

## E. CIEP SUPPLIER PAYMENTS AND CUSTOMER RATES

*This summary is provided for bidder convenience only. Any statements herein describing BGS-CIEP payment flows are summaries only and are qualified in their entirety by each EDC's Company Specific Addendum and accompanying attachments, as well as the BGS-CIEP Supplier Master Agreement posted to the [BGS Proceeding](#) page of the BGS Auction website. Bidders bear full responsibility for reviewing each EDC's Company Specific Addendum and accompanying attachments, as well as the BGS-CIEP Supplier Master Agreement.*

The EDCs are Public Service Electric and Gas Company ("PSE&G"), Jersey Central Power & Light Company ("JCP&L"), Atlantic City Electric Company ("ACE"), and Rockland Electric Company ("RECO").

### E.1. Overview

Three types of payment flows are outlined in this section:

- payments from the EDC to the BGS-CIEP Supplier;
- payments from the BGS-CIEP customer and the CIEP customer to the EDC; and
- payments from the BGS-CIEP Supplier to the EDC.

A CIEP customer is either a BGS-CIEP customer or a customer served by a third party supplier who, were the customer to take BGS, would do so on a CIEP tariff or rate.

Article 9 "Billing and Payment" of the BGS-CIEP Supplier Master Agreement posted to the [BGS Proceeding](#) page of the BGS Auction website provides a complete characterization of payments between the EDC and the BGS-CIEP Supplier. This document does not cover payments by the BGS-CIEP Supplier to PJM for costs associated with meeting its Load Serving Entity ("LSE") obligations or payments that may result from the application of Section 15.9 of the BGS-CIEP Supplier Master Agreement related to changes in transmission rates.

### E.2. Key Definitions

Article 1 "Definitions" of the BGS-CIEP Supplier Master Agreement posted to the [BGS Proceeding](#) page of the BGS Auction website defines the terms used in this section, including PMEA/FMEA Adjustment Amount, PHEA/FHEA Adjustment Amount, and the terms provided below.

***BGS-CIEP Supplier Responsibility Share.*** Each EDC has a BGS-CIEP tranche size announced on November 15, 2017, which is multiplied by the number of tranches won by

the BGS-CIEP Supplier at the Auction to determine that BGS-CIEP Supplier's *BGS-CIEP Supplier Responsibility Share*.

It is this BGS-CIEP Supplier Responsibility Share that determines the percentage of BGS-CIEP Load for which the BGS-CIEP Supplier is responsible.

Monthly invoices will calculate payments for the current period based on preliminary allocations of energy, which are calculated from the Supplier Responsibility Share and the total BGS-CIEP Load for the EDC. The invoice will also include any adjustment amounts for differences in the final and preliminary allocations from prior periods.

***Preliminary and Final Energy Allocations.*** The Preliminary Monthly Energy Allocation ("PMEA") and the Preliminary Hourly Energy Allocation ("PHEA") are the initial determinants of the BGS-CIEP Supplier's share of the monthly and hourly energy used by BGS-CIEP customers, adjusted for losses. The Final Monthly Energy Allocation ("FMEA") and the Final Hourly Energy Allocation ("FHEA") are the final values of these determinants.

The ancillary service payments to BGS-CIEP Suppliers are based on the PMEAs and FMEAs while energy payments to BGS-CIEP Suppliers are based on the PHEAs and FHEAs. The volumes of energy upon which BGS-CIEP Supplier payments (excluding the CIEP Standby Fee payment) are based are the same as the energy volumes for which BGS-CIEP Suppliers are responsible in the PJM energy settlement process.

### **E.3. Payments from EDC to Supplier**

These payments will consist of the following:

- The CIEP Standby Fee, proposed at a level of 0.015¢/kWh, multiplied by the BGS-CIEP Supplier Responsibility Share of all preliminary kilowatt hours used by CIEP customers measured at the customer meter.
- The "Hourly Real-Time Spot Price" for the EDC zone, which refers to the PJM load-weighted average Residual Metered Load aggregate Real-Time Locational Marginal Price for the zone, multiplied by the PHEA, summed over the month and multiplied by the BGS-CIEP Supplier Responsibility Share.
- An Ancillary Services Charge, proposed at a level of \$6.00/MWh, multiplied by the PMEAs and multiplied by the BGS-CIEP Supplier Responsibility Share.
- The Transmission Charge, multiplied by the BGS-CIEP Supplier Responsibility Share of the daily transmission obligation of BGS-CIEP customers. The Transmission Charge will reflect applicable and current Open Access

Transmission Tariff (“OATT”) rates as of a date specified in the BGS-CIEP Supplier Master Agreement, intended to be on or near to January 1, 2018, excluding any surcharge or any charge that is in effect as of that date subject to refund by the FERC.

- The CIEP Price, determined at the Auction, multiplied by the BGS-CIEP Supplier Responsibility Share of the daily capacity obligation of all BGS-CIEP customers.
- PMEA/FMEA Adjustment Amount for any month in which the FMEA exceeds the PMEA.
- PHEA/FHEA Adjustment Amount to the extent that such amount is in favor of the BGS-CIEP Supplier.
- The CIEP Standby Fee, multiplied by the difference between the final and preliminary kilowatt hours used by CIEP customers, measured at the customer meters, multiplied by the BGS-CIEP Supplier Responsibility Share, if the final kWh exceeds the preliminary kWh.

#### **E.4. Payments from Supplier to EDC**

There will be a one-time assessment of the tranche fees to cover administrative costs. The tranche fee will be announced prior to the Auction and payment will be the tranche fee multiplied by the number of tranches won by the BGS-CIEP Supplier. The assessment will appear on the first invoice in June 2018.

In addition, payment from the BGS-CIEP Supplier to the EDC may consist of any or all of the following:

- PMEA/FMEA Adjustment Amount for any month in which the PMEA exceeds the FMEA;
- PHEA/FHEA Adjustment Amount for any month in which payment is due to the EDC; and/or
- The CIEP Standby Fee, multiplied by the difference between the preliminary and the final kilowatt hours billed by the EDC to CIEP customers, measured at the customer meter, multiplied by the BGS-CIEP Supplier Responsibility Share, if the final kWh is less than the preliminary kWh.

#### **E.5. Corrections/Adjustments after PJM Final Settlement**

Additionally, the BGS-CIEP Supplier Master Agreement provides that if there are corrections or adjustments that would have resulted in changes in the PJM settlement, but the deadline for settlement has passed, the EDC will directly settle the difference with the

BGS-CIEP Supplier. This payment could go either way. It is also possible that an adjustment to customer bills to reconcile the revenue billed to BGS-CIEP customers by the EDC with the amount paid to BGS-CIEP Suppliers will affect BGS-CIEP customer bills.

## **E.6. Customer Rates**

The components of the rates for BGS-CIEP customers are the following:

- The Hourly Real-Time Spot Price, multiplied by the hourly energy usage adjusted for losses on the EDC system, summed over the month;
- An Ancillary Services Charge, at a rate pre-determined by each EDC, multiplied by the monthly energy usage;
- The CIEP Price, determined at the Auction converted to a retail rate (depending on the EDC and the rate class, this conversion may be done in different ways);
- The transmission retail rate, reflecting the Transmission Charge at the start of the term of the BGS-CIEP Supplier Master Agreement and any Board-approved changes to such rates; and
- The CIEP Standby Fee, multiplied by the monthly energy usage measured at the customer meter.

The CIEP Standby Fee is collected also from CIEP customers that take service from a third party supplier.