

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, 2024" filed on June 30, 2023 with the New Jersey Board of Public Utilities ("Board" or "BPU") as well as each EDC's Company Specific Addendum filed by July 3, 2023 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](#)) and to the [Board Orders](#). Bidders bear full responsibility for reviewing the EDCs' 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 [Procedural Order](#) issued by the Board on April 12, 2023, the EDCs filed their "Proposal for Basic Generation Service Requirements to Be Procured Effective June 1, 2024" on June 30, 2023 with each EDC's Company Specific Addendum filed by July 3, 2023. 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 based on final auction prices as well as draft tariff sheets for BGS-CIEP customers.

Since the 2020 BGS proceeding¹, the results for several PJM Base Residual Auctions (“BRAs” or, individually, a “BRA”) were not known prior to the start of the respective BGS-RSCP Auctions.; and as such, the capacity prices for a number of years of the BGS-RSCP supply terms since the 2020 BGS-RSCP Auction were also not known prior to those auctions. This was because the BRAs were postponed while the Federal Energy Regulatory Commission (“FERC”) was considering PJM’s proposed changes to its capacity market. In each BGS proceeding since the 2020 BGS proceeding, the EDCs proposed, and the Board approved, the use of a capacity proxy price for each EDC to be treated as the capacity price for the delivery year(s) for which the actual capacity price was not expected to be known prior to the respective BGS-RSCP Auction.² On April 11, 2023, PJM filed to revise its schedule for its capacity auctions for the 2025/2026 through the 2028/2029 delivery years. The proposed revisions would delay PJM holding its BRAs for the 2025/2026 and 2026/2027 delivery years (the second and third years of the supply term for winning bidders in the 2024 BGS-RSCP Auction). Specifically, PJM’s proposed schedule revisions call for the base residual auctions for the 2025/2026 and 2026/2027 delivery years be held in June 2024 and December 2024, respectively. On June 9, 2023, the FERC issued an Order accepting PJM’s proposed revisions to the BRA schedules for the 2025/2026 through the 2028/2029 delivery years. Additionally, the FERC required PJM to submit a compliance filing in response to the FERC’s June 9, 2023 Order, and such compliance filing was to include an illustrative auction schedule for the 2025/2026 through the 2028/2029 delivery years. As a result of these schedule changes, the capacity prices for the 2025/2026 delivery year and the 2026/2027 delivery year will not be known prior to the 2024 BGS-RSCP Auction. The EDCs addressed this uncertainty in the same manner approved by the Board since the 2020 BGS proceedings by proposing capacity proxy prices for each EDC, for each of these two delivery years. During these delivery years, BGS-RSCP Suppliers would be paid (or would pay) the difference between the price BGS-RSCP Suppliers pay for capacity and the applicable capacity proxy price. This proposal is implemented using Supplements to the BGS-RSCP SMA (one Supplement for each delivery year).

¹ *I/M/O the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2020*, BPU Docket No. ER19040428.

² The Board Approved the use of Capacity Proxy Prices for the 2022/2023 delivery year during the 2020 BGS proceeding, the 2022/2023 and 2023/2024 delivery years during the 2021 BGS proceeding, the 2023/2024 and 2024/2025 delivery years during the 2022 BGS proceeding, and the 2024/2025 and 2025/2026 delivery years during the 2023 BGS proceeding.

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 24, 2023. The EDCs provided responses to discovery by the deadline of Tuesday, August 8, 2023.

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 5, 2023. Second, interested parties could appear at a legislative-type hearing held on September 18, 2023 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.

Axpo US LLC ("Axpo"), the Division of Rate Counsel ("Rate Counsel"), and Electrify America, LLC ("EA") submitted initial comments for the Board's consideration. Rate Counsel, the Independent Energy Producers of New Jersey ("IEPNJ"), EA, and the EDCs appeared and made oral presentations to the Board at its legislative-type hearing.

Final Comments

Rate Counsel submitted final comments for the Board's consideration. The final comments reaffirmed Rate Counsel's initial comments and also covered the EDCs' proposals with respect to rates specific to Direct Current Fast-Charging ("DCFC") stations. Rate Counsel also did not object to Axpo's proposal with respect to the EDCs' Mark-to-Market process as described in the paragraph below.

The EDCs submitted final comments³ that responded to the issues raised in the proceeding including: (i) their proposals for DCFC stations; (ii) the use of capacity proxy prices for the 2025/2026 and 2026/2027 delivery years; and (iii) the remote administration and conduct of the auctions. The EDCs also expressed their support for further transparency in the Mark-to-Market ("MtM") process in their final comments. During the three years of the BGS-RSCP supply period, a MtM exposure amount is calculated daily for each BGS-RSCP Supplier reflecting the total MtM credit exposure to an EDC due to fluctuations in forward market energy prices for energy minus amounts due to the BGS-RSCP Supplier. The EDCs again reiterated their willingness to provide the MtM credit exposure calculation upon receipt of a request from BGS-RSCP Suppliers similar to its position taken during the 2023 BGS proceeding. During the 2023 BGS proceeding the EDCs supported

³ Both JCP&L and RECO individually submitted final comments regarding their respective solutions to DCFC specific rates.

increasing transparency by offering to provide MtM credit exposure calculations to BGS-RSCP Suppliers upon receipt of a request from a BGS-RSCP Supplier for this calculated amount. The EDCs further proposed the inclusion of Supplement C to the BGS-RSCP Supplier Master Agreement in their final comments that replaces the definition of “Forward Market Price” to allow for the use of a single independent broker source in calculating forward market energy prices used in the MtM exposure amount calculation, which is the same as what was proposed by the EDCs during the 2023 BGS proceeding. Supplement C was proposed to only be utilized if all BGS-RSCP Suppliers serving tranches won in the 2022 and 2023 BGS-RSCP Auctions elect to sign an MtM Amendment that replaces the definition of Forward Market Price in those agreements. The Auction Manager would notify bidders participating in the 2024 BGS-RSCP Auction no later than January 29, 2024 if the terms of Supplement C to the BGS-RSCP SMA would be in effect beginning June 1, 2024.

A.2. Board Decision

A.2.a. Summary

At its agenda meeting on November 17, 2023, the Board rendered its decision on the EDCs’ proposal. The Board authorized the EDCs to implement their DCFC pilot programs, but directed JCP&L to modify its program to include a second year. Further, the Board directed the EDCs to provide an update on the status of the pilot programs in the proposal for the 2025 BGS Auctions.

The Board also approved the main elements of the EDCs’ proposal including:

- The remote administration and conduct of the 2024 BGS Auctions;
- 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, 2024 through May 31, 2025 for the BGS-CIEP Auction;
- A supply period of June 1, 2024 through May 31, 2027 for the BGS-RSCP Auction;
- The use of capacity proxy prices for the 2025/2026 and 2026/2027 delivery years to the extent BRA results are not known 5 (five) days prior to the start of the BGS-RSCP 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.

A.2.b. Capacity Proxy Prices

The Board approved the capacity proxy prices as filed by the EDCs. These are provided below.

Table A-1. Capacity Proxy Prices

EDC	2025/2026 Capacity Proxy Price (\$/MW-day)	2026/2027 Capacity Proxy Price (\$/MW-day)
PSE&G	47.46	49.05
JCP&L	47.46	49.05
ACE	47.46	49.05
RECO	47.46	49.05

A.2.c. Other Items

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.
- The inclusion of Supplement C to the BGS-RSCP Supplier Master Agreement as well as its proposed implementation.

Please consult the [Board Order](#) in Docket No. ER23030124 as posted to the BGS Auction website for full details regarding the Board's actions.