

## 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, 2023” filed on July 1, 2022 with the New Jersey Board of Public Utilities (“Board” or “BPU”) 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 6, 2022, the EDCs filed their “Proposal for Basic Generation Service Requirements to Be Procured Effective June 1, 2023” on July 1, 2022. 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.

During the 2020, 2021, and 2022 BGS proceedings, results for several of PJM Interconnection LLC’s (“PJM’s”) Base Residual Auctions (“BRAs” or individually

“BRA”) were not known prior to the start of the applicable BGS-RSCP Auctions; and as such, the capacity prices for a number of years of the 2020, 2021, and 2022 BGS-RSCP supply terms were also not known prior to those auctions. The results for the BRAs had been postponed as the Federal Energy Regulatory Commission was considering PJM’s proposed changes to its capacity market. To alleviate this uncertainty, the EDCs proposed, and the Board approved, the use of a capacity proxy price for each EDC for those delivery years where the capacity price paid by BGS-RSCP Suppliers was not known prior to the BGS-RSCP Auction. The BRA results for the 2025/2026 delivery year are not expected to be known until after the 2023 BGS-RSCP Auction. While the BRA results for the 2024/2025 delivery year are scheduled to be posted on December 20, 2022, it is possible that PJM could delay the BRA for the 2024/2025 delivery year in a manner similar to PJM’s delay in the BRA for the 2023/2024 prior to the 2022 BGS-RSCP Auction. The EDCs proposed to address this uncertainty in the same manner approved by the Board during the 2020, 2021, and 2022 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).

### ***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 Friday, July 22, 2022. The EDCs provided responses to discovery by the deadline of Friday, August 5, 2022.

### ***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 2, 2022. Second, interested parties could appear at a legislative-type hearing held on September 15, 2022 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, the Division of Rate Counsel (“Rate Counsel”), Electrify America, LLC (“EA”), and the Independent Energy Producers of New Jersey (“IEPNJ”), submitted initial comments for the Board’s consideration. Rate Counsel, IEPNJ, and the EDCs appeared and made oral presentations to the Board at its legislative-type hearing.

### *Final Comments*

Rate Counsel and EA submitted final comments for the Board's consideration. The comments covered the setting of capacity tags and the creation of a charge specific to Direct Current Fast-Charging ("DCFC") stations for electric vehicles proposed by EA in initial comments. The EDCs submitted final comments that responded to the issues raised in the proceeding including: (i) the capacity tags as well as the creation of a rate specific to DCFC stations; (ii) the use of capacity proxy prices for the 2024/2025 and 2025/2026 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 stated their willingness to provide the MtM credit exposure calculation upon receipt of a request from BGS-RSCP Suppliers. 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. Supplement C was proposed to only be utilized if all BGS-RSCP Suppliers serving tranches won in the 2021 and 2022 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 2023 BGS-RSCP Auction no later than January 30, 2023 if the terms of Supplement C to the BGS-RSCP SMA would be in effect beginning June 1, 2023.

## **A.2. Board Decision**

### **A.2.a. Summary**

At its agenda meeting on November 9, 2022, the Board rendered its decision on the EDCs' proposal. The Board rejected EA's request for a volumetric rate specific to DCFC stations. The Board, however, directed Board Staff to work with interested parties to find a rate design solution before the proposal for the 2024 BGS Auctions. Further, the Board ordered the EDCs to create a residential electric vehicle BGS time-of-use rate to take effect June 1, 2023 as well as ordered the EDCs to update the process for setting capacity tags for DCFC stations.

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

- The remote administration and conduct of the 2023 BGS Auctions;
- The EDCs taking the steps necessary to either close or sublet the physical BGS auction office;
- 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, 2023 through May 31, 2024 for the BGS-CIEP Auction;
- A supply period of June 1, 2023 through May 31, 2026 for the BGS-RSCP Auction;
- The use of capacity proxy prices for the 2024/2025 and 2025/2026 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	2024/2025 Capacity Proxy Price (\$/MW-day)	2025/2026 Capacity Proxy Price (\$/MW-day)
PSE&G	66.38	44.63
JCP&L	66.38	44.63
ACE	66.38	44.63
RECO	66.38	44.63

**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. ER22030127 as posted to the BGS Auction website for full details regarding the Board's actions.