

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Richard Glick, Bernard L. McNamee,
and James P. Danly.

PSEG Energy Resources & Trade LLC

Docket No. ER20-1441-000

ORDER ACCEPTING TARIFF REVISIONS AND
DISMISSING WAIVER REQUEST

(Issued July 16, 2020)

1. On March 30, 2020, pursuant to section 205 of the Federal Power Act (FPA)¹ and part 35 of the Commission's regulations,² PSEG Energy Resources & Trade LLC (PSEG ER&T) submitted revised tariff records canceling the revenue requirement applicable to the Yards Creek Generating Facility's provision of Reactive Supply and Voltage Control for Generation Resources Service (Reactive Service) under Schedule 2 of the PJM Interconnection, L.L.C. (PJM) Open Access Transmission Tariff (Tariff). PSEG ER&T's proposed filing eliminates the revenue requirement associated with its affiliate PSEG Fossil LLC's (PSEG Fossil) interest in the Facility, due to the proposed sale of PSEG Fossil's share of its ownership interest (Transaction). PSEG ER&T also requests, to the extent it is necessary, waiver of the 90-day notice requirement in Schedule 2 of the PJM Tariff. As discussed below, we accept the proposed cancellation, effective the date of the Transaction, as requested, subject to an informational filing apprising the Commission of the effective date for the cancellation. We also dismiss as moot PSEG ER&T's requested waiver.

I. Background

2. Schedule 2 of the PJM Tariff provides that PJM will compensate owners of generation and non-generation resources for the capability to provide reactive power to PJM to maintain transmission voltages. Specifically, Schedule 2 states that, for each month of Reactive Service provided by generation and non-generation resources in the PJM region, PJM shall pay each resource owner an amount equal to the resource owner's

¹ 16 U.S.C. § 824d (2018).

² 18 C.F.R. pt. 35 (2019).

monthly revenue requirement, as accepted or approved by the Commission.³ Schedule 2 to the PJM Tariff also states that, at least 90 days before deactivating or transferring a resource receiving compensation for Reactive Service, the resource owner must either: (1) submit a filing to either terminate or adjust its cost-based rate schedule to account for the deactivated or transferred unit; or (2) submit an informational filing explaining the basis for the decision by the Reactive Service supplier not to terminate or revise its cost-based rate schedule.⁴

II. Filing

3. PSEG ER&T explains that PSEG Fossil and PSEG ER&T are direct subsidiaries of PSEG Power LLC, which is a direct subsidiary of Public Service Enterprise Group Incorporated, a publicly traded company. PSEG ER&T states that it is recognized by PJM as the entity responsible for providing reactive power provided by PSEG Power LLC affiliated entities, and as such, is paid by PJM for providing such service.⁵

4. PSEG ER&T states that PSEG Fossil has a 50% undivided ownership interest in the Facility, an approximately 420 MW licensed hydroelectric facility in Warren County, New Jersey. PSEG ER&T states that PSEG Fossil has entered into an agreement to sell its undivided ownership interests in the Facility to Yards Creek LLC (Yards Creek).⁶ PSEG ER&T notes that PSEG Fossil has filed a joint application with Yards Creek requesting Commission approval under section 203 of the FPA for the Transaction.⁷

5. PSEG ER&T states that the relevant tariff records being cancelled are located in PSEG ER&T's eTariff database entitled "Rate Schedule FERC No. 3 Reactive Supply and Voltage Control from Generation Sources Service." PSEG ER&T states that all of the effective tariff records in this database constitute the "Reactive Power Schedule." PSEG ER&T states that the annual revenue requirement for reactive power service from PSEG Fossil's interest in the Facility of \$269,091⁸ is set forth in Sheet 19 of the Reactive Power Schedule. PSEG ER&T asserts that cancellation, once effective, will eliminate

³ PJM, Intra-PJM Tariffs, OATT, Schedule 2 (4.0.0).

⁴ *Id.*

⁵ Filing at 2 n.4.

⁶ *Id.* at 1-2.

⁷ *Id.* at 3.

⁸ PSEG ER&T notes that the Commission accepted the Tariff records associated with this rate on April 14, 2016. *Id.* at 2.

PSEG ER&T's reactive power service revenue requirement for the Facility. PSEG ER&T notes that, in coordination with its filing, Yards Creek is filing its own Rate Schedule to adopt the currently effective revenue requirement of \$269,091 for the Facility. PSEG ER&T requests that the effective date of the tariff cancellation be the same date as the consummation of the Transaction, which is not yet known.⁹

6. PSEG ER&T notes that, depending on the speed with which the Commission acts on the section 203 application, the Transaction could close less than 90 days from the date of this filing. In this event, PSEG ER&T requests waiver of the of the 90-day notice period under Schedule 2 of the PJM Tariff. PSEG ER&T states that there is good cause to grant such waiver, as PSEG ER&T provided notice very shortly after the parties reached their final agreement on the terms of the Transaction and simultaneously with their FPA section 203 application. PSEG ER&T states that a waiver is appropriate in this limited circumstance because it is: (1) made in good faith; (2) is limited in scope, as it would affect the transfer of only a single entity's property interest; (3) addresses the concrete problem of seeking to close the Transaction within a period of time shorter than 90 days; and (4) will not have undesirable consequences because it will not impact any parties other than those named herein, all of whom consent to this request.¹⁰

III. Notice and Responsive Pleadings

7. Notice of PSEG ER&T's filing was published in the *Federal Register*, 85 Fed. Reg. 19,466 (Apr. 7, 2020), with interventions and protests due on or before April 20, 2020. PJM filed a timely motion to intervene.

IV. Discussion

A. Procedural Matters

8. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2019), PJM's timely, unopposed motion to intervene serves to make it a party to this proceeding.

B. Substantive Matters

9. We accept PSEG ER&T's cancellation of the tariff records applicable to the Facility, effective the same date as the Transaction, as requested, subject to PSEG ER&T

⁹ *Id.* at 2-4.

¹⁰ *Id.* at 4.

submitting an informational filing within 30 days of the date of the Transaction apprising the Commission of the effective date for the cancellation.

10. We dismiss as moot PSEG ER&T's request for waiver of the 90-day notice requirement in Schedule 2 of the PJM Tariff. The Transaction was not consummated fewer than 90 days after PSEG ER&T's proposed rate cancellation.¹¹

The Commission orders:

(A) PSEG ER&T's proposed revisions to Rate Schedule No. 3 are hereby accepted, effective the date of the Transaction, as requested, subject to PSEG ER&T submitting an informational filing within 30 days of the date of the Transaction apprising the Commission of the effective date for the cancellation, as discussed in the body of this order.

(B) PSEG ER&T's request for waiver is hereby dismissed as moot, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

¹¹ As of the date of this order, the joint application requesting approval of the Transaction under section 203 of the FPA in Docket No. EC20-49-000 is currently pending before the Commission.