



Agenda Date: 01/17/19  
Agenda Item: 2B

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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Trenton, New Jersey 08625-0350  
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**ENERGY**

IN THE MATTER OF THE PROVISION OF )  
BASIC GENERATION SERVICE AND THE )  
COMPLIANCE TARIFF FILING REFLECTING )  
CHANGES TO SCHEDULE 12 CHARGES IN )  
PJM OPEN ACCESS TRANSMISSION TARIFF- )  
DECEMBER 6, 2018 JOINT FILING )  
 )  
 ) DOCKET NO. ER18121290

**Parties of Record:**

**Joseph A. Shea, Esq.**, on behalf of Public Service Electric and Gas Company  
**Phil Passanante, Esq.**, on behalf of Atlantic City Electric Company  
**Gregory Eisenstark, Esq.**, (Windels Marx Lane & Mittendorf, LLP) on behalf of Jersey Central Power & Light Company  
**John L. Carley, Esq.**, on behalf of Rockland Electric Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

**BY THE BOARD:**

By petition dated December 6, 2018, Atlantic City Electric Company ("ACE"), Jersey Central Power & Light Company ("JCP&L"), Public Service Electric and Gas Company ("PSE&G"), and Rockland Electric Company ("Rockland") (collectively, the "EDCs") filed a joint petition ("December 2018 Petition") with the New Jersey Board of Public Utilities ("Board" or "BPU") requesting recovery of Federal Energy Regulatory Commission ("FERC") approved changes in firm transmission service related charges.

The EDCs' proposed tariff revisions reflect changes to the Basic Generation Service ("BGS") Residential/Small Commercial Pricing ("BGS-RSCP")<sup>1</sup> and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates to customers resulting from changes to the PJM Open Access Transmission Tariff ("OATT") made in response to: (i) the annual formula rate update filing made by Potomac-Appalachian Transmission Highline, L.L.C. ("PATH") in FERC Docket No. ER-08-386-000, (ii) the annual formula rate update filing made by PSE&G in FERC Docket No. ER09-1257-000, (iii) the annual formula rate update filing made by Virginia Electric Power Company ("VEPCo") in FERC Docket No. ER08-92-000, (iv) the annual formula rate update

<sup>1</sup> This was formerly known as the BGS – Fixed Price or BGS-FP.

filing made by American Electric Power East Operating Companies and American Electric Power Transmission Companies ("AEP") in FERC Docket No. ER17-405-000, (v) the annual formula rate update filing made by Mid-Atlantic Interstate Transmission, LLC ("MAIT") in FERC Docket Nos. ER17-211-00 and ER17-211-001; (vi) and the updates to JCP&L's FERC-authorized transmission rate under Docket No. ER17-217-000. The EDCs requested that the revisions become effective on January 1, 2019.

The EDCs also requested authorization to compensate BGS suppliers for the changes to the OATT resulting from the implementation of the MAIT, PATH, PSE&G, VEPCo, AEP project annual formula updates, as well as the JCP&L rate update, subject to the terms and conditions of the applicable Supplier Master Agreement(s) ("SMAs"). Any difference between the payments to BGS suppliers and charges to customers would flow through each EDC's BGS Reconciliation Charge.

In the December 2018 Petition, the EDCs also requested a waiver of the 30-day filing requirement that would otherwise apply to this type of submission, because BGS suppliers will begin paying the revised transmission charges for service in January 2019.

According to the EDCs, this filing satisfies the requirements of Paragraph 15.9(a)(i) and (ii) of the BGS-RSCP and BGS-CIEP SMAs. The requirements mandate that: 1.) BGS-RSCP and BGS-CIEP suppliers be notified of rate changes for firm transmission service; and 2.) that the EDCs file for and obtain Board approval of an increase or decrease in retail rates commensurate with the FERC-implemented rate increases and decreases.

PJM mandates transmission owners to abide by its annual requirements for "Required Transmission Enhancements" for reliability or economic purposes. The Transmission Enhancement Charges ("TECs"), detailed in Schedule 12 of the PJM OATT, were therefore implemented to compensate transmission owners for these requirements. TECs are recovered by PJM through an additional transmission charge in the transmission zones assigned costs responsibility for Required Transmission Enhancement projects.

On March 10, 2017, in Docket No. ER17-405-000 ("AEP Order"), FERC issued an Order, effective January 1, 2017 which authorized AEP's Formula Rate transition from "historic" to "forward looking". On April 25, 2017, in Docket Nos. ER17-950-000 and ER17-940-001 ("ConEd Wheel Order"), FERC issued an Order that modified the PJM OATT as a result of the termination of a long-term firm point-to-point transmission service agreement between PJM and Consolidated Edison Company of New York, Inc. (the "ConEd Wheel"). The Board approved recovery of the AEP and ConEd Wheel transmission charges in an Order dated July 26, 2017, with the provision that the EDCs collect and track these charges, but not issue payment to the BGS Suppliers until a final FERC Order is issued.<sup>2</sup>

On December 15, 2017, in Docket Nos. EL-17-84-000 and EL17-90-000 ("HTP and Linden VFT Orders"), FERC issued Orders, effective January 1, 2018, that modified the PJM OATT as a result of a change in Hudson Transmission Partners' ("HTP") and Linden VFT's responsibility for certain transmission cost allocations resulting from the conversion of Firm to Non-Firm Transmission Withdrawal Rights. The revisions remove HTP and Linden VFT as parties responsible for cost allocation under Schedule 12 of the PJM OATT. While FERC ruled on

<sup>2</sup> In re the Provision Of Basic Generation Service And Compliance Tariff Filing Reflecting Changes To Schedule 12 Charges In PJM Open Access Transmission Tariff – May 12, 2017 Filing, BPU Docket No. ER17050499 (July 26, 2017).

these matters through the issuance of the HTP and Linden VFT Orders, the cost reallocations being implemented are still subject to ongoing challenges before FERC. By Order dated July 25, 2018, the Board approved recovery of the reallocated costs pursuant to the HTP and Linden VFT Orders, with the provision that the EDCs collect and track these charges, but not issue payment to the BGS suppliers until a final FERC Order is issued.<sup>3</sup>

Each EDC is allocated a different portion of VEPCo's, AEP's, PATH's, and MAIT's transmission costs, as well as the PSE&G and JCP&L's derived Network Integration Transmission Service Charge ("NITS") charges, from PJM based on the cost for Required Transmission Enhancements in each EDC's transmission zone, which are found in Schedule 12 of the PJM OATT. Based on this allocation of the TEC costs for the EDCs and their respective allocation among each EDC's customer service classes, the monthly bill for a residential customer using 650 kWh per month will change by approximately the following amounts (including Sales and Use Tax, "SUT"): an increase of \$0.03 or 0.03% for ACE; an increase of \$0.03 or 0.03% for JCP&L; an increase of \$0.71 or 0.61% for PSE&G, and an increase of \$0.92 or 0.82% for Rockland.

### **DISCUSSION AND FINDING**

In the Board's Order dated December 2, 2003, Docket No. EO03050394, the Board found that the pass through of any changes in charges associated with NITS and other FERC-approved Open Access Transmission Tariff, is appropriate. Furthermore, by subsequent Orders, the Board approved Section 15.9 of the SMAs as filed by the EDCs which requires the EDCs to file for Board approval of any increases or decreases in their transmission charges that have been approved by FERC. The SMAs also authorize the EDCs to increase or decrease the rates paid to suppliers for FERC-approved rates and changes to Firm Transmission Services once approved by the Board. The Board Orders further require the EDCs to review and verify the requested FERC authorized changes.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the December 2018 Petition, satisfies the EDCs' obligations under Paragraph 15.9 (a)(i) and (ii) of the relevant SMAs, and **HEREBY APPROVES** the changes to the BGS-RSCP and BGS-CIEP rates requested by each EDC for its transmission charges resulting from the FERC-approved changes to the TECs effective as of February 1, 2019. However, with respect to the reallocations derived from the ConEd Wheel Order, the AEP Order, and the HTP and Linden VFT Orders, as noted in the Board's previous Orders, these Orders are not Final FERC Orders, and are still subject to ongoing challenges at FERC. The Board's December 22, 2006 Order at page 12 states,

"Upon receipt of Board approval for the increase in the rates charged to BGS Customers, the EDCs would begin collecting the increase from BGS Customers, tracking that portion of the rates charged to BGS Customers attributable to the rate increase, and retaining such tracked amounts for the ultimate benefit of the BGS Suppliers. Upon approval by the FERC of a proposed rate increase, in a Final FERC Order not subject to refund, the EDCs would increase, by the amount approved by the Board, the BGS-FP auction price paid to BGS-FP Suppliers, and the BGS-CIEP

<sup>3</sup> In re the Provision Of Basic Generation Service And Compliance Tariff Filing Reflecting Changes To Schedule 12 Charges In PJM Open Access Transmission Tariff – February 2018 Joint Filing, BPU Docket No. ER18020158 (July 25, 2018).

Transmission Charge paid to BGS-CIEP Suppliers, and would pay each BGS Supplier, in proportion to its BGS Supplier Responsibility Share, the amounts tracked and retained for the benefit of BGS Suppliers until the date final FERC approval was received."

Accordingly, with respect to the allocations resulting from the ConEd Wheel Order, AEP Order, and the HTP and Linden VFT Orders, the Board **AUTHORIZES** the EDCs to collect from BGS customers, the costs associated with the reallocation per the ConEd Wheel Order, AEP Order, and HTP and Linden VFT Orders and to track such collections until Final FERC Orders are issued in these matters. For the remaining TEC changes, the EDCs are **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate change subject to the terms and conditions of the SMAs.

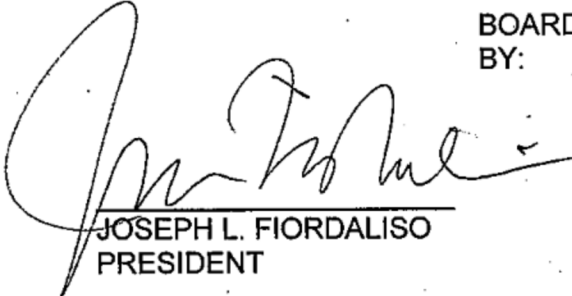
The Board further **HEREBY WAIVES** the 30-day filing requirement as requested by the EDCs in the December 2018 Petition.

Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings prior to February 1, 2019. The EDCs' rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

The effective date of this Order is January 27, 2019.

DATED: 1/17/19

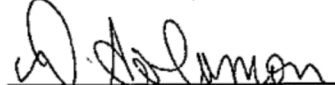
BOARD OF PUBLIC UTILITIES  
BY:



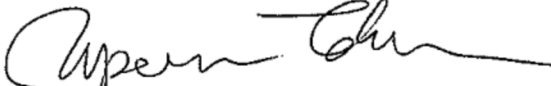
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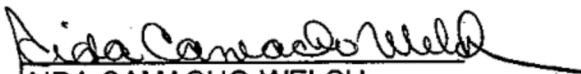


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ROBERT M. GORDON  
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH  
SECRETARY

IN THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE AND THE COMPLIANCE  
 TARIFF FILING REFLECTING CHANGES TO SCHEDULE 12 CHARGES IN PJM OPEN ACCESS  
 TRANSMISSION TARIFF- DECEMBER 6, 2018 JOINT FILING  
 BPU Docket No. ER18121290

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