

"Electric distribution and transmission system"

New Jersey's (N.J.A.C. 14:5-1.2.) defines "Electric distribution system" as "that portion of an electric system which delivers electric energy from transformation points on the transmission system to points of connection at the customers' premises."

Transmission is regulated by the FERC. FERC uses a 7 factor test to determine whether an electric facility is distribution or transmission. FERC will give deference to state commission determinations, but that is limited by the expectation that the state follows the 7 factor test.

1. Local distribution facilities are normally in close proximity to retail customers.
2. Local distribution facilities are primarily radial in character.
3. Power flows into local distribution systems; it rarely, if ever, flows out.
4. When power enters a local distribution system, it is not reconsigned or transported onto some other market.
5. Power entering a local distribution system is consumed in a comparatively restricted geographic area.
6. Meters are based at the transmission/local distribution interface to measure flows into the local distribution system.
7. Local distribution systems will be of reduced voltage.

The transmission owners (TOs), which include the Electric Distribution Companies (EDCs) as well as others, own the transmission but PJM operates the transmission system for the TOs under the PJM Tariff. PJM is regulated by FERC.