

Agenda Date: 8/19/15 Agenda Item: 2F

### STATE OF NEW JERSEY

Board of Public Utilities 44 South Clinton Avenue, 9<sup>th</sup> Floor Post Office Box 350 Trenton, New Jersey 08625-0350

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#### **ENERGY**

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#### Parties of Record:

Alexander Stern, Esq. on behalf of Public Service Electric and Gas 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 BOARD1:

By petition dated June 25, 2015, Jersey Central Power & Light Company ("JCP&L"), Public Service Electric & Gas Company ("PSE&G"), and Rockland Electric Company ("Rockland") (collectively, the "EDCs") filed a joint petition with the New Jersey Board of Public Utilities ("Board") requesting recovery of Federal Energy Regulatory Commission ("FERC") approved changes in firm transmission service related charges. The EDCs request that the changes in rates, if approved, be effective for service rendered on or after September 1, 2015.

The EDCs' proposed tariff changes reflect increases 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 Open Access Transmission Tariff ("OATT") made in response to (i) the annual formula rate update fillings made by PPL Electric Utilities Corporation ("PPL") in FERC Docket No. ER09-1148, by American Electric Power Service Corporation ("AEP") in FERC Docket Nos. ER08-1329 and ER10-355, and by Tran-Allegheny Interstate Line Company ("TrAILCo") in FERC Docket No. ER07-562, and (ii) the formula rate update filings made by the public utility affiliates of Pepco Holdings Inc. ("PHI") in FERC Docket No. ER08-1423 and the respective utility affiliate

<sup>&</sup>lt;sup>1</sup>Commissioner Upendra J. Chivukula recused himself due to a possible conflict of interest, and did not participate in the deliberations on this matter.

compliance filings for formula rate updates made by Atlantic City Electric Company ("ACE") in FERC Docket No. ER09-1156, Delmarva Power and Light ("Delmarva") in FERC Docket No. ER09-1158, and Potomac Electric Power Company ("PEPCO") in FERC Docket No. ER09-1159. The filings referred to in (i) and (ii) above are collectively referred to as the "Filings".

The Transmission Enhancement Charges ("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.

The proposed rates included in the amended tariff sheets for each EDC reflect costs effective as of June 1, 2015 for TECs resulting from all of the FERC-approved Filings, except the AEP-East filing, and for the costs of the AEP-East filing as of its effective date of July 1, 2015. The EDCs also requested that the BGS suppliers be compensated for the changes to the OATT resulting from the implementation of the updates to formula rates which became effective June 1 and July 1, 2015. The EDCs represent that suppliers will be compensated subject to the terms and conditions of the applicable Supplier Master Agreements ("SMAs").

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, 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.

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): no change for JCP&L, a decrease of \$0.01 or approximately 0.01% for PSE&G; and an increase of \$0.06 or 0.05% 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 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 <u>HEREBY FINDS</u> that the June 25, 2015 filing satisfies the EDCs' obligations under paragraph 15.9 (a)(i) and (ii) of the relevant SMAs, and <u>HEREBY APPROVES</u> the changes to the TEC rates requested by each EDC for its transmission charges resulting from the FERC-approved changes to the TECs effective for service on or after September 1, 2015. The EDCs are <u>HEREBY ORDERED</u> to

compensate the BGS suppliers for this transmission rate change subject to the terms and conditions of the SMAs.

Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings within five (5) business days of the service of this Order.

The effective date of this Order is August 29, 2015.

DATED: 8/19/15

**BOARD OF PUBLIC UTILITIES** 

BY:

PRESIDENT

JOSEPH L. FIORDALÍSO

COMMISSIONER

**COMMISSIONER** 

**ATTEST** 

TRÉNÉ KIM ASBURY **SECRETARY** 

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

BPU Docket Nos. ER15070764

# 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- JCP&L, PSE&G, AND ROCKLAND JUNE 25, 2015 FILING BPU Docket No. ER15070764

## **NOTIFICATION LIST**

BOARD OF PUBLIC UTILITIES					
Jerome May New Jersey Board of Public Utilities 44 South Clinton Avenue, 9 <sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350	Alice Bator New Jersey Board of Public Utilities 44 South Clinton Avenue, 9 <sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350	Stacy Peterson New Jersey Board of Public Utilities 44 South Clinton Avenue, 9 <sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350			
Irene Kim Asbury, Secretary New Jersey Board of Public Utilities 44 South Clinton Avenue, 9 <sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350	Frank Perrotti New Jersey Board of Public Utilities 44 South Clinton Avenue, 9 <sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350				
DIVISION OF RATE COUNSEL					
Stefanie A. Brand, Esq. Division of Rate Counsel 140 East Front St., 4 <sup>th</sup> Floor Trenton, NJ 08608-2014	Diane Schulze, Esq. Division of Rate Counsel 140 East Front St., 4 <sup>th</sup> Floor Trenton, NJ 08608-2014	Ami Morita, Esq. Division of Rate Counsel 140 East Front St., 4 <sup>th</sup> Floor Trenton, NJ 08608-2014			
Robert Fagan Synapse Energy Economics, Inc. 485 Massachusetts Ave., Suite 2 Cambridge, MA 02139					
DEPARTMENT OF LAW & PUBLIC SAFETY					
Caroline Vachier, DAG Division of Law 124 Halsey Street, 5 <sup>th</sup> Floor P.O. Box 45029 Newark, NJ 07101	Babette Tenzer, DAG Division of Law 124 Halsey Street, 5 <sup>th</sup> Floor P.O. Box 45029 Newark, NJ 07101	Alex Moreau, DAG Division of Law 124 Halsey Street, 5 <sup>th</sup> Floor P.O. Box 45029 Newark, NJ 07101			
EDCs					
Joseph Janocha Atlantic City Electric Co. – 63ML38 5100 Harding Highway Atlantic Regional Office Mays Landing, NJ 08330	Greg Marquis Pepco Holdings, Inc. 7801 Ninth Street NW Washington, DC 20068-0001	Phil Passanante, Esq. Atlantic City Electric Company Post Office Box 6066 Newark, DE 19714-6066			
Sally J. Cheong, Manager Tariff Activity, Rates, NJ Jersey Central Power & Light Co. 300 Madison Ave. Morristown, NJ 07962	Kevin Connelly First Energy 300 Madison Avenue Morristown, NJ 07960	Gregory Eisenstark, Esq. Windels Marx Lane & Mittendorf, LLP 120 Albany Street Plaza New Brunswick, NJ 08901			

John L. Carley, Esq.	Margaret Comes, Sr. Staff Attorney	Alexander Stern, Esq.
Consolidated Edison Co. of NY	Consolidated Edison Co. of NY	PSEG Services Corporation
Law Dept., Room 1815-S	Law Dept., Room 1815-S	80 Park Plaza, T05
4 Irving Place	4 Irving Place	Newark, NJ 07102
New York, NY 10003	New York, NY 10003	
Eugene Meehan	Chantale LaCasse	Myron Filewicz
NERA	NERA	Manager, BGS
1255 23 <sup>rd</sup> Street	116 Avenue of the Americas,	PSE&G
Suite 600	29 <sup>th</sup> Floor	80 Park Plaza, T-8
Washington, DC 20037	New York, NY 10036	P.O. Box 570
		Newark, NJ 07101
	OTHER	<b>y</b>
Steven Gabel	Shawn P. Leyden, Esq.	Lisa A. Balder
Gabel Associates	PSEG Services Corporation	NRG Power Marketing Inc.
417 Denison Street	80 Park Plaza – T-19	211 Carnegie Center
Highland Park, NJ 08904	P.O. Box 570	Contract Administration
	Newark, NJ 07101	Princeton, NJ 08540
Frank Cernosek	Elizabeth A. Sager, VP - Asst	Commodity Confirmations
Reliant Energy	General Counsel	J.P. Morgan Ventures Energy
1000 Main Street	J.P. Morgan Chase Bank, N.A.	Corp.
REP 11-235	270 Park Avenue	1 Chase Manhattan Plaza
Houston, TX 77002	Floor 41	14 <sup>th</sup> Floor
	New York, NY 10017-2014	New York, NY 10005
Manager Contracts Administration	Raymond Depillo	Sylvia Dooley
Sempra Energy Trading Corp.	PSEG Energy Resources & Trade	Consolidated Edison Co. of NY
58 Commerce Road	80 Park Plaza, T-19	4 Irving Place
Stamford, CT. 06902	P.O. Box 570	Room 1810-S
	Newark, NJ 07101	New York, NY 10003
Kate Trischitta- Director of Trading	Gary Ferenz	Daniel E. Freeman, Contract
and Asset Optimization	Conectiv Energy Supply, Inc.	Services- Power
Consolidated Edison Energy	P.O. Box 6066	BP Energy Company
701 Westchester Avenue	Newark, DE 19714-6066	501 West Lake Park Blvd., WL1-
Suite 201 West		1.00B
White Plains, NY 10604		Houston, TX 77079
Michael S. Freeman	Marjorie Garbini	Arland H. Gifford
Exelon Generation Company, LLC	Conectiv Energy	DTE Energy Trading
300 Exelon Way	Energy & Technology Center	414 South Main Street
Kennett Square, PA 19348	500 North Wakefield Drive	Suite 200
·	P.O. Box 6066	Ann Arbor, MI 48104
	Newark, DE 19714-6066	
Ken Salamone	Jan Nulle	Kim M. Durham
Sempra Energy Trading Corp.	Energy America, LLC	Citigroup Energy Inc.
58 Commerce Road	12 Greenway Plaza, Suite 250	2800 Post Oak Boulevard
Stamford, CT 06902	Houston, TX 77046	Suite 500
		Houston, TX 77056
Debarah Hart Was Busile (	Manaia Hisaana Bissata Ostata	Frie W. Hunte also
Deborah Hart, Vice President	Marcia Hissong, Director, Contract	Eric W. Hurlocker
Morgan Stanley Capital Group	Administration/Counsel	PPL EnergyPlus LLC
2000 Westchester Avenue	DTE Energy Trading, Inc.	Two N. Ninth Street
Trading Floor	414 South Main Street	Allentown, PA 18101
Purchase, NY 10577	Suite 200	
	Ann Arbor, MI 48104	

Fred Jacobsen NextEra Energy Power Marketing 700 Universe Boulevard CTR/JB Juno Beach, FL 33408-2683	Gary A. Jefferies, Senior Counsel Dominion Retail, Inc. 1201 Pitt Street Pittsburgh, PA 15221	Shiran Kochavi NRG Energy 211 Carnegie Center Princeton, NJ 08540
Robert Mennella Consolidated Edison Energy Inc. 701 Westchester Avenue Suite 201 West White Plains, NY 10604	Randall D. Osteen, Esq. Vice President- Counsel Constellation Energy Commodities Group, Inc. 111 Market Place Suite 500 Baltimore, MD 21202	Steve Sheppard DTE Energy Trading 414 S. Main Street Suite 200 Ann Arbor, MI 48104
Matt Webb BP Energy Company 501 West Lake Park Blvd. Houston, TX 77079	Edward Zabrocki Morgan Stanley Capital Grp, Inc. 1585 Broadway, 4 <sup>th</sup> Floor Attn: Chief Legal Officer New York, NY 10036	Paul Weiss Edison Mission Marketing & Trading 160 Federal Street 4 <sup>th</sup> Floor Boston, MA 02110
Ryan Belgram Macquarie Energy LLC 500 Dallas Street, Level 31 Houston, TX 77002	Noel H. Trask Exelon Generation Company, LLC 300 Exelon Way Kennett Square, PA 19348	Jessica Wang FPL Energy Power Marketing, Inc. 700 Universe Boulevard Bldg. E, 4 <sup>th</sup> Floor Juno Beach, FL 33408
Morgan Tarves TransCanada Power Marketing 110 Turnpike Road, Suite 300 Westborough, MA 01581	Graham Fisher ConocoPhillips 600 N Dairy Ashford, CH1081 Houston, TX 77056	Danielle Fazio Noble Americas Gas & Power Four Stamford Plaza, 7 <sup>th</sup> Fl. Stamford, CT 06902
Dir- Contracts and Legal Services Talen Energy Marketing, LLC 835 Hamilton Street Allentown, PA 18101		