



Agenda Date: 5/25/16  
Agenda Item: 2C

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PROVISION OF BASIC	)	DECISION AND ORDER
GENERATION SERVICE AND COMPLIANCE TARIFF	)	APPROVING THE PASS-
FILING REFLECTING CHANGES TO SCHEDULE 12	)	THROUGH OF FERC
CHARGES IN PJM OPEN ACCESS TRANSMISSION	)	AUTHORIZED CHANGES
TARIFF – MAY 4, 2016 FILING	)	IN FIRM TRANSMISSION
	)	SERVICE RELATED
	)	CHARGES
	)	
	)	DOCKET NO. ER16050401

(NOTIFICATION LIST ATTACHED)

APPEARANCES:

**Alexander C. Stern, 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:

On May 4, 2016, 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 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. (“May 2016 Petition”)

**BACKGROUND AND PROCEDURAL HISTORY**

The EDCs’ proposed tariff changes reflect changes to the Basic Generation Service (“BGS”) Residential/Small Commercial Pricing (“BGS-RSCP”)<sup>1</sup> and Commercial and Industrial Energy Pricing (“BGS-CIEP”) rates to customers resulting from changes to the PJM Open Access

<sup>1</sup> This was formerly known as the BGS – Fixed Price or BGS-FP.

Transmission Tariff ("OATT") made in response to the annual formula rate update filing made by PSE&G in FERC Docket No. ER08-1233.

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.

On September 30, 2008, FERC approved PSE&G's filing to substitute a formula rate for its stated rates for Network Integration Transmission Services ("NITS") and Point-to-Point transmission service ("PSE&G Project"). The PSE&G formula rate also incorporates a number of transmission enhancement projects that are included in the OATT Schedule 12. FERC accepted the formula rate proposed by PSE&G, effective October 1, 2008. On October 15, 2008, PSE&G filed its updated formula rate with the FERC. On November 14, 2008, PSE&G filed with the Board to recover the FERC-approved formula rates applicable to PSE&G customers. On December 18, 2008, the Board authorized the EDCs to begin recovering TECs related to the PSE&G Project.<sup>2</sup>

Pursuant to FERC's Order, PSE&G is to submit annual updates with respect to the PSE&G Project. PSE&G submitted its annual formula rate update compliance filings to FERC in October 2015. Due to cost allocation protests and complaints at FERC regarding the PSE&G Project, a November 24, 2015 FERC Order suspended the cost allocations of a reconfigured portion of one of the PSE&G projects through April 25, 2016 ("November 2015 FERC Order").

Subsequently, in December 2015, the EDCs submitted their annual filing to the Board in response to the annual formula rate update filings made by Potomac-Appalachian Transmission Highline, L.L.C. ("PATH") in FERC Docket No. ER08-386-000, Virginia Electric and Power Company ("VEPCo") in Docket No. ER-08-92-000 and by PSE&G in Docket No. ER09-1257-000. ("December 2015 Filing"). Pursuant to the November 2015 FERC Order, the EDCs excluded allocation of the costs associated with the reconfigured portion of one of PSE&G's projects.

By Order dated January 28, 2016, the Board authorized the EDCs to modify their BGS-RSCP and BGS-CIEP rates to reflect the changes in their transmission charges resulting from the FERC-approved changes to the TECs effective as of March 1, 2016.<sup>3</sup> ("January 2016 Order"). The EDCs also received authorization to compensate the BGS suppliers for this transmission rate adjustment(s) subject to the terms and conditions of the Supplier Master Agreements ("SMAs").

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<sup>2</sup> In the Matter of the Provision of Basic Generation Service for Year Two of the Post Transition Period and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2006 and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2007 and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2008, BPU Docket Nos. EO03050394, EO05040317, EO06020119, and ER07060379, Orders dated December 18, 2008.

<sup>3</sup> 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 – December 21, 2015 Filing, BPU Docket No. ER15121430, Order dated January 28, 2016. ("January 2016 Order")

By Order dated April 22, 2016, FERC lifted the suspension initiated by the November 2015 FERC Order and allowed the cost allocations for the reconfigured portion of one of PSE&G's projects to flow through as filed by PSE&G in its October 2015 filing effective as of April 25, 2016. ("April 2016 FERC Order").

### **May 2016 Petition**

The May 2016 Petition was filed to update the initial filing approved by the Board in the January 2016 Order to reflect FERC's April 2016 Order.<sup>4</sup>

In the May 2016 Petition, the EDCs reiterated the requests for approval set forth in the December 2015 Filing, including authorization to compensate BGS suppliers for the changes to the OATT resulting from the implementation of PSE&G project annual formula updates subject to the terms and conditions of the applicable SMAs. Any difference between the payments to BGS suppliers and charges to customers would flow through each EDC's BGS Reconciliation Charge. 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 April 25, 2016 pursuant to the April 22 FERC Order.

Each EDC is allocated a different portion of PSE&G's transmission costs from PJM based on the cost for Required Transmission Enhancements in each EDC's transmission zone. Based on this allocation of the TEC costs for the EDCs and their respective allocation among each EDC's customer 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): an increase of \$0.02 or 0.02% for ACE; an increase of \$0.01 or 0.01% for JCP&L; a decrease of \$0.50 or 0.43% for PSE&G, and an increase of \$0.03 or 0.03% 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 charges associated with NITS and other FERC-approved Open Access Transmission Tariff, 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 the 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 that the EDCs review and verify the requested FERC authorized changes.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the May 2016 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 June 1, 2016. The EDCs are **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate adjustment(s) subject to the terms and conditions of the SMAs. The Board further **HEREBY WAIVES** the 30-day filing requirement as requested by the EDCs.

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<sup>4</sup> The May 2016 Petition only relates to an update with respect to the PSE&G project.

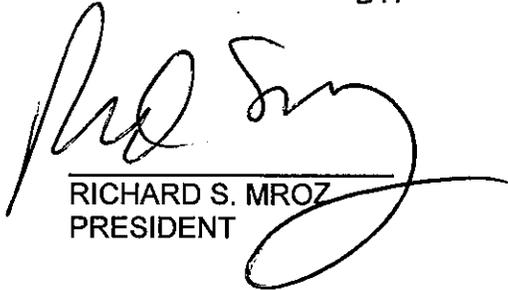
Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings within five (5) business days of service of this Order.

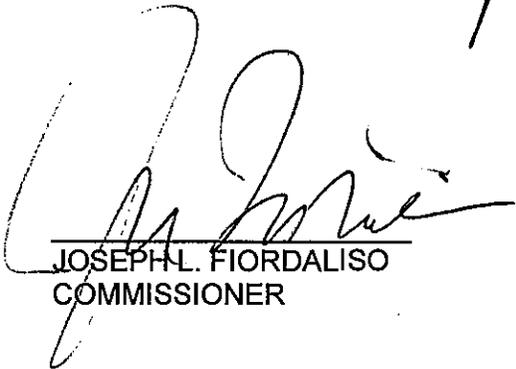
The EDCs rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

The effective date of this Order is June 1, 2016.

DATED: *May 25, 2016*

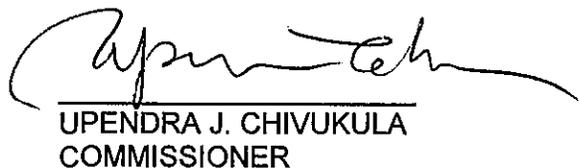
BOARD OF PUBLIC UTILITIES  
BY:

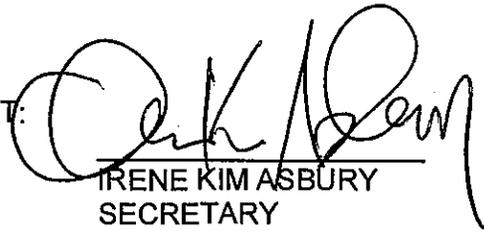
  
RICHARD S. MROZ  
PRESIDENT

  
JOSEPH L. FIORDALISO  
COMMISSIONER

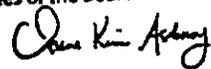
  
MARY ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

  
UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:   
IRENE 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



**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 – MAY 4, 2016 FILING - BPU DOCKET NO.  
ER16050401**

**SERVICE LIST**

Irene Kim Asbury, Esq.  
Secretary of the Board  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[irene.asbury@bpu.state.nj.us](mailto:irene.asbury@bpu.state.nj.us)

Jerome May, Director  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Jerome.may@bpu.state.nj.us](mailto:Jerome.may@bpu.state.nj.us)

Stacy Peterson  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Stacy.peterson@bpu.state.nj.us](mailto:Stacy.peterson@bpu.state.nj.us)

Richard DeRose  
Deputy Chief of Staff  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Richard.derose@bpu.state.nj.us](mailto:Richard.derose@bpu.state.nj.us)

Bethany Rocque-Romaine, Esq.  
Counsel's Office  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Bethany.rocque-romaine@bpu.state.nj.us](mailto:Bethany.rocque-romaine@bpu.state.nj.us)

Stefanie A. Brand, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[sbrand@rpa.state.nj.us](mailto:sbrand@rpa.state.nj.us)

Brian Lipman, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[blipman@rpa.state.nj.us](mailto:blipman@rpa.state.nj.us)

Ami Morita, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[amorita@rpa.state.nj.us](mailto:amorita@rpa.state.nj.us)

Diane Schulze, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[dschulze@rpa.state.nj.us](mailto:dschulze@rpa.state.nj.us)

Robert Fagan  
Synapse Energy Economics, Inc.  
485 Massachusetts Ave., Suite 2  
Cambridge, MA 02139

Caroline Vachier, Esq.  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[Caroline.vachier@dol.lps.state.nj.us](mailto:Caroline.vachier@dol.lps.state.nj.us)

Joseph Janocha  
Atlantic City Electric Co. – 63ML38  
5100 Harding Highway  
Atlantic Regional Office  
Mays Landing, NJ 08330

Dan Tudor  
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.  
Consolidated Edison Co. of NY  
Law Dept., Room 1815-S  
4 Irving Place  
New York, NY 10003

Margaret Comes, Sr. Staff Attorney  
Consolidated Edison Co. of NY  
Law Dept., Room 1815-S  
4 Irving Place  
New York, NY 10003

Alexander Stern, Esq.  
PSEG Services Corporation  
80 Park Plaza, T-5  
Newark, NJ 07102

Andrew Kuntz, DAG  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[Andrew.kuntz@dol.lps.state.nj.us](mailto:Andrew.kuntz@dol.lps.state.nj.us)

Alex Moreau, DAG  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[Alex.moreau@dol.lps.state.nj.us](mailto:Alex.moreau@dol.lps.state.nj.us)

Steven Gabel  
Gabel Associates  
417 Denison Street  
Highland Park, NJ 08904

Shawn P. Leyden, Esq.  
PSEG Services Corporation  
80 Park Plaza – T-19  
P.O. Box 570  
Newark, NJ 07101

Lisa A. Balder  
NRG Power Marketing Inc.  
211 Carnegie Center  
Contract Administration  
Princeton, NJ 08540

Frank Cernosek  
Reliant Energy  
1000 Main Street  
REP 11-235  
Houston, TX 77002

Elizabeth Sager  
VP- Asst. General Counsel  
J.P. Morgan Chase Bank, N.A.  
270 Park Avenue, 41<sup>st</sup> Floor  
New York, NY 10017-2070

Commodity Confirmations  
J.P. Morgan Ventures Energy Corp. Chase  
Manhattan Plaza  
14<sup>th</sup> Floor  
New York, NY 10005

Myron Filewicz  
Manager- BGS  
PSE&G  
80 Park Plaza, T-8  
Newark, NJ 07101

Eugene Meehan  
NERA  
1255 23<sup>rd</sup> Street  
Suite 600  
Washington, DC 20037

Chantale LaCasse  
NERA  
1166 Avenue of the Americas,  
29<sup>th</sup> Floor  
New York, NY 10036

Gary Ferenz  
Conectiv Energy Supply, Inc.  
P.O. Box 6066  
Newark, DE 19714-6066

Daniel E. Freeman, Contract Services- Power  
BP Energy Company  
501 West Lake Park Blvd., WL1-1.00B  
Houston, TX 77079

Michael S. Freeman  
Exelon Generation Company, LLC  
300 Exelon Way  
Kennett Square, PA 19348

Marjorie Garbini  
Conectiv Energy  
Energy & Technology Center  
500 North Wakefield Drive  
P.O. Box 6066  
Newark, DE 19714-6066

Arland H. Gifford  
DTE Energy Trading  
414 South Main Street  
Suite 200  
Ann Arbor, MI 48104

Gary A. Jefferies, Senior Counsel  
Dominion Retail, Inc.  
1201 Pitt Street  
Pittsburgh, PA 15221

Manager Contracts Administration  
Sempra Energy Trading Corp.  
58 Commerce Road  
Stamford, CT. 06902

Raymond Depillo  
PSEG Energy Resources & Trade  
80 Park Plaza, T-19  
P.O. Box 570  
Newark, NJ 07101

Sylvia Dooley  
Consolidated Edison Co. of NY  
4 Irving Place  
Room 1810-S  
New York, NY 10003

Kate Trischitta- Director of Trading & Asset  
Optimization  
Consolidated Edison Energy  
701 Westchester Avenue  
Suite 201 West  
White Plains, NY 10604

Deborah Hart, Vice President  
Morgan Stanley Capital Group  
2000 Westchester Avenue  
Trading Floor  
Purchase, NY 10577

Marcia Hissong, Director, Contract  
Administration/Counsel  
DTE Energy Trading, Inc.  
414 South Main Street  
Suite 200  
Ann Arbor, MI 48104

Dir- Contracts & Legal Svcs  
Talen Energy Marketing, LLC  
835 Hamilton Street  
Allentown, PA 18101

Fred Jacobsen  
NextEra Energy Power Marketing  
700 Universe Boulevard  
CTR/JB  
Juno Beach, FL 33408-2683

Ken Salamone  
Sempra Energy Trading Corp.  
58 Commerce Road  
Stamford, CT 06902

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

Jessica Wang  
FPL Energy Power Marketing, Inc.  
700 Universe Boulevard  
Bldg. E  
4<sup>th</sup> Floor  
Juno Beach, FL 33408

Graham Fisher  
Conoco Phillips  
600 N Dairy Ashford, CH1081  
Houston, TX 77079

Morgan Tarves  
TransCanada Power Marketing  
110 Turnpike Road, Suite 300  
Westborough, MA 01581

Danielle Fazio  
Noble Americas Gas & Power  
Four Stamford Plaza, 7<sup>th</sup> Fl.  
Stamford, CT 06902

Shiran Kochavi  
NRG Energy  
211 Carnegie Center  
Princeton, NJ 08540

Kim M. Durham  
Citigroup Energy Inc.  
2800 Post Oak Boulevard  
Suite 500  
Houston, TX 77056

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

Noel H. Trask  
Exelon Generation Company, LLC  
300 Exelon Way  
Kennett Square, PA 19348

Matt Webb  
BP Energy Company  
501 West Lake Park Blvd.  
Houston, TX 77079

Ryan Belgram  
Macquarie Energy LLC  
500 Dallas Street, Level 31  
Houston, TX 77002

Jan Nulle  
Energy America, LLC  
12 Greenway Plaza, Suite 250  
Houston, TX 77046