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**Board of Public Utilities**  
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ENERGY

IN THE MATTER OF THE PROVISION OF BASIC	)	DECISION AND ORDER
GENERATION SERVICE, THE COMPLIANCE	)	APPROVING THE PASS-
TARIFF FILING REFLECTING CHANGES TO	)	THROUGH OF FERC
SCHEDULE 12 CHARGES IN PJM OPEN	)	AUTHORIZED CHANGES IN FIRM
ACCESS TRANSMISSION TARIFF – DECEMBER	)	TRANSMISSION SERVICE
16, 2020 FILING	)	RELATED CHARGES
	)	
	)	BPU DOCKET NO. ER20120754

**Parties of Record:**

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**Joseph A. Shea, Jr., Esq.**, on behalf of Public Service Electric and Gas Company  
**Joshua R. Eckert, Esq.**, 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 16, 2020, 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, “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 (“December 2020 Petition”).

**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 Interconnection, LLC (“PJM”) Open Access Transmission Tariff (“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 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 before issuance of the Seventh Circuit Order. Despite the unanticipated and significant time lag, the Seventh Circuit Settlement required a portion of the payments to be made over a 10 year period beginning January 1, 2016.

### **December 2020 Petition**

The EDCs’ proposed tariff revisions in the December 2020 Petition reflect changes to the Basic Generation Service (“BGS”) Residential/Small Commercial Pricing (“BGS-RSCP”) and Commercial and Industrial Energy Pricing (“BGS-CIEP”) rates to customers resulting from changes to the PJM OATT made in response to: (i) the annual formula rate update filing made by JCP&L pursuant to FERC Docket No. ER20-227-00; (ii) the annual formula rate update filing made by Mid-Atlantic Interstate Transmission, LLC (“MAIT”) in FERC Docket Nos. ER17-211-00 and ER17-211-001; (iii) the annual formula rate update filing made by Potomac-Appalachian Transmission Highline, L.L.C. (“PATH”) in FERC Docket No. ER08-386-000; (iv) the annual formula rate update filing made by Virginia Electric Power Company (“VEPCo”) in FERC Docket No. ER08-92-000; (v) 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; (vi) the annual rate update filing made by Silver Run Electric LLC (“Silver Run”) in FERC Docket No. ER16-453-007; and (vii) the annual rate update filing made by Northern Indiana Public Service Company (“NIPSCO”) in FERC Docket No. ER13-2376-007; and (viii) the annual formula rate update filing made by PSE&G in FERC Docket No. ER09-1257-000.

The December 2020 Petition includes the EL05-121 rate component currently in place in the BGS tariff of each EDC associated with the Seventh Circuit Settlement, and as of January 1, 2020, reflects the lower cost that will be in effect for the remaining five (5) years under the settlement approved in FERC Docket No. EL05-121-009. By Order dated May 28, 2019, the Board approved collection from customers, and payment to BGS suppliers, for these costs, and this rate component remains unchanged.<sup>1</sup>

On September 1, 2020, PJM updated its Schedule 12 Transmission Enhancement Worksheet, which, along with Schedule 12 of the PJM OATT, is utilized in developing the filing and incorporates the formula rate updates.

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<sup>1</sup> 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, BPU Docket No. ER19040440, Order dated May 28, 2019.

The EDCs requested approval to implement these revised tariff rates effective January 1, 2021. The EDCs also requested that the BGS Suppliers be compensated for the changes to the OATT resulting from the implementation of the PSE&G, JCP&L, VEPCo, PATH, MAIT, AEP, Silver Run and NIPSCO project annual formula updates, as well as the EL05-121 rate update, effective on January 1, 2021. According to the December 2020 Petition, 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 the BGS Reconciliation Charge.

In the December 2020 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 2021.

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.

Each EDC is allocated a different portion of the MAIT, PATH, VEPCo, AEP, Silver Run, NIPSCO transmission costs, as well as the PSE&G and JCP&L 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 upon 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): an increase of \$0.32 or 0.25% for ACE, an increase of \$1.20 or 1.35% for JCP&L, a decrease of \$1.06 or 0.88% for PSE&G, and an increase of \$1.18 or 1.03% for Rockland.

## **DISCUSSION AND FINDING**

In the Board’s December 2, 2003 Order, Docket No. EO03050394, the Board found that the pass through of any changes in the NITS 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 authorized 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 December 2020 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 and the NITS, effective as of February 1, 2021. The Board’s December 22, 2006 Order<sup>2</sup> at page 12 provides as follows:

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<sup>2</sup> In re the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket No. EO06020119, Order dated December 22, 2006.

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.

In the Board's Order in the 2021 BGS proceeding, the Board approved transferring the responsibility of transmission from the BGS suppliers to the EDCs going forward.<sup>3</sup> Additionally, the Board addressed issues related to previously collected, but not paid, transmission costs.<sup>4</sup> Accordingly, the Board **HEREBY APPROVES** the EDCs' request to pay suppliers at this time, and **HEREBY AUTHORIZES** the EDCs to collect from, or provide refund to, BGS customers the costs associated with the December 2020 Petition 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 2020 Petition.

Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings by February 1, 2021.

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.

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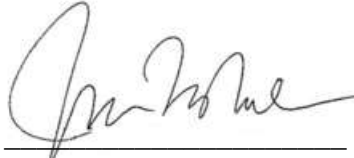
<sup>3</sup> In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2020, BPU Docket No. ER20030190, Order dated November 18, 2020.

<sup>4</sup> In re the Petition of the Provision of Basic Generation Service and Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff, BPU Docket Nos. ER17050499, ER17060671, ER17070752, ER17111150, ER17121278, ER18020157, ER18020158, ER18060656, ER18070711, ER18121290, ER19060763, ER19121509, ER19121540, Order dated November 18, 2020.

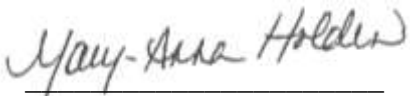
The effective date of this Order is January 27, 2021.

DATED: January 27, 2021

BOARD OF PUBLIC UTILITIES  
BY:




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PRESIDENT



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COMMISSIONER



DIANNE SOLOMON  
COMMISSIONER




UPENDRA J. CHIVUKULA  
COMMISSIONER



ROBERT M. GORDON  
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH  
SECRETARY

IN THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE, THE  
 COMPLIANCE TARIFF FILING REFLECTING CHANGES TO SCHEDULE 12 CHARGES IN  
 PJM OPEN ACCESS TRANSMISSION TARIFF - DECEMBER 16, 2020 FILING

BPU Docket No. ER20120754

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