



New Jersey Senate Select Committee and Assembly Telecommunications and Utilities Committee

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For Public Use

PJM Keeps the Lights on for New Jerseyans

- PJM functionally operates as a not-for-profit and is mission driven.
- PJM's primary focus is to utilize its engineering and economics expertise to keep the lights on for 67 million consumers across 14 jurisdictions, including the entirety of the state of New Jersey.

Electricity Demand Is Rising

- After years of relatively flat demand year over year, demand is now expected to grow significantly by about 30,000 MW by 2030.
- This growth is being driven by the proliferation of data centers, electrification and the onshoring of U.S. manufacturing.
- ***Demand is expected to increase in New Jersey as well, with winter peaks increasing by 2.8–4.7%, depending on the service territory.***

Electricity Supply Is Decreasing

- PJM estimates it will lose 40,000 MW by 2030 due primarily to decarbonization policies and some economics.
- New supply is not keeping pace with both the supply leaving the system and the forecasted increase in demand.
- There is reason for optimism moving forward. PJM has reformed its generation interconnection queue, and there are currently 50,000 MW through the queue ready for construction and operation. Another 18,000 MW will be processed this year. Another 50,000 MW will be processed next year. A new window was just opened for more shovel-ready projects that can better contribute to reliability and we received 94 applications totaling 27,000 MW.
- ***However, New Jersey is already an ~35% net importer of power from its neighbors, is pushing gas plants off of the system through state regulation, and does not have significant supply in or through the queue to make up for this imbalance. Excluding offshore wind, it has just 1,652 MW through the queue and an additional 1,062 MW currently being studied.***

Supply/Demand Imbalance Leads to Higher Pricing in PJM's Capacity Market and Higher Bills for New Jerseyans

Offshore Wind Failing to Materialize Significantly Impacts New Jersey's Supply/Demand Balance and Pricing

- A major component of New Jersey's energy plan to add supply was/is offshore wind.

- PJM, along with New Jersey Board of Public Utilities, worked hard to prepare the power grid for that infusion of power, and as the BPU identified, the work we performed together saved consumers \$900 million.
- Offshore wind is a highly reliable resource (from an engineering perspective) and its materializing would have impacted pricing in this last auction and would impact pricing in future auctions.

Consumer Bills Consist of Both Wholesale and Retail Charges

- There are many components to a consumer's bill that should be viewed holistically.
- Wholesale charges are determined by FERC/PJM and retail charges by the NJBPU/local utilities.
- The capacity market increase is but one component of the wholesale charge and has an inverse relationship typically with energy prices, which should eventually mitigate the overall wholesale generation increase.
- Retail charges consist of distribution service charges as well as special programs:
 - NJ Societal Benefits Charge
 - NJ Non-Utility Generation Costs
 - NJ Zero Emissions Certificate Program
 - NJ Solar Pilot Reimbursement
 - Green Program Costs (including RGGI)
 - Conservation Incentives (Energy Efficiency)

Recommendations for Potential Action

- Analyze other states' actions in requiring data center owners to put money down "up front" to ensure that load (demand) forecasts are as accurate as they can be
- Moratorium on policies forcing retirement of any resource
- Permitting/siting reform to get resources onto the system quicker
- Action to support demand response
- Analyze default service procurement methodology to determine if there is a way to better hedge against high capacity market clears