

On May 1, 2017, in FERC Docket No. ER17-1519-000, PJM, on behalf of PECO Energy Company (“PECO”), filed a request with FERC for approval of a transmission formula rate template and formula rate protocols in the PJM OATT. On June 27, 2017, FERC issued a letter order accepting PECO’s filing, subject to refund, effective December 1, 2017. By Order dated February 28, 2018, the Board approved the changes to the Basic Generation Service - Residential and Small Commercial Pricing (“BGS-RSCP”) and Basic Generation Service - Commercial and Industrial Pricing (“BGS-CIEP”) rates of each EDC for its transmission charges resulting from the FERC-approved changes, effective as of April 1, 2018.¹

On March 31, 2020, FERC issued an Order on Compliance in Docket No. ER18-680 which allowed PJM to charge Linden Variable Frequency Transformer (“Linden VFT”) and Hudson Transmission Partners (“HTP”) for their share of violation-based distribution factor (“DFAX”) projects and apply those credits to other zones, including New Jersey transmission zones, and ultimately load serving entities (“ER18-680 FERC Order”). The cost reallocations from the ER18-680 FERC Order resulted in re-billings going back to January 2018 and are applied on a go-forward basis. According to the October 2020 Petition, the charges and credits for the rebilling period will occur over a four (4) month period that began in August 2020.

On April 3, 2020, FERC issued an Order Accepting Compliance Filings in Docket No. ER15-1387-006 and ER15-1344-007 approving cost reallocations for unique projects in the Dominion Energy Services (“Dominion”) and PSE&G transmission zones that result in rebilling back to May 2015 for FERC from 715 RTEP projects (“Form 715 FERC Order”). The Form 715 FERC Order allows PSE&G and Dominion to share costs with other transmission zones. According to the October 2020 Petition, the charges and credits for the rebilling period will occur over a seven (7) month period that began in September 2020.

Additionally, on April 3, 2020, FERC issued an Order Denying Rehearing and Granting Clarification in Docket Nos. ER15-1387-005 and ER16-1344-006. In the Order, FERC granted Old Dominion Electric Cooperative (“ODEC”) and Dominion’s request for clarification in that the Order on Remand “requires PJM’s compliance filing to include a calculation of refunds, plus interest, resulting from the reallocation of costs directed by the commission.” FERC denied Linden VFT’s request for rehearing as it relates to refunds stating that the ordering of refunds in this matter is appropriate. FERC also denied Consolidated Edison Company of New York (“ConEd”) and Linden VFT’s requests for rehearing contending that the Commission should have limited its response on remand solely to high-voltage facilities and not, in PJM parlance, to Regional Facilities, Necessary Lower Voltage Facilities and Lower Voltage Facilities. FERC further stated that it also denied Con Ed’s rehearing request contending that it is inequitable for it to bear the financial impact of the Sewaren Project costs when ConEd does not derive any benefit from the project. Ultimately, FERC believed the arguments ConEd and Linden VFT made were beyond the scope of the proceeding.

¹ In re Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff- December 20, 2017 Joint Filing, BPU Docket No. ER17121310, Order dated February 28, 2018 (“PECO Order”).

October 2020 Petition

The EDCs' proposed tariff changes reflect changes to the BGS-RSCP and BGS-CIEP rates to customers resulting from changes in the PJM OATT made in response to the ER18-680 FERC Order, the Order Denying Rehearing and Granting Clarification, Docket Nos. ER15-1387-005 and ER16-1344-006, and the Form 715 FERC Order ("FERC Orders"). Additionally, the EDCs included the updated PECO formula rate revenue requirement, which was updated after the EDCs June 22, 2020 filing ("PECO Update").

In the October 2020 Petition, the amended tariff sheets included the EDCs' proposed rates for each EDCs costs for the rate adjustments resulting from the FERC Orders and the PECO Update.

The EDCs also sought authority to charge or credit BGS customers over a 12 month period depending on the specific EDC rate design while paying or charging suppliers as they incur these charges or credits. The EDCs further sought approval for the flexibility to net the charges and credits for a supplier at the end of the rebilling period where it makes practical sense to do so.

According to the EDCs, under the BGS-RSCP and BGS-CIEP Supplier Master Agreements ("SMAs") Section 15.9, the EDCs are permitted to recover increases in Firm Transmission Service charges from BGS customers subject to Board approval. After collecting such charges, 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.

The EDCs requested that the Board find that, upon the EDCs collection of the increase or credit due to these cost reallocations, that the EDCs be authorized to remit or charge to BGS suppliers the cost increases or credits collected due to the cost reallocations, and that the EDCs will accrue the charges or credits to or from the BGS suppliers and amortize them over the same 12 month period matching the BGS customer rates in order to minimize the timing differences impact on the EDC's BGS Reconciliation Charge. According to the October 2020 Petition, any difference between the payments or charges to the BGS suppliers and charges or credits to BGS customers would flow through each EDC's BGS Reconciliation Charge.

Based upon 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 \$0.17 or 0.13% for ACE, an increase of \$0.33 or 0.37% for JCP&L, a decrease of \$2.33 or 1.89% for PSE&G, and a decrease of \$0.57 or 0.49% 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 Service ("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 October 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 NITS, effective as of December 15, 2020. The Board's December 22, 2006 Order² 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. In the Board's Order in the 2021 BGS proceeding, the Board approved transferring the responsibility of transmission from the BGS suppliers to the EDCs going forward.³ Additionally, the Board has addressed issues related to previously collected, but not paid transmission costs.⁴ Accordingly, the Board **HEREBY APPROVES** the EDCs' request to pay suppliers at this time, and **HEREBY AUTHORIZES** the EDCs to collect from, or provide refund to, BGS customers the costs associated with the October 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.

Additionally, the Board **HEREBY APPROVES** the EDCs request to charge or credit BGS customers over a 12 month period depending on the specific EDC rate design while paying or charging suppliers as they incur these charges or credits. Additionally, the Board **AUTHORIZES** the EDCs to use flexibility to net the charges and credits for a supplier at the end of the rebilling period where it makes practical sense to do so.

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

² In re the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket No. EO06020119, Order dated December 22, 2006.

³ In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2020, BPU Docket No. ER20030190, Order dated November 18, 2020.

⁴ In re the Petition of the Provision of Basic Generation Service and Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff, BPU Docket Nos. ER17050499, ER17060671, ER17070752, ER17111150, ER17121278, ER18020157, ER18020158, ER18060656, ER18070711, ER18121290, ER19060763, ER19121509, ER19121540, Order dated November 18, 2020.

Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings by December 15, 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.

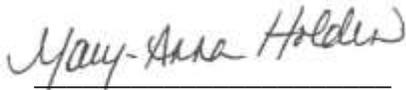
The effective date of this Order is December 12, 2020.

DATED: December 2, 2020

BOARD OF PUBLIC UTILITIES
BY:



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PRESIDENT



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COMMISSIONER



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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 - OCTOBER 23, 2020 FILING

BPU Docket No. ER20100672

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