



Agenda Date: 5/24/23
Agenda Item: 2D

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 PETITION OF)
ATLANTIC CITY ELECTRIC COMPANY) DECISION AND ORDER
REQUESTING APPROVAL OF A TARIFF)
AMENDMENT TO ADD A NET OFF-PEAK BASIC)
GENERATION SERVICE (BGS) ENERGY)
CREDIT FOR ELIGIBLE RESIDENTIAL)
ELECTRIC VEHICLE CUSTOMERS PURSUANT)
TO N.J.A.C. 14:1-5.11 AND N.J.A.C. 14:3-1.3) DOCKET NO. ER23040209

Parties of Record:

Philip J. Passanante, Esq., on behalf of Atlantic City Electric Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On April 6, 2023, Atlantic City Electric Company (“ACE” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) requesting approval of a tariff modification to add a Basic Generation Service (“BGS”) Electric Vehicle (“EV”) residential Time-of-Use (“TOU”) rate option and the associated cost recovery (“Petition”). By this Decision and Order, the Board considers the requests provided in the Petition.

PROCEDURAL HISTORY

On February 17, 2021, the Board issued an Order in ACE’s Plug-In Vehicle Charging Program filing.¹ In the February 2021 Order, the Board approved a stipulation authorizing the Company to implement a voluntary EV charging infrastructure program. In the EV Order, the signatory parties acknowledged that once sufficient data had been generated, ACE would commit to a rate design of an EV-only and whole-house time-of-use residential distribution rate.

On November 9, 2022, the Board issued an Order in its annual BGS proceeding approving, with modifications, a joint proposal filed by ACE, Jersey Central Power & Light Company, Rockland Electric Company, and Public Service Electric and Gas Company (collectively, “EDCs”) regarding

¹ In re the Petition of Atlantic City Electric Company for Approval of a Voluntary Program for Plug-In Vehicle Charging, BPU Docket No. EO18020190, Order dated February 17, 2021 (“February 2021 Order”).

the procurement of the EDCs' electricity requirements beginning June 1, 2023.² In the November 2022 Order, the Board noted the distribution side of residential EV charging was addressed in some of the EDCs' EV proceedings. The Board indicated that it believed a BGS TOU rate could be created and ordered the EDCs to create a similar solution on the residential supply side to take effect June 1, 2023.

In compliance with the November 2022 Order, ACE filed the Petition with a proposed effective date of June 1, 2023. In the Petition, ACE provided revised tariff sheets for EV customers receiving BGS under their Residential Service rate schedule. ACE proposed to allow eligible customers to receive a net off-peak BGS energy credit exclusively for their EV usage. According to the proposed tariff, once approved into the program by ACE, an off-bill credit would be issued twice a year by check directly to the customer. To be eligible, a customer must install or utilize approved smart charging equipment and network technology and agree to share the data with ACE. The Company proposed that, if the customer's on-peak usage is higher than off-peak usage for the billing period, no credit for the corresponding billing period will be provided.

For ratemaking purposes, ACE proposed that the EV RS BGS provision credits associated with the proposal be reflected as a reduction to the Rate Schedule RS BGS revenues. Additionally, ACE also proposed that all costs associated with implementing the revised tariff flow through the BGS Reconciliation Charge, which the Company claimed was consistent with the Board's Order issued in the 2021 BGS proceeding.³ Such costs include, but are not limited to, the cost of the credits to customers, customer education and outreach and the implementation costs for upgrading the ACE systems.

COMMENTS

Rate Counsel's Comments

On May 8, 2023, the New Jersey Division of Rate Counsel ("Rate Counsel") filed comments in opposition to the Company's proposal to recover all costs related to TOU rates via the BGS Reconciliation Charge. Instead, Rate Counsel urged the Board to collect data and thoroughly review the effect of those rates after one (1) year.⁴

According to Rate Counsel, the BGS Reconciliation Charge is not the appropriate mechanism for recovery of TOU implementation costs, which are incremental in nature, subject to change as the rate is implemented, and have not been reviewed or approved by the Board.⁵ Rate Counsel noted that ACE did not provide support for its estimate of the costs associated with implementing the rate and that the costs vary across the EDCs requiring a greater level of scrutiny than what is

² In re the Provision of Basic Generation Service (BGS) For the Period Beginning June 1, 2023, BPU Docket No. ER22030127, Order dated November 9, 2022 ("November 2022 Order").

³ In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2021, BPU Docket No. ER20030190, Order dated November 18, 2020 ("November 2020 Order").

⁴ In re the Petition of Atlantic City Electric Company Requesting Approval of a Tariff Amendment to Add a Net Off-Peak Basic Generation Service ("BGS") Energy Credit for Eligible Residential Electric Vehicle Customers Pursuant to N.J.A.C. 14:1-5.11 and N.J.A.C. 14:3-1.3, BPU Docket No. ER23040209, Comments filed on behalf of Rate Counsel, May 8, 2023 ("Rate Counsel Comments") at 1-2.

⁵ Id. at 2.

normally provided through a reconciliation process.⁶ Rate Counsel acknowledged that the November 2020 Order contemplated a reconciliation process to true-up certain costs related to the BGS rate but it could not have contemplated the information technology and other upgrade costs necessitated by the November 2022 Order issued two (2) years later.⁷ Rate Counsel stated that incorporation of these costs into a reconciliation mechanism does not provide stakeholders or the Board sufficient opportunity for review to ensure these costs are just and reasonable.⁸

ACE's Reply

On May 12, 2023, ACE submitted reply comments in response to Rate Counsel.⁹ ACE reiterated its request that all costs associated with the revised tariff proposed in the Petition flow through ACE's BGS Reconciliation Charge filing.¹⁰ ACE disagreed with Rate Counsel that the BGS Reconciliation Charge is not the appropriate mechanism to recover these costs.¹¹ ACE stated that it is undeniable and unavoidable that it will incur costs related to the new BGS component, if approved, and as part of the BGS process, the cost recovery mechanism is the BGS Reconciliation Charge. ACE further stated that the Company's costs associated with administering a BGS TOU rate should be recovered through the established BGS recovery mechanism. ACE further disagreed with Rate Counsel's conclusion that recovery through the BGS Reconciliation Charge prevents or circumvents review of the Company's costs as sufficient due process is in place for review.¹²

DISCUSSION AND FINDINGS

After reviewing the Petition, Rate Counsel's Comments, and ACE's Reply Comments, the Board agrees with Rate Counsel that, absent an appropriate opportunity to review the reasonableness of the Company's costs related to the implementation of the approved tariff modifications, recovery of those costs should not be included in ACE's quarterly BGS Reconciliation Charge filings. The Board also notes that the Company's assertion that the proposal is consistent with the November 2020 Order is not supported. The November 2020 Order does not address EV TOU rate implementation costs or any specific rate proposal. In fact, the EV TOU rate issue was not raised until the 2022 BGS proceeding.¹³

⁶ Id. at 2-3.

⁷ Id. at 3 (citing November 2020 Order at 5).

⁸ Ibid.

⁹ In re the Petition of Atlantic City Electric Company Requesting Approval of a Tariff Amendment to Add a Net Off-Peak Basic Generation Service ("BGS") Energy Credit for Eligible Residential Electric Vehicle Customers Pursuant to N.J.A.C. 14:1-5.11 and N.J.A.C. 14:3-1.3, BPU Docket No. ER23040209, Reply Comments filed on behalf of ACE, May 12, 2023 ("ACE Reply Comments").

¹⁰ ACE Reply Comments at 1.

¹¹ Ibid.

¹² Id. at 2.

¹³ In re the Provisional of Basic Generation Service (BGS) for the Period Beginning June 1, 2022, BPU Docket No. ER21030631, Order dated November 17, 2021.

Accordingly, to provide an opportunity for a comprehensive review of the reasonableness of ACE's cost recovery proposal, the Board **HEREBY DENIES** ACE's cost recovery proposal provided in the Petition. The Board **HEREBY AUTHORIZES** ACE to defer the costs associated with implementing the BGS EV TOU rate option until fully implemented, and at such time, the Board **HEREBY DIRECTS** ACE to file a petition to recover the deferred costs, which may include a proposal to recover the costs through the BGS Reconciliation Charge filings.

As such, the Board **HEREBY ORDERS** the Company to remove the following language from the proposed tariff, "For ratemaking purposes, the electric vehicle RS BGS provision credits associated with this special provision will be reflected as a reduction to the Rate Schedule RS BGS revenues. Recovery for program credits, implementation and administration, data and networking, and education and outreach expenses will flow through the BGS Reconciliation Charge." The Board **HEREBY APPROVES** ACE's proposed tariff subject to the removal of the language provided above.

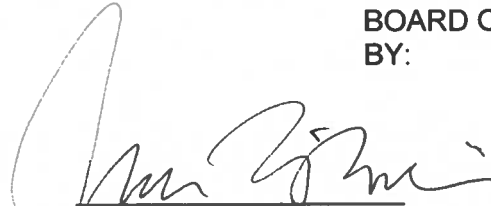
The Board **FURTHER DIRECTS** ACE to file revised tariff sheets consistent with the Board's Order by May 31, 2023.

The Company's costs remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions deemed to be appropriate as a result of any such audit.

This Order shall be effective on May 24, 2023.

DATED: May 24, 2023

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST:



SHERRIL L. GOLDEN
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 PETITION OF ATLANTIC CITY ELECTRIC COMPANY REQUESTING
APPROVAL OF A TARIFF AMENDMENT TO ADD A NET OFF-PEAK BASIC GENERATION SERVICE
(BGS) ENERGY CREDIT FOR ELIGIBLE RESIDENTIAL ELECTRIC VEHICLE CUSTOMERS
PURSUANT TO N.J.A.C. 14:1-5.11 AND N.J.A.C. 14:3-1.3

BPU DOCKET NO. ER23040209

SERVICE LIST

Board of Public Utilities

44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, NJ 08625-0350

Sherri L. Golden, Secretary
board.secretary@bpu.nj.gov

Stacy Peterson, Deputy Executive Director
stacy.peterson@bpu.nj.gov

Office of the General Counsel

Carol Artale, Deputy General Counsel
carol.artale@bpu.nj.gov

Heather Weisband, Senior Counsel
heather.weisband@bpu.nj.gov

Division of Water and Energy

Mike Kammer, Director
mike.kammer@bpu.nj.gov

Malike Cummings, Deputy Director
malike.cummings@bpu.nj.gov

Ryan Moran
ryan.moran@bpu.nj.gov

New Jersey Division of Law

25 Market Street
Post Office Box 112
Trenton, NJ 08625

Pamela Owen, ASC, DAG
pamela.owen@law.njoag.gov

Matko Ilic, DAG
matko.ilic@law.njoag.gov

Daren Eppley, SC, DAG
daren.eppley@law.njoag.gov

Atlantic City Electric Company

500 N. Wakefield Drive
P.O Box 6066
Newark, DE 19714

Philip J. Passanante, Esq.
philip.passanante@pepcoholdings.com

Susan DeVito
susan.devito@pepcoholdings.com

Thomas M. Hahn
thomas.hahn@pepcoholdings.com

Daniel Tudor
datudor@pepco.com

Diana DeAngelis
diana.deangelis@pepcoholdings.com

New Jersey Division of Rate Counsel

140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625

Brian Lipman, Esq., Director
blipman@rpa.nj.gov

T. David Wand, Esq., Managing Attorney
dwand@rpa.nj.gov

Rob Glover, Esq.
rglover@rpa.nj.gov

Bethany Roque-Romaine, Esq.
bromaine@rpa.nj.gov

Carlena Morrison
cmorrison@rpa.nj.gov