



Agenda Date: 7/26/17
Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
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 IN
TARIFF – May 12, 2017 Filing)	FIRM TRANSMISSION SERVICE
)	RELATED CHARGES
)	
)	BPU DOCKET NO. ER17050499

Parties of Record:

Hesser G. McBride, 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 12, 2017, 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 (“May 2017 Petition”) with the New Jersey Board of Public Utilities (“Board”) requesting recovery of Federal Energy Regulatory Commission (“FERC”) approved changes in transmission service related charges.

BACKGROUND AND PROCEDURAL HISTORY

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” 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.

By Orders¹ dated July 29, 2016 and August 24, 2016, the Board authorized the EDCs to modify their Basic Generation Service ("BGS") Residential/Small Commercial Pricing ("BGS-RSCP")² and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates to reflect the changes in their transmission charges resulting from the FERC-approved changes to the TECs resulting from changes in the PJM OATT made in response to (i) the annual formula rate update filings 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 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.

By Order³ dated January 25, 2017, 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 resulting from changes to the PJM OATT made in response to: (i) the annual formula rate update filing made by Potomac-Appalachian Transmission Highline, L.L.C. ("PATH") in FERC Docket No. ER-08-386-000, (ii) the annual formula rate update filing made by PSE&G in FERC Docket No. ER08-1233, and (iii) the annual formula rate update filing made by Virginia Electric Power Company ("VEPCo") in FERC Docket No. ER08-92-000.

On March 10, 2017, in Docket No. ER17-405-000 ("AEP Order"), FERC issued an Order, effective January 1, 2017 which authorized AEP's Formula Rate transition from "historic" to "forward looking". The AEP Order approved AEP's proposed tariff revisions subject to hearing and settlement procedures. On April 25, 2017, in Docket Nos. ER17-950-000 and ER17-940-001 ("ConEd Wheel Order"), FERC issued an Order that modified the PJM OATT as a result of the termination of a long-term firm point-to-point transmission service agreement between PJM and Consolidated Edison Company of New York, Inc. (the "ConEd Wheel"). The PJM tariff revisions remove ConEd as a party responsible for cost allocation under Schedule 12 of the PJM OATT. This, in turn, required that PJM reallocate the ConEd portion to the remaining entities as these costs relate to the ConEd Wheel. The cost reallocation being implemented pursuant to the ConEd Wheel Order is subject to ongoing legal challenges and protests before FERC by various interested entities.⁴

¹ 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 17, 2016 Filing AND In the Matter of the Petition of Atlantic City Electric Company for Approval to Implement FERC-Approved Changes to ACE's Retail Transmission (Formula) Rate Pursuant to Paragraphs 15.9 of BGS-RSCP and BGS-CIEP Supplier Master Agreements and Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff (2016), BPU Docket Nos. ER16060527 and ER16070620, Orders dated July 29, 2016 and August 24, 2016, respectively. (collectively, "2016 Orders")

² This was formerly known as the BGS – Fixed Price or BGS-FP.

³ 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 9, 2016 Filing, BPU Docket No. ER16121153 (January 25, 2017). ("January 2017 Order")

⁴ With the exception of a protest filed by the Board, the entities challenging (i.e., Linden VFT, Hudson Transmission Partners, and New York Power Authority (collectively, "Merchant-related Protestors") the

May 2017 Petition

The May 2017 Petition was filed to update the initial filings approved by the Board in the 2016 Orders and the January 2017 Order to reflect FERC's ConEd Wheel Order and AEP Order.

In the May 2017 Petition, the EDCs reiterated the requests for approval set forth in the filings approved by the Board's 2016 Order and January 25, 2017 Order and request approval to implement the proposed tariff sheets effective July 14, 2017. 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 May 1, 2017 pursuant to the ConEd Wheel Order and the AEP FERC Order.

Under the Supplier Master Agreement ("SMA"), specifically Section 15.9, the EDCs are permitted to recover increases in Firm Transmission Service charges from BGS customers subject to Board approval. Thereafter, EDCs are required to remit payment of the increased charges to suppliers upon, among other things, the issuance of a "FERC Final Order" approving the Firm Transmission Service increase. In the May 2017 Petition, the EDCs specifically request that the Board find that the "Final FERC Order" definition in SMA Section 15.9 does not apply to the TEC charge reallocation determination in the ConEd Wheel Order because the imposition of the TEC charge adjustment is not a change in the Firm Transmission rate but a PJM initiated cost reallocation. Accordingly, the EDCs submit that the EDCs should be permitted to pay the suppliers pursuant to the ConEd Wheel Order with any differences between the payments to BGS suppliers and charges to customers would flow through each EDC's BGS Reconciliation Charge.

In the May 2017 Petition, the EDCs state that an initial FERC decision in the ConEd Wheel proceeding will be significantly delayed until FERC has a quorum of commissioners and prompt payment to suppliers of PJM initiated cost reallocations is important to the continued success of the BGS auction process which benefits customers. The EDCs further submit that BGS suppliers have a reasonable expectation that they will be paid for increased charges imposed by PJM and that payment to suppliers related to the ConEd Wheel Order will help ensure that BGS suppliers, when establishing their bid prices, can rely upon the provision of the SMA that permit BGS suppliers to be made whole for increased PJM charges.

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 \$0.04 or 0.03% for ACE; an increase of \$0.05 or 0.05% for JCP&L; an increase of \$0.33 or 0.29% for PSE&G, and an increase of \$0.56 or 0.54% for Rockland.

cost reallocation allege that less costs should be allocated to them and more costs should be allocated to the zones of the New Jersey EDCs.

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 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. Section 15.9 of the SMA requires the EDCs to remit payment of the increased charges to suppliers upon, among other things, the issuance of a "Final FERC Order" approving the Firm Transmission Service increase.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the May 2017 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, 2017. However, with respect to the reallocations derived from the ConEd Wheel Order and the change to a "forward looking" rate approved in the AEP Order, the Board notes that Orders are not Final FERC Orders and are still being contested at FERC. The Board's December 22, 2006 Order⁵ at page 12 states, "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." Accordingly, the Board **DENIES** the EDCs' request to pay suppliers at this time and **AUTHORIZES** the EDCs to collect from BGS customers, the costs associated with the reallocation per the ConEd Wheel Order as well as the proposed tariff revisions resulting from the AEP FERC Order, and track such collections until receipt of Final FERC Orders in the matters.

The Board further **HEREBY WAIVES** the 30-day filing requirement as requested by the EDCs.

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.

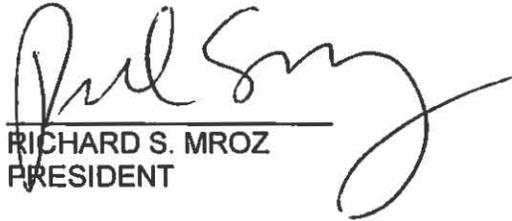
⁵ In re the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket No. EO06020119, Order dated December 22, 2006.

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 5, 2017.

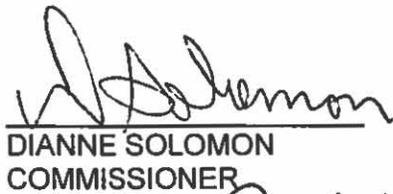
DATED: 7/26/17

BOARD OF PUBLIC UTILITIES
BY:

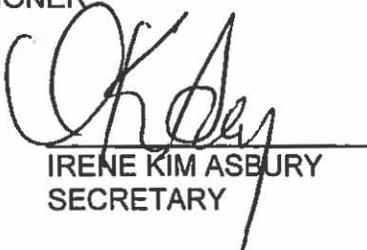

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

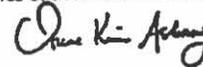

MARY-ANNA HOLDEN
COMMISSIONER


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 12, 2017 Filing - BPU Docket No. ER17050499

SERVICE LIST

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.state.nj.us

Brian Lipman, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
blipman@rpa.state.nj.us

Ami Morita, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
amorita@rpa.state.nj.us

Diane Schulze, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
dschulze@rpa.state.us

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

Caroline Vachier, DAG
Division of Law
Department of Law & Public Safety
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
Caroline.vachier@law.njoag.gov

Irene Kim Asbury, Esq.
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Irene.asbury@bpu.nj.gov

Thomas Walker, Director
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Thomas.walker@bpu.nj.gov

Stacy Peterson, Deputy Director
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Stacy.peterson@bpu.nj.gov

Richard Derose, Deputy Chief of Staff
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Richard.derose@bpu.nj.gov

Mark Beyer, Chief Economist
Office of the Economist
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Mark.beyer@bpu.nj.gov

Andrew Kuntz, DAG
Division of Law
Department of Law & Public Safety
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
Andrew.kuntz@law.njoag.gov

Alex Moreau, DAG
Division of Law
Department of Law & Public Safety
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
Alex.moreau@law.njoag.gov

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

Philip J. Passanante, Esq.
Assistant General Counsel
Pepco Holdings LLC/Atlantic City Electric Co
Legal Services
500 North Wakefield Drive
Newark, Delaware 19702-5440
philip.passanante@pepcoholdings.com

Sally J. Cheong, Manager
Tariff Activity, Rates, NJ
Jersey Central Power & Light Co.
300 Madison Ave.
Morristown, NJ 07962
scheong@firstenergycorp.com

Kevin Connelly
First Energy
300 Madison Avenue
Morristown, NJ 07960
kconnelly@firstenergycorp.com

Bethany Rocque-Romaine, Esq.
Counsel's Office
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Bethany.romaine@bpu.nj.gov

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

Rick Sahni
Contract Services- Power
BP Energy Company
501 W Lark Park Blvd.
WL1-100B
Houston, TX 77079

Matthew Clements
Contract Services- Power
BP Energy Company
501 W Lark Park Blvd.
WL1-100B
Houston, TX 77079

Commodity Operations Group
Citigroup Energy Inc.
2800 Post Oak Boulevard
Suite 500
Houston, TX 77056

Legal Department
Citigroup Energy Inc.
2800 Post Oak Boulevard
Suite 500
Houston, TX 77056

Jackie Roy
Conoco Phillips
600 N Dairy Ashford, CH1081
Houston, TX 77079

Gregory Eisenstark, Esq.
Windels Marx Lane & Mittendorf, LLP
120 Albany Street Plaza
New Brunswick, NJ 08901
geisenstark@windelsmarx.com

John L. Carley, Esq.
Consolidated Edison Co. of NY
Law Dept., Room 1815-S
4 Irving Place
New York, NY 10003
carleyj@coned.com

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

Hesser McBride, Esq.
PSEG Services Corporation
80 Park Plaza, T-5
Newark, NJ 07102
Hesser.mcbride@pseg.com

Myron Filewicz
Manager- BGS
PSE&G
80 Park Plaza, T-8
Newark, NJ 07101
Myron.filewicz@pseg.com

Eugene Meehan
NERA
1255 23rd Street
Suite 600
Washington, DC 20037

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

John Foreman
Conoco Phillips
600 N Dairy Ashford, CH1081
Houston, TX 77079

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

James Buck
DTE Energy Trading
414 S. Main Street
Suite 200
Ann Arbor, MI 48104

Cynthia Klots
DTE Energy Trading
414 S. Main Street
Suite 200
Ann Arbor, MI 48104

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

Mara Kent
Engelhart CTP (US)
400 Atlantic St., 11th Fl.
Stamford, CT 06901

Rohit Marwaha
Exelon Generation Co.
100 Constellation Way, Suite 500C
Baltimore, MD 21102

Paul Rahm
Exelon Generation Co.
100 Constellation Way, Suite 500C
Baltimore, MD 21102

Sherri Brudner
Macquarie Energy LLC
500 Dallas Street, Level; 31
Houston, TX 77002

Jessica Miller
Exelon Generation Co.
100 Constellation Way, Suite 500C
Baltimore, MD 21102

Patricia Haule
Macquarie Energy LLC
500 Dallas Street, Level; 31
Houston, TX 77002

Marlene Nobile
PSEG Services Corporation
80 Park Plaza, T-19
PO Box 570
Newark, NJ 07101
Marlene.nobile@pseg.com

Stuart Ormsbee
TransCanada Power Marketing Ltd.
110 Turnpike Road, Suite 300
Westborough, MA 01581

Connie Cheng
Macquarie Energy LLC
500 Dallas Street, Level; 31
Houston, TX 77002

Erin O'Dea
TransCanada Power Marketing Ltd.
110 Turnpike Road, Suite 300
Westborough, MA 01581

Cara Lorenzoni
Noble Americas Gas & Power
Four Stamford Plaza, 7th Fl.
Stamford, CT 06902

Mariel Ynaya
Talen Energy Marketing LLC
GENPL7S
835 Hamilton Street, Suite 150
Allentown, PA 18101

Brian McPherson
TransCanada Power Marketing Ltd.
110 Turnpike Road, Suite 300
Westborough, MA 01581

Justin Brenner
NextEra Energy Power Mktg.
700 Universe Boulevard
CTR/JB
Juno Beach, FL 33408-2683

Alan Babp
Talen Energy Marketing LLC
GENPL7S
835 Hamilton Street, Suite 150
Allentown, PA 18101