



## **MCEnergy: Utilities impose increase in transmission charges for 2015**

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Starting this year, customers within PJM's territory, 15 states spanning from N.J. to Illinois, will most likely see an increase in their overall electric rates due to a change in transmission charges. MCEnergy expects this to be a trend for other independent system operators with New York and New England ISO's likely to follow. While PJM is set to increase Network Integration Transmission Service (NITS) charges for all of its utilities this year, MCEnergy sees the biggest impact to their PSE&G customers.

What are NITS charges?

NITS Charges, also called Transmission Enhancement Charges (TEC), are paid to the PJM ISO which operates and maintains the reliability of the electric grid. The charges are used to upgrade the infrastructure of the electric system and ensure the flow of electricity.

Impact to MCEnergy Clients

Every energy consumer in the PJM territory is charged NITS fees; even customers being supplied by their utility without a third party contract will see an increase. Depending on the utility, the increase in NITS charges will vary.

All customers in PSE&G saw an increase in their NITS charges starting in January.

In PSE&G the increased charge will be included on the supply side of your bill no matter which supplier you're currently under contract with or which product type (fixed or variable) you have. Depending on the supplier, the charge will show up as a separate line item or be embedded within a fixed price.

The rate increase could be between \$0.003/kWh - \$0.009/kWh, depending on the building's load factor (e.g., A property with a 50% load factor will most likely see an increase of \$0.006/kWh). Every 1 million kWh's consumed, represents an increase of \$3,000 - \$9,000.

MCEnergy's recommendations:

- \* When doing electricity budgets for this year, you should include this increase in your budget on the supply side on PSE&G bills.
- \* When entering into an electricity supply contract, be aware the new NITS charges will be included in the fixed price or fixed adder and will not show up as a separate line item.
- \* MCEnergy does not recommend fixing future increases in NITS charges. They're a complete pass through expense by the ISO. Fixing NITS charges will add a premium onto your negotiated supply rate.

If you'd like help preparing a 2015 budget that would consider this and a variety of other market factors, please contact their team of analysts at (914) 767-3100.