

Before the New Jersey Senate Environment and Energy Committee

Testimony of the PJM Power Providers Group

Senate Bill No. 2804

August 17, 2020

The PJM Power Providers Group (P3) respectfully submits these comments on Senate Bill 2804. P3 is a non-profit organization made up of power providers whose mission is to promote properly designed and well-functioning competitive wholesale electricity markets in the 13-state region and the District of Columbia served by PJM Interconnection.¹ Combined, P3 members own over 67,000 megawatts of generation assets in PJM and produce enough power to supply over 55 million homes. P3 members own generation facilities in New Jersey and serve New Jersey consumers as competitive retailer providers.

P3 supports Senate Bill 2804 with one amendment.

Senate Bill 2804 requires, among other things, the BPU to evaluate whether New Jersey should withdraw from PJM and form its own, NJ-only regional transmission organization or join the New York ISO. PJM's competitive market has delivered significant value to New Jersey which can be readily quantified.² Membership in a large, diverse regional market that provides access to flexible generation will become even more beneficial as New Jersey pursues its carbon emission reduction goals.³ However, developing a NJ-only RTO and/or joining the New York ISO would require significant study and expense in order to gauge an accurate representation of the costs and benefits of such a decision. P3 understands and appreciates that many parties have questioned the merits of New Jersey's membership in PJM and hopes that the study called for by Senate Bill 2804 will provide an accurate basis by which New Jersey can evaluate the advantages and alternatives to PJM membership.

However, P3 does not believe that a year is enough time for the BPU to conduct a thorough examination of the significant issues raised in the bill. The questions raised by the bill will require a lengthy and in-depth review of complicated issues. The Board will likely need to engage outside resources to assist with the cost/benefit analysis and the Board will need to allow for multiple venues for stakeholder input given the complexities of the questions raised. The

¹ The views expressed in these comments represent the views of P3 the organization and do not necessarily reflect the views of individual P3 members with respect to any issue. For more information on P3: www.p3powergroup.com.

² PJM estimated that it saves consumers \$3.2-4 billion per year. <https://www.pjm.com/about-pjm/~media/about-pjm/pjm-value-proposition.ashx>

³ See e.g., estimates of benefits from membership in the Western Energy Imbalance Market, including reductions in renewable curtailment and associated carbon emission reductions available at <https://www.westerneim.com/Pages/About/QuarterlyBenefits.aspx>.

questions poised by Senate Bill 2804 are important and the answers are going to require a thoughtful response which will require more than a year to develop.

The BPU has many other major issues on its plate in the form of offshore wind solicitations, resource adequacy investigations and energy master plan implementation. The BPU is working diligently to address these priority issues while managing staff shortages, distance working and rolling furloughs. In light of the intricate issues called for in the study and the need for a thorough and thoughtful evaluation by the Board, P3 respectfully submits that providing the Board an adequate length of time is appropriate. Accordingly, P3 recommends that the language in Senate Bill 2804 be amended to provide the BPU up to two years to complete its studies.