



The State Agreement Approach (SAA) is a provision in PJM’s Operating Agreement that enables a state to propose a project for inclusion in PJM’s Regional Transmission Expansion Plan that advances that state’s Public Policy Requirements, as long as the state agrees to the cost responsibility of the project’s build-out.

This planning tool is also available for use by a group of states that wish to collaboratively advance their Public Policy Requirements.

The provision dates to the 2013 implementation of FERC Order 1000, which required regional grid operators to “provide for the consideration of transmission needs driven by public policy requirements in the regional transmission planning processes.”

The SAA is a voluntary process for states and is one avenue for PJM to plan for a public policy driver, alongside the reliability and economic drivers for which it is required to plan.

How the State Agreement Approach Works

A state or states will indicate to PJM which Public Policy Requirements they are interested in advancing through the SAA. The state may select a specific project and Designated Entity to complete the project or request that PJM open a competitive window to seek transmission solutions from developers that address the upgrades needed for the policy project. These projects can be classified as public policy baseline projects or as a supplemental project developed by a PJM Transmission Owner.

It is the state, not PJM, that ultimately chooses whether to proceed with transmission solutions through the SAA to advance its Public Policy Requirements. States can also conclude the process without selecting any projects, should they not want to commit to a project at that time.

There are no financial commitments to an SAA project until the final decision to move forward with one or more of the solutions coming out of the PJM Regional Transmission Expansion Plan (RTEP) process. If the state does select one or more projects, or parts of projects, ratepayers would be assigned the costs of the selected transmission upgrades pursuant to a FERC-accepted cost allocation methodology, or as determined by the state.

No costs may be recovered from customers in a state that does not agree to be responsible for an SAA project.

Key Facts

- The SAA is an avenue for states in PJM to advance their Public Policy Requirements through transmission build-out.
- SAA projects can be selected through a competitive solicitation or directly developed by a PJM Transmission Owner as a supplemental project. These projects are then included in PJM’s RTEP.
- The SAA is a voluntary process and does not require the interested state to proceed with any proposed transmission projects.
- The state (or group of states) pursuing projects through the SAA is responsible for the projects’ costs. No costs may be recovered from customers in a state that does not agree to be responsible for an SAA project.





PJM's Historic Collaboration with New Jersey

New Jersey is the first PJM jurisdiction to leverage the SAA process to advance its Public Policy Requirements. In November 2020, the New Jersey Board of Public Utilities (NJBPU) requested use of the SAA to incorporate New Jersey's initial 7,500 MW offshore wind target into PJM's regional transmission planning process.

That process culminated in the NJBPU awarding \$1.1 billion in projects to construct the onshore transmission facilities necessary to deliver those 7,500 MW to New Jersey customers. Significant cost savings are expected from proactively planning for New Jersey's offshore wind target, rather than incrementally building on a project-by-project basis. Those enhancements to the grid are currently being implemented by the Designated Entities that were awarded project components.

PJM's work with the NJBPU under the SAA has been cited as a model for other states to develop the transmission infrastructure needed for their own energy policies.

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