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BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

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CASE MANAGEMENT  
DEC 06 2018  
BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

**VIA ELECTRONIC MAIL & OVERNIGHT MAIL**

December 5, 2018

In the Matter of the Provision of  
Basic Generation Service for Year Two of the Post-Transition Period  
-and-  
In the Matter of the Provision of  
Basic Generation Service for the Period Beginning June 1, 2016  
-and-  
In the Matter of the Provision of  
Basic Generation Service for the Period Beginning June 1, 2017  
-and-  
In the Matter of the Provision of  
Basic Generation Service for the Period Beginning June 1, 2018

Docket Nos. EO03050394, ER15040482, ER16040337, ER17040335

++++  
Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access  
Transmission Tariff Docket No. ER18121290

Aida Camacho-Welch  
Secretary of the Board  
Board of Public Utilities  
44 South Clinton Ave.  
3<sup>rd</sup> Floor, Suite 314  
Trenton, New Jersey 08625-0350

CMS  
LEGAL (2)  
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Dear Secretary Camacho-Welch:

Enclosed for filing on behalf of Jersey Central Power & Light Company (“JCP&L”), Atlantic City Electric Company (“ACE”), Public Service Electric and Gas Company (“PSE&G”), and Rockland Electric Company (“RECO”) (collectively, the “EDCs”), enclosed please find an original and ten copies of tariff sheets and supporting exhibits that reflect changes to the PJM Open Access Transmission Tariff (“OATT”) made in response to the annual formula rate update filings made by Mid-Atlantic Interstate Transmission, LLC (“MAIT”) in FERC Docket No. ER17-211-000 and ER17-211-001, Potomac-Appalachian Transmission Highline, L.L.C. (“PATH”) in FERC Docket No. ER08-386-000, Virginia Electric and Power Company (“VEPCo”) in FERC Docket No. ER-08-92-000, AEP East Operating Companies and AEP East Transmission Companies (“AEP”) in FERC Docket No.

ER17-405-000, and by PSE&G in FERC Docket No. ER09-1257-000, as well as the updates to JCP&L's FERC-authorized transmission rate under Docket No. ER17-217-000.

### **Background**

In its Orders dated October 22, 2003 (BPU Docket No. EO03050394) and October 22, 2004 (BPU Docket No. EO04040288), the Board of Public Utilities ("Board") authorized the EDCs to recover FERC-approved changes in firm transmission service-related charges. The Board has also authorized recovery of FERC-approved changes in firm transmission service-related charges in subsequent orders approving the Basic Generation Service ("BGS") supply procurement process and the associated Supplier Master Agreement ("SMA"). In the Board Order dated November 19, 2018 in BPU Docket No. ER18091061, the Board again concluded that such a "pass through" of FERC-approved transmission rate changes was appropriate.

The EDCs' pro-forma tariff sheets, included as Attachment 2a (PSE&G), Attachment 3a (JCP&L), Attachment 4a (ACE), and Attachment 5a (RECO), propose effective dates of January 1, 2019, and specifically reflect changes to BGS rates applicable to Basic Generation Service – Residential Small Commercial Pricing ("BGS-RSCP"), and Commercial and Industrial Energy Pricing ("BGS-CIEP") customers resulting from the MAIT, PATH, VEPCo, AEP, and PSE&G, annual formula rate updates filed with FERC on or about October 5, 2018, September 6, 2018, October 5, 2018, November 1, 2018 and October 16, 2018, respectively. While JCP&L is updating their FERC approved transmission rate for 2019, it is based on the Settlement approved by FERC on December 17, 2017. The specific additional PJM transmission charges related to the JCP&L, MAIT, PATH, VEPCo, AEP, and PSE&G filings are found in Schedule 12 of the PJM OATT. On November 5, 2018, PJM updated its Schedule 12 Transmission Enhancement Worksheet, which, along with Schedule 12 of the PJM OATT, is utilized in developing this filing and incorporates the formula rate updates referenced herein. Because BGS suppliers will begin paying these increased transmission charges in January 2019, the EDCs request a waiver of the 30-day filing requirement.

These Schedule 12 charges, also defined as Transmission Enhancement Charges ("TECs") in the PJM OATT, were implemented to compensate transmission owners for the annual transmission revenue requirements for "Required Transmission Enhancements" (again, as defined in the PJM OATT) that are requested by PJM for reliability or economic purposes. TECs are recovered by PJM through an additional transmission charge in the transmission zones assigned cost responsibility for Required Transmission Enhancement projects.

### **Request for Board Approval**

The EDCs respectfully request approval to implement these revised tariff rates effective January 1, 2019. In support of this request, the EDCs have included pro-forma tariff sheets as noted above. The BGS rates have been modified in accordance with the Board-approved methodology contained in each EDC's Company-Specific Addendum in the above-referenced BGS proceedings and in conformance with each EDC's Board-approved BGS tariff sheets.

The determinants for calculation of the PJM charges are set forth in Schedule 12 of the PJM OATT and on the Formula Rates page of the PJM website. Copies of all formula rate updates are attached, but can also be found on the PJM website at: <http://www.pjm.com/markets-and-operations/billing-settlements-and-credit/formula-rates.aspx>.

Attachment 1 shows the derivation of the PSE&G Network Integration Transmission Service Charge (“Derived NITS Charge”) and the JCP&L Derived NITS Charge. The translation of the transmission zone rate impact to the BGS rates of each of the EDCs, assuming implementation on January 1, 2019, is included as Attachments 2, 3, 4, and 5 for PSE&G, JCP&L, ACE, and RECO, respectively. Attachment 6 shows the cost impact for the January through December 2019 period for each of the EDCs. These costs were allocated to the various transmission zones using the cost information from the formula rates for the MAIT, PATH, VEPCo, AEP, and PSE&G projects, and the rate for the JCP&L projects, posted on the PJM website. Attachment 7 provides excerpts of the Schedule 12 OATT indicating the responsible share of projects. Attachments 8, 9, 10, 11, 12 and 13 provide the formula rate updates for MAIT, PATH, AEP, VEPCo, and PSE&G, respectively, as well as the update for JCP&L.

The EDCs also request that BGS Suppliers be compensated for the changes to the OATT resulting from the implementation of the MAIT, PATH, VEPCo, AEP, and PSE&G project annual formula updates, as well as the JCP&L rate update, effective on January 1, 2019. Suppliers will be compensated subject to the terms and conditions of the applicable SMAs. Any differences between payments to BGS-RSCP and BGS-CIEP Suppliers and charges to customers will flow through BGS Reconciliation Charges.

This filing satisfies the requirements of ¶¶ 15.9 (a)(i) and (ii) of the BGS-RSCP and BGS-CIEP 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 of an increase in retail rates commensurate with the FERC-implemented rate increase.

We thank the Board for all courtesies extended.

Respectfully submitted,



Attachments

C Stacy Peterson, NJBPU  
Stefanie Brand, Division of Rate Counsel  
Service List (via Electronic Mail Server)