

## 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, 2022" filed on July 1, 2021 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 7, 2021, the EDCs filed their "Proposal for Basic Generation Service Requirements to Be Procured Effective June 1, 2022" on July 1, 2021. 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.

In addition to proposing a statewide Auction Process to solicit offers for all BGS load in the state, the EDCs' proposed modifications to the BGS Supplier Master Agreements ("SMAs") to enhance the settlement process and reduce uncertainty to load obligations for suppliers by transferring the responsibility of unaccounted for energy ("UFE") in the final monthly energy allocation ("FMEA") from suppliers to the EDCs. The EDCs further proposed to transfer the responsibility for the costs and/or credits related to meter corrections and inadvertent energy from BGS Suppliers to the EDCs. The EDCs also proposed that these same modifications be offered to BGS-RSCP Suppliers currently serving BGS load under existing contracts expiring after June 1, 2022 on an optional basis through a UFE Amendment. The proposed changes to the 2022 BGS SMAs as well as the proposed changes to the existing contracts were conditioned on all existing BGS-RSCP Suppliers executing the UFE Amendment.

During the 2020 and 2021 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 and 2021 BGS-RSCP supply terms were also not known prior to the 2020 and 2021 BGS-RSCP 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. This year, neither the BRA results for the 2023/2024 delivery year nor the BRA results for the 2024/2025 delivery year are expected to be known prior to the BGS-RSCP Auction and, as such, the capacity prices for these delivery years will not be known 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 and 2021 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 Thursday, July 22, 2021. The EDCs provided responses to discovery by the deadline of Thursday, August 5, 2021.

### *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 3, 2021. Second, interested parties could appear at a legislative-type hearing held on September 27, 2021 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.

The Division of Rate Counsel (“Rate Counsel”), Independent Energy Producers of New Jersey (“IEPNJ”), and Electrify America (“EA”) submitted initial comments for the Board’s consideration. Rate Counsel, IEPNJ, EA, 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 following elements of the EDCs’ proposal as well as comments received throughout the proceeding: (i) the proposed enhancement to the settlement process relating to UFE (in the FMEA), as well as meter corrections and inadvertent energy; (ii) the use of capacity proxy prices for the 2023/2024 and 2024/2025 delivery years; (iii) the remote administration and conduct of the auctions and the closing/subleasing of the physical BGS auction office; and (iv) the creation of a charge specific to Direct Current Fast-Charging (“DCFC”) stations for electric vehicles. The EDCs submitted final comments that responded to the issues raised in the proceeding including: (i) the use of capacity proxy prices for the 2023/2024 and 2024/2025 delivery years; (ii) the proposed enhancement to the settlement process relating to UFE (in the FMEA), as well as meter corrections and inadvertent energy; (iii) the capacity tags as well as the creation of a rate specific to DCFC stations; and (iv) the remote administration and conduct of the auctions and the closing/subleasing of the physical BGS auction office.

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

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

At its agenda meeting on November 17, 2021, the Board rendered its decision on the EDCs’ proposal. The Board rejected the EDCs’ proposed enhancements to the settlement process relating to UFE (in the FMEA), as well as meter corrections and inadvertent energy. However, the Board approved the main elements of the EDCs’ proposal including:

- The remote administration and conduct of the 2022 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, 2022 through May 31, 2023 for the BGS-CIEP Auction;
- A supply period of June 1, 2022 through May 31, 2025 for the BGS-RSCP Auction;
- The use of capacity proxy prices for the 2023/2024 and 2024/2025 delivery years to the extent BRA results are not known a certain number of 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	2023/2024 Capacity Proxy Price (\$/MW-day)	2024/2025 Capacity Proxy Price (\$/MW-day)
PSE&G	128.79	87.98
JCP&L	118.12	87.98
ACE	118.12	87.98
RECO	118.12	87.98

### 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.

Please consult the [Board Order](#) in Docket No. ER21030631 as posted to the BGS Auction website for full details regarding the Board's actions.