



Agenda Date: 08/29/18
Agenda Item: 2G

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PROVISION OF BASIC)	DECISION AND ORDER APPROVING
GENERATION SERVICE AND THE)	THE PASS-THROUGH OF FERC
COMPLIANCE TARIFF FILING REFLECTING)	AUTHORIZED CHANGES IN FIRM
CHANGES TO SCHEDULE 12 CHARGES IN PJM)	TRANSMISSION SERVICE RELATED
OPEN ACCESS TRANSMISSION TARIFF-)	CHARGES
JCP&L, PSE&G, AND ROCKLAND JUNE 20,)	
2018 FILING)	BPU DOCKET NO. ER18060656

Parties of Record:

Hesser G. McBride, Jr., Esq., on behalf of Public Service Electric and Gas Company
Gregory Eisenstark, Esq., (Windels Marx Lane & Mittendorf, LLP) on behalf of Jersey
Central Power & Light Company
John L. Carley, Esq. on behalf of Rockland Electric Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:¹

By petition dated June 20, 2018, Jersey Central Power & Light Company ("JCP&L"), Public Service Electric & Gas Company ("PSE&G"), and Rockland Electric Company ("Rockland") (collectively, the "EDCs") filed a joint petition with the New Jersey Board of Public Utilities ("Board") requesting recovery of Federal Energy Regulatory Commission ("FERC") approved changes in firm transmission service related charges. The EDCs request that the changes in rates, if approved, be effective for service rendered on or after September 1, 2018.

The EDCs' proposed tariff changes reflect changes to the Basic Generation Service ("BGS") Residential and Small Commercial Pricing ("BGS-RSCP") and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates to customers resulting from changes in the PJM Interconnection, LLC ("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 FERC Docket No. ER09-1148, by Baltimore Gas and Electric Company in FERC Docket No. ER09-1100, by PECO Energy Company ("PECO") in FERC Docket No. ER17-1519, and by Tran-Allegheny Interstate Line Company ("TrAILCo") in FERC Docket No. ER07-562, and (ii) the formula rate update filings made by the public utility affiliates of Pepco Holdings Inc. ("PHI")

¹ Commissioner Robert M. Gordon did not participate.

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 FERC Docket No. ER09-1156, Delmarva Power and Light ("Delmarva") in FERC Docket No. ER09-1158, and Potomac Electric Power Company ("PEPCO") in FERC Docket No. ER09-1159. The filings referred to in (i) and (ii) above are collectively referred to as the "Filings,"

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" 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.

On April 25, 2017, in Docket Nos. ER17-950-000 and ER17-940-001 ("ConEd Wheel Order"), FERC issued an Order that modified the PJM OATT as a result of the termination of a long-term firm point-to-point transmission service agreement between PJM and Consolidated Edison Company of New York, Inc. (the "ConEd Wheel"). The PJM tariff revisions remove ConEd as a party responsible for cost allocation under Schedule 12 of the PJM OATT. This, in turn, required that PJM reallocate the ConEd portion to the remaining entities as these costs relate to the ConEd Wheel. The cost reallocation being implemented pursuant to the ConEd Wheel Order is subject to ongoing legal challenges and protests before FERC by various interested entities.² By Order³ dated July 26, 2017, the Board authorized the EDCs to begin collecting the TEC charges based on the reallocation related to the ConEd Wheel Order and track such collections until receipt of a Final FERC Order in the matter.

On May 1, 2017, in FERC Docket No. ER17-1519-000, PJM filed with FERC, on behalf of PECO for approval of a transmission formula rate template and formula rate protocols in the PJM OATT. PECO previously had a stated rate and sought authorization to move to a forward-looking formula rate under the PJM tariff. PECO requested an effective date of the proposed tariff revisions of July 1, 2017. On June 27, 2017, FERC issued a letter order ("FERC PECO Order") accepting PECO's filing, subject to refund, effective December 1, 2017. By Order⁴ dated February 28, 2018, the Board authorized the EDCs to begin collecting the charges related to the FERC PECO Order and track such collections until receipt of a Final FERC Order in the matter.

² With the exception of a protest filed by the Board, the entities (i.e., Linden VFT, Hudson Transmission Partners, and New York Power Authority (collectively, "Merchant-related Protestors")) challenging the cost reallocation allege that less costs should be allocated to them and more costs should be allocated to the zones of the New Jersey EDCs.

³ In re the Provision of Basic Generation Service and Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff - May 12, 2017 Filing, BPU Docket No. ER17050499 (July 26, 2017). ("July 2017 Order")

⁴ In re the Provision of Basic Generation Service and Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff - December 20, 2017 Joint Filing, BPU Docket No. ER17121310 (February 28, 2018). ("February 2018 Order")

On December 15, 2017, in Docket Nos. EL-17-84-000 and EL17-90-000 ("HTP and Linden VFT Orders"), FERC issued orders, effective January 1, 2018 that modified the PJM OATT as a result of a change in Hudson Transmission Partners' ("HTP") and Linden Variable Frequency Transformer Project ("VFT's") responsibility for certain transmission cost allocations resulting from the conversion of Firm to Non-Firm Transmission Withdrawal Rights. The revisions remove HTP and Linden VFT as parties responsible for cost allocation under Schedule 12 of the PJM OATT. While FERC has ruled on these matters through the issuance of the HTP and Linden VFT Orders, the cost reallocations being implemented are still subject to ongoing challenges before FERC. By two (2) separate Orders⁵ dated July 25, 2018, the Board authorized the EDCs to begin collecting the TEC charges based on the reallocation related to the HTP and Linden VFT Orders and track such collections until receipt of a Final FERC Order.

June 2018 Petition

The proposed rates included in the amended tariff sheets for each EDC reflect costs effective as of June 1, 2018 for TECs resulting from the above listed FERC-approved Filings. The proposed rates also include the rate adjustments resulting from the ConEd Wheel Order, the PECO Order and the HTP and Linden VFT Orders (collectively, "FERC Orders").

The EDCs also requested that the BGS suppliers be compensated for the changes to the OATT resulting from the implementation of the updates to formula rates which became effective June 1, 2018. The EDCs represent that suppliers will be compensated subject to the terms and conditions of the applicable Supplier Master Agreements ("SMAs"). Any differences between payments to BGS-RSCP and BGS-CIEP suppliers and charges to customers will flow through BGS Reconciliation Charges.

According to the EDCs, this filing satisfies the requirements of paragraph 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 for an increase in retail rates commensurate with the FERC-implemented rate increase.

Each EDC is allocated a different amount of TECs from PJM based on the cost for Required Transmission Enhancements in each EDC's transmission zone. Based on the allocation of the TEC Filings transmission costs among the service classes, the monthly bill for a residential customer using 650 kWh per month will change by approximately the following amounts (including Sales and Use Tax): a decrease of \$0.09 or 0.01% for JCP&L, a decrease of \$0.06 or 0.05% for PSE&G; and a decrease of \$0.04 or 0.03% for Rockland.

⁵ In re the Provision of Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff - February 2018 Joint Filing Related to JCP&L TECs AND In re the Provision of Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff-February 2018 Joint Filing, BPU Docket Nos. ER18020157 and ER18020158 (July 25, 2018) ("July 2018 Orders")

DISCUSSION AND FINDING

In the Board's Order dated December 2, 2003, in Docket No. EO03050394, the Board found that the pass through of any changes in the network integration transmission charge, and other charges associated with the FERC-approved OATT, is appropriate. Furthermore, by subsequent Orders, the Board approved Section 15.9 of the SMAs as filed by the EDCs which requires that the EDCs file for Board approval of any increases or decreases in their transmission charges that have been approved by FERC. The SMAs also authorize the EDCs to adjust the rates paid to suppliers for FERC-approved rates and increases to Firm Transmission Services once approved by the Board. The Board Orders further require that the EDCs review and verify any requested FERC authorized increases.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the June 20, 2018 filing satisfies the EDCs' obligations under paragraph 15.9(a)(i) and (ii) of the relevant SMAs, and **HEREBY APPROVES** the changes to the BGS-RSCP and BGS-CIEP rates requested by each EDC for its transmission charges resulting from the FERC-approved changes to the TECs effective as of September 8, 2018. However, with respect to the reallocations derived from the FERC Orders, the Board notes that these are not Final FERC Orders and are subject to ongoing challenges at FERC. The Board's December 22, 2006 Order⁶ at page 12 states, "Upon receipt of Board approval for the increase in the rates charged to BGS Customers, the EDCs would begin collecting the increase from BGS Customers, tracking that portion of the rates charged to BGS Customers attributable to the rate increase, and retaining such tracked amounts for the ultimate benefit of the BGS Suppliers. Upon approval by the FERC of a proposed rate increase, in a Final FERC Order not subject to refund, the EDCs would increase, by the amount approved by the Board, the BGS-FP auction price paid to BGS-FP Suppliers, and the BGS-CIEP Transmission Charge paid to BGS-CIEP Suppliers, and would pay each BGS Supplier, in proportion to its BGS Supplier Responsibility Share, the amounts tracked and retained for the benefit of BGS Suppliers until the date final FERC approval was received." Accordingly, with respect to the allocations resulting from the FERC Orders, the Board **DENIES** the EDCs' request to pay suppliers at this time and **AUTHORIZES** the EDCs to collect from BGS customers, the costs associated with the FERC Orders and track such collections until receipt of Final FERC Orders in the matters. For the remaining TEC changes, the EDCs are **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate change subject to the terms and conditions of the SMAs.

Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings by September 8, 2018.

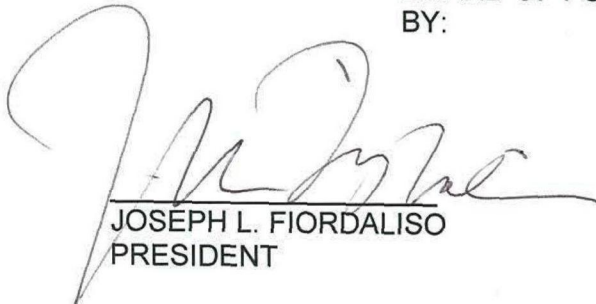
The EDCs' rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

⁶ In re the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket No. EO06020119 (December 22, 2006).

The effective date of this Order is August 31, 2018.

DATED: 8/29/18

BOARD OF PUBLIC UTILITIES
BY:




JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER

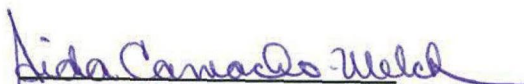


DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

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

**THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE AND THE COMPLIANCE
TARIFF FILING REFLECTING CHANGES TO SCHEDULE 12 CHARGES IN PJM OPEN ACCESS
TRANSMISSION TARIFF- JCP&L, PSE&G, AND ROCKLAND JUNE 20, 2018 FILING
BPU Docket No. ER18060656**

NOTIFICATION LIST

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