



Agenda Date: 8/12/20
Agenda Item: 2B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PROVISION OF BASIC)
GENERATION SERVICE, THE COMPLIANCE)
TARIFF FILING REFLECTING CHANGES TO)
SCHEDULE 12 CHARGES IN PJM OPEN)
ACCESS TRANSMISSION TARIFF –)
JUNE 22, 2020 FILING)
)
) BPU DOCKET NO. ER20060446

Parties of Record:

Philip J. Passanante, Esq., on behalf of Atlantic City Electric Company
Joseph A. Shea, Jr., Esq., on behalf of Public Service Electric and Gas Company
Joshua R. Eckert, Esq., on behalf of Jersey Central Power and 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:

By petition dated June 22, 2020, Atlantic City Electric Company (“ACE”), Jersey Central Power and 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 (“June 2020 Petition”). The EDCs requested that the changes in rates, if approved, be effective for service rendered on or after September 1, 2020.

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 Interconnection, LLC (“PJM”) Open Access Transmission Tariff (“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 Baltimore Gas and Electric Company in FERC Docket No. ER09-1100, by PECO Energy Company (“PECO”) in FERC Docket No. ER17-1519, by Trans-Allegheny Interstate Line Company (“TrAILCo”) in FERC Docket No. ER07-562, and by Commonwealth Edison Company in FERC Docket No. ER07-583 and (ii) the formula rate update filings made by the public utility affiliates of Pepco Holdings LLC (“PHI”) in FERC Docket No. ER08-1423 and the respective utility

affiliate compliance filings for formula rate updates made by ACE in FERC Docket No. ER09-1156, by Delmarva Power and Light (“Delmarva”) in FERC Docket No. ER09-1158, and Potomac Electric Power Company (“PEPCO”) in FERC Docket No. ER09-1159. The filings referred to in (i) and (ii) above are collectively referred to as the “TEC Filings.”

Transmission Enhancement Charges

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 April 25, 2017, in Docket Nos. ER17-950-000 and ER17-940-001, 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. (“ConEd Wheel”)(“ConEd Wheel Order”). The PJM tariff revisions removed 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.¹ By Order dated July 26, 2017, the Board authorized the EDCs to begin collecting the TEC charges based on the reallocation related to the ConEd Wheel Order, and track such collections until receipt of a Final FERC Order in the matter.²

On December 15, 2017, in Docket Nos. EL-17-84-000 and EL17-90-000 (“HTP and Linden VFT Orders”), FERC issued orders, effective January 1, 2018 that modified the PJM OATT as a result of a change in Hudson Transmission Partners’ (“HTPs”) and Linden Variable Frequency Transformer Project (“VFT’s”) responsibility for certain transmission cost allocations resulting from the conversion of Firm to Non-Firm Transmission Withdrawal Rights. The revisions remove HTP and VFT as parties responsible for cost allocation under Schedule 12 of the PJM OATT. While FERC ruled on these matters through the issuance of the HTP and VFT Orders, the cost reallocations being implemented are still subject to ongoing challenges before FERC. By two (2) separate Orders dated July 25, 2018, the Board authorized the EDCs to begin collecting the TEC charges based on the reallocation related to the HTP and VFT Orders and track such collections until receipt of a Final FERC Order.³

¹ With the exception of a protest filed by the Board, the entities (i.e., VFT, Hudson Transmission Partners, and New York Power Authority (collectively, “Merchant-related Protestors”)) challenging the 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.

² In re 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, Order dated July 26, 2017 (“July 2017 Order”).

³ 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 - February 2018 Joint Filing Related to JCP&L TECs AND 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 - February 2018 Joint Filing, BPU Docket Nos. ER18020157 and ER18020158, Orders dated July 25, 2018.

June 2020 Petition

In the June 2020 Petition, the EDCs requested to implement revised tariff rates. The proposed rates included in the amended tariff sheets for each EDC reflect costs effective as of June 1, 2020 for TECs resulting from the above listed FERC-approved TEC Filings. The proposed rates also include the rate adjustments resulting from the ConEd Wheel Order and the HTP and VFT Orders (collectively, "FERC Orders").

The EDCs also requested that the BGS suppliers be compensated for the changes to the OATT resulting from the implementation of the updates to formula rates which became effective June 1, 2020. The EDCs represent that suppliers will be compensated subject to the terms and conditions of the applicable Supplier Master Agreements ("SMAs"). Any differences between payments to BGS-RSCP and BGS-CIEP suppliers and charges to customers will flow through BGS Reconciliation Charges. Because suppliers began to pay the modified transmission charges in June 2020, the EDCs requested a waiver of the 30-day filing requirement.

According to the EDCs, this filing satisfies the requirements of paragraph 15.9(a) (i) and (ii) of the BGS-RSCP and BGS-CIEP 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.

Each EDC is allocated the ACE derived Network Integration Transmission Service ("NITS") Charge and the TECs from PJM based on the cost 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): a decrease of \$0.95 or 0.75% for ACE, an increase of \$0.06 or 0.07% for JCP&L, a decrease of \$0.01 or 0.01% for PSE&G; and a decrease of \$0.10 or 0.09% 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 NITS 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 2020 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 and the ACE NITS, effective as of September 1, 2020. However, with respect to the reallocations derived from the FERC Orders, the Board notes that these are not Final FERC Orders and are subject to ongoing challenges at FERC. The Board's December 22, 2006 Order⁴ at page 12 provides,

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.

In the Board's Order dated November 21, 2017 in Docket No. ER17040335, the Board found that the current construct provides a balance between the protection of ratepayers and the concerns of BGS suppliers regarding risk, while allowing the Board discretion on a case by case basis. The Board notes that in its November 13, 2019 Order, Staff was directed to work with the parties prior to the filing of the 2021 BGS Auction proposals in an attempt to find a resolution to issues related to transmission payments. The Board **HEREBY APPROVES** the EDCs' request to pay suppliers at this time, and **HEREBY AUTHORIZES** the EDCs to collect from BGS customers the costs associated with the June 2020 Petition subject to the terms and conditions of the SMAs. The Board emphasizes that this decision is based upon the facts and circumstances specific to this instant petition and does not have a precedential effect.

The Board **HEREBY WAIVES** the 30-day filing requirement as requested by the EDCs in the June 2020 Petition.

Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings by September 1, 2020.

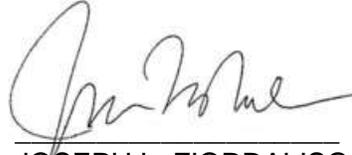
The EDCs' rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

⁴ In re the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket No. EO06020119, Order dated December 22, 2006.

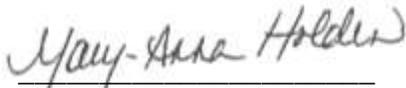
The effective date of this Order is August 22, 2020.

DATED: August 12, 2020

BOARD OF PUBLIC UTILITIES
BY:



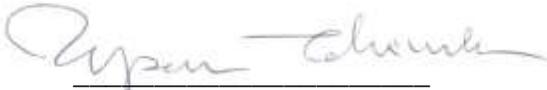
JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

**IN THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE, THE
COMPLIANCE TARIFF FILING REFLECTING CHANGES TO SCHEDULE 12 CHARGES IN
PJM OPEN ACCESS TRANSMISSION TARIFF - JUNE 22, 2020 FILING**

BPU Docket No. ER20060446

NOTIFICATION LIST

<p>BOARD OF PUBLIC UTILITIES 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350</p>		
<p>Stacy Peterson, Director of Energy stacy.peterson@bpu.nj.gov</p>	<p>Aida Camacho-Welch Secretary of the Board board.secretary@bpu.nj.gov</p>	<p>Benjamin Witherell Chief Economist benjamin.witherell@bpu.nj.gov</p>
<p>Heather Weisband, Esq. heather.weisband@bpu.nj.gov</p>	<p>Cynthia Holland, Director cynthia.holland@bpu.nj.gov</p>	<p>Ryan Moran ryan.moran@bpu.nj.gov</p>
<p>DIVISION OF RATE COUNSEL 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-0003</p>		
<p>Stefanie A. Brand, Esq., Director sbrand@rpa.nj.gov</p>	<p>Brian Lipman blipman@rpa.nj.gov</p>	<p>Ami Morita amorita@rpa.nj.gov</p>
<p>David Wand dwand@rpa.nj.gov</p>	<p>Debora Layugen dlayugan@rpa.nj.gov</p>	
<p>DEPARTMENT OF LAW & PUBLIC SAFETY 29 Market Street Post Office Box 112 Trenton, NJ 08625</p>		
<p>Pamela Owen, ASC, DAG pamela.owen@law.njoag.gov</p>	<p>Daren Eppley, DAG daren.eppley@law.njoag.gov</p>	<p>Michael Beck, DAG michael.beck@law.njoag.gov</p>
<p>EDCs</p>		
<p>Joseph Janocha Atlantic City Electric Co. – 63ML38 5100 Harding Highway Atlantic Regional Office Mays Landing, NJ 08330 joseph.janocha@pepcoholdings.com</p>	<p>Dan Tudor Pepco Holdings, Inc. 7801 Ninth Street NW Washington, DC 20068-0001 datudor@pepco.com</p>	<p>Phil Passanante, Esq. Atlantic City Electric Co. – 89KS Post Office Box 231 Wilmington, DE 19899 philip.passanante@pepcoholdings.com</p>

<p>Yongmei Peng Jersey Central Power & Light Co. 300 Madison Ave. Morristown, NJ 07962 ypeng@firstenergycorp.com</p>	<p>Jennifer Spricigo First Energy 300 Madison Avenue Morristown, NJ 07960 jspricigo@firstenergycorp.com</p>	<p>Joshua Eckert, Esq. First Energy 300 Madison Avenue Morristown, NJ 07960 jeckert@firstenergycorp.com</p>
<p>John L. Carley, Esq. Consolidated Edison Co. of NY Law Dept., Room 1815-S 4 Irving Place New York, NY 10003 carleyj@coned.com</p>	<p>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</p>	<p>Joseph A. Shea, Esq. PSEG Services Corporation Post Office Box 570 80 Park Plaza, T-5 Newark, NJ 07101 Joseph.shea@pseg.com</p>
<p>Chantale LaCasse NERA 1166 Avenue of the Americas, 29th Floor New York, NY 10036 chantale.lacasse@nera.com</p>	<p>Myron Filewicz Manager- BGS PSE&G 80 Park Plaza, T-8 Post Office Box 570 Newark, NJ 07101 myron.filewicz@pseg.com</p>	<p>Terry Moran, Director Energy Supply Acquisitions and Operations PSE&G 80 Park Plaza, T-8 P.O. Box 570 Newark, NJ 07101 terrance.moran@pseg.com</p>
<p>Diane Novak Senior Energy Acquisition Analyst Energy Acquisition Pepco Holdings 701 Ninth Street N.W. Washington, DC 20068 dnnovak@pepco.com</p>		
OTHER		
<p>Rick Sahni Contract Services – Power BP Energy Company 501 W Lark Park Boulevard WL1-100B Houston, TX 77079 rick.sahni@bp.com</p>	<p>Matthew Clements Contract Services – Power BP Energy Company 501 W Lark Park Boulevard WL1-100B Houston, TX 77079 matthew.clements@bp.com</p>	<p>Commodity Operations Group Citigroup Energy Inc. 2800 Post Oak Boulevard Suite 500 Houston, TX 77056 ceiconfirms@citi.com</p>
<p>Legal Department Citigroup Energy Inc. 2800 Post Oak Boulevard Suite 500 Houston, TX 77056</p>	<p>Jackie Roy ConocoPhillips 600 N. Dairy Ashford, CH1081 Houston, TX 77079 jackie.roy@conocophillips.com</p>	<p>John Forman ConocoPhillips 600 N. Dairy Ashford, CH1081 Houston, TX 77079 ohn.r.foreman@conocophillips.com</p>

<p>Cynthia Klots DTE Energy Trading 414 South Main Street Suite 200 Ann Arbor, MI 48104 cynthia.klots@dteenergy.com</p>	<p>James Buck DTE Energy Trading 414 South Main Street Suite 200 Ann Arbor, MI 48104 buckj@dteenergy.com</p>	<p>Cynthia Klots DTE Energy Trading 414 South Main Street Suite 200 Ann Arbor, MI 48104 klotsc@dteenergy.com</p>
<p>Danielle Fazio Engelhart CTP (US) 400 Atlantic Street, 11th Floor Stamford, CT 06901 danielle.fazio@ectp.com</p>	<p>Mara Kent Engelhart CTP (US) 400 Atlantic Street, 11th Floor Stamford, CT 06901 mara.kent@ectp.com</p>	<p>Connie Cheng Macquarie Energy LLC 500 Dallas Street, Level 31 Houston, TX 77002 connie.cheng@macquarie.com</p>
<p>Paul Rahm Exelon Generation Company 100 Constellation Way, Suite 500C Baltimore, MD 21102 paul.m.rahm@constellation.com</p>	<p>Jessica Miller Exelon Generation Company 100 Constellation Way, Suite 500C Baltimore, MD 21102 jessica.miller@constellation.com</p>	<p>Justin Brenner NextEra Energy Power Mktg. 700 Universe Boulevard CTR/JB Juno Beach, FL 33408-2683 DL-PJM-RFP@fpl.com</p>
<p>Sherri Brudner Macquarie Energy LLC 500 Dallas Street, Level 31 Houston, TX 77002 sherri.brudner@cacquarie.com</p>	<p>Patricia Haule Macquarie Energy LLC 500 Dallas Street, Level 31 Houston, TX 77002 patricia.haule@macquarie.com</p>	<p>Shawn P. Leyden, Esq. PSEG Services Corporation 80 Park Plaza – T-19 P.O. Box 570 Newark, NJ 07101 shawn.leyden@pseg.com</p>
<p>Cara Lorenzoni Noble Americas Gas & Power Four Stamford Plaza, 7th Floor Stamford, CT 06902 clorenzoni@mercuria.com</p>	<p>Brian McPherson TransCanada Power Marketing Ltd. 110 Turnpike Road, Suite 300 Westborough, MA 01581 brian_mcpherson@transcanada.com</p>	<p>Matthew Davies TransCanada Power Marketing Ltd. 110 Turnpike Road, Suite 300 Westborough, MA 01581 matthew_davies@transcanada.com</p>
<p>Alan Babb Talen Energy Marketing LLC GENPL7S 835 Hamilton Street, Suite 150 Allentown, PA 18101 alan.babb@talenenergy.com</p>	<p>Mariel Ynaya Talen Energy Marketing LLC GENPL7S 835 Hamilton Street, Suite 150 Allentown, PA 18101 mariel.ynaya@talenenergy.com</p>	<p>Marleen Nobile PSEG Services Corporation 80 Park Plaza, T-19 PO Box 570 Newark, NJ 07101 marleen.nobile@pseg.com</p>
<p>Steven Gabel Gabel Associates 417 Denison Street Highland Park, NJ 08904 steven@gabelassociates.com</p>		