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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

April 11, 2018

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 **COZEN
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Aida Camacho-Welch
Board Secretary
Board of Public Utilities
44 South Clinton Ave.
3rd Floor, Suite 314
Trenton, NJ 08625-0350

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Re: In the Matter of the Petition of UMM Energy Partners, LLC for an SBC Reduction in Connection with a Transportation Service Agreement with Public Service Electric & Gas Company
BPU Docket No. GR18040385

Dear Secretary Camacho-Welch:

This firm represents the Petitioner, UMM Energy Partners, LLC ("UMM") in the referenced matter. On behalf of UMM enclosed are the original and ten (10) copies of the Petition

We have previously provided a check in the amount of \$25 payable to "Treasurer, State of New Jersey".

We are also enclosing an extra copy of the Petition. Please stamp the extra copy as "Filed" and return the same in the self-addressed stamped envelope.

Also enclosed is an additional copy of this letter, with a self-addressed stamped envelope to send back to our office once a docket number has been assigned.

We request that this matter be consolidated with Docket No. GR18020184. Public Service Electric and Gas Company, the Petitioner in Docket No. GR18020184 consents to such consolidation.

Thank you for your attention to this matter.

Respectfully,

COZEN O'CONNOR, PC

By: 
Ira G. Megdal

EMS
LEGAL
DAG
RPA
T. WALKER
S. Peterson
ENERGY(S)TCC

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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

STATE OF NEW JERSEY

BOARD OF PUBLIC UTILITIES

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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

I/M/O PETITION OF UMM ENERGY PARTNERS, : BPU DOCKET NO.
LLC FOR AN SBC REDUCTION IN :
CONNECTION WITH A TRANSPORTATION : PETITION
SERVICE AGREEMENT WITH PUBLIC :
SERVICE ELECTRIC & GAS COMPANY :

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

UMM Energy Partners, LLC (hereinafter referred to as "UMM" or "Petitioner"), a New Jersey limited liability company, with its principal office located at 5429 Harding Highway, Mays Landing, New Jersey 08330, hereby petitions this Honorable Board (hereinafter referred to as "Board" or "BPU") for a reduction of the Societal Benefits Charge ("SBC") pursuant to Rate Schedule CSG of the Tariff of Public Service Electric & Gas Company ("PSE&G") during the term of the proposed agreement filed in this docket. In support thereof, Petitioner states as follows:

1. UMM is a special purpose entity, created solely for the purpose of providing electricity, steam and chilled water to Montclair State University ("MSU"), a public university of the State of New Jersey. Pursuant to the Agreement between UMM and MSU, all natural gas costs incurred by UMM are passed through, dollar-for-dollar to MSU. As a result, the reduction in energy costs which UMM seeks by virtue of this Petition will be passed on for the benefit of the institution and students at what has been described by Forbes Magazine as "New Jersey's best public university". MSU has a vibrant, expansive campus community. UMM provides needed electricity, heating and cooling to MSU, and by this Petition seeks to do so at a lower, more beneficial cost. IF THIS PETITION IS GRANTED, IT WILL BENEFIT MSU ONLY, NOT UMM.

2. On February 21, 2018, Public Service Electric & Gas Company ("PSE&G") filed a Verified Letter Petition (the "Letter Petition") in this docket seeking approval of a Transportation

Service Agreement (the "Agreement") pursuant to PSE&G's Rate Schedule CSG. The Agreement, between PSE&G and UMM provides for a reduction for twenty years pursuant to PSE&G's Rate Schedule CSG on the basis of an economically viable bypass alternative, supported by UMM's ability to bypass PSE&G by connecting directly to Transcontinental Gas Pipe Line Company, LLC ("Transco"). However, for the reasons set forth in this Petition, the discounted rates provided in the Agreement, are insufficient to meet the financial requirements of UMM and MSU, to justify avoiding a bypass.

3. UMM is a combined heat and power facility that commenced commercial operations in September 2013 and is capable of producing 5.7MW of electricity, 30 MMBtu of heat recovery, 80,000 lbs/hr of boiler capacity and 4,300 Tons of chilling. In 2018, the original state of the art facility will continue to expand and become an independent microgrid by adding an additional 5.2 MW of onsite electric distributed generation along with a fully integrated load management system. The additional 5.2 MW of generation and load management system will enable UMM to produce electricity during critical high demand PJM Interconnection, LLC periods and also operate in island mode and load shed during a complete loss of PSE&G utility power.

4. UMM currently provides over 90% of the electric, heating and cooling needs of MSU by directly servicing over thirty (30) campus buildings. UMM is essential to the financial health of MSU and provides a safe and environmentally conscious solution to delivering the campus's energy needs. The cost of fuel, the vast majority of which is natural gas, is a direct cost pass through to MSU under MSU's Energy Services Agreement with UMM. MSU has taken it upon themselves to be leaders in energy efficiency and resiliency by implementing this state of the art solution to campus energy management. The microgrid solution provides a resilient "stand alone" power island that can be disconnected from the utility grid during times of adverse weather and related emergencies thus creating a resilient emergency resource for the Montclair/Clifton community in addition to the immediate campus. The solution will also help alleviate grid congestion within a densely populated area.

5. Making the economics work to carry this collective project forward and sustain it for many years into the future is not an easy task given the capital cost of developing the microgrid infrastructure. The creation of this state of the art microgrid contemplated being awarded financial incentives in order to pay for the robust and technologically advanced equipment. This includes UMM's responsibility to seek the lowest possible costs of natural gas for MSU's benefit and matching the benefits of other cogeneration and microgrid applications within the state in order to make this project economically viable and provide a dollar savings to the public University. MSU has taken it upon themselves to be at the forefront of implementing state of the art technology protecting both the students of MSU and residents of the local area.

6. The required SBC reduction would be \$0.0392 per therm off of the SBC for the term of the Agreement. At the current time, this request would reduce the current SBC rate from the current SBC level of \$0.041995 per therm to \$0.002813 per therm. All SBC rates stated in this paragraph and below are exclusive of any Sales and Use tax. Under no circumstance would the SBC rate as discounted go below zero (to negative).

7. The Transco interstate gas pipeline is located approximately 440 feet from the UMM generation facility. UMM has fully evaluated the cost of bypassing the PSE&G distribution system and found that it would provide significant cost savings opportunities that would inure to MSU. In working with PSE&G UMM has come to agreement on a tariff-based contract for "bypass" avoidance that is intended to move toward making UMM economically indifferent as to staying as a customer of PSE&G or bypassing PSE&G. However, the contract rate offered by PSE&G falls short of this objective. In order to achieve economic indifference, it is necessary that the SBC reduction sought in this Petition is also obtained. Moreover, inasmuch as the margin revenues to PSE&G under the contract would continue to go to benefit all firm gas customers there is a clear ratepayer benefit to UMM continuing to be served by PSE&G rather than selecting the Transco bypass proposal. Ratepayers will also benefit from UMM's continuing contribution to the SBC, Green Power Recovery Change ("GPRC") and taxes paid to the State.

8. In the event that UMM is granted the requested SBC reduction, it will achieve economic indifference. UMM will continue to provide a contribution toward PSE&G's cost of gas over the next twenty years. Thus, other customers will benefit. In addition, UMM will provide some contribution towards the SBC, and will also contribute to PSE&G's GPRC. These contributions will continue to benefit PSE&G customers.

9. Traditionally, the SBC is utilized to help support exactly this type of energy efficiency and critical infrastructure project. UMM provides a number of benefits to both MSU and the local community as a state of the art microgrid by: (1) delivering the most efficient and cost effective energy solution to one of the State's largest public Universities; (2) providing a resilient, environmentally conscious energy resource and limiting local electric grid congestion; (3) contributing tax dollars to the State of New Jersey, Montclair and Clifton; and (4) providing a cost contribution towards PSE&G's gas cost recovery, the SBC and the GPRC. In order to levelize the economics between PSE&G and the interstate bypass alternative, UMM/MSU is requesting a reduction of \$.0392 per therm off the SBC for the term of the Agreement.

WHEREFORE, UMM respectfully requests that this Honorable Board grant to the Petitioner a discount of \$0.0392 per therm off of the SBC for the term of the Agreement. This discount will enable the microgrid and distributed generation facility to provide the most competitive, cost effective energy solution to MSU.

Respectfully submitted,

UMM ENERGY PARTNERS, LLC
By: COZEN O'CONNOR

Dated: March 7, 2018


Ira G. Megdal

Copies of all notices or correspondence
with respect to this proceeding should
be sent to:

COZEN O'CONNOR"
Attn: Ira G. Megdal, Esquire
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Cherry Hill, NJ 08002
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