



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PROVISION OF BASIC)
GENERATION SERVICE FOR THE PERIOD)
BEGINNING JUNE 1, 2016) DECISION AND ORDER
Docket No. ER15040482

Parties of Record:

Gregory Eisenstark, Esq., Windels Marx Lane & Mittendorf, LLP, on behalf of Jersey Central Power & Light Company
Alexander C. Stern, Esq., Attorney for Public Service Electric and Gas Company
Philip J. Passanante, Esq., Associate General Counsel for Atlantic City Electric Company
Margaret Comes, Esq., Senior Attorney for Rockland Electric Company
Chantale LaCasse, BGS Auction Manager, NERA Economic Consulting
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Murray E. Bevan, Esq., Bevan, Mosca, Giuditta & Zarillo, P.C., on behalf of the Retail Energy Supply Association
James Laskey, Esq., Norris McLaughlin & Marcus, P.A. on behalf of Noble Americas Energy Solutions LLC
Brian J. Murphy, NextEra Energy Power Marketing, LLC
Adam Kaufman, Independent Energy Producers of New Jersey

BY THE BOARD:

By Order dated November 16, 2015 in this docket, the New Jersey Board of Public Utilities ("Board") approved the joint Basic Generation Service ("BGS") proposal of Public Service Electric and Gas Company ("PSE&G"), Jersey Central Power & Light Company ("JCP&L"), Atlantic City Electric Company ("ACE") and Rockland Electric Company ("Rockland") (collectively the "EDCs"), for two descending clock auctions to secure the EDCs' BGS electricity requirements for the period beginning June 1, 2016 ("November 16, 2015 Order"). In an attempt to mitigate the risk to ratepayers, the Board directed the EDCs to procure approximately one-third of the EDCs' BGS residential small commercial customers ("BGS-RSCP") load for a 36-month period through a single clearing price for each EDC's BGS supply requirements in the auction.¹ The Board also found that a 12-month procurement period for the EDCs' hourly load

¹ Approximately two-thirds of the EDCs' BGS-FP requirements are already under contract through May 31, 2017, and one-third through May 31, 2018 as a result of the 2014 and 2015 BGS-RSCP Auctions.

BGS customers ("BGS-CIEP") is appropriate and reasonable. In the November 16, 2015 Order, the Board also committed to review the results of the BGS-RSCP Auction and the BGS-CIEP Auction (collectively the "BGS Auctions" or "Auctions") each in its entirety and certify the results of each auction for all of the EDCs, or for none of them, no later than the second business day after the last Auction closes.

The results of the BGS Auctions, if approved by the Board, will then be converted into revised BGS rates for customers beginning June 1, 2016. This is the fifteenth year the Board has authorized a similar auction process to secure BGS supply.

The Auction Manager responsible for conducting the 2016 Auctions was National Economic Research Associates ("NERA"). NERA brings expertise in the conduct of simultaneous descending clock auctions in the energy and telecommunications industries, and has been the Auction Manager for the fifteen BGS Auctions. The 2016 Auctions were continuously monitored by Staff from the Division of Energy, as well as by the Board's consultant, Boston Pacific Company, Inc. ("Boston Pacific"). Boston Pacific was retained to assist the Board in this process. Boston Pacific has experience with simultaneous descending clock auctions and energy industry experience.

BGS-RSCP AUCTION SUMMARY

The BGS-RSCP Auction began on February 8, 2016 and ended on February 9, 2016 after 18 rounds with all of the EDCs' 54 tranches² secured, with the following closing prices for each EDC:

<u>EDC</u>	<u>Closing Price ¢/Kwh</u>	<u>Total Tranches Available</u>
ACE	8.214	7
JCP&L	7.485	18
PSE&G	9.638	28
Rockland	8.502	1

A list of the BGS-RSCP Auction winners is included in Attachment A to this Order.

BGS-CIEP AUCTION SUMMARY

The BGS-CIEP Auction began on February 5, 2016, and ended on February 8, 2016 after 22 rounds with all of the EDCs' 45 tranches³ secured, with the following closing prices for each EDC:

² A tranche in the BGS-RSCP Auction is approximately 100 Mw.

³ A tranche in the BGS-CIEP Auction is equivalent to approximately 75 Mw.

<u>EDC</u>	<u>Closing Price \$/Mw-day</u>	<u>Total Tranches Secured</u>
ACE	258.61	5
JCP&L	259.24	13
PSE&G	335.33	26
Rockland	277.50	1

A list of the BGS-CIEP Auction winners is included in Attachment A to this Order.

BGS AUCTION OVERSIGHT

NERA has provided a confidential post-Auction checklist form evaluating how the BGS-RSCP and BGS-CIEP Auctions were conducted. NERA's analysis supporting acceptance of the Auction results indicates, in part, that:

- no issues or questions were left unresolved prior to the Auctions that created uncertainty for bidders;
- neither procedural problems nor errors were observed during the Auctions; all communication protocols were followed;
- neither hardware nor software problems with the Auctions and communication systems were observed;
- no security breaches were observed during the Auction process;
- all guidelines for setting or changing the Auction parameters were followed;
- there was no evidence of confusion or misunderstanding on the part of bidders that delayed or impaired the Auctions in a material manner;
- communications between the Auction Manager and bidders was timely and effective;
- there was no evidence that bidders were rushed;
- no complaints were received from the bidders;
- the Auctions were carried out in a fair and transparent manner;
- there was no evidence of collusion or gaming by the bidders;
- public and sensitive information were treated appropriately;
- there were no factors exogenous to the Auctions that materially affected the Auctions; and
- the Auctions appear to have generated a result that is consistent with competitive bidding, market-determined prices, and efficient allocation of the BGS-RSCP and BGS-CIEP loads.

Boston Pacific has also provided the Board with a confidential post-Auction evaluation form for the BGS-RSCP and BGS-CIEP Auctions, as well as a supplemental checklist reviewing how the Auctions were conducted. Boston Pacific's analysis is consistent with NERA's analysis. Both consultants recommend that the Board accept the final Auction results.

BGS AUCTION FINDINGS AND CONCLUSIONS

The independent NERA and Boston Pacific analyses are consistent with each other and indicate that the Auctions proceeded without meaningful interruption, according to the Board-approved Auction Rules, in an acceptably fair and transparent manner, and they both recommend that the Board certify the Auction results. Staff assigned to oversee the Auctions has also briefed the Board on the conduct and results of each Auction.

After reviewing the checklists and evaluation forms from NERA and Boston Pacific, and discussing the results and conduct of the Auctions with Staff, NERA and Boston Pacific, the Board **FINDS** that:

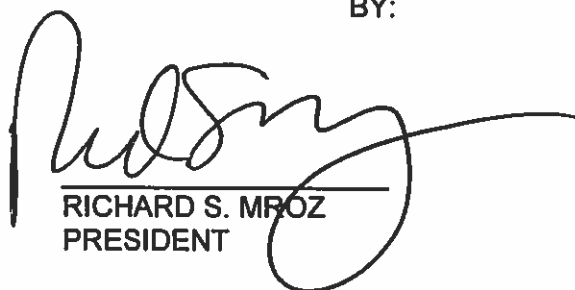
- bidders had sufficient information to prepare for the Auctions;
- information was generally provided to bidders in accordance with the published timetable, and the timetable was adjusted appropriately as needed;
- there were no Auction issues or questions left unresolved prior to the Auctions that created material uncertainty for bidders;
- from what could be observed, there were neither procedural problems nor errors with the Auctions, including the electronic bidding process, the back-up bidding process, and communications between bidders and the Auction Manager;
- from what could be observed, communication protocols between bidders and the Auction Manager were adhered to;
- appropriate data back-up procedures were planned and carried out;
- no security breaches were observed during the Auction process;
- from what could be observed, communication protocols among the EDCs, NERA, Staff, the Board, and Boston Pacific were followed during the Auctions;
- protocols were followed for decisions regarding changes in the Auction parameters (e.g. volume, load cap, bid decrements);
- the calculations (e.g. for bid decrements or bidder eligibility) produced by the Auction software were double-checked or reproduced off-line by the Auction Manager;
- there was no evidence of confusion or misunderstanding on the part of bidders that delayed or impaired the Auctions;
- from what could be observed, the communications between the Auction Manager and bidders was timely and effective;
- there were no complaints received from the bidders about the process;
- the Auctions were carried out in an acceptably fair and transparent manner;
- there was no evidence of gaming on the part of bidders;
- there was no evidence of collusion among bidders;
- information was made public in an appropriate manner and, from what could be observed, sensitive information was treated appropriately;
- there were no factors exogenous to the Auctions (e.g., changes in market environment) that materially affected the Auctions in unanticipated ways);
- there are no concerns with the Auctions' outcome with regard to any specific EDC(s);
- the Auctions appear to have generated a result that is consistent with competitive bidding, market-determined prices, and efficient allocation of the BGS-RSCP and BGS-CIEP loads.

Based on the foregoing, the Board **HEREBY CERTIFIES** the final results of the BGS-RSCP and BGS-CIEP Auctions in their entirety, and subsequently **APPROVES** the closing prices for each EDC. Furthermore, the Board **HEREBY ORDERS** the EDCs: 1) to execute the necessary documents with the winning bidders, including the BGS Supplier Master Agreements; 2) to implement the BGS rates resulting from the Auctions beginning June 1, 2016; and 3) to file tariff sheets reflecting those rates by March 25, 2016.

Consistent with past Board practice, the Board is releasing the names of the winning bidders at this time. However, at this time, the Board will not release the specific tranche and service area details for each successful bidder, so as not to compromise the position of the winning bidders in the marketplace. The Board plans to make this additional information public prior to June 1, 2016.

DATED: Feb 11, 2016

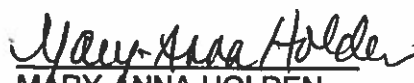
BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT




JOSEPH L. FIORDALISO
COMMISSIONER



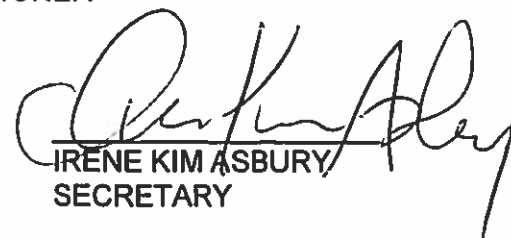
MARY-ANNA HOLDEN
COMMISSIONER



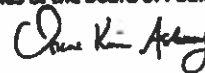
DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



ATTACHMENT A

**I/M/O the Provision of Basic Generation Service
For The Period Beginning June 1, 2016
Docket No. ER15040482**

Auction Winners Approved by the Board of Public Utilities on February 11, 2016.

BGS-RSCP Auction Winners

BP Energy Company
BTG Pactual Commodities (US) LLC
Calpine Energy Services LP
DTE Energy Trading, Inc.
Exelon Generation Company, LLC
Macquarie Energy LLC
NextEra Energy Power Marketing, LLC
PSEG Energy Resources & Trade LLC
Talen Energy Marketing LLC
TransCanada Power Marketing Ltd.

BGS-CIEP Auction Winners

BTG Pactual Commodities (US) LLC
ConocoPhillips Company
DTE Energy Trading, Inc.
Exelon Generation Company, LLC
NextEra Energy Power Marketing, LLC
PSEG Energy Resources & Trade LLC

**In the Matter of the Provision of Basic Generation Service
For the Period Beginning June 1, 2016**

**Docket No. ER15040482
Service List**

BPU

Irene Kim Asbury, Secretary
New Jersey Board of Public Utilities
Post Office Box 350
44 South Clinton Avenue
3rd Floor, Suite 314
Trenton, NJ 08625-0350
Irene.Asbury@bpu.state.nj.us

Frank Perrotti
New Jersey Board of Public Utilities
Post Office Box 350
44 South Clinton Avenue
3rd Floor, Suite 314
Trenton, NJ 08625-0350
frank.perrotti@bpu.state.nj.us

Jerome May, Director
New Jersey Board of Public Utilities
Post Office Box 350
44 South Clinton Avenue
3rd Floor, Suite 314
Trenton, NJ 08625-0350
Jerome.may@bpu.state.nj.us

Mark Beyer, Chief Economist
New Jersey Board of Public Utilities
Post Office Box 350
44 South Clinton Avenue
3rd Floor, Suite 314
Trenton, NJ 08625-0350
mark.beyer@bpu.state.nj.us

Stacy Peterson
New Jersey Board of Public Utilities
Post Office Box 350
44 South Clinton Avenue
3rd Floor, Suite 314
Trenton, NJ 08625-0350
stacy.peterson@bpu.state.nj.us

DAG

Babette Tenzer, Esq.
Deputy Attorney General
Division of Law
Board of Public Utilities Section
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07101
babette.tenzer@dof.lps.state.nj.us

BPU's BGS CONSULTANTS

Craig R. Roach
Boston Pacific Company, Inc.
1100 New York Avenue, NW
Suite 490 east
Washington, DC 2005
croach@bostonpacific.com

Frank Mossburg
Boston Pacific Company, Inc.
1100 New York Avenue, NW
Suite 490 east
Washington, DC 2005
fmossburg@bostonpacific.com

DIVISION OF RATE COUNSEL

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, New Jersey 08625
sbrand@rpa.state.nj.us

Ami Morita
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, New Jersey 08625
amorita@rpa.state.nj.us

Diane Schulze
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, New Jersey 08625
dschulze@rpa.state.nj.us

PSE&G

Alexander C. Stern, Esq.
Assistant General Regulatory Counsel
Law Department
80 Park Plaza, T-05
Newark, New Jersey 07102-4194
Alexander.Stern@pseg.com

Myron Filewicz
Public Service Electric & Gas Co.
80 Park Plaza, T-8
Newark, NJ 07101
Anthony.Robinson@pseg.com

ATLANTIC CITY ELECTRIC CO.

Joseph F. Janocha, Manager,
Regulatory Affairs
Atlantic City Electric Co. – 63ML38
5100 Harding Highway
Atlantic Regional Office
Mays Landing, NJ 08330
joseph.janocha@pepcoholdings.com

Gregory R. Marquis
Pepco Holdings, Inc.
701 Ninth Street NW
Washington, DC 20068-0001
grmarquis@pepco.com

Philip J. Passanante,
Assistant General Counsel
Atlantic City Electric Co. - 89KS42
800 King Street, 5th Floor
PO Box 231
Wilmington, DE 19899-0231
philip.passanante@pepcoholdings.com

JCP&L

Kevin Connelly
First Energy
300 Madison Avenue
Morristown, NJ 07960
kconnelly@firstenergycorp.com

Greg Eisenstark
Windels Marx & Mittendorf, LLP
120 Albany Street, 6th Floor
New Brunswick, NJ 08901
geisenstark@windelsmarx.com

Sally J Cheong
First Energy
300 Madison Avenue
P. O. Box 1911
Morristown, NJ 07962-1911
scheong@firstenergycorp.com

ROCKLAND

John L. Carley, Esq.
Consolidated Edison Co. of NY
Law Dept., Room 1815-S
4 Irving Place
New York, NY 10003
carlevj@coned.com

James C. Meyer, Esq.
Riker, Danzig, Scherer, Hyland
& Perretti
Headquarters Plaza
One Speedwell Avenue
Morristown, NJ 07962
jmeyer@riker.com

William A. Atzl, Jr.
Rockland Electric Company
4 Irving Place - 2nd Floor SE
New York, NY 10003
atzlw@coned.com

Margaret Comes, Esq.,
Consolidated Edison Co. of NY
Law Department, Room 1815-S
4 Irving Place
New York, NY 10003
comesm@coned.com

NERA

Gene Meehan
NERA Economic Consulting
1255 23rd St. NW
Washington, DC 20037
Gene.Meehan@NERA.com

Chantale LaCasse
NERA Economic Consulting
1255 23rd St. NW
Washington, DC 20037
Chantale.LaCasse@NERA.com

**In the Matter of the Provision of Basic Generation Service
For the Period Beginning June 1, 2016**

**Docket No. ER15040482
Service List**

Third Party Suppliers

Murray E. Bevin, Esq.
Bevan, Mosca, Giuditta & Zarillo, P.C.
776 Mountain Blvd.
Suite 202
Watchung, NJ 07069
mbevan@bmgzlaw.com

SueAnne I. Harrel
Pepco Energy Services
39 Crestview Drive
Asset Mgmt Group
Clinton, NJ 08809
sharrel@pepcoenergy.com

Dana Swieson
EPEX
717 Constitution Drive
Suite 110
Exton, PA 19341
Dana.swieson@epex.cc

Marc A. Hanks
Senior Manager, Government &
Regulatory Affairs
Direct Energy Services, LLC
Marc.Hanks@directenergy.com

Mark S. Kumm
Pepco Energy Services, Inc.
1300 N. 17th, Suite 1600
Arlington, VA 22209
mkumm@pepcoenergy.com

Stacey Rantala
National Energy Marketers Association
3333 K Street, N.W., Suite 110
Washington, D.C. 20007
srantala@energymarketers.com

David B. Applebaum
Director, Regulatory Affairs
NextEra Energy Resources, LLC
21 Pardee Place
Ewing, New Jersey 08628
david.applebaum@nexteraenergy.com

David Gil
Manager, Regulatory Affairs
NextEra Energy Resources, LLC
700 Universe Boulevard
Juno Beach, Florida 33408
david.gil@nexteraenergy.com

Kathleen Maher
Constellation NewEnergy
810 Seventh Avenue, Suite 400
New York, NY 10019-5818
kathleen.maher@constellation.com

Bob Blake
VP Elec. Operations & Regulatory
Affairs
MXenergy
10010 Junction Dr, Suite 104S
Annapolis Junction, MD 20701
rblake@mxenergy.com

Brian J Murphy
NextEra Energy Resources, LLC
700 Universe Boulevard
Juno Beach, FL 33408
Brian.J.Murphy@nce.com

NJLEUC

Paul F. Forshay, Partner
SUTHERLAND
1275 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2415
paul.forshay@sutherland.com

Steven S. Goldenberg, NJLEUC, Esq.
Fox Rothschild LLP
Princeton Corporate Center
997 Lenox Drive, BLDG. 3
Lawrenceville, NJ 08648-2311
SGoldenberg@foxrothschild.com

BGS SUPPLIERS

Steven Gabel - IEPNJ
Gabel Associates
417 Denison Street
Highland Park, NJ 08904
steven@gabelassociates.com

James Laskey, Esq. - IEPNJ
Norris McLaughlin & Marcus
721 Route 202-206
Bridgewater, NJ 08807
jlaskey@nmmlaw.com

Mark Baird, Director, Regulatory Affairs
RRI Energy, Inc.
7642 West 450 North
Sharpsville, IN 46068
mbaird@rienergy.com

Raymond Depillo
PSEG Energy Resources & Trade
80 Park Plaza, T-19
P.O. Box 570
Newark, NJ 07101
raymond.depillo@pseg.com

Shawn P. Leyden, Esq.
PSEG Energy Resources & Trade
80 Park Plaza, T-19
P. O. Box 570
Newark, NJ 07101
shawn.leyden@pseg.com

David K Richter, Esq.
PSEG
Regulatory Department
80 Park Plaza, T-5C
P. O. Box 570
Newark, NJ 07101
david.richter@pseg.com

Ken Gfroerer
RRI Energy
RR1 Box 246
Stahlstown, PA 15687
kgfroerer@rienergy.com

Craig S. Blume
Director, Power Marketing
UGI Energy Services / UGI
Development Company
One Meridian Boulevard, Suite 2C01
Wyomissing, PA 19610
cblume@ugies.com

Robert O'Connell,
VP & Compliance Manager
J.P. Morgan Ventures Energy Corp.
1033 Squires Drive
West Chester, PA, 19382
robert.oconnell@jpmorgan.com

Deborah Hart, Vice President
Morgan Stanley Capital Group
2000 Westchester Avenue
Trading Floor
Purchase, NY 10577
deborah.hart@morganstanley.com

Marcia Hissong, Director, Contract
Administration/Counsel
DTE Energy Trading, Inc.
414 South Main Street
Suite 200
Ann Arbor, MI 48104
hissongm@dteenergy.com

Don Hubschman
American Electric Power
155 W. Nationwide Blvd.
Columbus, OH 43215
dmhubschman@aepes.com

Christine McGarvey
AEP Energy Partners, Inc.
Energy Trader
155 W Nationwide Blvd
Suite 500
Columbus, OH 43215
clmgarvey@aepes.com

Glenn Riepl
AEP Energy Services
1 Riverside Plaza
14th Floor
Columbus, OH 43215-2373
gfripl@aep.com

**In the Matter of the Provision of Basic Generation Service
For the Period Beginning June 1, 2016**

**Docket No. ER15040482
Service List**

Jean-Paul St. Germain
Sempra Energy Trading
58 Commerce Road
Stamford, CT 06902
jean-paul.st.germain@rbssempra

Howard O. Thompson - BGS
Russo Tumulty Nester Thompson
Kelly, LLP
240 Cedar Knolls Road
Suite 306
Cedar Knolls, NJ 07927
hthompson@russotumulty.com

Sharon Weber
PPL Energy Plus
2 North 9th Street TW 20
Allentown, PA 18101
sjweber@pplweb.com

Stephen Wemple
Con Edison Energy
701 Westchester Avenue
Suite 201 West
White Plains, NY 10604
wemples@conedenergy.com

Glen Thomas
The P³ Group
GT Power Group LLC
1060 First Avenue
Suite 400
King of Prussia, PA 19406
Gthomas@gtpowergroup.com

Divesh Gupta
Senior Counsel
Constellation Energy
100 Constellation Way, Suite 500C
Baltimore, Maryland 21202
divesh.gupta@constellation.com

Tom Hoatson
LS Power Development, LLC
2 Tower Center
East Brunswick, NJ 08816
thoatson@lspower.com

John Citrolo
Conectiv Energy Supply, Inc.
PO Box 6066, MS 92DC69
Newark, DE 19714
john.citrolo@connectiv.com

Adam Kaufman
Executive Director
Independent Energy Producers of NJ
Five Vaughn Drive, Suite 101
Princeton, NJ 08540
akaufman@kzgrp.com

Stuart Ormsbee
TransCanada Power Marketing Ltd.
110 Turnpike Road, Suite 300
Westborough, MA 01581
Stuart_ormsbce@transcanada.com

Gregory K. Lawrence
Cadwalader, Wickersham & Taft LLP
One World Financial Center
New York, NY 10281
greg.lawrence@cw.com

Victoria M. Lauterbach
Cadwalader, Wickersham & Taft LLP
700 Sixth Street, N.W.
Washington, DC 20001
tory.lauterbach@cw.com

Anthony Pietranico
ConEdison Solutions Inc.
Electricity Supply Specialist
Tel: 732-741-5822 x204
pietranico@conedsolutions.com

Aundrea Williams
Director Regulatory Affairs
NextEra Power Marketing LLC
700 Universe Boulevard
Juno Beach, FL 33408
aundrea.williams@nexteraenergyservice.com

Ira G. Megdal
Cozen O'Connor
457 Haddonfield Road
Suite 300 P.O. Box 5459
Cherry Hill, NJ 08002
imegdal@cozen.com

Christi L. Nicolay
Division Director
Macquarie Energy LLC
500 Dallas St., Level 31
Houston, TX 77002
Christi.Nicolay@macquarie.com

OTHER PARTIES

Sara Bluhm
NJBIA
102 West State Street
Trenton, NJ 08608-1199
sbluhm@njbja.org

John Holub
NJ Retail Merchants Assoc.
332 West State Street
Trenton, NJ 08618
John@njirma.org

Judy Misoyianis, Administrator
New Jersey Retail Merchants Assoc.
332 West State Street
Trenton, NJ 08618
judy.nirma@verizon.net

Holly Minogue
Gabel Associates
Energy, Environmental, and Public
Utility Consulting
417 Denison Street
Highland Park, NJ 08904
holly.minogue@gabelassociates.com

Larry Spielvogel, PE
L. G. Spielvogel, Inc.
190 Presidential Blvd # 310
Bala Cynwyd, PA 19004-1151
spielvogel@comcast.net

Robert Macksoud, Jr, CEP
Director Energy Procurement
EnergySolve
One Executive Dr, Suite 401
Somerset, NJ 08873
rmacksoud@energysolve.com

Lyle Rawlings
Mid-Atlantic Solar Energy Industries
Association
Rutgers EcoComplex, Suite 208-B
1200 Florence-Columbus Road,
Bordentown, NJ 08505
lrawlings@mseia.net

Katie Bolcar
Mid-Atlantic Director
Solar Energy Industries Association
575 7th Street, NW, Suite 400,
Washington DC 20005
kbolcar@seia.org

Bruce H. Burcat, Esq.
Executive Director
Mid-Atlantic Renewable Energy Coalition
208 Stonegate Way
Camden, DE 19934
bburcat@marec.us