



Agenda Date: 8/12/20

Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th 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 ("BGS") AND THE)
COMPLIANCE TARIFF FILING REFLECTING)
CHANGES TO SCHEDULE 12 CHARGES IN PJM)
OPEN ACCESS TRANSMISSION TARIFF –)
MARCH 2020 JOINT FILING) BPU DOCKET NO. ER20030263

Parties of Record:

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Philip Passanante, Esq., on behalf of Atlantic City Electric Company

Gregory Eisenstark, Esq., (Cozen O'Connor) on behalf of Jersey Central Power and 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:

On March 25, 2020, 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 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 ("March 2020 Petition").

BACKGROUND

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" 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.

By Order dated January 22, 2020, the Board approved transmission charges resulting from the FERC-approved changes, effective February 1, 2020.¹ In the January 2020 Order, the Board approved PSE&G's Derived Network Integration Transmission Service ("NITS") rate and associated allocations.

NIPSCo

On August 19, 2019, FERC issued an Order in Docket No. ER18-614-006 allowing for charges to flow between PJM and the Midcontinent Independent System Operator ("MISO") ("NIPSCo Order"). The NIPSCo Order allowed charges to flow from MISO to PJM for Targeted Market Efficiency Projects effective January 1, 2020. The NIPSCo Order is not yet final.

Silver Run

On February 3, 2020, FERC issued an Order in Docket No. ER19-1501-001 approving a new cost allocation methodology applicable to stability projects impacting the Artificial Island projects ("AI Reallocation") ("Silver Run Order"). Changes to the PJM OATT associated with the AI Reallocation now include a new cost methodology using the stability deviation method and limited clarifying revisions to Schedule 12 that are necessary for implementation. The Silver Run Order is not yet final.

PJM implemented the changes from the NIPSCo and Silver Run Orders effective January 1, 2020. As a result of the NIPSCo and Silver Run Orders, PSE&G modified its' NITS rate to reflect the reallocations in those Orders.

March 2020 Petition

The EDCs proposed tariff sheets reflect changes to the Basic Generation Service ("BGS") Residential/Small Commercial Pricing ("BGS-RSCP") and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates resulting from changes to the OATT made in response to revised cost reallocations resulting from the Silver Run and NIPSCo Orders.

The EDCs requested approval to implement the revisions effective on January 1, 2020.

The EDCs also requested authorization to compensate BGS suppliers for the changes to the OATT resulting from the implementation of the NIPSCo and Silver Run Orders, subject to the terms and conditions of the applicable Supplier Master Agreement(s) ("SMAs"). Any difference between the payments to BGS suppliers and charges to customers would flow through each EDC's BGS Reconciliation Charge.

In the March 2020 Petition, the EDCs also requested a waiver of the 30-day filing requirement that would otherwise apply to this type of submission, because BGS suppliers will have begun paying the revised transmission charges for service as of January 2020.

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- December 2019 Joint Filing, BPU Docket No. ER19121509, Order dated January 22, 2020 ("January 2020 Order").

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 provides that: 1) BGS-RSCP and BGS-CIEP suppliers be notified of rate changes for firm transmission service and 2) the EDCs file for and obtain Board approval of an increase or decrease in retail rates commensurate with the FERC-implemented rate increases and decreases.

Each EDC is allocated a different portion of the Silver Run and NIPSCo TEC costs, and PSE&G NITS rate for Required Transmission Enhancements in each EDC's transmission zone, which are found in Schedule 12 of the PJM OATT. Based on this allocation of the TEC costs for the EDCs and their respective allocation among each EDC's customer service class, the monthly bill for a residential customer using 650 kWh per month will change approximately as follows (including Sales and Use Tax): an increase of \$0.10 or 0.08% for ACE; an increase of \$0.07 or 0.08% for JCP&L; an increase of \$0.07 or 0.06% for PSE&G, and a decrease of \$0.02 or 0.02% for Rockland.

DISCUSSION AND FINDING

In the Board's Order dated December 2, 2003, Docket No. EO03050394, the Board found that the pass through of any change in charges associated with NITS and other FERC-approved Open Access Transmission Tariffs is appropriate. Furthermore, by subsequent Orders, the Board approved Section 15.9 of the SMAs as filed by the EDCs which requires the EDCs to file for Board approval of any increase or decrease in their transmission charges approved by FERC. The SMAs also authorize the EDCs to increase or decrease the rates paid to suppliers for FERC-approved rates and changes to Firm Transmission Services once approved by the Board. The Board Orders further require the EDCs to review and verify the requested FERC authorized changes.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the March 2020 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 by each EDC for its transmission charges resulting from the FERC-approved changes to the TECs effective as of September 1, 2020. However, with respect to the reallocations derived from the NIPSCo and Silver Run Orders, as noted in the Board's previous Orders, these Orders are not Final FERC Orders and are still subject to ongoing challenges at FERC. The Board's December 22, 2006 Order at page 12 provides as follows:

“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 the Board's Order dated November 21, 2017 in Docket No. ER17040335, the Board found that the current construct provides a balance between the protection of ratepayers and the concerns of BGS suppliers regarding risk, while allowing the Board discretion on a case by case basis. The Board notes that in its November 13, 2019 Order, Staff was directed to work with the parties prior to the filing of the 2021 BGS Auction proposals in an attempt to find a resolution to issues related to transmission payments. The Board **HEREBY APPROVES** the EDCs' request to pay suppliers at this time, and **HEREBY AUTHORIZES** the EDCs to collect from BGS customers the costs associated with the NIPSCo and Silver Run Orders subject to the terms and conditions of the SMAs. The Board notes that this decision is based upon the facts and circumstances specific to this instant petition and does not have a precedential effect.

The Board **HEREBY WAIVES** the 30-day filing requirement as requested by the EDCs in the March 2020 Petition.

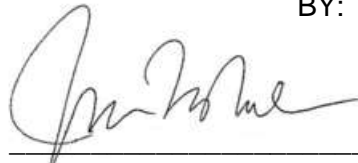
The Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings prior to September 1, 2020.

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.

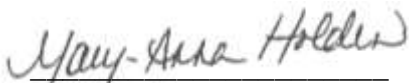
The effective date of this Order is August 22, 2020.

DATED: August 12, 2020

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

**IN THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE (“BGS”) AND THE
 COMPLIANCE TARIFF FILING REFLECTING CHANGES TO SCHEDULE 12 CHARGES IN PJM
 OPEN ACCESS TRANSMISSION TARIFF- MARCH 2020 JOINT FILING**

BPU DOCKET NO. ER20030263

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