



STATE OF NEW JERSEY
Board of Public Utilities
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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 2019 JCP&L NITS JOINT FILING)
)
) DECISION AND ORDER APPROVING
) THE PASS-THROUGH OF FERC
) AUTHORIZED CHANGES IN FIRM
) TRANSMISSION SERVICE RELATED
) CHARGES
)
) DOCKET NO. ER19121540

Parties of Record:

Gregory Eisenstark, Esq., (Cozen O'Connor) on behalf of Jersey Central Power and Light Company
Matthew Weissman., Esq., on behalf of Public Service Electric and Gas Company
Philip Passanante, Esq., on behalf of Atlantic City Electric 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 12, 2019, Atlantic City Electric Company (“ACE”), Jersey Central Power and 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 2019 Petition”) with the New Jersey Board of Public Utilities (“Board”) requesting recovery of Federal Energy Regulatory Commission (“FERC”) approved changes in transmission service related charges related to the formula rate filing made by JCP&L.

FERC Proceeding

On October 30, 2019, in FERC Docket No. ER20-227-000, JCP&L filed a petition with the FERC requesting approval of a formula rate for its Network Integration Transmission Service (“NITS”) rate charged for the JCP&L zone, and the Transmission Enhancement Charge (“TEC”) revenue requirement under the PJM Interconnection LLC’s (“PJM”) Open Access Transmission Tariff (“OATT”). The proposed formula rate would be an increase compared to JCP&L’s current stated transmission rate. JCP&L requested an effective date of January 1, 2020.

On December 20, 2019, the FERC issued an Order in Docket No. ER20-227-000. (“December 2019 FERC Order”). The December 2019 FERC Order accepted the proposed tariff revisions, suspending them for a nominal period, to become effective January 1, 2020, subject to refund. The December 2019 FERC Order established hearing and settlement judge procedures.

December 2019 Petition

In the December 2019 Petition, the EDCs proposed tariff changes to the Basic Generation Service (“BGS”), Residential and Small Commercial Pricing (“BGS-RSCP”), and Commercial and Industrial Energy Pricing (“BGS-CIEP”) rates to customers resulting from changes in the PJM OATT made in response to the JCP&L formula rate filing made by JCP&L in FERC Docket No. ER20-227-000. The EDCs requested that the changes become effective on January 1, 2020.

The EDCs also requested that BGS suppliers be compensated for the changes to the OATT resulting from the implementation of the JCP&L project annual formula updates effective January 1, 2020. The EDCs confirmed that the suppliers will be compensated subject to the terms and conditions of the applicable Supplier Master Agreements (“SMAs”), and any difference between the payments to BGS-RSCP and BGS-CIEP suppliers and charges to customers will flow through the BGS Reconciliation Charges.

According to the EDCs, the December 2019 Petition satisfies the requirements of paragraph 15.9(a)(i) and (ii) of the BGS-RSCP and BGS-CIEP SMAs, which mandate that BGS-RSCP and BGS-CIEP suppliers be notified of rate increases for firm transmission service, and that the EDCs file for and obtain Board approval for an increase in retail rates commensurate with the FERC-implemented rate increase.

The TECs detailed in Schedule 12 of the PJM OATT 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. TECs are recovered by PJM through an additional transmission charge in the transmission zones assigned cost responsibility for Required Transmission Enhancement projects.

Each EDC is allocated a different portion of JCP&L’s NITS costs from PJM based on the cost for Required Transmission Enhancements in each EDC’s transmission zone. 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): no change for ACE; an increase of \$0.51 or 0.60 % for JCP&L; an increase of \$0.01 or 0.01% for PSE&G, and no change for Rockland.

DISCUSSION AND FINDING

In the Board's Order dated December 2, 2003 in Docket No. EO03050394, the Board found that the pass through of any changes in the network integration transmission charge, and other charges associated with the FERC-approved OATT, is appropriate. Furthermore, by subsequent Orders, the Board approved paragraph 15.9 of the SMAs as filed by the EDCs which requires that the EDCs 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 adjust the rates paid to suppliers for FERC-approved rates and increases to Firm Transmission Services once approved by the Board. The Board Orders further require that the EDCs review and verify the requested FERC authorized changes.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the December 2019 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 in the December 2019 Petition by each EDC for its transmission charges resulting from the FERC-approved changes effective as of February 1, 2020. The Board's December 22, 2006 Order in Docket No. EO06020119¹ 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 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, the Board **AUTHORIZES** the EDCs to collect from BGS customers, the change in rates associated with the December 2019 Petition, and track such collections until receipt of a Final FERC Order in the matter.

Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings by February 1, 2020.

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.

¹ In re the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket No. EO06020119 (December 22, 2006).