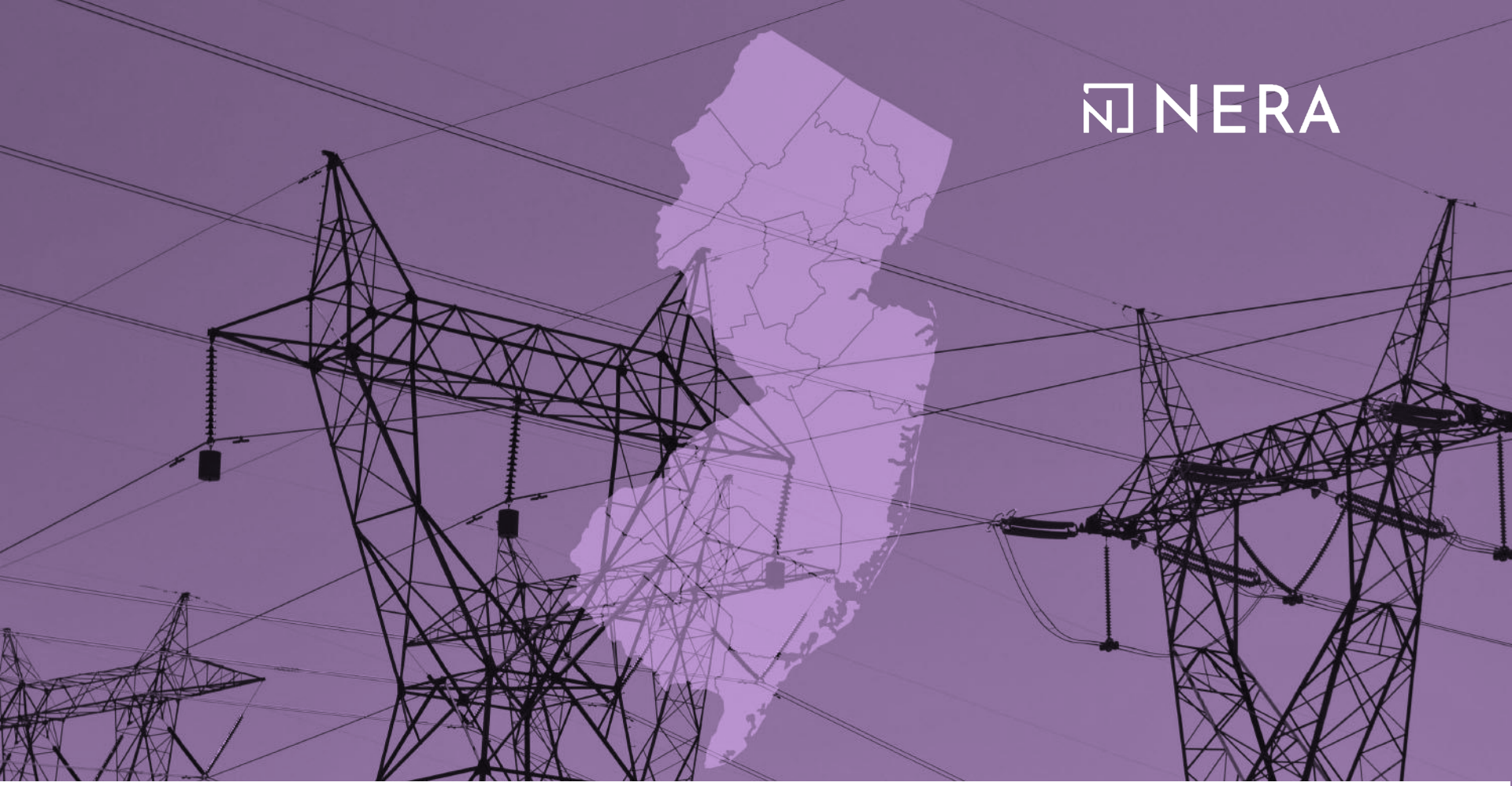


Basic Generation Service (BGS) Load

Statewide Auction Process

October 22, 2026

bgs-auction.com
NEW JERSEY STATEWIDE BASIC GENERATION SERVICE ELECTRICITY SUPPLY AUCTION

PSE&G

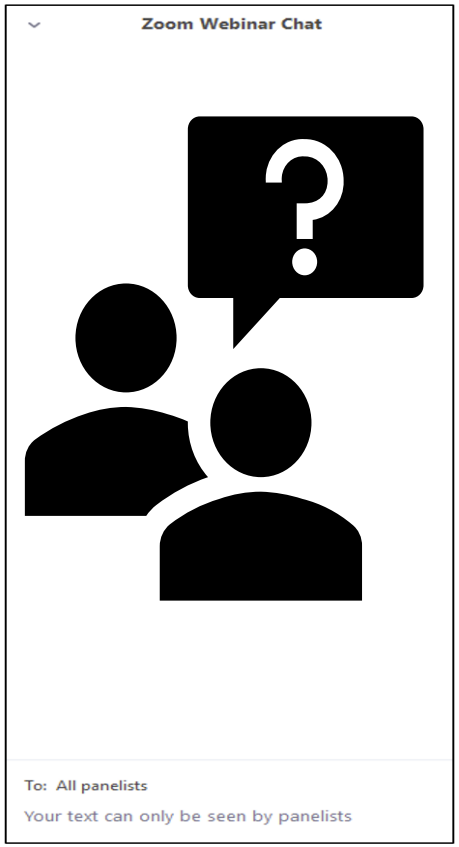
Jersey Central Power & Light
A FirstEnergy Company

atlantic city electric
AN EXELON COMPANY

Orange & Rockland

How to Ask a Question

- To submit text questions to the presenters, please click on the "Chat" icon on the bottom of your screen. The chat panel will appear on the right. Type in your question and click "Enter".



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DISCLAIMER

- **Disclaimer.**

  Any statements herein describing or referring to documents and agreements are summaries only, and are **qualified in their entirety** by our reference to the governing documents, which are all the documents included in the EDCs' Joint Filing dated July 1, 2026, posted to the *BGS Proceeding page* of the *Auction tab* on the *BGS Auction website*, **www.bgs-auction.com:**

  - **EDCs' Joint Proposal**
  - **BGS-CIEP and BGS-RSCP Provisional Auction Rules**
  - **BGS-CIEP and BGS-RSCP Supplier Master Agreements**
  - **Each EDC's Company-Specific Addendum, including draft tariff sheets and pricing factors**

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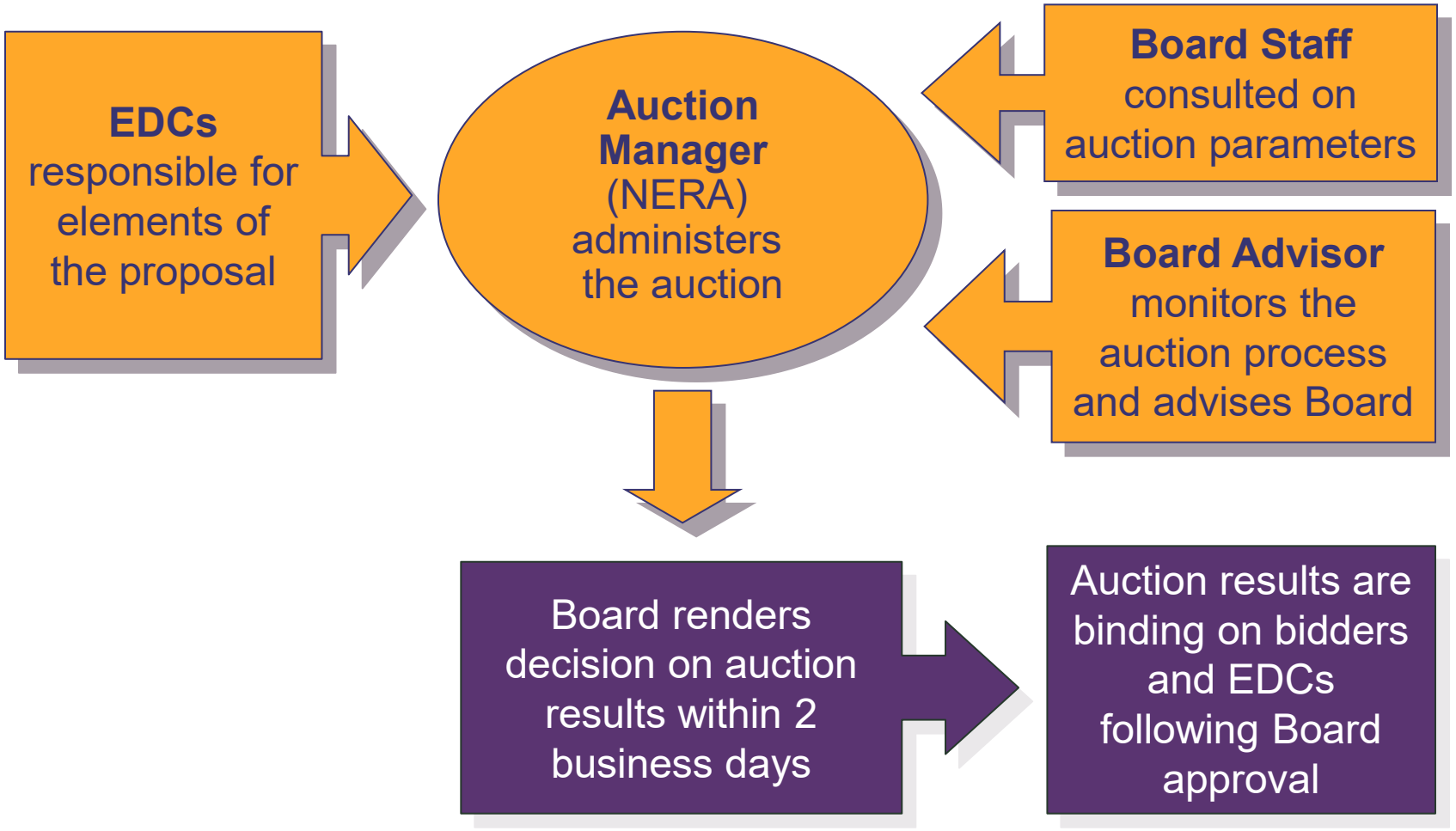
THE PRESENTATION WILL COVER:

- Roles
- Overview of the EDCs' Proposal (July Filing)
- Products and Rates
- Overview of Bidding in the Auctions
- Auction Process
- BGS Auction Website and Other Sources of Information

ROLES


EDCs
responsible for elements of the proposal
Auction Manager
(NERA)
administers the auction
Board Staff
consulted on auction parameters
Board Advisor
monitors the auction process and advises Board
Board renders decision on auction results within 2 business days
Auction results are binding on bidders and EDCs following Board approval

1. OVERVIEW OF JULY FILING

GOALS OF THE BGS AUCTION PROCESS

Two essential goals of the BGS Auction Process:

- To procure supply for Basic Generation Service ("BGS") customers at a cost consistent with market conditions

- To enable the participation of a broad spectrum of entities, including energy trading and marketing companies, by aggregating a portfolio of wholesale products and providing price-risk management services

Timeline Through Part 1 Application (Regulatory Milestones)

July 1, 2026	EDCs' Joint Proposal filed
September 4, 2026	Deadline for initial comments
September 22, 2026	Legislative-type Board hearing
October 9, 2026	Deadline for final comments
November 2026 (Expected)	Board decision on BGS proposals
December 15, 2026	Deadline to submit the Part 1 Application

EDCs Propose Two Auctions

- **BGS-RSCP Auction:** Residential and smaller commercial customers on a stable price
  - Auction determines all-in price in ¢/kWh
  - Suppliers are paid this price for every kWh of load served
  - **3-year supply period: June 1, 2027, to May 31, 2030**
  - **Laddered contracts:** procure approximately 1/3 of supply each year
  - **4 products:** the BGS-RSCP load for each EDC

- **BGS-CIEP Auction:** Larger commercial and industrial customers on an hourly price plan
  - Auction determines a CIEP Price in $/MW-day that suppliers are paid based on the capacity obligation
  - Suppliers are paid for energy at the real-time hourly spot price and are paid a pre-determined rate for ancillary services
  - Suppliers also paid the CIEP standby fee levied on all CIEP customers
  - **1-year supply period: June 1, 2027, to May 31, 2028**
  - **4 products:** the BGS-CIEP load for each EDC

Proposed Auction Format Is a Clock Auction

- **Multi-product** design
  - Procure supply for all EDCs at once
- **Multi-round** design: bidding proceeds in rounds
  - Suppliers state how much they want to supply at prices suggested by the Auction Manager
  - Prices tick down if there is excess supply
  - Suppliers can switch their bids from one EDC to another in a given Auction
- **Auction ends** when the amount bid falls to the amount needed for each of the EDCs
- **Single price** determined through the Auction for each EDC

BGS Suppliers Provide Full Requirements Service

- BGS Suppliers will be physically and financially responsible for the hour-by-hour provision of electricity to BGS customers
- BGS Suppliers will be the **Load Serving Entities** ("LSEs")
- BGS Suppliers provide energy, capacity, ancillary services, fulfill the obligations under the Renewable Portfolio Standards, and provide any other services as may be required by PJM
  - The EDCs assume the responsibility of transmission and transmission related costs

Supplier Obligations Specified in BGS Supplier Master Agreements

- Contract is between BGS Supplier and EDC acting as agent for retail customers
- Final Agreements will be approved by Board prior to the Auction and will be **non-negotiable**
- Opportunities for comments during the regulatory proceeding
- Suppliers must meet PJM LSE requirements and provide PJM short name to EDC(s) by May 1, 2027

September 4, 2026	Deadline for initial comments
September 22, 2026	Legislative-type Board hearing
October 9, 2026	Deadline for final comments

BGS-RSCP: Setting of Capacity proxy Prices

- The Board has approved the use of a capacity proxy prices since the 2020 BGS proceeding
- The BGS-RSCP Supplier is paid (or pays) the difference between the rate it pays for capacity and the capacity proxy price in that delivery year
- Based on current PJM RPM schedule, EDCs propose to set a **capacity proxy price** for 2029/30 Delivery Year and propose if the actual capacity price is known **at least 5 business days** prior to the start of the Auction, the capacity proxy price will be voided

December 2026	2029/30 BRA expected opening date

Customer Rates Based on Auction Prices

- The EDCs' rate design allows BGS rates to be market-based and reflect auction prices
  - **BGS-RSCP:** Auction price determines customer rates for an EDC; transmission is charged separately
  - **BGS-CIEP:** Auction determines a final CIEP price which customers pay based on their capacity obligation; customer charged for other components of supply separately

- The rate design is part of the EDCs' Proposal and would be approved in advance by the Board

Timeline of Preliminary Postings and Comment Process

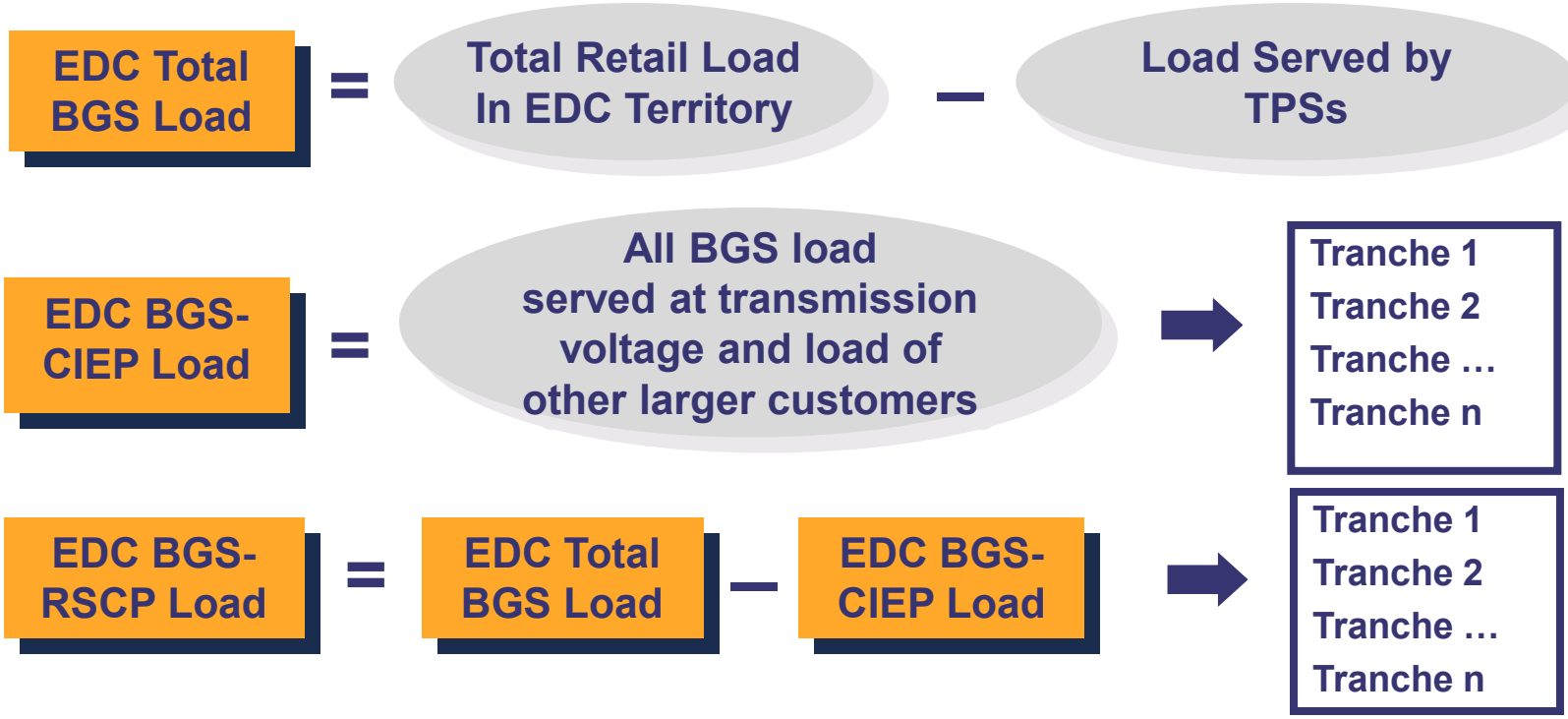
October 8, 2026	Illustrative Part 1 and Draft Part 2 Application Forms posted
October 27, 2026	Deadline for Expression of Interest in Alternate Guaranty Process
October 27, 2026	Deadline to propose modifications to the standard forms of the Pre-Auction and Post-Auction Letters of Credit
November 4, 2026	Auction Manager responds to parties proposing modifications to the Letters of Credit
November 6, 2026	Posting of modifications to the Letters of Credit that are acceptable on an optional basis
November 13, 2026	Statewide minimum and maximum starting prices announced
November 2026 (Expected)	Board decision on Auction proposal
December 15, 2026	Deadline to submit the Part 1 Application

Opportunity to Comment on Letters of Credit

- Bidders may comment on a draft **electronic** Pre-Auction Letter of Credit, made available on the Contract and Credit page on October 8, 2026: https://bgs-auction.com/bgs.bidinfo.cc.asp
- Draft Post-Auction Letter of Credit is also available for comment
- Bidders propose modifications by submitting a redline of these documents in Microsoft Word by the deadline of **Tuesday, October 27, 2026**

2. PRODUCTS AND RATES

Load Divided into Tranches



- BGS customers are **free to come and go from BGS** with appropriate **notice to the EDC** (**13 days before** next scheduled meter reading date)
- BGS Suppliers are **Load Serving Entities** for a percentage of an EDC's load

THE BGS-RSCP PRODUCTS

- The RSCP load is expected to be about 5,400 MW on an eligible basis
- A **tranche** is a fixed percentage of BGS-RSCP Load for an EDC that represents approximately 100 MW on an eligible basis
- The EDCs propose a statewide load cap as well as EDC-specific load caps

Tranche Targets and Sizes				
EDC	**RSCP Peak Load Share (MW)**	**Tranche Target**	**Tranche Size (%)**	**MW-Measure (MW)**
PSE&G	2,694.68	29	1.18	92.92
JCP&L	1,926.00	20	1.93	96.30
ACE	721.84	7	4.55	103.12
RECO	85.93	1	25.00	85.93

BGS-RSCP Customer Rates Based on Auction Prices

- **Auction prices determine an average cost** for each EDC
  - **Seasonally-adjusted:** average of winter and summer costs
  - **Tranche-weighted:** average of prices from three auctions
- A ratio translates average cost into rate for a particular class:
  - All classes have seasonal rates
  - Some classes also have time-of-day rates
- Customers will also pay an **EDC-specific transmission charge**

BGS-RSCP Supplier Role and Risks

- Under the EDCs' Proposal, BGS-RSCP Suppliers will provide a **full requirements product** which includes energy, capacity, ancillary services, fulfillment of the obligations under the RPS, and any other services as may be required by PJM
- BGS-RSCP Suppliers for an EDC are **paid the final auction price** for that EDC for each kWh of load served
- BGS-RSCP Suppliers assume the **risks** of providing the full requirements product

Role	Risks
▪ Aggregate supply portfolio from wholesale sources ▪ Assess and price load variability, market price volatility, and migration risk ▪ Provide price-risk management services	▪ Migration risk ▪ Load and weather risks ▪ Longer-term changes to RSCP class composition ▪ Change to rate design ▪ Change to RPS

EDCs' Proposed Method to Set Capacity Proxy Prices

Proposed Modification Determinant	2028/29 Capacity Proxy Price ($/MW-day)	2029/30 Capacity Proxy Price ($/MW-day)
No BRA results available for 2028/29 or 2029/30	*2027/28 BRA*	
Only 2028/29 BRA results available	N/A (voided)	2028/29 BRA
2028/29 & 2029/30 BRA results available	N/A (voided)	N/A (voided)

- In addition to the auction price, winning BGS-RSCP suppliers may be paid (or may pay) the **difference between the rate paid** by BGS-RSCP suppliers for capacity **and the Capacity Proxy Price** for the 2029/2030 delivery year **based on current PJM RPM schedule**
- These additional payments occur only during the applicable delivery year
- These provisions are provided in **Supplement B** to the BGS-RSCP SMA
  - Supplement B takes effect only if results for a BRA for a delivery year are not known at least five (5) business days prior to the BGS-RSCP Auction
  - According to current PJM RPM schedule, 2029/2030 BRA results expected December 2026

THE BGS-CIEP PRODUCTS

- The CIEP load is expected to be about 2,650 MW on an eligible basis
- A **tranche** is a fixed percentage of BGS-CIEP Load for an EDC that represents approximately 75 MW on an eligible basis

Tranche Targets and Sizes (provisional)				
EDC	**CIEP Peak Load Share (MW)**	**Number of Tranches**	**Tranche Size (%)**	**MW-Measure (MW)**
PSE&G	1,828.78	24	4.17	76.20
JCP&L	632.80	8	12.50	79.10
ACE	133.90	2	50.00	66.95
RECO	46.30	1	100.00	46.30

BGS-CIEP Customer Rates Based on Auction Prices

- Auction determines a final CIEP price which **customers pay** based on their capacity obligation
- **BGS-CIEP Customers also pay:**
  - The real-time **hourly spot price** for energy
  - A pre-determined EDC-specific **ancillary services rate**
  - An **EDC-specific transmission charge**
- All CIEP customers pay the **CIEP standby fee**

BGS-CIEP Supplier Rewards and Risks

- **Supplier** provides full requirements service with energy priced at the real-time market
- **Supplier is paid the auction-determined CIEP price** for the BGS-CIEP customers' capacity obligation, the **CIEP standby fee** levied on all CIEP customers at retail meter, the real-time hourly spot **price for energy** at the EDC zone, and **pre-determined EDC-specific rates** for ancillary services

Rewards	Risks
▪ Stable revenue on entire CIEP customer base via CIEP Standby Fee ▪ Ability to arbitrage day-ahead and real-time markets	▪ Migration risks ▪ Ancillary services cost risk ▪ Change to RPS

BGS-RSCP and BGS-CIEP Compliance with RPS

- BGS Suppliers are responsible for fulfilling RPS during the supply period
  - Compliance with Class I and II requirements and solar must be demonstrated using **RECs** issued by PJM-EIS GATS
  - Suppliers must **register into GATS** and open a Retail LSE Account to be able to transfer RECs and SRECs to the EDCs
- TRECs and SREC-IIs are retired into the Administrator's GATS account and **reduce Class I requirements** on a 1-to-1 basis
  - TRECs and SREC-IIs do not count toward SREC requirements

3. OVERVIEW: BIDDING IN THE AUCTIONS

Proposed Auction Format Is a Clock Auction

- **Multi-product** design
  - Tranches for all EDCs are procured at once
- **Multi-round** design: bidding proceeds in rounds
  - Suppliers state how many tranches they want to supply at prices suggested by the Auction Manager
  - Prices tick down if there is excess supply
  - Suppliers can switch their bids from one EDC to another

BGS-RSCP

"Price" is a ¢/kWh all-in price

BGS-CIEP

"Price" is a $/MW-day CIEP Price

RSCP Example: Prices Tick Down When There Is Excess Supply

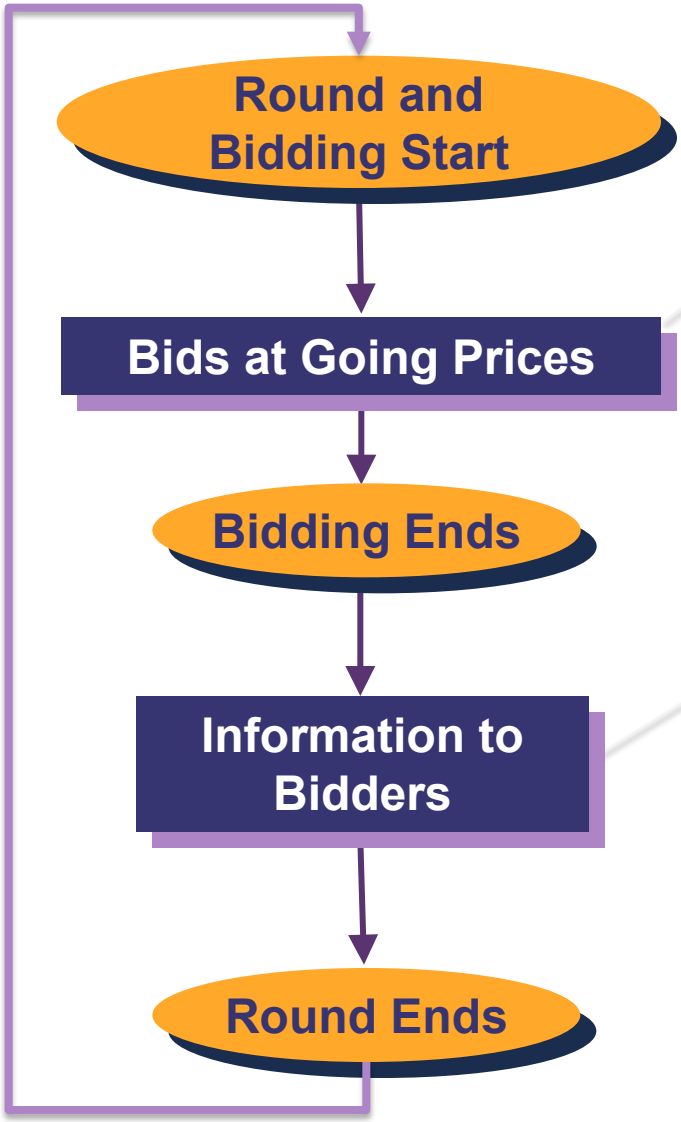
Round 1					
EDC	Price (¢/kWh)	# bid	# to buy	Excess Supply	Oversupply Ratio
PSE&G	18.000	79	29	50	0.714
JCP&L	18.000	37	20	17	0.243
ACE	18.000	9	7	2	0.036
RECO	18.000	1	1	0	0.000

Round 2					
EDC	Price (¢/kWh)	# bid	# to buy	Excess Supply	Oversupply Ratio
PSE&G	17.235	61	29	32	0.533
JCP&L	17.730	40	20	20	0.333
ACE	17.730	9	7	2	0.036
RECO	18.000	5	1	4	0.200

Four Main Auction Features

- **Offers are binding:** If the price on an EDC is not reduced in a round, a bidder cannot reduce the number of tranches bid on that EDC
- **Total number of tranches bid cannot increase:** Bidders can maintain or reduce their total number of tranches bid, but bidders cannot increase the total number of tranches bid from one round to the next
- **Auction closes on all EDCs at once:** Winners are determined for all EDCs at once within each auction
- **Uniform price:** All winners on an EDC receive the same price

Typical Round



Bids are numbers of tranches for each EDC that suppliers are willing to serve at the going prices for the round

- Indication of excess supply in this round
- Going prices for next round

(Price for an EDC ticks down if number of tranches bid is greater than tranches needed)

Round 1 Bid and Possible Volume Reduction

- In round 1, **a bid** is a number of tranches for each EDC
- Volume is reduced if it is necessary to do so to ensure competitiveness of bidding environment
  - Whether an adjustment is necessary is decided on the basis of interest in the first round of bidding
- If volume must be reduced, it is reduced to:

  [# tranches bid] / [target eligibility ratio]

- Ensures sufficient tranches bid for each tranche to be procured

Bidding In Subsequent Rounds

- **In response to reduced prices,** bidders
  - Leave bids unchanged
  - Or if price for an EDC has ticked down, reduce the number of tranches they wish to provide for that EDC by
    - Withdrawing tranches from Auction
    - Bidding those tranches on one other or several other EDCs (switching)
- Bidders cannot increase the total number of tranches on which they bid

SAMPLE ROUND REPORT FOR BGS-CIEP

- Each bidder also gets an individual report about the bidder's own bids
- A bidder has no information about bids or eligibilities of other bidders

Round Report: Round 5	
Total Excess Supply: 76-80	
EDC	Round 6 Price $/MW-day
PSE&G	774.29
JCP&L	774.29
ACE	762.33
RECO	762.33

Auction Closes

- Auction closes on **all EDCs at once**
  - Bidding must have stopped on all EDCs
  - Total excess supply is zero

- **Same final price** for all winners of a given EDC

POST-AUCTION

- **Board renders a decision** on auction results within two business days of close of last Auction
  - The Board has the option of rendering a decision on the results of each Auction at different times
- **If Board accepts results: SMAs executed within three business days of Board decision**
  - If any security is required under the creditworthiness standards of the Agreement, it is posted upon execution of the Agreement
  - Pre-auction security "expires" upon execution of the Agreement
- Power flows on **June 1, 2027**

4. AUCTION PROCESS

Board Order Is Final Word on Process

Approved Rules, Agreements, process and terms may be different than presented here

- Board will decide on all aspects of the EDCs' Proposal
- Board Order will determine if EDCs' Proposal is approved or how it may be amended
- **Bidder is responsible** for reading all final documents which will be provided on the BGS Auction website

Auction Process: Tentative Calendar

Nov 2026 (Expected)	Board Decision on EDCs' Proposal
Nov 13, 2026	Auction Manager announces minimum and maximum starting prices, tranche sizes, and load caps
Dec 1, 2026	Part 1 Application made available to Applicants
Dec 15, 2026 By NOON	Part 1 Application deadline (to become a Qualified Bidder)
Jan 13, 2027 by NOON	Part 2 Application deadline (to become a Registered Bidder)
Feb 2, 2027	Auction Manager informs Bidders registered in BGS-CIEP Auction of starting prices
Feb 3, 2027	Auction Manager informs Bidders registered in BGS-RSCP Auction of starting prices
Feb 5, 2027	BGS-CIEP Auction starts
Feb 8, 2027	BGS-RSCP Auction starts

Part 1 and Part 2 Applications

- **Part 1 and Part 2 Applications** will be submitted via two separate online forms
- Returning bidders will receive an email with instructions on how to activate their account, but **NEW** bidders must request an account
- **General Requirements of Applications**
  - Provide information
  - Upload supporting documents, including "Inserts" (separate forms in Microsoft Word that Applicants complete and upload to the online form)
  - Make certifications regarding the Auction Rules and SMAs (Final versions of Auction Rules and SMAs are filed to be in compliance with the Board decision on the BGS Proposals)
  - Bidders that are not PJM LSEs at the time of submitting the Part 1 Application will need to demonstrate, at the time of submitting the Part 2 Application, that PJM has begun its review of their materials to meet PJM LSE requirements

https://www.BGS-Application.com

Part 1 and Part 2 Applications

Part 1 Application

- **Contact Information** for Applicant
- Authorized Representative and Nominees ("**Bidder Team**")
- Name a **Legal Representative**
- Name a **Credit Representative**
- No state licensing required but BGS Supplier must meet **PJM LSE requirements** and provide **PJM short name** by May 1, 2027
- **Financial Information** for Applicant and Guarantor (if applicable)

Part 2 Application

- **Indicative Offer** (number of tranches at the Minimum and Maximum Starting Prices)
- Some Bidders may need to demonstrate that PJM has begun its review of their application to meet PJM LSE requirements

https://www.BGS-Application.com

Letters of Credit Comment Process Timeline

- Potential bidders are invited to **propose modifications**
- Comments (clearly **redlined** in Microsoft Word) must be submitted by email to the BGS Auction Manager at the following address: BGS-Auction@nera.com
- For **each proposed modification**, the EDCs will
  - Revise the standard form; or
  - Approve the use of the modification on an optional basis; or
  - Reject the proposed modification

October 27, 2026	Deadline to provide comments
November 4, 2026	Potential bidders will receive individual responses to their comments
November 6, 2026	Auction Manager will post all modifications that are acceptable on an optional basis

ALTERNATE GUARANTY PROCESS

- For potential bidders that may have corporate policies that prevent them from using the standard form of guaranty appended to the SMA
- Potential bidders planning to participate in the alternate guaranty process must provide an expression of interest to the Auction Manager by Tuesday, **October 27, 2026**
  - Additional deadlines and requirements will be made available to parties that express interest
- There is a specified **list of minimum requirements** that any alternate form of guaranty must satisfy (https://www.bgs-auction.com/bgs.bidinfo.cc.asp)
- In particular, the alternate form of guaranty must be for unlimited liability (while the standard guaranty has a liability limit)

5. BGS AUCTION WEBSITE AND OTHER SOURCES OF INFORMATION

BGS Auction Website Features

- **BGS Auction website**: www.bgs-auction.com
- **Announcements** (upcoming deadlines and events)
- **Frequently Asked Questions**
- **Auction documents**
  - Auction Rules
  - Supplier Master Agreements
- **BGS Data Room**
  - Eligible Hourly Load & Eligible Peak Load Allocation
  - BGS Hourly Load & BGS Peak Load Allocations
  - Switching Statistics (data on customer migration when customers switch from taking BGS to taking service from a Third Party Supplier)

BIDDER QUESTIONS

- Questions may be submitted to the Auction Manager
  - Via web form at: https://www.bgs-auction.com/bgs.contactus.question.asp
    By email: BGS-Auction@nera.com
- When needed, the Auction Manager will direct questions to appropriate EDC representatives (e.g., data questions)
- Answers will be routed back through the Auction Manager
- Questions and answers are posted to BGS Auction website **on a rolling basis**

PJM Website Important Source of Information

- Home page:
  https://pjm.com/
- Reliability Pricing Model
  https://pjm.com/markets-and-operations/rpm
- PJM OASIS
  https://pjm.com/markets-and-operations/etools/oasis
- PJM-EIS GATS
  https://pjm-eis.com/

How to Ask a Question

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