a letter in response to JCP&L’s Motion for Declaratory Guidance and its own Cross-Motion for Rehearing.¹⁸ Rate Counsel stated that it opposed JCP&L’s motion “to the extent that motion seeks to affirm the current schedule without further consideration.”¹⁹ Through its Cross-Motion for Rehearing, Rate Counsel requested that the Board instead reopen the record to reevaluate costs, prudence, and ratepayer impacts, and further sought a stay of project development pending such review.²⁰

By Order dated August 13, 2025, the Board addressed JCP&L’s motion and the development schedule of SAA transmission projects previously selected by the Board and incorporated into the RTEP.²¹ By the August 2025 Order, the Board found that recent federal policy developments introduced significant uncertainty into the development timeline for the OSW projects the SAA transmission projects were designed to support. To protect New Jersey ratepayers from near-term expenditures and to realign transmission development with generation timelines, the Board (1) directed JCP&L to delay, to the extent practicable, expenditures associated with SAA Projects identified under PJM upgrade identification number b3737 for a period of approximately two-and-one-half years; (2) requested that PJM revise the expected in-service dates for the affected SAA Projects from June 1, 2030 to January 1, 2033; and (3) directed Board Staff (“Staff”) to coordinate with PJM and SAA Project developers to defer other SAA related expenditures consistent with the Board’s directives.

On August 28, 2025, PJM filed a Request for Clarification, or in the alternative, Motion for Reconsideration of the August 2025 Order.²² In its filing, PJM asked for clarification of the precise meaning of the Board’s request that PJM delay certain SAA Projects, noting that there was an important distinction between “delaying” and “suspending” SAA Projects.²³ PJM further noted that the existing SAA Agreement does not contain provisions authorizing suspension or delay of approved SAA Projects and either a delay or a suspension would require modification of the SAA Agreement.²⁴

By letter dated September 22, 2025, Rate Counsel filed a Response to PJM’s motion.²⁵ By its

¹⁷ Id. at 6.

¹⁸ Rate Counsel Resp. to Mot. for Decl. Guidance by the Jersey Central Power & Light Company on Current Project Development Schedule, or, Alternatively, for Modification of Current Project Schedule; and Cross-Motion for Rehearing (June 9, 2025).

¹⁹ Id. at 1.

²⁰ See id. at 1-3, 7.

²¹ In re Declaring Transmission to Support Offshore Wind a Public Policy of the State of New Jersey, BPU Docket No. QO20100630, Order dated August 13, 2025 (“August 2025 Order”).

²² Request for Clarification or, in the Alternative, Mot. for Reconsideration or Rehearing of PJM Interconnection, L.L.C. (August 28, 2025).

²³ Id. at 4-5.

²⁴ Id.

²⁵ Rate Counsel Resp. to PJM Mot. for Reconsideration (Sept. 22, 2025).

Response, Rate Counsel urged the Board to deny PJM's request, asserting that PJM failed to demonstrate any legal or factual error in the August 2025 Order and reiterating the importance of ratepayer protection amid uncertainty surround OSW.²⁶

Thereafter, on November 21, 2025, PJM submitted a Request for Assurances, asking that the Board in writing: (1) affirm whether the Board's decision was to delay or suspend the SAA Projects and acknowledge modeling and cost implications thereof; (2) affirm the Board's commitment to proceed with the SAA Projects after the two-and-one-half-year delay, including paying 100% of all associated and escalated costs; (3) commit to establish new OSW in-service dates that align with the transmission delay; and (4) commit to fund PJM's own studies necessary to determine which projects can be delayed.²⁷ PJM made such commitments a condition for its continued cooperation.²⁸

For the limited purpose of facilitating continued negotiations for modification to the SAA Agreement necessary to incorporate suspension authority and clarify procedures governing scope, cost, and schedule modifications, on January 3, 2026, the Executive Director of the New Jersey Board of Public Utilities transmitted a Letter of Assurances to PJM pursuant to its request.²⁹

Rate Counsel also responded to PJM's Request for Assurances and the Executive Director's Letter of Assurances by letter dated February 20, 2026.³⁰ In its letter Rate Counsel urged the Board to undertake an updated prudency and cost-benefit analysis before taking further action on the SAA Agreement, because of material changes in the OSW landscape.³¹ As such, Rate Counsel opposed any further commitment of ratepayer funds absent stronger evidentiary support and further analysis.³²

Finally, since the Board's last action in this docket on August 13, 2025, material changes to both the Leading Light Wind Project ("LLW Project") and Attentive Energy Two Project ("Attentive Project") that the Board awarded in January 2024 as part of Offshore Wind Solicitation Three indicate that the projects are unlikely to move forward. Specifically, on November 7, 2025 Invenergy Wind Offshore, LLC ("Invenergy") sent a notice to the Board stating that it "has determined it cannot move forward with the Project under the terms and conditions set out in the Board's January Order,"³³ because of the "economic and regulatory conditions that have made the development of new offshore wind energy projects extremely difficult" discussed above.³⁴ On

²⁶ See id. at 2, 6-10.

²⁷ Req. for Assurances Regarding State Agreement Approach Agreement at 3-5 (Nov. 21, 2025) ("PJM Demand Assurances Letter").

²⁸ Id. at 4-5.

²⁹ Letter from Robert Brabston, Exec. Dir., N.J. Bd. of Pub. Utils., to Stu Bressler, Chief Operating Officer, PJM Interconnection, LLC (Feb. 3, 2026) (on file in BPU Docket No. QO20100630).

³⁰ Rate Counsel Resp. to PJM Request for Assurances (Feb. 20, 2026).

³¹ Id. at 5.

³² Id.

³³ LLW Project Notice to the BPU at 1, BPU Docket No. QO22080481 (Nov. 7, 2025) (citing In re the Opening of New Jersey's Third Solicitation for Offshore Wind Renewable Energy Certificates (OREC), Order Approving Leading Light Wind 2400 MW Project as a Qualified Offshore Wind Project, BPU Docket No. QO22080481, Order dated January 24, 2024).

³⁴ Id. at 2.

March 23, 2026, TotalEnergies, the parent company of Attentive Energy, LLC (“Attentive”), announced that in exchange for a nearly \$1 billion payment from the federal government,³⁵ it was “relinquish[ing] its Carolina Long Bay lease (Lease OCS-A 0545) and its New York Bight lease (Lease OCS-A 0538),”³⁶ the latter of which included the Attentive Project. As the Attentive Project was planned to be built in the New York Bight lease area,³⁷ TotalEnergies’ agreement with the United States Department of the Interior (“Interior”) likely means the Attentive Project cannot proceed.

The loss of the LLW Project and the likely loss of the Attentive Project, so long as Interior’s agreement with TotalEnergies remains in effect, means there are no viable OSW generation projects with a discernable pathway to commercial operation on the ambitious timeline anticipated both by the state’s goals for in-state generation and corresponding investments in the electric grid planned through the SAA.

STAFF RECOMMENDATION

In the months following the August 2025 Order, Staff attempted to work with PJM to limit New Jersey’s ratepayers cost exposure during the delay or suspension period. However, PJM stated they were unable to perform more than a preliminary “desktop analysis” absent FERC acceptance of a revised SAA Agreement and a binding commitment on the Board’s part to *both* fund the necessary studies *and* force New Jersey ratepayers to pay the costs of suspension before knowing what they would be.³⁸

The desktop analysis PJM provided sorted SAA Projects into (1) Category 1 projects that “could be suspended without negatively impacting the transmission system,” (2) Category 2 projects “that cannot be terminated, delayed, or suspended without negatively impacting the transmission system,” and (3) Category 3 projects “that require further study before PJM can make a determination about whether they can be delayed.”³⁹ PJM’s desktop analysis showed that a material amount of projects fell into Category 3, making it difficult to determine the actual benefits delay or suspension might provide to ratepayers. PJM also asserted that effectuating a delay or suspension would be a very lengthy process during which projects would continue as scheduled and costs would continue to mount until at least the latter half of 2026,⁴⁰ diminishing the potential value of delay or suspension to ratepayers below what was envisioned at the time of the August 2025 Order.

Moreover, the loss of the LLW Project in November 2025 and TotalEnergies’ March 2026

³⁵ Alex Brown, Trump Administration Will Pay \$1B to Block 2 Offshore Wind Farms, N.J. Monitor (Mar. 25, 2026), <https://newjerseymonitor.com/2026/03/25/repub/turmp-offshore-wind-farms/>.

³⁶ Press Release, TotalEnergies, United States: TotalEnergies Signs Agreements with U.S. Department of Interior to End its U.S. Offshore Wind Projects (Mar. 23, 2026), <https://totalenergies.com/news/press-releases/united-states-totalenergies-signs-agreements-us-department-interior-end-its-us>.

³⁷ In re the Opening of New Jersey’s Third Solicitation for Offshore Wind Renewable Energy Certificates (OREC), Order Approving Attentive Energy Two 1342 MW Project as a Qualified Offshore Wind Project, BPU Docket No. QO22080481, Order dated January 24, 2024 at 22, 22 n.88.

³⁸ PJM Request for Assurances at 4-5.

³⁹ Id. at 4.

⁴⁰ Id.

agreement with the Department of Interior have further eroded the case for continuing with the SAA Agreement. At the time of the August 2025 Order, both the LLW Project and Attentive Project were experiencing significant difficulties, but it remained plausible that they or similar projects could eventually reach commercial operation on a delayed timeline.⁴¹ That is no longer the case in the wake of Invenergy's decision not to proceed with the LLW Project at the approved offshore wind renewable energy credit price, and Attentive's likely decision to not proceed with the Attentive Project due to Interior's payment to TotalEnergies in exchange for its agreement to cease all US OSW development. Instead, New Jersey is now facing a situation in which there will be no identified, large-scale in-state generation projects under active development that can make use of SAA Capability on the timeline the state and PJM initially envisioned.

Because the SAA Projects and their associated power flows are currently assumed to be part of PJM's transmission system for its RTEP planning process, transmission and interconnection upgrades may be built on top of the SAA Projects. This risks inefficiencies if the power flows assumed to result from the SAA Projects and/or the generation resources they were intended to support do not materialize.

In light of the above, Staff now believes that terminating the SAA Agreement as quickly as possible is in the best interest of New Jersey ratepayers. Staff emphasizes that prompt Board action is essential to avoiding a potentially significant increase in New Jersey ratepayers' cost exposure.

The reasons for this are that (1) PJM will finalize its 2026 RTEP planning assumptions by the start of July 2026, and (2) PJM is legally unable to remove SAA Projects from its RTEP planning assumptions absent FERC approval of a decision to terminate the SAA Agreement. Obtaining such FERC approval will require PJM to make a Federal Power Act Section 205 filing to FERC after the Board agrees to terminate the SAA Agreement. As FERC will have sixty days to issue its ruling,⁴² that filing must be made to FERC by the end of April to ensure FERC acts before the beginning of the 2026 RTEP planning cycle. That in turn means the Board must decide to terminate the SAA Agreement before the end of April to prevent SAA Projects from remaining in the 2026 RTEP planning assumptions.

New Jersey ratepayers likely face a significant escalation in cost exposure if all SAA Projects remain in PJM's assumptions for the 2026 RTEP planning cycle. As explained above, new transmission projects may be planned in reliance on SAA Projects if they remain in the model. Once PJM selects new RTEP projects that rely on SAA Projects, it will no longer be possible to terminate the SAA Projects on which the new RTEP projects rely. Conversely, agreeing to terminate the SAA Agreement now will allow PJM to remove the SAA Projects from the 2026 RTEP planning cycle, assuming timely FERC approval. That would minimize further cost exposure to New Jersey under the SAA Agreement by ensuring additional system upgrades are not built in reliance on the SAA Projects. It will also allow PJM to develop a more efficient transmission system, reducing the total amount of transmission costs assessed to ratepayers across the entire PJM region.

To that end, following the announcement of Interior's intent to pay TotalEnergies nearly \$1 billion to cancel its leases, Staff began negotiating a draft Mutual Termination Agreement with PJM.

⁴¹ Attentive Energy LLC's Mot. for a Limited Stay of Order, BPU Docket No. QO22080481 (Jan. 23, 2025); Leading Light Wind's Amended Mot. to Extend the Stay, BPU Docket No. QO22080481 (May 16, 2025).

⁴² See 16 U.S.C. § 824d(d).

Under the proposed Mutual Termination Agreement, 52 out of the 58 SAA Projects will be canceled, leaving six SAA Projects to be completed. Based on information provided by PJM and SAA Project developers, Staff estimates that the cost of completing those six SAA Projects plus spend-to-date on SAA Projects amounts to approximately \$400 million. As the cost of completing all 58 SAA Projects is estimated to be approximately \$1.2 billion,⁴³ this suggests SAA termination will save New Jersey ratepayers approximately \$800 million.⁴⁴

Three of the six SAA Projects, specifically b3737.1, b3737.45, and b3737.60, that will not be canceled are already completed projects. PJM has determined that the remaining three projects, specifically b3737.47, b3737.38, and b3737.39 that have yet to be completed are needed for reliability or the interconnection of non-OSW resources and will therefore be used and useful even in the absence of any OSW projects.

One of these projects, b3737.47, is a Multi-Driver Project that addresses a baseline reliability need in Pennsylvania and as such will have 26.73% of its cost allocated as a Reliability Project, such that only 73.27% of its total cost will be allocated to New Jersey ratepayers as an SAA Project.⁴⁵ PJM's public database estimates that the total cost of b3737.47 will be \$104.1 million,⁴⁶ and New Jersey's share of the Reliability Project component comes to approximately \$77.8 million.

New Jersey ratepayers are responsible for any prudently incurred costs of the SAA Project component of b3737.47 due to a FERC-approved provision in PJM's Operating Agreement, which was incorporated into the SAA Agreement by reference.⁴⁷ Specifically, it provides that when "a state governmental entity(ies) withdraws its support of the [SAA Project] component of a Multi-Driver Project" but the "Multi-Driver Project must be retained in the Regional Transmission Expansion Plan . . . the withdrawing state governmental entity(ies) shall continue to be responsible for its/their share of the FERC-accepted cost allocations."⁴⁸ As b3737.47 must continue to meet the baseline reliability needs of the regional grid, New Jersey ratepayers remain

⁴³ The original cost estimate for the entire portfolio of SAA Projects was \$1.08 billion. October 2022 Order at 61. However, subsequent adjustments to cost estimates increased the cost estimate by approximately \$127 million in June 2023, decreased it by about \$29 million in March 2024, and decreased again by about \$8 million in December 2024. In re Declaring Transmission to Support Offshore Wind a Public Policy of the State of New Jersey, BPU Docket No. QO20100630, Order dated Dec. 18, 2024 at 4, 6. That produces a revised total cost estimate of approximately \$1.17 billion. Given the fluctuation in SAA projects cost and the fact that transmission cost estimates tend to increase over time, Staff believes it is best to round this cost estimate to \$1.2 billion.

⁴⁴ Staff notes that transmission cost estimates can change significantly during development and construction. Moreover, a portion of the money spent on SAA Projects to date has been spent on parts and equipment that transmission developers can and should redeploy, and reallocate the costs of, to other transmission projects. It is also possible that some of that expenditure could be deemed imprudent and not recoverable from ratepayers, which would further reduce total costs charged to ratepayers. As such, Staff cannot present a precise value of the ultimate savings from terminating the SAA Agreement.

⁴⁵ PJM Tariff, Sch. 12, App. C, § 1.

⁴⁶ Project Status and Cost Allocation, PJM, <https://www.pjm.com/planning/m/project-construction> (last visited Apr. 9, 2026).

⁴⁷ Amended and Restated State Agreement Approach Agreement § 15.0.

⁴⁸ Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., Sch. 6, § 1.5.10(d).

responsible for all prudently incurred cost of its SAA Project component if it ultimately proves to be used and useful.

The other two projects, b3737.38 and b3737.39 are needed to support the interconnection of non-OSW resources, including uprates to two existing New Jersey natural gas plants, and will have 100% of their costs allocated to New Jersey ratepayers.⁴⁹ Because of the Board's continued prioritization of in-state generation and capacity resources, New Jersey ratepayers will receive substantially the same benefit from b3737.38 and b3737.39 they would have if OSW development proceeded on the originally envisioned timeline. Project b3737.38 will support two uprates at existing natural gas generating facilities, while project b3737.39 will permit interconnection of the Two Rivers Storage project at the Bergen Generating Station in Ridgefield, which the Board awarded in Tranche 1 of the Garden State Energy Storage Program on March 4, 2026 to help meet New Jersey's statutory storage targets.⁵⁰ As such, by paying for the cost of b3737.38 and b3737.39, New Jersey ratepayers are receiving the benefit of facilitating the interconnection of three in-state generation and capacity investments that help achieve New Jersey's policy goals and provide much needed capacity and relief from PJM's market spikes.

The total costs of b3737.38 and b3737.39 are estimated to be \$35.3 million and \$5.5 million respectively,⁵¹ Thus, the combined cost to New Jersey ratepayers of these three projects amounts to approximately \$118.6 million, assuming all costs were prudently incurred.

Because there are generation resources under development that have a substantial reliance interest on project b3737.38, Staff concludes that this cost allocation of b3737.38 is reasonable given the cost savings that will be realized from terminating the SAA agreement and cancelling 52 SAA projects. As shown above, failure to terminate the SAA Agreement could leave New Jersey ratepayers exposed to additional costs of approximately \$800 million.

Consequently, Staff believes that on balance the proposed Mutual Termination Agreement dramatically reduces New Jersey ratepayers' cost exposure by effectuating the swift cancellation of 52 of the 58 SAA Projects. Staff therefore recommends that the Board authorize the President to execute the proposed Mutual Termination Agreement on the Board's behalf.

DISCUSSION AND FINDINGS

As discussed above, recent action taken by the federal government, including but not limited to Executive Orders, memoranda, and stop-work orders to individual projects, and payments to foreign energy developers have created significant regulatory uncertainty and disruption in the domestic energy industry. These actions have altered federal permitting and leasing processes and undermined the regulatory framework necessary for New Jersey to continue progress toward investing in certain in-state generation resources and associated transmission planning. The resulting regulatory instability has materially impacted in-state generation projects that formed the basis of the SAA Agreement and New Jersey and PJM's coordinated transmission planning decisions. These federal actions render the investments contemplated by the SAA Agreement

⁵⁰ See In re the Garden State Energy Storage Program ("GSESP") Pursuant to P.L. 2018, C.17, BPU Docket No. QO22080540 Order dated March 4, 2026; N.J.S.A. 48:3-87.8(d); N.J.S.A. 48:3-121.3(a)(2).

⁵¹ Id.

infeasible on the timeline envisioned when the SAA Agreement was executed.

While the SAA Capability was not intended to serve any single OSW project, the predictable procurement of OSW projects on the BPU's Solicitation Schedule, included as Appendix A to the SAA Agreement, served as the foundation for the development of the SAA Projects. However, in light of the federal actions described above, the LLW Project is unable to move forward and the Attentive Project will likely not proceed as well. The probable loss of both projects plus the continued federal regulatory block of OSW development—and thus potential replacement OSW capacity—renders the solicitation schedule set forth in the SAA Agreement infeasible. In addition, alternative pathways to coordinated transmission, such as FERC Order 1920,⁵² now exist that did not exist at the time of the SAA Agreement. These alternative pathways and mechanisms for coordinated transmission development may serve OSW projects in New Jersey via offshore lease areas, including the area occupied by the Attentive Project.

The Board's August 2025 Order initially looked to delay the SAA Projects by 2.5 years to account for uncertainty in the OSW industry. It is now apparent, based upon the subsequent above-described developments related to the LLW Project and Attentive Project, that such a delay will not be sufficient to ensure SAA Capability will be timely used by awarded OSW projects. In addition, after the August 2025 Order, the Board, through its Staff, learned from PJM that amending the SAA Agreement to limit project expenditures via delay, as envisioned by the August 2025 Order, would entail a lengthy process that would postpone effectuation of the delay until at least the latter half of 2026. During that time, SAA Projects would continue to be constructed and incur costs, contrary to the Board's August 2025 Order goal of pausing costs.

The SAA Agreement's coordinated transmission solution was designed to provide efficiencies and ratepayer savings through reduced upgrade costs, improved siting outcomes, and greater certainty surrounding transmission development. Transmission capability that provides access to the grid at a known cost and on a defined timeline commands meaningful value, particularly in a constrained and competitive development environment. However, this value is dependent on the type, timing, and scale of resources seeking to utilize the capability. The ability to monetize or utilize any SAA Capability that might result from completing the SAA Projects remains uncertain in the absence of a defined procurement framework, fully-studied or identified generation interconnection needs outside of OSW, or committed OSW generation.

Accordingly, there is insufficient value in the SAA Agreement to justify continued ratepayer exposure under recent changed circumstances. As such, the Board **HEREBY FINDS** that continued investment in the SAA Projects is not in the best interest of the State and New Jersey's ratepayers. The Board **FURTHER FINDS** that continuing the SAA Projects as contemplated in the SAA Agreement unduly risks imposing costs on New Jersey ratepayers with little, or no, guarantee of any return on investment. Rate Counsel has similarly emphasized the need to reassess prudence and avoid additional ratepayer exposure under current conditions. Termination of the SAA Agreement addresses these concerns by ensuring that transmission planning remains prudent and aligned with reasonably foreseeable system needs. Prompt termination of the SAA Agreement will also result in the cancellation of the bulk of the SAA Projects, but the Mutual Termination Agreement is designed to continue support for a subset of

⁵² *Building for the Future Through Elec. Reg'l Transmission Planning & Cost Allocation*, Order No. 1920, 187 FERC ¶ 61,068 at P 813 (May 13, 2024), (*on reh'g & clarification*, Order No. 1920-A, 189 FERC ¶ 61,126 at P 976 (Nov. 21, 2024) (located at R.976), (*on reh'g & clarification*, Order No. 1920-B, 191 FERC ¶ 61,026 at P 1050 (Apr. 11, 2025)).

projects necessary to maintain reliability or support interconnection of much needed new capacity resources, including storage resources, that will increase in-state electric generation and capacity. As noted by Staff, cancellation of the remaining SAA Projects will likely save ratepayers well over half the total cost of completing the entire portfolio.

As such, the Board **FURTHER FINDS** that it is appropriate to remove the majority of SAA Projects from the RTEP ahead of the 2026 RTEP and PJM's Cycle 1 interconnection process, retaining only those projects necessary for regional reliability or non-OSW interconnection, in order to limit costs to New Jersey ratepayers. The Board **FURTHER FINDS** that accepting the terms of the Mutual Termination Agreement is necessary for the reasons explained by Staff. As such, the Board **FURTHER FINDS** that executing the proposed Mutual Termination Agreement negotiated by Staff is in the best interest of New Jersey ratepayers.

Therefore, the Board **HEREBY AUTHORIZES** President Christine Guhl-Sadovy to sign the Mutual Termination Agreement on behalf of the Board so that PJM can submit it to FERC for review and approval.

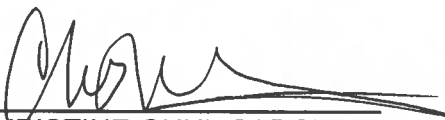
This Order shall be effective on April 22, 2026.

DATED: April 22, 2026

BOARD OF PUBLIC UTILITIES
BY:



DR. ZENON CHRISTODOULOU
COMMISSIONER


CHRISTINE GUHL-SADOVY
PRESIDENT
MICHAEL BANGE
COMMISSIONER
EMMA REBHORN
COMMISSIONER
JOSEPH COVIELLO
COMMISSIONER

ATTEST:


SHERRI L. LEWIS
BOARD SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF DECLARING TRANSMISSION TO SUPPORT OFFSHORE WIND A PUBLIC
POLICY OF THE STATE OF NEW JERSEY

DOCKET NO. QO20100630

SERVICE LIST

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