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Final Report

**Post-Auction Report of the New Jersey  
Utilities' Basic Generation Service  
(BGS) Auction Process**

Submitted to:

New Jersey Board of Public Utilities  
Newark, New Jersey

Submitted by:

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## Executive Summary

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This is the final report of Charles River Associates (CRA) which was retained by the New Jersey Board of Public Utilities (the NJ BPU, or the Board) to perform a review and oversight of the New Jersey electric utilities' Basic Generation Service (BGS) auction process (Docket No. EX01060367).

### Background on BGS

Under the provisions of New Jersey's Electric Discount and Energy Competition Act of 1999 (EDECA), the four electric distribution companies (EDCs) in New Jersey were responsible for providing BGS for at least three years from the August 1, 1999 start date of retail electric choice. By August 1, 2001, the four EDCs submitted specific proposals to implement a Request For Proposal process for BGS service for August 1, 2002 through July 31, 2003. CRA was retained in September to assist the BPU.

### CRA's Role and Responsibilities

In its advisory role, CRA reviewed BGS proposals with respect to Board objectives, provided advice to the Board in the process of approving the BGS process and rules, and reviewed the BGS auction process for reasonableness of administration, guidelines for setting the starting price and auction volume, the default or contingency plan, and the proposed BGS contract.

In its monitoring role, CRA monitored the marketing and information efforts; advised the BPU on the significance of the indicative bids, the auction starting prices, and the tranche sizes; monitored the administration of the auction, including speed of rounds and price tick down for each round; monitored the bidding for possible anticompetitive behavior; advised the BPU whether the final auction results reflected the approved auction process; and, with this report, assess the auction results and provide recommendations to improve future auctions.

### CRA's Findings and Recommendations

CRA determined that the implementation of the BGS auction process sufficiently met the criteria CRA proposed be used to evaluate the process. Nevertheless, we believe the recommendations in this report for future processes would lead to better information for bidders, enhanced marketing efforts, improved scheduling, more reliable auction software, and better communications protocols — thereby increasing the likelihood of success of future auctions.



# 1. Introduction

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Charles River Associates (CRA) was retained by the New Jersey Board of Public Utilities (the NJ BPU, or the Board) to perform a review and oversight of the New Jersey Electric Utilities' Basic Generation Service (BGS) auction process (Docket No. EX01060367). This report is CRA's post-auction assessment of the BGS auction process.

Under the provisions of New Jersey's Electric Discount and Energy Competition Act of 1999 (EDECA), the four electric distribution companies (EDCs) in New Jersey — Public Service Electric and Gas Company (PSE&G), GPU Energy (GPU), Conectiv Power Delivery (Conectiv), and Rockland Electric Company (RECO) — were responsible for providing BGS for at least three years from the August 1, 1999 start date of retail electric choice. Accordingly, the rate unbundling, stranded costs and restructuring Final Order for each of the EDCs required that by August 1, 2001, specific proposals be submitted to implement a Request For Proposal process for BGS service for August 1, 2002 through July 31, 2003. In June 2001, the four EDCs jointly filed a proposal for the competitive bidding of BGS recommending a simultaneous, multiple round, descending clock auction. A procedural schedule was subsequently established and public legislative-type hearings were conducted. Several stakeholders participated and provided comments on this process. CRA was retained in September 2001 to assist the BPU.

The Board approved the auction process on December 11, 2001. The auction took place February 4 through February 13, 2002. At the February 15, 2002 Board Agenda Meeting, the Commissioners voted unanimously to accept the results of the auction.

In its advisory role for the Board, CRA has:

- (1) Reviewed BGS proposals with respect to Board objectives (e.g., are the BGS proposals workable and likely to achieve objectives).
- (2) Provided advice to the Board in the process of approving the BGS process and rules under the supervision of the Board's Staff.
- (3) Reviewed the BGS auction process for reasonableness of administration, guidelines for setting the starting price and auction volume, the default or contingency plan, and the proposed BGS contract or BGS supplier master agreement.

In its monitoring role for the Board, CRA has:

- (4) Monitored the marketing of the auction to attract bidders and advised the Staff on the utilities' marketing efforts.



## Introduction

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- (5) Reviewed utility information provided to bidders.
- (6) Monitored the virtual data room and bidder inquiry process to ensure that all bidders have received the required data and have had their questions resolved.
- (7) Monitored efforts to educate bidders on the auction process and rules.
- (8) Monitored responses to bidder questions and concerns.
- (9) Advised the BPU and its Staff on the significance of the indicative bids, the auction starting price, and the block or tranche sizes.
- (10) Monitored administration of the auction, including speed of rounds and price tick down for each round.
- (11) Monitored the bidding during the auction to determine if bidders were engaging in collusive bidding practices or otherwise engaging in anticompetitive behavior.
- (12) Advised the BPU whether the final auction results reflect the approved auction process.
- (13) Provided this report on the auction results with recommendations to improve future auctions.

This post-auction report is organized as follows.

- Section 2 summarizes the auction in table format, highlighting key indicators and measures. The structure of the section is consistent with Attachment B (“Post-Auction Assessment for the New Jersey BGS Auction”) of the Board Order, Agenda Date December 10, 2001, approving the BGS auction process.
- Section 3 provides our assessment of the BGS auction, focusing on key issues and questions. The structure of the section is consistent with Attachment B (“Post-Auction Assessment for the New Jersey BGS Auction”) of the Board Order, Agenda Date December 10, 2001, approving the BGS auction process.
- Section 4 contains our recommendations for improving future auctions.
- Appendix A includes a chart showing round-by-round EDC prices and the number of active tranches statewide.



## 2. Summary of the BGS Auction

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The auction began with the opening of round 1 at 9:00am on Monday, February 4, 2002. The auction concluded with the close of round 73 at 2:55pm on Wednesday, February 13, 2002.

The pre-auction eligibility of the 21 registered bidders was 296 tranches. The tranche target for the auction was 170 tranches, yielding a pre-auction eligibility ratio of  $296/170 = 1.71$ .

No volume adjustment was made during the auction, so the pre-auction tranche target and EDC-specific load caps were unchanged for the auction.

At the February 15, 2002 Board Agenda Meeting, the Commissioners voted unanimously to accept the results of the auction.

Table 1 below shows pertinent indicators and measures for the auction.



## Summary of the BGS Auction

**Table 1. Summary of BGS Auction**

	<b>PSE&amp;G</b>	<b>GPUE</b>	<b>AECO</b>	<b>RECO</b>	<b>Total</b>
BGS peak load share (MWs)	9,608	5,146	2,370	440	17,564
Total tranches	96	51	24	4	175
Tranche target (# tranches auctioned) *	96	51	19	4	170
Tranche size (% of EDC's BGS Load)	1.04	1.96	4.17	25.00	
Tranche size (approximate MWs)	100.1	100.9	98.8	110.0	
Load cap (# tranches)	32	17	7	4	
Quantity sold (# tranches)	96	51	19	4	170
Quantity sold (% BGS load)	100%	100%	100%	100%	100%
# Winning bidders	10	9	4	2	
Maximum tranches sold to any one bidder	20	15	5	3	
Minimum and maximum starting prices prior to indicative bids (cents/kWh)					[Redacted]
Price at start of auction (cents/kWh) **	7.6	7.2	7.2	7.7	[Redacted]
Price paid to winning bidders (cents/kWh) **	5.112	4.865	5.117	5.819	5.055

\* AECO has 24 tranches in total. AECO is serving 5 of its own tranches and made available at the auction 19 tranches.

\*\* Price shown in "Total" column is an average across the EDCs weighted by each EDC's "Tranche target (# tranches auctioned)".



### **3. Assessment of the BGS Auction**

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This section of our report provides our assessment of the BGS auction, focusing on key issues and questions. The section is structured along the lines of our post-auction checklist that we delivered to the BPU on February 13, 2002 to facilitate the Board's review of the auction. The section provides additional commentary and observations not included in the more abbreviated post-auction checklist.<sup>1</sup>

#### **3.1. CRA's recommendation as to whether the Board should certify the auction results**

CRA recommended that the Board certify the BGS auction results. As we indicated in our post-auction checklist, we believe that the design, implementation, and outcome of the BGS auction process achieved the objectives of the Board. On February 15, 2002, the Board certified the BGS auction results based on input from Board Staff, CRA, and the EDCs' Auction Manager (NERA).

Notwithstanding our recommendation that the Board certify the BGS auction results, this report raises some issues and concerns that we had during the process leading up to the auction, and during the auction itself. Section 4 below makes recommendations for improving future auctions.

#### **3.2. Did bidders have sufficient information in a timely manner to prepare for the auction?**

Yes. Generally, the schedule allowed bidders sufficient time to prepare for the auction. There were no serious issues raised by bidders with regard to the amount of time available to prepare for the auction. In monitoring the bidder information sessions and BGS auction Web site, we made a number of suggestions that were adopted to improve the information — and the timeliness of information — provided to bidders.

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<sup>1</sup> In reviewing our post-auction checklist, one Board Commissioner noted that some of the language in the checklist was less than completely definitive. For example, regarding the item, "Were protocols for communication between bidders and the Auction Manager adhered to?," our checklist response was, "As far as we can tell, the protocols generally were adhered to." The reason some of our checklist responses were not as definitive as we would have liked is that there were a number of instances and periods of times during which we were not informed by the Auction Manager team and did not know what the Auction Manager team was doing or how it was responding to issues as they arose. Consequently, we were not able to provide unqualified responses to some of the checklist items. Some of our recommendations below would improve the information flow during the auction.





## Assessment of the BGS Auction

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### 3.3. Were previously unresolved issues and questions resolved prior to the auction to minimize uncertainty for bidders?

Yes, for the most part. One example of an issue raised by CRA that was resolved concerned the definition and measure of committed supply. Uncertainty about the volume of committed supply created unnecessary risks to bidders that could affect their willingness to bid. The uncertainty was resolved prior to the auction.

However, there were some minor issues and questions that were resolved later than CRA had recommended. The following are examples, although overall we believe it unlikely that the lack of timeliness in resolving the issues significantly affected the final outcome of the auction.

- Bidders were informed there would be a tranche fee, but were not informed of the final amount of the fee until January 24, 2002.
- Not until January 24, 2002 (at the earliest) were bidders informed of restrictions on access to information that would apply if they “dropped out” of the auction while it was still underway (i.e., there is no chance that any of their bids would become winning bids).
- Notice about what information from the auction would be made public was not provided to bidders until January 24, 2002 (at the earliest).
- The bidding software included a pop-up window requiring bidders to accept the license agreement displayed. Bidders would not have been made aware of this until the mock auction unless they were informed ahead of time. We urged the Auction Manager team to inform bidders of this as soon as possible well before the mock auction as many bidders likely would be surprised seeing it for the first time at the mock auction. The Auction Manager team informed the bidders during the final (January 24) bidder information session; a copy of the agreement was included in the binder handed out, but this was only two business days before the mock auction.

### 3.4. Were any procedural problems or errors observed with the auction, including the electronic bidding process, the back-up bidding process, and communications between bidders and the Auction Manager?

There were some problems as noted below. These problems likely did not affect the final outcome of the auction significantly. However, had many of the problems that arose in later rounds occurred earlier in the auction, their effect would have been more problematic and likely would have significantly reduced participants' confidence in the auction.



## Assessment of the BGS Auction

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- During the mock auction for bidders held on January 28, bidders and CRA participants in the mock auction experienced technical problems with the bidding software. One problem required the Auction Manager team to re-start the mock auction later in the day; we were informed the problem was that the database had not recorded any bids submitted (obviously a potentially serious problem).
- During the first several rounds of the auction, “bid viewer” access and “initiator” access to the software — but not access by actual bidders — did not function properly. For example, for the first several rounds “initiators” were not able to see the rounds schedule, which made it somewhat difficult to keep track of the rounds. Also, occasionally we received a browser error message that “The page could not be found.”
- During the BGS auction, round 8 had to be re-started because, as we were told, the software was not accepting or confirming bidders’ bids. The auction schedule subsequently was moved back by 30 minutes. This event also illustrates an observation we had that the System Mail messages in the software could have been better and more informative in general. In this event for example, the System Mail message reported that round 8 was re-starting at 2:15 pm, but the message did not say when the round was ending. Although bidders could have assumed the duration of re-scheduled round 8 would not change, providing explicit, clarifying information to bidders — such as when the round would end — would reduce the uncertainty and the possibility of mistakes.
- In round 24, the schedule was moved back by 2 minutes. We were informed this was done to allow the Auction Manager team sufficient time for double-checking the bids.<sup>2</sup>
- After round 25, bidders were informed they would be logged out and would have to log back in again five minutes later. We were not informed of the reason, and after the auction learned that it was due to a faulty diskette that disabled a spreadsheet used to check bid results.
- A time out was called by the Auction Manager in round 51, and the results for the reporting phase were delayed by about 15 minutes.

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<sup>2</sup> One of CRA’s recommendations at the beginning of the project was that NERA develop and utilize an offline checking tool and process to ensure the software correctly implemented the auction rules. On several occasions during the auction the Auction Manager team relied on the offline checking process to override errors in the software.



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- After round 52, a problem developed with System Mail: “Some of you are having problems sending system mail. We expect to be able to fix this problem tonight. If you need to send a message, please call the hotline with your message and it will be passed on to the Auction Manager.”
- We were informed that in round 60 the software was violating an auction rule having to do with the price assigned to retained switches. This caused a delay of about one hour.
- A time out was called by the Auction Manager in round 64 due to the software violating an auction rule concerning outbid disallowed switches and the use of time stamps. A similar problem occurred in round 66. Manual intervention was required by the Auction Manager team to override the software error.
- There was a delay of several minutes in round 65.
- There was a five minute pause in the auction in round 71 due to technical difficulties experienced by a bidder and back-up bidder.
- We were informed that some bidders occasionally had difficulty with Internet connections or passwords throughout the auction.

### **3.5. Were protocols for communication between bidders and the Auction Manager adhered to?**

As far as we can tell, the protocols generally were adhered to. We did not have the opportunity directly to monitor communications between the bidders and the Auction Manager team.

We did monitor messages sent to all bidders through the software and found them to be unnecessarily terse and cryptic. The messages could have been more informative and effective with a little less brevity and closer attention to syntax.

### **3.6. Were any hardware or software problems or errors observed, either with the auction system or with its associated communications systems?**

We noted some problems in section 3.4 above. Also, for the first several rounds, the “Eligibility Range” column in the Public Report bidder screen of the “bid viewer” was off by one row. This made it confusing and subsequently was corrected.



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### 3.7. Were there any unanticipated delays during the auction?

These were noted in section 3.4 above.

### 3.8. Did unanticipated delays appear to adversely affect bidding in the auction?

The delays may have affected the confidence bidders had in the bidding system at the time, but we do not believe the delays had a significant effect on the final outcome of the auction.

### 3.9. Were appropriate data back-up procedures carried out?

We were informed by the Auction Manager that data back-up procedures were being carried out consistently in accordance with the pre-established protocol. Due to the layout of the Auction Manager's site and the procedures used for back-up, we did not have the opportunity to monitor the back-up procedures directly.

### 3.10. [Redacted]

[Redacted]<sup>3,4</sup>

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<sup>3</sup> [Redacted]

<sup>4</sup> [Redacted]



## Assessment of the BGS Auction

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### 3.11. Were protocols followed for communications among the EDCs, NERA, BPU staff, the Board (if necessary), and CRA during the auction?

We were informed that there were informal communications protocols in place covering information exchange between NERA and the EDCs, information exchange among certain individuals of the EDCs, and information exchange between the EDCs and the media. We did not see these protocols in writing. CRA recommended that communications protocols be formalized and enforced. We understood that the protocols covered the period prior to the auction as well as during the auction itself.

We did not participate in the communications between NERA and the EDCs and therefore did not directly monitor communications between NERA and the EDCs.<sup>5</sup> However, we believe full, formal protocols covering communications and information exchange were needed. For example, a spokesperson for one of the EDCs spoke to the trade press while the auction was still going on, and remarks were made about the approximate number of bidders and how many more days the auction likely would last. These remarks were inappropriate although they do not appear to have compromised the auction. We understand that NERA and the Board Staff

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<sup>5</sup> It was not CRA's role to monitor all communications between the EDCs and the Auction Manager (NERA). NERA was the consultant to the EDCs, and such monitoring on CRA's part would have required an enormous amount of effort and much better defined communication protocols. CRA's role primarily was to review the EDCs' proposals and to monitor the auction itself.



## Assessment of the BGS Auction

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addressed this by reminding the EDCs of the informal communications protocols that were understood to be in place.

### 3.12. [Redacted]

[Redacted]<sup>6</sup>

### 3.13. Were the calculations (e.g., for bid decrements or bidder eligibility) produced by the auction software double-checked or reproduced off-line?

The Auction Manager informed us that these calculations were being done. Indeed, these calculations caught some of the errors in the software.

### 3.14. Was there evidence of confusion or misunderstanding on the part of bidders?

As noted above, one bidder complained that after it exited the auction it no longer had access to the auction software. However, this may be evidence of a strategy by the bidder to gain access to auction information without being an eligible bidder, contrary to the rules.

### 3.15. Were there effective communications between the Auction Manager and bidders?

Generally yes, although we did not have the opportunity directly to monitor communications between the bidders and the Auction Manager team. As mentioned above, the software's System Mail messages could have been more informative and effective. Also, the auction rules document and bidders' software manual were not as well-written and prepared as they should

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<sup>6</sup> [Redacted]



## Assessment of the BGS Auction

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have been. CRA had limited opportunity to review these documents before they were released to registered bidders.<sup>7</sup>

### **3.16. Was there evidence that bidders felt unduly rushed during the process?**

Not that we were aware of. We did not have any communications with bidders but the Auction Manager did not report any such evidence. In addition, bidders did not make full use of opportunities they had to delay the auction (through the use of round extensions and recess requests), contrary to what one would expect if they were unduly rushed.

### **3.17. Were there any complaints from bidders about the process?**

As noted above, one bidder complained about not having access to the auction software once the bidder exited the auction — an issue that was addressed prior to the auction in an FAQ.

Several bidders complained that the initial rounds were too slow. The Auction Manager proposed to us that the bid decrement formula be over-ridden and we agreed.

### **3.18. Was the auction carried out in an acceptably fair and transparent manner?**

Yes. In particular, the rules appeared to be applied equally to all bidders.

### **3.19. Was there evidence of non-productive “gaming” on the part of bidders?**

Not that we could discern.

### **3.20. Was there any evidence of collusion or improper coordination among bidders?**

Not that we could discern.

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<sup>7</sup> For some time, we had inquired about the status of these documents but we understand that more attention was given to what were considered higher priority activities. These documents were produced to us only shortly before they needed to be released to bidders.



## Assessment of the BGS Auction

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### 3.21. Was there any evidence of a breakdown in competition in the auction?

Not that we could discern. Even after the prices dropped below 6 cents/kWh, there was considerable competition in the auction as measured by the amount of excess eligibility. Also, there were many bidders of similar size in the auction, so it is highly unlikely that any one bidder held enough tranches to control the outcome. Finally, bidders actively arbitrated between the four EDCs when price spreads widened, as one would expect in a competitive market.

### 3.22. Was information made public appropriately?

Yes. Although some of the documents and FAQs were not made available as soon as we had recommended. Examples include:

- FAQ regarding information available to bidders after eligibility drops to zero and outstanding bids are outbid.
- Information regarding what data and information would be released to the public (and others) and when (see discussion below).
- Tranche fees.
- Software documentation and bidder-friendly rules.
- Mock auction and real auction schedule.
- Software license agreement.

One issue that was never resolved involved the lack of complete, formal protocols specifying what information would be revealed by whom, to whom, and when. We had urged this be done by the Auction Manager well before the auction began but this never took place. Instead, CRA drafted a memo that provided guidelines concerning various types of information and who had access to the information and when. One motivation for providing the guidelines is that CRA observed at bidder information sessions that at least some bidders were concerned about what information about the auction would be released after the auction. Although the guidelines have been reviewed by CRA, NERA, and the BPU, there still seems to be some unresolved issues. In the recommendations section below, we provide our suggestions.





## Assessment of the BGS Auction

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**3.23. Does the auction appear to have generated a result that is consistent with competitive bidding, market-determined prices, and efficient allocation of the BGS load?**

Yes, the bidding appeared to be competitive, price arbitrage across the EDCs' tranches occurred, and the winning bidders won tranches because losing bidders were not willing and able to accept prices as low as the winning bidders. This suggests the tranches were allocated to the bidders with the highest value of supplying BGS load (and therefore willing and able to accept the lowest prices).

**3.24. Were there factors exogenous to the auction (e.g., changes in market environment) that materially affected the auction in unanticipated ways?**

No, not that we were aware of.

**3.25. Are there any concerns with the auction's outcome with regard to any specific EDC(s)?**

No.



## 4. Recommendations to Improve Future Auctions

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The following are several areas that CRA believes could be improved in future auctions of this type. Addressing these issues would increase the likelihood of success of future auctions.

The Auction Manager should:

- Be more aware of and careful about how bidders are affected by all aspects of the auction process. If all decisions about rules, documents, procedures, etc., are made keeping in mind the perspective and motivation of the bidders, bidders are more likely to be aggressive competitors in the auction. Several CRA recommendations were made with this perspective in mind, ranging from recommendations about the treatment of committed supply to language describing auction rules and the need for a communications protocol. The more the process is transparent and straightforward for bidders, and the less there is ambiguity, uncertainty, and delays, the more bidders can focus on valuing what is being auctioned.
- Commit to a defined schedule for all key documents (rules, protocols, etc.). This means specifying dates that documents will be posted, when comments will be accepted and reviewed, and when final versions of the documents will be posted.
- Adhere better to deadlines and provide better information regarding the deadlines. Several process deadlines including those posted on the BGS auction Web site were missed without any notice, reason, or amendment being provided on the Web site.
- Post the auction schedule (and the schedule for release of relevant documents) on the Web site so that it represents, and helps enforce, a commitment to get key information to bidders and others on schedule.
- Make sure that critical information is conveyed to bidders as early as possible (software licenses, tranche fees, implications of dropping out of the auction and subsequent access to information, etc.).
- Fully test auction software well ahead of time. NERA indicated by early November 2001 that the software was ready for the auction, at that time scheduled to begin in December. (The auction subsequently was re-scheduled to begin February 4, 2002.) Yet at least one mock auction in January revealed some problems. And, there were problems with the software during the auction itself in February. These episodes reduce bidders' confidence in the auction process. Given the extended time before the auction started, the software problems experienced in January and February should not have occurred.



## Recommendations to Improve Future Auctions

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- Do more marketing of the auction process through industry trade-press. There was limited exposure in the energy/electricity trade press for an auction this substantial. Fortunately, all of the major players were solicited through direct contact, or became aware of the auction through direct contact.
- Improve the messages provided to bidders during the auction such as through the System Mail function. Much of the content and presentation of the messages and information was ambiguous and incomplete. Also, more effort should be devoted to the auction rules and bidder software manuals. This will provide more clarity and less ambiguity to bidders, and free them to devote more attention to more productive activities such as valuing BGS load.
- Develop complete, formal communications protocols early on. Although we advocated this, it was not done. The intent of such protocols is to specify what information is made available to whom and when, and to indicate how communications are to take place among the various participants. We believe some of the questions and problems that arose could have been avoided had full communications protocols been developed in a timely manner. We note two examples to illustrate the consequences of incomplete protocols or weaknesses in the protocols.
  - 1) Early on we recommended strongly that information provided to the EDCs be extremely limited. This included the time leading up to the auction and during the auction itself. Among other reasons, there may be a perception (justified or not) by bidders and observers of the auction process that information provided to EDCs could be used by the EDCs unfairly, for example to advantage their affiliates or to advantage certain bidders favored by the EDCs. Our advice (e.g., EDCs should not have information about the auction until it was over) was not taken to the extent that we had recommended. We were assured on several occasions by the Auction Manager team and by the EDCs that the EDCs were under a strict agreement or understanding that no information provided to the EDCs would go beyond critical EDC personnel involved in the auction process, and no information would be shared with affiliates. Yet, as noted above, one EDC spokesperson made inappropriate comments to the trade press while the auction was ongoing, comments that among other implications, suggested publicly that the spokesperson and the EDCs had private information about the auction.
  - 2) At bidder information sessions leading up to the auction, CRA staff became aware of concerns raised by some participants about what information would be revealed during and about the auction itself. We recommended that these issues be addressed fully prior



## Recommendations to Improve Future Auctions

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to the auction, but they never were.<sup>8</sup> As noted above, when it became apparent that the Auction Manager team was not going to resolve these issues, CRA drafted a memo on the protocols. Unfortunately, the protocols were only informally agreed upon and never officially adopted.

We would make the same recommendation going forward as we did for this auction: EDCs should have only minimal, necessary information (e.g., in order to evaluate anonymously the financial status of bidder applicants, and to adjust load caps), and should not be allowed to observe the auction. Moreover, communications protocols and restrictions for EDC employees must be clearly specified and strictly enforced.

Also, as specified in the memo we drafted prior to the auction, once the Board makes its decision about accepting the auction outcome, winning bidders are free to publicize what they like, but the BPU, EDCs, and the Auction Manager should reveal no information other than the final winning prices and the list of winning bidders.

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<sup>8</sup> At CRA's urging, NERA did post a FAQ on the BGS auction Web site clarifying that a bidder that drops out of the auction would not be allowed to continue to access the software.



## Appendix A: EDC Prices and Tranches by Round

The chart below shows the round-by-round EDC-specific price announced by the Auction Manager, and the round-by-round number of active tranches statewide.

