



Agenda Date: 11/19/18
Agenda Item: 2C

STATE OF NEW JERSEY
Board of Public Utilities
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ENERGY

IN THE MATTER OF THE PROVISION OF)	DECISION AND ORDER APPROVING
BASIC GENERATION SERVICE AND THE)	THE PASS-THROUGH OF FERC
COMPLIANCE TARIFF FILING REFLECTING)	AUTHORIZED CHANGES IN FIRM
CHANGES TO SCHEDULE 12 CHARGES IN)	TRANSMISSION SERVICE RELATED
PJM OPEN ACCESS TRANSMISSION TARIFF-)	CHARGES
SEPTEMBER 2018 JOINT FILING)	
)	DOCKET NO. ER18091061

Parties of Record:

Joseph A. Shea, Jr., 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:¹

On September 26, 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 ("September 2018 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.

BACKGROUND AND PROCEDURAL HISTORY

The Transmission Enhancement Charges ("TECs") detailed in Schedule 12 of the PJM Open Access Transmission Tariff ("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

¹ Commissioner Robert M. Gordon recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

through an additional transmission charge in the transmission zones assigned cost responsibility for Required Transmission Enhancement projects.

Through a series of Orders,² the Board authorized the EDCs to modify their Basic Generation Service ("BGS") Residential/Small Commercial Pricing ("BGS-RSCP")³ and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates to reflect the changes in their transmission charges resulting from the FERC-approved changes to the TECs resulting from changes in the PJM OATT.

On May 31, 2018, in Docket Nos. EL05-121-009, FERC issued an Order ("Seventh Circuit Order") approving a Contested Settlement ("Seventh Circuit Settlement") concerning the regional cost allocation methodology applicable to eleven (11) large transmission projects (500kV and above) approved between the years 2005 and 2013. The Seventh Circuit Settlement was submitted to FERC on June 15, 2016. The Board is 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. Despite the unanticipated and significant time lag, the time period effected by the Seventh Circuit Settlement began January 1, 2016.

In the Seventh Circuit Order, FERC found that the overall result of the Seventh Circuit Settlement was just and reasonable as applied to the contesting parties. Consistent with its decision, FERC directed PJM to make a compliance filing with revised tariff records within thirty (30) days of its order. PJM then sought, and was granted, an additional extension of time to carry out FERC's directive. PJM implemented the cost allocation changes in the OATT effective July 1, 2018 on a prospective basis. While FERC has ruled on this matter through the issuance of the Seventh Circuit Order, the cost reallocation is still subject to a pending rehearing request at FERC.

² 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 Related to JCP&L TECs, BPU Docket No. ER18020157 (July 25, 2018); 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. ER1802158 (July 25, 2018); In re the Provision of Basic Generation Service and Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff – JCP&L, PSE&G, and Rockland June 20, 2018 Filing, BPU Docket No. ER18060656 (August 29, 2018); In re the Provision of Basic Generation Service and Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff – June 2018 AEP TEC Filing, BPU Docket No. ER18070758 (August 29, 2018); and In re the Petition of Atlantic City Electric Company for Approval to Implement FERC-Approved Changes to ACE's Retail Transmission (Formula Rate) Rate Pursuant to Paragraph 15.9 of the BGS-RSCP and BGS-CIEP Supplier Master Agreements and Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff (2018), BPU Docket No. ER18070711 (August 29, 2018).

³ This was formerly known as the BGS – Fixed Price or BGS-FP.

September 2018 Petition

In the September 2018 Petition, the EDCs requested approval to implement the revised tariff rates with a rate effective date of October 1, 2018.

The EDCs also requested a waiver of the 30-day filing requirement that would otherwise apply to this type of submission, because BGS suppliers began paying the revised transmission charges for service effective July 1, 2018 pursuant to the Seventh Circuit Order.

Under the Supplier Master Agreement ("SMA"), specifically Section 15.9, the EDCs are permitted to recover increases in Firm Transmission Service charges from BGS customers subject to Board approval. Thereafter, EDCs are required to remit payment of the increased charges to suppliers upon, among other things, the issuance of a "FERC Final Order" approving the Firm Transmission Service increase. In the September 2018 Petition, the EDCs noted that the Seventh Circuit Order rate adjustments are intended to implement adjustments to TECs, not Firm Transmission Rates, there will be not be a "FERC Final Order".

The EDCs have requested that the Board approve the EDCs' collection of the reallocations due to the Seventh Circuit Order, and authorize the EDCs to remit the cost increases collected due to the cost reallocations to BGS suppliers, with any differences between the payments to BGS suppliers and charges to customers flowing through each EDC's BGS Reconciliation Charge. The EDCs argue that prompt payment to suppliers of PJM initiated cost reallocations is important to the continued success of the BGS auction process which benefits customers. According to the September 2018 Petition, payment to the suppliers for the charges related to the Seventh Circuit Order will help ensure that BGS suppliers, when establishing their bid prices, can rely upon the provision of the SMA that permits BGS suppliers to be made whole for increased PJM charges.

Each EDC is allocated a different amount of TECs from PJM based on the cost for Required Transmission Enhancements in each EDC's transmission zone. Based on the allocation of the TEC Filings transmission 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 \$0.90 or 0.8% for ACE, an increase of \$4.66 or 5.3% for JCP&L, an increase of \$4.94 or 4.4% for PSE&G; and an increase of \$5.39 or 4.8% for Rockland.

By motion dated October 9, 2018, Exelon Generation, LLC ("ExGen") moved to intervene in this proceeding pursuant to N.J.A.C. 1:1-16. In addition to the motion to intervene, ExGen also moved for the admission pro hac vice of Jeanne J. Dworetzky, Esq. and Florence K.S. Davis, Esq. The motions included sworn affidavits by Ms. Dworetzky and Ms. Davis. By Order dated October 29, 2018, the Board denied ExGen's motion to intervene and the motions for pro hac vice admission.

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 Section 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 any requested FERC authorized increases.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the September 26, 2018 filing 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 December 1, 2018. With respect to the reallocations derived from the Seventh Circuit Order, the Board notes that this is not a Final FERC Order and is 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 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."

In this instance, as noted above, the Seventh Circuit Settlement remained pending at FERC for nearly two (2) full years. Additionally, the time period affected by the Seventh Circuit Settlement began January 1, 2016. Any further delay in implementing the reallocations pursuant to the Seventh Circuit Settlement may have a detrimental impact to customers and to the upcoming 2019 BGS Auction. Accordingly, with respect to the allocations resulting from the Seventh Circuit Order, the Board **APPROVES** the EDCs' request to pay suppliers at this time and **AUTHORIZES** the EDCs to collect from BGS customers, the costs associated with the Seventh Circuit Order subject to the terms and conditions of the SMAs. The Board notes that this decision is based on and limited to the unique circumstances present here.

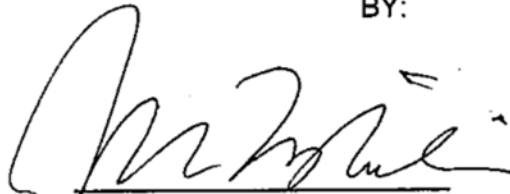
Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings by December 1, 2018.

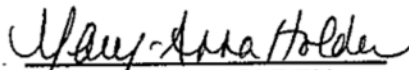
The EDCs' rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

The effective date of this Order is November 29, 2018.

DATED: 11/19/18

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BY:


JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:


AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

**In the Matter of the Provision of Basic Generation Service and Compliance Tariff Filing
Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff –
September 2018 Joint Filing**

BPU Docket No. ER18091061

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