



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

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF)	DECISION AND ORDER
JERSEY CENTRAL POWER AND LIGHT COMPANY)	SETTING ADMINISTRATIVE
SEEKING REVIEW AND APPROVAL OF ITS)	FEE
DEFERRED BALANCES RELATING TO, AND AN)	
ADJUSTMENT OF, THE SOLAR RENEWABLE ENERGY)	
CERTIFICATES FINANCING COMPONENT (“SREC”) OF)	
THE RIDER RRC – RGGI RECOVERY CHARGE OF ITS)	
FILED TARIFF (“2019 RIDER RRC FILING”), AND)	
SEEKING REVIEW AND APPROVAL OF THE)	
ADMINISTRATIVE FEE FOR THE SREC II PROGRAM)	
EFFECTIVE AS OF JANUARY 1, 2021)	DOCKET NO. ER20110698

Parties of Record:

Joshua R. Eckert, Esq., Jersey Central Power and Light Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On November 4, 2020, Jersey Central Power and Light Company (“JCP&L” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) seeking review and approval of the deferred balances accumulated under Board-approved demand response (“DR”) and renewable energy programs, to the extent such balances were accumulated from January 1, 2019 through December 31, 2019 (“November 2020 Petition”). Additionally, the Company proposed to increase the Solar Renewable Energy Certificates Financing (“SREC”) component of the Company’s Regional Greenhouse Gas Initiative (“RGGI”) Recovery Charge Rider (“Rider RRC”) as well as maintain the current Administrative Fee related to its SREC II program. By this Decision and Order, the Board considers the Company’s request to maintain the SREC II Administrative Fee for calendar year 2021.

Background and Procedural History

Demand Response Programs

Beginning in 2008, JCP&L administrated three (3) DR programs: the AC Cycling Program, the Demand Response Working Group Program (“DRWG”), and the Integrated Distributed Energy Resource Program (“IDER”). By Order Dated July 25, 2008, the Board authorized JCP&L to recover costs associated with the AC Cycling Program under the Rider System Control Charge (“Rider SCC”).¹ After a series of extensions authorized by the Board, the AC Cycling Program concluded on December 31, 2012.²

By Order dated September 22, 2008, the Board adopted a modified version of a proposal submitted in November 2007 by the DRWG to be implemented through the under N.J.S.A. 48:3-98.1.³ By Order dated December 10, 2008, the Board directed that reasonable and prudent costs associated with the administration of the DRWG Modified Proposal be recovered via a separate component of the Rider RRC, which commenced on May 1, 2009.⁴

The July 2008 Order also authorized JCP&L to implement a new IDER Pilot Program designed to deliver approximately eight (8) megawatts of new DR by June 1, 2009. JCP&L was authorized to recover actual reasonable and prudent costs associated with the IDER Pilot Program through Rider SCC. By Order dated June 15, 2011, the Board authorized JCP&L to transfer the recovery of costs associated with the IDER Pilot Program from Rider SCC to Rider RRC.⁵ Additionally, the June 2011 Order also stated that after the conclusion of the AC Cycling Program, any remaining under or over recovery in Rider SCC would be transferred to Rider RRC. By Order dated August 24, 2016, the Board approved a stipulation that reset JCP&L’s Rider SCC rate to zero effective September 1, 2016.⁶ By Order Dated December 18, 2018, the IDER component of Rider RRC was eliminated.⁷

¹ In re the New Jersey Direct Load Control Program Proposal - Jersey Central Power and Light Company, BPU Docket No. ER0706375, Order dated July 25, 2008 (“July 2008 Order”).

² In re the Verified Petition of Jersey Central Power and Light Company Concerning the Continuation Beyond May 31, 2009 of its Legacy Direct Load Control Air Conditioner Cycling Program, BPU Docket No. ER07060375, Order dated March 3, 2009; In re the Verified Petition of Jersey Central Power and Light Company Concerning the Continuation Beyond May 31, 2010 of its Legacy Direct Load Control/Air Conditioning Cycling Program, BPU Docket No. ER10010034, Order dated February 17, 2010; and In re the Verified Petition of Jersey Central Power and Light Company Concerning the Continuation Beyond May 31, 2011 of its Legacy Direct Load Control/Air Conditioning Cycling Program (2011 AC Cycling Filing), BPU Docket No. ER10010034, Order dated March 2011 Order.

³ In re Demand Response Programs for the Period Beginning June 1, 2009 Electric Distribution Company Programs, BPU Docket No. EO08050326, Order dated September 22, 2008.

⁴ In re Demand Response Programs for the Period Beginning June 1, 2009 Electric Distribution Company Programs, BPU Docket No. EO08050326, Order dated December 10, 2008.

⁵ In re the Verified Petition of Jersey Central Power and Light Company Concerning the Continuation Beyond May 31, 2011 of its Legacy Direct Load Control/Air Conditioning Cycling Program (2011 AC Cycling Filing), BPU Docket No. ER10010034, Order dated June 15, 2011 (“June 2011 Order”).

⁶ In re the Verified Petition of Jersey Central Power and Light Company Seeking Review and Approval of its Deferred Balances Relating to, and an Adjustment of, the Rider RRC- RGGI Recovery Charge of its Filed Tariff ("2009-2013 Rider RRC Filing") and In re the Verified Petition of Jersey Central Power and Light Company Seeking Review and Approval of its Deferred Balances Relating to, and an Adjustment of, the Rider RRC- RGGI Recovery Charge of its Filed Tariff ("2014 Rider RRC Filing"), BPU Docket Nos. ER14080869 and ER15090995, Order dated August 24, 2016.

⁷ In re the Verified Petition of Jersey Central Power and Light Company Seeking Review and Approval of

Solar Financing Programs

By Order dated August 7, 2008, the Board directed JCP&L and Atlantic City Electric Company ("ACE") to file, by September 30, 2008, a solar financing program based on SRECs, utilizing and incorporating certain mandatory design and filing requirements. On September 30, 2008, JCP&L filed a petition with a proposed SREC financing program under BPU Docket No. EO08090840.

ACE, JCP&L, Board Staff ("Staff"), the New Jersey Division of Rate Counsel ("Rate Counsel"), and the Solar Alliance ("SA") considered the ACE and JCP&L filings in the course of 11 settlement meetings held between February and March 2009. Over the course of those settlement discussions, the ACE and JCP&L proposals were incorporated into a single program which included a cost recovery mechanism and incentives. ACE, JCP&L, Staff, and SA executed a stipulation on March 13, 2009 ("March 2009 Stipulation"). Rate Counsel was also a signatory to the March 2009 Stipulation, but reserved its right to contest three (3) specific issues. By Order dated March 27, 2009, the Board approved the March 2009 Stipulation and decided the contested issues.⁸ Among other things, the March 2009 Order approved the recovery of costs through an SREC Financing Program rate component of the Rider RRC equal to a per kWh charge applicable to all customers. As net program costs for the first year of the program were uncertain, the March 2009 Order required that the JCP&L Rider RRC rate component for this program be set at zero (\$0.0000) and revisited within 12 months of the awards from the first solicitation.

On May 8, 2009, Rate Counsel filed a Notice of Appeal with the Superior Court of New Jersey, Appellate Division, regarding the additional recoveries portion of the contested issues. On July 29, 2009, ACE, JCP&L, Staff, and Rate Counsel entered into a further stipulation of settlement with respect to the contested issues ("Stipulation on Appeal"). By Order dated September 16, 2009, the Board modified its March 2009 Order to reflect the terms of the Stipulation on Appeal. Rate Counsel withdrew its appeal on September 23, 2009.⁹

By Order dated December 18, 2013, the Board authorized JCP&L to offer an SREC II Program with a total program size of up to 52 MW.¹⁰ The December 2013 Order set the Administrative Fee for the SREC II Program participants at \$17.00 per SREC, and further ordered that after five (5) years there would be a true up of the administrative costs and program participant fees, and the program participant fees would be adjusted on a prospective basis beginning January 1, 2019. Through a series of Board Orders, the Board authorized the Company to maintain the SREC II administrative fee at the Board's previously approved rate of \$17.00.¹¹ By Order dated August

its Deferred Balances Relating to, and an Adjustment of, the Rider RRC - RGGI Recovery Charge of its Filed Tariff ("2016 Rider RRC Filing"), BPU Docket No. ER17101031, Order dated December 18, 2018.

⁸ In re the Verified Petition of Jersey Central Power and Light Company Concerning a Proposal for a Solar Renewable Energy Certificate-Based Financing Program Under N.J.S.A. 48:3-98.1, BPU Docket No. EO08090840, Order dated March 27, 2009 ("March 2009 Order").

⁹ In re the Verified Petition of Jersey Central Power and Light Company Concerning a Proposal for a Solar Renewable Energy Certificate-Based Financing Program Under N.J.S.A. 48:3-98.1, BPU Docket No. EO08090840, Order dated September 16, 2009.

¹⁰ In re The Matter of the Verified Petition of Jersey Central Power & Light Company ("JCP&L" or the "Company") Concerning a Proposal for a Solar Renewable Energy Certificate (SREC)-Based Financing Program Under N.J.S.A. 48:3-98.1 ("SREC II"), BPU Docket No. EO12080750, Order dated December 18, 2013 ("December 2013 Order").

¹¹ In re The Matter of the Verified Petition of Jersey Central Power and Light Company Seeking Review and

12, 2020, the Board authorized cost recovery associated with the Transition Renewable Energy Certificate (“TREC”) Program, and established a TREC component of the Company’s Rider RRC.¹² The Company was also directed to include and update the TREC Rate as part of the Company’s annual RRC update filing.

November 2020 Petition

In the November 2020 Petition, JCP&L requested review and approval of the deferred balances associated with its Board approved DR and SREC I and II Programs to the extent accumulated from January 1, 2019 to December 31, 2019. In addition, the November 2020 Petition requested approval to increase JCP&L’s overall Rider RRC SREC I and II rate component from \$0.000523 per kilowatt-hour (“kWh”) [excluding Sales and Use Tax (“SUT”)] to \$0.000617 per kWh (excluding SUT). Given the timing of the implementation of the TREC Program component, in the November 2020 Petition, JCP&L did not seek to modify the TREC component rate in this matter, but indicated that it will update the TREC component of Rider RRC in the Company’s subsequent RRC updated filings.

In the November 2020 Petition, JCP&L requested authorization to carry forward any under recovered or over recovered administrative fee balances for recovery in future annual periods, and maintain the SREC II administrative fee at \$17.00 per purchased SREC for calendar year 2021. According to the November 2020 Petition, using the cost recovery provisions from the December 2013 Order, the Company would need to decrease the administrative fee from \$17.00 to \$3.56 per SREC. JCP&L stated that its forecast of administrative fees assumes that in 2020, and again in 2021, JCP&L will purchase 6,240 SRECs from a project that is completed for those years but not yet able to deliver SRECs. The completed project represents \$106,080 of administrative fees projected to be collected annually in 2020 and 2021. However, according to JCP&L, if these projections do not materialize, JCP&L would be at risk of not recovering its administrative costs for the program if the administrative fee is lowered.

Based upon actual program costs through September 2020 and forecasted costs from October 2020 through December 2020, JCP&L proposed an increase to the SREC I & II component of its Rider RRC from \$0.000000 per kWh to \$0.000094 per kWh, excluding SUT. The Company stated that without the increase, JCP&L anticipated that the SREC component of the RRC deferred balance would be under recovered by approximately \$1.825 million, which includes carrying charge of (\$8,466), by December 31, 2021.

Approval of its Deferred Balances Relating to, and an Adjustment of the Rider RRC – RGGI Recovery Charge of its Filed Tariff (“2017 Rider RRC Filing”), and Seeking Review and Approval of its Administrative Fee for the SREC II Program Effective as of January 1, 2018, BPU Docket No. ER18101094, Order dated December 18, 2018 and In re The Matter of the Verified Petition of Jersey Central Power and Light Company Seeking Review and Approval of its Deferred Balances Relating to, and an Adjustment of the Rider RRC – RGGI Recovery Charge of its Filed Tariff (“2018 Rider RRC Filing”), and Seeking Review and Approval of its Administrative Fee for the SREC II Program Effective as of January 1, 2020, BPU Docket No. ER19070806, Order dated December 20, 2019.

¹² In re The Matter of the Petition of Jersey Central Power and Light Company’s Verified Petition to Establish a New Rate Component of its Rider RRC – RGGI Recovery Charge (“Rider RRC”) for Costs Incurred Pursuant to the Mandate Transition Renewable Energy Credit (“TREC”) Incentive Program (“JCP&L Initial TREC Rate Recovery”), BPU Docket No. ER20050351, Order dated August 12, 2020

DISCUSSION AND FINDINGS

The Board reviewed the record in this matter to date, including the November 2020 Petition. The parties are in the process of reviewing the November 2020 Petition, which will not be complete prior to the impending change in the SREC II Administrative Fee otherwise required by the December 2013 Order. Accordingly, the Board believes it is appropriate to maintain the SREC II Program Administrative Fee for the 2021 calendar year at its current level.

Accordingly, the Board **HEREBY APPROVES** the continuation of the SREC II Program Administrative Fee at the Board's previously approved rate of \$17.00 for the 2021 calendar year. The Board notes that the parties will continue to review all other matters concerning the November 2020 Petition.

The Company's costs, including those related to the programs described above remain subject to audit by the Board. This Decision and Order shall not preclude or prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

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

DATED: December 16, 2020

BOARD OF PUBLIC UTILITIES
BY:



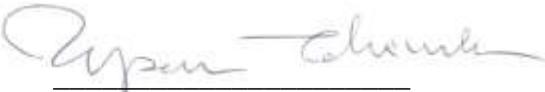
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ROBERT M. GORDON
COMMISSIONER

ATTEST: 

AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE VERIFIED PETITION OF JERSEY CENTRAL POWER AND LIGHT COMPANY SEEKING REVIEW AND APPROVAL OF ITS DEFERRED BALANCES RELATING TO, AND AN ADJUSTMENT OF, THE SOLAR RENEWABLE ENERGY CERTIFICATES FINANCING COMPONENT (“SREC”) OF THE RIDER RRC – RGGI RECOVERY CHARGE OF ITS FILED TARIFF (“2019 RIDER RRC FILING”), AND SEEKING REVIEW AND APPROVAL OF THE ADMINISTRATIVE FEE FOR THE SREC II PROGRAM EFFECTIVE AS OF JANUARY 1, 2021

DOCKET NO. ER20110698

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