



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC )  
SERVICE ELECTRIC AND GAS COMPANY )  
REQUESTING APPROVAL OF A TARIFF )  
AMENDMENT TO ADD BASIC GENERATION )  
SERVICE (BGS) TIME-OF-USE RATES FOR )  
ELIGIBLE RESIDENTIAL ELECTRIC VEHICLE )  
CUSTOMERS PURSUANT TO N.J.A.C. 14:1-5.11 )  
AND N.J.A.C. 14:3-1.3 ) DOCKET NO. ER23030131

**Parties of Record:**

**Aaron Karp, Esq.**, on behalf of Public Service Electric and Gas Company  
**Brian O. Lipman, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On March 8, 2023, Public Service Electric and Gas Company (“PSE&G” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) requesting approval of a tariff modification to add a Basic Generation (“BGS”) Electric Vehicle (“EV”) residential Time-of-Use (“TOU”) rate option and the associated cost recovery (“Petition”). By this Decision and Order, the Board considers the requests provided in the Petition.

**PROCEDURAL HISTORY**

On January 27, 2021, the Board issued an Order in PSE&G’s EV and Energy Storage Program filing.<sup>1</sup> In the January 2021 Order, the Board approved a stipulation whereby the Company agreed to provide TOU option on the distribution charges for residential customers with EV chargers that were on the Company’s Residential Service (“RS”) rate schedule. This would allow those customers to receive the Company’s rate schedule Residential Load Management (“RLM”) on-peak and off-peak distribution charges exclusively for their EV usage. Customers would receive a quarterly credit for charging their EV during off-peak hours. This change was implemented on February 1, 2021.

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<sup>1</sup> In re the Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future – Electric Vehicle and Energy Storage (“CEF-EVES”) Program on a Regulated Basis, BPU Docket No. EO18101111, Board Order dated January 27, 2021 (“January 2021 Order”).

On November 9, 2022, the Board issued an Order in its annual BGS proceeding approving, with modifications, a joint proposal filed by Atlantic City Electric Company, Jersey Central Power & Light Company, Rockland Electric Company, and PSE&G (collectively, “EDCs”) regarding the procurement of the EDCs’ electricity requirements beginning June 1, 2023.<sup>2</sup> In the November 2022 Order, the Board noted the distribution side of residential EV charging was addressed in some of the EDCs’ separate, company specific EV proceedings. The Board indicated that it believed a BGS TOU rate could be created and ordered the EDCs to create a similar solution on the residential supply side to take effect June 1, 2023.

In compliance with the November 2022 Order, PSE&G filed the Petition with a proposed effective date of June 1, 2023. In the Petition, the Company proposed to add a provision to its Rate Schedule RS that allowed residential customers who receive their electric supply via BGS to receive on-peak and off-peak supply charges based on the Company’s BGS rates applicable to Rate Schedule RLM exclusively for their EV charging usage. Customers approved for the program would be issued a credit on the customer bill on at least a quarterly basis after the entire usage has been billed at the BGS rates applicable to Rate Schedule RS.

For ratemaking purposes, PSE&G proposed that the credits associated with the provision will be reflected as a reduction to charges associated with the BGS rates applicable to Rate Schedule RS. Additionally, PSE&G requested that all costs associated with implementing the revised tariff flow through the Company’s quarterly reconciliation charge filing, which the Company claimed was consistent with the November 18, 2020 Order in the 2021 BGS proceeding.<sup>3</sup> Such costs include, but are not limited to, the cost of the credits to customers, and the implementation costs for upgrading the PSE&G systems.

## **COMMENTS**

### **Rate Counsel’s Comments**

On May 8, 2023, the New Jersey Division of Rate Counsel (“Rate Counsel”) filed comments in opposition to the Company’s proposal to recover all costs related to TOU rates via the BGS Reconciliation Charge filing, arguing that doing so is inappropriate, unfounded, and not reasonable. Rate Counsel urged the Board to collect data and thoroughly review the effect of those rates after one (1) year.<sup>4</sup>

Specifically, Rate Counsel, explained that the BGS Reconciliation Charge is not the appropriate mechanism for recovery of TOU implementation costs, which are incremental in nature, subject to change as the rate is implemented, and have not been reviewed or approved by the Board.<sup>5</sup> Rate Counsel noted that PSE&G did not provide support for its estimate of the costs associated with implementing the rate and that the costs vary across the EDCs requiring a greater level of

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<sup>2</sup> In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2023, BPU Docket No. ER22030127, Order dated November 9, 2022 (“November 2022 Order”).

<sup>3</sup> In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2021, BPU Docket No. ER20030190, Order dated November 18, 2020 (“November 2020 Order”).

<sup>4</sup> In re the Petition of Public Service Electric and Gas Company Requesting Approval of a Tariff Amendment to Add Basic Generation Service (BGS) Time-of-Use Rates for Eligible Residential Electric Vehicle Customers Pursuant to N.J.A.C. 14:1-5.11 and N.J.A.C. 14:3-1.3, BPU Docket No. ER23030131, Comments filed on behalf of Rate Counsel, May 8, 2023 (“Rate Counsel Comments”) at p. 1.

<sup>5</sup> Id. at 2.

scrutiny than what is normally provided through a reconciliation process.<sup>6</sup> Rate Counsel acknowledged that the November 2020 Order contemplated a reconciliation process to true-up certain costs related to the BGS rate but it could not have contemplated the information technology and other upgrade costs necessitated by the November 2022 Order issued two (2) years later.<sup>7</sup> Rate Counsel stated that incorporation of these costs into a reconciliation mechanism does not provide stakeholders or the Board sufficient opportunity for review to ensure these costs are just and reasonable.<sup>8</sup>

### PSE&G's Reply

On May 12, 2023, PSE&G submitted reply comments in response to Rate Counsel.<sup>9</sup> PSE&G reiterated its request that all costs associated with the revised tariff proposed in the Petition flow through PSE&G's quarterly BGS Reconciliation Charge filing.<sup>10</sup> PSE&G disagreed with Rate Counsel that the BGS Reconciliation Charge is not the appropriate mechanism to recover these costs. PSE&G stated that it will incur costs related to the new BGS component and as part of the BGS process, the cost recovery mechanism is the BGS Reconciliation Charge.<sup>11</sup> PSE&G further stated that the Company's costs associated with administering a BGS TOU rate should be recovered through the established BGS recovery mechanism. PSE&G further disagreed with Rate Counsel's conclusion that recovery through the BGS Reconciliation Charge prevents or circumvents review of the Company's costs as sufficient due process is in place for review.<sup>12</sup>

### DISCUSSION AND FINDINGS

After reviewing the Petition, Rate Counsel Comments, and PSE&G Reply Comments, the Board agrees with Rate Counsel that, absent an appropriate opportunity to review the reasonableness of the Company's costs related to the implementation of the approved tariff modifications, recovery of those costs should not be included in PSE&G's quarterly BGS reconciliation charge filings. The Board also notes that the Company's assertion that the proposal is consistent with the November 2020 Order is not supported. The November 2020 Order does not address EV TOU rate implementation costs or any specific rate proposal. In fact, the EV TOU rate issue was not raised until the 2022 BGS proceeding.<sup>13</sup>

Accordingly, to provide the opportunity for review of the reasonableness of PSE&G's cost recovery proposal, the Board **HEREBY DENIES** PSE&G's cost recovery proposal included in the Petition. The Board **HEREBY AUTHORIZES** PSE&G to defer the costs associated with

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<sup>6</sup> Id. at 2-3.

<sup>7</sup> Id. at p. 3 (citing November 2020 Order at p. 5).

<sup>8</sup> Ibid.

<sup>9</sup> In re the Petition of Public Service Electric and Gas Company Requesting Approval of a Tariff Amendment to Add Basic Generation Service (BGS) Time-of-Use Rates for Eligible Residential Electric Vehicle Customers Pursuant to N.J.A.C. 14:1-5.11 and N.J.A.C. 14:3-1.3, BPU Docket No. ER23030131, Reply Comments filed on behalf of PSE&G, May 12, 2023 ("PSE&G Reply Comments").

<sup>10</sup> PSE&G Reply Comments at p. 1.

<sup>11</sup> Id. 1-2.

<sup>12</sup> Id. at p. 2.

<sup>13</sup> In re the Provisional of Basic Generation Service (BGS) for the Period Beginning June 1, 2022, BPU Docket No. ER21030631, Order dated November 17, 2021.

implementing the BGS EV TOU rate option until fully implemented, and at such time, the Board **HEREBY DIRECTS** PSE&G to file a petition to recover the deferred costs which may include a proposal to recover the costs through the BGS Reconciliation Charge filings.

As such, the Board **HEREBY ORDERS** the Company to remove the following language from the proposed tariff: "For ratemaking purposes, the credits associated with this special provision will be reflected as a reduction to the charges associated with the BGS rates applicable to Rate Schedule RS. The credit will be applied at least quarterly to the customer bill and will indicate the corresponding period(s) for which the credit applies." The Board **HEREBY APPROVES** PSE&G's proposed tariff modifications subject to the removal of the language provided above.

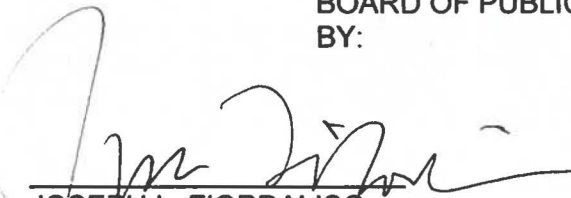
The Board **HEREBY DIRECTS** PSE&G to file revised tariff sheets consistent with the Board's Order by May 31, 2023.

The Company's costs remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions deemed to be appropriate as a result of any such audit.

This Order shall be effective on May 24, 2023.

DATED: May 24, 2023

BOARD OF PUBLIC UTILITIES  
BY:



JOSEPH L. FIORDALISO  
PRESIDENT



MARY-ANNA HOLDEN  
COMMISSIONER



DIANNE SOLOMON  
COMMISSIONER



DR. ZENON CHRISTODOULOU  
COMMISSIONER

ATTEST:



SHERRIL L. GOLDEN  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
REQUESTING APPROVAL OF A TARIFF AMENDMENT TO ADD BASIC GENERATION SERVICE  
(BGS) TIME-OF-USE RATES FOR ELIGIBLE RESIDENTIAL ELECTRIC VEHICLE CUSTOMERS  
PURSUANT TO N.J.A.C. 14:1-5.11 AND N.J.A.C 14:3-1.3

BPU DOCKET NO. ER23030131

SERVICE LIST

**Board of Public Utilities**

44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350

Sherri L. Golden, Secretary  
[board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov)

Stacy Peterson, Deputy Executive Director  
[stacy.peterson@bpu.nj.gov](mailto:stacy.peterson@bpu.nj.gov)

Office of the General Counsel

Carol Artale, Deputy General Counsel  
[carol.artale@bpu.nj.gov](mailto:carol.artale@bpu.nj.gov)

Heather Weisband, Senior Counsel  
[heather.weisband@bpu.nj.gov](mailto:heather.weisband@bpu.nj.gov)

Division of Water and Energy

Mike Kammer, Director  
[mike.kammer@bpu.nj.gov](mailto:mike.kammer@bpu.nj.gov)

Malike Cummings, Deputy Director  
[malike.cummings@bpu.nj.gov](mailto:malike.cummings@bpu.nj.gov)

Ryan Moran  
[ryan.moran@bpu.nj.gov](mailto:ryan.moran@bpu.nj.gov)

**New Jersey Division of Law**

25 Market Street  
Post Office Box 112  
Trenton, NJ 08625

Pamela Owen, ASC, DAG  
[pamela.owen@law.njoag.gov](mailto:pamela.owen@law.njoag.gov)

Terel Klein, DAG  
[terel.klein@law.njoag.gov](mailto:terel.klein@law.njoag.gov)

Daren Eppley, DAG  
[daren.eppley@law.njoag.gov](mailto:daren.eppley@law.njoag.gov)

**Public Service Electric and Gas Company**

PSEG Services Corporation  
80 Park Plaza, T5  
Post Office Box 570  
Newark, NJ 07102

Aaron Karp, Esq.  
[aaron.karp@pseg.com](mailto:aaron.karp@pseg.com)

Terrence J. Moran  
[terrence.moran@pseg.com](mailto:terrence.moran@pseg.com)

**New Jersey Division of Rate Counsel**

140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625

Brian Lipman, Esq., Director  
[blipman@rpa.nj.gov](mailto:blipman@rpa.nj.gov)

T. David Wand, Esq., Managing Attorney  
[dward@rpa.nj.gov](mailto:dwand@rpa.nj.gov)

Rob Glover  
[rglover@rpa.nj.gov](mailto:rglover@rpa.nj.gov)

Bethany Roque-Romaine  
[bromaine@rpa.nj.gov](mailto:bromaine@rpa.nj.gov)

Carlena Morrison  
[cmorrison@rpa.nj.gov](mailto:cmorrison@rpa.nj.gov)