



Agenda Date: 05/19/15
Agenda Item: 2B

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

IN THE MATTER OF THE PROVISION OF BASIC)
GENERATION SERVICE (BGS) FOR THE PERIOD)
BEGINNING JUNE 1, 2016) DOCKET NO. ER15040482

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, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD¹:

By prior Board Orders in Docket No. ER13050378 dated November 22, 2013, and Docket No. ER14040370 dated November 24, 2014, 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 residential and small commercial pricing (“RSCP”)² customers for 36 months for periods extending to May 31, 2018. In those prior Orders, the Board did not address how the remaining BGS requirements for RSCP 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, 2016.³

¹ Commissioner Upendra J. Chivukula recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

² This group was previously referred to as the BGS-FP.

³ If the EDCs continue to propose a three year rolling product as in the past, the BGS RSCP requirements procured for the period beginning June 1, 2016 will supply one-third of the BGS RSCP load for the period June 1, 2016 through May 30, 2017, one-third of the BGS FP load for the period June 1, 2017 through May 30, 2018, and one-third of the BGS RSCP load for the period June 1, 2018 through May 30, 2019.

Further, in an Order dated April 13, 2015, in Docket No. ER140403370 the Board approved a process for Rockland to address the capacity needs of its Central and Western Divisions, where it would purchase capacity from the New York Independent System Operator (NYISO) monthly capacity market ("Capacity Transaction"). The term of the Capacity Transaction was from June 1, 2015 to May 31, 2016. In this Order the Board did not address how Rockland should procure the capacity requirements for the BGS customers in its non-PJM service area within New Jersey for the period beginning June 1, 2016 to May 31, 2017.

The process adopted by the Board to determine how to procure BGS for the past fourteen 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 RSCP and BGS CIEP requirements, and the capacity needs of Rockland's non-PJM service area within New Jersey for the period beginning June 1, 2016, similar to the process that has been employed for the past fourteen 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 2015, a BGS procurement process in February 2016, and a Rockland process for its non-PJM service area's capacity needs.

Therefore, the Board **DIRECTS** the EDCs - ACE, JCP&L, PSE&G and Rockland - to file proposals no later than July 1, 2015, addressing how to procure the remaining one third of the State's BGS RSCP requirements and the annual BGS CIEP requirements for the period beginning June 1, 2016, including directing Rockland to file a proposal as part of its July 1, 2015 BGS filing to procure the BGS capacity requirements for its non-PJM service area within New Jersey for the period beginning June 1, 2016⁴. In addition, the Board also invites all other interested stakeholders to file alternative BGS proposals with the Board by July 1, 2015.

Furthermore, the Board **ADOPTS** 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 Frank.Perrotti@bpu.state.nj.us.

⁴ In the April 13, 2015 Order, the Board also approved a procurement proposal for Rockland to purchase the energy needs of BGS RSCP customers in that portion of its service territory that lies outside of the area served through PJM. In this Order the Board directed that in the event that this Rockland procurement process fails, Rockland would implement a default procurement process to purchase the physical electric supply needed to meet the full service obligations of these BGS RSCP customers from markets administered by the NYISO on the NYISO Day-Ahead and Real Time Markets. The Board limited the time period of the default procurement process to the period from June 1, 2015 to May 31, 2016. In the event the default procurement process is implemented, Rockland must file a proposal as part of its July 1, 2015 BGS filing to procure the BGS RSCP energy requirements for customers in its non-PJM service area within New Jersey for the period beginning June 1, 2016.

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 web page. 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.

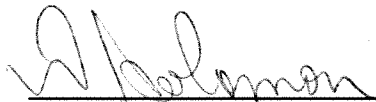
DATED: *May 19, 2015*

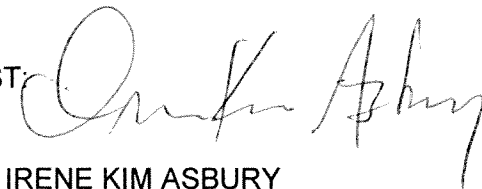
BOARD OF PUBLIC UTILITIES
BY:


RICHARD S. MROZ
PRESIDENT

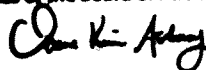

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ATTEST: 
IRENE KIM ASBURY
SECRETARY

**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

Preliminary 2016 BGS Schedule

DATE	Activity or Decision Point
7/01/2015	Filing of Proposals and/or Modifications for BGS for the period beginning June 1, 2016
7/24/2015	Discovery request deadline
8/7/2015	Discovery response deadline
9/4/2015	Deadline for Initial Comments on all proposals
TBA	Legislative-type Hearing*
TBA	Public Hearings*
10/2/2015	Deadline for Final Comments**
Nov. 2015	Expected Board decision on BGS proposals
Nov/Dec	EDC Compliance Filings
Dec. 2015	Expected Board decision on Compliance Filings
Feb. 2016	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, 2016**

**Docket No. ER15040482
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