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November 1, 2012

VIA EMAIL AND REGULAR MAIL

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

Re: In the Matter of the Act Concerning the Imposition of Standby Charges Upon Distributed Generation Customers Pursuant to N.J.S.A. 48:2-21 et seq.

BPU Docket No. GO12070600

Dear Secretary Izzo:

Pursuant to the Board of Public Utilities' ("Board") July 18, 2012 Order in the above-captioned matter, Jersey Central Power & Light Company ("JCP&L" or the "Company") hereby submits a proposed standby service tariff that would be available for certain customers with qualifying distributed generation ("DG") facilities. The proposed tariff, designated "Rider STB-DG", would be available to customers that have a "distributed generator" as defined in N.J.S.A. 48:2-21.37 and that otherwise satisfy the requirements for taking service under this service classification. Please refer to the proposed Rider STB-DG, enclosed herewith, for the specific details concerning the proposed charges and eligibility requirements for the DG standby service.

In its July 18, 2012 Order, the Board identified five issues to be addressed in the utilities' compliance filings. *July 18, 2012 Order*, pp. 4-5. JCP&L addresses these issues as follows:

- *Proposed standby service or provisions with rates that are available to Distributed Generators as defined in the Standby Charge Law. (Order, p. 4).*

The proposed Rider STB-DG is available to customers served under Service Classifications General Service Secondary (GS), General Service Secondary Time-of-Day (GST), General Service Primary (GP) and General Service Transmission (GT) owning, or

operating a qualified distributed generation facility as provided in the Standby Charge Law and determined by the Board. Please also refer to the proposed Rider STB-DG for additional applicability requirements.

- *Standby service, rates and rate design shall consider the operating performance of the Distributor Generators as defined in the Standby Charge Law during peak electric demand periods, as well as the design of demand charges that could provide incentives to Distributed Generators to shift usage away from peak electric demand periods. (Order, p. 5)*

Current JCP&L tariff rate design on demand charges, as approved by the Board, provides incentives for customers to shift usage away from peak periods. This rate design would apply to customers taking service under Rider STB-DG.

- *Standby rates and rate design for Distributed Generators must be based on cost causation principles that address both the incremental costs and the overall costs to provide distribution service to these Distributed Generators. (Order, p. 5)*
- *Standby service, rates and rate design shall ensure equity between Distributed Generators and other public utility customers. (Order, p. 5)*

Under the Company's proposed Rider STB-DG, DG customers' standby rates would be based on the same underlying rate design and the same distribution demand and energy charges as all other customers, which ensures that proper cost causation principles are maintained. JCP&L's proposed Rider STB-DG is intended to prevent cross-subsidization of DG customers by other utility customers by requiring those taking service under it to pay the full cost for their use of the electric distribution system.

- *Standby service for Distributed Generators shall consider cost savings to EDCs resulting from distributed generation, and any other benefits associated with distributed generation, including, but not limited to, any increase in energy efficiency and any associated decrease in demand for electric power from the electric grid. (Order, p. 5)*

As JCP&L has explained in its prior submissions to the Board in this matter, the Company does not anticipate that DG will contribute to any cost savings for JCP&L. As an electric distribution company, JCP&L must invest in and maintain the requisite electricity delivery infrastructure to serve its peak load under circumstances where no DG is operating. Any contribution to cost savings that might result from DG with respect to the supply of the electric energy commodity would not impact JCP&L's costs as an electric distribution company. Moreover, certain types of DG facilities can increase costs because of the additional infrastructure that may be needed to support the facilities (*e.g.*, to address the potential for the bi-

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directional flow of electricity from DG facilities back onto the utility's distribution system). However, such a determination is fact sensitive and therefore can only be made on a case-by-case basis.

Conclusion

Finally, JCP&L notes that certain aspects of the definition of "distributed generator" in N.J.S.A. 48:2-21.37 are vague and subject to different interpretations. Therefore, JCP&L suggests that the Board consider conducting stakeholder meetings for this matter, during which interested parties and Board Staff can discuss and clarify the intended scope of the electric utilities' DG standby service tariffs.

Respectfully submitted,



Gregory Eisenstark

Encl.

c: Service List

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**JERSEY CENTRAL POWER & LIGHT COMPANY
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Rider STB - DG
Standby Distributed Generation Service
(Applicable to Service Classifications GS, GST, GP and GT)

AVAILABILITY: Rider STB - DG specifies the conditions under which Distributed Generation Customers (“DG Customers”) owning or operating Distributed Generation facilities, including PURPA Qualifying Facilities (collectively “DG Facilities”), on or after November 1, 2012, may obtain Standby Distributed Generation Service (“STB–DG”) under this Rider when such DG Facilities are Unavailable. To be eligible for this Rider, the output of the DG Facilities must be equal to or greater than 250 kW and be used to meet some or all of the on-site DG Customer Load requirements. In addition, the DG Customer must contract for electric service under the applicable Service Classifications GS, GST, GP or GT (rate schedule) and subject to all charges, terms and conditions, except as modified below.

AVAILABLE CAPACITY: The maximum standby capacity available under this Rider is: 1) up to the DG Customer Load, where the DG Net Output is used to serve the entire on-site DG Customer Load; or 2) up to the DG Net Output where the DG Net Output is used to serve only a portion of the DG Customer Load.

STANDBY-DG DISTRIBUTION CHARGE:

Monthly Distribution Billing Demand:

Where the DG Net Output is used to serve the entire on-site DG Customer Load, the Monthly Distribution Billing Demand shall be the maximum 15-minute integrated metered DG Customer Load.

Where the DG Net Output is used to serve only a portion of the DG Customer Load, the Monthly Distribution Billing Demand shall be the DG Net Output. The DG Net Output shall be the average annual metered 15-minute integrated net output of the DG Facilities for the prior calendar year, or partial calendar, in the event that the DG Facilities have commenced operations for less than a full calendar year.

Monthly Distribution Capacity Charge:

Applicable monthly demand charges (maximum KW Charges) per contract rate schedule multiplied by the Monthly Distribution Billing Demand.

Monthly Distribution Billing Energy:

Where the DG Net Output is used to serve the entire on-site DG Customer Load, the Monthly Distribution Billing Energy shall be the metered DG Customer Load energy consumption.

Where the DG Net Output is used to serve only a portion of the DG Customer Load, the Monthly Distribution Billing Energy shall be the DG Net Output multiplied by the number of hours in the month during which STB-DG was provided.

Monthly Distribution Energy Charge:

Applicable Distribution energy charges (KWH Charges) per contract rate schedule multiplied by Monthly Distribution Billing Energy.

Issued:

Filed pursuant to Order of Board of Public Utilities
Docket No. dated

Effective:

Rider STB - DG
Standby Distributed Generation Service
(Applicable to Service Classifications GS, GST, GP and GT)

SERVICE CHARGE: \$40.00 monthly

METERING COSTS: DG Customers shall pay all metering equipment and related costs as required by the Company and/or by PJM.

INTERCONNECTION COSTS: DG Customers shall pay interconnection costs (see Part II, Section 4.05) and any line extension costs required to interconnect the DG Facilities to the Company's facilities.

DEFINITIONS:

Distributed Generation – Energy generated by a district energy system, a combined heat and power facility and energy generated from other forms of clean energy-efficient electric generation systems, as determined by the BPU.

PURPA Qualifying Facilities – As defined by the Public Utility Regulatory Policy Act of 1978

DG Net Output – DG Facilities output net of ancillary equipment (parasitic load) essential to the operation of the DG Facilities.

DG Customer Load – The load requirements of customer-owned or customer-operated facilities normally served from the DG Facilities, except for when the DG Facilities are unavailable.

Unavailable – DG Facilities net output equal to or less than zero.

Issued:

Filed pursuant to Order of Board of Public Utilities
Docket No. dated

Effective:

Issued by Donald M. Lynch, President
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