



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PROVISION OF BASIC) DECISION AND ORDER
GENERATION SERVICE ("BGS") AND TARIFF)
SHEETS REFLECTING PROPOSED REVISIONS)
TO RELIABILITY MUST RUN CHARGE-)
NOVEMBER 2017 YORKTOWN FILING) BPU DOCKET NO. ER17111150

Parties of Record:

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Gregory Eisenstark, Esq., (Windels Marx Lane & Mittendorf, LLP) on behalf of Jersey Central Power & Light Company
Hesser G. McBride, Esq., on behalf of Public Service Electric and Gas 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:¹

On November 7, 2017, Atlantic City Electric Company ("ACE"), Jersey Central Power & Light Company ("JCP&L"), Public Service Electric and Gas Company, ("PSE&G") and Rockland Electric Company ("Rockland") (collectively, the "EDCs") filed a joint petition ("November 2017 Yorktown RMR Petition") with the New Jersey Board of Public Utilities ("Board") requesting recovery of Federal Energy Regulatory Commission ("FERC") approved changes in transmission service related charges. The EDCs requested that the changes in rates, if approved, be effective for service rendered on or after December 1, 2017.

The EDCs' proposed tariff changes reflect changes to the Basic Generation Service ("BGS") Residential and Small Commercial Pricing ("BGS-RSCP") and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates to customers resulting from changes in the PJM Open Access Transmission Tariff ("OATT") relating to costs the suppliers will be assessed by PJM pursuant to the Reliability Must Run ("RMR") charges related to a filing made by Dominion Energy Services, Inc., formerly Dominion Resources Services, Inc. ("Dominion") filed with FERC in Docket No. ER17-750-000. The filing at FERC is for the recovery of costs associated with the continued operation of two generating units, Yorktown 1 and 2, located in Yorktown, Virginia (collectively, "Yorktown Units").

¹ Commissioner Upendra J. Chivukula did not participate.

BACKGROUND

On January 5, 2017, in accordance with Section 116 of the PJM OATT, Dominion filed for a Deactivation Avoidable Cost ("DAC") Rate with FERC for the Yorktown Units ("Dominion FERC Filing"). On March 2, 2017, FERC accepted Dominion's filing for DAC rates, effective January 6, 2017.

On June 14, 2017, the U.S. Department of Energy ("DOE") issued an emergency order ("June DOE Emergency Order") in which it determined that the continued operation of the Yorktown Units is necessary to maintain grid reliability in the North Hampton Roads area east of Richmond, Virginia. As a result of the June DOE Emergency Order, and based on discussions with PJM in light of that Order, Dominion submitted a filing to FERC stating that Dominion and the Market Monitor for PJM agreed to initial rates while negotiations on the DAC Rates continued. In July 2017, PJM issued a statement that the June billing would reflect Deactivation charges/credits for the extension of the Yorktown Units, effective January 5, 2017.

November 2017 Yorktown RMR Filing

The RMR Charges reflected in the November 2017 Yorktown RMR Petition stem from the Dominion FERC Filing described above. The EDCs have requested approval to commence charging the new rates effective December 1, 2017.

The EDCs also requested that the BGS suppliers be compensated for this increase that was effective January 5, 2017, with any differences between payments to BGS-RSCP and BGS-CIEP suppliers and charges to customers will flow through BGS Reconciliation Charges. Because BGS suppliers began paying these increased transmission charges in June 2017, the EDCs requested a waiver of the 30-day filing requirement.

According to the EDCs, this filing satisfies the requirements of paragraph 15.9(a) (i) and (ii) of the BGS-RSCP and BGS-CIEP Supplier Master Agreements ("SMAs"), which mandate that BGS-RSCP and BGS-CIEP suppliers be notified of rate increases for firm transmission service, and that the EDCs file for and obtain Board approval for an increase in retail rates commensurate with the FERC-implemented rate increase. The exact level of the Auction Price increase to BGS-RSCP and BGS-CIEP suppliers, the payment of which is subject to the receipt of a Final FERC Order, are set forth in the November 2017 Yorktown RMR Petition.

Each EDC is allocated a different amount of RMR charges from PJM based on the Dominion FERC Filing. Based on the allocation of the RMR Charges 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 ("SUT"): an increase of \$0.01 or 0.01% for ACE; an increase of \$0.01 or 0.01% for JCP&L; no impact for PSE&G; and an increase of \$0.02 or 0.02% for Rockland.

DISCUSSION AND FINDING

In the Board's Order dated December 2, 2003, in Docket No. EO03050394, the Board found that the pass through of any changes in the network integration transmission 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 authorize 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 November 2017 Yorktown RMR 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 the RMR Charges resulting from the Dominion FERC Filing, effective as of January 1, 2018. As noted in the November 2017 Yorktown RMR Petition, the payment to suppliers is subject to the receipt of a Final FERC Order. The Board's December 22, 2006 Order² at page 12 states, "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." Accordingly, the Board **AUTHORIZES** the EDCs to collect from BGS customers, the costs associated with the Dominion FERC Filing and track such collections until receipt of a Final FERC Order in the matter.

Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings by January 1, 2018. The Board further **DIRECTS** the EDCs to reflect the reduction of the SUT in their tariff compliance filings.

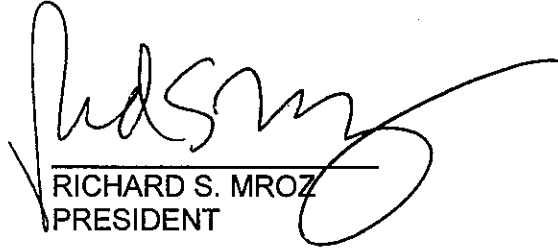
The EDCs' rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

² In re the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket No. EO06020119 (December 22, 2006).

The effective date of this Order is December 29, 2017.

DATED: 12/19/17

BOARD OF PUBLIC UTILITIES
BY:

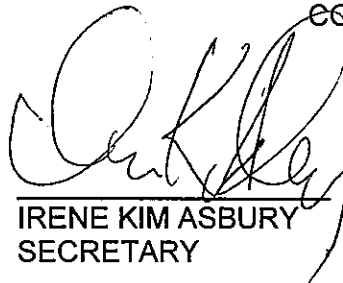

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

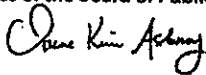

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER

ATTEST:


IRENE KIM ASBURY
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 PROVISION OF BASIC GENERATION SERVICE ("BGS") AND THE
 TARIFF SHEETS REFLECTING PROPOSED REVISIONS TO RELIABILITY MUST RUN CHARGE
 BPU DOCKET NO. ER17111150**

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