

153 FERC ¶ 61,071
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

October 19, 2015

In Reply Refer To:
Calpine New Jersey Generation, LLC
Docket No. ER15-2495-000

King & Spalding LLP
Attention: Neil L. Levy
1700 Pennsylvania Avenue, NW
Washington, DC 20006

Dear Mr. Levy:

1. On August 20, 2015, Calpine New Jersey Generation, LLC (Calpine New Jersey) filed revisions to its Revised Reactive Power Tariff,¹ which sets forth the cost-based annual revenue requirement to provide Reactive Supply and Voltage Control from Generation Sources Service (Reactive Service) to PJM Interconnection, L.L.C. (PJM). Calpine New Jersey states that the Revised Reactive Power Tariff reflects the May 1, 2015, retirements of Cedar Energy Center Unit 2, Middle Energy Center, and Missouri Avenue Energy Center (collectively, Retired Units).² It requests that the Commission accept the Revised Reactive Power Tariff, effective May 1, 2015.

2. Calpine New Jersey states that it is an exempt wholesale generator with market-based rates that currently owns and operates several generation facilities in New Jersey with a combined capacity of 404 MWs.³ Calpine New Jersey states that, beginning in April 2012, Calpine Corporation, on behalf of the Retired Generators, provided notices of deactivation to PJM pursuant to the PJM's Open Access Transmission Tariff (PJM Tariff).⁴ Calpine New Jersey states that the deactivations were the result of the New

¹ Calpine New Jersey Generation, LLC, FERC FPA Electric Tariff, FERC Electric Tariffs, [Reactive Rate Schedule, FERC Electric Tariff, Volume No. 3, 2.0.0](#).

² Filing at 4.

³ *Id.* at 1.

⁴ *Id.* at 3. Notice of generator deactivation is governed under Part V, Section 113.1 of the PJM Tariff.

Jersey Department of Environmental Protection's NOx Reasonably Available Control Technology Regulation (NOx Regulations).⁵ It also states that, on January 26, 2015, Calpine Corporation notified PJM that the effective date for deactivation would be May 1, 2015, to correspond with the NOx Regulations.

3. Calpine New Jersey states that its revised annual revenue requirement for Reactive Service consists of the current annual revenue requirement for Reactive Service less the annual revenue requirements for the Retired Units.⁶ It states that the result is a decrease in the annual revenue requirement for Reactive Service from \$2,094,010.43 to \$1,301,894.13.

4. Calpine New Jersey states that, pursuant to Schedule 2 of the PJM Tariff, PJM incorporates new reactive service revenue requirements effective on the first day of the month in which the Commission accepts or approves the revenue requirement.⁷ Calpine New Jersey requests an effective date for the Revised Tariff of May 1, 2015, to correspond with the deactivation date for the Retired Units. If the retroactive effective date is granted, and to the extent PJM has paid revenue to Calpine New Jersey associated with Reactive Service for the Retired Units on or after May 1, 2015, Calpine New Jersey commits to refund to PJM the revenue amount associated with the Retired Units with interest calculated in accordance with Section 35.19a (2015) of the Commission's regulations, or adopt PJM's preferred refund method to account for any overpayment.⁸

5. Notice of Calpine New Jersey's filing was published in the *Federal Register*, 80 Fed. Reg. 51,798 (2015), with interventions and protests due on or before September 10, 2015. None were filed.

6. We find Calpine New Jersey's Revised Reactive Power Tariff to be just and reasonable. The Commission has stated previously that it will generally grant waiver of the 60-day prior notice requirement for a filing that reduces rates and charges.⁹ Accordingly, we will accept the Revised Reactive Power Tariff, effective May 1, 2015, as requested. Additionally, Calpine New Jersey is hereby directed to provide refunds,

⁵ *Id.*

⁶ *Id.*

⁷ *Id.* at 5.

⁸ *Id.*

⁹ *Central Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106, at 61,338, *order on reh'g*, 61 FERC ¶ 61,089 (1992).

with interest calculated pursuant to 18 C.F.R. § 35.19a (2015), within 30 days of the date of this letter order, for the period from May 1, 2015 through the PJM billing cycles that reflect the revised revenue requirement for Reactive Service. We also note that, as previously discussed in the Commission's August 14, 2015 order in Docket No. ER15-1427-001,¹⁰ the concern that Calpine New Jersey may have continued to receive payment for Reactive Service for units that were no longer capable of providing that service has been referred to the Commission's Office of Enforcement for further examination and inquiry as may be appropriate.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹⁰ *Calpine New Jersey Generation, LLC*, 152 FERC ¶ 61,125, at P 8 (2015).