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REQUEST FOR WRITTEN COMMENTS

Investigation of Resource Adequacy Alternatives **Docket No. EO20030203**

By Order dated March 25, 2020, the Board initiated the above captioned proceeding and directed Staff to conduct the investigation on behalf of the Board through technical conferences, public hearings, and written comments. At this time, Staff is requesting written comments on the following topics.

The topics to be addressed are as follows:

1. Can New Jersey Utilize the Fixed Resource Requirement (“FRR”) Alternative to Satisfy the State’s Resource Adequacy Needs?

Staff seeks written comments to discuss the feasibility of establishing a (“FRR”) service area or areas in New Jersey. Suggested topics for inclusion in the comments are as follows:

- a. Discussion of the FRR requirements under the PJM Tariff and how they may be applied to a restructured state, New Jersey specifically.
- b. Discussion of any practical limits presented as a result of New Jersey’s geographic location along the Atlantic Ocean and along the NYISO Seam.
- c. Discussion of the pricing and/or rate implications associated with FRR.
- d. Discussion of whether and how the State could pursue an FRR construct under existing legislative and regulatory provisions.
- e. Discussion of any New Jersey legislative and regulatory limitations or potential amendments necessary to pursue FRR.
- f. Discussion of which entity would procure capacity under an FRR construct and whether capacity would be procured state-wide.
- g. Discuss the pros and cons of a State Power Authority (“SPA”), looking at examples from across the country, including discussion of any legislative and regulatory limitations and potential amendments necessary to pursue an SPA.

- h. Discussion of any affiliate relations or market power concerns related to implementation of FRR in New Jersey.
- i. Discussion of any related topics.

2. Can New Jersey Utilize the FRR to Accelerate Achievement of New Jersey Clean Energy Goals?

Staff seeks written comments to discuss whether establishing FRR service area or areas in New Jersey would accelerate achievement of the State's clean energy goals, including those set forth in the 2019 Energy Master Plan. Suggested topics for inclusion in the comments are as follows:

- a. Discuss whether FRR is a viable construct to assist New Jersey in achieving its clean energy goals.
- b. Discuss whether any FRR could be structured to ensure procurement of clean energy resources to meet resource adequacy needs in line with the 2019 EMP objectives.
 - (i) How would procuring greater numbers of clean energy resources affect pricing outcomes?
 - (ii) Could the State require that procurements "internalize" the value of anticipated carbon emissions during the delivery year, subject to a true-up?
 - (iii) How could New Jersey determine what such a reference carbon value could be, addressing both price and environmental considerations?
 - (iv) How would preferentially procuring clean energy resources affect reliability outcomes?
- c. Discuss whether the State should consider adopting an energy market carbon dispatch price, in addition to RGGI, in lieu of an FRR approach.
 - (i) How would such an approach work?
 - (ii) Discuss whether such a carbon price is a viable construct to ultimately get New Jersey to achieve the totality of the 2019 EMP goals.
- d. Discuss whether there are any other models for meeting the state's resource adequacy needs and advancing the state's clean energy agenda.

3. Can Modifications to the Board's Basic Generation Service Construct Facilitate Resource Adequacy Procurements aligned with the EMP Clean Energy Objectives?

Staff seeks written comments to discuss the feasibility of modifying the Basic Generation Service ("BGS") construct in New Jersey. Suggested topics for inclusion in the comments are as follows:

- a. Discussion of a portfolio manager approach as a means of providing for a wider range of resource options.
- b. Discuss potential changes to the BGS competitive processes to facilitate procurement of resources that meet the State's long-term clean energy objectives. Discuss efficiency implications of each option.
 - (i) Clean Energy Standard, utilizing certificates to demonstrate compliance.
 - (ii) Obligations on BGS Bidders to procure clean capacity resources, potentially with locational requirements.
 - (iii) Billing capacity obligations to BGS Bidders from a state FRR portfolio.
 - (iv) Other potential BGS construct modifications to meet the state's resource adequacy needs and advancing the state's clean energy agenda.
- c. Discussion of the pros and cons of modifying the BGS construct to facilitate the State's long-term clean energy objectives.

- d. Discussion of legislative and regulatory limitations and potential amendments necessary to enable the BGS construct to effectively facilitate the State's long term clean energy objectives, through the options recommended above or other options presented.
- e. Discussion of affiliate relations or market power concerns related to any proposed changes to the BGS construct.
- f. Discussion of whether the BGS construct can ultimately get New Jersey to achieve the totality of the 2019 EMP goals.
- g. Discussion of any additional related topics.

4. Can Other Mechanisms, such as a Clean Energy Standard or Clean Energy Market, Facilitate Achievement of New Jersey Clean Energy Goals?

Staff seeks written comments to discuss the feasibility of implementing a Clean Energy Standard, Clean Energy Market or other mechanisms to competitively source carbon-free energy and ensure appropriate decision-making for resource adequacy aligned with state public policy goals. Suggested topics for inclusion in the comments are as follows:

- a. Discussion of alternative competitive processes to facilitate the State's long-term clean energy objectives.
- b. Discussion of implementation of a Clean Energy Standard.
- c. Discussion of the pros and cons of various alternative market constructs to achieve a clean energy future.
- d. Discussion of legislative and regulatory limitations and potential amendments necessary to advance alternative market mechanisms to achieve the 2019 EMP goals.
- e. Discussion of affiliate relations or market power concern related to proposed alternative mechanisms.

Written comments on this investigation should be filed with the Board by April 29, 2020. Comments should be filed electronically with the Board Secretary electronically at the following email address: board.secretary@bpu.nj.gov. Comments shall be considered filed with the Board once the commenter receives an electronic confirmation. Please note that these comments may be considered "public documents" for purposes of the Open Public Records Act, N.J.S.A. 47:1A-1 to -13. Commenters may identify information that they wish to keep confidential by submitting them in accordance with the confidentiality procedures set forth in N.J.A.C. 14:1-12.3.



Aida Camacho-Welch
Secretary of the Board

Dated: March 27, 2020