



Rockland Electric Company

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Law Department

March 10, 2025

Sherri L. Lewis, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

RE: In the Matter of the Petition of Rockland Electric Company for Approval of a Zero Emission Certificate Recovery Charge  
BPU Docket No. ER24100826

Dear Secretary Lewis:

Rockland Electric Company (“RECO” or “the Company”) submits the following Reply Comments in response to the March 6, 2025 Comments of the Division of Rate Counsel (“Rate Counsel”).

In its Comments, Rate Counsel objects to the Company’s proposed Return of Excess Collections Credit Rate (“RECCR”). Rate Counsel argues that because the proposed RECCR results in a Zero Emission Certificate Recovery Charge (“ZECRC”) rate that is in excess of \$0.004/kWh, the Company’s filing to set its RECCR rate should be denied. As explained more fully below, the NJ Board of Public Utilities (“Board”) has previously concluded that a RECCR rate that results in a ZECRC rate above \$0.004/kWh is consistent with *N.J.S.A. 48:3-87.5(j)*,<sup>1</sup> and therefore, the Company’s proposed RECCR rate should be approved.

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<sup>1</sup> Zero Emission Certificate Act, P.L. 2018, c. 16 (May 23, 2018)

RECO RECCR Filing of October 21, 2024

On October 21, 2024, the Company submitted a filing with the Board to reconcile the excess collections from Energy Year 2024 and the balance of reconciliation for Energy Year 2023. The Company proposed to reconcile the excess ZECRC collection and corresponding interest over a twelve-month period commencing February 1, 2025, via the previously established RECCR. The Company's proposed RECCR of 0.0106 cents per kWh, excluding SUT, was based on a total under-collection of \$169,121. As explained in the filing, adding the RECCR to the ZEC Charge of 0.4000 cents per kWh, excluding SUT, resulted in a combined ZECRC of 0.4106 ¢ per kWh, excluding SUT, or 0.4378 cents per kWh, including SUT. As noted in Rate Counsel's Comments, a public hearing was held on January 21, 2025. No members of the public attended.

Board Orders in the Butler Electric ZEC Filings

On October 13, 2022, Butler Electric ("Butler") filed a petition ("2022 Petition") to revise its RECCR rate, which raised its ZECRC rate to of \$0.004069 per kWh, excluding SUT.<sup>2</sup> On October 20, 2023, Butler filed a petition ("2023 Petition") to maintain its RECCR, which again resulted in a ZECRC of \$0.004069 per kWh, excluding SUT.<sup>3</sup> Rate Counsel, as it has done in the pending RECO ZEC proceeding, filed objections in both the 2022 Petition and the 2023 Petition proceedings arguing that Butler's requested RECCR should be denied because the resulting ZECRC rate was above \$0.004 per kWh set by *N.J.S.A. 48:3-87.5(j)*.

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<sup>2</sup> In the Matter of the Petition of Butler Electric for Approval of A Zero Emission Certificate Recovery Charge, BPU Docket No. EO22100629 ("2022 Petition").

<sup>3</sup> In the Matter of the Petition of Butler Electric for Approval of A Zero Emission Certificate Recovery Charge, BPU Docket No. EO23100745 ("2023 Petition").

In both the 2022 Petition and 2023 Petition proceedings, the Board disagreed with Rate Counsel that the Butler ZECRC rates were not permitted by *N.J.S.A.* 48:3-87.5(j). The Board reasoned in both cases:

The Board disagrees with Rate Counsel’s arguments in opposition. Pursuant to *N.J.S.A.* 48:3- 87.5(j)(1) the Board shall “order the full recovery of all costs associated with the electric public utility’s required procurement of ZECs . . . .” The ZEC charge component mandated by this section represents one (1) component by which the utilities may recover those costs. However, this section is silent as to recovery when the ZEC charge component, capped at \$0.004 per kWh, is insufficient for the utility to recover its costs in full.<sup>4</sup>

The Board concluded in both cases:

In this instance, Butler petitioned to use its RECCR, traditionally a return to customers when a utility’s ZEC charge results in an over-recovery, to satisfy its statutory entitlement to full recovery of costs associated with the procurement of ZECs. Butler did not propose to set its ZEC charge component rate above the clear statutory mandate of \$0.004 per kWh.<sup>5</sup>

The Board found in both cases that Butler was not proposing to set its ZEC charge above the statutory mandate of \$0.004 per kWh, and that Butler’s proposed RECCR was consistent with *N.J.S.A.* 48:3-87.5(j) and necessary for Butler to fully recover its costs associated with the procurement of ZECs.<sup>6</sup>

### Conclusion

The Board’s reasoning and conclusions in the above Butler cases, apply here. The Company is not proposing to set its ZEC charge above the statutory mandate of \$0.004 per kWh. Instead, the Company’s RECCR, as in the Butler cases, is necessary for the Company to fully

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<sup>4</sup> In the Matter of the Petition of Butler Electric for Approval of A Zero Emission Certificate Recovery Charge, BPU Docket No. EO23100745, page 3, Order dated January 10, 2024 (“2023 Petition Order”); In the Matter of the Petition of Butler Electric for Approval of A Zero Emission Certificate Recovery Charge, BPU Docket No. EO22100629, pages 3-4, Order dated March 6, 2023 (“2022 Petition Order”).

<sup>5</sup> 2023 Petition Order at p. 3; 2022 Petition Order at p. 4.

<sup>6</sup> *Id.*

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recover its costs associated with the procurement of ZECs. Accordingly, Rate Counsel's Comments objecting to the Company's RECCR should be rejected, and the Board should approve the Company's requested RECCR.

Respectfully submitted,

  
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Margaret Comes

c: email service list