



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF TAQA GEN-X,)
LLC FOR EMERGENT RELIEF)
)
)
) ORDER
DOCKET NO. GO13090881

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Martin C. Rothfelder, Esq., Public Service Electric and Gas Company
Steven Goldenberg, Esq., Fox Rothschild, LLP, on behalf of TAQA Gen-X, LLC

BY THE BOARD¹:

PROCEDURAL HISTORY

On September 27, 2013, TAQA GEN-X, LLC ("TAQA") filed a petition seeking emergent relief related to an increase in the transportation service rate to be charged to its Sayreville, New Jersey facility by its gas distribution company, Public Service Electric and Gas Company ("PSE&G"). The Sayreville generation facility, known as Red Oak Generation Station ("Red Oak"), is a 830 MW combined-cycle, gas-fired power plant located at 832 Red Oak Lane in the Borough of Sayreville, Middlesex County, New Jersey. Red Oak currently has a tolling agreement with TAQA. Red Oak has agreed to use the generating facility to convert the natural gas fuel provided by TAQA into electric energy for delivery back to TAQA. TAQA currently supplies natural gas to Red Oak through (i) a gas supply agreement with PSEG Energy Resources and Trade ("ER&T"), and (ii) a gas transportation agreement with PSE&G.

According to the petition, until October 1, 2013, TAQA's gas transportation service agreement with PSE&G provided for service under Rate Schedule TSG-NF at a discounted rate of \$0.10 per dth for up to 132,000 dth/day of interruptible transportation service. Also according to the petition, the primary term of the contract expired on or about October 1, 2013. TAQA asserted that despite negotiation efforts, PSE&G, ER&T and TAQA were unable to negotiate mutually agreeable revised pricing terms either for a new gas supply agreement with respect to ER&T and TAQA or a new or continued transportation agreement with respect to PSE&G and TAQA.

¹ Commissioner Upendra J. Chivukula recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

TAQA further claimed that the initial date by which a notice of termination of the transportation service agreement could be tendered was September 30, 2012. PSE&G sent a termination letter to TAQA, dated September 27, 2012, with termination to be effective on or after October 1, 2013. Without a negotiated alternative rate agreed to by the parties and approved by the Board, TAQA's rate for transportation service could increase to the full Rate Schedule TGS-NF rate which is presently at \$0.67837 per dth. TAQA requested that the Board require PSE&G to continue its current transportation rate until the earliest of: 1) September 30, 2014; 2) commencement of NJNG service to Red Oak; or 3) the effective date of a negotiated resolution between TAQA and PSE&G. Petition at 1.

By Order dated November 23, 2013 ("November Order"), the Board directed PSE&G to continue its discounted gas transportation service to TAQA beyond October 1, 2013. The November Order did not specify a date by which PSE&G was to terminate its discounted gas transportation service to TAQA.

Prior to the entry of the November Order, on August 21, 2013, the Board approved a petition by New Jersey Natural Gas Company ("NJNG") for a limited franchise granted by the Town of Sayreville allowing NJNG to serve the Red Oak facility. As required by N.J.S.A. 48:2-14, the Board found that approval of the franchise was proper under the circumstances as it deemed that service under the grant was necessary and proper for the public convenience and properly conserved the public interests².

Thereafter, TAQA executed a gas service agreement ("GSA") with NJNG to provide gas distribution service to Red Oak. The Board approved the GSA by Order dated December 18, 2013 in Docket No. GO13010059.³

By letter dated December 31, 2013, PSE&G once again notified TAQA of its intent to terminate discounted gas transportation service upon the earlier of Red Oak's interconnection to the NJNG system or September 30, 2014. TAQA notified PSE&G that it contested the proposed service termination by letter dated February 6, 2014.

STIPULATION

In an effort to resolve this matter, TAQA and PSE&G (collectively "the Parties") executed a stipulation of settlement ("Stipulation") on September 15, 2014. The Stipulation provides the following⁴:

1. The Parties stipulate and agree that, subject to Board approval, PSE&G's discounted rate for gas transportation service to TAQA at Red Oak shall expire upon the earlier of (i) the commencement of natural gas transportation service by NJNG to Red Oak, or (ii) July 1, 2015; and that PSE&G gas transportation service to TAQA at Red Oak shall terminate upon the commencement of natural gas transportation service by NJNG to Red Oak.

² In re: the Petition of New Jersey Natural Gas Company for Approval of a Municipal Franchise in the Borough of Sayreville, Middlesex County, State of New Jersey, to Serve Red Oak Power, LLC, BPU Docket No. GE12121084 ("Franchise Proceeding").

³ In re: the Petition of New Jersey Natural Gas Company for 1) Approval of a Gas Service Agreement Between TAQA Gen-X, LLC and New Jersey Natural Gas Company and 2) a Protective Order and Exemption from Public Disclosure of Confidential Information, BPU Docket No. GO13010059.

⁴ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions of this Order.

2. The Parties further stipulate and agree that TAQA shall provide PSE&G at least five business days' notice of the date on which gas transportation service is to commence from NJNG to the Red Oak plant. The required notice shall be provided to the Company at the following address:

Public Service Electric and Gas Company
Vice President Asset Management & Centralized Services
80 Park Plaza
Newark, NJ 07102

In addition, at least five business days prior to the date on which gas transportation service is to commence by NJNG to Red Oak, notice shall be provided by telephone to PSE&G's Gas Control Center at 973-430-5075.

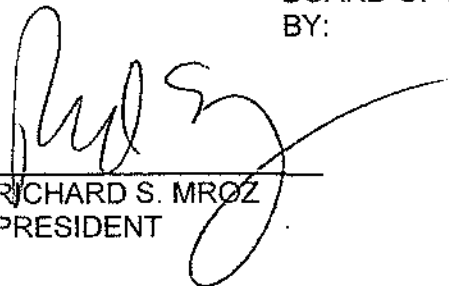
DISCUSSION AND FINDING

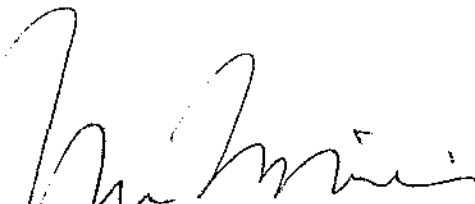
The Board having carefully reviewed the record in this proceeding and the attached Stipulation, **HEREBY FINDS** that the Stipulation is reasonable, in the public interest and in accordance with the law resolving the issues in contention between TAQA and PSE&G. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

This Order shall become effective on October 31, 2014.

DATED: 10/22/14

BOARD OF PUBLIC UTILITIES
BY:

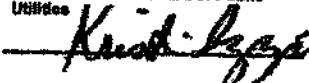

RICHARD S. MROZ
PRESIDENT

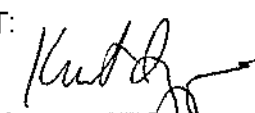

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER

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



ATTEST:

KRISTI IZZO
SECRETARY

**In the Matter of the Petition of TAQA Gen-X, LLC for Emergent Relief
Docket No. GO13090881**

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September 16, 2014

**In the Matter of the Petition of
TAQA Gen-X, LLC for Emergent Relief**

BPU Docket No. GO13090881

BY ELECTRONIC AND REGULAR MAIL

Kristi Izzo, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Izzo:

Attached please find ten copies of a Stipulation designed to resolve all remaining issues in this docket.

Very truly yours,

A handwritten signature in blue ink that reads "Martin C. Rothfelder".

Martin C. Rothfelder

Attachment

- C Service list (via e-mail)
- Stephanie Brand (two copies)

SERVICE LIST

In the Matter of the Petition of TAQA Gen-X, LLC for Emergent Relief
BPU Docket No. GO13090881

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BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES

<i>In the matter of the petition of TAQA Gen-X, LLC for Emergent Relief</i>	BPU Docket No. GO13090881
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STIPULATION OF SETTLEMENT

APPEARANCES:

Martin C. Rothfelder, Esq., Associate General Regulatory Counsel, for the Petitioner, Public Service Electric and Gas Company

Steven S. Goldenberg, Esq., Fox Rothschild, LLP, and **Paul F. Forshay, Esq.**, Sutherland Asbill & Brennan LLP, for TAQA Gen X, LLC

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

It is hereby AGREED, by and between Public Service Electric and Gas Company (“PSE&G”) and TAQA Gen X, LLC (“TAQA”)(collectively, “the Parties”), that this Stipulation of Settlement resolves the date for termination of the discounted gas transportation service currently received by TAQA from PSE&G at the Red Oak Generating Station (“Red Oak”), as described below. In support of this Stipulation of Settlement, the Parties state as follows:

1. Red Oak is a natural gas fired electric generating station located in the Borough of Sayreville, New Jersey. Constructed in 2002, Red Oak is located within PSE&G’s gas distribution service territory.
2. TAQA currently receives discounted natural gas transportation service from PSE&G pursuant to a discounted service contract under Rate Schedule TSG-NF. Under that contract, PSE&G delivers natural gas to TAQA at the Red Oak plant.

3. TAQA also has a tolling agreement with Red Oak. Under that Agreement, Red Oak uses its generating facility to convert natural gas provided by TAQA into electric energy for delivery back to TAQA which, in turn, trades that energy in the PJM Interconnection, LLC ("PJM") wholesale energy market.

4. The PSE&G contract with TAQA had an initial term of eleven (11) years and was due to expire on October 1, 2013. By letter dated September 27, 2012 ("September 27 Letter") PSE&G provided notice of its intent not to renew its discount transportation contract with TAQA upon the expiration of its initial eleven-year term. On September 27, 2013 TAQA filed a Petition for Emergent Relief, which requested an extension of TAQA's discounted transportation contract beyond the October 1, 2013 termination date identified by PSE&G.

5. By Order dated November 23, 2013, the Board directed PSE&G to continue its discounted gas transportation service to TAQA beyond the October 1, 2013 termination date stated in the September 27 Letter. *See In the Matter of the Petition of TAQA Gen-X, LLC for Emergent Relief*, BPU Docket No. GO13090881 (issued November 23, 2013). The Board's order did not set a date for termination of PSE&G's discounted gas transportation service to TAQA.

6. By Order dated August 21, 2013 in Docket No. GE12121084, the Board authorized New Jersey Natural Gas Company ("NJNG") to provide natural gas distribution service to the Red Oak plant. *See In the Matter of the Petition of New Jersey Natural Gas Company for Approval of a Municipal Franchise in the Borough of Sayreville, Middlesex County, State of New Jersey, to Serve Red Oak Power, LLC.*, BPU Docket No. GE12121084. By Order dated December 18, 2013, the Board approved a Gas Service Agreement between TAQA and NJNG. *See In the Matter of the Petition of New Jersey Natural Gas Company for (1) Approval of a Gas Service*

Agreement Between TAQA Gen-X, LLC and New Jersey Natural Gas Company and (2) a Protective Order and Exemption from Public Disclosure of Confidential Information, BPU Docket No. GO13010059 (issued December 18, 2013).

7. By letter dated December 31, 2013, PSE&G has indicated its intent to discontinue TAQA's discounted gas transportation service upon the earlier of Red Oak's interconnection to the NJNG system or September 30, 2014. By letter dated February 6, 2014, TAQA has contested PSE&G's proposed service termination. This Stipulation and Agreement is designed to provide a mutually acceptable resolution to the pending dispute.

8. To resolve this pending dispute, the parties hereby stipulate and agree that, subject to Board approval, PSE&G's discounted rate for gas transportation service to TAQA at Red Oak shall expire on the earlier of (i) the commencement of natural gas transportation service by NJNG to the Red Oak plant, or (ii) July 1, 2015; and that PSE&G gas transportation service to TAQA at Red Oak shall terminate upon the commencement of natural gas transportation service by NJNG to Red Oak.

9. The Parties further agree that TAQA shall provide PSE&G at least five business days' notice of the date on which gas transportation service is to commence from NJNG to the Red Oak plant. The notice required by this paragraph shall be provided to:

Public Service Electric and Gas Company
Vice President Asset Management & Centralized Services
80 Park Plaza
Newark, NJ 07102.

In addition, at least five business days prior to the date on which gas transportation service is to commence from NJNG to the Red Oak plant, notice shall be provided by telephone to PSE&G's Gas Control Center at 973-430-5075.

10. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order(s), then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

11. It is the intent of the Signatories that the provisions herein be approved by the Board as being in the public interest. The Signatories further agree that they consider the Stipulation to be binding on them for all purposes herein.

12. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Signatories shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein and, in total or by specific item. The Signatories further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

13. The Signatories further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

WHEREFORE, the Signatories hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY: Martin C. Rothfelder

DATED: 9/15/14

Martin C. Rothfelder, Esq.
Associate General Regulatory Counsel

TAQA Gen X, LLC

BY: Steven S. Goldenberg

DATED: 7/15/14

Steven S. Goldenberg, Esq.
Fox Rothschild, LLP