



State of New Jersey
DIVISION OF RATE COUNSEL
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STEFANIE A. BRAND
Director

November 15, 2019

Members of the Senate Environment and Energy Committee
State House
P.O. Box 068
Trenton, N.J. 08624-0098

RE: S3985/ (Expands Definition of “qualified offshore wind project” to include “open access offshore wind transmission facility.”)

Members of the Senate Environment and Energy Committee:

I am writing to you to provide comments on behalf of the Division of Rate Counsel (“Rate Counsel”) regarding Senate Bill S3985, which expands the definition of “qualified offshore wind project” to include an “open access offshore wind transmission facility.” Rate Counsel has significant concerns about this bill and its impact on ratepayers. I hope you will consider Rate Counsel’s comments.

As you are aware, Rate Counsel represents and protects the interests of all utility customers – residential customers, small business customers, small and large industrial customers, schools, libraries, and other institutions in our communities. Rate Counsel is a party in cases where New Jersey utilities seek changes in their rates or services. Rate Counsel also gives consumers a voice in setting energy, water, and telecommunications policy that will affect the rendering of utility services well into the future.

We are at a critical juncture with meeting the goals of New Jersey’s energy policy and have an ambitious agenda aimed at achieving sustainable reductions in greenhouse gas emissions while retaining safe, adequate and proper utility service at just and reasonable rates. Many projects will require contributions from utility consumers through their rates and there is a delicate balance that should be maintained in achieving the state’s goals while also being mindful of making affordability a necessary priority as studies indicate many people are struggling to afford daily necessities.

We ask that you consider the following concerns:

The Board of Public Utilities has not yet made a decision regarding whether any future offshore wind facility should allow open access. After receiving input during an all-day stakeholder meeting on November 12, 2019, the Board is still considering whether to allow open access or restrict access to the winning bidder. Rate Counsel is not opposed to an open access facility, but expanding the definition of a “qualified offshore wind facility” is premature.

This proposed Bill does not consider the cost allocation implications of these “open access offshore wind transmission facilities.” If these facilities are built and transmit electricity via a backbone grid, the line may bring benefits to both New Jersey ratepayers and ratepayers in other states. If that is the case, FERC looks at the beneficiaries of any transmission project and attempts to allocate the costs based on the benefits received. Thus, the costs of these lines may be socialized throughout portions of PJM, so that the burden does not fall entirely on New Jersey ratepayers. This bill, however, would place the burden on New Jersey ratepayers regardless of the benefits that may be reaped in other states. We should not give up now the possibility of sharing some of these costs with beneficiaries in other states.

In addition, the benefits provided to offshore transmission facilities in this bill may also be unnecessary. Any such facility would receive adequate recovery of its costs under the FERC regulatory scheme. FERC generally allows generous recovery for transmission, so it should not be necessary for these transmission lines to also receive Offshore Wind Renewable Energy Certificates (“ORECs”). Doing so could result in New Jersey ratepayers having to overpay for transmission from offshore wind, which we simply cannot afford.

We very much appreciate the opportunity to share our comments on behalf of the State’s ratepayers. Please feel free to contact our office if you have any questions. Thank you for your attention to these important matters.

Sincerely,

Stefanie A. Brand
Director, Division of Rate Counsel

c: Kevil Duhon, Deputy Executive Director at New Jersey Senate Democratic Office
Matthew Peterson, Office of Legislative Services, Senate Environment and Energy Committee
Kate Millsaps Wolfinger, Aide, Senate Democratic Office
Rebecca Panitch, Republican Aide, Senate Environment and Energy Committee
Christine Mosier, Chief of Staff, Senator Bob Smith
Assemblyman John McKeon
Assemblywoman Nancy Pinkin
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