



STATE OF NEW JERSEY
Board of Public Utilities
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**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF PUBLIC UTILITIES**

A Regular Board meeting of the Board of Public Utilities was held on June 21, 2019, at the State House Annex, Committee Room 4, 125 West State Street, Trenton, New Jersey 08625.

Public notice was given pursuant to N.J.S.A. 10:4-18 by posting notice of the meeting at the Board's Trenton Office, on the Board's website, filing notice of the meeting with the New Jersey Department of State and the following newspapers circulated in the State of New Jersey:

Asbury Park Press
Atlantic City Press
Burlington County Times
Courier Post (Camden)
Home News Tribune (New Brunswick)
North Jersey Herald and News (Passaic)
The Record (Hackensack)
The Star Ledger (Newark)
The Trenton Times

The following members of the Board of Public Utilities were present:

Joseph L. Fiordaliso, President
Mary-Anna Holden, Commissioner
Dianne Solomon, Commissioner
Upendra J. Chivukula, Commissioner
Robert M. Gordon, Commissioner

President Fiordaliso presided at the meeting and Aida Camacho-Welch, Secretary of the Board, carried out the duties of the Secretary.

It was announced that the next regular Board Meeting would be held on July 10, 2019 at the State House Annex, Committee Room 4, 125 West State Street, Trenton, New Jersey 08625.

CONSENT AGENDA

I. AUDITS

A. Energy Agent, Private Aggregator and/or Energy Consultant Initial Registrations

EE19040455L	Essential Energy, LLC d/b/a Utility Options	I – EA
EE19040456L	F & D Partners, Inc.	I – EA
EE19050555L	RKB Energy Solutions, LLC	I – EA
EE19050641L	Priority Power Management, LLC	I – EA/PA
GE19050642L	d/b/a Priority Power Management, LLC	
EE19050573L	Provident Energy Consulting, LLC	I – EA/PA/EC
GE19050574L		
EE19040438L	Titan Energy New England, Inc.	I – EA/PA/EC
GE19040439L		

Energy Agent, Private Aggregator and/or Energy Consultant Renewal Registrations

EE19040476L	Power Management Company, LLC d/b/a PMC Lightsavers Limited Liability Company	R – EA
EE19030421L	Cooperative Industries, LLC	R – EA
EE19040443L	Burton Energy Group, Inc.	R – EA
EE19030349L	Smart Energy Brokers, LLC	R – EA
EE19050570L	AOBA Alliance, Inc.	R – EA
EE19040493L	MSI Utilities, Inc.	R – EA
EE19040437L	Premier Energy Group, LLC	R – EA
EE19040473L	High Speed Energy Group, LLC	R – EA/PA
GE19040474L		
EE19040463L	Energy Consultants, LLC	R – EA/PA
GE19040464L		
EE19050548L	T&M Associates	R – EA/PA/EC
GE19050549L		
EE19040488L	Good Energy, LP	R – EA/PA/EC
GE19040489L	d/b/a Good Energy Consulting Group, LP	
EE19040492L	Rock Promotions, LLC	R – EA/EC
GE19060702L	d/b/a Rock Energy Consultants	
EE19040465L	Prospect Resources, Inc.	R – EA/EC
GE19050683L		

Electric Power and/or Natural Gas Supplier Renewal Licenses

EE19030365L	PSEG Energy Solutions, LLC	R – ESL
EE19050560L	PBF Power Marketing, LLC	R – ESL
EE19040521L	Kuehne Chemical Company, Inc.	R – ESL
GE19030316L	Keil & Sons, Inc. d/b/a Systrum Energy	R – GSL
EE19040490L	ConocoPhillips Company	R – EGSL
GE19040491L	d/b/a ConocoPhillips Company	
EE19040515L	NextEra Energy Services New Jersey, LLC	R – EGSL
GE19040514L		
EE19050578L	Pay Less Energy, LLC	R – EGSL
GE19050577L		
EE19020208L	Just Energy Solutions, Inc.	R – EGSL
GE19020207L		

BACKGROUND: The Board must register all energy agents and consultants, and the Board must license all third party electric power suppliers and gas suppliers. An electric power supplier, gas supplier, or clean power marketer license shall be valid for one year from the date of issue, except where a licensee has submitted a complete renewal application at least 30 days before the expiration of the existing license, in which case the existing license shall not expire until a decision has been reached upon the renewal application. An energy agent, private aggregator or energy consultant registration shall be valid for one year from the date of issue. Annually thereafter, licensed electric power suppliers, gas suppliers, and clean power marketers, as well as energy agents, private aggregators and energy consultants, are required to renew timely their licenses in order to continue to do business in New Jersey.

Staff recommended that the following applicant be issued initial registrations as an energy agent, private aggregator and/or energy consultant for one year:

- Essential Energy, LLC d/b/a Utility Options
- F & D Partners, Inc.
- RKB Energy Solutions, LLC
- Priority Power Management LLC d/b/a Priority Power Management, LLC
- Provident Energy Consulting, LLC
- Titan Energy New England, Inc.

Staff also recommended that the following applicants be issued renewal registrations as an energy agent, private aggregator and/or energy consultant for one year:

- Power Management Co., LLC d/b/a PMC Lightsavers Limited Liability Company
- Cooperative Industries, LLC
- Burton Energy Group, Inc.
- Smart Energy Brokers, LLC
- AOBA Alliance, Inc.
- MSI Utilities, Inc.
- Premier Energy Group, LLC
- High Speed Energy Group, LLC
- Energy Consultants, LLC
- T&M Associates
- Good Energy, LP d/b/a Good Energy Consulting Group LP
- Rock Promotions, LLC d/b/a Rock Energy Consultants
- Prospect Resources Inc.

Finally, Staff recommended that the following applicants be issued renewal licenses as an electric power and/or natural gas supplier for one year:

- PSEG Energy Solutions, LLC
- PBF Power Marketing, LLC
- Kuehne Chemical Company, Inc.
- Keil & Sons Inc. d/b/a Systrum Energy
- ConocoPhillips Company d/b/a ConocoPhillips Company
- NextEra Energy Services New Jersey, LLC
- Pay Less Energy, LLC
- Just Energy Solutions Inc.

DECISION: The Board adopted the recommendation of Staff as set forth above.

B. Docket No. TE19030394 – In the Matter of the Petition of Sherpa Fiber, LLC for Approval to Provide Facilities Based and Resold Local Exchange and Interexchange Telecommunications Services throughout the State of New Jersey.

BACKGROUND: By letter dated March 25, 2019, Sherpa Fiber, LLC (Petitioner or Sherpa) filed a petition with the Board requesting authority to provide facilities-based private line dedicated point-to-point and point-to-multipoint local exchange and interexchange telecommunications services throughout the State of New Jersey.

Sherpa stated that it possesses the technical capability and managerial qualifications to operate and manage its telecommunications operations in the State of New Jersey. The Petitioner submitted the professional biographies of its key personnel, who, they claim are well qualified to execute Sherpa's business plans and have extensive managerial and technical experience in the telecommunications industry.

The Petitioner also asserted that approval of its Petition will further the public interest by expanding the availability of competitive telecommunications services in the State of New Jersey. The Petitioner further asserted that approval of this Petition will provide New Jersey customers with access to new technologies and service choices and will permit customers to achieve increased efficiencies and cost savings.

By letter dated April 30, 2019, the New Jersey Division of Rate Counsel (Rate Counsel) submitted comments to the Board stating that based on its review, Rate Counsel was satisfied that the verified petition met the regulatory requirements and is consistent with the public interest, convenience, and necessity. Rate Counsel objected to granting the waiver requests in connection with record-keeping by Petitioner, nor did the Rate Counsel oppose the Petitioner's request to treat its financial information as confidential and placed under seal. Accordingly, Rate Counsel did not oppose a grant of authority or approval of the Petitioner's request to provide facilities-based local exchange and interexchange telecommunications services throughout the State of New Jersey.

After review, Staff recommended that the Board grant Petitioner authority to provide facilities-based local exchange and interexchange telecommunications services throughout the State of New Jersey. Staff's recommendation does not pertain to Non-Competitive Local Exchange Carriers Services. Staff also recommended that the Board approve the request for waiver from its requirements that the Petitioner maintain its financial books and records within New Jersey.

In addition, the Petitioner must post the terms and conditions of its retail competitive services on its website in a publically available location, and must also provide a printed copy of those terms and conditions to a customer upon request of the customer. Staff recommended that the Board order Sherpa to provide the Board notice of its website link that contains the terms and conditions prior to commencing these services to end-users and notify the Board within 10 days from the date it begins providing such services to New Jersey customers.

DECISION: The Board adopted the recommendation of Staff as set forth above.

II. ENERGY

There were no items in this category.

III. CABLE TELEVISION

A. Docket No. CE18060631 – In the Matter of the Petition of Comcast of South Jersey, LLC for Renewal Certificate Approval to Continue to Construct, Operate and Maintain a Cable Television System for the City of Bridgeton, County of Cumberland, State of New Jersey.

BACKGROUND: On June 12, 2018, Comcast of South Jersey, LLC (Comcast) filed a petition with the Board for an Automatic Renewal Certificate of Approval for the City of Bridgeton (City) based on the automatic renewal provision.

The petition is based on the City's ordinance granting renewal municipal consent, which was adopted on November 22, 2004. The City's ordinance granted a term of 15 years with an automatic renewal term of 10 years. The initial term expired on June 3, 2018.

Staff recommended that the Board approve the proposed Automatic Renewal Certificate of Approval. This Certificate shall expire on June 3, 2028.

DECISION: The Board adopted the recommendation of Staff as set forth above.

IV. TELECOMMUNICATIONS

There were no items in this category.

V. WATER

A. Docket No. WR19050600 – In the Matter of the Petition of Lake Lenape Water Company for Approval of an increase in Rates for Service.

BACKGROUND: On May 16, 2019, Lake Lenape Water Company (Company, or Petitioner), filed a petition with the Board seeking to increase and revise its rates and charges for water service amounting to a proposed increase in revenues of approximately \$34,819.00 or 24.7%. The rates are proposed to become effective July 1, 2019.

According to the petition, the Company sought the increase to enable it to: (a) eliminate operating losses; (b) enable the Company to meet increased operating expenses and establish its financial integrity; and (c) enable the Company to continue to furnish safe, adequate and proper service to its customers.

The Company provides water service to approximately 353 customers in the Township of Andover, Sussex County, New Jersey.

The proposed revisions will increase existing rates and change or alter existing

classifications in Petitioner's tariff. Therefore, Staff recommended that the Board issue an Initial Suspension Order suspending the rates until November 1, 2019.

DECISION: The Board adopted the recommendation of Staff as set forth above.

VI. RELIABILITY & SECURITY

A. Docket No. GS19040500K, et al. – In the Matter of Routine One Call Settlements Pursuant to N.J.S.A. 48:2-73 to -91.

BACKGROUND: This matter involved settlements of alleged violations of the Underground Facility Protection Act (Act) by both excavators and operators of underground facilities. This matter did not contain settlements involving catastrophic situations, death or major property damage. The categories of infraction include failure to provide proper notice, failure to use reasonable care and mismarking of facilities. The cases have been settled in accordance with a penalty strategy which escalates the penalty ranges in relationship to the aggravating factors such as injury, property damage, fire, evacuation, road closure, and other public safety concerns. Moreover, the strategy seeks to establish appropriate disincentives for actions which violate the Act.

Pursuant to the Act, the Board through the Bureau of One-Call supervises and enforces the One-Call Underground Damage Prevention System. The Act subjects violators of its provisions to civil penalties of not less than \$1,000.00 and not more than \$2,500.00 per violation per day, with a \$25,000.00 maximum for a related series of violations. Violations involving a natural gas or hazardous liquid underground pipeline or distribution facility are subject to civil penalties not to exceed \$100,000.00 for each violation for each day with a \$1,000,000.00 maximum for any related series of violations.

The number of settlements are 39 and total penalty of \$116,000.00.

Staff employed a single order to close multiple cases in order to create a more streamlined and effective enforcement process. Staff recommended that the Board approve all those cases in which offers of settlement and payment have been received.

DECISION: The Board adopted the recommendation of Staff as set forth above.

VII. CUSTOMER ASSISTANCE

There were no items in this category.

VIII. CLEAN ENERGY

There were no items in this category.

IX. MISCELLANEOUS

**A. Approval of the Executive Session Minutes of January 27, 2016 – Item 2F; and
Approval of the Minutes for the May 28, 2019, Agenda Meeting.**

BACKGROUND: Commissioner Gordon abstained from voting on the executive session minutes. Staff presented the executive session minutes of January 27, 2016 –item 2F, and recommended they be accepted.

Staff presented the regular agenda minutes of May 28, 2019, and recommended they be accepted.

DECISION: The Board adopted the recommendation of Staff as set forth above.

After appropriate motion, the consent agenda was approved.

Roll Call Vote:	President Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye
	Commissioner Gordon	Aye

AGENDA

1. AUDITS

There were no items in this category.

2. ENERGY

Cynthia L. M. Holland, Esq., Director, Office of Federal and Regional Policy, presented these matters.

A. Docket No. ER19010009 – In the Matter of Federal Energy Items for 2019 – FERC Docket No. PL19-3 – Notice of Inquiry regarding Commission’s Electric Transmission Incentives Policy.

BACKGROUND AND DISCUSSION: This matter involved the Board filing the Initial Comments with the Federal Energy Regulatory Commission (FERC or Commission) in response to its March 21, 2019 Notice of Inquiry on the Commission’s Electric Transmission Incentives Policy. Since FERC issued Order No. 679 establishing incentives in 2006, the market has shown a tremendous increase in transmission investment. These Initial Comments assert that the current state of the market, when paired with available metrics, indicates that FERC has successfully increased transmission investment such that continuing those incentives under the same strategy would be unreasonably beneficial to the utilities at the expense of ratepayers/consumers.

Staff encouraged the Commission to provide a Return on Equity as the exclusive financial incentive. If FERC continues offering Order No. 679 incentive adders, they must be backed by data that depicts equitable benefits for the ratepayers. In the comments, Staff provided support for eliminating the Regional Transmission Organization participation adder or, as an alternative, establish a sunset period for this adder.

Staff recommended that the Board approve the Initial Comments, which will be filed by the June 26, 2019 deadline.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye
	Commissioner Gordon	Aye

B. Docket No. ER19010009 – In the Matter of Federal Energy Items for 2019 – FERC Docket No. PL19-4 – Notice of Inquiry regarding the Commission’s Policy for Determining Return of Equity.

BACKGROUND AND DISCUSSION: This matter involved the Board filing the Initial Comments with the Federal Energy Regulatory Commission (FERC or Commission) in response to its March 21, 2019 Notice of Inquiry on the Commission’s Policy for Determining Return on Equity. In response the remand Order in Emera Maine v. FERC,

the Commission is considering using the average of the 4 methodologies to determine return on equity (ROE) for public utilities.

Staff encouraged the Commission to pursue this policy change because the resulting ROE will encompass various market conditions and be consistent with the Hope and Bluefield capital attraction standards. Staff further asserted that the Commission has a good opportunity to align transmission ROEs with distribution ROEs. Staff also advocated that FERC should implement a uniform approach of determining an ROE across all of its regulated industries.

Staff recommended that the Board approve the Initial Comments, which will be filed by June 26, 2019.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye
	Commissioner Gordon	Aye

3. CABLE TELEVISION

There were no items in this category.

4. TELECOMMUNICATIONS

There were no items in this category.

5. WATER

Michael Kammer, Director, Division of Water, presented these matters.

A. Docket No. WE19010117 – In the Matter of the Petition of New Jersey-American Water Company, Inc. for Approval of a Municipal Consent Granted by the Borough of Mount Ephraim, County of Camden.

BACKGROUND AND DISCUSSION: New Jersey-American Water (Petitioner or NJAW) filed a petition with the Board seeking approval of Municipal Consent Ordinance adopted by the Borough of Mount Ephraim (Borough) on December 6, 2018.

On January 15, 2019, NJAW entered into an Asset Purchase Agreement (Agreement) with the Borough, which provides for NJAW to purchase the Seller's wastewater collection system assets serving the customers of Borough for \$1,400,000.00. In addition, the Company has agreed to pay up to \$100,000.00 in seller transaction expenses.

The sales transaction is subject to public referendum and the transfer is appropriate pursuant to N.J.S.A. 40:62-5. The Borough adopted Ordinance No. 08-18 approving the Agreement between the Borough and NJAW on August 2, 2018.

NJAW will be acquiring two sanitary sewer pump stations and a wastewater collection system from the Borough. The recorded average gallon per day wastewater treated in the proposed franchise area in 2017 was approximately 0.36 million gallons per day. NJAW will not be treating the wastewater. All the wastewater is conveyed to the Camden County Municipal Utilities Authority collection system and is treated at its treatment facility in Camden.

The Agreement further provides that the Petitioner will undertake capital improvements to the Mount Ephraim System in the next two to five years after the closing. The Company will spend a total amount of \$5,520,000.00.

On May 9, 2019, a municipal consent hearing was held at the Board's offices. Suzanne Patnaude, Esq. presided over the hearing at which representatives of NJAW, the New Jersey Division of Rate Counsel (Rate Counsel) and Staff appeared. No members of the public appeared at the hearing.

By letter dated May 30, 2019, Rate Counsel stated that it did not oppose the Board approval with the conditions outlined in the draft Board Order.

Staff recommended that the Board approve the following: (1) a municipal consent granted by Ordinance No. 15-18 and adopted on December 6, 2018, by the Borough; and (2) the continuation of wastewater tariff for customers of the Borough.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye
	Commissioner Gordon	Aye

B. Docket No. WM19050565 – In the Matter of Aqua America, Inc.’s Acquisition of LDC Funding, LLC.

BACKGROUND AND DISCUSSION: On November 1, 2019 and January 19, 2019, Aqua New Jersey, Inc. (Aqua New Jersey) and Aqua America, Inc. (Aqua America) filed a letter with the Board and provided an informational filing on May 6, 2019 to advise the Board that Aqua America had entered into an agreement to acquire Peoples Gas companies operating in Pennsylvania, Kentucky and West Virginia through formation of the LDC Funding, LLC subsidiary to Aqua America to raise \$4.275 billion to finance the all-cash transaction. The companies asserted that the transaction did not trigger Board review under New Jersey statute and that, similarly, the financing of the transaction occurred at the parent level without pledging any assets of Aqua New Jersey and, therefore, did not require a petition to the Board.

Aqua America views the acquisition as providing significant growth opportunity in continued municipal system acquisitions and infrastructure investment and expected customer growth of 7% annually on the water/wastewater side and 8% to 10% annually on the natural gas side. The increased scale of the combined companies is expected to enhance access to capital and increase influence in the utility industry.

In the May 6, 2019 filing, Aqua America stated that the financing arrangements to effectuate the acquisition all took place “at the holding company level and not at the Aqua New Jersey level and did not involve any guarantees, pledges or encumbrances of Aqua New Jersey assets or rights, or the issue or transfer of Aqua New Jersey stock.” Therefore, Aqua America and Aqua New Jersey assert that the Board is not required to approve the financing under N.J.S.A. 48:3-7 or N.J.S.A. 48:3-9.

According to the filing, Aqua America announced on April 15, 2019 concurrent public offerings of \$1 billion of Aqua America common stock and \$725 million of tangible equity units which were separate public offerings. Aqua America announced on April 24, 2019 that it had priced a public offering \$400 million aggregate principal amount of 3.566% senior notes due 2029 and \$500 million aggregate principal amount of 4.276% senior notes due 2049 and the offering closed the same day.

Contrary to the Aqua America and Aqua New Jersey position that the acquisition does not require Board review, the Office of the Economist and the Division of Water, upon review of the information submitted in this proceeding, found that the acquisition of Peoples Gas by Aqua America is subject to the Board’s merger review statutes at N.J.S.A. 48:2-51.1. The materials provided in the filing indicated that the terms of the acquisition are consistent with and satisfy the four prongs of merger review and the public interest test. With regard to the financing, Staff agreed that no Aqua New Jersey assets were encumbered or pledged in support of the financing and therefore no statutory review of the financing was required.

Therefore, Staff recommended approval of the acquisition of Peoples Gas by Aqua America.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye
	Commissioner Gordon	Aye

6. RELIABILITY & SECURITY

A. Docket No. AX19060700 – In the Matter of Special Adoption Rulemaking for Reliability and Security Maximum Penalty Increases Pursuant to Federal and State Law.

James Giuliano, Director, Division of Reliability and Security, presented this matter.

BACKGROUND AND DISCUSSION: This matter involved Staff proposing that the Board approve the Rule Proposal for submittal to the Office of Administrative Law to be published in the N.J. Register and to open the required 60-day public comment period.

The Rule Proposal contains amendments to N.J.A.C. 14:7-2.7, “Civil administrative penalty determination,” to conform portions of its current rules to certain provisions of 49 U.S.C. §60122 and P.L. 2019, c.4. The proposal includes significant changes for maximum penalties for handling violations of the Natural Gas Pipeline Safety Rules, and of the One-Call rule provisions that apply to natural gas pipelines. Pursuant to a

certification submitted annually to the U.S. Department of Transportation, New Jersey must enforce the Federal standards in Title 49 of the Code of Federal Regulations and may adopt more stringent standards where warranted.

At N.J.A.C. 14:7-2.7, the Board proposed amending a civil administrative penalty of not more than \$100,000.00 for each violation, for each day the violation persists, up to a maximum of \$1,000,000.00 for any related series of violations to a civil administrative penalty of not more than \$200,000.00 for each violation, for each day the violation persists, up to a maximum of \$ 2,000,000.00 for any related series of violations.

Staff recommended that the Board approve this rule proposal for submittal to the Office of Administrative Law to be published in the N.J. Register.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye
	Commissioner Gordon	Aye

7. CUSTOMER ASSISTANCE

There were no items in this category.

8. CLEAN ENERGY

Sara Bluhm, Director and Sherri Jones, Assistant Director, Division of Clean Energy, presented these matters.

A. Docket No. QO19050644 – In the Matter of Clean Energy the Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for Fiscal Year 2020.

BACKGROUND AND DISCUSSION: The Board initiated proceedings and undertook a comprehensive resource analysis (CRA) to determine the appropriate level of funding for energy efficiency (EE) and renewable energy (RE) programs that are currently part of the New Jersey Clean Energy Program (NJCEP). On May 29, 2019, Staff released Fiscal Year 20 (FY20) CRA Straw Proposal, including a societal benefits charge (SBC) funding level of \$344,665,000.00 and other sources of funds for total FY20 funding of \$384,034,033.17 (collectively, Proposed FY20 Funding Level).

The FY20 SBC funding level is the same SBC funding level approved by the Board since FY15, and the Proposed FY20 Funding Level represents a continuation of the current funding level; thus, there will be no incremental impact on rates as a result of approving the Proposed FY20 Funding Level.

On May 29, 2019, the Board provided public notice of a June 7, 2019 public hearing and released the draft FY20 CRA and related programs and budgets for FY20. The notice was distributed to the EE, RE, and other NJCEP listservs. The distributions and postings

requested comments on the Straw Proposal, with a due date of June 11, 2019. The Straw Proposal was discussed at the June 7, 2019 public hearing.

The Straw Proposal's funding levels included the level of funding estimated to meet the needs of the Clean Energy Program while Staff developed the transition plan to meet the energy savings required by the Clean Energy Act. For FY20, Staff recommended that the Board set a new SBC funding level of \$344,665,000.00, which is the same funding level approved by the Board since FY15. When combined with other sources of funds, it results in total FY20 funding of \$528,318,728.00 (collectively, the Proposed FY20 Funding Level). Staff estimated that the Proposed FY20 Funding Level will be sufficient to maintain a full portfolio of programs.

Staff recommended that the Board find that the processes utilized in developing the CRA for FY20 were appropriate and provided stakeholders and interested members of the public adequate notice and opportunity to comment.

Staff also recommended that the Board adopt and approve the proposed CRA FY20 as revised from its original proposal.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye
	Commissioner Gordon	Aye

B. Docket No. QO19050645 – In the Matter of the Clean Energy Programs and Budgets for Fiscal Year 2020.

BACKGROUND AND DISCUSSION: This matter involved establishing Fiscal Year 2020 (FY 20) programs and budgets for the New Jersey Clean Energy Program (NJCEP). The Board initiated proceedings and undertook a comprehensive resource analysis (CRA) to determine the appropriate level of funding for energy efficiency (EE) and renewable energy (RE) programs that are currently part of NJCEP.

On May 24, 2019, Staff hosted a webinar and presented an overview of proposed new NJCEP initiatives and program changes for FY20, as contained in the Division of Clean Energy's Compliance Filing, TRC Program Descriptions and Budgets, the Utilities' Compliance Filing, the FY20 Budget, and Summary of Proposed Program Changes for FY20.

On May 29, 2019, Staff released an FY20 draft CRA including a societal benefits charge (SBC) funding level of \$344,665,000.00 and other sources of funds for total FY20 funding of \$384,034,033.00 (collectively, Proposed FY20 Funding Level). Based on the CRA funding level proposed for approval by the Board, and after factoring in commitments made prior to FY20 that are expected to be paid in or to remain committed through FY20, the total proposed FY20 NJCEP budget is \$528,318.728.00.

On May 29, 2019, the Board provided public notice of a June 7, 2019 public hearing. Notice was distributed to the EE, RE, and other NJCEP listservs about the posting to the

NJCEP website of the following proposed FY20 documents: the draft CRA, the Board's Division of Clean Energy Compliance Filings, TRC Program Descriptions and Budgets (Compliance Filings and Plan Filings), Utilities' Compliance Filing (collectively, the Proposed FY20 Compliance Filings), the Proposed FY20 Budget (FY20 Budget), and Summary of Proposed Program Changes for FY20. The distributions and postings requested comments on the draft CRA, with a due date of June 11, 2019. On June 6, 2019, a notice was sent to the listservs and posted on the NJCEP website, clarifying two discrepancies between TRC's Compliance Filing and the Summary of Proposed Program Changes. The CRA Straw Proposal was discussed at the June 7, 2019 public hearing.

Staff recommended approval of the revised Fiscal Year 2020 Division of Clean Energy compliance filing, TRC compliance filing, utility compliance filing, as well as approval of the revised Fiscal year 20 budget.

TRC, Division of Clean Energy, and Utilities' FY20 compliance filings (collectively, the FY20 Compliance Filings) and budgets.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye
	Commissioner Gordon	Aye

C. Docket No. QO19010040 – In the Matter of the Implementation of P.L. 2018, c.17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs; and

Docket No. QO18121302 – In the Matter of Approval of a Contract for Energy Efficiency Technologies Research and Studies – Completion of the Energy Efficiency Market Potential Study – Amendment #1 – See Executive Session.

This matter was deferred.

D. Docket No. QO18121289 – In the Matter of the Board of Public Utilities Offshore Wind Solicitation for 1,100 MW – Evaluation of the Offshore Wind Applications.

Sara Bluhm, Director and Jim Ferris, Bureau Chief of New Technology, Division of Clean Energy, presented this matter.

BACKGROUND AND DISCUSSION: This matter involved the Board considering the responses to its solicitation for 1,100 megawatt (MW) of offshore wind (OSW) capacity, in furtherance of Governor Phil Murphy's Executive Order No. 8 (2018) (Executive Order No. 8). Executive Order No. 8 calls upon the Board to fully implement the Offshore Wind Economic Development Act of 2010 (OWEDA) and to proceed with a solicitation of 1, 100 MW of OSW capacity as a first step in meeting the State's goal of 3,500 MW of OSW capacity by 2030. By this Order the Board approves the Ocean Wind 1,100 MW Project proposed by Orsted and PSEG Renewable Generation LLC.

Global climate change is among the most pressing threats facing New Jersey's economy and represents an imminent danger to the health, safety and welfare of our citizens. The effects of climate change are already being felt throughout New Jersey. From flooding to the escalation in number and severity of storms to the unrelenting increases in average yearly temperatures, citizens are faced daily with these threats. At the same time, emissions from burning fossil fuels are impacting our citizens' health with increased asthma rates and heat islands in our cities are diminishing the quality of life of our residents. The threat is real and global. Combating this climate crisis demands swift local action and focused state leadership.

Recognizing the need to act to reduce our energy usage and transition in a thoughtful way to a clean energy future, Governor Murphy set forth an ambitious and important goal of reaching 100% clean energy by 2050. Energy systems and climate change are inextricably linked. Within his first few weeks in office, Governor Murphy signed Executive Order No. 8, making New Jersey's leadership in OSW a centerpiece of his environmental and energy agenda. The purpose of Executive Order No. 8 was to reinvigorate the implementation of OWEDA. Exec. Order No. 8 sets forth a bold vision for a clean energy economy on a scale large enough to attract an active and robust wind energy market supporting large-scale production, in-state supply chain, and utilizing a trained New Jersey workforce for construction, installation, interconnection, and operations and maintenance.

The Ocean Wind 1,100 MW project brings an estimated 15,000 jobs to New Jersey over the life of the project and provides the best economic development benefits to the state of any of the applicants. And by setting an early, aggressive OSW goal. New Jersey is making a strong case that key parts of the OSW supply chain should be located here, for both current and future projects inside and outside the State. During the development of the 3,500 MW initial goals, the Board expects three times as many high paying clean energy jobs through construction, installation, operations and maintenance, and decommissioning of OSW turbines.

The Board also remains cognizant of its charge to protect New Jersey's natural resources and significant cultural and tourism economies. New Jersey enjoys one of the best geographic locations and ocean wind profiles in the United States for the development of a robust OSW program. The work of harnessing that wind must be done through responsibly developed and sited wind farms. The Board remains committed to ensuring that natural resources, including fish, marine mammals, birds, and other wildlife, are protected throughout the development and operation of current and future wind projects. With the largest single solicitation in the United States, we have an opportunity to collect and share valuable data to inform future development and to protect natural resources including fish, marine mammals and avian life, which make up a critical part of our rich tapestry of biological diversity.

New Jersey can advance visionary policy and innovative programs while continuing to improve the quality of delivery, mitigate costs, and improve services for consumers. We must do this while ensuring energy is affordable, accessible, and reliable for all citizens of the state. Stepping boldly into a new industry, New Jersey once again leads the way on protecting the environment while growing the economy. Today's action is another step on the path to continuing New Jersey's leadership in the fight against the impacts of climate change, for the benefit of current and future residents.

Staff presented four project options for the Board's consideration that satisfied all legal and regulatory requirements and provided the greatest overall benefits to the State.

Option A: Ocean Wind, 1,100 megawatt project.

Option B: An 1,100 megawatt project portfolio consisting of projects from Orsted Ocean Wind and EDF/Shell - Atlantic Shores.

Option C: A 1,200 megawatt project portfolio consisting of projects from Orsted Ocean Wind and EDF/Shell - Atlantic Shores.

Option D: A 1,200 megawatt project portfolio consisting of projects from Orsted Ocean Wind and Equinor - Boardwalk Wind.

Commissioner Holden stated that following the guidelines and the six criteria of the Offshore Wind Economic Development Act, she moved that the Board award the 1,100 megawatt offshore wind capacity to a single developer, Orsted – Ocean Wind, as it meets the State's requirements for net economic and environmental benefits and exhibits competitive price and relatively low risk. The Commissioner also noted that Orsted is a global leader in offshore wind development and find that most likely to bring construction to completion on time based upon a full graph of timelines, permitting plans, equipment and labor supply plans; and for their proposed establishment of supply chain, job creation, and the economic development in and for New Jersey.

President Fiordaliso noted that today's vote will be for the approval of the 1,100 megawatt offshore wind capacity to Ocean Wind, which will meet the state's requirements economically and environmentally, and benefit the citizens of New Jersey.

President Fiordaliso stated that Governor Murphy was the first Governor to campaign on 100 percent clean energy and to demonstrate that within the first weeks of being in office, he signed Executive Order 8, which really accelerated this whole process. And in 18 months, we are ready to approve a solicitation to begin offshore wind in reality here in the State of New Jersey.

President Fiordaliso also added that New Jersey is at the point of historic proportion as the Offshore wind and the supply chain provided is going to be beneficial to the State of New Jersey. During the life of the project the number of jobs is going to be in the thousands, which will help the residents in the State. New Jersey is looking for everyone who is interested in developing offshore wind to participate in the second and third solicitations.

Commissioner Gordon thanked President Fiordaliso, and stated that with this decision today, New Jersey becomes the nation's leader in offshore wind, takes an important step toward achieving our clean energy goals and lays the foundation for a whole new industry in the state that will provide thousands well-paying jobs.

He added that our journey to this point began on this day-June 21st-nine years ago, in this very room, when the Senate Committee on Environment and Energy approved Senate Bill 2036, the Offshore Wind Economic Development Act of 2010. That legislation directed the BPU and other agencies to develop offshore wind resources for the state, beginning with an initial project of 1,100 MW. While Governor Christie signed the bill, he took no action to implement it. For the next eight years, the plans for offshore wind in New Jersey went nowhere.

That changed with the election of a new Governor. Within days of his inauguration, Governor Murphy issued Executive Order No. 8 which set a goal of 3,500 MW of offshore wind capacity by 2030 and directed the BPU to implement the Offshore Wind Economic Development Act, beginning with an initial solicitation of 1,100 MW. Today, we are selecting the developer of this first project. We have been directed to award additional contracts of 1,200 MW through two additional solicitations in 2020 and 2022, and the Commissioner hopes that these next projects will be considerably larger.

Commissioner Gordon also stated that he would have preferred multiple developers, after an extensive analysis of the finalist, but he chose Orsted's 1,100 MW proposal, because this developer and this particular project offered the most reasonable cost, the most robust economic development opportunities, least adverse environmental impact, strongest organization, lowest overall development risk and highest likelihood of success. Orsted also promised the earliest completion date.

The Commissioner indicated that he foresees hundreds of turbines off the Jersey Coast that can provide the anchor for a Mid-Atlantic Network that stretches from Long Island to Maryland. Adding that as we begin to work on the second round of solicitations, he believes we should seek to collaborate, rather than compete, with our neighboring states. One way we can do that is by developing a regional transmission system offshore, what some have called a "backbone" transmission system that can connect numerous individual wind projects along the coast to the onshore electric grid. Such an offshore transmission network, it is argued, is more efficient than allowing each developer to build its own transmission system, would promote more competition and would be more beneficial for ratepayers. We should explore that option as we move forward.

By coordinating our offshore wind development efforts across the Mid-Atlantic States, we can maximize the economic benefits for all. We can create the critical mass required to induce the major turbine manufacturers and other players in the supply chain to establish facilities in our region. Our state can be the hub. We can create a whole new industry and thousands of jobs for New Jersey and our neighbors.

Commissioner Chivukula stated that this is going back to 2010 when he was asked to work on this offshore wind, OWEDA bill, and he spent several months working on that. The Commissioner added that we were the first State to come up with offshore wind in the country and now we are going to be doing that in the northeast. He said that he never dreamed that when he came to the United States in 1974 as a student that he would have such an important role in creating this source of renewable energy offshore wind.

Commissioner Solomon expressed her appreciation for the comments made by her fellow Commissioners and President Fiordaliso.

The Commissioner added that as President Fiordaliso mentioned, our primary responsibility as Commissioners is to be certain that residential, commercial and industrial residents of New Jersey receive reliable service at reasonable rates. Today, we undertake to provide a reliable service in a way that causes the least environmental harm. Nobody disagrees or could reasonably disagree with that pursuit. In doing so, we have an obligation to our residents to be sure that we are being both economically and environmentally responsible. The legislature requires that wind generation be a part of

our energy mix to move toward the Governor's goal of zero carbon emissions. Because our function is to ensure that energy be both reliable and cost-effective, we do not consider this solicitation in a vacuum. We are required to abide by the legislature and the Governor's instructions, and we must do so in a most cost-effective way. The proposal of Orsted is the farthest along in development, provides the earliest date of commercial operation, and is the proposal closest to meeting the net benefits test in the most cost-effective way.

DECISION: After discussion, the Board adopted the motion made by Commissioner Holden.

Roll Call Vote:	President Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye
	Commissioner Gordon	Aye

9. MISCELLANEOUS

There were no items in this category.

EXECUTIVE SESSION

8. CLEAN ENERGY

C. Docket No. QO19010040 – In the Matter of the Implementation of P.L. 2018, c.17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs; and

Docket No. QO18121302 – In the Matter of Approval of a Contract for Energy Efficiency Technologies Research and Studies – Completion of the Energy Efficiency Market Potential Study – Amendment #1.

This matter was deferred.

D. Docket No. QO18121289 – In the Matter of the Board of Public Utilities Offshore Wind Solicitation for 1,100 MW – Evaluation of the Offshore Wind Applications.

This matter was not discussed in executive session.

There being no further business before the Board, the meeting was adjourned.



AIDA CAMACHO-WELCH
SECRETARY OF THE BOARD

Date: August 7, 2019