



Agenda Date: 12/16/20
Agenda Item: 2A

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 IMPLEMENTATION OF <u>L. 2018, C. 16</u> REGARDING THE ESTABLISHMENT OF A ZERO EMISSION CERTIFICATE PROGRAM FOR ELIGIBLE NUCLEAR POWER PLANTS)	ORDER APPROVING A MODIFIED ZERO EMISSION CERTIFICATE RECOVERY CHARGE TARIFF
)	
)	DOCKET NO. EO18080899
IN THE MATTER OF THE APPLICATION OF ATLANTIC CITY ELECTRIC COMPANY FOR APPROVAL TO IMPLEMENT A ZERO EMISSION CERTIFICATE ("ZEC") CHARGE AND TARIFF PAGE(S) RELATED THERETO IN SUPPORT OF THE ZEC PROGRAM AUTHORIZED BY N.J.S.A. 48:3-87.3 <u>ET SEQ.</u> AND A BOARD ORDER INITIATING THE ZEC PROGRAM DATED AUGUST 29, 2018)	
)	
)	DOCKET NO. EO18091003

Parties of Record:

Philip J. Passanante, Esq. for Atlantic City Electric Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On May 23, 2018, Governor Phil Murphy signed into law L. 2018, c. 16 (N.J.S.A. 48:3-87.3 to -87.7) ("Act"). The Act required the New Jersey Board of Public Utilities ("Board") to implement a Zero Emission Certificate ("ZEC") program within specified timelines. N.J.S.A. 48:3-87.3 to -87.5. Under the Act, the Board may approve certain eligible nuclear energy generators to receive ZECs, which New Jersey's electric distribution companies ("EDCs") would be required to purchase.¹ N.J.S.A. 48:3-87.5(b)(2); N.J.S.A. 48:3-87.5(i). The Act also provided that the Board shall order the full recovery of EDCs' costs associated with the purchased ZECs through a non-bypassable charge imposed on each EDC's retail distribution customers. N.J.S.A. 48:3-87.5(j)(1).

¹ The EDCs are Atlantic City Electric Company ("ACE or "Company"), Jersey Central Power and Light Company, Public Service Electric and Gas Company, Rockland Electric Company and Butler Electric ("Butler"). Butler is regulated to the extent it serves customers outside of its municipal borders.

The Act also directed each EDC to file with the Board within 150 days of the Act's enactment, by October 22, 2018, a tariff to recover from its retail distribution customers a charge of \$0.004 per kilowatt-hour ("kWh"). N.J.S.A. 48:3-87.5(j). The Act identified this charge as the emissions avoidance benefits associated with the continued operation of a selected nuclear power plant. (*Ibid.*) Within 60 days of the filing of each EDC tariff, and after notice, opportunity for comment, and a public hearing, the Board was required to approve the appropriate tariffs. (*Ibid.*) In the Act, the EDCs were also directed to return excess monies in each EDC's separate, interest bearing account to its retail distribution customers at the end of each energy year.

By Order dated November 19, 2018, the Board accepted the tariff filings made by ACE and directed that the tariff not be implemented unless and until the Board issued a final order authorizing the Company to implement the ZEC program.² Subsequently, by Order dated April 18, 2019, the Board directed the EDCs to submit final tariffs to become effective on April 18, 2019.³ The Board further directed the EDCs to calculate interest on their collections at their respective short-term debt rates in their respective collection accounts as allowed under the Act.

OCTOBER 2020 FILING

On October 23, 2020, ACE submitted a filing with the Board seeking to refund the excess ZEC collections and corresponding interest related to Energy Years 2019 and 2020 ("Petition").

In the Petition, the Company proposed to refund the excess ZEC recovery charge collection and corresponding interest over a 12-month period, commencing January 1, 2021, through the previously established ZEC Reconciliation Charge Rate, which is a component of the approved ZEC Recovery Charge ("ZECRC") tariff and currently set at zero. The proposed ZEC Reconciliation Charge Rate is (\$0.000166) per kWh, including New Jersey Sales and Use Tax ("SUT"). The Company indicated that it will monitor the ZECRC excess collection balance and, as it approaches zero, proposed to make a filing at the Board at least 30 days in advance of ACE's intention to implement the rate change in the ZEC Reconciliation Charge Rate to zero. According to ACE, any excess balance remaining at that point will be included in the Company's next ZEC Reconciliation Charge Rate filing. Additionally, ACE noted that the tariff sheets have been updated to reflect the rates in \$ per kWh for consistency purposes with how other rates are shown in ACE's Tariff.

In the filing, ACE indicated that the total over-recovery to be returned to customers for Energy Years 2019 and 2020 is \$1,328,788.88. This includes interest calculated on both periods at the Company's short term debt rate.

² In re the Implementation of L. 2018, C. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants AND In re the Application Of Atlantic City Electric Company for Approval to Implement a Zero Emission Certificate ("ZEC") Charge And Tariff Page(s) Related Thereto in Support of the ZEC Program Authorized by N.J.S.A. 48:3-87.3 et seq. and a Board Order Initiating the ZEC Program Dated August 29, 2018, BPU Docket Nos. EO18080899 and EO18091003, Order dated November 19, 2018.

³ In re the Implementation of L. 2018, C. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants; Application for Zero Emission Certificates of Salem 1 Nuclear Power Plant; Application for Zero Emission Certificates of Salem 2 Nuclear Power Plant; Application for Zero Emission Certificates of Hope Creek Nuclear Power Plant, BPU Docket Nos. EO18121338, EO18121339, and EO18121337, Order dated April 18, 2019.

DISCUSSION AND FINDINGS

The Board reviewed the record in this matter and **HEREBY APPROVES** ACE's proposed ZECRC rate and tariff. The Board **HEREBY APPROVES** a revised total ACE ZECRC rate of \$0.004099, including SUT, for service rendered on and after January 1, 2021. As a result, a residential customer using approximately 650 kWh per month will see a decrease of \$0.11 in their monthly bill.

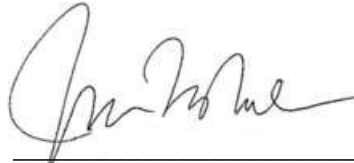
The Board **HEREBY DIRECTS** ACE to file revised tariffs by January 1, 2021.

The Company's costs will remain subject to audit by the Board. This Order shall not preclude or prohibit the Board from taking further action relating to any such audit.

The effective date of this Order is December 26, 2020.

DATED: December 16, 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 Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants

In the Matter of the Application of Atlantic City Electric Company for Approval to Implement a Zero Emission Certificate (“ZEC”) Charge and Tariff Page(s) Related Thereto in Support of the ZEC Program Authorized by N.J.S.A. 48:3-87.3 et seq. and a Board Order Initiating the ZEC Program Dated August 29, 2019

BPU Docket Nos. EO18080899 and EO18091003

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