



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PROVISION OF BASIC ) DECISION AND ORDER  
GENERATION SERVICE ("BGS") AND TARIFF )  
SHEETS REFLECTING PROPOSED REVISIONS )  
TO RELIABILITY MUST RUN CHARGE ) BPU DOCKET NO. ER17070719

**Parties of Record:**

**Phillip J. Passanante, Esq.**, on behalf of Atlantic City Electric Company  
**Gregory Eisenstark, Esq.**, on behalf of Jersey Central Power & Light Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

**BY THE BOARD:**

By petition ("June 2017 RMR Petition") dated June 28, 2017, Atlantic City Electric Company ("ACE") and Jersey Central Power & Light Company ("JCP&L") (collectively, "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 transmission service related charges. The EDCs request that the changes in rates, if approved, be effective for service rendered on or after September 1, 2017.

The EDCs' proposed tariff changes reflect changes to the Basic Generation Service ("BGS") Residential and Small Commercial Pricing ("BGS-RSCP") and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates to customers resulting from changes in the PJM Open Access Transmission Tariff ("OATT") relating to costs the suppliers will be assessed by PJM pursuant to the Reliability Must Run ("RMR") charges approved by FERC in an Order dated April 26, 2017 in Docket No. ER17-1083-001 ("April 2017 RMR Order"). The April 2017 RMR Order does not impact Public Service Electric and Gas Company or Rockland Electric Company at this time.

**BACKGROUND**

On March 3, 2017, RC Cape May Holdings, LLC ("RCCM") made a filing with FERC in Docket No. ER17-1083-001 for the recovery of costs associated with the continued operation of two generating units for RMR purposes. The specific additional PJM Interconnection ("PJM") charges are based on Section 120 of the PJM Tariff; whereby costs incurred to compensate a deactivating generating unit for its continued operation to alleviate a reliability impact are recovered by PJM through an additional transmission charge in the transmission zones assigned financial responsibility for the reliability upgrades ("RMR Charges").

### **June 2017 RMR Filing**

The RMR Charges reflected in the June 2017 RMR Petition stem from FERC's April 2017 RMR Order in which FERC accepted RCCM's proposed tariff revisions filing and authorized the revisions to become effective on May 1, 2017, subject to refund. The EDCs have requested approval to commence charging the new rates effective September 1, 2017.

The EDCs also requested that the BGS suppliers be compensated for this increase effective September 1, 2017, with any differences between payments to BGS-RSCP and BGS-CIEP suppliers and charges to customers flowing through BGS Reconciliation Charges.

According to the EDCs, this filing satisfies the requirements of paragraph 15.9(a) (i) and (ii) of the BGS-RSCP and BGS-CIEP Supplier Master Agreements ("SMAs"), which mandate that BGS-RSCP and BGS-CIEP suppliers be notified of rate increases for firm transmission service, and that the EDCs file for and obtain Board approval for an increase in retail rates commensurate with the FERC-implemented rate increase. The exact level of the Auction Price increase to BGS-RSCP and BGS-CIEP suppliers, the payment of which is subject to the receipt of a Final FERC Order, are set forth in the petition. Until receipt of a Final FERC Order, and subject to the terms of such Final FERC Order, the EDCs propose to track amounts associated with the rate increase in accordance with paragraphs 15.9(a)(iii) and (iv). In the event that the RMR Charges ultimately approved by FERC are less than has been collected, ACE and JCP&L shall credit any over-collection with interest to their respective BGS-RSCP and BGS-CIEP suppliers.

Each EDC is allocated a different amount of RMR charges from PJM based on the RCCM RMR filing. Based on the allocation of the RMR Charges among the 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 \$2.43 or 2.13% for ACE and an increase of \$0.09 or 0.1% for JCP&L.

### **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 the network integration transmission charge, and other charges associated with the FERC-approved OATT, 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 FERC. The SMAs also authorize the EDCs to adjust the rates paid to suppliers for FERC-approved rates and increases to Firm Transmission Services once approved by the Board. The Board Orders further require that the EDCs review and verify any requested FERC authorized increases.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the June 2017 RMR Filing 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 the RMR Charges resulting from the FERC-approved changes resulting from the April 2017 RMR Order effective as of September 1, 2017. As noted in the June 2017 RMR Petition, the April 2017 RMR Order is not a Final FERC Order. The Board's December 22, 2006 Order<sup>1</sup> at page 12 states,

<sup>1</sup> In re the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket No. EO06020119 (December 22, 2006).

"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 **AUTHORIZES** the EDCs to collect from BGS customers, the costs associated with the April 2017 RMR Order and track such collections until receipt of Final FERC Orders in the matter.

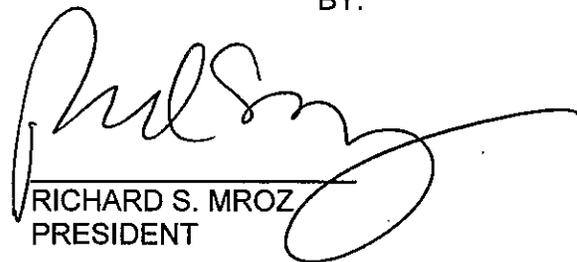
Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings by September 1, 2017.

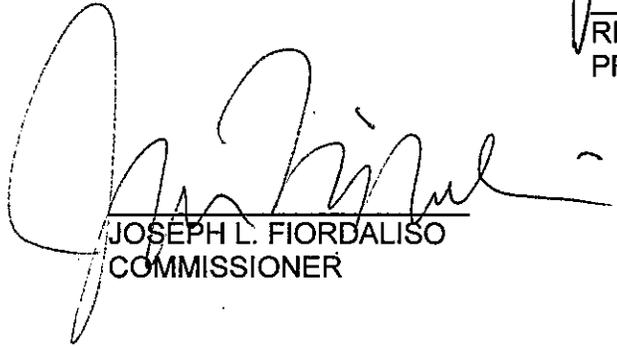
The EDCs' rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

The effective date of this Order is August 31, 2017.

DATED: 8/23/17

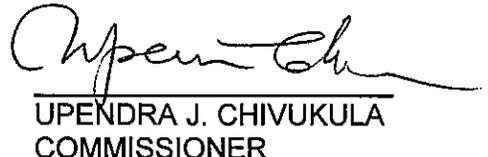
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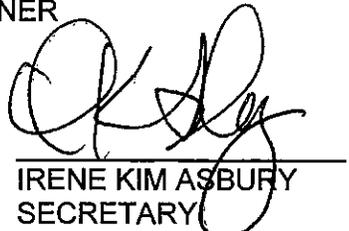
  
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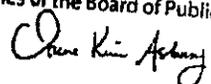
  
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I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities  


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AND THE TARIFF SHEETS REFLECTING PROPOSED REVISIONS TO RELIABILITY  
MUST RUN CHARGE  
BPU DOCKET NO. ER17070719**

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