



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/

DIVISION OF STATE ENERGY SERVICES

IN THE MATTER OF THE IMPLEMENTATION OF L.)
2018, C. 16 REGARDING THE ESTABLISHMENT OF A)
ZERO EMISSION CERTIFICATE PROGRAM FOR)
ELIGIBLE NUCLEAR POWER PLANTS)

ORDER APPROVING A)
ZERO EMISSION)
CERTIFICATE RECOVERY)
CHARGE TARIFF)

IN THE MATTER OF THE APPLICATION OF JERSEY)
CENTRAL POWER AND LIGHT COMPANY FOR)
APPROVAL TO IMPLEMENT A ZERO EMISSION)
CERTIFICATE ("ZEC") CHARGE AND TARIFF)
PAGE(S) RELATED THERETO IN SUPPORT OF THE)
ZEC PROGRAM AUTHORIZED BY N.J.S.A. 48:3-87.3)
ET SEQ. AND A BOARD ORDER INITIATING THE ZEC)
PROGRAM, DATED AUGUST 29, 2018)

DOCKET NO. EO18080899

DOCKET NO. EO18091002

Parties of Record:

Gregory Eisenstark, Windels Marx Lane & Mittendorf, LLP, on behalf of Jersey Central Power & Light Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On May 23, 2018, Governor Phil Murphy signed into law L. 2018, c. 16 (C.48:3-87.3 to 87.7) ("Act"). The Act requires the New Jersey Board of Public Utilities ("Board") to create a program and mechanism for the issuance of Zero Emission Certificates ("ZECs"), each of which represents the fuel diversity, air quality, and other environmental attributes of one megawatt-hour of electricity generated by an eligible nuclear power plant selected by the Board to participate in the program. Under the program, certain eligible nuclear energy generators in the PJM Interconnection, LLC ("PJM") footprint may be approved to provide ZECs for the State's energy supply, which in turn will be purchased by New Jersey's four (4) investor-owned electric distribution companies, i.e., Atlantic City Electric ("ACE"), Jersey Central Power & Light Company ("JCP&L" or "Company"), Public Service Electric and Gas Company ("PSE&G"), and Rockland Electric Company ("RECO"), and municipal electric distribution company Butler Electric Utility

("Butler") (collectively, "EDCs"). The Act identifies the steps required to establish this program, including program logistics, funding, costs, application, eligibility requirements, selection process, and timelines associated with each aspect of the legislation.

The Act requires that the Board complete a proceeding within 180 days after the date of enactment of the Act, i.e., by November 19, 2018, to allow for the commencement of a ZEC program. In the proceeding, the Board shall – after notice, the opportunity for comment, and public hearings – issue an order establishing a ZEC program for selected nuclear power plants. The Board's Order must include but need not be limited to: (i) a method and application process for determination of the eligibility and selection of nuclear power plants; and (ii) establishment of a mechanism for each EDC to purchase ZECs from selected nuclear power plants and a mechanism for the Board to effectuate the provisions of N.J.S.A. 48:3-87.5(i). See N.J.S.A. 48:3-87.5(b).

The Act also requires that the Board complete a proceeding to certify applicant nuclear power plants as eligible for the program and to establish a rank-ordered list of the nuclear power plants eligible to be selected to receive ZECs. This proceeding must be completed no later than 330 days after the date of enactment of the Act, i.e., April 18, 2019, after notice, the opportunity for comment, and public hearing. See N.J.S.A. 48:3-87.5(d).

In addition, within 150 days after the date of enactment of the Act, i.e., by October 22, 2018, the Act required each EDC to file with the Board a proposed tariff to recover from its retail distribution customers a charge in the amount of \$0.004 per kilowatt-hour ("kWh") excluding Sales and Use Tax ("SUT"), which, according to the Act, reflects the emissions avoidance benefits associated with the continued operation of selected nuclear power plants. The Act provides that the Board shall approve the appropriate tariff after notice, the opportunity for comment, and public hearings, within 60 days after the EDCs' tariffs are filed. See N.J.S.A. 48:3-87.5(j).

By Order dated August 29, 2018¹, the Board directed the EDCs to file tariffs in compliance with the Act by October 22, 2018 for approval by the Board.² On September 20, 2018, JCP&L submitted its request for Board approval for JCP&L to recover from its retail distribution customers a non-bypassable, irrevocable charge in the amount of \$0.004 per kilowatt-hour ("ZEC charge"). The request included a proposed tariff sheet and a notice of filing and public hearings scheduling three (3) public hearings. JCP&L held three public hearings in its service territory. The first was held in Freehold on Tuesday, October 16, 2018 at 3:30 P.M. and 5:30 P.M. One member of the public attended, and one comment was received, questioning the need for the ZEC charge. The second hearing was held in Morristown on Tuesday, October 23, 2018 at 3:30 P.M. and 5:30 P.M. One member of the public attended, and no comments were received. The final hearing was held in Mt. Holly on Thursday, October 25, 2018 at 3:30 P.M. and 5:30 P.M. No members of the public attended, and no written comments were received.

After filing its initial tariff on September 20, 2018, Board Staff ("Staff") advised all EDCs to submit modified and uniform tariffs by November 19, 2018, consistent with discussions held among the EDCs, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Staff. All EDCs were directed to update the proposed tariffs to include language regarding the commencement of the collection of interest and the disposition of the interest collected in accordance with the Act. On November 19, 2018, JCP&L filed its revised proposed tariff.

¹ I/M/O the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants, BPU Docket No. EO18080899 (August 29, 2018).

² The Order also directed any party interested in intervening or participating in the tariff portion of the proceeding to make the appropriate filing by October 23, 2018.

Motion to Intervene

By letter dated October 19, 2018, Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor ("IMM") for PJM, filed a motion to intervene in the underlying Board established ZEC proceeding, and in the individually proposed tariff filings made by the EDCs.³ The IMM states that it is an organization created to objectively monitor the competitiveness of PJM markets and that PJM's Open Access Transmission Tariff requires the IMM to monitor compliance with PJM market rules, actual or potential design flaws in PJM market rules, structural problems in the PJM market that may inhibit a robust and competitive market, and the potential for a market participant to exercise market power or violate any PJM rules.⁴ The IMM asserted that, as this proceeding involves review of the establishment of a ZEC program and approval of an associated charge for eligible nuclear power plants operating in PJM competitive markets, it implicates matters within the IMM's purview.⁵ The IMM also asserted that, if approved, this proposal could have a substantial impact on competition in the competitive wholesale electric markets administered by PJM, which may in turn have a substantial impact on competition and rates in the retail markets subject to the Board's jurisdiction.⁶ Further, the IMM stated that its interest in the outcome of this proceeding is in protecting the public interest in PJM markets regulated through competition, that the IMM has a substantial interest in these proceedings because it has the exclusive duty to perform the market monitoring function for PJM in accordance with the duties required by the PJM tariff, and that no other party can adequately represent the IMM's interests.⁷

Public Service Electric and Gas Company, PSEG Power LLC, and PSEG Nuclear LLC ("PSEG Companies") submitted a brief dated October 29, 2018 in opposition to the IMM's motion to intervene, arguing that the IMM failed to satisfy the statutory criteria requiring it to demonstrate that it is "essential" to aid the Board in making the determinations required under the Act and asserting that the IMM failed to satisfy the regulatory criteria for intervention.⁸

DISCUSSION AND FINDINGS

The Act contemplates that certain parties may be deemed by the Board as essential in aiding the Board to make determinations concerning the award of ZECs. Specifically, N.J.S.A. 48:3-87.5(a) provides:

The board and the Attorney General shall jointly approve the disclosure of such confidential information to a party that they deem essential to aid the board in making the determinations required under this subsection, provided that the party is not in a position such that disclosure could harm competition and the party agrees in writing to maintain the confidentiality of the confidential information.

The Board both acknowledges and supports the IMM's mandate. The Board, individually and as a member of the Organization of PJM States, Inc. ("OPSI"), has repeatedly supported the IMM's ability to independently engage in proceedings before the FERC.⁹ The Board and OPSI have recognized that

³ Motion to Intervene of the Independent Market Monitor for PJM (October 19, 2018) ("IMM's Motion"). In that same filing, the IMM moves for Admission of Counsel pro hac vice.

⁴ IMM's Motion at 2.

⁵ Ibid.

⁶ Id. at 2-3.

⁷ Id. at 3.

⁸ Public Service Electric and Gas Company's PSEG Power LLC's and PSEG Nuclear LLC's Brief in Opposition to Motion to Intervene of the Independent Market Monitor of PJM (October 29, 2018).

⁹ See, e.g., Joint Reply and Motion for Leave to Reply of the Pennsylvania Public Utility Commission, New Jersey

the IMM's role helps to ensure public confidence in the competitiveness and legitimacy of wholesale markets.¹⁰ As referenced above, the FERC issued an order on June 29, 2018 that claims that "the integrity and effectiveness of the capacity market," a wholesale market administered by PJM, "have become untenably threatened by out-of-market payments provided or required by certain states for the purpose of supporting the entry or continued operation of preferred generation resources."¹¹

Also, the Board acknowledges that the IMM is in a unique position to review the financial viability of nuclear power plants seeking ZECs based on its experience reviewing generators' costs in the PJM capacity markets as part of reviewing unit-specific competitive offers. However, this particular motion seeks involvement in the discrete issue of the creation of a tariff page, for inclusion in the tariff of each EDC, that essentially advises electric distribution customers of the amount they will be billed for the cost of the ZEC program, a number that has already been set by the Legislature. While we appreciate the IMM's expertise relevant to certain portions of the ZEC proceeding, that expertise would not aid the Board in its determination on the creation of a tariff order. Therefore, with respect to the tariff portion of this proceeding, the IMM's knowledge and expertise would not aid the Board in its decision and would not add measurably and constructively to the scope of this aspect of the proceeding. See N.J.A.C. 1:1-16.1(b) and N.J.A.C. 1:1-16.6.

Therefore, after weighing the issues carefully, the Board **HEREBY FINDS** that the tariff proceedings do not warrant the IMM's assistance and that the IMM will not add measurably and constructively to the scope of the individual EDC proposed tariff filings. The Board **HEREBY DENIES** the IMM's motion to intervene in the individual EDC tariff filings. As stated earlier, the Board addressed IMM's motion to intervene in the underlying Board established ZEC proceeding in the companion order, IM/O the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants, BPU Docket No. EO18080899, Order dated November 19, 2018.

The Board, having reviewed the tariff, as modified by JCP&L, **HEREBY ACCEPTS** JCP&L's modified tariff, which seeks to implement a non-bypassable, irrevocable charge in the amount of \$0.004 per kWh (excluding SUT). The tariff is not to be implemented unless and until the Board issues a final order authorizing the Company to implement the ZEC program.

The Company's costs will remain subject to audit by the Board. This Order shall not preclude or prohibit the Board from taking further action relating to any such audit.

Board of Public Utilities, and Delaware Public Service Commission, FERC Docket No. ER16-372 (Mar. 31, 2017) ("The Joint State Commissions have traditionally been supportive of a strong IMM role . . ."); see, e.g., Motion for Leave to Answer and Answer of the Organization of PJM States, Inc., FERC Docket No. ER16-372 (May 9, 2017) (providing background of OPSI's continued support of a strong and truly independent market monitor) ("OPSI Answer").

¹⁰ OPSI Answer at 7-8.

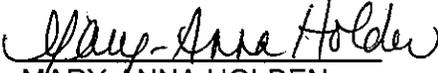
¹¹ June 29 Order at Paragraph 1.

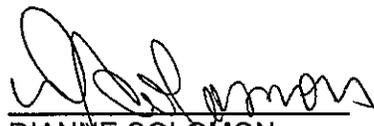
The effective date of this Order is November 29, 2018.

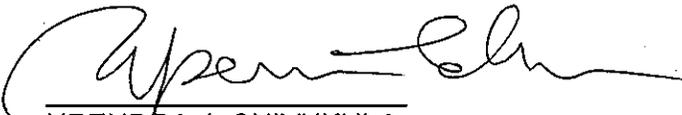
DATED: 11/19/18

BOARD OF PUBLIC UTILITIES
BY:


JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
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 Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants

BPU Docket No. EO18080899

I/M/O Jersey Central Power & Light Company for Review and Approval of a Zero Emission Certificate Recovery Charge

BPU Docket No. EO18091002

SERVICE LIST

Division of Rate Counsel

140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Stefanie A. Brand, Esq., Director
sbrand@rpa.nj.gov

Brian Lipman, Esq., Litigation Manager
blipman@rpa.nj.gov

Felicia Thomas-Friel, Esq.
Managing Attorney – Gas
ftomas@rpa.nj.gov

Ami Morita, Esq.
Assistant Deputy Rate Counsel
amorita@rpa.nj.gov

Diane Schulze, Esq.
Assistant Deputy Rate Counsel
dschulze@rpa.nj.gov

Sarah Steindel, Esq.
Assistant Deputy Rate Counsel
ssteindel@rpa.nj.gov

Celeste Clark
cclark@rpa.nj.gov

Lisa Gurkas
lgurkas@rpa.nj.gov

Deborah Layugan
dlayugan@rpa.nj.gov

Rate Counsel Consultants

Andrea Crane
ctcolumbia@aol.com

Max Chang
mchang@synapse-energy.com

Bob Fagan
rfagan@synapse-energy.com

Independent Market Monitor for PJM

Steven S. Goldenberg, Esq.
Giordano, Halleran & Ciesla, P.C.
125 Half Mile Road, Suite 300
Red Bank, NJ 07701-6777
sgoldenberg@ghclaw.com

Jeffrey W. Mayes
General Counsel
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, PA 19403
jeffrey.mayes@monitoringanalytics.com

Board of Public Utilities

44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350

Aida Camacho-Welch, Secretary of the Board
aida.camacho@bpu.nj.gov

Paul Flanagan, Executive Director
paul.flanagan@bpu.nj.gov

Board of Public Utilities, cont'd

Benjamin Witherell, Chief Economist
benjamin.witherell@bpu.nj.gov

Noreen Giblin, Esq., Chief Counsel
noreen.giblin@bpu.nj.gov

Bethany Rocque-Romaine, Esq.
Deputy Chief Counsel
bethany.romaine@bpu.nj.gov

Stacy Ho Richardson, Esq., Legal Specialist
stacy.richardson@bpu.nj.gov

Thomas Walker, Director
Division of State Energy Services
thomas.walker@bpu.nj.gov

Stacy Peterson, Director
Division of Energy
stacy.peterson@bpu.nj.gov

Kevin Nedza
Director of Special Projects
kevin.nedza@bpu.nj.gov

Division of Law

124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Joseph Snow, AAG
joseph.snow@law.njoag.gov

Caroline Vachier, DAG
caroline.vachier@law.njoag.gov

Geoffrey Gersten, DAG
geoffrey.gersten@law.njoag.gov

Carolyn McIntosh, DAG
carolyn.mcintosh@law.njoag.gov

Alex Moreau, DAG
alex.moreau@law.njoag.gov

Renee Greenberg, DAG
renee.greenberg@law.njoag.gov

Division of Law, cont'd

Peter Van Brunt, DAG
peter.vanbrunt@law.njoag.gov

Timothy Oberleiton, DAG
timothy.oberleiton@law.njoag.gov

Atlantic City Electric Company

Philip J. Passanante, Esq.
Mailstop 92DC42
500 N. Wakefield Drive
PO Box 6066
Newark, DE 19714-6066
philip.passanante@pepcoholdings.com

Susan DeVito
Director, Pricing and Regulatory Services
Pepco Holdings LLC – 92DC56
500 N. Wakefield Drive
P.O. Box 6066
Newark, DE 19714-6066
susan.devito@pepcoholdings.com

Butler Electric Utility

Robert H. Oostdyk, Jr., Esq.
Murphy McKeon, P.C.
51 Route 23 South
P.O. Box 70
Riverdale, NJ 07457
roostdyk@murphymckeonlaw.com

Jason Lampmann
Borough Administrator
One JCP&L Road
Butler, NJ 07405
jlampmann@butlerborough.com

Jersey Central Power & Light

300 Madison Avenue
PO Box 1911
Morristown, NJ 07962-1911

Mark A. Mader
Director, Rates & Regulatory Affairs – NJ
mamader@firstenergycorp.com

Jersey Central Power & Light, cont'd

Tom Donadio
tdonadio@firstenergycorp.com

Sally Cheong
scheong@firstenergycorp.com

Gregory Eisenstark
Windels Marx Lane & Mittendorf, LLP
120 Albany Street Plaza
New Brunswick, NJ 08901
geisenstark@windelsmarx.com

Public Service Electric and Gas Company

80 Park Plaza, T5G
PO Box 570
Newark, NJ 07102-4194

Joseph F. Accardo, Jr.
Deputy General Counsel and
Chief Regulatory Officer
joseph.accardojr@pseg.com

Matthew Weissman
General State Regulatory Counsel
matthew.weissman@pseg.com

Justin B. Incardone, Esq.
Associate General Regulatory Counsel
justin.incardone@pseg.com

Michele Falcao
Regulatory Filings Supervisor
michele.falcao@pseg.com

Hesser G. McBride, Jr., Esq.
hesser.mcbride@pseg.com

Michael McFadden
michael.mcfadden@pseg.com

Bernard Smalls
bernard.smalls@pseg.com

Steven Swetz
stephen.swetz@pseg.com

**Public Service Electric and Gas Company,
cont'd**

Caitlyn White
Regulatory Case Coordinator
caitlyn.white@pseg.com

Rockland Electric Company

4 Irving PIJCP&L
New York, NY 10003

Margaret Comes, Esq.
Associate Counsel
comesm@coned.com

William Atzl
Director – Rate Engineering
atzlw@coned.com

Cheryl Ruggiero
ruggieroc@coned.com