

STATE OF NEW JERSEY

Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE, THE COMPLIANCE TARIFF FILING REFLECTING CHANGES TO SCHEDULE 12 CHARGES IN PJM OPEN ACCESS TRANSMISSION TARIFF – JANUARY 28, 2022 FILING

DECISION AND ORDER
APPROVING THE PASSTHROUGH OF FERC
AUTHORIZED CHANGES IN FIRM
TRANSMISSION SERVICE
RELATED CHARGES
BPU DOCKET NO. ER22010028

Parties of Record:

Philip J. Passanante, Esq., on behalf of Atlantic City Electric Company
Matthew M. Weissman, Esq., on behalf of Public Service Electric and Gas Company
Joshua R. Eckert, Esq., on behalf of Jersey Central Power & Light Company
Margaret Comes, Esq., on behalf of Rockland Electric Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On January 28, 2022, 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, "EDCs") filed a joint 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 ("January 2022 Petition").

BACKGROUND

On May 31, 2018, in Docket No. EL05-121-009, FERC issued an Order approving a Contested Settlement ("Seventh Circuit Settlement") concerning the regional cost allocation methodology applicable to 11 large transmission projects (500kV and above) approved between the years 2005 and 2013 ("Seventh Circuit Order"). The Seventh Circuit Settlement was submitted to FERC on June 15, 2016. The Board was identified in the Seventh Circuit Settlement as a "non-opposing" party. The Seventh Circuit Settlement was contested at FERC by the merchant transmission owners. Due to a number of procedural delays, and then the lengthy period of non-quorum at FERC, the Seventh Circuit Settlement remained pending for nearly two (2) full years before issuance of the Seventh Circuit Order. Despite the unanticipated and significant time lag, the

Seventh Circuit Settlement required a portion of the payments to be made over a 10-year period beginning January 1, 2016.

The January 2022 Petition includes the EL05-121-009 rate component currently in place in the BGS tariff of each EDC associated with the Seventh Circuit Settlement, and reflects the lower costs that will be in effect for the remaining five (5) years under the settlement approved in FERC Docket No. EL05-121-009. By Order dated May 28, 2019, the Board approved the collection from customers, and payment to BGS suppliers for these costs, and this rate component remains unchanged.1

The EDCs' proposed tariff revisions in the January 2022 Petition reflect changes to the Basic Generation Service ("BGS") Residential/Small Commercial Pricing ("BGS-RSCP") and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates to customers resulting from changes to the PJM Interconnection, LLC ("PJM") Open Access Transmission Tariff ("OATT") made in response to the annual formula rate update filings made by: (i) JCP&L pursuant to FERC Docket No. ER20-227-00; (ii) Mid-Atlantic Interstate Transmission, LLC ("MAIT") in FERC Docket Nos. ER17-211-00 and ER17-211-001; (iii) Potomac-Appalachian Transmission Highline, L.L.C. ("PATH") in FERC Docket No. ER08-386-000; (iv) Virginia Electric Power Company ("VEPCo") in FERC Docket No. ER08-92-000; (v) American Electric Power East Operating Companies and American Electric Power Transmission Companies ("AEP") in FERC Docket No. ER17-405-000; (vi) Silver Run Electric LLC ("Silver Run") in FERC Docket No. ER16-453-007; (vii) Northern Indiana Public Service Company ("NIPSCo") in FERC Docket No ER13-2376-007; (vii) PSE&G in FERC Docket No. ER09-1257-000; (viii) South First Energy Company ("SFC") in FERC Docket No. ER09-1148.

Transmission Enhancement Charges

The Transmission Enhancement Charges ("TECs") detailed in Schedule 12 of the PJM OATT and the Network Integration Transmission Service Rate ("NITS") were implemented to compensate transmission owners for the annual transmission revenue requirements for "Required Transmission Enhancements" that are requested by PJM for reliability or economic purposes. PJM recovers TECs through an additional transmission charge in the transmission zones assigned cost responsibility for Required Transmission Enhancement projects.

January 2022 Petition

In the January 2022 Petition, the EDCs requested authorization to implement revised BGS-RSCP and BGS-CIEP tariff rates with an effective date of March 1, 2022. The proposed rates included in the amended tariff sheets for each EDC reflect costs effective on January 1, 2022 for TECs and NITS costs resulting from the above listed FERC-approved OATT Filings.

Because the EDCs began to pay the modified transmission charges in January 2022, the EDCs requested a waiver of the 30-day filing requirement.² In turn, the EDCs filed the January 2022 Petition with the Board for approval to recover TECs and NITS charges from BGS customers, and

¹ In re the Provision of Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff, BPU Docket No. ER19040440, Order dated May 28, 2019.

² The annual formula rate filing made by PPL in FERC Docket No. ER09-1148 was revised effective December 1, 2021 per FERC approved settlement in Docket No. ER21-2724.

to pay PJM for costs assigned to them by PJM for the load served in the respective EDC service territories. Any differences between payments to PJM and charges to customers would flow through BGS Reconciliation Charges.

According to the EDCs, the proposed BGS tariff rates have been modified in accordance with the Board-approved methodology contained in each EDC's Company-Specific Addendum and in conformance with each EDC's Board-approved BGS tariff sheets.

Based upon the allocation of the TECs and NITS costs among the 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): a decrease of \$0.38 or 0.28% for ACE, an increase of \$0.07 or 0.08% for JCP&L, an increase of \$3.25 or 2.71% for PSE&G, and a decrease of \$0.48 or 0.44% for Rockland.

DISCUSSION AND FINDING

After review of the January 2022 Petition and supporting documentation, the Board <u>HEREBY APPROVES</u> the changes to the BGS-RSCP and BGS-CIEP transmission rates requested by each EDC for its transmission charges resulting from the FERC-approved changes to the TECs and the NITS, effective as of April 1, 2022.

The Board <u>HEREBY AUTHORIZES</u> the EDCs to collect from, or refund to, BGS customers, the costs associated with the January 2022 Petition.

The Board <u>HEREBY WAIVES</u> the 30-day filing requirement as requested by the EDCs in the January 2022 Petition.

Further, the Board <u>HEREBY DIRECTS</u> the EDCs to file tariffs and rates consistent with the Board's findings by April 1, 2022.

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 March 16, 2022.

DATED: March 9, 2022

BOARD OF PUBLIC UTILITIES

BY:

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RESIDENT

COMMISSIONER

COMMISSIONER

UPENDRA J. CHIVUKULA

COMMISSIONER

ROBERT M. GORDON **COMMISSIONER**

ATTEST:

AIDA CAMACHO-WELCH

SECRETARY

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BPU Docket No. ER22010028

SERVICE LIST

BOARD OF PUBLIC UTILITIES			
	44 South Clinton Avenue, 1st Floor		
	Post Office Box 350		
0, 5, 5, 6	Trenton, NJ 08625-0350	I B	
Stacy Peterson, Deputy Executive Director	Aida Camacho-Welch, Secretary	Benjamin Witherell, Chief Economist	
stacy.peterson@bpu.nj.gov	board.secretary@bpu.nj.gov	benjamin.witherell@bpu.nj.gov	
Heather Weisband, Esq.	Ryan Moran	Paul Lupo, Acting Director, Energy	
heather.weisband@bpu.nj.gov	ryan.moran@bpu.nj.gov	paul.lupo@bpu.nj.gov	
DIVISION OF RATE COUNSEL			
140 East Front Street, 4th Floor			
Post Office Box 003			
Trenton, NJ 08625-0003			
Brian O. Lipman, Esq., Director	David Wand, Esq.	Rob Glover, Esq.	
blipman@rpa.nj.gov	dwand@rpa.nj.gov	rglover@rpa.nj.gov	
Debora Layugen			
dlayugan@rpa.nj.gov			
DEPARTMENT OF LAW & PUBLIC SAFETY			
25 Market Street			
Post Office Box 112			
Trenton, NJ 08625			
Pamela Owen, ASC, DAG	Daren Eppley, DAG	Michael Beck, DAG	
pamela.owen@law.njoag.gov	daren.eppley@law.njoag.gov	michael.beck@law.njoag.gov	
pannola.oven(e)avinjeag.gev		mioriaon.soon(e)taw.njoug.gov	
EDCs			
Phil Passanante, Esq.	Dan Tudor	Michael Normand	
Atlantic City Electric Co. – 89KS	Pepco Holdings, Inc.	ACE & DPL	
Post Office Box 231	7801 Ninth Street NW	Energy Technology Center	
Wilmington, DE 19899	Washington, DC 20068-0001	405 Wakefield Dr.	
philip.passanante@pepcoholdings.com	datudor@pepco.com	Newark, DE 19702	
D: N 1		michael.normand@delmarva.com	
Diane Novak	Yongmei Peng	Joshua Eckert, Esq.	
Pepco Holdings, Inc.	Jersey Central Power & Light Co.	First Energy	
701 Ninth Street NW	300 Madison Ave.	300 Madison Avenue	
Washington, DC 20068-0001	Morristown, NJ 07962	Morristown, NJ 07960	
dnnovak@pepco.com	ypeng@firstenergycorp.com	jeckert@firstenergycorp.com	
Margaret Comes, Sr. Staff Attorney	John L. Carley, Esq.	Matthew M. Weissman, Esq.	
Consolidated Edison Co. of NY	Consolidated Edison Co. of NY	Managing Counsel- State Regulatory	
Law Dept., Room 1815-S	Law Dept., Room 1815-S	PSEG Services Corporation	
4 Irving Place	4 Irving Place	80 Park Plaza, T-5	
New York, NY 10003	New York, NY 10003	Newark, NJ 07101	
comesm@coned.com	carleyi@coned.com	matthew.weissman@pseg.com	
Myron Filewicz	Terry Moran, Director	Rachel Northcutt	
Manager- BGS	Energy Supply Acquisitions & Operations	NERA	
PSE&G	PSE&G	1166 Avenue of the Americas,	
80 Park Plaza, T-8	80 Park Plaza, T-8	29 th Floor	
Post Office Box 570	P.O. Box 570	New York, NY 10036	
Newark, NJ 07101	Newark, NJ 07101	rachel.northcutt@nera.com	
myron.filewicz@pseg.com	terrance.moran@pseg.com		

D: 1 0 1 :	TALUE OF T	
Rick Sahni	Matthew Clements	Commodity Operations Group
Contract Services – Power	Contract Services – Power	Citigroup Energy Inc.
BP Energy Company	BP Energy Company	2800 Post Oak Boulevard
501 W Lark Park Boulevard	501 W Lark Park Boulevard	Suite 500
WL1-100B	WL1-100B	Houston, TX 77056
Houston, TX 77079	Houston, TX 77079	ceiconfirms@citi.com
rick.sahni@bp.com	matthew.clements@bp.com	
Legal Department	Jackie Roy	John Foreman
Citigroup Energy Inc.	ConocoPhillips	ConocoPhillips
2800 Post Oak Boulevard	600 N. Dairy Ashford, CH1081	600 N. Dairy Ashford, CH1081
Suite 500	Houston, TX 77079	Houston, TX 77079
Houston, TX 77056	jackie.roy@conocophillips.com	john.r.foreman@conocophillips.com
Marcia Hissong	Justin Brenner	Cynthia Klots
DTE Energy Trading	NextEra Energy Power Mktg.	DTE Energy Trading
1 Energy Plaza	700 Universe Boulevard	414 South Main Street
Detroit, MI 48226	CTR/JB	Suite 200
hissongm@dteenergy.com	Juno Beach, FL 33408-2683	Ann Arbor, MI 48104
mosongmædeonorgy.com	DL-PJM-RFP@fpl.com	cynthia.klots@dteenergy.com
Danielle Fazio	Cara Lorenzoni	Steven Gabel
Engelhart CTP (US)	Noble Americas Gas & Power	Gabel Associates
400 Atlantic Street, 11 th Floor	Four Stamford Plaza, 7 th Floor	417 Denison Street
Stamford, CT 06901	Stamford, CT 06902	
		Highland Park, NJ 08904
danielle.fazio@ectp.com	clorenzoni@mercuria.com	steven@gabelassociates.com
Paul Rahm	Jessica Miller	Connie Cheng
Exelon Generation Company	Exelon Generation Company	Macquarie Energy LLC
100 Constellation Way, Suite 500C	100 Constellation Way, Suite 500C	500 Dallas Street, Level 31
Baltimore, MD 21102	Baltimore, MD 21102	Houston, TX 77002
paul.m.rahm@constellation.com	jessica.miller@constellation.com	connie.cheng@macquarie.com
Sherri Brudner	Patricia Haule	Shawn P. Leyden, Esq.
Macquarie Energy LLC	Macquarie Energy LLC	PSEG Services Corporation
500 Dallas Street, Level 31	500 Dallas Street, Level 31	80 Park Plaza – T-19
Houston, TX 77002	Houston, TX 77002	P.O. Box 570
sherri.brudner@macquarie.com	patricia.haule@macquarie.com	Newark, NJ 07101
		shawn.leyden@pseg.com
Laura DiBenedetto	Brian McPherson	Matthew Davies
PSEG ER&T	TransCanada Power Marketing Ltd.	TransCanada Power Marketing Ltd.
80 Park Plaza – T-19	110 Turnpike Road, Suite 300	110 Turnpike Road, Suite 300
P.O. Box 570	Westborough, MA 01581	Westborough, MA 01581
Newark, NJ 07101	brian mcpherson@transcanada.com	matthew davies@transcanada.com
laura.dibenedetto@pseg.com	Shari mopherson(wiransoanada.com	matthow daylootogramoodhada.com
iaura.uiberieuetto(wpsey.com		