

JUL 11 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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July 10, 2019

VIA OVERNIGHT DELIVERY

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, Suite 314
P.O. Box 350
Trenton, New Jersey 08625

RECEIVED
MAIL ROOM

JUL 11 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

ER19070806

Re: In the Matter of the Verified Petition of Jersey Central Power & 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 the Administrative Fee for the SREC II Program Effective as of January 1, 2020

Dear Secretary Camacho-Welch:

On behalf of Jersey Central Power & Light Company (“JCP&L” or the “Company”), please find enclosed for filing an original and ten (10) copies of JCP&L’s Verified Petition and supporting attachments in the above-captioned matter relating to the Rider RRC – RGGI Recovery Charge (“RRC”) of JCP&L’s filed Tariff.

As noted in the Verified Petition, the purpose of this filing is to provide for review and approval of deferred amounts in the Company’s RRC deferred balance to the extent accumulated from January 1, 2018 through December 31, 2018. Further, for the reasons discussed in Paragraphs 27 and 28 of the Petition, the Company is proposing that the current Rider RRC tariff rate factor be reduced to \$0.000000/kWh, effective January 1, 2020. In addition, JCP&L is also proposing that the SREC II Program Administrative Fee continue at \$17.00 per purchased SREC for calendar year 2020.

I hereby confirm that copies of this letter and the enclosed Verified Petition and supporting Attachments are being duly served by hand delivery or overnight express delivery upon the Director, Division of Rate Counsel, and upon the Department of Law & Public Safety, Division of Law, as set forth in Paragraph 56 of the Verified Petition. Copies of these documents are also being transmitted by hand delivery, overnight express delivery, or regular United States mail to the balance of the persons named in the attached Service List for this proceeding.

Please kindly stamp the enclosed additional copy of this filing with the date and time of receipt by your office, and with the assigned docket number, and return it to the undersigned using the self-addressed pre-paid envelope provided.

CMS
Legal
DAG
RPA

S. Peterson
P. Lupo
ENERGY(S)-TDC

JCP&L 2018 Rider RRC Filing

July 10, 2019

Page 2 of 2

Thank you very much for your assistance, and please do not hesitate to contact me should you have any questions.

Very truly yours,

A handwritten signature in blue ink that reads "Joshua R. Eckert / JCBW". The signature is written in a cursive style.

Joshua R. Eckert
Counsel for Jersey Central Power & Light Company

Enclosures

cc: Service List (with Enclosures) (by hand delivery or regular U.S. mail)

JUL 11 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

JUL 11 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

In the Matter of the Verified Petition of Jersey	:	
Central Power & Light Company Seeking	:	
Review and Approval of Its Deferred Balances	:	BPU Docket No.
Relating to, and an adjustment of,	:	
the Rider RRC – RGGI Recovery Charge	:	<u>VERIFIED PETITION</u>
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	:	

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Petitioner, Jersey Central Power & Light Company (“Petitioner,” “JCP&L,” or the “Company”), an electric public utility company of the State of New Jersey, subject to the regulatory jurisdiction of the Board of Public Utilities (the “Board”), and maintaining offices at 300 Madison Avenue, Morristown, New Jersey 07962-1911, in support of its above-captioned Verified Petition, respectfully shows:

1. JCP&L is a New Jersey electric public utility primarily engaged in the purchase, transmission, distribution, and sale of electric energy and related utility services to more than 1,000,000 residential, commercial, and industrial customers located within 13 counties and 236 municipalities of the State of New Jersey.
2. Copies of all correspondence and other communications relating to this proceeding should be addressed to:

Joshua R. Eckert, Esq.
Mark A. Mader
Yongmei Peng
Thomas R. Donadio
James E. O’Toole
Jersey Central Power & Light Company
300 Madison Avenue

Morristown, New Jersey 07962-1911

-and-

Lauren M. Lepkoski, Esq.
FirstEnergy Service Company
Legal Department
2800 Pottsville Pike
Reading, Pennsylvania 19612-6001

Purpose of Filing

3. The purpose of this filing is to provide for a review and approval of the deferred amounts included in the Company's Rider RRC – RGGI Recovery Charge ("RRC") deferred balance, which relate to amounts the Company incurred under certain Board-approved demand response and renewable energy programs, to the extent accumulated from January 1, 2018 through December 31, 2018 (the "2018 RRC Period").

4. As set forth herein, JCP&L is proposing that the current Rider RRC tariff rate, which became effective January 1, 2019, be reduced to \$0.000000 effective January 1, 2020. If implemented, JCP&L anticipates that the RRC deferred balance will be an over-recovery of \$379,000, including carrying charges of \$108,000, at December 31, 2020

Procedural History

5. The Company's RRC was initially approved by the Board to recover costs associated with a Board-approved demand response program, known as the Demand Response Working Group Modified Proposal ("DRWG"). *See I/M/O Demand Response Programs for the Period Beginning June 1, 2009 – Electric Distribution Company Programs*, BPU Docket No. EO08050326 (Order, Dec. 10, 2008). JCP&L's initial RRC Tariff was implemented on May 1, 2009.

6. Upon conclusion of the DRWG program, the Board approved JCP&L's recovery of additional costs through the RRC, including an under-recovered balance, accrued interest, and administrative costs associated with the DRWG program. *See I/M/O Demand Response Programs for the Period Beginning June 1, 2009 – Electric Distribution Company Programs*, BPU Docket No. EO08050326 (Order, Feb. 17, 2010). However, the RRC rate was not changed at that time. *Id.*

7. Pursuant to the Board's Order approving an expansion of JCP&L's Integrated Distribution Energy Resource Program ("IDER"), JCP&L was permitted to include the costs of the IDER expansion in the RRC, and, effective January 1, 2010, included an IDER Expansion Rate of \$0.000093 per kWh in the RRC. *See I/M/O the Verified Petition of Jersey Central Power & Light Company Concerning a Proposal for Four Small Scale/Pilot Demand Response Programs for the Period Beginning June 1, 2009*, BPU Docket Nos. EO08050326 and EO08080542 (Order, Aug. 19, 2009).

8. Pursuant to a Board Order regarding various issues pertaining to the Company's legacy A/C Cycling Program and its IDER Program, the Company transferred the cost recovery of its IDER Pilot Program from the System Control Charge ("SCC") to the RRC effective July 1, 2011. *See I/M/O the Verified Petition of Jersey Central Power & Light Company Concerning the Continuation Beyond May 31, 2011 of its Legacy Direct Load Control/Air Conditioning Cycling Program*, BPU Docket No. ER10010034 (Order, June 15, 2011).

9. In 2009, the Board approved a program under which JCP&L enters into long-term contracts to purchase Solar Renewable Energy Certificates ("SRECs") (SREC I Program"). *See I/M/O the Verified Petition of Jersey Central Power & Light Company Concerning a Proposal for an SREC-Based Financing Program Under N.J.S.A. 48:3-98.1*, BPU Docket No. EO08090840

(Orders, Mar. 27, 2009 and Sep. 16, 2009). Costs of the SREC I Program are recovered through the RRC.

10. On December 18, 2013, the Board approved JCP&L's "SREC II" Program. *I/M/O the Verified Petition of Jersey Central Power & Light Company Concerning a Proposal for an SREC-Based Financing Program Under N.J.S.A. 48:3-98.1 ("SREC II")*, BPU Docket No. EO12080750 (Order, Dec. 18, 2013). Costs of certain aspects of the SREC II Program are recovered through the RRC. Consistent with this past treatment, JCP&L has included certain SREC II Program costs in the instant filing.

11. On August 1, 2014, the Company filed a Verified Petition and supporting Attachments for the 2009-2013 RRC Period, which was assigned Docket No. ER14080869 ("2009-2013 RRC Filing"). On March 11, 2015, the Company filed an update to that Verified Petition. Based on the March 11, 2015 update, the 2009-2013 RRC Filing sought an increase in annual revenues collected through the RRC of approximately \$17 million.

12. On August 31, 2015, the Company filed a Verified Petition and supporting Attachments for the period January 1, 2014 through December 31, 2014 (the "2014 RRC Period"), which was assigned Docket No. ER15090905 ("2014 RRC Filing"). The 2014 RRC Filing requested an increase of \$21.17 million in annual revenues based on the RRC rate then in effect, without taking into account the then-pending 2009-2013 RRC Filing. In other words, the 2014 RRC Filing sought an increase of an incremental \$4.17 million annually more than the increase requested in the 2009-2013 RRC Filing.

13. On August 24, 2016, the Board issued a Decision and Order Approving Stipulation in regard to the 2009-2013 and 2014 RRC Filings (the "August 24, 2016 Order"). Pursuant to the Board's Order, (1) the IDER Program component of JCP&L's RRC rate factor was decreased from

\$0.000116 per kWh to a credit of \$(0.000640) per kWh (exclusive of sales and use tax (“SUT”)); (2) the SREC I Program component of JCP&L’s RRC rate factor was set to an initial rate of \$0.001729 per kWh (exclusive of SUT); and (3) JCP&L’s overall RRC rate factor was increased from \$0.000116 per kWh (\$0.000124 per kWh, including SUT) to \$0.001089 per kWh (\$0.001165 per kWh, including SUT). This increase in the RRC rate factor was expected to increase annual revenues collected through the RRC by approximately \$20.536 million. The revised rates became effective for service rendered on and after September 1, 2016.

14. The August 24, 2016 Order also approved a provision of the Stipulation of Settlement that required JCP&L to file its next annual RRC filing no later than October 1, 2016, with actual data through December 2015.

15. On September 30, 2016, JCP&L filed a Verified Petition and supporting Attachments for the period January 1, 2015 through December 31, 2015 (the “2015 RRC Period”), which was assigned Docket No. ER16090921 (“2015 RRC Filing”). In the 2015 RRC Filing, the Company proposed to decrease the RRC rate factor from the current level of \$0.001089 per kWh (\$0.001165 per kWh, including SUT) to \$0.000862 per kWh (\$0.000922 per kWh, including SUT). The proposed decrease in the RRC would result in a decrease of approximately \$4.587 million per year in RRC revenues. The Company proposed to reset the current level of its RRC effective January 1, 2017.

16. Thereafter, on May 24, 2017, JCP&L filed an update to the 2015 RRC Filing. In the update, the Company: (1) corrected an omission in the original filing; and (2) updated the schedules to include actual data through December 31, 2016. As a result of the update, the proposed overall decrease in the RRC was modified to a decrease of approximately \$2.849 million annually.

17. On October 20, 2017, the Board issued a Decision and Order Approving Stipulation in regard to the 2015 RRC Filing. Pursuant to the Board's Order, (1) the IDER Program component of JCP&L's RRC rate factor was increased from a credit of \$(0.000640) (exclusive of SUT) per kWh to a credit of \$(0.000584) (exclusive of SUT); and (2) the SREC I Program component of JCP&L's RRC rate factor was decreased from \$0.001729 per kWh (exclusive of SUT) to \$0.001532 per kWh (exclusive of SUT); and (3) JCP&L's overall RRC rate factor was decreased from \$0.001089 per kWh (\$0.001164 per kWh, including SUT) to \$0.000948 per kWh (\$0.001013 per kWh, including SUT). This decrease in the RRC rate factor was expected to decrease annual revenues collected through the RRC by approximately \$2.849 million. The revised rates became effective for service rendered on November 1, 2017.

18. On September 29, 2017, JCP&L filed a Verified Petition and supporting Attachments for the period January 1, 2016 through December 31, 2016 (the "2016 RRC Period"), which was assigned Docket No. ER17101031 ("2016 RRC Filing"). The purpose of the 2016 RRC Filing was to provide for a review and approval of the deferred amounts included in the Company's RRC deferred balance, which related to amounts the Company incurred under certain Board-approved demand response and renewable energy programs, to the extent accumulated from January 1, 2016 through December 31, 2016. In addition, because the IDER Program had ended, JCP&L proposed to "zero-out" the deferred IDER Program balance by applying it against the Deferred SREC balance at December 31, 2017, and to remove the IDER component of Rider RRC. Therefore, making the SREC component the only remaining component of Rider RRC. Accordingly, JCP&L proposed that the then-current combined Rider RRC rate of \$0.001089 per kWh (exclusive of SUT) be decreased by \$0.000853 per kWh (exclusive of SUT), effective January 1, 2018. The proposed decrease in the RRC would have resulted in a decrease of

approximately \$17.35 million per year in RRC revenues, without considering the then-pending 2015 RRC Filing. The Company proposed to reset the level of its RRC effective January 1, 2018.

19. On February 8, 2018, in response to a discovery request, JCP&L updated its Attachments A and E to reflect data through December 31, 2017. As a result of such updated data, the proposed Rider RRC rate was reduced further, to \$0.000221 per kWh (exclusive of SUT), which would result in a decrease of approximately \$14.79 million per year in RRC revenues compared to rates then currently in effect.

20. On September 28, 2018, JCP&L filed a Verified Petition and supporting Attachments for the period January 1, 2017 through December 31, 2017 (the “2017 RRC Period”), which was assigned Docket No. ER18101094 (“2017 RRC Filing”). The purpose of the 2017 RRC Filing was to provide for a review and approval of the deferred amounts included in the Company’s RRC deferred balance, which related to amounts the Company incurred under certain Board-approved demand response and renewable energy programs, to the extent accumulated from January 1, 2017 through December 31, 2017. In the 2017 RRC Filing, JCP&L proposed to decrease the RRC rate factor from the then-current level of \$0.000948 per kWh (\$0.001011 per kWh, including SUT) to a credit of \$(0.000399) per kWh (\$(0.000425) per kWh, including SUT). The proposed reduction in the RRC would have resulted in a decrease of approximately \$27.8 million per year in RRC revenues, without considering the then-pending 2016 RRC Filing.

21. On December 18, 2018, the Board issued a Decision and Order Approving Stipulation with regard to the 2016 RRC Filing (the “December 18, 2018 Order”). Pursuant to the Board’s Order, (1) the IDER Program component of JCP&L’s RRC rate factor was removed from the Company’s Rider RRC; (2) the SREC Program component of JCP&L’s rate factor was decreased to \$0.000221 per kWh (exclusive of SUT); and (3) JCP&L’s overall RRC rate factor

was decreased from \$0.000948 per kWh (\$0.001013 per kWh, including SUT) to \$0.000221 per kWh (\$0.000236 per kWh, including SUT). The revised rates became effective for service rendered on January 1, 2019.

22. The December 18, 2018 Order also approved a provision in the Stipulation of Settlement whereby the parties agreed that the ending deferred IDER and SREC I and II Program costs at December 31, 2017 would be reviewed in the Company's 2017 RRC Filing. As of the date of this Verified Petition, JCP&L's 2017 RRC Filing remains pending.

IDER Program Deferred Balance

23. As set forth in greater detail in the Attachments to this filing, the net deferred balance related to the IDER Program at December 31, 2018 amounted to an under-recovery of \$12,171,114, including 2018 carrying costs of \$137,369. Because the IDER program ended in 2016, no costs were incurred in 2018. However, the IDER tariff rider credit generated negative revenues in 2018 causing the balance to flip to an under-recovery in 2018. *See **Attachment C**.*

24. Pursuant to the December 18, 2018 Order, JCP&L's Rider RRC tariff rate proposed in the 2016 RRC Filing – which eliminated the IDER Program component of the Company's RRC rate factor – took effect January 1, 2019. Consequently, JCP&L offset the final under-recovered IDER Program balance at December 31, 2018 of \$12,171,114, including \$(243,932) of cumulative carrying costs, against the over-recovered SREC I and SREC II Program deferred balance on January 1, 2019, thereby concluding all IDER Program-related activity in 2019 and thereafter. *See **Attachment A**.*

SREC I and SREC II Program Deferred Balance

25. As set forth in greater detail in the Attachments to this filing, the net deferred balance related to the SREC I and SREC II Programs at December 31, 2018 amounted to an over-

recovery of \$21.566 million, after the application of the over-recovered Rider SCC balance of \$4.354 million, and net carrying costs of \$(760,511). See **Attachment A**.

26. After applying the final under-recovered IDER Program balance of \$12,171,114 against the over-recovered SREC I and SREC II Program deferred balance on January 1, 2019, JCP&L projects that, at current rates, the net deferred balance for the SREC I and SREC II Program costs as of December 31, 2019 will be an over-recovery of \$8.247 million, after the application of \$235,374 in carrying costs from 2019. These amounts are based on actual data through March 31, 2019 and forecasted data for the remainder of 2019. See **Attachment A**.

27. At present, the Company expects that SREC auction revenues will not exceed the cost of the Company's SREC purchases under the programs, particularly those purchased under the SREC I Program, and projects net expenses as a result of the difference between the cost of purchases and auction revenues of approximately \$6.7 million in 2019. This difference is a large contributing factor to the over-recovery being reduced from \$9,394,839.53 year-end 2018 to \$8.246 million at year-end 2019. JCP&L anticipates that this trend will continue – with auction revenues being insufficient to cover the costs of SRECs purchased under the program – meaning that the over-recovery will continue to steadily reduce over time.

28. As a resolution to both this filing and the Company's 2017 RRC Filing, JCP&L is proposing to reduce the current Rider RRC tariff rate factor, which was approved in the December 18, 2018 Order, to \$0.000000 effective January 1, 2020. JCP&L projects that this rate reduction, coupled with the impact of auction shortfalls described above, will result in the RRC deferred balance being \$379,000, including carrying charges of \$108,000, at December 31, 2020. See **Attachment A** and **Attachment D-2**. By making only this incremental change at this time, there will be increased stability in the Rider RRC rate factor, and the Company's customers will still

gradually receive a return of the current over-recovery through a rate reduction, carrying costs, and the projected auction shortfalls described above.

Interest Calculation

29. In accordance with the Company's Tariff, interest accrues on any over- or under-recovered RRC balances at an interest rate based on the two-year constant maturity for Treasury Bonds, as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published), plus sixty basis points, but shall not exceed the Company's overall rate of return as approved by the Board. Such interest rate resets each month. The interest calculation is based on the net of tax beginning and ending average monthly balance, consistent with the methodology in the Board's Final Order dated May 17, 2004 (Docket No. ER02080506, *et al.*), compounding annually (added to the balance on which interest is accrued annually) on January 1 of each year. Interest is accrued monthly, with interest roll-in to the deferred balance as of December 31 of each year. From January 1, 2018 through December 31, 2018, the accrued interest on the RRC totals \$(79,650), which includes interest of \$(217,019) in the SREC I and SREC II Programs and \$137,369 in the IDER Program. See **Attachments B and C**, respectively.

SREC II Program Administrative Fee

Background

30. Pursuant to the requirements of the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. ("EDECA") and several statutory amendments thereto, the Board has adopted renewable portfolio standards ("RPS") rules, N.J.A.C. 14:8-2.1 et seq., that, among other things, require that a specified portion of the electricity supplied to New Jersey customers by each supplier or basic generation service provider be supplied from solar electric generation systems.

Under the RPS rules, suppliers and basic generation providers may comply with the solar requirements by submitting SRECs or by paying a Solar Alternative Compliance Payment (“SACP”), or a combination of the two methods.

31. At its September 12, 2007 agenda meeting, the Board directed the Office of Clean Energy (“OCE”) to initiate a proceeding to explore whether additional mechanisms could be established to support the financing of solar generation projects by providing greater assurances about the cash flow to be expected from such projects, noting that such financing depends not only upon certainty about long-term maximum prices for SRECS, as provided by the established rolling eight-year SACP schedule, but also requires certainty about the minimum cash flow from such projects. The creation of more certainty about project cash flow was initially referred to as solar “securitization,” but has more recently been referred to as SREC-based financing, so as to avoid confusion with the different concept of “securitization” used in EDECA.

32. Following that proceeding, in an Order dated August 7, 2008, in Docket No. EO06100744 (the “August 7, 2008 Order”), the Board, among other things, ordered JCP&L to file, by September 30, 2008, a proposal pursuant to N.J.S.A. 48:3-98.1 for an SREC-based financing program for solar generation projects, incorporating the criteria and provisions outlined by the Board in the August 7, 2008 Order.

33. On September 30, 2008, JCP&L filed a Petition for approval of an SREC-based financing program in Docket No. EO08090840. On March 27, 2009, the Board issued: (i) an Order approving a settlement agreement in the matter (the “March 27, 2009 Order”), in which the Division of Rate Counsel (“Rate Counsel”) did not entirely join; and, after amicable resolution and withdrawal of an appeal of the March 27, 2009 Order by Rate Counsel, (ii) an Order dated September 16, 2009 (the “September 16, 2009 Order”) approving a subsequent settlement

agreement. The Company's original SREC Program approved in those Orders is referred to herein as the "SREC I Program."

34. JCP&L implemented the SREC I Program and engaged in periodic solicitations of qualifying projects. The last solicitation for the SREC I Program was held in September 2011, and the contracts awarded thereunder were approved by the Board's Order dated November 9, 2011 (the "November 9, 2011 Order").

35. In November 2011, the OCE began a series of stakeholder meetings to consider the state of renewable energy programs in New Jersey, along with issues that arose because of the Solar Energy Advancement and Fair Competition Act (P.L. 2009, c. 289; "SEAFCA") and the 2011 Energy Master Plan. Among the issues discussed during the stakeholder meetings was whether the electric distribution companies' ("EDCs") SREC-based financing programs should be extended or expanded.

36. This stakeholder process resulted in Board Staff presenting a Straw Proposal to the Board recommending, among other things, that the EDCs' SREC-based financing programs be extended. The Straw Proposal was ultimately incorporated in the Board's Order dated May 23, 2012 (the "May 23, 2012 Order"). Among other things, the May 23, 2012 Order directed the EDCs "to file within, 5 business days of service of this Order, a notice of their intention to participate or not to participate in the Extended EDC SREC Programs consistent with Staff's recommendations adopted by the Board herein." *See* May 23, 2012 Order, at p. 28. The May 23, 2012 Order also approved specific provisions, requiring the EDCs, among other things, to include the following in their new SREC-based financing programs:

- a. The EDC's costs for developing, implementing and managing the [SREC II Program] including all SREC transition fees, all loan serving fees, and any fees associated with the EDC's

Transaction Fees) will be subject to review for reasonableness and prudence in the context of JCP&L's annual Rider RRC true-up filings." December 18, 2013 Order at 11.

40. In accordance with the Board's directive in the December 18, 2013 Order, as set forth below, JCP&L is seeking approval of the proposed level of the Administrative Fee component of its 2019 Program Participant Fees, as of January 1, 2020.

SREC II Program and Administrative Fee

41. The Company's SREC II Program operates in a manner similar to its SREC I Program. Pursuant to the Board's December 18, 2013 Order, JCP&L, along with other EDCs, has participated in nine solicitation auctions conducted by Navigant Consulting. The most recent and final solicitation auction was approved by the Board at its August 29, 2018 agenda meeting.

42. The December 18, 2013 Order envisioned that, as a result of all of the SREC II solicitations, JCP&L's share of the statewide goal of 180 MWs for SREC II total capacity would be 52 megawatts ("MWs"). The actual MWs, by each solicitation round, approved by the Board for participation in JCP&L's SREC II Program are as shown on Attachment G hereto, reflecting that the actual MW capacity level approved for JCP&L's SREC II Program is 35.8 MWs. However, much like as was experienced with the SREC I Program, all awarded bids do not result in executed contracts (and all executed contracts do not result in completed projects) for a variety of reasons. Accordingly, of the 35.8 MW awarded in JCP&L's SREC II program, approximately 27.3 MW are currently under contract (through the ninth round of the program). For the reasons set forth herein, this reduced participation level has impacted the Company's ability to recover its program costs as contemplated in the December 18, 2013 Order.

43. The December 18, 2013 Order initially set the Administrative Fee component of the Program Participant Fees at \$17.00 per SREC for five years through December 31, 2018.

Thereafter, the Administrative Fee was to be subject to adjustment. *See* December 31, 2018 Order at 11.

44. In accordance with the December 18, 2013 Order, JCP&L's 2017 RRC Filing set forth the unrecovered actual and projected balance of Administrative Costs from initiation of the SREC II Program through the end of calendar year 2018, plus the projected Administrative Costs for calendar year 2019. In that filing, JCP&L explained that from the inception of the SREC II Program in 2014 through August 31, 2018, the Company had collected from program participants \$131,648 through the Administrative Fee component of the Program Participant Fees and had incurred recoverable Administrative Costs of \$674,669, leaving an unrecovered balance of approximately \$543,021. JCP&L also projected in that filing that it would collect an additional \$75,694 of Program Participants Fees over the remainder of 2018 and that it would incur additional Administrative Costs of only \$60,000, reducing the projected unrecovered balance as of December 31, 2018 to \$527,327 (excluding interest).

45. In the 2017 RRC Filing, JCP&L also estimated that, if the Administrative Fee remained at \$17.00 per purchased SREC for the entirety of 2019, there would be an under-recovered balance of Administrative Costs of \$360,207 by the end of 2019, including 2018 interest of \$10,558. Finally, JCP&L projected that a 2019 Administrative Fee in the amount of \$36.55 per SREC would be necessary to eliminate the under-recovery in one year.

46. Although the Company projected that there would be an under-recovery of Administrative Costs, JCP&L requested that the Board maintain the Administrative Fee at \$17.00 per purchased SREC. In making this request, JCP&L expressed concern that an Administrative Fee set at the level necessary to make up for the projected under-recovery in one year (\$36.55 per SREC) could result in the withdrawal of program participants, leading to an even greater under-

recovery of Administrative Costs. As such, the Company requested that the Administrative Fee remain at \$17.00, which JCP&L projected would allow the Company to fully recover the unrecovered actual and projected balance of Administrative Costs by the end of 2020. Subsequently, the Board issued an Order in Docket No. ER18101094, signed December 18, 2018 (the "December 18, 2018 Order"), which approved the continuation of the Administrative Fee at the Board's previously approved rate of \$17.00 per SREC for the 2019 calendar year. The December 18, 2018 Order did not address or resolve any other issues related to the Company's 2017 RRC Filing.

47. As part of this filing, JCP&L is updating its projected Administrative Costs. The unrecovered actual and projected balance of Administrative Costs for calendar year 2020 are shown on Attachment H. Based on the final results of the SREC II Program solicitations, and the Board's approved amount of JCP&L's purchased SRECs resulting therefrom, Attachment I sets forth the schedule of SRECs for which the Administrative Fee will be applied, by year, through the end of the SREC II Program in 2029. This schedule reflects both projects that have been completed and are currently producing SRECS and projects that are anticipated to be completed and expected to produce SRECS. Failure of any of these yet-to-be completed projects to be completed and produce SRECs will reduce the anticipated number of purchased SRECs to which the Administrative Fee will apply.

48. From the inception of the SREC II Program in 2014 through March 31, 2019, JCP&L has collected \$297,473 from program participants through the administrative fee components of the Program Participant Fees.¹ See Attachment J, Line 1. Correspondingly, over the same period, JCP&L has incurred recoverable Administrative Costs of \$724,019, as shown on

¹ This figure includes amounts collected through application fees, assignment fees, and administrative fees.

Attachment J, Line 2 – leaving an unrecovered balance of approximately \$426,546 as of March 31, 2019. See Attachment J, Line 3. During the last nine months of 2019, JCP&L forecasts that it will collect an additional \$230,146 of Program Participant Fees and incur additional Administrative Costs of \$63,750, reducing the projected unrecovered balance at December 31, 2019 to \$260,150 (excluding interest). See Attachment H, Line 20a; see also Attachment J, Line 3.

49. Additionally, using the estimated SREC purchases data from Attachment H, JCP&L projects that its SREC II Program Administrative Costs over the next annual period (i.e. January 1, 2020 through December 31, 2020) will be approximately \$85,000; the projected total collected for the Administrative Fee, at its current Board-approved level of \$17.00 per purchased SREC, would be approximately \$472,838 in 2020; and cumulative interest is estimated to be \$(32,987). Taken together, these figures result in a projected over-recovered balance, including interest, of \$94,701 by year-end 2020. See Attachment H, Lines 20, 20a and b.

50. The December 18, 2013 Order provides that “the purpose of the Administrative Fee component of the Program Participant Fees is to allow the Company to recover all of its administrative costs for the SREC II Program” from Program Participants. *Id.* at 11. Based on the year-end 2019 unrecovered program balance of approximately \$291,000 (including interest), plus the projected 2020 Administrative Costs of approximately \$85,000 from Attachment H, Lines 21 and 22, respectively, and assuming that the projects projected to be completed and provide SRECs (as set forth on Attachment I) do so, JCP&L projects the 2020 Administrative Fee would have to be \$13.52 per SREC if the Administrative Fee is set to eliminate the unrecovered balance in one year. See Attachments H and I.

51. Although the Company now projects that there would be an over-recovery of Administrative Costs by the end of 2020, JCP&L requests that the Board maintain the Administrative Fee at \$17.00 per purchased SREC. JCP&L's request to maintain the Administrative Fee at its current level is driven by a number of concerns. First, JCP&L notes its forecast of Administrative Fees assumes that in 2019 and 2020 JCP&L will purchase 3,146 SRECs and 12,642 SRECs, respectively, from projects that are expected to be completed in those years, as depicted on Attachment I. These yet-to-be completed projects represent \$53,482 of Administrative Fees projected to be collected in 2019 and \$214,914 of the Administrative Fees projected to be collected for 2020. If these projections do not materialize, JCP&L will be at risk of not recovering its administrative costs for the program if the Administrative Fee is lowered. As these administrative costs cannot be recovered through any other means (based on the SREC II programs current construct), JCP&L requests that the Administrative Fee continue to be kept at a level sufficient to guarantee that the Company can fully recover its costs. Second, yearly adjustments to the Administrative Fee based on over/under-recovery of variable administrative costs will increase uncertainty for program participants and may cause some to withdraw from the program if the Administrative Fee increases above current levels. Finally, it is logical to assume that participants in the program know the Board-approved Administrative Fee, and have already "priced-in" the current cost into their SREC bids. Under the program, as the Board is aware, the differential between SREC purchase costs (with the "priced-in" Administrative Fee) and SREC sales proceeds are recovered or returned to ratepayers as appropriate. As such, any reduction in the Administrative Fee would benefit only the program participants, as the Company (and ratepayers) are already committed to paying the higher "priced-in" cost over the ten-year SREC

agreement. For these reasons, JCP&L requests that the Administrative Fee for 2020 remain at its current Board-approved level of \$17.00 per purchased SREC.

52. In accordance with the above, JCP&L hereby respectfully requests that the Board, whether by way of clarification or modification of the December 18, 2013 Order, authorize the Company to maintain the Administrative Fee component of the Program Participant Fees at the current level of \$17.00 per purchased SREC for calendar year 2020, and further authorize JCP&L to carry forward any under or over-recovered Administrative Fee balance for recovery in future annual periods, subject to reevaluation at the end of 2020, following another year of experience with the SREC II Program.

Reasonableness and Prudence of Administrative Costs

53. As described above, the December 18, 2013 Order set forth a requirement that “[b]eginning January 1, 2019, the [Company’s] Administrative Costs (except for SREC Transaction Fees) will be subject to review for reasonableness and prudence in the context of [the Company]’s annual Rider RRC true-up filings.” December 18, 2013 Order at 11. As this Verified Petition requests recovery based on costs incurred during the 2018 RRC Period (January 1, 2018 through December 31, 2018), the Company submits that the information necessary to perform a review of the reasonableness and prudence of its Administrative Costs “beginning January 1, 2019” is not yet available. JCP&L anticipates including such information in a future filing seeking review and approval of its deferred balances to the extent incurred from January 1, 2019 through December 31, 2019 (the “2019 RRC Period”).

Attachments

54. Attached hereto and incorporated into this Verified Petition by reference are the following Attachments:

In support of Rider RRC:

Attachment A	Summary of RRC Deferred Balance by Component (No Proposed Rate Change)
Attachment B	Calculation of Deferred SREC I and II Program Expense by Month and Interest
Attachment C	Calculation of Deferred IDER Program Expense by Month and Interest
Attachment D-1	Calculation of 2019 Deferred SREC I and II with Three Months Actual and Nine Months Forecast Expense
Attachment D-2	Calculation of 2020 Deferred SREC I and II Programs with Twelve Months Forecast Expense and Assuming Rider RRC Revenues Equal Zero
Attachment E	Reclassification of Deferred IDER Program Expense and Interest
Attachment F	Current and Proposed Tariff Sheets

In support of the SREC II Administrative Fee:

Attachment G	Actual MWs, by each solicitation round, approved by the Board for participation in JCP&L's SREC II Program
Attachment H	Unrecovered balance of Administrative Costs from initiation of the SREC II Program through the end of calendar year 2019, plus the projected Administrative Costs for calendar years 2020 and 2021
Attachment I	Estimated SREC purchases by year through the end of the SREC II Program in 2029, to which the Administrative Fee shall be applied
Attachment J	Administrative Costs Incurred Compared to Administrative Fees Received

Public Notice and Service

55. As JCP&L is not proposing a rate increase in this filing, there is no requirement for public notices to be published or served pursuant to N.J.A.C. 14:1-5.12(b)1&3, (c) and (d), nor is there any requirement for any public hearings in JCP&L's service area.

Service of Petition

56. Copies of this Verified Petition and of all supporting Attachments thereto have been or will be duly served either by messenger or overnight express delivery at the time of the filing hereof upon the Director, Division of Rate Counsel, 140 East Front Street, 4th Floor, P.O. Box 003, Trenton, New Jersey 08625, and upon the Department of Law & Public Safety, Division of Law, 124 Halsey Street, 5th Floor, P.O. Box 45029, Newark, New Jersey 07101.

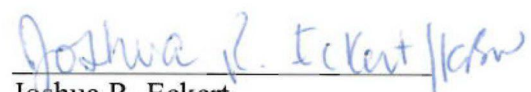
CONCLUSION

WHEREFORE, the Petitioner, JCP&L, respectfully requests that the Board issue a final decision and order:

- (1) approving the reasonableness and prudence of all costs accumulated in the RRC deferred balance from January 1, 2018 through December 31, 2018;
- (2) setting the Rider RRC tariff rate at \$0.000000 per kWh, effective January 1, 2020;
- (3) authorizing the continued deferral by the Petitioner of the costs accumulated in the RRC deferred balance that are not recovered on a current basis, with the continuing accrual of interest on the unamortized balance (net of deferred taxes) at the rate provided for in the Company's Tariff, compounding annually on January 1 of each year, all in accordance with the terms of JCP&L's Rider RRC;
- (4) approving the continuation of the SREC II Program Administrative Fee at \$17.00 per purchased SREC for calendar year 2020; and
- (5) granting such other relief as the Board shall deem just, lawful and proper.

Respectfully submitted,

Dated: July 10, 2019

Handwritten signature of Joshua R. Eckert in blue ink, written over a horizontal line.

Joshua R. Eckert
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jeckert@firstenergycorp.com

Counsel for Jersey Central Power & Light Company

AFFIDAVIT
OF
VERIFICATION

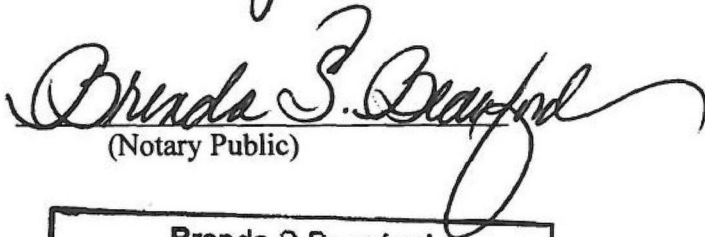
Mark A. Mader, being duly sworn upon his oath, deposes and says:

1. I am Director of Rates and Regulatory Affairs – New Jersey for Jersey Central Power & Light Company (“JCP&L”), the Petitioner named in the foregoing Verified Petition, and I am duly authorized to make this Affidavit of Verification on its behalf.

2. I have read the contents of the foregoing Verified Petition by JCP&L constituting its filing with respect to the Rider RRC – RGGI Recovery Charge clause of its filed Tariff, and I hereby verify that the statements of fact and other information contained therein are true and correct to the best of my knowledge, information, and belief.


Mark A. Mader

Sworn to and subscribed before me on
this 10th day of July, 2019.


(Notary Public)

Brenda S Beauford
Notary Public
New Jersey
My Commission Expires 11-1-2023
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