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Acting General Counsel

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Secretary

February 10, 2014

SENT VIA ELECTRONIC FILING
Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Room 1-A209
Washington, D.C. 20426

Re: Docket No. ER14-972-000 - PJM Interconnection,
L.L.C.

Dear Secretary Bose:

For filing, please find the Notice of Intervention and Protest of the New York State Public Service Commission in the above-entitled proceeding. Should you have any questions, please feel free to contact me at (518) 473-8178.

Very truly yours,

David G. Drexler
Assistant Counsel

Attachment

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.)

Docket No. ER14-972-000

NOTICE OF INTERVENTION AND PROTEST
OF THE NEW YORK STATE
PUBLIC SERVICE COMMISSION

NOTICE OF INTERVENTION

On January 10, 2014, PJM Interconnection, L.L.C. (PJM) filed proposed tariff revisions to assign approximately \$1.5 billion in costs for 111 transmission system upgrades included in an update to PJM's Regional Transmission Expansion Plan (RTEP) (January 2014 PJM Filing). The New York State Public Service Commission (NYPSC) hereby submits its Notice of Intervention and Protest to the January 2014 PJM Filing in the above-captioned proceeding, pursuant to the Federal Energy Regulatory Commission's (FERC or Commission) Errata Notice Extending Comment Date, issued on January 24, 2014, and Rules 211 and 214 (18 C.F.R. §§385.211 and 385.214) of the Commission's Rules of Practice and Procedure.

Copies of all correspondence and pleadings should be addressed to:

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BACKGROUND AND DISCUSSION

On February 23, 2009, PJM filed a Settlement Agreement among the New York Independent System Operator, Inc. (NYISO), Consolidated Edison Company of New York, Inc. (Con Edison), Public Service Electric and Gas Company (PSE&G), PSEG Energy Resources & Trade LLC, and the New Jersey Board of Public Utilities (NJBPU) (Settling Parties), whereby the Settling Parties agreed to certain provisions that would allow Con Edison to continue taking transmission service under two grandfathered contracts between Con Edison and PSE&G.¹ The contracts provided for Con Edison to deliver up to 1000 MW (i.e., a 600 MW and 400 MW wheel) to PSE&G in northern New Jersey, and for PSE&G to redeliver the same power to Con Edison in New York City. Under the Settlement Agreement, the contracts were allowed to be "rolled over," while Con Edison would take firm point-to-point service under the PJM tariff. Con Edison agreed to pay rates prescribed by PJM's tariff, including costs allocated for upgrades under PJM's RTEP using the Commission's "beneficiaries pay" principle.

The NYPSC supported the Settlement Agreement and the continued wheeling arrangement, which provided critical reliability and consumer benefits for New York City, which is a

¹ Docket Nos. ER08-858-000, et al., PJM, (filing dated February 23, 2009).

constrained load pocket that is dependent upon imports from other control areas, including PJM. Subsequent to the Commission's approval of the Settlement Agreement,² Con Edison paid allocated RTEP costs of approximately \$7 million in 2012 and \$9 million in 2013. This result was consistent with the NYPSC's understanding of the possible allocation of RTEP costs to Con Edison. The January 2014 PJM Filing, however, seeks to change the point of delivery prescribed under the Settlement Agreement and assign approximately \$120 million per year to Con Edison for various PSE&G upgrades that would be used to remedy a local fault duty problem in PSE&G's service territory.³ This violates the terms of the Settlement Agreement. Furthermore, it would result in an unjust and unreasonable cost allocation to Con Edison. Moreover, the proposed allocation clearly fails to adhere to the Commission's "beneficiaries pay" principle, given that Con Edison did not cause the need for the PSE&G upgrades and has not been identified as receiving any economic benefits.⁴

The NYPSC further objects to the process PJM employed in assigning costs to Con Edison, which failed to involve

² Docket Nos. ER08-858-000, et al., PJM, Order Approving Contested Settlement and Denying Rehearing, 132 FERC ¶61,221 (issued September 16, 2010).

³ PJM seeks to change the point of delivery via PSE&G's Fossil Hudson Generating Station in Jersey City that was specified in the Settlement Agreement, and divert the deliveries to a new substation to be constructed in Marion, New Jersey.

⁴ FERC Order No. 1000 requires that the allocation of costs must at least be roughly commensurate with the benefits that a project provides to the customer.

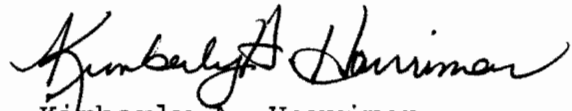
stakeholders in a transparent manner. One of the Commission's principles articulated in Order No. 1000 for regional cost allocation requires that "[t]he cost allocation method and data requirements for determining benefits and identifying beneficiaries for a transmission facility must be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility."⁵ The January 2014 PJM Filing was the first instance where PJM presented its proposed allocation of estimated costs to Con Edison. As a result, PJM failed to adhere to the principles articulated in Order No. 1000.

In sum, the NYPSC urges the Commission to reject PJM's proposed cost allocation to Con Edison, which was procedurally deficient and represents a significant and unreasonable increase in cost allocation. Alternatively, the Commission should

⁵ Docket No. RM10-23-000, Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, Order No. 1000 (issued July 21, 2011), 136 FERC ¶61,051, at ¶586.

conduct a hearing to ensure the allocation of costs is just and reasonable, consistent with the intent of Order No. 1000.

Respectfully submitted,



Kimberly A. Harriman
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Public Service Commission
of the State of New York

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Dated: February 10, 2014
Albany, New York

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated: Albany, New York
February 10, 2014



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