

## B. ACTIVITIES AFTER THE BOARD DECISION

*The disclaimer provided as Section A of this January Bidder Information Packet applies to all sections, including this section. Bidders bear full responsibility for reviewing all governing documents and for complying with any additional instructions from the Auction Manager during the Auction Process.*

This section details activities and information releases occurring after the decision by the New Jersey Board of Public Utilities (“BPU” or “Board”) on the proposal filed by the Electric Distribution Companies (“EDCs”)<sup>1</sup>.

### B.1. Regulatory Proceeding

**Companion Documents:** Sub-section C.2 of the [BGS Auction Process](#) Section of the October Bidder Information Packet is a **companion document** that provides a timeline and brief overview of the BGS regulatory process. [Section A](#) of the November Bidder Information Packet updates this content by describing the activities under the regulatory proceeding that took place as of the date of the webcast, November 27, 2017, and as such is also a companion document to this sub-section. This sub-section of the January Bidder Information Packet updates the content of these companion documents by describing the activities under the regulatory proceeding that took place after November 27, 2017 and prior to the January 23, 2018 webcast. The October and November Bidder Information Packets are available on the [info sessions](#) page<sup>2</sup> of the BGS Auction website.

At its agenda meeting on November 21, 2017, the Board rendered its decision on the EDCs’ proposal. The Board approved the main elements of the EDCs’ proposal, which have been stable over the past several years. Please consult the [Board Order](#)<sup>3</sup> for full details regarding the Board’s actions. The [Board Order](#) required that the EDCs submit a compliance filing by December 4, 2017 so that all governing documents would be consistent with the Board’s Order.

On November 29, 2017, the Auction Manager made available for bidders the final Auction Rules and Supplier Master Agreements (“SMAs”) to be included with the EDCs’

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<sup>1</sup> 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”).

<sup>2</sup> <http://bgs-auction.com/bgs.bidinfo.ip.asp>

<sup>3</sup> [http://bgs-auction.com/documents/BPU\\_Order\\_Approving\\_2018\\_Auction\\_Process\\_\(November\\_21\\_2017\).pdf](http://bgs-auction.com/documents/BPU_Order_Approving_2018_Auction_Process_(November_21_2017).pdf)

compliance filing. The Auction Rules were posted to the [bgs proceeding](#) page<sup>4</sup> and the [auction rules](#) page<sup>5</sup> of the BGS Auction website. The SMAs were posted to the [bgs proceeding](#) page and the [contract and credit](#) page<sup>6</sup> of the BGS Auction website. Each EDC's Company Specific Addendum and rate spreadsheets included in the compliance filing were posted to the [bgs proceeding](#) page of the BGS Auction website.

On December 11, 2017, the Board approved the compliance filing. This approval is provided in the Secretary of the Board's [letter](#)<sup>7</sup> and confirms that the compliance filing documents were consistent with the Board's decision and were the final documents for the 2018 BGS Auctions. These documents, including the Auction Rules, SMAs, and Company Specific Addendum for each EDC, were posted to the [bgs proceeding](#) page. The Auction Rules and SMAs were also made available by the Auction Manager in hardcopy format upon request to [bgs-auction@nera.com](mailto:bgs-auction@nera.com).

A calendar of these events is provided below.

Activity	Date
<b>November 2017</b>	
Board Decision	Tuesday, November 21, 2017
Information Webcast for Potential Bidders	Monday, November 27, 2017
Auction Rules and Supplier Master Agreements from compliance filing are posted	Wednesday, November 29, 2017
<b>December 2017</b>	
EDC Compliance Filing	Monday, December 4, 2017
Approval of Compliance Filing	Monday, December 11, 2017

<sup>4</sup> <http://bgs-auction.com/bgs.auction.regproc.asp>

<sup>5</sup> <http://bgs-auction.com/bgs.bidinfo.ar.asp>

<sup>6</sup> <http://bgs-auction.com/bgs.bidinfo.cc.asp>

<sup>7</sup> [http://bgs-auction.com/documents/2018\\_BGS-Secretary's\\_Letter\\_Regarding\\_EDC\\_Compliance\\_Filing\\_11\\_DEC\\_2017.pdf](http://bgs-auction.com/documents/2018_BGS-Secretary's_Letter_Regarding_EDC_Compliance_Filing_11_DEC_2017.pdf)

## B.2. Application Process

**Companion Document:** Sub-section C.4 of the [BGS Auction Process](#) Section of the October Bidder Information Packet is a **companion document** that provides a timeline and brief overview of the application process. [Section C](#) of the November Bidder Information Packet updates this content by describing the activities under the application process and is also a companion document. This sub-section of the January Bidder Information Packet updates the content of these companion documents by describing the activities under the application process that took place after November 27, 2017 and prior to the January 23, 2018 webcast. The October and November Bidder Information Packets are available on the [info sessions](#) page of the BGS Auction website.

The Application Process began on November 28, 2017 with the opening of the online application portal for the Part 1 Application and concluded on January 18, 2018 when bidders were registered to participate in the Auctions. This section summarizes the main events of the Application Process.

### *Part 1 Application*

The online Part 1 Form was accessed by Applicants at <http://www.bgs-application.com>. The Auction Manager distributed login credentials to interested parties that requested access. In the online Part 1 Form, Applicants provided basic information such as the Applicant's legal name, name and contact information for the Applicant, as well as financial information for the entity on whose financial standing the Applicant would rely under the terms of the SMAs. Applicants also made a number of certifications by completing various inserts accompanying the Part 1 Form. The Part 1 Application was completed by filling in the online Part 1 Form. The Part 1 Application was due by 12 PM (noon) on December 12, 2017.

An Applicant that successfully completed the requirements of the Part 1 Application became a "Qualified Bidder" and received a "Notification of Qualification" from the Auction Manager on December 15, 2017. As part of the Notification of Qualification, which was sent separately for participation in the BGS-CIEP and BGS-RSCP Auctions, an Applicant received a creditworthiness assessment for the entity on whose financial standing the Applicant relied (the Applicant or the Applicant's guarantor). This assessment was made using the criteria of the SMAs and this assessment determined the pre-auction security that a Qualified Bidder had to provide with the Part 2 Application.

Qualified Bidders that submitted a Part 2 Application for the BGS-CIEP Auction were required to submit a Pre-Auction Letter of Credit in an amount of \$375,000 per tranche of the Qualified Bidder's indicative offer at the maximum starting price. Qualified Bidders

that submitted a Part 2 Application for the BGS-RSCP Auction were required to submit a Pre-Auction Letter of Credit in an amount of \$500,000 per tranche of the Qualified Bidder's indicative offer at the maximum starting price. Some Qualified Bidders in the BGS-RSCP Auction had to provide additional pre-auction security in the form of a Letter of Reference and/or a Letter of Intent to Provide a Guaranty in an amount of \$1,900,000 per tranche of the Qualified Bidder's indicative offer at the maximum starting price.

### *Part 2 Application*

The online Part 2 Form was accessed by Qualified Bidders at <http://www.bgs-application.com> using the same login credentials as those used for the online Part 1 Form. The requirements of the Part 2 Application included:

- updating contact information as necessary;
- providing indicative offers;
- providing pre-auction security to support the indicative offer; and
- making a number of certifications required for compliance with the Association and Confidential Information Rules.

Representatives from the EDCs and the Auction Manager reviewed the pre-auction security documents and the Auction Manager notified bidders whether such documents were acceptable to the EDCs. The Part 2 Application was due by 12 PM (noon) on January 10, 2018.

A Qualified Bidder that successfully completed the requirements of the Part 2 Application became a "Registered Bidder" and received a "Notification of Registration" from the Auction Manager on January 18, 2018. As part of the Notification of Registration, which was sent separately for participation in the BGS-CIEP and BGS-RSCP Auctions, a Qualified Bidder received a letter from the Auction Manager that the Qualified Bidder was required to complete. The purpose of the letter is to provide confirmation that the Qualified Bidder would continue to abide by the certifications made in the Part 1 and Part 2 Applications. Furthermore, the letter puts Registered Bidders on notice that all calls to and from the Auction Manager's office during the Auctions are recorded. Upon receipt of this letter for a Registered Bidder, the Auction Manager sends to the Registered Bidder the login credentials and other confidential information required to participate in the Trial Auctions, held on January 25, 2018.

A calendar of these events is provided below.

Activity	Deadline
<b>November 2017</b>	
Online Part 1 Form made available to Bidders	Tuesday, November 28, 2017
<b>December 2017</b>	
Deadline to submit Part 1 Application due by NOON	Tuesday, December 12, 2017
Part 1 Applications are reviewed	December 12-15, 2017
Applicants are notified of Part 1 Application results	Friday, December 15, 2017
Online Part 2 Form made available to Bidders	Monday, December 18, 2017
<b>January 2018</b>	
Deadline to submit Part 2 Application due by NOON	Wednesday, January 10, 2018
Part 2 Applications are reviewed	January 10-18, 2018
Applicants are notified of Part 2 Application results	Thursday, January 18, 2018

### B.3. Bidder Training and Information Releases

**Companion Documents:** Sub-section C.5 of the [BGS Auction Process](#) Section of the October Bidder Information Packet is a **companion document** that provides a timeline and brief overview of bidder training and information releases. [Section D](#) of the November Bidder Information Packet updates this content by providing additional details on these activities and as such is also a companion document to this sub-section. This sub-section of the January Bidder Information Packet updates the content of these companion documents by summarizing the activities that took place after the November 27, 2017 webcast and by the January 23, 2018 webcast as well as by providing a timeline for the remainder of activities up to the Auctions. The October and November Bidder Information Packets are available on the [info sessions](#) page of the BGS Auction website.

The following information releases occurred between the November 27, 2017 webcast and the January 23, 2018 webcast:

- Announcement of transmission rates;
- Posting of final rate spreadsheets and announcement of final seasonal factors;
- Announcement of tranche fees;

- Mark-to-Market information; and
- Posting of final decrement formulas.

While the Auction Manager initially planned to announce the rates for Firm Transmission Service for each EDC for purposes of the 2018 Supplier Master Agreements (“SMAs”) on January 5, 2018, this announcement was delayed to January 16, 2018. BGS Suppliers are responsible for providing full-requirements service, including transmission. In the BGS-CIEP SMA, these rates correspond to the Transmission Charge for each EDC. In the BGS-RSCP SMA, these rates correspond to the baseline Firm Transmission Rate against which changes will be calculated. The announcement was sent to all registrants and was posted to the BGS Auction website.

The EDCs updated the inputs to their rate spreadsheets in January 2018 including an update to the transmission obligations. The updated rate spreadsheets were posted to the [additional data](#) page<sup>8</sup> of the BGS Auction website on January 17, 2018. The Auction Manager announced the final seasonal factors resulting from the update to the EDCs’ rate spreadsheets on January 17, 2018. The Auction Manager also posted a BGS-RSCP pricing spreadsheet tool to the [additional data](#) page of the BGS Auction website for the convenience of bidders. While this tool is intended to provide bidders with an easy-to-use device that translates final BGS-RSCP Auction prices for each EDC into BGS-RSCP retail rates, bidders are reminded that no representation or warranty is made as to the accuracy of the spreadsheet, the formulas, or the data. Bidders are fully responsible for reviewing the information in the final rate spreadsheet and in each EDC’s compliance filing.

The Auction Manager released on January 23, 2018 information regarding the method used to calculate the Mark-to-Market (“MtM”) exposure amount under the terms of the BGS-RSCP SMA. The MtM exposure is calculated daily for each BGS-RSCP supplier as market prices for energy fluctuate; this amount also takes into consideration amounts due to the BGS-RSCP Supplier. This information release was posted to the [contract and credit](#) page of the BGS Auction website.

On the same date, the last webcast for Registered Bidders was held. The main objective of the webcast is to familiarize bidders with the bidding procedures, especially the operation of the Auction Software. The webcast presentation and corresponding audio file were posted to the [backup bidding](#) page<sup>9</sup> of the BGS Auction website. The [backup](#)

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<sup>8</sup> <http://bgs-auction.com/bgs.dataroom.occ.asp>

<sup>9</sup> <http://bgs-auction.com/bubid/bgs.bidinfo.bubid.asp>

[bidding](#) page is secure and can only be accessed by Registered Bidders with a valid username and password provided by the Auction Manager.

The Auction Manager also announces the tranche fees during the webcast. BGS suppliers are assessed a fee for each tranche that they win in the Auctions to cover the administrative costs of the Auctions. The tranche fees are netted against the first payment made to the BGS supplier during the supply period (July statement). The tranche fees are announced separately for the BGS-CIEP and the BGS-RSCP Auctions.

On January 23, 2018 as well, the Auction Manager posted the final decrement formulas to the [auction rules](#) page of the BGS Auction website. The decrement formulas calculate the percentage decrease in price for an EDC in an Auction on the basis of the excess supply on an EDC compared to a measure of the maximum possible excess supply on that EDC. The decrement formulas are different for each EDC and are also different depending on the “regime” in which the Auction is. The Auction starts in regime 1 where the decrements are between 0.5% and 5%. After total excess supply has decreased by a specific threshold, the Auction moves to regime 2 where the decrements are between 0.375% and 3.75%. Finally, as total excess supply decreases to a second, lower threshold, the Auction moves to regime 3 where the decrements are between 0.25% and 2.5%. Once the last range of excess supply has been reached, the Auction is always in regime 3. The Auction Manager also has the ability to make changes to the ranges of total excess supply at the time at which the final decrement formulas are posted.

After the webcast is held, the following information release and training activities take place:

- Trial Auctions are held; and
- Registered Bidders are informed of the starting prices.

In their Notification of Registration, Registered Bidders are invited to take part in Trial Auctions scheduled for Thursday, January 25, 2018. The purpose of the Trial Auctions is to practice the use of the Auction Software from the Registered Bidders’ bidding locations and to practice use of the backup bidding procedure. This helps Registered Bidders be prepared for online bidding in the Auctions and provides Registered Bidders the opportunity to practice backup bidding.

A Confidential Information Packet, including login credentials, is provided to a Registered Bidder once the Registered Bidder returns the letter to the Auction Manager that confirms that it will abide by the previously made certifications sent when they are registered to bid in the Auctions. The content of the Confidential Information Packet is provided in the table below.

**Table B-1. Confidential Information Packet for Bidding in the Trial Auctions**

Document	Contents
Login Credentials	<ul style="list-style-type: none"> <li>▪ Login ID and initial password</li> <li>▪ URL to access Auction Software</li> <li>▪ Code keys for backup bidding</li> </ul>
Troubleshooting Checklist	<ul style="list-style-type: none"> <li>▪ Solutions for common technical problems</li> <li>▪ Phone number for technical assistance</li> </ul>
Trial Auction Instructions	<ul style="list-style-type: none"> <li>▪ Schedule for Trial Auctions</li> <li>▪ General instructions to practice online bidding</li> <li>▪ General instructions to practice the backup bidding procedure</li> <li>▪ Bidder-specific instructions (rounds in which to practice the backup bidding procedure and in which to request an extension)</li> </ul>
Backup Bidding Page Access	<ul style="list-style-type: none"> <li>▪ Username and password for access to the backup bidding page of the BGS Auction website</li> <li>▪ Instructions for access to the page</li> <li>▪ Contents of the page</li> </ul>

The pages with the login credentials to submit bids in the Trial Auctions are color-coded to find the information needed more easily. The information related to the BGS-RSCP Auction has a **pink border** while the information related to the BGS-CIEP Auction has an **orange border**.

A similar packet is provided to Registered Bidders for participation in the actual Auctions. For receipt on Tuesday, January 30, 2018, the Auction Manager will send via secure file transfer documents for bidding in the Auction or Auctions in which a bidder is registered. The Confidential Information Packet for the actual Auctions is different from the Confidential Information Packet for the Trial Auctions, including a different login credentials page. The Confidential Information Packet for bidding in the actual Auctions is described in the table below.



**Table B-2. Confidential Information Packet for Bidding in the Actual Auctions**

Document	Contents
Login Credentials	<ul style="list-style-type: none"> <li>▪ Login ID and initial password</li> <li>▪ URL to access Auction Software</li> <li>▪ Code keys for backup bidding</li> </ul>
Troubleshooting Checklist	<ul style="list-style-type: none"> <li>▪ Solutions for common technical problems</li> <li>▪ Phone number for technical assistance</li> </ul>
Nominee Insert	<ul style="list-style-type: none"> <li>▪ The Authorized Representative can use the Insert to add Nominees or update their list of Nominees</li> </ul>

The pages with the login credentials needed to submit bids in the actual Auctions are color-coded to find the information needed more easily. The information related to the BGS-RSCP Auction has a **blue border** while the information related to the BGS-CIEP Auction has a **green border**.

The Auction Manager will notify Registered Bidders of the starting prices for an Auction no later than three (3) business days prior to the start of that Auction. The Auction Manager expects to inform Registered Bidders in the BGS-CIEP Auction of the EDC-specific prices for round 1 on Tuesday, January 30, 2018. The Auction Manager expects to inform Registered Bidders in the BGS-RSCP Auction of the EDC-specific prices for round 1 no later than Wednesday, January 31, 2018. These notifications are made by phone to the Authorized Representative named in the Part 1 Application.

A calendar of these events is provided below.

Activity	Deadline
Transmission Rates announced	Tuesday, January 16, 2018
Final seasonal factors announced	Wednesday, January 17, 2018
Final rate spreadsheets posted	Wednesday, January 17, 2018
BGS-RSCP rate spreadsheet tool posted	Wednesday, January 17, 2018
Confidential information needed to participate in Trial Auctions sent to Registered Bidders	January 18-24, 2018
Mark-to-Market Information Release posted	Tuesday, January 23, 2018
Auction Manager informed Registered Bidders of changes to decrement formulas	Tuesday, January 23, 2018
Tranche Fees announced to Registered Bidders	Tuesday, January 23, 2018

Activity	Deadline
Information Webcast for Registered Bidders	Tuesday, January 23, 2018
Trial Auctions for Registered Bidders	Thursday, January 25, 2018
Auction Manager informs Bidders registered in the BGS-CIEP Auction of starting prices	Tuesday, January 30, 2018
Auction Manager informs Bidders registered in the BGS-RSCP Auction of starting prices	Wednesday, January 31, 2018

#### B.4. Communication with the Auction Manager

This sub-section is to remind bidders how to contact the Auction Manager generally and more particularly during the Auctions.

##### Phone and Email

(973) 297-0880 (phone)  
[bgs-auction@nera.com](mailto:bgs-auction@nera.com)

##### Mail

BGS Auction Manager Team  
 One Gateway Center, Suite 720  
 Newark, NJ 07102

##### Website

Bidders may ask questions through the [ask a question](#) page<sup>10</sup> of the BGS Auction website, including questions regarding rules, contract issues, and data. Detailed steps for submitting questions through the BGS Auction website are provided below.

<sup>10</sup> <http://bgs-auction.com/bgs.contactus.asp>

The screenshot shows the homepage of bgs-auction.com. At the top left is the logo 'bgs-auction.com' with the tagline 'NEW JERSEY STATEWIDE BASIC GENERATION SERVICE ELECTRICITY SUPPLY AUCTION'. To the right is a search bar with a 'Go' button. Below the logo is a navigation menu with items: home, auction, bidder info, calendar, data room, faqs, news, contact us, and application. The 'contact us' item is expanded, showing a sub-menu with 'register' and 'ask a question'. The 'ask a question' button is circled in red. Below the navigation is a 'How to reach us' section with contact information for the BGS Auction Manager Team. Below that is an 'Ask a Question' form with fields for Subject (a pull-down menu), Name, Company, Email address, and a text area for Questions / Comments. On the right side, there is a 'What's New' section with several announcements and reminders.

Use the pull-down menu to ask a question on a particular topic. Questioners will be asked to enter their name, company information and email address.

**Ask a Question**

To submit a question or comment, use the form below.

Subject: \* I have a question/comment about...  
 Name: \* I have a question/comment about...  
 Company: \* Applications  
 Contract  
 Credit  
 Data  
 Payments/Rates  
 Rules  
 SMA Section 15.9  
 Other/General  
 I am having trouble with the web site  
 I want to contact the auction manager  
 Other

Email address: \*

Questions / Comments:

**CALLE Florencia**

Type the text

Privacy & Terms

submit reset

Next, questioners will be asked to enter the text that appears in the reCAPTCHA™ box as shown above, before they click on the “submit” button to send in their question. For instance, in the image above, the questioner will be required to enter “CALLE Florencia” in the reCAPTCHA™ box before submitting their question. The questioner can start again by clicking the “reset” button.

**Ask a Question**

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Thank you! Your message has been received. We will respond to you shortly.

Click [HERE](#) to return to the home page or click [HERE](#) to ask another question.

Once “submit” has been clicked, the questioner will see the confirmation page as shown above. Please click on the second “HERE” button on this page to submit an additional question.

The Auction Manager does not post FAQs to the BGS Auction website from the date at which bidders are registered to participate in the Auctions (January 18, 2018) through the close of the Auctions. Instead, the Auction Manager sends a document with new FAQs directly to Registered Bidders as often as necessary.

During the Auctions, bidders should contact the helpline at 973-297-0880 for technical assistance. Bidders may continue to ask general question through the website and via email to [bgs-auction@nera.com](mailto:bgs-auction@nera.com); these will be answered as time permits. Bidders also have the opportunity to send a question directly to the Auction Manager via System Mail<sup>11</sup> in the Auction Software. However, bidders are advised that such questions should be limited to urgent questions regarding submitting bids in the Auctions.

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<sup>11</sup> System Mail is the messaging function in the Auction Software. Please see the Auction Software Manual for a detailed description of System Mail.