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CASE MANAGEMENT

SEP 06 2018

September 5, 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

Via Hand Delivery

Ms. Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> floor, Suite 314  
Trenton, New Jersey 08625-0350

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SEP 05 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

Re: I/M/O the Provision of Basic Generation Service (BGS) For the Period Beginning  
June 1, 2019  
BPU Docket No. ER18040356

Dear Secretary Camacho-Welch:

This letter is being submitted on behalf of the Division of Rate Counsel ("Rate Counsel") to the Board of Public Utilities (the "Board" or "BPU") pursuant to the 2019 BGS procedural schedule established by Board Order dated April 25, 2018 in *I/M/O the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2019* ("2019 BGS Procedural Order"). A copy of this letter will also be sent to the email list server used by the Board for these BGS filings.

We have also enclosed one additional copy of this letter. Please stamp and date the copy as filed and return to our courier. Thank you for your consideration and attention to this matter.

Case Mgmt  
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On June 29, 2018, Atlantic City Electric Company, Jersey Central Power & Light Company, Public Service Electric and Gas Company and Rockland Electric Company (collectively, “the EDCs”) submitted a joint proposal to continue the previously approved statewide auction process for the procurement of a portion of the supply of basic generation service for the period commencing June 1, 2019. In this current filing, the EDCs have maintained all material aspects of the prior year’s proposal with respect to product, auction format, rate design and competitive safeguards. Minor changes to the decrement formula used in the descending clock auction have been proposed. In addition, the EDCs proposed minor changes to the auction timeline as well as the elimination from the rate design spreadsheet of incremental RPM costs due to the expiration of the final BGS Supplier Master Agreement that included supplier compensation for those costs.

At this time, Rate Counsel has no comments on the EDC’s proposal to continue the procurement of BGS service through the statewide auction process. In general, since 2002, the BGS Auction has, each year, successfully procured several billion dollars of electric supply for New Jersey’s basic generation service customers. The process has been fine-tuned over the years but the overall structure, including a descending clock auction in which potential BGS suppliers bid to provide a full requirements product to serve a percentage of an EDC’s BGS load, has worked well for New Jersey. The Board has made it a priority to establish a competitive process that ensures sufficient bidder participation in the BGS Auction to result in the lowest possible rate for New Jersey BGS customers. Accordingly, Rate Counsel has no additional comments on the EDC’s 2018 proposal for the procurement of BGS service.

In addition, the Board in a previous Order, directed Board Staff to initiate an audit of the BGS administrative costs recovered by the EDCs. As announced at the Board's August 29, 2018 agenda meeting, the Board audit of BGS administrative costs will be released for public comment. Rate Counsel looks forward to reviewing the audit report and providing the Board with our comments on the audit report.

Rate Counsel thanks the Board for this opportunity to comment on the BGS Auction process and reserves our right to respond to issues raised in Initial Comments submitted by other entities and/or at the legislative type hearing on September 28, 2018.

Respectfully submitted,  
STEFANIE A. BRAND  
DIRECTOR, DIVISION OF RATE COUNSEL

By:   
Diane Schulze, Esq.  
Assistant Deputy Rate Counsel

DS/lg

c: Service List (via e-mail distribution list only)