Agenda Date: 5/21/14 Agenda Item: 2A



STATE OF NEW JERSEY Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, New Jersey 08625-0350 www.nj.gov/bpu/

ENERGY

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IN THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE (BGS) FOR THE PERIOD BEGINNING JUNE 1, 2015 DECISION AND ORDER

DOCKET NO. ER14040370

Parties of Record

Alexander C. Stern, Esq., on behalf of Public Service Electric and Gas Company Gregory Eisenstark, Esq., Morgan, Lewis & Bockius LLP, on behalf of Jersey Central Power & Light Company Philip J. Passanante, Esq., on behalf of Atlantic City Electric Company Margaret Comes, Esq., on behalf of Rockland Electric Company Stefanie A. Brand, Esg., Director, Division of Rate Counsel

BY THE BOARD:

By prior Board Orders in Docket No. ER12060485 dated November 20, 2012, and Docket No. ER13050378 dated November 22, 2013, the Board approved, with modifications, the joint Basic Generation Service ("BGS") proposals of the State's Electric Distribution Companies ("EDCs") - Atlantic City Electric Company ("ACE"), Jersey Central Power & Light Company ("JCP&L"), Public Service Electric and Gas Company ("PSE&G") and Rockland Electric Company ("Rockland") - that used a descending clock auction format to procure two-thirds of the State's BGS requirements for Fixed Price ("FP") BGS customers for 36 months for periods extending to May 31, 2017. In those prior Orders, the Board did not address how the remaining BGS requirements for FP customers, as well as the State's annual BGS requirements for Commercial and Industrial Energy Pricing ("CIEP") customers, would be procured for the period beginning June 1, 2015.¹

¹ If the EDCs continue to propose a three year rolling product as in the past, the BGS FP requirements procured for the period beginning June 1, 2015 will supply one-third of the BGS FP load for the period June 1, 2015 through May 30, 2016, one-third of the BGS FP load for the period June 1, 2016 through May 30, 2017, and one-third of the BGS FP load for the period June 1, 2017 through May 30, 2018.

Further, in its Order dated November 22, 2013, the Board approved a request for proposal ("RFP") process by Rockland to conduct an auction where it would solicit competitive bids from qualified bidders for "fixed for floating" financially settled NYMEX futures transactions with respect to an energy tranche ("Energy Transaction") to satisfy the BGS energy needs for customers in that portion of the Company's service territory that lies outside of the area served through PJM, LLC, its Central and Western Divisions. Rockland also proposed to purchase the capacity needs of these BGS customers in the NYISO monthly capacity market ("Capacity Transaction"). The term of the Energy Transaction and Capacity Transaction were from June 1, 2014 to May 31, 2015. In this Order the Board did not address how Rockland should procure the supply requirements for the BGS customers in its non-PJM service area within New Jersey for the period beginning June 1, 2015 to May 31, 2016.

The process adopted by the Board to determine how to procure BGS for the past thirteen years has provided an opportunity for participation by all interested parties through both written comments and at public hearings which resulted in a wide range of BGS suggestions, a timely Board decision and, ultimately, a successful procurement process. Accordingly, the Board intends to initiate a proceeding to determine what type of process should be used to procure BGS FP and BGS CIEP requirements, and the supply needs of Rockland's non-PJM service area within New Jersey for the period beginning June 1, 2015, similar to the process that has been employed for the past thirteen years, including an invitation for all parties to propose how to procure BGS supply, the ability for all parties to issue discovery, provide written comments to the Board, and provide oral testimony at both legislative and public hearings where the Board encourages the use of expert testimony. The proposed procedural schedule anticipates a Board decision on the process in November 2014, and a BGS procurement process in February 2015 and a Rockland RFP in January 2015.

Therefore, the Board **DIRECTS** the EDCs - ACE, JCP&L, PSE&G, and Rockland - to file proposals no later than July 1, 2014, addressing how to procure the remaining one third of the State's BGS FP requirements and the annual BGS CIEP requirements for the period beginning June 1, 2015, including, directing Rockland to file a proposal as part of its July 1, 2014 BGS filing to procure the BGS requirements for its non-PJM service area within New Jersey for the period beginning June 1, 2015 to May 31, 2016. In addition, the Board also invites all other interested stakeholders to file alternative BGS proposals with the Board by July 1, 2014.

Furthermore, the Board <u>ADOPTS</u> the preliminary procedural schedule contained in Attachment A to this Order.

All discovery and comments must be filed with the Board's Secretary and also be electronically served via email to parties on the attached e-service list. Parties wishing to be added to the e-service list may do so by emailing Frank Perrotti at <u>Frank.Perrotti@bpu.state.nj.us</u>.

Parties should adhere to the attached schedule unless otherwise directed. Parties will be advised of the time and place of the legislative-style hearing identified in Attachment A electronically via email, and through a posting on the Board's webpage. The Board and/or Staff will also notify parties through the electronic service list and, when possible, through the Board's webpage, of the time and location of any meetings or hearings as well as of any schedule changes.

DATED: 5/21/14

BOARD OF PUBLIC UTILITIES BY:

DIANNE SOLOMON PRESIDENT

ANNE M. FO DOMMISSIONER

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JØSEPH L. FIORDALISO ØOMMISSIONER

COMMISSIONER

ATTEST:

KRISTI

SECRETARY

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

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ATTACHMENT A

Preliminary 2015 BGS Schedule

DATE	Activity or Decision Point
7/01/2014	Filing of Proposals and/or Modifications for BGS for the period beginning June 1, 2014
7/22/2014	Discovery request deadline
8/05/2014	Discovery response deadline
9/3/2014	Deadline for Initial Comments on all proposals
TBA	Legislative-type Hearing*
TBA	Public Hearings*
10/1/2014	Deadline for Final Comments**
Nov. 2014	Expected Board decision on BGS proposals
Nov/Dec	EDC Compliance Filing
Dec. 2014	Expected Board decision on Compliance Filing
Jan. 2015	Rockland RFP for BGS Supply requirements
Feb. 2015	Procurement Process for BGS Supply requirements

* This is a placeholder for the Legislative-type Hearing and the Public Hearings (for the public hearings the time and place will be scheduled by the EDCs in conjunction with the BPU), as required.

** Final Comments should only be used to respond to issues raised either in the Initial Comments, or at the Legislative-type Hearing. They should not be used to raise new issues in this proceeding.

In the Matter of the Provision of Basic Generation Service For the Period Beginning June 1, 2015 Docket No. ER14040370 Service List

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