

The 2002 BGS Auction

The 2002 BGS Auction was to procure supply for BGS customers in the last year of the transition period. There were two essential differences between the February 2002 and the subsequent Auctions. First, for the period August 1, 2002 to July 31, 2003, customers paid pre-established rates. Starting on August 1, 2003, customer rates would then be set based on market prices established by the final Auction Prices. Second, two auctions were conducted concurrently starting in 2003 while in 2002 a single auction was used to procure supply for all customers.

Over 20 bidders competed to supply the total BGS Load for New Jersey of approximately 17,000 MW. The load was split into tranches of 100 MW of peak load for each EDC. The EDCs successfully procured their entire BGS Load for about \$3.5 billion. The minimum starting price was 5.8 ¢/kWh and the maximum starting price was 8.6 ¢/kWh. The Auction started on February 4, 2002 and finished on February 13, 2002 after 73 rounds of bidding. Results are shown in the table below.

Table 1: 2002 Auction Results					
Sum of EDCs' Load Caps: 60 tranches					
EDC	BGS Peak Load Share (MW)	Tranches Available (Load Cap)	Final Price (¢/kWh)	Winning Bidders by EDC	Number of Tranches Won
PSE&G	9,608	96 (32)	5.112	Allegheny Energy Supply Company	15
				Amerada Hess Corporation	9
				Aquila Energy Marketing Corporation	15
				DTE Energy Trading Inc	20
				FirstEnergy Solutions Corp	10
				Mieco	1
				Select Energy Inc.	1
				Sempra Energy Trading Corp	6
				TXU Energy Trading	7
				Williams Energy Marketing & Trading Company	12
JCP&L	5,146	51 (17)	4.865	Amerada Hess Corporation	1
				Aquila Energy Marketing Corporation	5
				Consolidated Edison Energy Inc.	3
				Duke Energy Trading and Marketing	5
				FirstEnergy Solutions Corp	2
				Select Energy Inc.	15
				Sempra Energy Trading Corp	9
				TXU Energy Trading	3
				Williams Energy Marketing & Trading Company	8
ACE	2,370	19 (7)	5.117	FirstEnergy Solutions Corp	5
				NRG Energy Inc.	5
				Select Energy Inc.	5
				Sempra Energy Trading Corp	4
RECO	440	4 (4)	5.819	Conectiv Energy Supply, Inc.	1
				PPL Energy Plus, LLC	3
TOTAL	17,564	170			170