

A. REGULATORY PROCEEDING

Companion Document: Section C.1 of the [BGS Auction Process](#) Chapter of the October Bidder Information Materials is a **companion document** that provides a timeline and brief overview of the BGS regulatory process. This chapter updates the content of the companion document by describing the activities under the regulatory proceeding that have taken place to date.

This chapter is provided for bidder convenience only. Any statements herein describing the EDCs’ “Proposal for Basic Generation Service Requirements to Be Procured Effective June 1, 2020” filed on July 1, 2019 with the New Jersey Board of Public Utilities (“Board” or “BPU”) or describing the EDCs’ “Supplemental Proposal for Basic Generation Service Requirements to Be Procured Effective June 1, 2020” filed on October 8, 2019 or describing the Board Orders in the proceeding are qualified in their entirety by our reference to the EDCs’ proposal available on the BGS Auction website ([Front Part of Filing](#), [Appendix A](#), [Appendix B](#), [Appendix C](#), and [Appendix D](#)), to the EDCs’ supplemental proposal available on the BGS Auction website ([BGS Supplemental Filing](#)) and to the [Board Orders](#). Bidders bear full responsibility for reviewing the EDCs’ proposal, supplemental proposal, and the subsequent Board Orders.

The EDCs are Public Service Electric and Gas Company (“PSE&G”), Jersey Central Power & Light Company (“JCP&L”), Atlantic City Electric Company (“ACE”), and Rockland Electric Company (“RECO”).

A.1. Prior to the Board Order

BGS Proposals

In response to a New Jersey Board of Public Utilities (“Board” or “BPU”) [Procedural Order](#) issued April 18, 2019, the EDCs filed their “Proposal for Basic Generation Service Requirements to Be Procured Effective June 1, 2020” on July 1, 2019. No other party filed an alternative proposal. The EDCs’ proposal is available on the [BGS Proceeding](#) page of the BGS Auction website and the links are provided above. The EDCs’ proposal consisted of:

- A joint proposal that detailed the procurement of supply for BGS customers through a statewide Auction Process; and
- A Company Specific Addendum for each EDC that addressed EDC-specific issues including contingency plans, rate design, tariff sheets, as well as an accounting and cost recovery proposal.

Each Company Specific Addendum included the Company’s BGS-RSCP rate design spreadsheet that provides full details of the calculation of BGS-RSCP retail rates on the basis of final auction prices as well as draft tariff sheets for BGS-CIEP customers.

Discovery

In its Procedural Order, the Board invited interested parties to file with the Board’s Secretary discovery requests on the BGS proposals. The deadline for discovery requests was Monday, July 22, 2019. The EDCs provided responses to discovery by the deadline of Monday, August 5, 2019.

Initial Comments and Hearing

In its Procedural Order, the Board also invited interested parties to submit comments on the BGS proposals. Comments could be submitted at three points in time. First, written initial comments could be submitted to the Board by September 4, 2019. Second, interested parties could appear at a legislative-type hearing held on September 19, 2019 to provide an oral presentation to the Board. Lastly, written final comments could be submitted to the Board following initial comments and the legislative-type hearing.

The Division of Rate Counsel (“Rate Counsel”) and TransAlta Corporation submitted initial comments for the Board’s consideration. Rate Counsel, the Independent Energy Producers of New Jersey, Exelon Generation Company LLC, PSEG Services Corporation, Vitol Inc, and the EDCs appeared and made oral presentations to the Board at its legislative-type hearing.

Supplemental Filing

In initial comments and at the legislative-type hearing, multiple parties raised concerns that postponement of PJM’s Base Residual Auction for the 2022/2023 delivery year, the last year of the BGS-RSCP period, would lead to unknown capacity prices that may adversely affect bids. On October 2, 2019, the EDCs filed a joint communication with the Board, indicating that the EDCs would submit a supplemental filing to address these concerns. The EDCs submitted a supplemental filing to propose enhancements to the initial BGS proposals to address on October 8, 2019 and the Board extended the deadline for final comments to October 29, 2019 so that parties could respond to the EDCs’ supplemental filing in their comments.

The supplemental filing proposed setting a proxy price for the 2022/2023 capacity price for each EDC that bidders could incorporate into their bids. In the 2022/2023 delivery year, BGS-RSCP Suppliers would receive an additional payment (or charge) calculated as the difference between the value of the actual capacity price charged to them by PJM and the proxy price set by the EDCs.

Final Comments

The EDCs submitted final comments that responded to the issues raised in the proceeding including: (i) the capacity price in the 2022/2023 delivery year, (ii) credit ratings requirements under BGS Supplier Master Agreements, (iii) Renewable Portfolio Standards obligations under the Solar Transition Program, and (iv) the current practice in calculating RPS obligations. Rate Counsel, TransAlta Corporation, and Vitol Inc also submitted final comments for the Board's consideration.

A.2. Board Decision

At its agenda meeting on November 13, 2019, the Board rendered its decision on the EDCs' proposal and the EDCs' supplemental proposal. The Board rejected the EDCs' proposed changes to the auction timeline as well as the EDCs' proposed modifications to the BGS-RSCP and BGS-CIEP Supplier Master Agreements that would have required BGS Suppliers to transfer RECs and SRECs on a quarterly basis. However, the Board approved the main elements of the EDCs' proposal, which have been stable over the past several years, namely:

- Using a single statewide Auction Process to procure supply for BGS customers;
- Holding two auctions, the BGS-CIEP Auction for large commercial and industrial customers, and the BGS-RSCP Auction for residential and smaller commercial customers;
- A supply period of June 1, 2020 through May 31, 2023 for the BGS-RSCP Auction;
- A supply period of June 1, 2020 through May 31, 2021 for the BGS-CIEP Auction;
- The use of a clock auction format; and
- A decision by the Board on the auction results within two business days of the close of the last auction.

The Board approved the EDCs supplemental proposal, setting a proxy price for capacity in the 2022/2023 delivery year and introducing a supplement to the BGS-RSCP Supplier Master Agreement to allow payment to (or from) the BGS-RSCP Supplier based on the difference between the actual capacity price in the 2022/2023 delivery year and the proxy price. The proxy prices approved by the Board were \$162.13/MW-day for PSE&G and \$152.06/MW-day for JCP&L, ACE, and RECO.

The Board also explicitly approved:

- The EDCs' plan for marketing efforts, including holding bidder information webcasts, publicizing new developments through the BGS Auction website, and making announcements by email to interested parties; and

- The confidentiality provisions to protect information provided in the bidder application forms and information related to specific bidder activity during the auctions

Please consult the [Board Order](#) in Docket No. ER19040428 as posted to the BGS Auction website for full details regarding the Board's actions.