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VIA BPU E-FILING SYSTEM & OVERNIGHT MAIL

June 27, 2019

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, 2017

-and-

In the Matter of the Provision of Basic Generation Service
for the Period Beginning June 1, 2018

-and-

In the Matter of the Provision of Basic Generation Service
for the Period Beginning June 1, 2019

BPU Docket Nos. EO03050394, ER16040337, ER17040335, ER18040356

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Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access
Transmission Tariff

and

Submission of Revised Tariff Sheets Related to Reliability Must Run Charges for
Yorktown 1 and 2 and B.L. England Generating Units

BPU Docket No. _____

Aida Camacho-Welch
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Trenton, New Jersey 08625-0350

Dear Secretary Camacho-Welch:

Enclosed for filing on behalf of Atlantic City Electric Company ("ACE"), Jersey Central Power & Light Company ("JCP&L"), Public Service Electric and Gas Company ("PSE&G") and Rockland Electric Company ("RECO") (collectively, the "EDCs") please find an original and

two copies of tariff sheets and supporting exhibits proposed by each of the EDCs.¹

I. Request for Board Approval of Revised Tariff Rates related to Open Access Transmission Tariffs

The tariff sheets have been revised to reflect changes to the PJM Interconnection (“PJM”) Open Access Transmission Tariff (“OATT”) made in response to the annual formula rate update filings made by:

- (i) PPL Electric Utilities Corporation in Federal Energy Regulatory Commission (“FERC”) Docket No. ER09-1148, by Baltimore Gas and Electric Company in FERC Docket No. ER09-1100, by PECO Energy Company in FERC Docket No. ER17-1519, and by Trans-Allegheny Interstate Line Company in FERC Docket No. ER07-562, and
- (ii) the public utility affiliates of Pepco Holdings Inc. (now known as Pepco Holdings LLC) in FERC Docket No. ER08-1423 and the respective utility affiliate compliance filings for formula rate updates made by ACE in FERC Docket No. ER09-1156, by Delmarva Power & Light Company in FERC Docket No. ER09-1158, and by Potomac Electric Power Company in FERC Docket No. ER09-1159.

The filings referred to in (i) and (ii) above are collectively referred to as the “OATT Filings”.

A. Background of the OATT Filings

In its Order dated October 22, 2003 (BPU Docket No. EO03050394), the New Jersey Board of Public Utilities (the “Board” or “BPU”) 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 Agreements (“SMAs”). In subsequent Board Orders, the BPU approved Section 15.9 of the SMAs, which authorize the EDCs to increase or decrease the rates paid to BGS suppliers for FERC-approved rates and changes to Firm Transmission Service once approved by the Board.

The Transmission Enhancement Charges (“TECs”) detailed in Schedule 12 of 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. Because BGS suppliers will begin to pay these increased transmission charges in June 2019, the EDCs request a waiver of the

¹ This Compliance Tariff Filing has also been uploaded to the Board of Public Utilities E-Filing system.

30-day filing requirement. In turn, the EDCs will file with the Board for approval to recover TECs from BGS customers and to pay BGS suppliers for TECs assigned to them by PJM for the load the BGS Suppliers serve in the respective EDC service territories pursuant to the SMAs.

B. Request for Board Approval of the Revised Tariff Rates and for Authorization to Reimburse BGS Suppliers

The EDCs respectfully request Board approval to implement the attached, revised BGS-RSCP and BGS-CIEP tariff rates effective September 1, 2019. In support of this request, the EDCs have included pro-forma tariff sheets shown in **Attachment 2**. The proposed BGS tariff 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 attached pro-forma tariff sheets propose an effective date of September 1, 2019 and will remain in effect until changed. The BGS-RSCP and BGS-CIEP rates included in the amended tariff sheets for each EDC are revised to reflect costs effective on June 1, 2019 for TECs resulting from all of the FERC-approved OATT Filings. These rates are based on the FERC-approved (and PJM implemented) rates for transmission services.

Attachment 1 shows the derivation of the ACE Network Integration Transmission Service Charge ("Derived NITS Rate") and **Attachment 3** sets forth the details of the rate design calculation incorporating the Derived NITS Rate. The translation of the transmission zone rate impact to the BGS rates of each of the EDCs assuming implementation on September 1, 2019 from the balance of the TECs from the annual rate update filings made by the transmission companies above is included as **Attachment 4**. **Attachment 5** shows the cost impact for the 2019/2020 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 projects covered by the OATT Filings, as posted on the PJM website. Copies of the OATT Filings and all formula rate updates are included as **Attachment 6**, and can also be found on the PJM website at <http://www.pjm.com/markets-and-operations/billing-settlements-and-credit/formula-rates.aspx>.

The EDCs also request that the BGS Suppliers be compensated for the changes to the OATT resulting from the implementation of the updates from formula rates effective June 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 treatment is consistent with the previously-approved mechanisms.

II. Request for Authorization to File Revised Tariff Sheets (Set to Zero) Related to Reliability Must Run Charges at Yorktown 1 and 2 and B.L. England Generating Units

In prior Orders, the Board has approved the recovery of EDC costs associated with the

continued operation of generating units for “reliability must run” (“RMR”) purposes. The specific additional PJM charges are based on Section 120 of the PJM Tariff, whereby costs incurred to compensate a deactivating generating unit for its continued operation to alleviate a reliability impact are recovered by PJM through an additional transmission charge in the transmission zones assigned financial responsibility for the reliability upgrades.

In this filing, the EDCs respectfully request that the Yorktown RMR rate and the B.L. England RMR rate both be set to zero in each of the EDC’s respective tariffs effective September 1, 2019, with any differences between payments to BGS-RSCP and BGS-CIEP Suppliers and charges to customers to flow through BGS Reconciliation Charges with the understanding that no payments for the Yorktown RMR have been paid to BGS suppliers and will not be until the receipt of a “Final FERC Order.” This request reflects that the Yorktown and B.L. England units are no longer collecting RMR payments as noted in **Attachment 7**.²

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

cc: Stacy Peterson, BPU
Stefanie Brand, Division of Rate Counsel
Service List (Electronic)

² Additional information related to the Yorktown RMR charges can be found in the Board’s Decision and Order issued in connection with *In the Matter of the Provision of Basic Generation Service and Tariff Sheets Reflecting Proposed Revisions to Reliability Must Run Charge – November 2017 Yorktown Filing*, BPU Docket No. ER17111150 (Dec. 19, 2017). Additional information related to the B.L. England RMR charges can be found in the Board’s Decision and Order issued in connection with *In the Matter of the Provision of Basic Generation Service and Tariff Sheets Reflecting Proposed Revisions to Reliability Must Run Charge*, BPU Docket No. ER17070719 (Aug. 23, 2017).

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
BGS TRANSMISSION ENHANCEMENT CHARGE

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