



Agenda Date: 1/26/22
Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF)	ORDER DESIGNATING
ATLANTIC CITY ELECTRIC COMPANY FOR)	COMMISSIONER AND SETTING
APPROVAL OF THE MODIFICATION OF POWER)	MANNER OF SERVICE AND BAR
PURCHASE AGREEMENTS WITH CHAMBERS)	DATE
COGENERATION LIMITED PARTNERSHIP AND)	
LOGAN GENERATING COMPANY, L.P.)	DOCKET NO. EM21121253

Parties of Record:

Cynthia L.M. Holland, Esq., Atlantic City Electric Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On December 22, 2021, Atlantic City Electric Company (“ACE” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking approval of settlement agreements between ACE and Chambers Cogeneration Limited Partnership (“Chambers”), and ACE and Logan Generating Company, L.P. (“Logan”), as well as modified Power Purchase Agreements (“PPAs”) pursuant to which ACE will modify existing PPAs and terminate existing Power Sales Agreements (“PSAs”) with Chambers and Logan, respectively (“Petition”).

As noted in the Petition, this proceeding involves the modification and termination of the last of ACE’s contracts to purchase electricity from Non-Utility Generators (“NUGs”). Specifically, ACE requested to modify the existing Chambers and Logan PPAs such that existing interconnection rights would be preserved but coal-fired electric generation would cease, as well as the termination of the existing Chambers and Logan PSAs.

ACE entered into its current PPA with Chambers in September 1988, under which Chambers sells 184 megawatts (“MW”) of capacity, and up to 187.6 MWh of energy during winter, and 173.2 MWh of energy during summer, to ACE. The existing PPA is scheduled to terminate in March 2024. ACE and Chambers are also parties to a separate PSA that monetizes the value of energy and capacity above the maximum values set in the PPA and allows the Company to generate additional revenues for the benefit of customers.

The Company entered into its current PPA with Logan in August 1988, pursuant to which Logan sells 200 MW of energy and capacity to ACE. The existing PPA is also scheduled to terminate in 2024. Additionally, ACE and Logan are parties to a separate PSA. According to the Petition, all energy and capacity purchased by ACE pursuant to the PPAs and the PSAs with Chambers and Logan is sold into the PJM wholesale market, and is not used by ACE to supply the needs of its retail distribution customers.

According to the Petition, the PPAs will be modified such that certain interconnection rights and obligations in the PPAs will survive, so that Chambers and Logan may continue to sell into the PJM market for the transition period. The Company stated that this approach will allow status quo operations with respect to the plants until the transaction and transition are completed.

As part of the transaction, ACE stated that it will make a series of negotiated fixed monthly payments for the remaining term of the existing PPAs and PSAs, which will be partially offset by customer benefit payments from Chambers and Logan. According to ACE, these customer benefit payments will result in savings to customers of up to \$30 million over the remaining term of the existing agreements. However, the Company noted that the actual amount of customer savings will depend on the date of the closing of the PPA modifications and PSA terminations.

ACE further explained that Chambers and Logan agree that coal-fired electric generation will cease at the facilities permanently, following brief transition periods. The purpose of the specified transition periods is to facilitate the orderly cessation of coal-fired operations, and in the case of Chambers, to obtain necessary approvals to produce steam using natural gas-fired boilers with fuel oil back-up.

DISCUSSION

The Board determined that the Petition described above should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** Commissioner Dianne Solomon as the Presiding Commissioner with authority to rule on all motions that arise during the pendency of these proceedings, and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board **HEREBY ORDERS** that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by February 9, 2022. Any party wishing to file a motion for admission of counsel *pro hac vice*, should do so concurrently with any motion to intervene or participate.

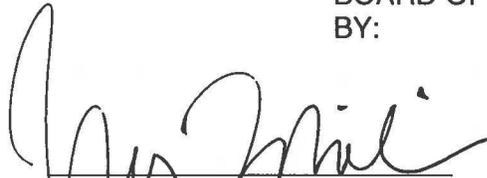
In addition, in compliance with the Board's Order in Docket No. EO20030254, the Board **HEREBY DIRECTS** all parties to serve documents electronically.¹ No hard copies shall be filed until the Board lifts the restrictions imposed in that Order. The Board **FURTHER DIRECTS** Staff to post this Order to the Board's website and that a copy of the Order be served by electronic circulation to the service list.

¹ In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020.

This Order shall be effective February 2, 2022.

DATED: January 26, 2022

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

IN THE MATTER OF THE PETITION OF ATLANTIC CITY ELECTRIC COMPANY FOR
APPROVAL OF THE MODIFICATION OF POWER PURCHASE AGREEMENTS WITH
CHAMBERS COGENERATION LIMITED PARTNERSHIP AND LOGAN GENERATING
COMPANY, L.P.

DOCKET NO. EM21121253

SERVICE LIST

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