



Agenda Date: 2/11/10

Agenda Item: 2C-1

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF DEMAND RESPONSE PROGRAMS)
FOR THE PERIOD BEGINNING JUNE 1, 2009 –)
ELECTRIC DISTRIBUTION COMPANY PROGRAMS)
ORDER
DOCKET No. EO08050326

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John L. Carley, Esq. for the Petitioner, Rockland Electric Company

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BY THE BOARD:

By petitions dated January 14, 2010, from Atlantic City Electric Company ("ACE"), and dated January 15, 2010 from Jersey Central Power and Light Company ("JCP&L"), Rockland Electric Company ("RECO"), and Public Service Electric and Gas Company ("PSE&G"), the State's four electric distribution companies ("EDCs") filed with the New Jersey Board of Public Utilities ("Board") their true-up filings pursuant to the Board's Orders dated December 10, 2008 and April 27, 2009 (the "Orders") in the above referenced matter. The Orders approved a modified version of a program proposed by the Demand Response Working Group ("DRWG Program") to provide incentive payments to Curtailment Service Providers ("CSPs") who registered incremental capacity in the PJM Interconnection, LLC ("PJM") Interruptible Load for Reliability ("ILR") program/market for the period beginning June 1, 2009. The Orders also authorized the EDCs to recover the costs for this program through a component of the Regional Greenhouse Gas Initiative ("RGGI") Recovery Charge ("RRC") pursuant to N.J.S.A. 48:3-98.1.

According to the petitions, the EDCs have under-collected on their costs associated with the DRWG Program, and are seeking to recover their under-collections either by rolling the actual total under-collection into the RRC or in the case of RECO, by collecting it through a rate change that would be in effect for one month. The petitions further include charts indicating the payment amount to the participating CSPs along with the PJM compliance score by each CSP and the Megawatts ("MW") delivered.

By this Order, the Board considers these true-up filings.

BACKGROUND

The Orders provided for an incentive in the form of a premium payment of \$22.50 per megawatt-day to CSPs who registered new or incremental capacity in the PJM ILR program/market for the period June 1, 2009 through May 31, 2010. In the Orders, the Board also established a cost recovery period of May 1, 2009 through September 30, 2009 ("Recovery Period") and directed the four EDCs to recover the costs of the DRWG Program through a separate component of the RGGI RRC, pursuant to N.J.S.A. 48:3-98.1. As part of DRWG Program, the EDCs were also allowed to recover incremental administrative costs, if prudently incurred and subject to review and approval by the Board. These costs, however, were capped at 15% of the EDC Cap as determined in Attachment C to the April 27, 2009 Order. The December Order stated that "each EDC's share of the budget will be determined by its percentage share of New Jersey's total non-residential electric load minus any existing non-residential demand response in that EDC's service territory, multiplied by the 600 MW goal." The basis for this calculation is the data submitted for the 2008-2009 PJM Planning Year. The April Order modified the allocations somewhat.

The Orders also directed the EDCs to submit true-up filings no later than 30 days after PJM's issuance of its ILR performance report. Each of the four EDCs received PJM's performance report on or about December 16, 2009, and accordingly, each EDC submitted a true-up filing within 30 days. Payments are to be made to CSPs the later of: (a) January 1, 2010; or (b) 30 days after the filing of the true-ups, subject to Board review.

On March 27, 2009, the Federal Energy Regulatory Commission ("FERC"), by Order in Docket Nos. ER05-1410, EL05-148 and ER09-412, granted PJM's request for a waiver of the provisions of the PJM Tariff so as to enable CSPs to obtain certification by May 1, 2009 rather than by March 2, 2009, of the load management capability which qualifies as PJM ILR for the period beginning June 1, 2009. In view of this FERC decision, the Board, at the April 3, 2009 agenda meeting, voted to amend the DRWG Program so that additional new and incremental ILR registered during the extended deadline period (March 2, 2009 to May 1, 2009) would be considered eligible for the premium payment incentive. A Secretary's letter dated April 8, 2009, memorialized the Board's decision stating that the Board believed that the extension of the ILR nomination deadline, together with the DRWG Program incentive payment, will allow New Jersey to obtain additional demand response over and above the 207 megawatts already nominated for this program. The April Order amended the DRWG Program to accommodate changes necessitated by the deadline extension and to clarify certain procedural issues.

The True-Up Filings

PSE&G

Based on PJM's ILR performance report, PSE&G will be required to make incentive payments to Program participants totaling \$1,077,571.57. PSE&G incurred no incremental administrative costs for the DRWG Program in 2009. During the Recovery Period, PSE&G collected \$931,286.06 from ratepayers. In addition, PSE&G has calculated accrued interest from May 2009 through February 2010, of \$6,075.93. Accordingly, PSE&G has calculated that it will be under-collected by \$140,209.58. PSE&G states that after all 2009 incentive payments have been issued and booked, PSE&G will roll the actual total undercollected balance into its RGGI RRC on March 1, 2010. PSE&G did not file any tariff sheets because there will be no rate change associated with the true-up at this time.

JCP&L

Based on PJM's performance report, JCP&L will be required to make incentive payments to Program participants totaling \$670,088. JCP&L incurred incremental administrative costs for the DRWG Program in 2009 of \$3,736. During the Recovery Period, JCP&L collected \$554,798. In addition, JCP&L has calculated accrued interest from May 2009 through February 2010, of \$2,619.83. Accordingly, JCP&L has calculated that it will be under-collected by \$116,406. Of the amount to be paid to CSPs in JCP&L's territory, \$43,387 relate to JCP&L's Integrated Distributed Energy Resource ("IDER") pilot program. The \$43,387 paid to JCP&L as the CSP under the DRWG Program for the IDER pilot will be credited back to ratepayers by JCP&L through its Rider SCC to reduce the costs of the IDER pilot. In light of the relatively small amount of the under-recovery, JCP&L does not propose any change to the level of its RGGI RRC charge at this time. Instead, JCP&L proposes to include the under-recovered amount as part of the RGGI RRC true-up relating to the IDER expansion program, or to recover the amount via a mechanism that may result from the proposed extension of the DRWG Program for an additional year.

ACE

Based on PJM's performance report, ACE will be required to make incentive payments to Program participants totaling \$326,036.25. ACE incurred no incremental administrative costs for the DRWG Program in 2009. During the Recovery Period, ACE collected \$301,020. In addition, ACE has calculated accrued interest from May 2009 through February 2010, of \$2,360. Accordingly, ACE has calculated that it will be under-collected by \$22,657. ACE's filing noted that revised tariff sheets will be submitted subsequent to the Board's anticipated decision regarding extension of the DRWG Program in 2010.

RECO

Based on PJM's performance report, RECO will be required to make incentive payments to Program participants totaling \$10,037. RECO incurred no incremental administrative costs in the administration of the Program in 2009. During the Recovery Period, RECO collected \$8,362. In addition, RECO has calculated accrued interest from May 2009 through February 2010, of \$39. Accordingly, RECO has calculated that it will be under-collected by \$1,635. RECO's filing requests that the DRWG Program component of the RGGI Surcharge, which would be at a rate of 0.0018 ¢/kWh, be effective for service rendered from April 1, 2010 through April 30, 2010 in order to recover the under-balance.

COMMENTS

Comments were received on February 1, 2010 from the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"). Rate Counsel has reviewed the EDC true-up filings and does not object to the Board's approval of these filings and of the EDCs' requests for cost recovery for the costs associated with the DRWG Program. Rate Counsel further states that these filing demonstrated that the DRWG Program significantly increased the state's participation in the PJM demand response program. Rate Counsel concluded that the program economically achieved more than 250 MW of new demand response for the State for the 2009 energy year. Rate Counsel supports the Board's efforts to increase demand response programs within the State and, as a participant in the DRWG, is hopeful that the proposed program will

continue to help achieve a significant increase in New Jersey's participation in the current PJM demand response programs.

DISCUSSION

After reviewing the EDCs' true-up filings for compliance with the Orders, PJM's Performance reports, and the comments submitted by Rate Counsel, the Board **FINDS** that the calculations of the payments owed to the CSPs by each EDC are reasonable and **HEREBY DIRECTS** each EDC to remit payment to the CSPs within ten (10) days of the date of this Order. With respect to the calculation of each EDC's under-collection, the Board **FINDS** each EDC's under-collection calculation to be consistent with the intent of the Orders and reasonable for recovery by rolling the actual total under-collection into each EDC's respective clause under which RGGI costs are collected. Thus, the Board **HEREBY MODIFIES** RECO's request to recover its under-collection through a rate change in the DRWG Program RGGI component for the period April 1, 2010 through April 30, 2010, by **DIRECTING** that its under-collection be rolled into its RGGI cost recovery clause in conformance with the April Order. With respect to JCP&L's request to recover administrative costs, the Board **FINDS** that the level of administrative costs is within the designated cap set forth in the Orders, and that the company has demonstrated that the costs are reasonable and prudent. Therefore, the Board **HEREBY AUTHORIZES** JCP&L to recover the administrative costs by rolling them into its respective RRC.

The filings demonstrated that the DRWG Program significantly increased the State's participation in the PJM ILR program by registering more than 250 MW of new demand response for the State. Therefore, after consideration of the record in this proceeding, the Board **HEREBY APPROVES** each EDC's petition as filed, except as modified above.

DATED: 2/17/10

BOARD OF PUBLIC UTILITIES
BY:


ENZABETH RANDALL
ACTING PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

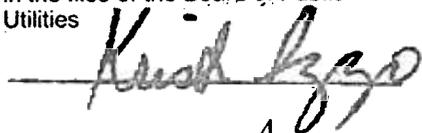

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ATTEST:

KRISTI IZZO
SECRETARY

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


I/M/O Demand Response Programs for the Period Beginning
June 1, 2009 – Electric Distribution Company Programs
Docket No. EO08050326
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