



July 26, 2018

VIA ELECTRONIC DELIVERY & OVERNIGHT MAIL

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Ave, Suite 314, CN 350
Trenton, New Jersey 08625

**COMMENTS OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY
IN THE MATTER OF OFFSHORE WIND SOLICITATION OF 1,100 MEGAWATTS
BPU DOCKET NO. QX18040466**

Public Service Electric and Gas Company (“PSE&G”) supports the NJ Board Public Utility’s (“Board” or “BPU”) commitment to Governor Murphy’s clean energy agenda, including the support of the Administration’s offshore wind goals. Offshore wind could play an important role in the Governor’s plan to provide New Jersey customers with a clean, reliable and diverse energy mix. PSE&G provided comments on May 18, 2018 pursuant to the BPU’s Notice regarding the Offshore Wind Renewable Energy Certificate (“OREC”) Funding Mechanism. PSE&G respectfully submits these comments pursuant to the Notice issued by the Board on June 29, 2018 which established July 26, 2018 as the filing date for written comments on the Offshore Wind Solicitation of 1,100 Megawatts (“MWs”). PSE&G looks forward to continuing to work with the BPU to develop an Offshore Wind program that facilitates the Administration’s offshore wind targets in New Jersey.

I. Staggering of Offshore Wind Procurements

The offshore wind procurements should be staggered to accommodate the integration of two solicitations for the entire 3500 MWs. The schedule should be announced before any solicitation is released. This will provide certainty for developers and support the buildup of the supply chain infrastructure necessary for offshore wind development. A second, larger solicitation conducted after the first round projects are completed could benefit from lessons learned in constructing the first round of projects, including potential cost-saving practices to be implemented in the second round of development and construction.

II. Offshore Wind Bid Structure

In order to ensure strong competition from multiple OSW developers, the Board should allow for bids that are small enough to allow for the potential to pick more than one winning bid for the first 1100 MW solicitation. In structuring the initial solicitations for OSW capacity, the BPU should allow bidders to propose projects with a minimum of 300 MWs and a maximum of

1100 MWs. The request should not be complex and should allow the BPU to compare all bids on an apples-to-apples basis.

The BPU should require potential wind developers to submit their pricing inclusive and exclusive of the transmission components of their projects. PSE&G believes that the point of separation between the generation and transmission portions of the projects should be the export cable from the offshore collector station.

Further, the BPU should not consider transmission-only proposals in its solicitations, but rather it should work with PJM in organizing and executing the procurement of offshore wind transmission in accordance with existing PJM rules. PSE&G believes that PJM is most equipped to manage the undertaking of what would be a significant investment in the bulk power system. PJM's Regional Transmission Expansion Planning ("RTEP") process is designed to consider technical specifications, alternatives, constructability and cost effectiveness associated with major transmission investments. PJM also has a very transparent planning process.

III. Energy Storage

PSE&G believes that energy storage may be an important aspect of the electric grid of the future given the targets for intermittent renewable generation for solar and wind. The flexibility of storage could enable it to solve a range of customer and utility issues with a single asset.

With that in mind, PSE&G believes that there could be value in investigating the role for energy storage in support of offshore wind, however we believe EDCs, and not wind developers, should lead the efforts to investigate, and invest in, energy storage. EDCs could assess the potential for storage to help mitigate interconnection expenses, downstream upgrades, and other system issues. They could also monetize storage assets in wholesale markets, crediting ratepayers with any revenues produced by the storage systems.

IV. Transmission Solutions

PSE&G recognizes that, if the State's primary goal is to get offshore wind development in place as soon as possible, construction of generator-owned tie lines connecting the wind facilities to the shore will best accomplish that objective. However, if the State's long-term vision is to develop significant amounts of offshore wind, the BPU should develop an organized and planned build-out of the transmission system. This type of build-out would represent the most cost-effective way to accommodate long-term offshore wind development.

The BPU could work with PJM to investigate opportunities for the transmission associated with offshore wind which would be funded in accordance with the existing transmission expansion processes at PJM. PSE&G believes that PJM's existing processes would provide transparency to New Jersey ratepayers and would ensure that a thorough evaluation of

the costs and risks associated with various transmission proposals would be effectively considered. We note that the two paths are not necessarily mutually exclusive. The tie-line approach could be utilized in the short-term to effectuate the State's short-term objectives, and a PJM-overseen build-out could be explored to facilitate long-term offshore wind development objectives.

The EDCs – and PSE&G in particular – are uniquely qualified both to plan and construct transmission facilities in New Jersey because of their vast experience in this area. PSE&G stands ready to partner with the State should the State wish to pursue a long-term offshore wind development plan.

V. Solicitation Viability

In addition to seeking to maximize value of offshore wind for New Jersey customers through the lowest possible price and the highest possible economic benefits, as part of its evaluation the BPU should also assess the likelihood of the proposed project's successful completion. This would include factors such as site control, permitting challenges, development and construction experience and financial capability.

VI. Conclusion

PSE&G respectfully requests that the BPU consider the comments and issues raised above. PSE&G looks forward to a continuing dialogue with the BPU to advance the Governor's clean energy agenda.

Respectfully submitted,



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