BIDDER INFORMATION MATERIALS

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NEW JERSEY STATEWIDE BASIC GENERATION SERVICE ELECTRICITY SUPPLY AUCTION

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A. PAST BGS AUCTIONS

This summary is provided for bidder convenience only. Any statements herein describing or referring to past auction results are summaries only and are qualified in their entirety by the past auction results posted to the Past Results page of the BGS Auction website.

Since 2002, the four (4) New Jersey Electric Distribution Companies ("EDCs") – 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") – have procured electric supply to serve their Basic Generation Service ("BGS") Load in a single, statewide Auction Process. NERA Economic Consulting has managed the BGS Auction Process since its inception. Each year, the New Jersey Board of Public Utilities ("Board" or "BPU") has approved the results of the BGS Auctions. This chapter provides additional information regarding the results of the past three (3) BGS Auctions.

A.1. Past BGS-CIEP Auctions

In the BGS Commercial and Industrial Energy Pricing Auction ("BGS-CIEP Auction"), bidders compete to serve a portion of the load of large commercial and industrial customers that pay for energy at the real-time hourly spot price. The supply period for the BGS-CIEP Auctions is one year in duration, from June 1 to May 31.

A.1.a. Tranches

Each year, bidders compete to win "tranches." A tranche is a fixed percentage of an EDC's BGS-CIEP Load. The number of tranches is set each year so that one tranche is approximately 75 MW on an eligible basis. The table below presents a summary of these data.

Table A-1. BGS-CIEP Auction: Tranche Size and Peak Load Share

		PSE&G	JCP&L	ACE	RECO
2019	Peak Load Share (MW)	1,840.93	810.72	301.30	56.00
	Tranche Size (%)	4.00	9.09	25.00	100.00
	MW-Measure	73.64	73.70	75.33	56.00
2020	Peak Load Share (MW)	1,826.05	896.16	313.00	58.40
	Tranche Size (%)	4.17	8.33	25.00	100.00
	MW-Measure	76.09	74.68	78.25	58.40
2021	Peak Load Share (MW)	1,810.92	844.10	321.80	54.69
	Tranche Size (%)	4.17	9.09	25.00	100.00
	MW-Measure	75.46	76.74	80.45	54.69

The number of tranches available for each EDC at the Auction is its "tranche target." The statewide load cap represents the maximum number of tranches that a bidder may bid and win statewide. The statewide load cap is set at 45% of the BGS-CIEP Auction volume (i.e. the sum of the tranche targets). The table below presents a summary of these data.

Table A-2. BGS-CIEP Auction: Tranche Targets and Load Caps

		PSE&G	JCP&L	ACE	RECO	Volume
2019	Tranche Target	25	11	4	1	**41**
	Statewide Load Cap	19				
2020	Tranche Target	24	12	4	1	**41**
	Statewide Load Cap	19				
2021	Tranche Target	24	11	4	1	**40**
	Statewide Load Cap	18				

A.1.b. Prices

Prior to the submission of qualifications, the Auction Manager announces a statewide minimum starting price and a statewide maximum starting price. These prices reflect the range of potential prices for the first round of the Auction. The final prices are reached at the close of the Auction, once supply falls to the amount to be procured. The table below presents a summary of these data.

Table A-3. BGS-CIEP Auction: Starting and Final Prices ($/MW-Day)

		PSE&G	JCP&L	ACE	RECO
2019	Range of Starting Prices	500 - 700			
	Final Price	281.78	246.01	290.15	283.36
2020	Range of Starting Prices	550 - 700			
	Final Price	359.98	321.00	350.55	383.31
2021	Range of Starting Prices	500 - 650			
	Final Price	351.06	295.88	339.20	368.93

A.1.c. Winners

The BGS-CIEP Auction typically lasts multiple rounds, which can be conducted over more than one day. Bidders holding the final bids at the close of the Auction are the winners. Table A-4 presents the number of rounds in each of the past three (3) BGS-CIEP Auctions.

Table A-5 through Table A-8 present the winning bidders for each EDC and the number of tranches won by each winning bidder.

Table A-4. BGS-CIEP Auction: Dates and Numbers of Rounds

Year	Start Date	End Date	# Rounds
2019	2/1/2019	2/4/2019	27
2020	1/31/2020	1/31/2020	24
2021	2/5/2021	2/8/2021	29

Table A-5. BGS-CIEP Auction: Winning Bidders for PSE&G

Name	Tranches Won		
Year	2019	2020	2021
ConocoPhillips Company	8	-	7
DTE Energy Trading, Inc.	7	7	6
Exelon Generation Company, LLC	7	7	-
Hartree Partners, LP	3	2	-
NextEra Energy Marketing, LLC	-	6	10
PSEG Energy Resources & Trade LLC	-	2	-
TransAlta Energy Marketing (U.S.) Inc.	-	-	1
Total	**25**	**24**	**24**

Table A-6. BGS-CIEP Auction: Winning Bidders for JCP&L

Name	Tranches Won		
Year	2019	2020	2021
ConocoPhillips Company	4	-	3
DTE Energy Trading, Inc.	-	2	5
Exelon Generation Company, LLC	4	7	-
Hartree Partners, LP	-	1	3
NextEra Energy Marketing, LLC	-	2	-
PSEG Energy Resources & Trade LLC	3	-	-
Total	**11**	**12**	**11**

Table A-7. BGS-CIEP Auction: Winning Bidders for ACE

Name	Tranches Won		
Year	2019	2020	2021
ConocoPhillips Company	-	-	1
DTE Energy Trading, Inc.	1	-	-
Exelon Generation Company, LLC	-	1	1
Hartree Partners, LP	3	3	2
Total	**4**	**4**	**4**

Table A-8. BGS-CIEP Auction: Winning Bidders for RECO

Name	Tranches Won		
Year	2019	2020	2021
ConocoPhillips Company	1	-	-
DTE Energy Trading, Inc.	-	1	1
Total	**1**	**1**	**1**

A.2. Past BGS-RSCP Auctions

In the BGS Residential Small Commercial Pricing Auction ("BGS-RSCP Auction"), bidders compete to serve a portion of the load of smaller commercial and residential customers at a fixed "all-in" price. For their BGS-RSCP Load, the EDCs use a rolling procurement structure, where each year one-third of the load is procured for a three-year period. As a result, currently one-third of the BGS-RSCP Load is served by suppliers with a three-year contract ending on May 31, 2022, one-third of the BGS-RSCP Load is served by suppliers with a three-year contract ending May 31, 2023, and the remaining third is served by suppliers with a three-year contract ending May 31, 2024.

A.2.a. Tranches

Each year, bidders compete to win "tranches." A tranche is a fixed percentage of an EDC's BGS-RSCP Load. The number of tranches for each EDC was initially set so that one tranche was approximately 100 MW on an eligible basis. The table below presents a summary of these data.

Table A-9. BGS-RSCP Auction: Tranche Size and Peak Load Share

		PSE&G	JCP&L	ACE	RECO
2019	Peak Load Share (MW)	2,509.21	1,551.73	614.06	100.00
	Tranche Size (%)	1.18	1.89	4.55	25.00
	MW-Measure	89.61	86.21	87.72	100.00
2020	Peak Load Share (MW)	2,496.30	1,230.53	688.33	171.42
	Tranche Size (%)	1.18	1.82	4.55	25.00
	MW-Measure	89.15	81.85	86.04	85.71
2021	Peak Load Share (MW)	2,620.63	1,838.94	621.25	76.51
	Tranche Size (%)	1.18	1.93	4.55	25.00
	MW-Measure	90.37	91.95	88.75	76.51

The number of tranches available for each EDC is its "tranche target." The EDC load cap represents the maximum number of tranches that a bidder can bid and win for a particular EDC. EDC load caps ensure diversity in the pool of suppliers for each EDC. There is also a statewide load cap, which limits the number of tranches that a bidder can bid and win statewide. The table below presents a summary of these data.

Table A-10. BGS-RSCP Auction: Tranche Targets and Load Caps

		PSE&G	JCP&L	ACE	RECO	Volume
2019	Tranche Target	28	18	7	1	54
	EDC Load Cap	13	8	3	1	
	Statewide Load Cap	20				
2020	Tranche Target	28	15	8	2	53
	EDC Load Cap	13	7	3	2	
	Statewide Load Cap	20				
2021	Tranche Target	29	20	7	1	57
	EDC Load Cap	14	9	3	1	
	Statewide Load Cap	21				

A.2.b. Prices

Prior to the submission of qualifications, the Auction Manager announces a statewide minimum starting price and a statewide maximum starting price. These prices reflect the range of potential prices for the first round of the Auction. The final prices are reached at the close of the Auction, once supply falls to the amount to be procured. The table below presents a summary of these data.

Table A-11. BGS-RSCP Auction: Starting and Final Prices (¢/kWh)

Price (¢/kWh)		PSE&G	JCP&L	ACE	RECO
2019	Range of Starting Prices	12.5 – 18.0			
	Final Prices	9.804	7.715	8.740	8.803
2020	Range of Starting Prices	12.5 – 18.0			
	Final Prices	10.216	7.243	8.269	8.242
2021	Range of Starting Prices	9.0 – 12.0			
	Final Prices	6.480	6.477	6.420	6.692

A.2.c. Winners

The BGS-RSCP Auction typically lasts multiple rounds, which can be conducted over more than one day. Bidders holding the final bids at the close of the Auction are the winners. Table A-12 presents the number of rounds in each of the past three (3) BGS-RSCP Auctions.

Table A-13 through Table A-16 presents the winning bidders for each EDC and the number of tranches won by each winning bidder.

Table A-12. BGS-RSCP Auction: Dates and Number of Rounds

Year	Start Date	End Date	# Rounds
2019	2/4/2019	2/5/2019	24
2020	2/3/2020	2/4/2020	22
2021	2/8/2021	2/9/2021	22

Table A-13. BGS-RSCP Auction: Winning Bidders for PSE&G

Name	Tranches Won		
Year	2019	2020	2021
Axpo U.S. LLC	-	2	3
BP Energy Company	11	5	5
Calpine Energy Services, L.P.	-	4	-
ConocoPhillips Company	-	-	1
Covanta Energy Marketing LLC	1	1	-
DTE Energy Trading, Inc.	2	3	3
Exelon Generation Company, LLC	3	-	-
Hartree Partners, LP	2	-	3
NextEra Energy Marketing, LLC	3	7	14
PSEG Energy Resources & Trade LLC	6	-	-
Shell Energy North America (US), L.P.	-	6	-
Total	**28**	**28**	**29**

Table A-14. BGS-RSCP Auction: Winning Bidders for JCP&L

Name	Tranches Won		
Year	2019	2020	2021
Axpo U.S. LLC	-	1	3
Calpine Energy Services, L.P.	-	2	1
ConocoPhillips Company	-	-	1
CPV Shore, LLC	-	-	6
DTE Energy Trading, Inc.	-	-	4
Exelon Generation Company, LLC	4	5	5
Hartree Partners, LP	5	-	-
NextEra Energy Marketing, LLC	4	-	-
PSEG Energy Resources & Trade LLC	5	7	-
Total	**18**	**15**	**20**

Table A-15. BGS-RSCP Auction: Winning Bidders for ACE

Name	Tranches Won		
Year	2019	2020	2021
Axpo U.S. LLC	-	-	2
BP Energy Company	-	1	2
Calpine Energy Services, L.P.	3	1	1
Covanta Energy Marketing LLC	-	1	-
DTE Energy Trading, Inc.	2	1	1
Hartree Partners, LP	-	-	1
NextEra Energy Marketing, LLC	2	-	-
PSEG Energy Resources & Trade LLC	-	2	-
Shell Energy North America (US), L.P.	-	2	-
Total	**7**	**8**	**7**

Table A-16. BGS-RSCP Auction: Winning Bidders for RECO

Name	Tranches Won		
Year	2019	2020	2021
Exelon Generation Company, LLC	-	-	1
NextEra Energy Marketing, LLC	1	2	-
Total	**1**	**2**	**1**

B. ELEMENTS OF THE EDCS' PROPOSAL

This chapter is provided for bidder convenience only. Any statements herein describing the EDCs' proposal are summaries only and are qualified in their entirety by 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 as well as each EDC's Company Specific Addendum. These documents are available on the BGS Proceeding page of the Auction tab of the BGS Auction website. Bidders bear full responsibility for reviewing each EDC's Company Specific Addendum and accompanying attachments, as well as all documents filed as part of the EDCs' "Proposal for Basic Generation Service Requirements to Be Procured Effective June 1, 2022".

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").

B.1. Key Components of the Proposal

In an Order dated April 7, 2021 initiating Docket No. ER 21030631, the New Jersey Board of Public Utilities ("Board" or "BPU") directed the EDCs to submit a proposal to procure BGS supply for the period beginning June 1, 2022. The EDCs' filing on July 1, 2021 was prepared in response to this Order. In this filing, the EDCs propose to conduct a statewide Auction that simultaneously seeks offers for all BGS Load in the state using the process, similar to the process that has been used successfully in past years. In particular, the EDCs propose to hold two Auctions concurrently (the BGS-RSCP Auction for residential and small commercial customers and the BGS-CIEP Auction for larger commercial and industrial customers). The EDCs' filing is available in its entirety on the BGS Proceeding page of the Auction tab of the BGS Auction website and includes:

- **Provisional Auction Rules** – The BGS-RSCP Auction Rules and the BGS-CIEP Auction Rules govern the conduct of the Auctions;
- **Supplier Master Agreements** – The BGS-RSCP Supplier Master Agreement and the BGS-CIEP Supplier Master Agreement are the standard contracts that describe the obligations of BGS Suppliers;
- **Company Specific Addenda** – The Company Specific Addenda are filed separately by each EDC and include information about each EDC's contingency plans, rate design, accounting and cost recovery, as well as draft tariffs; and
- **RSCP Pricing Factors –** The RSCP pricing factor spreadsheets are filed separately for each EDC and detail the development of BGS-RSCP retail rates.

B.2. EDC Responsibility for Unaccounted for Energy, Meter Corrections, and Inadvertent Energy

The EDCs are required to report to PJM the hourly load obligations for all suppliers serving load in their respective transmission zones including BGS Suppliers, third-party suppliers, and municipalities (if applicable). This monthly process involves, for each supplier, the development of estimated hourly load obligations (called the preliminary monthly energy allocation or "PMEA") as well as the development of final hourly load obligations (called the final monthly energy allocation or "FMEA"). The EDCs derive the PMEA and FMEA values by utilizing interval meter data (if available), or through the use of load profiles or load research data to estimate hourly loads (for PMEA) or to derive hourly loads from billed monthly usage (for FMEA). The EDCs currently include all actual losses consisting of both tariff losses and Unaccounted for Energy ("UFE") in the derivation of the PMEA and the FMEA. UFE is the difference between an EDC's system load (which is determined as the summation of all of the PJM-reported generation in the EDC's transmission zone plus the net of the inflows and outflows over the transmission system for the zone) and the summation of all of the EDC's customer loads (both shopping and non-shopping), grossed-up for tariff losses.

Related in concept to UFE, meter corrections involve adjustments and/or corrections to meter values used to derive an EDC's system load, and inadvertent energy generally involves adjustments related to metered energy transferred between independent system operators (such as between PJM and NY ISO). Whereas UFE is incorporated in suppliers' load obligations (MWh), meter corrections and inadvertent energy are settled financially with suppliers and are charged or credited to suppliers by PJM.

The EDCs propose to enhance the settlement process and reduce uncertainty to load obligations for suppliers by transferring the responsibility of UFE (in the FMEA) from suppliers to the EDCs. The EDCs further propose to transfer the responsibility for the costs and/or credits related to meter corrections and inadvertent energy from BGS Suppliers to the EDCs.

Modifications to the provisions of the BGS Supplier Master Agreements governing the parties' responsibilities for UFE (in the FMEA), as well as meter corrections and inadvertent energy are being proposed to implement this change. The EDCs also propose that these same modifications be offered to BGS-RSCP Suppliers holding existing contracts expiring after June 1, 2022 on an optional basis through a UFE Amendment. The proposed changes are conditioned on all existing BGS-RSCP Suppliers executing the UFE Amendment.

Please see the EDCs' Joint Proposal for more information.

B.3. BGS-RSCP Auction

Supply has already been procured for two-thirds of each EDC's BGS-RSCP Load through previous auctions: one-third was procured in an auction held in February 2020 with a term ending May 31, 2023 and one-third was procured in an auction held in February 2021 with a term ending May 31, 2024. The EDCs propose that supply for the remaining one-third of each EDC's BGS-RSCP Load be procured through a BGS-RSCP Auction held in February 2022 with a supply period from June 1, 2022 to May 31, 2025. Each EDC's BGS-RSCP customers exclude customers in specific rate classes as well as customers with a peak load share of 500 kW or above as described in the table below.

Table B-1. Customers Excluded from BGS-RSCP and Included in BGS-CIEP

EDC	Rate Class	Customers
PSE&G	High Tension Service (high voltages)	All
	High Tension Service (subtransmission voltages)	All
	Large Power and Lighting, Primary Service	All
	Large Power and Lighting, Secondary Service	500 kW or greater
JCP&L	General Service Primary	All
	General Service Transmission	All
	General Service Secondary	500 kW or greater
	General Service Secondary Time-of-Day	500 kW or greater
ACE	Transmission General Service	All
	Annual General Service – Primary	500 kW or greater
	Annual General Service – Secondary	500 kW or greater
	Monthly General Service Primary	500 kW or greater
	Monthly General Service Secondary	500 kW or greater
RECO	Service Classification No. 7 – Primary TOU Service and Separately Metered Space Heating Service	All
	Service Classification No. 2 – General Service	500 kW or greater

"Tranches" for an EDC represent a fixed percentage of the EDC's BGS-RSCP Load. Table B-2 below provides information about the tranches in the 2022 BGS-RSCP Auction.

Table B-2. Provisional Number of BGS-RSCP Tranches and MW-Measures

EDC	RSCP Peak Load Share (MW)	Tranche Targets	Size of Tranche (%)	MW-Measure
PSE&G	2,554.58	28	1.18%	91.24
JCP&L	1,622.60	18	1.89%	90.14
ACE	623.80	7	4.55%	89.11
RECO	91.07	1	25.00%	91.07

B.3.a. Capacity Price Uncertainty

During the 2020 and 2021 BGS proceedings the results for several Base Residual Auctions ("BRAs" or individually "BRA") were not known prior to the start of the 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. BGS-RSCP Suppliers would be paid (or would pay) the difference between the price BGS-RSCP Suppliers were paying for capacity and the capacity proxy price during the delivery years for which capacity proxy prices were used. The details of this mechanism were set out in Supplements to the BGS-RSCP Supplier Master Agreement.

At this time, the BRA for the 2023/2024 delivery year and the BRA for the 2024/2025 delivery year have been postponed and it is not certain whether the capacity price for the 2023/2024 delivery year (the second year of the BGS-RSCP supply term) or the capacity price for the 2024/2025 delivery year (the third year of the BGS-RSCP supply term) will be known prior to this year's 2022 BGS-RSCP Auction. The EDCs propose to address this uncertainty in the manner approved by the Board during the 2020 and 2021 BGS proceedings. The EDCs propose using the capacity proxy prices in the following table to the extent the BRA results for a delivery year are not known at least twenty (20) business days prior to the start of the BGS-RSCP Auction.

Table B-3. Capacity Proxy Prices

EDC	2023/2024 Delivery Year ($/MW-day)	2024/2025 Delivery Year ($/MW-day)
PSE&G	128.79	87.98
JCP&L	118.12	87.98
ACE	118.12	87.98
RECO	118.12	87.98

During the 2023/2024 delivery year, BGS-RSCP Suppliers would be paid (or would pay) the difference between the price BGS-RSCP Suppliers were paying for capacity and the applicable capacity proxy price for that delivery year. Similarly, during the 2024/2025 delivery year, BGS-RSCP Suppliers would be paid (or would pay) the difference between the price BGS-RSCP Suppliers were paying for capacity and the applicable capacity proxy price for that delivery year. The details of this mechanism are set out in Supplements A and B to the BGS-RSCP Supplier Master Agreement.

B.3.b. Auction Format

The EDCs propose to use a multiple round descending clock auction to procure BGS-RSCP supply. In a round of the auction, bidders state how many tranches they wish to supply of each product (a product is an EDC's BGS-RSCP Load) at the prices in that round. The going price for an EDC decreases each round in which there is excess supply for that EDC. The BGS-RSCP Auction ends when the supply bid is equal to the amount the EDCs seek procure.

To ensure supplier diversity in each EDC territory, the EDCs propose an EDC load cap, which is a maximum number of tranches that a bidder can bid and win for a particular EDC. There would also be a statewide load cap that limits the amount of BGS-RSCP Load served by a supplier statewide.

Please see the proposed BGS-RSCP Auction Rules for further information.

B.3.c. Product and Contract

The auction produces a single clearing price for each EDC. This clearing price would apply to all tranches procured for that EDC in this year's BGS-RSCP Auction. Payments to BGS-RSCP Suppliers from June through September would be shaped by the use of a multiplicative summer factor on the auction price while payments for the remaining months

would be shaped by the use of a multiplicative winter factor on the auction price. The multiplicative summer and winter factors are expected to be one (1).

The product is a "full requirements" product. BGS-RSCP Suppliers will be physically and financially responsible for the hour-by-hour provision of electricity to BGS-RSCP customers. Each BGS-RSCP Supplier will be required to assume PJM Load Serving Entity ("LSE") responsibility for the portion of BGS-RSCP Load served by that BGS-RSCP Supplier. BGS-RSCP Suppliers will provide capacity, energy, and ancillary services; BGS-RSCP Suppliers are responsible for meeting the requirements of the Renewable Portfolio Standards ("RPS") and for providing any other services as may be required by PJM. BGS-RSCP Suppliers are responsible for managing the uncertainty associated with providing full requirements service, including the possibility that customers come and go from BGS.

The EDCs are responsible for transmission-related costs and BGS-RSCP Suppliers would receive an additional payment or be responsible for an additional charge to true up capacity payments to the capacity proxy price. Additionally, the EDCs would assume all responsibility for UFE in the FMEA as well as all charges and credits related to meter corrections and inadvertent energy from BGS-RSCP Suppliers. Please see the proposed BGS-RSCP Supplier Master Agreement posted to the BGS Auction website for further information.

B.3.d. Rates

Customers are free to come and go from BGS-RSCP, provided that they give timely notice before their next scheduled meter reading date, with timely notice generally being thirteen (13) days. The EDCs propose a rate design methodology that accounts for supply procured in prior Auctions that will be used to translate final Auction prices into BGS-RSCP customer rates for one year beginning June 1, 2022. In respect to BGS-RSCP customer rates for the second and third year of the BGS-RSCP supply period, the EDCs include a worksheet for purposes of calculating the adjustment to the Auction price necessary to recover (or reimburse) BGS-RSCP customers for the estimated additional payments made to (or from) BGS-RSCP Suppliers for capacity. Each EDC's methodology is posted to the BGS Additional Data page of the BGS Data Room. BGS-RSCP rates are expected to vary by season and in some cases by time of day. This spreadsheet will be updated to account for the Board's decision in the BGS proceeding, and to update specific inputs prior to the Auction.

The EDCs propose that each EDC will collect from its BGS-RSCP customers the amounts required to meet its transmission payment obligations to PJM through a specific transmission charge.

Please see the Company Specific Addenda filed separately by each EDC for more information.

B.4. BGS-CIEP Auction

The EDCs propose that supply for their BGS-CIEP customers be procured through a BGS-CIEP Auction held in February 2022. Table B-1 describes BGS-CIEP customers – those customers who, if they take BGS, must do so on a CIEP tariff or rate.

"Tranches" for an EDC represent a fixed percentage of that EDC's total BGS-CIEP Load. The table below provides preliminary information about the tranches in the 2022 BGS-CIEP Auction.

Table B-4. Provisional Number of BGS-CIEP Tranches and MW-Measures

EDC	CIEP Peak Load Share (MW)	Number of Tranches	Size of Tranche (%)	MW-Measure
PSE&G	1,676.98	22	4.55%	76.23
JCP&L	737.31	10	10.00%	73.73
ACE	319.60	4	25.00%	79.90
RECO	54.72	1	100.00%	54.72

B.4.a. Auction Format

The EDCs propose to use a multiple round descending clock auction to procure BGS-CIEP Supply. In a round, bidders state how many tranches they wish to supply of each product (a product is an EDC's BGS-CIEP Load) at the prices in that round. The going price for an EDC decreases each round in which there is excess supply for that EDC. The BGS-CIEP Auction ends when the supply bid is equal to the amount the EDCs seek to procure.

The EDCs propose to use a statewide load cap to limit the amount of BGS-CIEP Load served by a supplier statewide. The statewide load cap will be set at 45% of the volume at the Auction, consistent with previously approved Auction Processes. Please see the proposed BGS-CIEP Auction Rules for further information.

B.4.b. Product and Contract

The auction produces a single clearing price for each EDC that would apply to all tranches procured for that EDC. BGS-CIEP Suppliers for an EDC receive that EDC's auction clearing price applied to the capacity obligation, the real-time hourly spot price applied hourly to energy obligations, and a pre-specified ancillary service rate. The EDCs propose an ancillary service component of $6/MWh.

BGS-CIEP Suppliers would also be paid the CIEP Standby Fee, which is a fee for the option to take BGS-CIEP and is paid by all CIEP customers (not just BGS-CIEP customers). The EDCs propose a CIEP Standby Fee of 0.015¢/kWh of the energy used by CIEP customers measured at the customer meter. CIEP customers include all customers who take BGS-CIEP as well as all customers served by third party suppliers that, were they to take BGS, would be required to do so on a CIEP tariff or rate.

The product is a "full requirements" product. BGS-CIEP Suppliers will be physically and financially responsible for the hour-by-hour provision of electricity to BGS-CIEP customers. Each BGS-CIEP Supplier will be required to assume PJM Load Serving Entity ("LSE") responsibility for the portion of BGS-CIEP Load served by that BGS-CIEP Supplier. BGS-CIEP Suppliers will provide capacity, energy, and ancillary services; BGS-CIEP Suppliers are responsible for meeting the requirements of the Renewable Portfolio Standards ("RPS") and for providing any other services as may be required by PJM. BGS-CIEP Suppliers are responsible for managing the uncertainty associated with providing full requirements service, including the possibility that customers come and go from BGS.

The EDC will continue to be responsible for transmission-related costs. Additionally, the EDCs would assume all responsibility for UFE in the FMEA as well as all charges and credits related to meter corrections and inadvertent energy from BGS-CIEP Suppliers. Please see the proposed BGS-CIEP Supplier Master Agreement posted to the BGS Auction website for further information.

B.4.c. Rates

Customers are free to come and go from BGS-CIEP, provided that they give timely notice before their next scheduled meter reading date, with timely notice generally being thirteen (13) days. The EDCs propose that BGS-CIEP customers pay a pre-specified per kWh rate for ancillary services and an energy charge on the basis of the hourly PJM real-time energy price. The BGS-CIEP Auction clearing price will be assessed as a specific capacity obligation charge, a demand charge, or as an energy charge. BGS-CIEP customers pay a

EDC-specific transmission charge. All CIEP customers (and not just BGS-CIEP customers) pay the CIEP Standby Fee.

Please see the Company Specific Addenda filed separately by each EDC for more information.

B.5. RECO Central and Western Divisions

RECO must purchase the physical electric supply needed to meet its full service obligations for its non-PJM areas (i.e., RECO's Central and Western Divisions), which are included in the New York Control Area that is administered by the New York Independent System Operator ("NYISO"). On January 26, 2021, RECO conducted its RFP for the period June 1, 2021 through May 31, 2024. RECO entered into a three-year Fixed for Floating Energy Swap contract. The Board approved the RFP result in its January 27, 2021 Order in Docket No. ER20030190. The RFP price is reflected in RECO's rate design.

Please see Section G of RECO's Company Specific Addendum posted to the BGS Proceeding page of the BGS Auction website.

B.6. Roles

The EDCs propose clearly defined roles for each of the Auction Manager, the EDCs, the Board, Board Staff, and the Board's Advisor in the management of the BGS procurement process. The Auction Manager serves as a single point of contact for bidder questions and concerns, maintains a website through which bidders are kept informed about the process, ensuring the fairness of the process by providing equal access to information for all bidders. Additionally, the Auction Manager manages the qualification procedure and the bid process. The EDCs file with the Board their BGS proposal each year, provide bidders with data and documents needed to prepare their bids, assess the creditworthiness of bidders, support the promotion of the auction opportunity, and manage the contracts with BGS Suppliers on behalf of their customers. The Board considers the procurement proposal as well as accounting, contingency plans, and cost recovery. Board Staff and the Board Advisor monitor the entire process and monitor the bids round by round.

Details of these roles are found in Section IV of the EDCs' Joint Proposal, posted to the BGS Proceeding page of the BGS Auction website.

B.7. Modifications Relative to the 2021 BGS Auctions

This is a summary of the modifications proposed by the EDCs. A full list of modifications proposed by the EDCs is available in the EDCs' Joint Proposal on the BGS Proceeding page of the Auction tab of the BGS Auction website. Modifications include:

- Transferring the responsibility of UFE in the FMEA from suppliers to the EDCs;
- Transferring the responsibility of meter corrections and inadvertent energy from BGS Suppliers to the EDCs;
- Using capacity proxy prices for the 2023/2024 and 2024/2025 delivery years;
- Changing the BGS-CIEP and BGS-RSCP Supplier Master Agreements to accommodate: the transfer of responsibility of UFE in the FMEA, as well as meter corrections, and inadvertent energy; and the use of capacity proxy prices; and
- Modifying the EDCs' rate design methodology to accommodate the use of capacity proxy prices.

C. BGS AUCTION PROCESS

This chapter is provided for bidder convenience only. Any statements herein describing the EDCs' proposal are summaries only and are qualified in their entirety by 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 as well as each EDC's Company Specific Addendum. These documents are available on the BGS Proceeding page of the Auction tab of the BGS Auction website. Bidders bear full responsibility for reviewing each EDC's Company Specific Addendum and accompanying attachments, as well as all documents filed as part of the EDCs' "Proposal for Basic Generation Service Requirements to Be Procured Effective June 1, 2022."

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").

The EDCs filed their proposal to procure BGS supply for the period beginning June 1, 2022 in response to the Order by the New Jersey Board of Public Utilities ("Board" or "BPU") initiating Docket No. ER21030631. The Board, as part of this Order, established a schedule for the proceeding.

As part of their filing, the EDCs proposed a calendar of events. This chapter describes the regulatory proceeding (section C.1) as well as the activities proposed to occur during the BGS Auction process including activities that will occur prior to the Board decision on the EDCs' proposal (section C.2), the application process (section C.3), the training activities for bidders that successfully completed the application process (section C.4), the conduct of the Auctions (section C.5), and post-auction activities (section C.6).

C.1. Regulatory Proceeding

The Board has followed the same process over the years to solicit and consider proposals on how best to procure supply for BGS customers.

The Board first directs the EDCs to submit their proposal and also invites all other parties to submit proposals on how to procure BGS supply. Once the proposals are filed with the Board, all parties have the ability to issue discovery to parties that have submitted a proposal to the Board. The EDCs thus respond to discovery requests from the parties, which can be on any aspect of the EDCs' proposal. To the extent that responses to such discovery provide data or information that can be useful to bidders, the discovery responses are posted to the BGS Data Room.

All parties also have an opportunity to submit written comments to the Board on any party's proposal. These are called the "Initial Comments." Any party may also appear before the Board to provide oral comments at a legislative-type hearing. A party may use this opportunity to further explain its proposal on the procurement of BGS supply, or to present alternative proposals, or to respond to Initial Comments. Parties have a last opportunity to provide written comments to the Board following the legislative-type hearing by filing "Final Comments." Final Comments can only be used to respond to issues raised in the Initial Comments or issues raised at the legislative-type hearing and cannot be used to raise new issues in the proceeding. The Board considers all proposals and all comments in rendering its decision on how best to procure supply for BGS customers.

The calendar of events in the regulatory proceeding is provided below. The Auction Manager sends reminders to bidders of opportunities to submit comments to the Board and the Auction Manager announces the Board decision once it is rendered.

Table C-1. Events in the Regulatory Proceedings

Activity or Decision Point	Deadline
July 2021	
BGS Proposals Filed by All Parties	Thursday, July 01, 2021
Discovery Requests	Thursday, July 22, 2021
August 2021	
Discovery Responses	Thursday, August 05, 2021
September 2021	
Initial Comments	Friday, September 03, 2021
Legislative-Type Hearing	Monday, September 27, 2021
October 2021	
Final Comments	Tuesday, October 12, 2021
November 2021	
Board Decision	November 2021 (expected)

C.2. Activities Prior to Board Decision

Prior to the Board rendering a decision in the proceeding, the Auction Manager conducts a number of activities for potential bidders and makes information available regarding the Auctions. Bidders have an opportunity to comment on the letters of credit. Bidders that are unable to utilize the standard form of guaranty have an opportunity to submit an alternate form of guaranty. Those processes are described in the first subsection, C.2.a.

The Auction Manager conducts a first bidder information webcast, publishes these Bidder Materials, announces certain auction parameters, and provides other preliminary information to bidders. These information releases are described in the second subsection, C.2.b.

A calendar of these events is provided below in Table C-2.

Table C-2. Activities by the Auction Manager

Activity or Decision Point	Timing
August 2021	
First FAQ is Posted	Thursday, August 12, 2021
Release of Preliminary Draft of RSCP Pricing Spreadsheet	Thursday, August 19, 2021
September 2021	
Announce Alternate Guaranty Process is available	Tuesday, September 14, 2021
October 2020	
Information Webcast for Potential Bidders	Friday, October 01, 2021
Posting of the Comment Process on the Letters of Credit	Thursday, October 07, 2021
Illustrative Application Forms Are Posted	Thursday, October 07, 2021
Deadline for Expression of Interest in Alternate Guaranty Process	Tuesday, October 26, 2021
Deadline to Propose Modifications to the Standard Form of the Pre-Auction and Post-Auction Letters of Credit	Tuesday, October 26, 2021
November 2021	
Auction Manager Provides Individual Responses to Parties Proposing Modifications to the Letters of Credit	Wednesday, November 03, 2021
All Optional Modifications to the Standard Forms of the Letters of Credit Are Posted	Friday, November 05, 2021
Statewide Minimum and Maximum Starting Prices, Load Caps, and Tranche Sizes Announced	Wednesday, November 17, 2021

C.2.a. Processes on Credit Instruments

Bidders have an opportunity to comment on the letters of credit and bidders that are unable to utilize the standard form of guaranty have an opportunity to submit an alternate form of guaranty. These processes are described in this subsection.

Letters of Credit

Bidders are required, for each Auction in which they participate, to submit a "Pre-Auction Letter of Credit" with the Part 2 Application in an amount sufficient to support their indicative offers. A Draft Pre-Auction Letter of Credit for BGS-RSCP Bidders and a Draft Pre-Auction Letter of Credit for BGS-CIEP Bidders are posted to the Contract and Credit page of the BGS Auction website on October 7, 2021. Bidders may use the "Post-Auction Letter of Credit", which is the letter of credit appended to the BGS Supplier Master Agreements, to post security under the BGS Supplier Master Agreements. The Draft BGS Post-Auction Letter of Credit is posted to the Contract and Credit page of the BGS Auction website on October 7, 2021. Bidders use these draft letters of credit to submit their comments and propose modifications.

Bidders submit their comments or proposed modifications to a draft letter of credit by submitting a Microsoft Word document with tracked changes. The deadline for submission of such comments or modifications is October 26, 2021.

For each modification proposed to a Letter of Credit, the EDCs:

a. accept the modification and revise the Letter of Credit; or

b. approve the use of the modification on an optional basis; or

c. reject the proposed modification.

The Auction Manager, on behalf of a review committee consisting of EDC representatives and representatives from the Auction Manager, responds individually to each potential bidder that proposed modifications to a letter of credit. At the conclusion of this comment process, the Pre-Auction Letter of Credit for BGS-RSCP Bidders, the Pre-Auction Letter of Credit for BGS-CIEP Bidders, and the Post-Auction Letter of Credit is each posted in its final form to the BGS Auction website. Furthermore, for each letter of credit, a document that includes all modifications that are acceptable to the EDCs on an optional basis is made available to bidders. The comment process is described in further detail in the document "Comment Process on the Letters of Credit" posted on the Contract and Credit page of the Bidder Info tab of the BGS Auction website on October 7, 2021.

Guaranty

Bidders may have corporate policies that preclude them from using the standard form of guaranty appended to the BGS Supplier Master Agreements. Such bidders have an opportunity to submit an alternate form of guaranty for the EDCs' consideration. Bidders that want to avail themselves of this opportunity are required to express their interest in the

alternate guaranty process by email to the Auction Manager (BGS-Auction@nera.com) by October 26, 2021.

The EDCs make available a list of minimum requirements that an alternate form of guaranty must meet. In particular, an alternate form of guaranty must be a financial guaranty and not a performance guaranty. Furthermore, an alternate form of guaranty must be for unlimited liability (while the standard guaranty has a liability limit). A full list of the minimum requirements is available in the document "Alternate Guaranty Process" available on the Contract and Credit page of the Bidder Info tab of the BGS Auction website.

The alternate guaranty process is held if bidders express interest in submitting an alternate form of guaranty by October 26, 2021. At that time, specific deadlines associated with the steps of such a process are published in a separate document available on the Contract and Credit page of the Bidder Info tab of BGS Auction website.

C.2.b. Information Releases

The information releases from the Auction Manager to bidders that occur generally prior to the Board decision are described in this subsection.

Prior to the First Bidder Information Webcast

Bidders may submit questions to the Auction Manager by email to BGS-Auction@nera.com or through the Ask a Question page of the BGS Auction website. The Auction Manager provides a response to each questioner individually, generally within two (2) business days of receiving the question. Questions and responses, with information that could identify the questioner redacted to the extent practicable, are posted to the FAQs page of the BGS Auction website. The first posting of FAQs occurred on August 12, 2021. Further postings are made on a rolling basis.

The rate design methodology proposed by each EDC is described in each EDC's Company Specific Addendum. All Company Specific Addenda are posted to the BGS Proceeding page of the Auction tab of the BGS Auction website. The Auction Manager makes available to bidders a BGS-RSCP pricing spreadsheet tool. This tool is intended to translate hypothetical Auction prices for each EDC selected by the bidder into their corresponding BGS-RSCP retail rates. BGS-RSCP retail rates may be important to bidders for the purpose of assessing the likelihood and degree of BGS-RSCP migration.

On August 19, 2021, the Auction Manager posted the BGS-RSCP pricing spreadsheet tool based on the rate design methodology as proposed by the EDCs to the Additional Data

page of the BGS Data Room. The BGS-RSCP pricing spreadsheet tool is updated with any changes to the rate design methodology as may be ordered by the Board as well as refreshed with updated inputs.

The application process begins after the Board has rendered a decision in the regulatory proceeding. On a preliminary basis, the Auction Manager posts an illustrative Part 1 Form and an illustrative Part 2 Form. The posting is scheduled for October 7, 2021. Bidders may use these illustrative forms to learn about the application requirements of past Auctions and about the application requirements as proposed by the EDCs for the current Auctions. The illustrative Part 2 Form is updated once specific auction parameters have been announced on November 17, 2021. The illustrative forms are updated as necessary once the decision of the Board has been rendered.

Bidder Information Webcast

On Friday, October 1, 2021, the Auction Manager holds a first bidder information webcast to describe the EDCs' proposal to the Board for the procurement of supply for their BGS customers. Within a business day of holding the webcast, the Auction Manager posts to the Webcast Materials page of the Bidder Info tab of the BGS Auction website the presentation and audio portion of the webcast, as well as these Bidder Materials. The Auction Manager posts to the FAQs page of the BGS Auction website the question and response for any question received during the webcast.

Release of Auction Parameters

The Auction Manager announces the following auction parameters on November 17, 2021:

- **Statewide minimum and maximum starting prices** – The range for the BGS-CIEP is provided in $/MW-day and the range for the BGS-RSCP Auction is provided in ¢/kWh. Bidders are required to submit indicative offers at each of the minimum and maximum starting price in their Part 2 Application. Furthermore, in the first round of the Auction, prices are set no lower than the minimum starting price and no higher than the maximum starting price;
- **Load caps** – The statewide load cap is the maximum number of tranches that a bidder can bid in an Auction and serve statewide. Each of the BGS-CIEP Auction and the BGS-RSP Auction has a statewide load cap. In addition, for the BGS-RSCP Auction, there is an EDC-specific load cap for each EDC. An EDC-specific load cap is the maximum number of tranches that a bidder can bid and serve for that EDC; and

- **Tranche sizes** – A tranche target is the number of tranches available for a given EDC at the beginning of an Auction. The Auction Manager announces the final tranche targets, the final tranche sizes (as a percentage of each EDC's Load) as well as the megawatt measures for each tranche.

C.3. Application Process

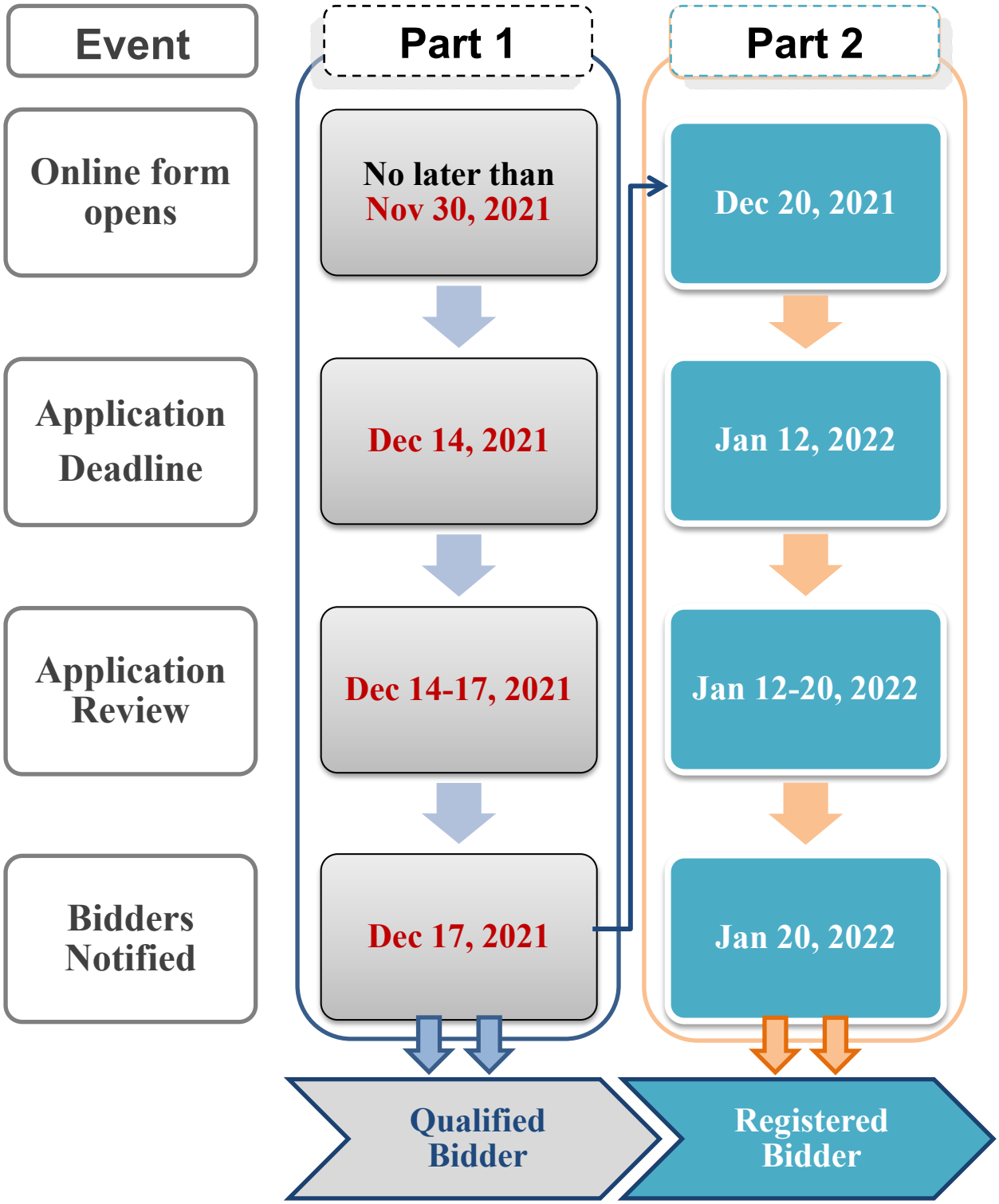
The application process as proposed by the EDCs is in two parts and is conducted online. Applicants may choose to apply to participate in the BGS-CIEP Auction, the BGS-RSCP Auction, or both. This section describes the proposed requirements.

In their Part 1 Applications, interested parties are required to provide primary contact information and submit financial information so that the EDCs can assess their creditworthiness in accordance with the standards established in the BGS Supplier Master Agreements. In addition, interested parties are required to comply with other qualification requirements, including agreeing to the applicable Auction Rules and agreeing to the terms of the applicable BGS Supplier Master Agreement. Each interested party is also required to agree that if the interested party is successful in its Part 1 Application, it keeps confidential the list of other successful Applicants and it does not assign its rights or substitute another entity in its place. An Applicant that has successfully completed the Part 1 Application is a "Qualified Bidder." Only Qualified Bidders may submit Part 2 Applications.

In their Part 2 Applications, Qualified Bidders make a number of certifications to ensure compliance with the association and confidential information rules. Each Qualified Bidder is also required to agree to keep confidential the list of other successful Applicants; to agree that the submission of any bid creates a binding and irrevocable offer to provide service under the terms of the applicable BGS Supplier Master Agreement; and not to assign its rights as a Qualified Bidder or substitute another entity in its place. With its Part 2 Application, each Qualified Bidder is also required to submit an indicative offer and to submit a financial guarantee in proportion to its indicative offer. A Qualified Bidder that has successfully completed the Part 2 Application is a "Registered Bidder."

The second bidder information webcast provides details of the application process. The process and major milestones are summarized in the following figure.

Figure C.3. Application Process



The full calendar of events, as proposed by the EDCs, is provided in the table below.

Table C-3. Events in the Application Process

Activity or Decision Point	Timing
October 2021	
Illustrative Part 1 and Part 2 Application Forms posted	Thursday, October 07, 2021
December 2021	
Part 1 Application made available	No later than Tuesday, November 30, 2021
Second Information Webcast for Potential Bidders	Tuesday, November 30, 2021 (tentative)
Deadline to submit Part 1 Application due by NOON	Tuesday, December 14, 2021
Part 1 Applications are reviewed	December 14-17, 2021
Applicants are notified of Part 1 Application Results	Friday, December 17, 2021
January 2022	
Deadline to submit Part 2 Application due by NOON	Wednesday, January 12, 2022
Part 2 Applications are reviewed	January 12-20, 2022
Applicants are notified of Part 2 Application Results	Thursday, January 20, 2022

C.4. Bidder Training and Additional Information Releases

Bidder Training

Once bidders have been registered to participate in the Auctions through successful completion of the Part 1 Application and Part 2 Application, the Auction Manager makes available bidder training materials such as a guide to the Auction Rules, a software manual for submission of bids through the Auction Software, as well as a description of the backup bidding procedure to follow in the event a bidder experiences technical difficulties with the Auction Software during bidding.

The Auction Manager also holds the following activities for bidder training purposes:

- **Webcast for Registered Bidders** – The Auction Manager holds a third and final bidder information webcast, for Registered Bidders only. The webcast primarily aims to provide details regarding the online bidding procedure, backup bidding

procedure, and technical preparedness. The Auction Manager also makes several information releases in the week of the webcast, as detailed below.

- **Trial Auctions** – The Auction Manager holds trial auctions for Registered Bidders on two (2) different dates during which bidders can ensure that they have all systems ready for participating in the Auctions. Bidders have, over several rounds, the opportunity to practice all aspects of the online submission of bids using the Auction Software. Bidders are also encouraged to practice the submission of bids through the backup bidding procedure. The backup bidding procedure involves emailing the Auction Manager to request that a member of the Auction Manager team contact the bidder by phone in order to take the backup bid.

Information Releases

Once bidders have been registered to participate in the Auctions through successful completion of the Part 1 Application and Part 2 Application, the Auction Manager makes several information releases:

- **Unaccounted for Energy, Meter Corrections, and Inadvertent Energy** – Registered bidders and BGS-RSCP Suppliers from the 2020 and 2021 BGS-RSCP Auctions are notified as to whether the responsibility of unaccounted for energy ("UFE") in the final monthly energy allocation ("FMEA") as well as meter corrections and inadvertent energy will be transferred from BGS Suppliers to the EDCs. Details on the EDCs' proposal relating to UFE in the FMEA as well as meter corrections and inadvertent energy are provided in Chapter B Elements of the EDCs' Proposal of these bidder information materials. **Final decrement formulas** – Provisional decrement formulas are provided in the final Auction Rules. The formulas that will be used in the Auctions, which depend on the number of registered bidders, are released no later than three days after bidders are registered to participate in the Auctions. This generally occurs between the final bidder information webcast and the Trial Auctions.
- **Mark-to-Market Information** – At the time of the third bidder information webcast, the Auction Manager posts a Mark-to-Market ("MtM") document. The MtM document contains illustrative marks for each month of the BGS-RSCP supply period, a description of the methodology that will be used to adjust these marks from the date of posting through the close of the BGS-RSCP Auction, and a description of the methodology for updating forward prices over the term of the contract.

- **Tranche Fees** – The Auction Manager announces the "tranche fees" in the third bidder information webcast. The tranche fee is a fee that a BGS Supplier pays per tranche won. The tranche fee for a BGS-RSCP tranche is different from the tranche fee for a BGS-CIEP tranche. The levels of the tranche fees are set to recover administrative costs associated with the Auction Process. The tranche fees are netted against the first payment made to the BGS Supplier during the supply period.
- **Final BGS-RSCP Rate Spreadsheets** – Provisional BGS-RSCP rate spreadsheets are posted at the time of the compliance filing. The EDCs update inputs to the rate design methodology one final time approximately seven days before the BGS-RSCP Auction. The final BGS-RSCP rate spreadsheets are those that incorporate such updates and they are posted during the week of the webcast.

Announcements are posted to the News page of the BGS Auction website. The full calendar of events, including the timing of these announcements, is provided below.

Table C-4. Calendar of Information Releases

Activity or Decision Point	Timing
January 2022	
Deadline to submit Part 2 Application due by NOON	Wednesday, January 12, 2022
Part 2 Applications are reviewed	January 12-20, 2022
Applicants and BGS-RSCP Suppliers from the 2020 and 2021 BGS-RSCP Auctions advised as to the status of proposed enhancements to UFE (in the FMEA), meter corrections and inadvertent energy	Thursday, January 20, 2022
Auction Manager informs Registered Bidders of changes to decrement formulas or ranges of total excess supply (if necessary)	Tuesday, January 25, 2022
Mark-to-Market information release	Tuesday, January 25, 2022
Tranche Fee is announced	Wednesday, January 26, 2022
Information Webcast for Registered Bidders	Wednesday, January 26, 2022 (tentative)
Final rate spreadsheets are posted	Thursday, January 27, 2022
First Trial Auctions for Registered Bidders	Thursday, January 27, 2022
February 2022	
Second Trial Auctions for Registered Bidders	Tuesday, February 01, 2022

C.5. Conduct of the Auctions

Two Auctions are proposed, the BGS-RSCP Auction and the BGS-CIEP Auction. The EDCs propose that these two Auctions be separate but concurrent. The EDCs further propose to conduct the Auctions from a remote setting. Bidders intending to contact the Auction Manager during the Auctions should immediately send an email to BGS-Auction@nera.com or send a text message to the mobile number provided to bidders with their notification of registration on January 20, 2022.

Bidders submit their bids online using specialized Auction Software. The Auction Software allows the bidder not only to submit bids, but also to view auction results and to receive secure messages from the Auction Manager. Each bidder receives a Login ID and initial password to access the Auction Software for the BGS Auction(s) in which it has been registered to participate. At first login, each bidder is required to change its initial password and then to accept the Auction Software "Terms and Conditions" by clicking "Accept."

C.5.a. Bidding Phase of a Round

A bid is the number of tranches that a bidder is willing to supply for each EDC at the going price in a round in the Auction. To submit a bid, the bidder selects a number of tranches for each EDC from a pull-down menu. The bidder may be asked for additional information, such as switching priorities and exit prices. The Auction Software then checks that the bid conforms to the Auction Rules. For example, as explained in the Auction Rules, eligibility – the maximum number of tranches a bidder can bid in a given round – can never increase from the prior round. If a bidder submits a bid that would require eligibility to increase, the bidder is asked to resubmit its bid so that it conforms to the Auction Rules.

If a bidder submits a bid that would decrease the bidder's eligibility, the Auction Software warns the bidder of the impending eligibility reduction. If the bidder wants to proceed with a lower eligibility, the bidder may be asked to enter a last and best offer for the tranches which the bidder is no longer be bidding. Last and best offers are called "exit prices." An exit price for a tranche is a price less than or equal to the previous going price and greater than the current going price.

If a bidder requests to decrease the number of tranches bid on an EDC while increasing the number of tranches bid on two or more other EDCs ("switching"), the bidder is asked to enter switching priorities. Bidders cannot switch between products in one Auction (e.g., the BGS-CIEP Load for one EDC) and products in the other Auction (e.g., the BGS-RSCP Load for the same EDC or another EDC).

Once the bidder has submitted a bid for the Auction(s) for which it is registered, along with any exit price and/or switching priorities required, the bidder is asked to verify the bid. The bidder may choose to verify the bid or re-enter the bid. A bidder may re-enter the bid as long as the bidding phase of the round is open. The bid that "counts" is the last bid submitted and verified during the bidding phase and processed by the Auction Software.

If a bidder with positive eligibility fails to submit a bid in a round, the bidder is assigned a default bid. It is the responsibility of the bidder to ensure that bids are submitted on time. The bidder can lose the ability to bid in all future rounds by failing to bid during a round.

C.5.b. Calculating and Reporting Phase of a Round

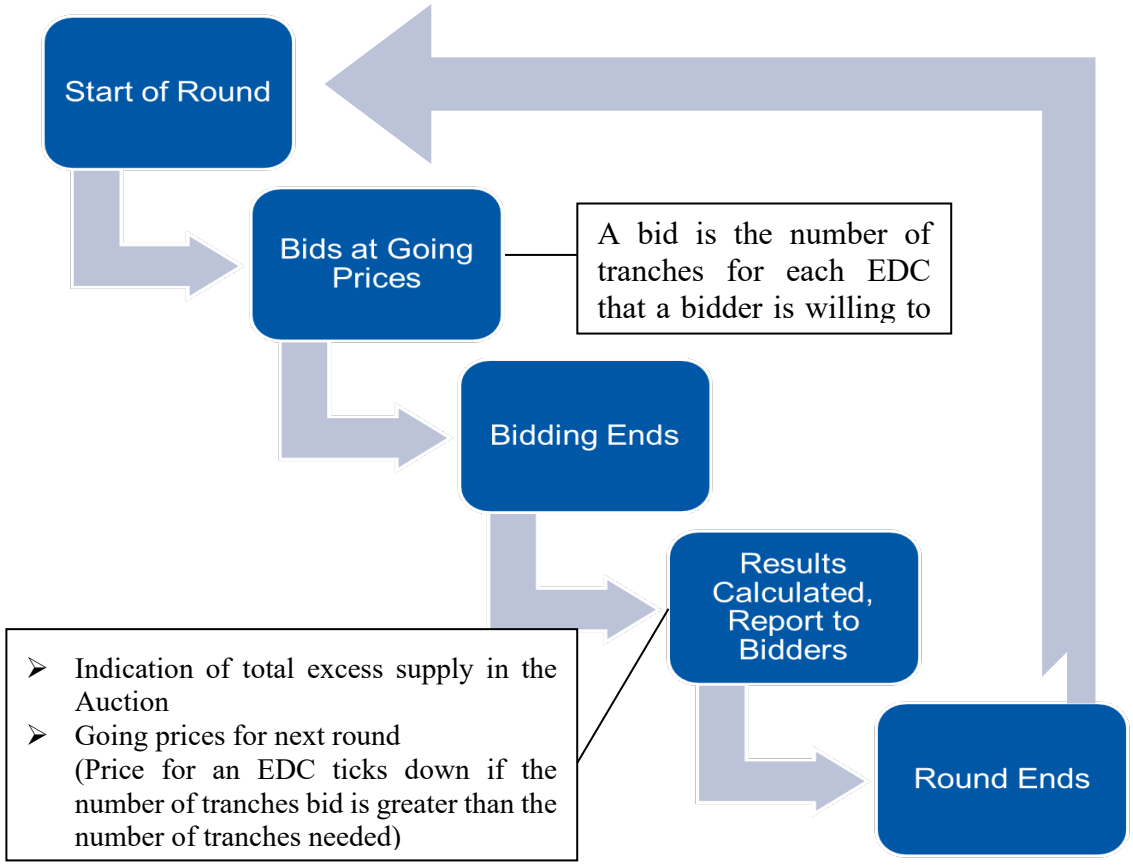
The calculating phase of the round begins after the bidding ends. The Auction Manager determines the going prices for the next round. The price for an EDC in an Auction "ticks down" if the total number of tranches bid for the EDC is greater than the number of tranches needed for that EDC. During the calculating phase, bidders cannot submit bids and do not yet have access to the current round results.

The reporting phase begins when the Auction Manager publishes the results determined during the calculating phase of the round. Bidders in a given Auction are provided with an indication of the total excess supply remaining in the Auction and are told the going prices for the next round. In addition, the Auction Manager reports privately to each bidder the results of its previous bid. For example, if a bidder has withdrawn tranches from the Auction, the Auction Manager reports to this bidder, and only to this bidder, whether the tranches were retained. Round results can be viewed at any point during the Auction. Results for a given round remain available during subsequent rounds.

C.5.c. Schematic

The schematic below shows the progression of a typical auction round. The diagram applies with the following modification in round 1. In round 1, the going prices are the "starting prices" for each EDC. This process is described in detail in the Auction Rules of each Auction.

Figure C.4. Progression of Auction Round



C.6. Post-Auction Activities

At the conclusion of the BGS-CIEP Auction or the BGS-RSCP Auction, the Auction Manager prepares a full factual report to the Board with its recommendation on whether to accept the auction results. Concurrently, the Board Advisor prepares for the Board a checklist with its recommendation on whether to accept the auction results.

The Board makes its decision to either accept or reject the results of the BGS-CIEP Auction and the BGS-RSCP Auction separately within two (2) business days of the close of the Auctions. If the Board approves the auction results, the EDCs provide Supplier Master Agreements via email to winning bidders for their execution. Winning bidders then have three (3) business days to execute the BGS Supplier Master Agreements. All participants in the Auctions have five (5) business days to destroy any document containing confidential information related to the Auctions and provided by the Auction Manager.

Should a winning bidder fail to execute the applicable BGS Supplier Master Agreement, the EDCs may draw on that bidder's Pre-Auction Letter of Credit provided with the Part 2 Application. The full calendar of events for auction and post-auction activities is provided below.

Table C-5. Calendar of Auction and Post-Auction Activities

Activity or Decision Point	Timing
February 2022	
BGS-CIEP Auction starts	**Friday, February 04, 2022**
BGS-RSCP Auction Starts	**Monday, February 07, 2022**
Board decision on Auction results	Within 2 business days of close of the BGS-RSCP or BGS-CIEP Auction, whichever comes later
Winning bidders execute BGS Supplier Master Agreements	Within 3 business days of Board decision
Documents provided to bidders by Auction Manager containing confidential information must be destroyed	Within 5 business days of Board decision
Power Flows	Wednesday, June 01, 2022

D. RSCP SUPPLIER PAYMENTS AND CUSTOMER RATES

This summary is provided for bidder convenience only. Any statements herein describing BGS-RSCP rates or supplier payments are summaries only and are qualified in their entirety by each EDC's Company Specific Addendum and accompanying attachments, as well as the BGS-RSCP Supplier Master Agreement posted to the BGS Proceeding page of the Auction tab of the BGS Auction website. Bidders bear full responsibility for reviewing each EDC's Company Specific Addendum and accompanying attachments, as well as the BGS-RSCP Supplier Master Agreement.

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").

D.1. Overview

The BGS-RSCP Auction is a rolling procurement that each year aims to procure supply for approximately one-third of the BGS-RSCP Load for three years.

The EDCs propose that BGS-RSCP customers pay rates that are determined by the weighted average cost of supply for all three (3) Auctions used for supply at a given point in time and on the basis of conversion factors specific to each rate class. The EDCs propose to pay winners of a BGS-RSCP Auction for an EDC the final auction price for that EDC times a seasonal billing factor. The proposed seasonal billing factor is 1 for both seasons and for all EDCs.

D.2. Retail Customer Rates

D.2.a. Weighted Average Cost of Supply

For the period June 1, 2022 to May 31, 2023, BGS-RSCP Load would be supplied by the winners of three (3) BGS-RSCP Auctions: winners with a three-year contract ending on May 31, 2023, winners with a three-year contract ending May 31, 2024, and winners with a three-year contract from the upcoming Auction that would end May 31, 2025.

We use PSE&G as an example to illustrate the composition of supply. The seasonal billing factors for the 2022 Auction are those proposed in the EDCs' filing. The price for the 2022 Auction is purely illustrative.

Table D-1. Example Composition of BGS-RSCP Supply for PSE&G

Auction	Product	Number of Tranches	Final Auction Price (¢/kWh)	Seasonal Billing Factors
2022	3-year term	28	6.625 (illustrative)	Summer – 1.0000 Winter – 1.0000 (proposed)
2021	3-year term (2 years remaining)	29	6.480	
2020	3-year term (1 year remaining)	28	10.216	

Given this composition of supply, the weighted average cost of supply would be calculated as follows.

For each component auction product and for each season, the clearing price is multiplied by the seasonal billing factor and by the number of tranches. The sum is taken for each season and is divided by the total number of tranches. The result is a price for each season. These prices are weighted by the proportion of BGS-RSCP energy at the bulk system level[1] projected to occur in each season to obtain a single value – a seasonally-adjusted weighted price. This seasonally-adjusted weighted price is the weighted average cost of supply for all the component auction products used to serve load for the June 1, 2022 to May 31, 2023 period.

Table D-2 illustrates each step for PSE&G assuming, purely for illustrative purposes, a final auction price in 2022 of 9.625¢/kWh.

[1] Energy at the bulk system level is the forecast energy de-rated pursuant to PJM's marginal loss implementation.

Table D-2. Example Calculation

Summer

Tranches		Seasonal Factor		Final Auction Price		Total
28	x	1.0000	x	6.625	=	185.500
29	x	1.0000	x	6.480	=	187.920
28	x	1.0000	x	10.216	=	286.048
				Total	=	659.468
				Divided by total tranches (85)	=	7.758¢/kWh

Winter

Tranches		Seasonal Factor		Final Auction Price		Total
28	x	1.0000	x	6.625	=	185.500
29	x	1.0000	x	6.480	=	187.920
28	x	1.0000	x	10.216	=	286.048
				Total	=	659.468
				Divided by total tranches (85)	=	7.758¢/kWh

Average

	Energy, GWh		Tranche-weighted Price		Total
Summer	10,164	x	7.758	=	78,852
Winter	15,524	x	7.758	=	120,435
Totals	25,688			=	199,287
			Seasonally-adjusted weighted price	=	7.758¢/kWh

D.2.b. Conversion Factors

Rates for each rate class are determined by multiplying the weighted average cost of supply by conversion factors for that rate class. The conversion factors are developed using the EDCs' rate design methodologies as provided in each EDC's Company Specific Addendum. Under this approach, a customer class that is more expensive to serve than the system on average would have a higher rate for electricity.

The methodology for developing the conversion factors begins by estimating the average cost per unit associated with supplying all BGS-RSCP customers. This "system average cost" is a simple and rough estimate that includes only factors easily determined from market and load data and excludes any estimate of uncertainty or risk. This system average cost is then compared to the cost for individual customer classes. This comparison becomes the basis for deriving the conversion factor for each customer class.

All the EDCs estimate system costs using the same approach. Costs including energy and capacity, are derived using inputs including:

- Load by rate class;
- Forward energy market prices;
- Off-peak price ratios by season, based on historical market prices;
- Congestion price ratios by EDC zone and by season, based on historical market price analysis;
- RPM capacity prices when known and Capacity Proxy Prices when the BRA results are not expected to be known prior to the Auction;
- Estimated ancillary services; and
- Compliance cost of the Renewable Portfolio Standards.

Inputs used by the EDCs are provided in the following two tables. (RECO used a weighting of PJM Western hub prices with NYISO forward prices, with NYISO prices receiving a 13.1% weighting. Please see RECO's Company Specific Addendum available on the BGS Proceeding page of the BGS Auction website for details.)

Table D-3. PJM Western Hub Forward Prices as of June 2021

Month	June	July	Aug.	Sept.	Oct.	Nov.
On-Peak ($/MWh)	30.95	37.20	34.70	32.30	30.50	30.90
Month	**Dec.**	**Jan.**	**Feb.**	**March**	**April**	**May**
On-Peak ($/MWh)	34.50	47.45	44.75	32.10	29.10	29.00

Table D-4. BGS-RSCP Pricing Inputs

		PSE&G	JCP&L	ACE	RECO[2]
Off-peak/peak price ratio	Summer	0.6706			
	Winter	0.7621			
Peak zone congestion factor	Summer	0.88	0.87	0.87	0.91
	Winter	0.90	0.88	0.88	0.94
Off-peak zone congestion factor	Summer	0.90	0.90	0.90	0.91
	Winter	0.94	0.92	0.92	0.95
Capacity cost[3] ($/MW-day)	Summer	104.84	97.75	101.28	101.28
	Winter	104.84	97.75	101.28	101.28
Ancillary services and renewables ($/MWh)		17.26			

The conversion factors are derived by comparing the system average cost to the bulk system level costs for each rate class. In general, the conversion factor for a given customer class is the ratio of the bulk system level costs for the rate class to the system average cost. If this factor is, for example, 1.2, it indicates that the class is 1.2 times more expensive to serve than the system as a whole. Thus, the retail rate to be paid by the class is set at 1.2 times the weighted average cost of supply.

Estimation of bulk system level cost uses projections. The sole purpose of these EDC projections is the determination of customer rates and seasonal billing factors. Bidders are

[2] RECO's capacity and ancillary services cost estimates include a 13.1% weighting of corresponding NYISO estimated costs.

[3] The capacity cost reflects the Capacity Proxy Prices filed by the EDCs for the delivery years for which the BRA is not expected to have been held at the time of the Auction.

not to rely on these projections whatsoever and bidders bear the entire responsibility of making any projections relevant to preparing their bids.

The Company Specific Addenda to the July 1, 2021 filing describe the specific rate design methodologies in detail. Additionally, each Company Specific Addendum contains a rate design spreadsheet that includes information on billing determinants by rate class and rate component, and draft tariff sheets. These spreadsheets, the "BGS-RSCP Pricing Factors spreadsheets", are the same spreadsheets used to develop the seasonal billing factors. They are posted to both the BGS Proceeding page and the BGS Additional Data page of the BGS Auction website.

D.2.c. Rate Adjustment Factors

For PSE&G, ACE, and RECO, there are additional factors called Rate Adjustment Factors used to determine retail rates. The Rate Adjustment Factors are equal to the dollar differences between the anticipated billed revenue and supplier payments in a season, divided by the total anticipated billed BGS-RSCP energy-related charges in that season. (Note that RECO includes demand charges for its SC2 rate class when calculating SC2 anticipated billed revenue.) A difference arises between anticipated revenue and anticipated supplier payments because rate conversion factors for these three EDCs (and the seasonal billing factors for the Auction) are based on one year of cost data while the payments made to suppliers reflect seasonal billing factors from three different Auctions and three years of cost data. The Company Specific Addenda to the July 1, 2021 filing describe these rate adjustment factors in more detail. They are posted to the BGS Proceeding page of the BGS Auction website.

D.2.d. JCP&L Variation

The methodology used by JCP&L to derive conversion factors is slightly different from that used by the other EDCs. PSE&G, ACE, and RECO derive conversion factors using the cost inputs for the coming supply year only. For these three EDCs, the Rate Adjustment Factor is then used so that seasonal revenue and seasonal supplier payments correspond. JCP&L derives conversion factors by incorporating cost information from component products from all three Auctions used to supply the BGS-RSCP Load for the coming year. (See the description of Table C7 of the BGS-RSCP Pricing Factors spreadsheet in JCP&L's Company Specific Addendum available on the BGS Proceeding page of the BGS Auction website.) As a result, JCP&L does not require a specific Rate Adjustment Factor.

D.3. Retail Rates

Draft tariff sheets have been posted to the BGS Proceeding page of the BGS Auction website as part of the July 1, 2021 filing.

After the BGS Auctions, the EDCs post on their own websites draft tariff sheets to become effective June 1 upon approval by the Board. Current tariff sheets are available at the following links:

PSE&G Tariffs

JCP&L Tariffs

ACE Tariffs

RECO Tariffs

D.4. Supplier Payment

Each EDC pays its BGS-RSCP Suppliers the final auction price for that EDC times an EDC-specific seasonal billing factor. These EDC specific seasonal billing factors have been set to 1 for all EDCs for several years. This means that a BGS-RSCP Supplier for an EDC is paid the auction price for that EDC for each kWh of load served.

An EDC pays each BGS-RSCP Supplier for the portion of the EDC's BGS-RSCP Load represented by the number of tranches it has won at the Auction. The EDC issues a statement for each billing month and pays its BGS-RSCP Suppliers according to a preliminary monthly energy allocation of BGS-RSCP energy. A final monthly energy allocation ("FMEA") for each month is produced subsequently and compared to the preliminary allocation. Any difference is reflected in a billing adjustment on future statements. If there are corrections or adjustments that would have resulted in changes in the PJM settlement (other than unaccounted for energy ("UFE") in the FMEA, as well as those resulting from meter corrections and/or inadvertent energy),[4] but the deadline for settlement has passed, the EDC settles the difference directly with the BGS-RSCP Supplier. BGS-RSCP Suppliers are paid based on energy volumes that PJM has de-rated for losses as part of marginal loss implementation procedures. The energy volume for

[4] UFE is the difference between an EDC's system load and the summation of all an EDC's customer loads, grossed-up for tariff losses. Meter corrections involve adjustments and/or corrections to meter values used to derive an EDC's system load while inadvertent energy generally involves adjustments related to metered energy transferred between independent system operators. Chapter B Elements of the EDCs' Proposal provides details on the EDCs' proposal to transfer the responsibility of UFE in the FMEA, as well as meter corrections and inadvertent energy to the EDCs from BGS Suppliers.

which BGS-RSCP Suppliers are paid is equal to the final total loads for customers receiving BGS-RSCP service, including tariff losses but excluding UFE.

The proposed BGS-RSCP Supplier Master Agreement specifies the full details of the proposed payments. It is available on the Contract and Credit page of the Bidder Info tab of the BGS Auction website.

E. CIEP SUPPLIER PAYMENTS AND CUSTOMER RATES

This summary is provided for bidder convenience only. Any statements herein describing BGS-CIEP payment flows are summaries only and are qualified in their entirety by each EDC's Company Specific Addendum and accompanying attachments, as well as the BGS-CIEP Supplier Master Agreement posted to the BGS Proceeding page of the Auction tab BGS Auction website. Bidders bear full responsibility for reviewing each EDC's Company Specific Addendum and accompanying attachments, as well as the BGS-CIEP Supplier Master Agreement.

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").

E.1. Overview

Three types of payment flows are outlined in this chapter:

- payments from the EDC to the BGS-CIEP Supplier;
- payments from the BGS-CIEP customer and the CIEP customer to the EDC; and
- payments from the BGS-CIEP Supplier to the EDC.

A CIEP customer is either a BGS-CIEP customer or a customer served by a third party supplier who, were the customer to take BGS, would do so on a CIEP tariff or rate.

Article 9 "Billing and Payment" of the BGS-CIEP Supplier Master Agreement posted to the BGS Proceeding page of the Auction tab of the BGS Auction website provides a complete characterization of payments between the EDC and the BGS-CIEP Supplier. The present chapter does not cover payments by the BGS-CIEP Supplier to PJM for costs associated with meeting its Load Serving Entity ("LSE") obligations.

E.2. Key Definitions

Article 1 "Definitions" of the BGS-CIEP Supplier Master Agreement posted to the BGS Proceeding page of the Auction tab of the BGS Auction website defines the terms used in this chapter, including PMEA/FMEA Adjustment Amount, PHEA/FHEA Adjustment Amount, and the terms provided below.

BGS-CIEP Supplier Responsibility Share. Each EDC has a BGS-CIEP tranche size announced on November 17, 2021, which is multiplied by the number of tranches won by the BGS-CIEP Supplier at the Auction to determine that BGS-CIEP Supplier's *BGS-CIEP Supplier Responsibility Share*. It is this BGS-CIEP Supplier Responsibility Share that determines the percentage of BGS-CIEP Load for which the BGS-CIEP Supplier is responsible.

Monthly invoices calculate payments for the current period based on preliminary allocations of energy, which are calculated from the Supplier Responsibility Share and the total BGS-CIEP Load for the EDC. The invoice also includes any adjustment amounts for differences in the final and preliminary allocations from prior periods.

Preliminary and Final Energy Allocations. The Preliminary Monthly Energy Allocation ("PMEA") and the Preliminary Hourly Energy Allocation ("PHEA") are the initial determinants of the BGS-CIEP Supplier's share of the monthly and hourly energy used by BGS-CIEP customers, adjusted for losses. The Final Monthly Energy Allocation ("FMEA") and the Final Hourly Energy Allocation ("FHEA") are the final values of these determinants.

The ancillary service payments to BGS-CIEP Suppliers are based on the PMEA and FMEA while energy payments to BGS-CIEP Suppliers are based on the PHEA and FHEA. The volumes of energy upon which BGS-CIEP Supplier payments (excluding the CIEP Standby Fee payment) are based on are equal to the final total loads for customers receiving BGS-CIEP service, including tariff losses but excluding unaccounted for energy ("UFE").[1]

E.3. Payments from EDC to Supplier

These payments consist of the following:

- The CIEP Standby Fee, proposed at a level of 0.015¢/kWh, multiplied by the BGS-CIEP Supplier Responsibility Share of all preliminary kilowatt hours used by CIEP customers measured at the customer meter;
- The real-time hourly spot price[2] for the EDC zone multiplied by the PHEA, summed over the month and multiplied by the BGS-CIEP Supplier Responsibility Share;

[1] UFE is the difference between an EDC's system load and the summation of all an EDC's customer loads, grossed-up for tariff losses.

[2] The terms "real-time hourly energy spot price" or "real-time hourly spot price" refer to PJM's Residual Metered Load aggregate real-time Locational Marginal Price.

- An Ancillary Services Charge, proposed at a level of $6.00/MWh, multiplied by the PMEA and multiplied by the BGS-CIEP Supplier Responsibility Share;
- The CIEP Price, determined at the Auction, multiplied by the BGS-CIEP Supplier Responsibility Share of the daily capacity obligation of all BGS-CIEP customers;
- PMEA/FMEA Adjustment Amount for any month in which the FMEA exceeds the PMEA;
- PHEA/FHEA Adjustment Amount to the extent that such amount is in favor of the BGS-CIEP Supplier; and
- The CIEP Standby Fee, multiplied by the difference between the final and preliminary kilowatt hours used by CIEP customers, measured at the customer meters, multiplied by the BGS-CIEP Supplier Responsibility Share, if the final kWh exceeds the preliminary kWh.

E.4. Payments from Supplier to EDC

There is a one-time assessment of the tranche fees to cover administrative costs. The tranche fee is announced prior to the Auction and payment is the tranche fee multiplied by the number of tranches won by the BGS-CIEP Supplier. The assessment appears on the first invoice in June 2022.

In addition, payment from the BGS-CIEP Supplier to the EDC may consist of any or all of the following:

- PMEA/FMEA Adjustment Amount for any month in which the PMEA exceeds the FMEA;
- PHEA/FHEA Adjustment Amount for any month in which payment is due to the EDC; and/or
- The CIEP Standby Fee, multiplied by the difference between the preliminary and the final kilowatt hours billed by the EDC to CIEP customers, measured at the customer meter, multiplied by the BGS-CIEP Supplier Responsibility Share, if the final kWh is less than the preliminary kWh.

E.5. Corrections/Adjustments after PJM Final Settlement

Additionally, the BGS-CIEP Supplier Master Agreement provides that if there are corrections or adjustments that would have resulted in changes in the PJM settlement (other than UFE in the FMEA, as well as those resulting from meter corrections and/or inadvertent

energy),[3] but the deadline for settlement has passed, the EDC directly settles the difference with the BGS-CIEP Supplier. This payment could go either way. It is also possible that an adjustment to customer bills to reconcile the revenue billed to BGS-CIEP customers by the EDC with the amount paid to BGS-CIEP Suppliers affects BGS-CIEP customer bills.

E.6. Customer Rates

The components of the rates for BGS-CIEP customers are the following:

- The real-time hourly spot price, multiplied by the hourly energy usage adjusted for losses on the EDC system, summed over the month;
- An ancillary services charge, at a rate pre-determined by each EDC, multiplied by the monthly energy usage;
- The CIEP Price, determined at the Auction converted to a retail rate (depending on the EDC and the rate class, this conversion may be done in different ways);
- The transmission retail rate, reflecting the transmission charge to cover transmission-related costs for which the EDC is responsible; and
- The CIEP Standby Fee, multiplied by the monthly energy usage measured at the customer meter.

The CIEP Standby Fee is collected also from CIEP customers that take service from a third party supplier.

[3] Meter corrections involve adjustments and/or corrections to meter values used to derive an EDC's system load while inadvertent energy generally involves adjustments related to metered energy transferred between independent system operators. Chapter B Elements of the EDCs' Proposal provides details on the EDCs' proposal to transfer the responsibility of UFE in the FMEA, as well as meter corrections and inadvertent energy to the EDCs from BGS Suppliers.