



***VIA BPU E-FILING SYSTEM & OVERNIGHT MAIL***

June 20, 2018

In the Matter of the Provision of Basic Generation Service  
for Year Two of the Post-Transition Period

- and -

In the Matter of the Provision of Basic Generation Service  
for the Period Beginning June 1, 2016

-and-

In the Matter of the Provision of Basic Generation Service  
for the Period Beginning June 1, 2017

-and-

In the Matter of the Provision of Basic Generation Service  
for the Period Beginning June 1, 2018

Docket Nos. EO03050394, , ER15040482, ER16040337, ER17040335

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Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access  
Transmission Tariff Docket No. \_\_\_\_\_

Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Trenton, New Jersey 08625-0350

Dear Secretary Camacho-Welch:

Enclosed for filing on behalf of Jersey Central Power & Light Company ("JCP&L"), Public Service Electric and Gas Company ("PSE&G") and Rockland Electric Company ("RECO") (collectively, the "EDCs") please find an original and two copies of tariff sheets and supporting exhibits proposed by each of the EDCs and revised to reflect changes to the 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 Federal Energy Regulatory Commission ("FERC") Docket No. ER09-1148, by Baltimore Gas and Electric Company in FERC Docket No. ER09-1100, by PECO Energy Company in FERC Docket No. ER17-1519, and by Trans-Allegheny Interstate Line Company ("TrAILCo") in FERC Docket No. ER07-562, (ii) the

formula rate update filings made by the public utility affiliates of Pepco Holdings Inc. (“PHI”) in FERC Docket No. ER08-1423 and the respective utility affiliate compliance filings for formula rate updates made by Atlantic City Electric Company (“ACE”) in Docket No ER09-1156, Delmarva Power and Light (“Delmarva”) in Docket No. ER09-1158, and Potomac Electric Power Company (“PEPCO”) in Docket No. ER09-1159 (the filings referred to in (i) and (ii) above are collectively referred to as the “Filings”). This document has also been uploaded to the Board of Public Utilities E-Filing system.

### **Background**

In its Order dated October 22, 2003 (BPU Docket No. EO03050394), the New Jersey Board of Public Utilities (“Board”) authorized the EDCs to recover FERC-approved changes in firm transmission service-related charges. The Board has also authorized recovery of FERC-approved changes in firm transmission service-related charges in subsequent orders approving the Basic Generation Service (“BGS”) supply procurement process and the associated Supplier Master Agreements (“SMAs”). Furthermore, by subsequent Orders, the BPU has approved Section 15.9 of the Supplier Master Agreements (“SMA”) filed by the EDCs, which authorize the EDCs to increase or decrease the rates paid to suppliers for FERC-approved rates and changes to Firm Transmission Service once approved by the Board.

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” (again, as defined in the PJM OATT) 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.

In turn, the EDCs file with the Board for approval to recover costs associated with TECs from BGS customers and to pay BGS suppliers for TEC charges assigned to them by PJM for the load they serve in the respective EDC service territories.<sup>1</sup>

### **Request for Board Approval**

The EDCs request Board approval to implement the attached, revised BGS-RSCP and BGS-CIEP tariff rates effective September 1, 2018. In support of this request, the EDCs have included pro-forma tariff sheets shown in Attachment 1. The proposed BGS tariff rates have been modified in accordance with the Board-approved methodology contained in each EDC's Company-Specific Addendum in the above-referenced BGS proceedings and in conformance with each EDC's Board-approved BGS tariff sheets. The attached pro-forma tariff sheets propose

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<sup>1</sup> The EDCs pay suppliers subject to the conditions of the Board-approved Supplier Master Agreements.

an effective date of September 1, 2018 and will remain in effect until changed. The BGS-RSCP and BGS-CIEP rates included in the amended tariff sheets for each EDC are revised to reflect costs effective on June 1, 2018 for TECs resulting from all of the FERC-approved Filings. These rates are based on the FERC-approved (and PJM implemented) rates for transmission services.

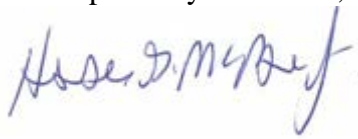
Attachment 2 shows the cost impact for the 2018/2019 period for each of the EDCs. These costs were allocated to the various transmission zones using the cost information from the formula rates for the projects covered by the Filings, as posted on the PJM website. The translation of the transmission zone rate impact to the BGS rates of each of the EDCs assuming implementation on September 1, 2018 is included as Attachment 3. Copies of the Filings and all formula rate updates are included as Attachment 4, and can also be found on the PJM website at <http://www.pjm.com/markets-and-operations/billing-settlements-and-credit/formula-rates.aspx>.

The EDCs also request that the BGS Suppliers be compensated for the changes to the OATT resulting from the implementation of the updates from formula rates effective June 1, 2018. Suppliers will be compensated subject to the terms and conditions of the applicable SMAs. Any differences between payments to BGS-RSCP and BGS-CIEP Suppliers and charges to customers will flow through BGS Reconciliation Charges. This treatment is consistent with the previously-approved mechanisms.

This filing satisfies the requirements of ¶¶ 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 of an increase in retail rates commensurate with the FERC-implemented rate increase.

We thank the Board for all courtesies extended.

Respectfully submitted,



Attachments

cc: Stacy Peterson, NJBPU  
Stefanie Brand, Division of Rate Counsel  
Service List (Electronic)

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
BGS TRANSMISSION ENHANCEMENT CHARGE

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PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
BGS TRANSMISSION ENHANCEMENT CHARGE

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PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
BGS TRANSMISSION ENHANCEMENT CHARGE

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