

On October 30, 2019, in FERC Docket No. ER20-227-000, JCP&L filed a petition with FERC requesting approval of a formal rate for its Network Integration Transmission Service (“NITS”) rate charged for the JCP&L Zone, and the TEC revenue requirements under PJM’s OATT. On December 19, 2019, FERC accepted the proposed tariff revisions suspending them for a nominal period, to become effective January 1, 2020, as requested, subject to refund. The proposed formula rate would recover projected transmission costs on a calendar year basis with a true-up mechanism to ensure that only actual costs are collected. By Order dated January 22, 2020, the Board authorized the EDCs to implement the proposed tariff changes to the Basic Generation Service (“BGS”), Residential and Small Commercial Pricing (“BGS-RSCP”) and Commercial and Industrial Energy Pricing (“BGS-CIEP”) rates to customers effective February 1, 2020.¹ On February 2, 2021, JCP&L submitted a motion to implement interim settlement rates and a request for waivers and expedited consideration. JCP&L requested authorization to implement certain aspects of a proposed settlement offer on an interim basis to be effective as soon as practicable after the Administrative Law Judge approved the motion, but in any event, by March 1, 2021, pending FERC’s consideration and approval of the settlement. On February 9, 2021, FERC issued an Order granting JCP&L’s motion to implement interim settlement rates effective March 1, 2021. As of the filing date of the April 2021 Petition, JCP&L’s formula rate filing has not been resolved and its rates remain subject to refund.

By Order dated January 27, 2021, the Board approved a December 16, 2020 filing made by the EDCs authorized the EDCs to modify their BGS-RSCP and BGS-CIEP rates to reflect the changes in their transmission charges resulting from the FERC-approved changes to the TECs. These alterations came from changes to the PJM OATT made in response to, among other things, the annual formula rate update filing made by PSE&G.² On December 23, 2020, PJM filed amendments to its tariff to provide updated annual cost allocations for regional facilities, necessary lower voltage facilities, and lower voltage facilities included in the PJM Regional Transmission Expansion Plan (“2021 Annual Update Filing”). On February 18, 2021, FERC informed PJM that its filing was deficient and additional information was required for FERC to process the 2021 Annual Update Filing. The filing raised questions about changes to cost responsibility assignments based upon the solution-based distribution factor (DFAX) methodology for transmission enhancements, among other issues. On March 22, 2021, PJM submitted a letter providing responses to information sought by FERC and requested that FERC accept the 2021 Annual Update Filing to be effective as of January 1, 2021.

On October 29, 2020, PJM, on behalf of South FirstEnergy Companies (“SFC”), filed with FERC for approval of a transmission formula rate template and associated formula rate protocols that establish NITS and TEC revenue requirements for transmission service that SFC will provide in the PJM Allegheny Power Zone. SFC previously had a stated rate and sought authorization to move to a forward-looking formula rate under the PJM tariff. On December 31, 2020, FERC issued an order accepting and suspending the proposed tariff revisions, subject to refund, effective January 1, 2021 (“FERC December 2020 Order”). The FERC December 2020 Order also established hearing and settlement judge procedures. PJM updated the TECs to reflect the cost allocations of the costs associated with the SFC filing made in January 2021.

¹ In re the Provision of Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff – December 2019 JCP&L NITS Joint Filing, BPU Docket No. ER19121540, Order dated January 22, 2020.

² In re the Provision of Basic Generation Service, the Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff – December 16, 2020 Filing, BPU Docket No. ER20120754, Order dated January 27, 2021.

April 2021 Petition

The EDCs' proposed tariff revisions in the April 2021 Petition reflect changes to the BGS-RSCP and BGS-CIEP rates to customers resulting from changes in the PJM OATT made in response to: (i) JCP&L's Motion to Implement Interim Settlement Rates pursuant to FERC Docket No. ER20-227-00; (ii) PJM's Response dated March 22, 2021 to FERC's February 18, 2021 Deficiency Letter in FERC Docket No. ER21-726-00; and (iii) the formula rate filing made by the SFC pursuant to FERC Docket No. ER21-253-000.

The EDCs requested approval to implement these revised tariff rates effective upon the Board's approval date. The EDCs also requested that the BGS suppliers be compensated effective January 1, 2021 for the changes to the OATT resulting from the implementation of the PSE&G and SFC annual formula updates, and effective March 1, 2021 for the changes associated with JCP&L settlement rate implementation. The EDCs represent that BGS suppliers will be compensated subject to the terms and conditions of the applicable Supplier Master Agreements ("SMAs") and Transmission Amendments to the applicable SMAs.³ Any differences between payments to BGS-RSCP and BGS-CIEP suppliers and charges to customers, including transmission related costs, will flow through BGS Reconciliation Charges.

In the April 2021 Petition, the EDCs also requested a waiver of the 30-day filing requirement that would otherwise apply to this type of submission. The waiver was requested because BGS suppliers began paying the revised transmission charges for service in January 2021 for the PSE&G and SFC NITS, and in March 2021 for the JCP&L NITS.

According to the EDCs, this filing satisfies the requirements of paragraph 15.9(a) (i) and (ii) of the BGS-RSCP and BGS-CIEP SMAs, before the effective date of the Transmission Amendments, 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 for an increase in retail rates commensurate with the FERC-implemented rate increase.

Each EDC is allocated the derived NITS charges and TECs from PJM based on the cost in each EDC's transmission zone. Based upon the allocation of the TEC Filings transmission costs among the service classes, the monthly bill for a residential customer using 650 kilowatt-hours per month will change by approximately the following amounts (including Sales and Use Tax): an increase of \$2.27 or 1.76% for ACE, a decrease of \$0.37 or 0.41% for JCP&L, an increase of \$0.36 or 0.30% for PSE&G, and an increase of \$0.73 or 0.64% for Rockland.

³ By Order dated November 18, 2020, in Docket No. ER20030190, the Board approved transferring the responsibility of transmission from the BGS suppliers to the EDCs going forward ("November 2020 Order"). The November 2020 Order also approved the EDCs' proposal to amend existing SMAs regarding the transfer of responsibility for transmission for contracts entered into for the 2018, 2019, and 2020 BGS Auctions. The Transmission Amendments effectuate the transfer of the obligation for the 2018, 2019 and 2020 BGS Auctions. The existing SMA contracts entered into for 2018, 2019, and 2020 BGS Auctions were amended to provide that future transmission obligations would be transferred from the winning BGS Supplier to the EDCs ("Transmission Amendments").

DISCUSSION AND FINDING

In the Board's Order dated December 2, 2003, in Docket No. EO03050394, the Board found that the pass through of any changes in the NITS charge, and other charges associated with the FERC-approved OATT, is appropriate. Furthermore, by subsequent Orders, the Board approved Section 15.9 of the SMAs as filed by the EDCs which requires that the EDCs file for Board approval of any increases or decreases in their transmission charges that have been approved by FERC. The SMAs also authorize the EDCs to adjust the rates paid to suppliers for FERC-approved rates and increases to Firm Transmission Services once approved by the Board. The Board Orders further require that the EDCs review and verify any requested FERC authorized increases. As noted above, the Transmission Amendments transfer the transmission obligation from the winning BGS suppliers to the EDCs for the 2018, 2019 and 2020 BGS Auctions.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the Petition satisfies the EDCs' obligations under paragraph 15.9 (a)(i) and (ii) of the relevant SMAs as well as the Transmission Amendments, and **HEREBY APPROVES** the changes to the BGS-RSCP and BGS-CIEP rates requested by each EDC for its transmission charges resulting from the FERC-approved changes to the TECs and the NITS, effective as of July 1, 2021. The Board's December 22, 2006 Order at page 12 provides as follows:⁴

Upon receipt of Board approval for the increase in the rates charged to BGS Customers, the EDCs would begin collecting the increase from BGS Customers, tracking that portion of the rates charged to BGS Customers attributable to the rate increase, and retaining such tracked amounts for the ultimate benefit of the BGS Suppliers. Upon approval by the FERC of a proposed rate increase, in a Final FERC Order not subject to refund, the EDCs would increase, by the amount approved by the Board, the BGS-FP auction price paid to BGS-FP Suppliers, and the BGS-CIEP Transmission Charge paid to BGS-CIEP Suppliers, and would pay each BGS Supplier, in proportion to its BGS Supplier Responsibility Share, the amounts tracked and retained for the benefit of BGS Suppliers until the date final FERC approval was received.

As noted above, in its November 2020 Order the Board approved transferring the responsibility of transmission from the BGS suppliers to the EDCs going forward. Accordingly, the Board **HEREBY APPROVES** the EDCs' request to pay suppliers at this time, and **HEREBY AUTHORIZES** the EDCs to collect from, or provide refund to, BGS customers the costs associated with the Petition subject to the terms and conditions of the SMAs and the Transmission Amendments.

The Board **HEREBY WAIVES** the 30-day filing requirement as requested by the EDCs in the Petition.

Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings by July 1, 2021.

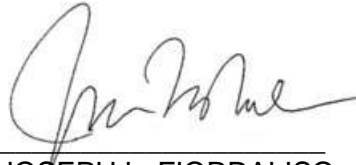
The EDCs' rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

⁴ In re the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket No. EO06020119, Order dated December 22, 2006.

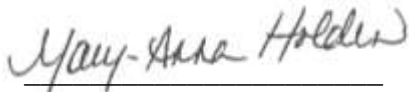
The effective date of this Order is June 30, 2021.

DATED: June 24, 2021

BOARD OF PUBLIC UTILITIES
BY:



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PRESIDENT



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COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE, THE
 COMPLIANCE TARIFF FILING REFLECTING CHANGES TO SCHEDULE 12 CHARGES IN
 PJM OPEN ACCESS TRANSMISSION TARIFF – APRIL 2021 JOINT FILING
 BPU Docket No. EO21040730

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