



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF ATLANTIC)	ORDER APPROVING A
CITY ELECTRIC COMPANY FOR APPROVAL OF A)	MODIFIED ZERO EMISSION
CHANGE TO ITS ZERO EMISSION CERTIFICATE)	CERTIFICATE RECOVERY
RECOVERY CHARGE (10/2022))	CHARGE TARIFF
)	
)	DOCKET NO. EO22100656

Parties of Record:

Philip J. Passanante, Esq., Atlantic City Electric Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On May 23, 2018, Governor Phil Murphy signed into law L. 2018, c. 16 (N.J.S.A. 48:3-87.3 to -87.7) (“Act”). The Act required the New Jersey Board of Public Utilities (“Board”) to implement a Zero Emission Certificate (“ZEC”) program within specified timelines. N.J.S.A. 48:3-87.3 to -87.5. Under the Act, the Board may approve certain eligible nuclear energy generators to receive ZECs, which New Jersey’s electric distribution companies (“EDCs”) would be required to purchase.¹ N.J.S.A. 48:3-87.5(b)(2); N.J.S.A. 48:3-87.5(i). The Act also provided that the Board shall order the full recovery of EDCs’ costs associated with purchased ZECs via a non-bypassable charge imposed on each EDC’s retail distribution customers. N.J.S.A. 48:3-87.5(j)(1).

The Act further directed each EDC to file with the Board, within 150 days of the Act’s enactment and no later than October 22, 2018, a tariff to recover from its retail distribution customers a charge of \$0.004 per kilowatt-hour (“kWh”). N.J.S.A. 48:3-87.5(j). The Act identified this charge as the emissions avoidance benefits associated with the continued operation of a selected nuclear power plant. Ibid. Within 60 days of the filing of each EDC tariff, and upon public notice, opportunity for comment, and a public hearing, the Act required the Board to approve the appropriate tariffs. Id. The Act also directed the EDCs to return excess monies in each EDC’s

¹ The EDCs are Atlantic City Electric Company (“ACE” or the “Company”), Jersey Central Power and Light Company, Public Service Electric and Gas Company, Rockland Electric Company and Butler Electric (“Butler”). Butler is regulated to the extent it serves customers outside of its municipal borders.

separate, interest-bearing account to its retail distribution customers at the end of each energy year. Id.

By Order dated November 19, 2018, the Board accepted ACE's tariff filings and directed that the tariff not be implemented unless and until the Board issued a final order authorizing the implementation of the ZEC program.² Subsequently, by Order dated April 18, 2019, the Board directed the EDCs to submit final tariffs to become effective on April 18, 2019.³ The Board further directed the EDCs to calculate interest on their collections at their respective short-term debt rates in their respective collection accounts as allowed under the Act.

By Board Orders dated July 10, 2019 and May 20, 2020, the Board directed the EDCs to submit relevant data to the Board for review on a yearly basis.⁴

By Order dated December 16, 2020, the Board approved ACE's request to revise its ZEC Reconciliation Charge rate, a component of the approved ZEC Recovery Charge ("ZECRC") tariff, to (\$0.000166) per kWh, including New Jersey Sales and Use Tax ("SUT"), for a total ZECRC rate of \$0.004099 per kWh, including SUT, effective January 1, 2021.⁵

² In re the Implementation of L. 2018, C. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants, AND In re the Application of Atlantic City Electric Company for Approval to Implement a Zero Emission Certificate ("ZEC") Charge and Tariff Page(s) Related Thereto in Support of the ZEC Program Authorized by N.J.S.A. 48:3-87.3 et seq., and a Board Order Initiating the ZEC Program Dated 8/29/18, BPU Docket Nos. EO18080899 and EO18091003, Order dated November 19, 2018.

³ In re the Implementation of L. 2018, C. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants; Application for Zero Emission Certificates of Salem 1 Nuclear Power Plant; Application for Zero Emission Certificates of Salem 2 Nuclear Power Plant; Application for Zero Emission Certificates of Hope Creek Nuclear Power Plant, BPU Docket Nos. EO18121338, EO18121339, and EO18121337, Order dated April 18, 2019.

⁴ In re the Implementation of L. 2018, C. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants; Application for Zero Emission Certificates of Salem 1 Nuclear Power Plant; Application for Zero Emission Certificates of Salem 2 Nuclear Power Plant; Application for Zero Emission Certificates of Hope Creek Nuclear Power Plant, BPU Docket Nos. EO18080899, EO18121338, EO18121339, and EO18121337, Order Determining the Forward Steps in the ZEC Program and Currently Approved Applications, Order dated July 10, 2019 (mandating yearly compliance filings in July); see also In re the Implementation of L. 2018, C. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants; Application for Zero Emission Certificates of Salem 1 Nuclear Power Plant; Application for Zero Emission Certificates of Salem 2 Nuclear Power Plant; Application for Zero Emission Certificates of Hope Creek Nuclear Power Plant, BPU Docket Nos. EO18080899, EO18121338, EO18121339, and EO18121337, Order Finalizing the Forward Steps in the ZEC Program and Modifications to the Application, Order dated May 20, 2020 (confirming, in part, yearly filing requirements).

⁵ In re the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants; In re the Application of Atlantic City Electric Company for Approval to Implement a Zero Emission Certificate ("ZEC") Charge and Tariff Page(s) Related Thereto in Support of the ZEC Program Authorized by N.J.S.A. 48:3-87.3 et seq. and a Board Order Initiating the ZEC Program Dated August 29, 2018, BPU Docket Nos. EO18080899 and EO18091003, Order dated December 16, 2020.

By Order dated April 6, 2022, the Board approved ACE's request to revise its ZEC Reconciliation Charge rate of (\$0.0000166) to (\$0.000083) per kWh, including SUT, for a total ZECRC rate of \$0.004182 per kWh, including SUT, effective May 1, 2022.⁶

October 2022 Petition

On October 19, 2022, ACE filed a petition with the Board seeking to revise its ZEC Reconciliation Charge rate to zero as of February 1, 2023 to prevent a future potential under-collection ("Petition").

In the Petition, the Company proposed to increase the ZEC Reconciliation Charge rate from (\$0.000083) per kWh, including SUT, to zero. The Company stated that, as a result of the delayed May 2022 implementation of the (\$0.000083) ZEC Reconciliation Charge rate, the Company estimated an under-collected balance, including interest, of \$267,294 as of January 2023.

For Energy Year 2022, the Company estimated a ZEC Reconciliation Charge over-collected balance of \$291,582. Therefore, the estimated net balance would be an over-collected balance of \$24,288. Given the small balance, the Company proposed setting the ZEC Reconciliation Charge rate to zero beginning February 1, 2023, with any remaining balance due to customers, including interest, carried over into the subsequent ZEC Reconciliation Charge rate filing.

Additionally, the Company requested that this and future ZEC Reconciliation Charge filings be processed in a similar fashion to Basic Generation Service reconciliation filings each year through 30-day notice compliance filings with provisional rates subject to additional examination by the Board. According to ACE, this would allow the Company to efficiently handle the ZEC Reconciliation Charge collections balances and reduce regulatory expenses related to notice requirements.

Through discovery, the Company provided updated information to include actuals through November 30, 2022 and projected data through January 31, 2023. As a result, the Company's updated ZEC Reconciliation Charge over-collected balance is \$287,510. Therefore, the updated net balance would be an over-collected balance of \$37,927. Given the small balance, the Company continued to propose a ZEC Reconciliation Charge rate of zero, with any remaining balance due to customers, including interest, carried over into the subsequent ZEC Reconciliation Charge rate filing.

Because the Petition requested a decrease to the credit, virtual public hearings were held on January 10, 2023 at 4:30 p.m. and 5:30 p.m.⁷ No members of the public attended the hearing. Additionally, no written comments were received by the Board.

⁶ In re the Implementation of L. 2018, C. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants, AND In re the Petition of Atlantic City Electric Company for Approval of a Change to its Zero Emission Certificate Recovery Charge (10/2021), BPU Docket Nos. EO18080899 and EO21101179, Order dated April 6, 2022.

⁷ Public hearings were held virtually due to the COVID-19 Pandemic.

On January 13, 2023, the New Jersey Division of Rate Counsel (“Rate Counsel”) filed a letter with the Board in this matter. In its letter, Rate Counsel stated that it does not object to ACE’s request to set its ZEC Reconciliation Charge rate to be effective for Energy Year 2023 at \$0.000000.⁸ Additionally, Rate Counsel noted that it does not disagree with the data in support of the originally calculated over-collected balance of \$24,288 (with an associated ZEC Reconciliation Charge rate of \$0.000003) or the updated ZEC Reconciliation Rate over-collected balance of \$37,927 (with an associated ZEC Reconciliation Charge credit rate of \$0.000004). Rate Counsel also stated that it was unclear how a compliance filing with a 30-day notice would satisfy the Board’s statutory public hearing notice requirements when a proposed adjustment rate would lead to an increase in rates.

DISCUSSION AND FINDINGS

The Board reviewed the record in this matter, and **HEREBY APPROVES** ACE’s proposed ZECRC and tariff. The Board **HEREBY APPROVES** a revised total ACE’s ZEC Reconciliation Charge of zero for a total ZECRC rate of \$0.004265 per kWh, including SUT, for service rendered on and after February 1, 2023 until changed by further Order by the Board. As a result, a residential customer using approximately 680 kWh per month will see an increase of approximately \$0.05 in their monthly bill.

Pursuant to N.J.S.A. 48:2-32.4 and 48:2-32.6, public hearings must be held to review applications by gas and electric light, heat and power companies other than municipally-owned companies “for significant increases, changes, or alterations in their rate schedules” The Board **HEREBY NOTES** that any reduction to a credit rate is considered an increase in that rate and the customer’s respective bill. The Board declines at this time to predetermine that ACE’s future ZEC Reconciliation Charge adjustment filings will not require, or otherwise justify according to the Board’s discretion, public hearings. Accordingly, the Board **HEREBY DENIES** ACE’s request that, if future ZEC Reconciliation Charge filings are required, rate changes be addressed through a 30-day compliance filing.

The Board **HEREBY DIRECTS** ACE to file revised tariffs prior to January 31, 2023.

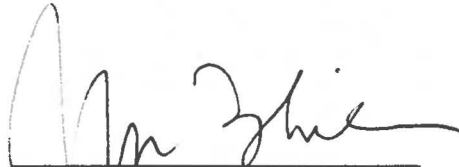
⁸ Energy Year 2023 runs from June 1, 2022 through May 31, 2023.

The Company's costs will remain subject to audit by the Board. This Order shall not preclude or prohibit the Board from taking further action relating to any such audit.

This Order shall be effective on January 25, 2023.

DATED: January 25, 2023

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT




MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER




ROBERT M. GORDON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST:



CARMEN D. DIAZ
ACTING 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 PETITION OF ATLANTIC CITY ELECTRIC COMPANY FOR APPROVAL OF A CHANGE
TO ITS ZERO EMISSION CERTIFICATE RECOVERY CHARGE (10/2022)

DOCKET NO. EO22100656

SERVICE LIST

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