



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.

On May 31, 2018, in Docket No. EL05-121-009, FERC issued an Order ("Seventh Circuit Order") approving a Contested Settlement ("Seventh Circuit Settlement") concerning the regional cost allocation methodology applicable to 11 large transmission projects (500kV and above) approved between the years 2005 and 2013. The Seventh Circuit Settlement was submitted to FERC on June 15, 2016. The Board was identified in the Seventh Circuit Settlement as a "non-opposing" party. The Seventh Circuit Settlement was contested at FERC by the merchant transmission owners. Due to a number of procedural delays, and then the lengthy period of non-quorum at FERC, the Seventh Circuit Settlement remained pending for nearly two (2) full years. Despite the unanticipated and significant time lag, the time period affected by the Seventh Circuit Settlement began January 1, 2016.

In the Seventh Circuit Order, FERC found that the overall result of the Seventh Circuit Settlement was just and reasonable as applied to the contesting parties. Consistent with its decision, FERC directed PJM to make a compliance filing with revised tariff records within 30 days of its order. PJM then sought, and was granted, an additional extension of time to carry out FERC's directive. PJM implemented the cost allocation changes in the OATT effective July 1, 2018 on a prospective basis. While FERC ruled on this matter through the issuance of the Seventh Circuit Order, the cost reallocation is still subject to a pending rehearing request at FERC.

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.

By Order<sup>2</sup> dated November 19, 2018, the Board approved the modified transmission charges resulting from the FERC-approved changes, effective December 1, 2018. As noted in the November 2018 Order, the Seventh Circuit Settlement remained pending at FERC for nearly two full years. Additionally, the time period affected by the Seventh Circuit Settlement began January 1, 2016. The Board determined that any further delay in implementing the reallocations pursuant to the Seventh Circuit Settlement could have a detrimental impact to customers and to the then upcoming 2019 BGS Auction. Accordingly, the Board authorized the EDCs to pay suppliers at this time and to collect from BGS customers, the costs associated with the Seventh Circuit Order subject to the terms and conditions of the SMAs. The Board noted that its decision was based on and limited to the unique circumstances present in that matter.

#### **April 2019 Petition**

In the April 2019 Petition, the EDCs requested approval to implement the revised tariff rates with a rate effective date of July 1, 2019. The purpose of the April 2019 Petition was to update the EL05-121 rate component currently in place in the BGS tariffs of each EDC. The EL05-121 rate currently reflects the costs associated with the 30 month transitional period established by PJM

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<sup>2</sup> 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- September 2018 Joint Filing, BPU Docket No. ER18091061 (November 19, 2018) ("November 2018 Order").

[i.e. January 1, 2016 through June 30, 2018 ("PJM Transitional Period")] that captured all of the cost reallocations, the 10 year black block settlement dollars per zone and associated interest costs that went into effect January 1, 2016 per the Seventh Circuit Settlement. The total costs associated with the transitional period were billed and continue to be billed over a 12 month period (July 1, 2018 through June 30, 2019), along with the normal monthly PJM transmission billings to the BGS suppliers.

Upon expiration of the PJM Transitional Period, the only remaining costs on a forward basis associated with the EDCs' EL05-121 tariff will be the costs associated with each zone's 10 year black box settlement. Accordingly, the April 2019 Petition establishes revised rates for the next six (6) months.

According to the April 2019 Petition, BGS suppliers will begin paying these revised transmission charges for transmission services effective July 1, 2019 pursuant to the PJM OATT implementing the Seventh Circuit Order. The EDCs also requested that the Board authorize the EDCs to remit payment to the suppliers for the charges they incur. The EDCs assert that any differences between the payments to BGS suppliers and charges to customers should flow through each EDC's BGS Reconciliation Charge. The EDCs argue that prompt payment to suppliers of PJM initiated cost reallocations is important to the continued success of the BGS auction process which benefits customers. According to the April 2019 Petition, payment to the suppliers for the charges related to the Seventh Circuit Order will help ensure that BGS suppliers, when establishing their bid prices, can rely upon the provision of the SMA that permits BGS suppliers to be made whole for increased PJM charges.

Each EDC is allocated a different amount of TECs from PJM based on the cost for Required Transmission Enhancements in each EDC's transmission zone. Based on the allocation of the TEC Filings transmission costs 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 \$0.56 or 0.49% for ACE, a decrease of \$3.49 or 3.9% for JCP&L, a decrease of \$3.80 or 3.29% for PSE&G; and a decrease of \$4.06 or 3.62% 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 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 April 2019 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 July 1, 2019. The Board's December 22, 2006 Order 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."

As noted, based on the unique circumstances of the Seventh Circuit Order, the Board's November 2018 Order authorized the EDCs' request to collect from customers and pay suppliers for the costs associated with the Seventh Circuit Order, subject to the terms and conditions of the SMAs. Accordingly, as the April 2019 Petition is related to the reallocations, the Board **HEREBY APPROVES** the EDCs' requests within the April 2019 Petition to collect from customers and pay suppliers for the costs associated with the April 2019 Petition, subject to the terms and conditions of the SMAs.

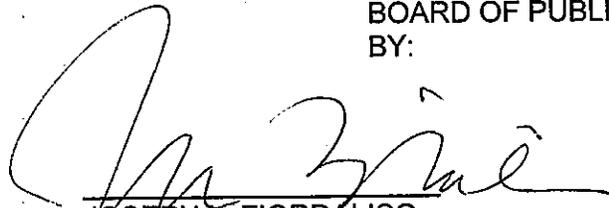
Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings by July 1, 2019.

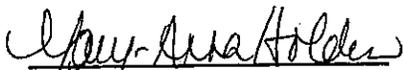
The EDCs' rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

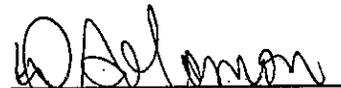
The effective date of this Order is June 7, 2019.

DATED: 5/28/19

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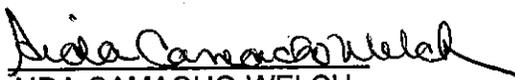
  
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SECRETARY

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 –April  
 2019 Joint Filing

BPU Docket No. ER19040440

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