



## New Jersey Board of Public Utilities

### NEWS RELEASE

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### **New Jersey Board of Public Utilities Approves Electricity Auction Results**

- Auction decreases energy costs for many residents -

**TRENTON, N.J.** – The New Jersey Board of Public Utilities (Board) today approved the results of the State’s 17<sup>th</sup> annual electricity auction for Basic Generation Service (BGS), resulting in lower energy costs for electricity supplied to residents and small and/or medium-sized businesses by Public Service Electric & Gas (PSE&G), Jersey Central Power & Light (JCP&L), Rockland Electric (RECO), and Atlantic City Electric (ACE) (collectively the New Jersey Electric Distribution Companies or EDCs).

The BGS auction determines, in part, the cost of electricity for most New Jersey residents and many businesses for a twelve-month period starting June 1, 2018. Winning prices for each of the four EDCs increased between 1.1% and 7.6% compared to last year’s auction. However, because winning contracts are replacing older, more expensive contracts from three years ago, the average monthly BGS ratepayer bill will decrease anywhere from 1.90% to 4.65%. Specifically, ratepayers supplied by PSE&G will see an average estimated bill decrease of 1.90%, ratepayers supplied by JCP&L will see an average estimated bill decrease of 3.50%, ratepayers supplied by ACE will see an average estimated bill decrease of 4.65%, and ratepayers supplied by RECO will see average estimated bill decrease of 4.30%.

“The weighted average energy cost is based upon the results from the last three auctions. As a result, in 2018, the BGS ratepayer will experience a decrease in energy costs,” said Joseph L. Fiordaliso, President of the New Jersey Board of Public Utilities. “The Board will continue to monitor transmission proceedings at FERC, consistent with the goals of the Murphy Administration.”

The following table illustrates how the auction results will affect electricity supply costs for the average residential customer when the new rates take effect on June 1, 2018:

**Monthly Impact of BGS Auction on Average Residential Accounts**

<b>Utility Company</b>	<b>Usage (kWh)</b>	<b>Current Bill</b>	<b>Increase or Decrease</b>	<b>New Bill</b>	<b>Percent Change</b>
ACE	650	\$126.09	-\$5.86	\$120.23	-4.65%
JCP&L	650	\$91.96	-\$3.25	\$88.71	-3.53%
PSE&G	650	\$112.85	-\$2.16	\$110.69	-1.91%
RECO	650	\$119.22	-\$5.09	\$114.13	-4.27%

The Board's approval of the BGS results covers two separate descending clock auctions conducted by NERA Economic Consulting beginning February 2 and ending February 6: The auction for Commercial and Industrial Energy Price (CIEP) service for large commercial and industrial ran from February 2 through February 5; and the auction for Residential and Small Commercial Pricing (RSCP) service for residential and small to medium sized commercial customers ran from February 5 through February 6. Both auctions secured commitments for up to approximately \$6 billion worth of purchases covering approximately 8,400 megawatts (MWs) of customer requirements.

The energy secured in the RSCP auction will meet one-third of the state's residential and small business electric load requirements for the next three energy years, starting June 1, 2018. The remaining two-thirds of customer supply requirements for the 12-month time period beginning June 1, will be met by electric supply secured in the BGS Auctions of 2016 and 2017. The supply acquired through the CIEP auction is for one year. The state's four regulated electric distribution companies do not earn a profit on the cost of the electric supply secured in the auctions. These costs are passed through directly to ratepayers.

For CIEP ratepayers, when compared to last year, the prices for all four EDCs are higher. The CIEP price is primarily driven by the cost of electric generating capacity from PJM's Reliability Pricing Model (RPM) Auction and the cost of meeting the State Renewable Portfolio Standard (RPS). Capacity prices for all EDCs increased this year. The CIEP price constitutes only a small portion of monthly bills of CIEP customers for the period from June 1, 2018 to May 31, 2019; the price of other components has remained fairly stable.

The CIEP product is a full requirements product for which the Board bids out certain components and relies on spot prices for energy. As of June 2017, approximately 86% of the CIEP load is being provided through individual contracts with third-party suppliers. These contracts are negotiated in the competitive marketplace and are not affected by the CIEP auction results.

BGS-RSCP 36-Month Tranches (One “tranche” equals approximately 100 Mw):

<b>Electric Utility</b>	<b>Closing Price (cents/Kwh)</b>	<b>Total Tranches</b>
ACE	8.123	7
JCP&L	7.311	20
PSE&G	9.177	29
RECO	8.594	1

BGS-CIEP 1-year Tranches (One “tranche” equals approximately 75 Mw):

<b>Electric Utility</b>	<b>Closing Price \$/Mw-day</b>	<b>Total Tranches</b>
ACE	289.99	4
JCP&L	276.21	12
PSE&G	287.76	25
RECO	300.82	1

The winning bidders of the Residential and Small Commercial Pricing (RSCP) Auction are:

BP Energy Company  
Calpine Energy Services LP  
ConocoPhillips Company  
DTE Energy Trading, Inc.  
Direct Energy Business Marketing LLC  
Exelon Generation Company, LLC  
Hartree Partners, L.P.  
Macquarie Energy LLC  
NextEra Energy Marketing, LLC  
PSEG Energy Resources & Trade LLC

The BGS-CIEP Auction winners are:

ConocoPhillips Company  
DTE Energy Trading, Inc.  
Exelon Generation Company, LLC  
Hartree Partners, L.P.  
NextEra Energy Marketing, LLC

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**About the New Jersey Board of Public Utilities (NJBP)**

*The NJBP is a state agency and regulatory authority mandated to ensure safe, adequate and proper utility services at reasonable rates for New Jersey customers. Critical services regulated by the NJBP include natural gas, electricity, water, wastewater, telecommunications and cable television. The Board has general oversight responsibility for monitoring utility service, responding to consumer complaints, and investigating utility accidents. To find out more about the NJBP, visit our web site at [www.nj.gov/bpu](http://www.nj.gov/bpu).*