



Agenda Date: 5/24/23
Agenda Item: 2G

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)
ROCKLAND ELECTRIC COMPANY) DECISION AND ORDER
REQUESTING APPROVAL OF A TARIFF)
AMENDMENT TO ADD BASIC GENERATION)
SERVICE (BGS) TIME-OF-USE RATES)
PURSUANT TO N.J.A.C. 14:1-5.11 AND N.J.A.C.)
14:3-1.3) DOCKET NO. ER23030198

Parties of Record:

Margaret Comes, Esq., on behalf of Rockland Electric Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On March 31, 2023, Rockland Electric Company (“RECO” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) requesting approval of a tariff modification to add a Basic Generation Service (“BGS”) voluntary Time-of-Day (“TOD”) rate option and the associated cost recovery (“Petition”). By this Decision and Order, the Board considers the requests provided in the Petition.

PROCEDURAL HISTORY

On October 12, 2022, the Board issued an Order in RECO’s Electric Vehicle (“EV”) Program filing.¹ In the October 2022 Order, the Board approved a stipulation whereby the Company agreed to provide a new service classification distribution charge, applicable to time-of-day (“TOD”) service. This change was implemented on October 31, 2022.

On November 9, 2022, the Board issued an Order in its annual BGS proceeding approving, with modifications, a joint proposal filed by Atlantic City Electric Company, Jersey Central Power & Light Company, Public Service Electric and Gas Company, and RECO (collectively, “EDCs”)

¹ In re the Petition of Rockland Electric Company for Approval of an Electric Vehicle Program, Establishment of an Electric Vehicle Surcharge, and for Other Relief, BPU Docket No. EO20110730, Order dated October 12, 2022 (“October 2022 Order”).

regarding the procurement of electricity requirements beginning June 1, 2023.² In the November 2022 Order, the Board noted the distribution side of residential EV charging was addressed in some of the EDCs' EV proceedings. It was also noted that the Board believed a BGS Time of Use ("TOU") rate could be created and ordered the EDCs to create a similar solution on the residential supply side to take effect June 1, 2023.³

In compliance with the November 2022 Order, RECO filed the Petition with a proposed effective date of June 1, 2023. In the Petition, RECO proposed a residential supply side solution applicable to its customers electing the voluntary TOD service. RECO proposed that all costs associated with implementing the revised tariff flow through the Company's quarterly reconciliation charge filing, which the Company claimed was consistent with the Board's Order issued in the 2021 BGS proceeding.⁴ Such costs include the costs of upgrading RECO systems.

COMMENTS

Rate Counsel's Comments

On May 8, 2023, the New Jersey Division of Rate Counsel ("Rate Counsel") filed comments in opposition to the Company's proposal to recover all costs related to TOU rates via the BGS reconciliation Charge filing, arguing that doing so is inappropriate, unfounded and not reasonable. Rate Counsel urged the Board to collect data and thoroughly review the effect of those rates after one (1) year.⁵

According to Rate Counsel, the BGS Reconciliation Charge is not the appropriate mechanism for recovery of TOU implementation costs, which are incremental in nature, subject to change as the rate is implemented, and have not been reviewed or approved by the Board.⁶ Rate Counsel noted that RECO did not provide support for its estimate of the costs associated with implementing the rate and that the costs vary across the EDCs requiring a greater level of scrutiny than what is normally provided through a reconciliation process.⁷ Rate Counsel acknowledged that the November 2020 Order contemplated a reconciliation process to true-up certain costs related to the BGS rate but it could not have contemplated the information technology and other upgrade costs necessitated by the November 2022 Order issued two (2) years later.⁸ Rate Counsel stated that incorporation of these costs into a reconciliation mechanism does not provide stakeholders or the Board sufficient opportunity for review to ensure these costs are just and reasonable.

² In re the Provision of Basic Generation Service (BGS) For the Period Beginning June 1, 2023, BPU Docket No. ER22030127, Order dated November 9, 2022 ("November 2022 Order").

³ TOD and TOU have the same meaning.

⁴ In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2021, BPU Docket No. ER20030190, Order dated November 18, 2020 ("November 2020 Order").

⁵ In re the Petition of Rockland Electric Company Requesting Approval of a Tariff Amendment to Add Basic Generation Service (BGS) Time-of-Use Rates Pursuant to N.J.A.C. 14:1-5.11 and N.J.A.C. 14:3-1.3, BPU Docket No. ER23030198, Comments filed on behalf of Rate Counsel, May 8, 2023 ("Rate Counsel Comments") at 1.

⁶ Id. at 2.

⁷ Ibid.

⁸ Id. at 3 (citing November 2020 Order at 5).

RECO's Reply

On May 12, 2023, RECO submitted reply comments in response to Rate Counsel.⁹ RECO disagreed with Rate Counsel that the BGS Reconciliation Charge is not the appropriate mechanism to recover these costs.¹⁰ RECO stated that it will incur costs related to the new BGS component, if approved and as part of the BGS process, and the cost recovery mechanism is the BGS Reconciliation Charge. RECO stated that the Company's costs associated with administering a BGS TOU rate should be recovered through the established BGS recovery mechanism. RECO further disagreed with Rate Counsel's conclusion that recovery through the BGS Reconciliation Charge prevents or circumvents review of the Company's costs as sufficient due process is in place for review. RECO reiterated its request that it be permitted to recover costs related to the BGS TOU tariff offering through the BGS Reconciliation Charge process.¹¹

DISCUSSION AND FINDINGS

After reviewing the Petition, Rate Counsel Comments, and RECO Reply Comments, the Board agrees with Rate Counsel that, absent an appropriate opportunity to review the reasonableness of the Company's costs related to the implementation of the approved tariff modifications, recovery of those costs should not be included in RECO's quarterly BGS reconciliation charge filings. The Board also notes that the Company's assertion that the proposal is consistent with the November 2020 Order is not supported. The November 2020 Order does not address EV TOU rate implementation costs or any specific rate proposal. In fact, the EV TOU rate issue was not raised until the 2022 BGS proceeding.¹²

Accordingly, to provide an opportunity for a comprehensive review of the reasonableness of RECO's cost recovery proposal, the Board **HEREBY DENIES** RECO's cost recovery proposal provided in the Petition. The Board **HEREBY AUTHORIZES** RECO to defer the costs associated with implementing the BGS voluntary TOD rate option until fully implemented, and at such time, the Board **HEREBY DIRECTS** RECO to file a petition to recover the deferred costs, which may include a proposal to recover the costs through the BGS Reconciliation Charge filings.

The Board **HEREBY APPROVES** RECO's proposed tariff modifications.

The Board **FURTHER DIRECTS** RECO to file revised tariff sheets consistent with the Board's Order by May 31, 2023.

The Company's costs remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions deemed to be appropriate as a result of any such audit.

⁹ In re the Petition of Rockland Electric Company Requesting Approval of a Tariff Amendment to Add Basic Generation Service (BGS) Time-of-Use Rates Pursuant to N.J.A.C. 14:1-5.11 and N.J.A.C. 14:3-1.3, BPU Docket No. ER23030198, Comments filed on behalf of RECO, May 12, 2023 ("RECO Reply Comments").

¹⁰ RECO Reply Comments at 1.


¹¹ Id. at 2.

¹² In re the Provisional of Basic Generation Service (BGS) for the Period Beginning June 1, 2022, BPU Docket No. ER21030631, Order dated November 17, 2021.

This Order shall be effective on May 24, 2023.

DATED: May 24, 2023

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST:



SHERRI L. GOLDEN
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 ROCKLAND ELECTRIC COMPANY REQUESTING
APPROVAL OF A TARIFF AMENDMENT TO ADD BASIC GENERATION SERVICE (BGS) TIME-OF-
USE RATES PURSUANT TO N.J.A.C. 14:1-5.11 AND N.J.A.C. 14:3-1.3

BPU Docket No. ER23030198

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