



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE (BGS) FOR THE PERIOD BEGINNING JUNE 1, 2019)	DECISION AND ORDER
)	
)	DOCKET NO. ER18040356
)	
AND)	AND
)	
IN THE MATTER OF THE ALLOCATION OF RENEWABLE PORTFOLIO STANDARDS FOR BASIC GENERATION SERVICE (BGS) FOR THE PERIOD BEGINNING JUNE 1, 2019)	
)	
)	DOCKET NO. EO18111250

Parties of Record

Gregory Eisenstark, Esq., Windels Marx Lane & Mittendorf, LLP, on behalf of Jersey Central Power & Light Company
Joseph A. Shea, Jr., Esq., Attorney for Public Service Electric and Gas Company
Philip J. Passanante, Esq., Associate General Counsel for Atlantic City Electric Company
Margaret Comes, Esq., Senior Attorney for Rockland Electric Company
Chantale LaCasse, BGS Auction Manager, NERA Economic Consulting
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:¹

This Order memorializes actions taken by the New Jersey Board of Public Utilities (“Board” or “BPU”) at its December 18, 2018 agenda meeting pertaining to the allocation of Renewable Portfolio Standards (“RPS”) obligations as they relate to the provision of Basic Generation Service (“BGS”) for retail customers who continue to purchase their electric supply from their electric utility company for the period beginning June 1, 2019.

By Order dated April 25, 2018, in this matter, the Board directed the electric distribution companies (“EDCs”) consisting of Atlantic City Electric Company (“ACE”), Jersey Central Power & Light Company (“JCP&L”), Public Service Electric and Gas Company (“PSE&G”), and Rockland Electric Company (“RECO”), and invited all other interested parties, to file proposals by July 2, 2018 to

¹ Commissioner Robert M. Gordon recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

determine how to procure the remaining one-third of the State's BGS requirements for residential and small commercial customers ("RSCP") and the annual Commercial and Industrial Energy Pricing ("CIEP") requirements for the period beginning June 1, 2019. A procedural schedule to address the proposals was also adopted by the Board at that time, including an opportunity for initial written comments, a legislative-type hearing, and final written comments.

On June 29, 2018, the EDCs filed a Joint Proposal for BGS procurement ("Joint EDC Proposal"), and each EDC also filed a company-specific addendum to the Joint EDC Proposal. A discovery period followed. Initial Comments on the BGS proposals were filed on September 5, 2018. Final Comments were filed on October 12, 2018.

The Board also held a legislative-type hearing on September 28, 2018 at its office in Trenton, NJ, chaired by President Fiordaliso. The purpose of the hearing was to take additional comments on the pending proposals.

Parties that filed either a proposal, comments, or appeared at the legislative hearing include the EDCs,(filed jointly), National Economic Research Associates ("NERA"), the New Jersey Division of Rate Counsel ("Rate Counsel"), Exelon Generation LLC ("ExGen"), Hartree Partners, LP ("Hartree"), Direct Energy Business, L.L.C, Direct Energy Business Marketing, L.L.C, Direct Energy Services, L.L.C., Gateway Energy Services Corporation and NJR Retail Services Company (collectively, "Direct Energy"), the Retail Energy Supply Association ("RESA") the Independent Energy Producers of New Jersey ("IEPNJ"), and the New Jersey Business & Industry Association.

Public hearings were held in each EDC's service territory to allow members of the public to present their views on the procurement process proposed by the EDCs, and the potential effect on customers' rates. RECO's public hearing was held on September 12, 2018; PSE&G's public hearing was held on September 13, 2018, ACE's public hearing was held on September 18, 2018, and JCP&L's public hearing was held on September 25, 2018.

CLEAN ENERGY ACT

On May 23, 2018, Governor Murphy signed the Clean Energy Act into law P.L. 2018, c. 17, codified at N.J.S.A. 48:3-51-87 ("Clean Energy Act" or "CEA" or "Act"), effective immediately. The CEA effected many changes to the legal and regulatory framework for solar development; among these were an increase in the solar portion of the RPS, beginning in Energy Year 2019 ("EY19").² Specifically, the CEA provides:

"[T]he board shall . . . adopt . . . renewable energy standards that shall require . . . (3) that the board establish a multi-year schedule, applicable to each electric power supplier or basic generation service provider in this State . . . the following number or percentage, as the case may be, of kilowatt-hours sold in this State by each electric power supplier and each basic generation service provider to be from solar electric power generators connected to the distribution system in this State:

² An Energy Year ("EY") is defined as the period beginning on June 1 and ending on May 31 of the next year, numbered according to the calendar year in which it ends. N.J.S.A. 48:3-51.

EY 2014	2.050%
EY 2015	2.450%
EY 2016	2.750%
EY 2017	3.000%
EY 2018	3.200%
EY 2019	4.300%
EY 2020	4.900%
EY 2021	5.100%
EY 2022	5.100%
EY 2023	5.100%
EY 2024	4.900%
EY 2025	4.800%
EY 2026	4.500%
EY 2027	4.350%
EY 2028	3.740%
EY2029	3.070%
EY2030	2.210%
EY2031	1.580%
EY2032	1.400%
EY2033	1.100%

[N.J.S.A. 48:3-87(d)(3)]

The statute further provides that:

(c) The solar renewable portfolio standards requirements in this paragraph shall exempt those existing supply contracts which are effective prior to the date of enactment of [the CEA] from any increase beyond the number of Solar Renewable Energy Certificates (“SRECs”) mandated by the solar renewable portfolio standards requirements that were in effect on the date that the providers executed their existing supply contracts. This limited exemption for providers’ existing supply contracts shall not be construed to lower the statewide solar sourcing requirements set forth in this paragraph. Such incremental requirements that would have otherwise been imposed on exempt providers shall be distributed over the providers not subject to the existing supply contract exemption until such time as existing supply contracts expire and all providers are subject to the new requirement in a manner that is competitively neutral among all providers and suppliers.”

[N.J.S.A. 48:87(d)(3)(c)]

The CEA exempts BGS providers’ electricity supply from the new, higher solar requirements if the supply is covered by a BGS contract that was executed prior to enactment of the CEA. The solar obligation for this exempt electricity is determined under the rules in place when the BGS contract was executed. Thus, exempt electricity carries a lower solar obligation than non-exempt electricity. However, the CEA requires that the State-wide solar target for each year must still be met. Therefore, during EY19, EY20, and EY21, when some electricity supply will be exempt, the incremental solar obligation that is not met because of the exemption must be distributed among the non-exempt electricity supplied by BGS providers in each energy year until the prior BGS contracts with exempt suppliers expire. This Order includes provisions for calculating the obligation

