



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 PROVISION OF)
BASIC GENERATION SERVICE AND THE)
COMPLIANCE TARIFF FILING REFLECTING)
CHANGES TO SCHEDULE 12 CHARGES IN)
PJM OPEN ACCESS TRANSMISSION TARIFF-)
DECEMBER 2019 JOINT FILING)
)
) DOCKET NO. ER19121509

Parties of Record:

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Philip Passanante, Esq., on behalf of Atlantic City Electric Company
Gregory Eisenstark, Esq., (Cozen O'Connor) on behalf of Jersey Central Power and 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:

By petition dated December 9, 2019, Atlantic City Electric Company (“ACE”), Jersey Central Power and Light Company (“JCP&L”), Public Service Electric and 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” or “BPU”) requesting recovery of Federal Energy Regulatory Commission (“FERC”) approved changes in firm transmission service related charges. (“December 2019 Petition”).

The EDCs’ proposed tariff revisions reflect changes to the Basic Generation Service (“BGS”) Residential/Small Commercial Pricing (“BGS-RSCP”)¹ and Commercial and Industrial Energy Pricing (“BGS-CIEP”) rates to customers resulting from changes to the PJM Open Access Transmission Tariff (“OATT”) made in response to: (i) the annual formula rate update filing made by Potomac-Appalachian Transmission Highline, L.L.C. (“PATH”) in FERC Docket No. ER-08-386-000; (ii) the annual formula rate update filing made by PSE&G in FERC Docket No. ER09-1257-000; (iii) the annual formula rate update filing made by Virginia Electric Power Company (“VEPCo”) in FERC Docket No. ER08-92-000; (iv) the annual formula rate update filing made by American Electric Power East Operating Companies and American Electric Power Transmission Companies (“AEP”) in FERC Docket No. ER17-405-000; and (v) the annual formula rate update

¹ This was formerly known as the BGS – Fixed Price or BGS-FP.

filing made by Mid-Atlantic Interstate Transmission, LLC (“MAIT”) in FERC Docket Nos. ER17-211-00 and ER17-211-001.

This filing also includes an update to the EL05-121 rate component currently in place in the BGS tariff of each EDC associated with each zone’s 10 year black box settlement and reflects the lower cost that will be in effect for the remaining six (6) years under the settlement approved by FERC.

The EDCs requested that the revisions become effective on January 1, 2020.

The EDCs also requested authorization to compensate BGS suppliers for the changes to the OATT resulting from the implementation of the MAIT, PATH, PSE&G, VEPCo, AEP project annual formula updates, as well as the EL05-121 rate update, subject to the terms and conditions of the applicable Supplier Master Agreement(s) (“SMAs”). Any difference between the payments to BGS suppliers and charges to customers would flow through each EDC’s BGS Reconciliation Charge.

In the December 2019 Petition, the EDCs also requested a waiver of the 30-day filing requirement that would otherwise apply to this type of submission, because BGS suppliers will begin paying the revised transmission charges for service in January 2020.

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. The requirements mandate that: 1) BGS-RSCP and BGS-CIEP suppliers be notified of rate changes for firm transmission service and 2) that the EDCs file for and obtain Board approval of an increase or decrease in retail rates commensurate with the FERC-implemented rate increases and decreases.

Procedural History

PJM mandates that transmission owners abide by its annual requirements for “Required Transmission Enhancements” for reliability or economic purposes. The Transmission Enhancement Charges (“TECs”), detailed in Schedule 12 of the PJM OATT, were implemented to compensate transmission owners for these requirements. TECs are recovered by PJM through an additional transmission charge in the transmission zones assigned costs responsibility for Required Transmission Enhancement projects.

On April 25, 2017, in Docket Nos. ER17-950-000 and ER17-940-001, 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., also known as the “ConEd Wheel.” (“ConEd Wheel Order”). The Board approved recovery of the ConEd Wheel transmission charges in an Order dated July 26, 2017, with the provision that the EDCs collect and track these charges, but not issue payment to the BGS Suppliers until a final FERC Order is issued.²

On December 15, 2017, in Docket Nos. EL-17-84-000 and EL17-90-000, 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 VFT’s responsibility for certain transmission cost allocations resulting from the conversion of Firm to Non-Firm Transmission Withdrawal Rights.

² 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).

(“HTP and Linden VFT Orders”). The revisions remove HTP and Linden VFT as parties responsible for cost allocation under Schedule 12 of the PJM OATT. While FERC 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 Order dated July 25, 2018, the Board approved recovery of the reallocated costs pursuant to the HTP and Linden VFT Orders, with the provision that the EDCs collect and track these charges, but not issue payment to the BGS suppliers until a final FERC Order is issued.³

On May 31, 2018, in Docket Nos. EL05-121-009, FERC issued an Order approving a Contested Settlement (“Seventh Circuit Settlement”) concerning the regional cost allocation methodology applicable to 11 large transmission projects (500kV and above) approved between the years 2005 and 2013. (“Seventh Circuit Order”) The Seventh Circuit Settlement was submitted to FERC on June 15, 2016. The Board was identified in the Seventh Circuit Settlement as a “non-opposing” party. The Seventh Circuit Settlement was contested at FERC by the merchant transmission owners. Due to a number of procedural delays, and then the lengthy period of non-quorum at FERC, the Seventh Circuit Settlement remained pending for nearly two (2) full years. Despite the unanticipated and significant time lag, the time period affected by the Seventh Circuit Settlement began January 1, 2016.

In the Seventh Circuit Order, FERC found that the overall result of the Seventh Circuit Settlement was just and reasonable as applied to the contesting parties. Consistent with its decision, FERC directed PJM to make a compliance filing with revised tariff records within 30 days of its order. PJM then sought, and was granted, an additional extension of time to carry out FERC’s directive. PJM implemented the cost allocation changes in the OATT effective July 1, 2018 on a prospective basis. While FERC has ruled on this matter through the issuance of the Seventh Circuit Order, the cost reallocation is still subject to a pending rehearing request at FERC. By Order dated November 19, 2018, the Board approved recovery of the reallocated costs pursuant to the Seventh Circuit Settlement.⁴ In its Order, the Board authorized the collection and payment of the reallocated costs.

Each EDC is allocated a different portion of VEPCo’s, AEP’s, PATH’s, and MAIT’s transmission costs, as well as the PSE&G derived Network Integration Transmission Service Charge (“NITS”) charges and EL05-121 charges, from PJM based on the cost for Required Transmission Enhancements in each EDC’s transmission zone, which are found in Schedule 12 of the PJM OATT. Based on this allocation of the TEC costs for the EDCs and their respective allocation among each EDC’s customer 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 \$0.05 or 0.04% for ACE; an increase of \$0.13 or 0.02% for JCP&L; an increase of \$2.85 or 2.48% for PSE&G, and an increase of \$0.33 or 0.31% for Rockland.

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 – February 2018 Joint Filing, BPU Docket No. ER18020158 (July 25, 2018).

⁴ 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-September 2018 Joint Filing, BPU Docket No. ER18091061 (November 19, 2018).

DISCUSSION AND FINDING

In the Board's Order dated December 2, 2003, Docket No. EO03050394, the Board found that the pass through of any change in charges associated with NITS and other FERC-approved Open Access Transmission Tariffs, is appropriate. Furthermore, by subsequent Orders, the Board approved Section 15.9 of the SMAs as filed by the EDCs which requires the EDCs to 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 increase or decrease the rates paid to suppliers for FERC-approved rates and changes to Firm Transmission Services once approved by the Board. The Board Orders further require the EDCs to review and verify the requested FERC authorized changes.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the December 2019 Petition 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 February 1, 2020. However, with respect to the reallocations derived from the ConEd Wheel Order and the HTP and Linden VFT Orders, as noted in the Board's previous Orders, these Orders are not Final FERC Orders, and are still subject to ongoing challenges at FERC. The Board's December 22, 2006 Order at page 12 provides as follows:

"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 ConEd Wheel Order and the HTP and Linden VFT Orders, the Board **HEREBY AUTHORIZES** the EDCs to collect from BGS customers, the costs associated with the reallocation per the ConEd Wheel Order and HTP and Linden VFT Orders and to track such collections until Final FERC Orders are issued in these matters. With regard to 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.

The Board **HEREBY WAIVES** the 30-day filing requirement as requested by the EDCs in the December 2019 Petition.

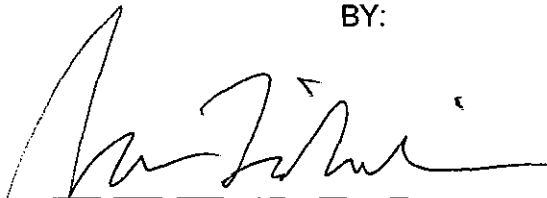
The Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings prior to February 1, 2020.

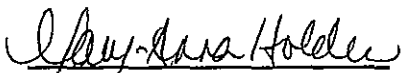
The EDCs' rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

The effective date of this Order is January 30, 2020.

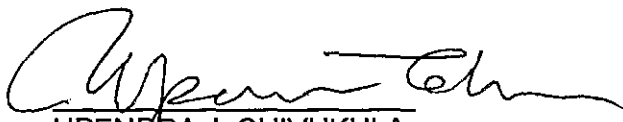
DATED: 1/22/20

BOARD OF PUBLIC UTILITIES
BY:


JOSEPH L. FIORDALISO
PRESIDENT

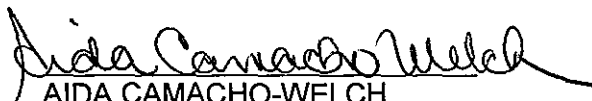

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ATTEST:


AIDA CAMACHO-WELCH
BOARD 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 PROVISION OF BASIC GENERATION SERVICE AND THE COMPLIANCE
TARIFF FILING REFLECTING CHANGES TO SCHEDULE 12 CHARGES IN PJM OPEN ACCESS
TRANSMISSION TARIFF- DECEMBER 2019 JOINT FILING
BPU Docket No. ER19121509

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