IN THE MATTER OF NEW JERSEY'S GROWING CONCERNS SURROUNDING RESOURCE ADEQUACY AND PARTICIPATION IN REGIONAL WHOLESALE ELECTRICITY MARKETS

Docket No. QO25060358

Pre-Conference Comments of the PJM Power Providers Group (P3)[1]

The PJM Power Providers Group (P3) appreciates the opportunity to participate in the New Jersey Board of Public Utilities' ("Board") August 5, 2025, Technical Conference on Resource Adequacy. P3 welcomes the chance to engage in a thoughtful discussion on the future of resource adequacy in New Jersey and how best to ensure the reliability of the electric grid while protecting New Jersey consumers.

In order to achieve resource adequacy and the lowest possible cost to consumers, P3 respectfully submits that the Board should pursue options that are consistent with competitive market principles and avoid policies that risk undermining those principles by "picking winners and losers" in the energy marketplace. New Jersey's energy future will be best served by allowing private capital to flow into the state through well-functioning, competitive markets that attract investment without shifting risks onto ratepayers.

[1] P3 is a non-profit organization dedicated to advancing federal, state and regional policies that promote properly designed and well-functioning electricity markets in the PJM Interconnection, L.L.C. ("PJM") region. Combined, P3 members own over 88,000 MWs of generation assets and produce enough power to supply over 63 million homes in the PJM region covering 13 states and the District of Columbia. For more information on P3, visit www.p3powergroup.com. The comments contained herein represent the position of P3 as an organization, but not necessarily the views of any particular member with respect to any issue.

New Jersey's Policies Have Made It Increasingly Reliant on Imports from Other States

Over the past two decades, New Jersey's electricity policies have moved the state away from supporting competitive investments in new and existing in-state generation, contributing to a growing reliance on imports from neighboring states to meet its energy needs. Policies that have led to the closure of dispatchable resources, combined with an emphasis on subsidizing intermittent resources that do not have the reliability attributes of dispatchable resources, have led to a remarkable decline in in-state accredited generation capacity. While these policies have been driven by laudable environmental goals, they have resulted in the loss of reliable generation assets without ensuring that sufficient replacement capacity was built within New Jersey. As a result, New Jersey consumers increasingly depend on the PJM regional grid to import electricity from states like Pennsylvania to meet peak demand.

In the last three years, according to PJM, New Jersey has seen the retirement of power generating assets in all corners of the state. The list below shows the resources in New Jersey that deactivated since May 2022.[2]

[2] This list can be developed by using the data at https://www.pjm.com/planning/service-requests/gen-deactivations. It should be noted that on July 11, 2025, Heritage Power announced a deal with the NJ DEP that will allow Sayreville Units 1, 2, 3 and 4, to resume operations - https://www.pjm.com/-/media/DotCom/planning/gen-retire/deactivation-notices/sayreville-reactivation.pdf

Unit	Capacity (MW) Total: 8,649	Fuel Type (All)	State (1)	Age	Transmission Owner Zone (All)	Owner Notification Date	Actual Deactivation Date
Ocean County LF	9.1		NJ	37	JCPL	2.26.2025	7.1.2025
Cates Road Solar	2.6		NJ	10	ACE	12.30.2024	4.1.2025
Manchester 1 LF	4		NJ	36	JCPL	11.14.2024	4.1.2025
Sayreville CT1	57.1		NJ	51	JCPL	5.12.2024	6.1.2024
Sayreville CT2	56.7		NJ	51	JCPL	5.12.2024	6.1.2024
Sayreville CT3	54.6		NJ	51	JCPL	5.12.2024	6.1.2024
Sayreville CT4	48.5		NJ	51	JCPL	5.12.2024	6.1.2024
Mickleton CT1	57.2		NJ	49	ACE	1.30.2023	6.1.2024
Carlls Corner CT1	36.3		NJ	50	ACE	1.30.2023	6.1.2024
Carlls Corner CT2	38.2		NJ	50	ACE	1.30.2023	6.1.2024
Parlin NUG	108.7		NJ	32	JCPL	6.30.2023	10.31.2023
Cape May County Municipal LF2	0.6		NJ	10	ACE	4.05.2023	3.1.2023
Vineland West CT	21.1		NJ	50	ACE	7.06.2022	10.14.2022
Chambers CCLP	240		NJ	27	ACE	3.09.2022	6.7.2022
Essex 9	81		NJ	32	PSEG	3.02.2022	6.1.2022
New Bay Cogen CC	120.2		NJ	28	PSEG	7.15.2021	6.1.2022
Pedricktown Cogen CC	115.3		NJ	29	AEC	7.15.2021	6.1.2022
Logan	219		NJ	27	ACE	3.09.2022	5.31.2022

New Jersey's reliance on imports is not limited to occasional spikes—it's structural. PJM's interface-level analyses show that New Jersey regularly imports power, particularly during peak demand periods. In 2023, for example, imports outpaced exports in every month, with no sustained periods of self-sufficiency reported and a remarkable annual deficit.

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Electric Power Production and Consumption by State (2023)

STATE	TOTAL PRODUCTION (MWH)	TOTAL CONSUMPTION (MWH)
Maryland	36,000,650	57,033,085
New Jersey	64,228,924	71,096,939
Pennsylvania	235,924,937	138,710,993
Ohio	133,223,464	146,640,983

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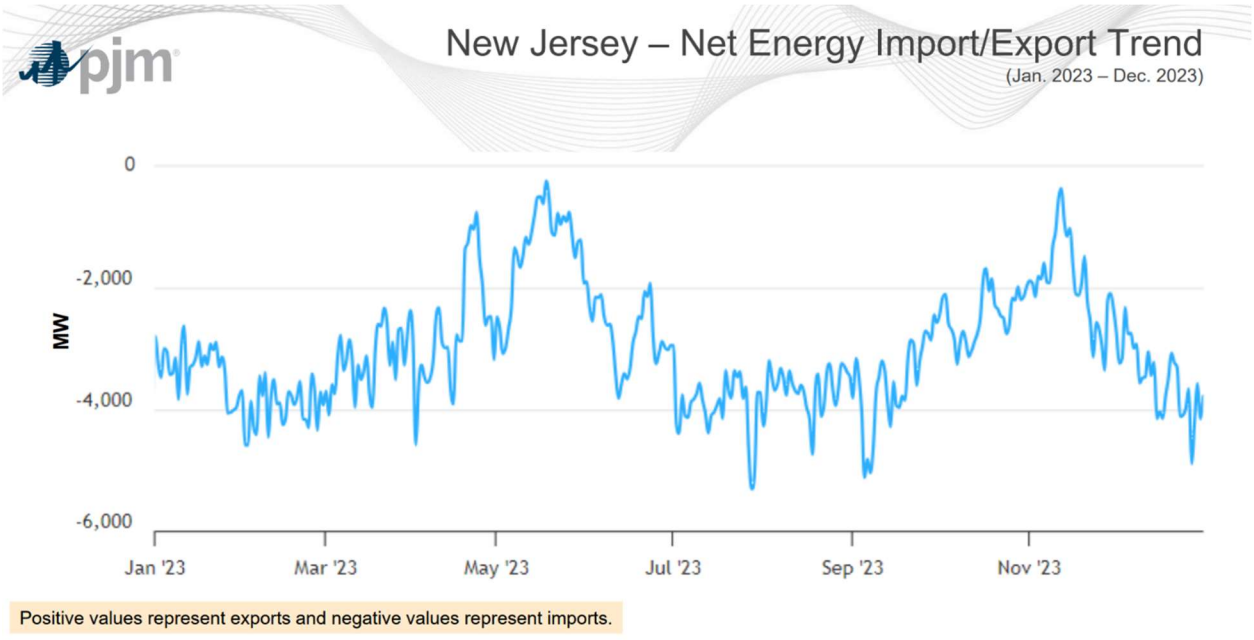
Beyond the sheer volume that New Jersey imports, it is important to note when New Jersey is importing the most – in the heat of the summer and the cold of the winter. During the shoulder months when power demand is low, the deficit decreases. The graphs below show the import/export trend in 2023 and 2024 and show New Jersey consistently importing power throughout the year, significant increases in imports during the winter and summer months, and a notable growth in total imports from 2023 to 2024.

[3] See, https://www.eia.gov/electricity/annual/html/epa_03_07.html



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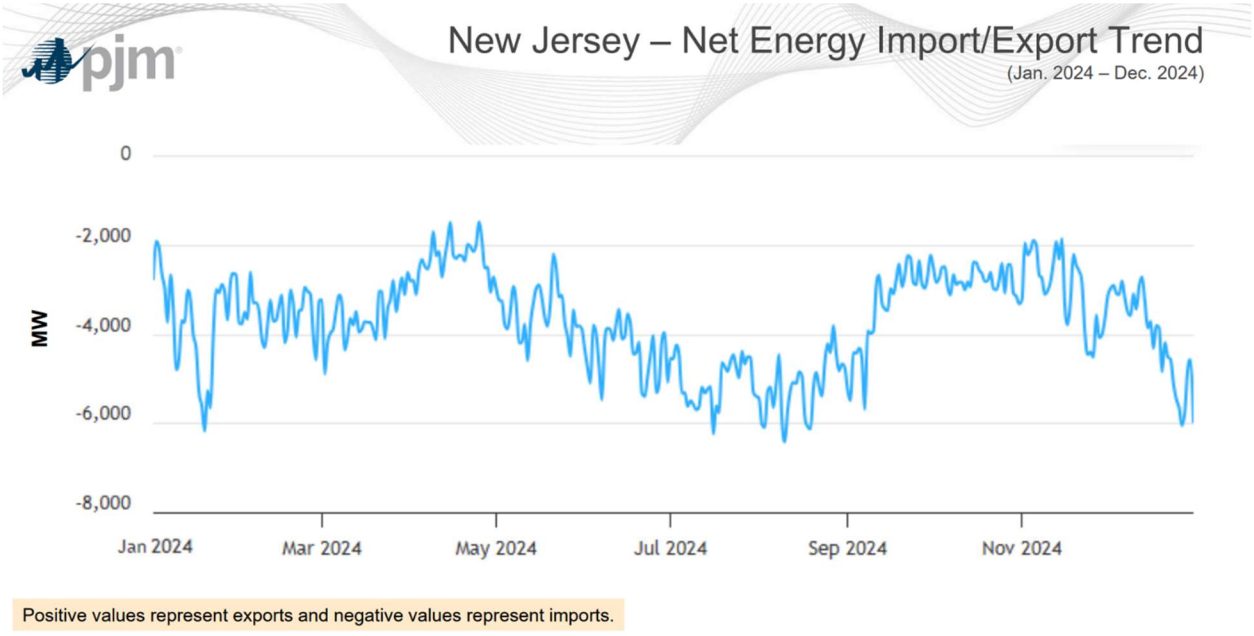

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[4] https://www.pjm.com/-/media/DotCom/library/reports-notices/state-specific-reports/2023/new-jersey.pdf at 25.

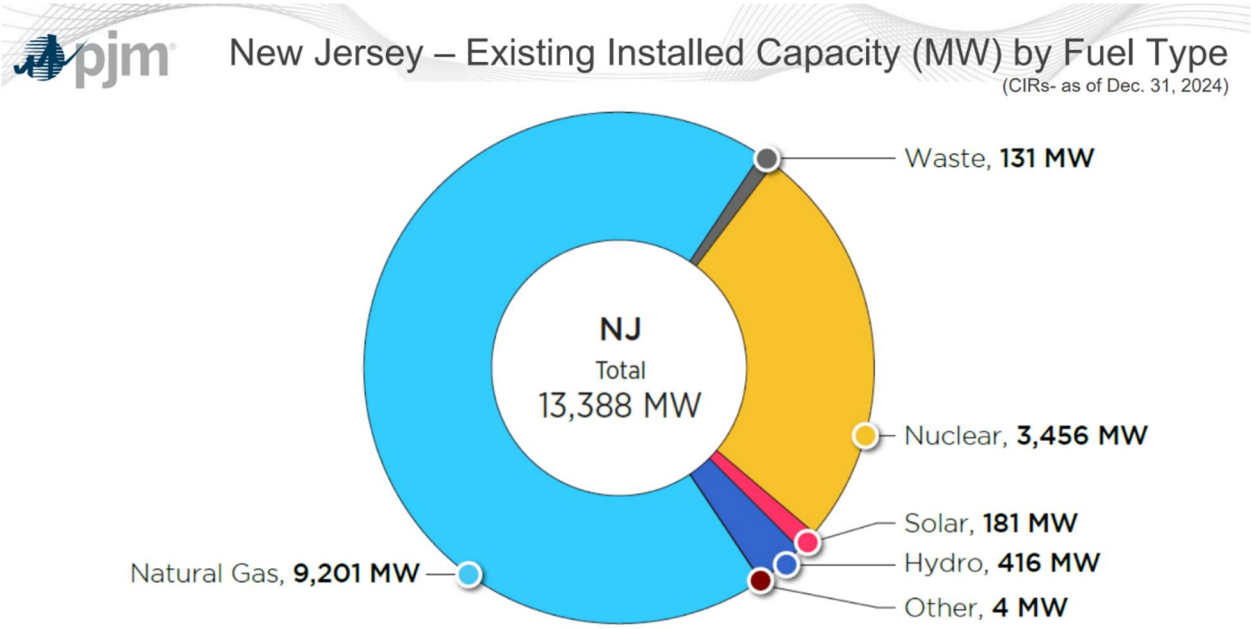
[5] https://www.pjm.com/-/media/DotCom/library/reports-notices/state-specific-reports/2024/new-jersey.pdf at 28.

This increasing reliance on imports carries significant risks for reliability and consumer costs. New Jersey's import dependency exposes consumers to potential transmission constraints, congestion charges, policy choices of other states and price spikes during times of system stress. The lack of sufficient in-state generation also limits New Jersey's ability to ensure resilience in the face of extreme weather events or unexpected supply disruptions.

Going Forward, New Jersey Should Focus on Policies that Retain Resources that Are Already in the State and Promote Policies that Will Encourage New Capacity to be Added.

How Can New Jersey Retain its Existing Assets?

As noted above, New Jersey has supported policies that have led to a significant number of dispatchable plant closures. This should stop. Retaining existing resources, particularly dispatchable resources in the state, is going to be a critical piece of the strategy to maintain reliability at the lowest possible cost to consumers. The BPU should work with existing asset owners and the DEP to identify the current regulations that represent an impediment to continued operation of the New Jersey generation fleet. If necessary, waivers should be granted, and regulations changed to be better aligned with federal regulations and to allow these assets to continue to operate until such time as New Jersey feels confident that reliability and affordability can be maintained without those assets. The chart below shows the current resource mix in New Jersey– the majority of which is natural gas.



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How Can New Jersey Attract New Resources?

Instead of pursuing policies that discourage investment in in-state generation, New Jersey should consider fostering an environment that attracts private capital to build efficient, reliable, and clean energy resources within its borders. Competitive markets have proven an effective mechanism for driving investment and innovation. By reaffirming its commitment to market-based solutions and avoiding interventions that pick winners and losers, New Jersey can reduce its reliance on imports, strengthen its energy independence, and deliver reliable, affordable power to its residents.

Over the past two decades, PJM's competitive wholesale markets have facilitated significant investment in many states throughout the PJM region. Billions of dollars in private capital have flowed into the PJM region, including New Jersey, resulting in new natural gas, wind, solar, and storage facilities as well as demand response. These investments have improved reliability, lowered emissions, and provided significant economic benefits, all without placing financial risk on New Jersey consumers. While New

[6] https://www.pjm.com/-/media/DotCom/library/reports-notices/state-specific-reports/2024/new-jersey.pdf at 10.

Jersey has not seen the level of investment that other states have, it nonetheless could see investment if the state embraced market-based policies as other states have while eschewing some of the policies of the past that attempt to pick winners and losers in the market.

Competitive markets work if they are allowed to work. They attract private investment by sending appropriate price signals, ensuring that risks and rewards remain with investors rather than being socialized among ratepayers. Importantly, competitive markets foster innovation and cost discipline, ensuring that New Jersey's energy transition is both reliable and affordable.

New Jersey can look to its neighbor to the west, Pennsylvania, as an example of a state that has retired over half its coal fleet, while materially increasing its wind, natural gas and solar resources, to build up a significant surplus while reducing emissions and embracing the benefits of competitive markets. While New Jersey's energy mix, based on a policy of selecting resources and providing subsidies, has been stagnant and declining, Pennsylvania has seen increases in all forms of production except coal (note that PA's nuclear decrease is attributable to the closure of Three Mile Island which will be restarting in 2027).

Capacity Changes from 2016 to 2024 in Pennsylvania and New Jersey (MW)[7]

Fuel	Pennsylvania 2016	Pennsylvania 2024	New Jersey 2016	New Jersey 2024
Natural Gas	11,191	24,858	9,776	9,201
Nuclear	9,818	8,928	4,108	3,456
Coal	12,686	6,046	1,806	0
Solar	7	351	117	181

[7] This data was compiled from the PJM State infrastructure reports. New Jersey 2016: https://www.pjm.com/-/media/DotCom/library/reports-notices/state-specific-reports/2016/2016-new-jersey-state-report.pdf. New Jersey 2024: https://www.pjm.com/-/media/DotCom/library/reports-notices/state-specific-reports/2024/new-jersey.pdf. Pennsylvania 2016: https://www.pjm.com/-/media/DotCom/library/reports-notices/state-specific-reports/2016/2016-pennsylvania-state-report.pdf . Pennsylvania 2024: https://www.pjm.com/-/media/DotCom/library/reports-notices/state-specific-reports/2024/pennsylvania.pdf. Note that these numbers are based on PJM CIR's so energy only resources and behind the meter resources are not included.

Wind	176	365	0	0

There has been a lot of discussion in New Jersey and other PJM states regarding the increase in capacity prices from the 24/25 delivery year to the 25/26 delivery year. P3 would like to offer some context for this increase. When thinking about PJM's capacity market prices over time, it is important to ask the question "compared to what?" It is axiomatic that capacity is not free. There are real costs associated with developing and constructing capacity that must be recovered. Also, ongoing operational costs must be recovered for plants needed to meet reserve requirements when those plants are not running and more flexible capacity is going to be needed as solar and wind resources are added to the gird. If the dollars are not coming from the capacity market, they need to come from somewhere else, or the capacity resource will exit the market.

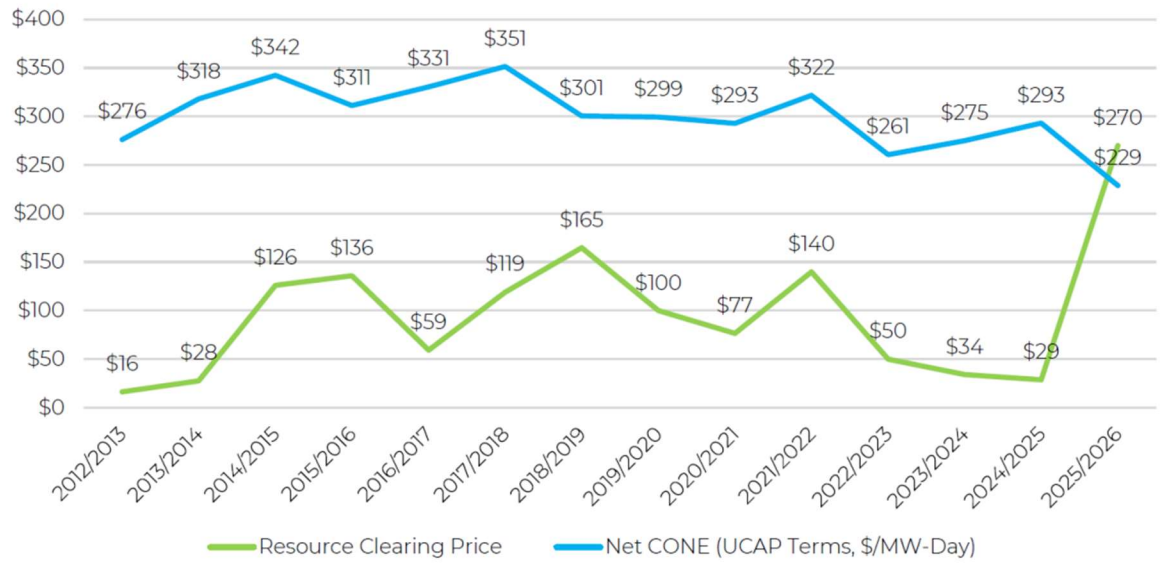
The chart below shows how PJM RTO capacity prices compare to the costs to build a new plant in PJM. It should be noted that the capacity market was designed based on the principle that over time capacity market prices will average around Net CONE. As the chart below clearly demonstrates, capacity prices have consistently cleared below (in some cases dramatically so) Net CONE providing extremely low cost capacity to PJM's consumers. It is also worth nothing that the 24/25 FRR capacity price for Appalachian Power in Virginia was $464.74/MW-day showing the significant costs associated with procuring capacity outside of the market.[8]

[8] https://www.pjm.com/-/media/DotCom/markets-ops/settlements/frr-lse-capacity-rates/2024/schedule-8-1-appendix-2.pdf

PJM Capacity Auction Evaluation

POWER ADVISORY

Figure 3: Base Auction RTO Resource Clearing Price and Net CONE[45]



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As the above graphic shows, the reality is that capacity prices – particularly since 2022 have been sending a signal that resources should exit the market. The results of the 25/26 auction, which cleared around the Cost of New Entry for the first time ever, were a signal for resources to remain in or enter the market and the market is responding impressively. The response to the July 2024 Base Residual Auction and PJM's recent RRI Initiative stand a as testament to this fact. Consider all the remarkable developments in the last year:

- On July 22, 2025, PJM announced the results of the Base Residual Auction for the 26/27 delivery year. The auction produced 2,669 MW of new capacity

[9] Governor Josh Shapiro and The Commonwealth of Pennsylvania v. PJM Interconnection, L.L.C. Docket No. EL25-46. Aksomitis Declaration, Exh. A, "PJM Capacity Auction Evaluation" (Dec. 23, 2024), at 21, Figure 3.

including new facilities, uprates to existing resources and the reactivation of units slate for retirement.[10]

- On July 15, 2025, PPL and Blackstone announced that the two companies have formed a joint venture to build, own and operate new gas-fired, combined-cycle generation stations to power data centers in Pennsylvania.[11]
- On July 15, 2025, The Frontier Group of Companies, announced that the retired Bruce Mansfield Power Plant was being repurposed with a $3.2 billion investment in new natural gas fired generation.[12]
- On July 15, 2025, Constellation announced that it was adding 340 MWs of capacity to its Limerick Clean Energy Center.[13]
- On July 11, 2025, Heritage Power announced a deal with the NJ DEP that will allow Sayreville Units 1, 2, 3 and 4, to resume operations adding bring back 200 MWs to the grid that had been deactivated. [14]
- On June 11, 2025, Talen and Amazon announced a PPA to provide power to support over $20 billion in data center investments in Pennsylvania that includes "expanding the nuclear plant's energy output through uprates, with the intent to add net-new energy to the PJM grid."[15]
- On June 4, 2025, PJM announced that it had completed interconnection studies for 60% of its queue of 200 GW and expects to fully complete all studies in the queue by the end of next year.[16] While most of the resources in the current queue are wind, solar or batteries, the potential for significant megawatts to be added to the grid from the current queue cannot be ignored.

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[10] See, https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2026-2027/2026-2027-bra-report.pdf

[11] https://news.pplweb.com/2025-07-15-PPL-Corporation-and-Blackstone-Infrastructure-create-joint-venture-to-build-natural-gas-generation-in-Pennsylvania-in-support-of-data-center-development

[12] https://www.chemanalyst.com/NewsAndDeals/NewsDetails/bruce-mansfield-power-plant-set-for-major-transformation-into-state-of-the-art-37994

[13] https://www.constellationenergy.com/newsroom/2025/constellation-commits-to-billions-of-dollars-in-energy-investments-at-inaugural-pennsylvania-energy-and-innovation-summit.html

[14] See, https://www.pjm.com/-/media/DotCom/planning/gen-retire/deactivation-notices/sayreville-reactivation.pdf

[15] See, https://ir.talenenergy.com/news-releases/news-release-details/talen-energy-expands-nuclear-energy-relationship-amazon.

[16] See, https://insidelines.pjm.com/pjm-generation-interconnection-reforms-continue-to-produce-results/.

- On May 2, 2025, PJM announced the results of its Reliability Resource Initiative which was a FERC-approved process to fast track high reliability projects through the PJM queue (over and above the 200 GW noted above). The result of the effort was the approval of 11.7 GW of new power from natural gas, coal, nuclear, and storage facilities – including two projects in New Jersey.[17]

- April 2, 2025, Homer City Redevelopment and Kiewit Power Constructors unveiled plans to build a 4.5 GW combined-cycle natural gas plant, powered by seven hydrogen-capable GE Vernova turbines, targeted to come online in 2027. This $10 billion project will not only supply a sprawling 3,200-acre AI and data center campus, but also feed excess power into the PJM grid—making it potentially the largest gas-fired power plant in the U.S.[18]

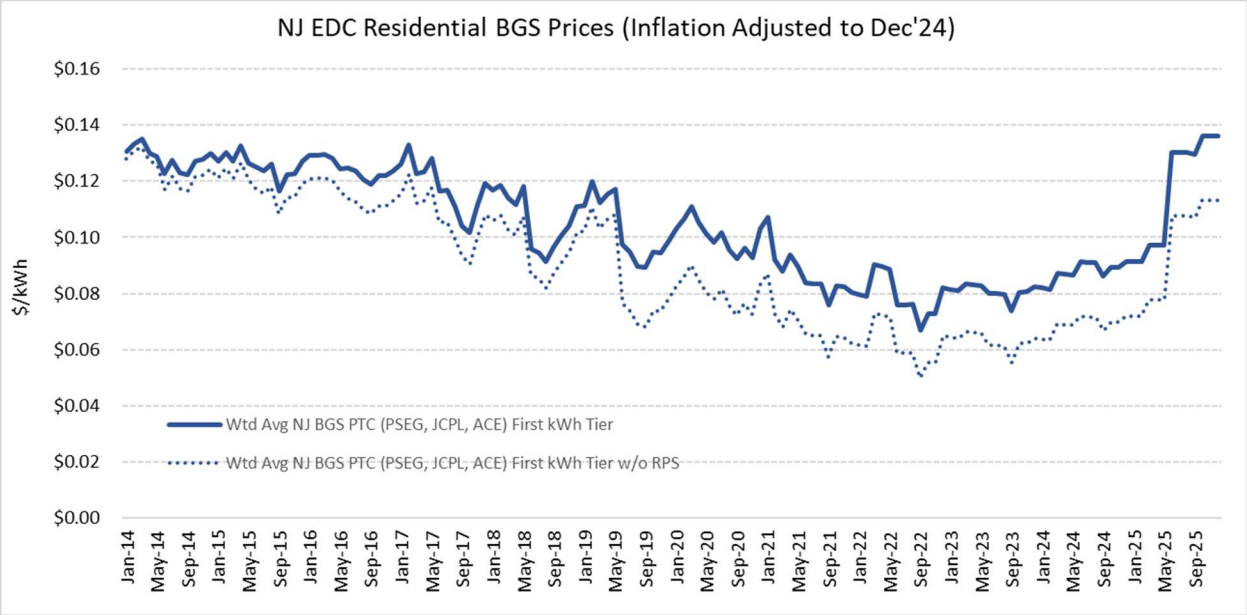
- On September 20, 2024, Constellation announced that it had entered into a PPA with Microsoft that will lead to the restart of Three Mile Island Unit 1 adding over 800 MWs of new capacity to the grid.[19] Constellation recently announced that the new capacity could be available as soon as 2027.[20]

- On September 9, 2025, Middle River Power announced that it was reversing its plans to close the Elgin Energy Cetner in Illinois.

Finally, there is strong evidence that competitive markets have delivered significant value to consumers. The chart below shows the inflation-adjusted BGS prices for all New Jersey utilities. As a result of competitive market forces, BGS prices have been below 2014 levels for most of the last decade and even after the recent increases remain at 2014 levels. These consumer-benefitting numbers have only occurred because competition has forced generators to be more efficient and drive down their costs. While the costs for

[17] See, https://www.pjm.com/-/media/DotCom/about-pjm/newsroom/2025-releases/20250502-pjm-chooses-51-generation-resource-projects-to-address-near-term-electricity-demand-growth.pdf
[18] https://www.homercityredevelopment.com/post/former-homer-city-pa-coal-plant-officially-reopens-as-state-of-the-art-natural-gas-facility
[19] See, https://www.constellationenergy.com/newsroom/2024/Constellation-to-Launch-Crane-Clean-Energy-Center-Restoring-Jobs-and-Carbon-Free-Power-to-The-Grid.html
[20] https://www.constellationenergy.com/newsroom/2025/central-pennsylvania-rallies-in-support-of-the-crane-clean-energy-center.html

transmission and distribution have gone up significantly since 2014, generation has essentially remained flat – because of competition.



The Risks of State-Directed Resource Selection

P3 firmly believes that competitive markets, if structured properly, will deliver the reliability and affordability that New Jersey desires. P3 cautions the Board against pursuing policies that could distort competitive markets by favoring certain technologies or projects through state mandates or subsidies. Policies that pick winners and losers undermine investor confidence and create barriers to market entry for technologies and companies that may offer more cost-effective or innovative solutions.

New Jersey went down the subsidy road for new natural gas capacity in 2010 and the experience is one that can be learned from. The New Jersey LCAPP experience paints a brilliant picture of the potentially costly consequences of the PPA approach. In 2010, in response to concerns about resource adequacy, the New Jersey legislature directed the New Jersey Board of Public Utilities to pursue capacity only contracts for new natural gas power plants in New Jersey. As seen in the chart below, the contract prices were significantly above the market price and New Jersey consumers would have been paying

the difference which over the term of the contract (and there were three contracts) would have resulted in over a billion dollars of excess charge on consumers. While it's arguable that the contracts facilitated the construction of the plants, it is inarguable that it did so at tremendous prices compared to the market. But for the fact the entire New Jersey program was deemed unconstitutional, consumers in New Jersey would have paid over a billion dollars for new plants that ended up being built anyway – without any ratepayer subsidies.

New Jersey Woodbridge Contract Subsidies

Delivery Years (Ending May 31)	Contract Price for Capacity for CPV Woodbridge Plant (NJ)	Market Price for Capacity in EMAAC	Total Subsidy per year (assuming 700 MW ICAP)
2016	$286.03	$167.46	$30.2 million
2017	$294.61	$119.13	$44.8 million
2018	$303.45	$120.00	$46.8 million
2019	$312.55	$225.42	$22.3 million
2020	$321.93	$187.87	$35.3 million
2021	$331.59	$165.73	$41.9 million
2022	$341.54	$97.86	$62.3 million
2023	$351.79	$49.49	$77.3 million
2024	$362.34	$53.60	$78.9 million
2025	$373.21	$269.92	$26.4 million
2026	$384.41	$329.17	$14.1 million
2027	$395.94		
2028	$407.82		
2029	$420.05		
2030	$432.65		

Not only was the LCAPP program bad public policy, but it was also determined to be unconstitutional by the US Supreme Court. In a unanimous opinion written by Justice Ginsburg, the Court found that the LCAPP program intruded on FERC's exclusive authority over wholesale electricity rates by effectively replacing the rate set by the PJM capacity auction.[21] The legal expenses were enormous to litigate these unconstitutional subsidies that ultimately would have cost consumers dearly.

P3 would also point to the ZEC program as a subsidy-based policy that cost consumers over a billion dollars with little in return. On June 1, 2025, the BPU wisely ended the ZEC program that paid the owners of New Jersey's nuclear facilities $300 million a year for six

[21] https://www.scotusblog.com/cases/case-files/nazarian-v-ppl-energyplus-llc-2/

years in annual Zero Emission Credits (ZEC). These payments merely supported the bottom line of the plant owners with consumer mandated charges and were not necessary to preserve the viability of these plants. Similarly, New Jersey's offshore wind program proved to be an expensive exercise in attempting to pick winners and losers in the market.

Recommendations for New Jersey

Rather than intervening in competitive markets, P3 urges the Board to:

1. **Allow Competitive Markets to Work:** Competitive markets have successfully driven the transition to cleaner, more efficient generation in the PJM region. These markets are designed to send price signals that attract private capital while holding developers accountable for risks. Pennsylvania has largely stayed committed to competitive markets and shunned policies that sought to dictate resource mix. As a result, Pennsylvania is now benefitting from an 18GW in state capacity surplus while enjoying dramatic reductions in emissions.[22] New Jersey can learn a lot from its neighbor in this regard.

2. **Support Polices to Support Existing Resources:** As noted above, New Jersey has policies on the books that make it difficult for certain resources to stay in the market. The number of plant closures in New Jersey in the last three years cannot be ignored and needs to stop. The BPU should work with existing plant owners and the DEP to make this happen.

3. **Encourage Long-Term Voluntary Contracts:** The Board can encourage voluntary, bilateral agreements between willing buyers and sellers. Such contracts can support new investments without requiring state mandates or subsidies.[23] There are numerous recent examples of willing buyers and willing sellers getting together to form long term deals to build capacity. New Jersey should embrace those opportunities.

[22] https://www.pjm.com/-/media/DotCom/library/reports-notices/state-specific-reports/2024/pennsylvania.pdf at 31.

[23] Recent announcements in Pennsylvania underscore that embracing competition can lead buyers and sellers to come together to build new generation facilities on commercially reasonable terms without burdening captive rate payers with costs of new facilities. Material MW's will be added to the grid without state subsidies or long-term ratepayer commitments. See, https://www.mccormick.senate.gov/press-releases/fact-sheet-more-than-90-billion-in-investments-announced-at-senator-mccormicks-pennsylvania-energy-and-innovation-summit/

4. **Focus on Constructive Regional Collaboration:** As part of the PJM regional grid, New Jersey benefits from resource diversity and economies of scale. The Board should collaborate cooperatively with PJM and neighboring states to ensure reliability while maintaining the integrity of competitive markets. Productive and constructive engagement with PJM will serve New Jersey well in the long run.

Conclusion

P3 and its members stand ready to work with the Board and other stakeholders to ensure New Jersey's energy future is reliable, affordable, and environmentally sustainable. However, this goal is best achieved through policies that respect competitive market principles and avoid distorting investment decisions through state-directed interventions. The Board has an opportunity to build on New Jersey's legacy of market-based energy policy, ensuring that private capital drives innovation and reliability for years to come.