HIGHLY CONFIDENTIAL

ANNUAL FINAL REPORT
ON THE
2025 BGS RSCP AND CIEP AUCTIONS

Presented to:

THE NEW JERSEY BOARD OF PUBLIC UTILITIES

Prepared By

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I. INTRODUCTION AND SUMMARY

Bates White, LLC (Bates White) served as the Advisor to the New Jersey Board of Public Utilities (Board or BPU) for the Basic Generation Service (BGS) Auctions held on February 7 and February 10, 2025.[1] We are pleased to provide this Annual Final Report as required under our contract. The Board defined the content of the Annual Final Report as follows:

> The Contractor shall ensure that its draft annual report includes elements including, but not limited to, the following:
>
> a. A summary of the auction process and all recommendations in accordance with the contract schedule as approved by the SCM;
> b. Narrative detailing the administration of the auction for compliance with auction rules and agreed upon procedures;
> c. Certification of the auction process and results to ascertain whether the auction was competitive and transparent and is consistent with market conditions; and
> d. All recommendations on how to improve future BGS procurements.[2]

As the Board Advisor, we recommended that the Board certify the results of both the Residential Small Commercial Pricing (RSCP) and Commercial and Industrial Energy Pricing (CIEP) Auctions. Each Auction (a) was open, fair, and transparent, (b) was sufficiently competitive, and (c) saw winning prices in line with market conditions. The Board certified the results of both Auctions on February 12, 2025. The most explicit evidence for the Board's certification decisions were the Post-Auction Checklists that we provided to the Board on February 11, 2025. These checklists, which are included in this report, contain a factual record of Auction results and answers to the questions about the conduct and results of each Auction.

Because of the important role that the checklists play, Bates White also provided supplemental checklists which explained in detail our reasons for the yes/no answers to the 26 questions in the official RSCP and CIEP checklists. These Supplemental Checklists are included in this report as well. We believe that the Post-Auction and Supplemental Checklists demonstrate the extensive scope of the analyses that underlie our work and support the Board's certification decisions.

[1] Bates White personnel have served as Advisor since 2007. We have extensive hands-on experience monitoring many of the major full requirements solicitations throughout the country, including solicitations for the District of Columbia, Illinois, Maryland, New Jersey, Ohio, Delaware, and part of Pennsylvania.

[2] The State of New Jersey Board of Public Utilities, "Request for Quotation Consulting and Monitoring Services related to the Basic Generation Services (BGS) Auction." April 12, 2023, p. 10.

A. THE BGS RESIDENTIAL SMALL COMMERCIAL PRICING (RSCP) AUCTION

The BGS RSCP product is a 3-year, fixed price, load-following product that supplies New Jersey's residential and small commercial customers who decide not to choose a competitive third-party electric supplier. RSCP suppliers provide what is called a "full-requirements" product, which means that the product includes nearly all of the components (energy, capacity, ancillary services, etc.) necessary for the New Jersey electric distribution companies (EDCs), to provide service to their ratepayers. Each RSCP supplier provides a fixed percentage of an EDC's residential and small commercial BGS load, whatever that amount turns out to be, as load varies over the course of the contract. This year the EDCs bid out roughly one-third of their RSCP supply needs for the period of June 1, 2025, to May 31, 2028. The remaining two-thirds of RSCP load for the upcoming June 2025 to May 2026 period will be served under contracts procured in the 2023 and 2024 BGS Auctions.

Bates White attended the BPU Board meeting, conducted via Zoom on February 12, 2025, two days after the close of the RSCP Auction, and recommended that the Board certify the results. Before getting into detail on our reasons for making this recommendation, it is constructive to step back and provide an overview of the Auction results.

RSCP Auction Results

Table 1 shows the winning prices in this year's RSCP Auction, as well as the winning prices from the 2024 Auction.

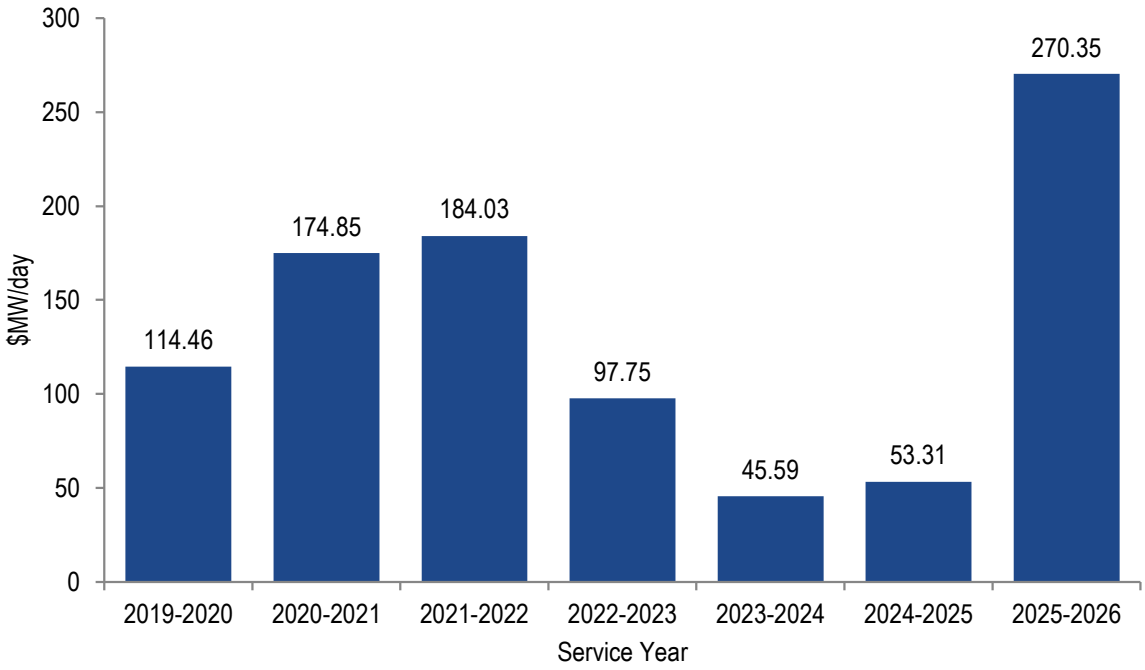
Table 1: 2025 Winning RSCP Prices Compared to Previous Year

EDC	2025 Winning Price ¢/kWh	2024 Winning Price ¢/kWh	% Change
Atlantic City Electric	11.050	8.142	35.7%
Jersey Central Power & Light	11.096	8.295	33.8%
Public Service Electric & Gas	10.736	8.088	32.7%
Rockland Electric Company	11.615	8.555	35.8%
Tranche Weighted Average	10.913	8.175	33.5%

Comparing this year's prices to last year's prices shows increases, anywhere from 32.7% to 35.8% depending on the product. The primary cause of these increases is the substantial increase in capacity prices for the 2025-2026 service year when compared to the capacity prices for the 2024-2025 service year. PJM's capacity prices for the June 2024 to May 2025 service

year were $53.31/MW-day,[3] while the capacity prices for the June 2025 to May 2026 service year are $270.35/MW-day. This represents an increase of more than 400%. Figure 1 below illustrates recent PJM capacity market prices for PSE&G.

Figure 1: Recent PJM Capacity Market Prices for PSE&G ($/MW-day)



While the RSCP product is a three-year product and this increase is just for June 2025 to May 2026, there have been delays in PJM conducting capacity auctions resulting in the use (authorized by the Board) of proxy prices where results were not known. For this 2025 BGS auction, the results of PJM's base residual auction ("BRA") for the 2025-2026 delivery year were made available prior to the auction. BRA results for the 2026-2027 and 2027-2028 delivery years are still not known. As a result, the EDCs were required to incorporate a capacity proxy price. The proxy price was set at $270.35/MW-day for both the 2026-2026 and 2027-2028 delivery years based on the expectation of continued high prices in future years.[4] Last year the proxy price was set at the (much lower) June 2024-May 2025 capacity price level for the

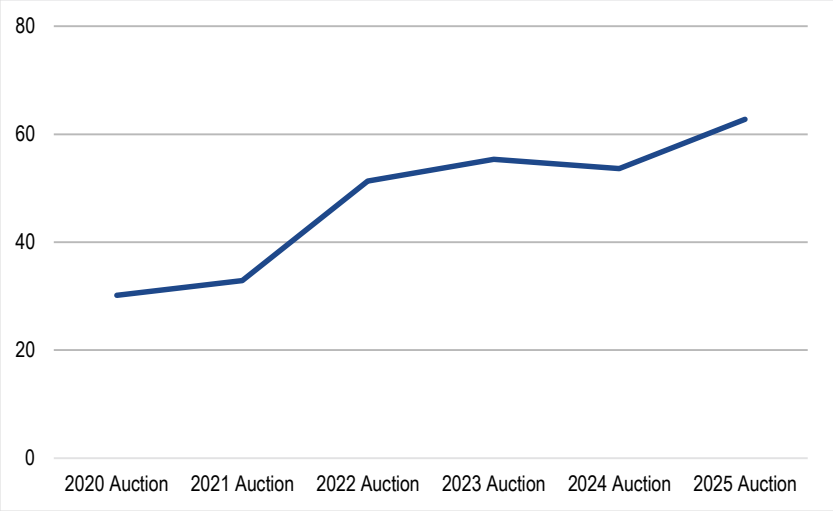
[3] At the time of the New Jersey BGS auction in February 2024, the Preliminary Zonal Net Load Price resulting from PJM's BRA auction for all EDCs for the June 2024 to May 2025 service year was $54.50/MW-day, based on PJM's BRA results posted in February 2023. Subsequently, PJM reran the 2024-2025 BRA auction, as per FERC's Order ER23-729-002 issued on May 6, 2024. Updated BRA results for the June 2024 to May 2025 service year were made available in June 2024, after the NJ BGS 2024 auction. Capacity prices for all EDCs were recalculated as $53.31/MW-day.

[4] In re the provision of Basic Generation Service (BGS) for the period beginning June 1, 2025, Decision and Order, Docket No. ER24030191, November 21, 2024.

second and third years of the BGS-RSCP product. This means that this one-year price increase was, in effect, reflected across all three years of the RSCP contract. Should actual capacity prices decline in 2026, actual costs will decrease as ratepayers will receive a true-up to the actual cost incurred.

Another driver of auction results is the observed increase in energy prices. While prices have been relatively stable over the last two years, they have recently moved upward. This is demonstrated in Figure 2 below which shows the average cost of monthly peak energy futures for delivery at the PJM Western Hub from the ICE exchange during the 2020 through 2025 Auctions. For example, during the 2024 Auction, the average cost of monthly peak energy futures at the PJM Western Hub was about $53.62/MWh. It increased to $62.71/MWh for the 2025 Auction.[5]

Figure 2: PJM Western Hub Monthly Peak Future Prices during the 2020 through 2025 BGS Auctions



Bill Impact

The starting point for assessing any rate impact is a comparison between winning prices in this Auction and the contracts that are being replaced. Table 2 compares the prices of the new contracts to the prices of the expiring contracts procured three years ago, in this case the contracts from the 2022 Auction.[6]

[5] Prices are at the time of the RSCP auction for the three-year averages for the corresponding contract period.
[6] Beginning with the 2021 BGS Auction, the responsibility of transmission costs was transferred from the BGS suppliers to the EDCs. Ratepayers still pay for this service, but it is now provided by the EDCs directly. In

Table 2: Winning 2025 RSCP Prices Compared to Expiring Contracts from the 2022 RSCP Auction

EDC	2025 Winning Price ¢/kWh	2022 Winning Price ¢/kWh	% Change
Atlantic City Electric	11.050	7.557	46.2%
Jersey Central Power & Light	11.096	7.750	43.2%
Public Service Electric & Gas	10.736	7.630	40.7%
Rockland Electric Company	11.615	8.206	41.5%
Tranche Weighted Average	10.913	7.671	42.3%

The winning prices for all four EDCs are significantly higher than the winning prices from the 2022 Auction with increases ranging from 40.7 to 46.2 percent. This is primarily due to the increase in capacity prices resulting from the PJM BRA, though increased costs associated with meeting RPS standards and higher energy costs also play a part.

These increased prices would generally lead us to expect a significant increase in the average bill. This is somewhat abated by the fact that we are only replacing one-third of the supply portfolio. In addition, this auction only represents a portion of the total bill, so the total rate impact should be less than the difference between new and expiring contracts.

As noted, one factor leading to higher prices this year is that the winning contracts for the 2023 and 2024 BGS Auctions included proxy capacity prices for the upcoming June 2025 to May 2026 time frame. The proxy prices used for the 2025-2026 service year, based on past capacity price results, were significantly lower than the actual capacity price arising from the 2025-2026 PJM BRA Auction. Figure 3 below shows a comparison between capacity proxy prices and PJM's capacity prices by Auction year and service year. As a result, winning suppliers will be paid a substantial true-up for the 2025-2026 delivery year, equal to the auction capacity price ($270.35/MWh) less the proxy price ($47.46/MWh), which will result in higher prices to ratepayers.

comparing current prices to those of expiring contracts, we do not need to adjust prices to exclude the cost of transmission in order for comparisons to be drawn.

Figure 3: Capacity Proxy Prices vs. PJM Capacity Market Prices[7]

Table 3 shows the estimated monthly bill impacts of the 2025 BGS-RSCP Auction as forecasted by the EDCs for a residential customer with an annual monthly average usage of 650 kWh.[8]

Table 3: Forecast Residential Monthly Bill Impacts from 2025 BGS-RSCP Auction

EDC	% Change in Monthly Bill
Atlantic City Electric	17.2%
Jersey Central Power & Light	20.2%
Public Service Electric & Gas	17.2%
Rockland Electric Company	18.2%

As a result of this year's Auction, residential ratepayers at each of the four EDCs are forecast to see an increase in their estimated monthly bill for the June 2025 to May 2026 period.

[7] PSE&G Prices. Before the 2023 Auction, capacity proxy prices were different for PSE&G when compared to those of ACE, JCP&L and RECO.

[8] The calculation reflects the impact on a customer using 574 kWh in the winter for 8 months and 802 kWh in the summer for 4 months. This calculation is for illustrative purposes and has been used for many years. Actual use will vary but for purposes of comparison with past results we continue to assume an annual monthly average usage of 650 kWh.

Specifically, both PSE&G and ACE forecast bill increases of 17.2%; JCP&L forecasts a bill increase of 20.2%; and RECO forecasts a bill increase of 18.2%. Roughly more than half of the increase can be attributed to the effect of the capacity price true-ups, while the rest is driven by the auction results here. While this is not ideal, we do emphasize that the proxy prices were necessary to remove enough risk to allow bidders to participate in the Auction. The only alternative to using proxy prices would have been to abbreviate the contract term to only include years in which the RPM price was known, which would have removed the benefit of the three-year laddering approach and resulted in even higher rate increases.

Recommendation

Bates White recommended that the Board certify the results of the BGS-RSCP Auction for three primary reasons: (a) the Auction was open, fair, and transparent; (b) the Auction was sufficiently competitive; and (c) the winning prices were consistent with broader market conditions. Below, we discuss each reason in detail.

Openness, Fairness and Transparency

Our first reason for recommending acceptance of the results of the 2025 RSCP Auction was that the Auction was open, fair, and transparent. All the non-price terms and conditions were standardized; therefore, all suppliers, including any EDC affiliates, signed the same supply agreement and provided the same product. This allowed bid evaluation to be based solely on price. A price-only bid evaluation provides maximum transparency. In addition, all rules of participation and conduct were fully explained and fairly applied by the Auction Manager, NERA Economic Consulting (NERA).

For recent BGS Auctions, the capacity price for some or all years under the supply term contract was unavailable as PJM auctions were suspended or delayed while FERC considered approval of new capacity market rules. For this 2025 BGS auction, the results of PJM's base residual auction for the 2025-2026 delivery year (the first year of the 2025 BGS-RSCP Auction supply term) were made available in August 2024.

For later delivery years, prices are still not known. The results of the BRAs for the 2026-2027 and 2027-2028 delivery years (the second and third years of the supply term for winning bidders in the 2025 BGS-RSCP Auction) were scheduled for December 2024 and June 2025, respectively. However, in October 2024, PJM submitted a request to FERC to delay the commencement of the 2026-2027 BRA by approximately six months from December 2024 to June 2025. PJM also stated that the six-month delay would have a cascading effect on other BRAs through the 2029-2030 delivery year and would require cancelling several incremental auctions to accommodate the compressed auction schedule. FERC approved PJM's request on November 8, 2024, to allow PJM to develop new market rules, after environmental and

consumer advocates objected to multiple issues, including PJM's failure to reflect the impacts of including reliability must-run power plants in its capacity auctions.[9]

As a result, at the time of the 2025 BGS Auction, the BRA for the 2026-2027 and 2027-2028 delivery years had not yet taken place and neither capacity price was known. The EDCs proposed to address this uncertainty in the same manner approved by the Board the last four years, by using capacity proxy prices for both delivery years. The EDCs proposed to set the Capacity Proxy Price for the 2026-2027 and 2027-2028 delivery years, equal to the results of the BRA for the 2025-2026 delivery year, or $270.35/MW-day.[10] This contrasts with previous proxy price calculations which used the average results from multiple (lower cost) previous auctions. The use of a higher proxy price in this case is based on the expectation of continued high prices in future years.

Under an addendum to the Supplier Master Agreement winning bidders in the RSCP Auction will be paid (or will pay) any difference between the final capacity price and these proxy prices.

After reviewing all comments from the EDCs and other interested parties, the Board approved the Joint EDC Proposal for the 2025 BGS Auction.[11]

Bates White monitored the Auction, and trial auctions, at NERA's offices in Washington DC where the Auction Manager had its personnel. Prior to bid day, NERA provided opportunities for bidders to practice using the bidding software. On bid day, Bates White staff monitored and evaluated bids submitted by Registered Bidders. We received bid reports from NERA's software, formulated reports, and checked price decrements using our own bid evaluation software. NERA sent us round by round bidding data via secure file transfer.

Fairness and transparency were also enhanced by the Auction Manager's pro-active facilitation of full access to the process and results for the Board Advisor and BPU Staff. As the Board Advisor, we, along with BPU Staff, were actively involved in the full range of pre-auction tasks including, but not limited to, (a) the monitoring of bid information sessions, (b) the calculation of starting prices, and (c) the evaluation of Part 1 and Part 2 Applications. During the Auction itself, we were given complete access to the full range of auction data. This allowed us to independently verify round-by-round bid offers, price decrements, winning suppliers, winning prices, and to monitor bidding behavior. We also monitored incoming and outgoing communications with bidders.

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[9] Order Granting Waiver Request and Dismissing Motion, 189 FERC ¶ 61,105, Docket No. ER25-118-000, November 8, 2024.
[10] 2025-2026 PJMs BRA Preliminary Zonal Net Load Price.
[11] In re the provision of Basic Generation Service (BGS) for the period beginning June 1, 2025, Decision and Order, Docket No. ER24030191, November 21, 2024.

In addition, Bates White reviewed all the EDCs' RSCP Pricing spreadsheets and average bill calculation models and conducted testing with the models to ensure accuracy. Once winning prices were determined, we reviewed each EDC's calculation of the new projected rates and impact on average residential bills to ensure they were correct.

Competitiveness

Our second reason for recommending certification of the RSCP Auction results was that the Auction was sufficiently competitive. We assessed five indicators of competitiveness. First, we looked at the total number of bidders in the Auction. A large number of bidders is helpful because it increases the total supply bid in the Auction, pushing prices down. It also makes it harder for bidders to carry out any collusive schemes. This year there were 16 registered bidders [redacted]

Second, we looked at the ratio of tranches offered to tranches needed at several points in the process. A tranche represents the obligation to serve a fixed percentage of an EDC's full requirements load, whatever that load turns out to be, in any hour.[13] Having excess tranches offered is important because the excess drives prices down as the Auction proceeds; the price for a given product "ticks down" (is decremented) only if there are excess tranches offered for that product. For that reason, we like to see bidders come in and stay in with the maximum number of tranches offered through many rounds of bidding. [redacted]

[redacted]

[13] Each tranche was sized to be roughly 100 MW of the peak load of each EDC. Because each EDC has a different peak load, tranches for each EDC equate to a different percentage of each EDC's load.

[redacted]his Auction was competitive.

Third, we looked at the number of winners. We like to see a large number of winners because it means that the auction was competitive, with multiple parties pushing down the price at the end. Having a large number of winners also signals to other participants that no one party is dominating the auction and that anyone can win, increasing the likelihood that winning bidders will return in future years. This year there were 11 winners, two fewer than the number of winners last year.

Fourth, we analyzed the results using the Herfindahl-Hirschman Index, or HHI. HHI is based on the market shares of each participant (technically it is the sum of the squares of the market shares). The U.S. Department of Justice (DOJ) primarily uses a three-part standard for HHIs when judging the competitive effect of mergers and acquisitions. An HHI below 1,000 is a safe harbor of sorts because the market is said to be un-concentrated. If, after a merger or acquisition, the HHI is below 1,000, it is generally thought that there is no competitive harm from the merger or acquisition; that is, the merger or acquisition does not make the exercise of market power more likely. An HHI between 1,000 and 1,800 is said to indicate moderate concentration. An HHI over 1,800 is said to indicate a highly concentrated market.[14] For market-based rate authority, FERC uses a threshold of 2,500 for the HHI in one of its standards.

Calculated with the market shares of just the winning suppliers for this year, the HHI was 1,591. This puts the HHI for the RSCP Auction within DOJ's moderately concentrated range. However, to include only winning bidders may be too narrow a focus for this exercise. A more appropriate focus would be to expand the calculation of the HHI to include all 14 suppliers who will serve consumers from June 2025 to May 2026. This includes in the analysis the market shares of all winners in the 2023 and 2024 Auctions, as well as in this 2025 Auction. The HHI calculated in this manner is 1,325. The table below shows that the result this year is slightly more concentrated than it was last year, mainly due to a smaller number of winning bidders.

[14] In December of 2023 these were lowered from past standards. Previously, an HHI of 1,500 or lower was unconcentrated and an HHI of above 2,500 indicated a highly concentrated market.

Table 4: HHI in Recent RSCP Auctions

RSCP Auction Year	HHI for Winning Bidders	HHI for All Parties Serving Load
2012	1757	1773
2013	1838	1573
2014	1912	1533
2015	1739	1683
2016	1722	1620
2017	1463	1515
2018	1505	1307
2019	1598	1263
2020	1299	1292
2021	1444	1156
2022	1475	1113
2023	1570	1279
2024	1363	1245
2025	1591	1325

Fifth, we also employed a method used by FERC in antitrust evaluations, which examines the HHI of a market when the price is within 5 percent of the final market price. This so-called "Delivered Price Test" gives a sense of what suppliers could have offered supply at a price level roughly consistent with market prices. [redacted]

Finally, we looked for signs of collusive or coordinated bidding behavior by closely examining all bids by all bidders on a round by round basis. Bidding behavior was also reviewed by our Auction Theory Expert, Professor Ken Hendricks of the University of Wisconsin, subsequent to the close of the Auction and before the results were certified. We found no evidence of any collusive or anti-competitive actions.[15]

Prices Consistent with Market Conditions

The third reason for recommending certification of the BGS-RSCP Auction results was that winning prices were consistent with broader market conditions. Our primary test of prices involved comparing the winning prices with the predicted ranges from our Benchmark Pricing

[15] Had we detected any collusive behavior in the Auction, we did have the power to call a recess and discuss the issue with the Auction Manager and Staff.

Model. [redacted] The resulting output of the model is a range of prices that we consider reasonable. We created separate benchmark ranges for each EDC. The benchmark model utilized the proposed proxy capacity prices for the June 2026-May 2027 and the June 2027-May 2028 periods just as bidders were instructed to do.

Table 5 below shows our projections as compared to actual results.

Table 5: Winning RSCP Prices compared to Expectations

2025 BGS Auction			
Product	Tranches Filled	Final Price (cents/kWh)	Price Expectation Range (cents/kWh)[1]
Atlantic City Electric	7	11.050	[redacted]
Jersey Central Power & Light	18	11.096	
Public Service Electric & Gas	28	10.736	
Rockland Electric Company	1	11.615	
Total	**54**	**10.913**	

[redacted] This supports our conclusion that the results here are

As noted above, winning prices in this year's auction were anywhere from 32.7 percent to 35.8 percent above last year's winning prices depending on the product. As discussed above, this is due mainly to the substantial increase in capacity prices resulting from the PJM capacity auction. PJM's capacity prices for the June 2024 to May 2025 service year were $53.31/MW-day, while the capacity price arising from the PJM BRA for the June 2025 to May 2026 service year was $270.35/MW-day. This represents over a 400% increase in the capacity price from one year to another. While this increase is determined just for the June 2025 to May 2026 period, the EDCs incorporated higher proxy prices in the second and third delivery years to reflect the expectations of higher capacity prices in future years.

B. THE BGS COMMERCIAL AND INDUSTRIAL ENERGY PRICING (CIEP) AUCTION

The BGS CIEP product is a one-year, load following, full requirements product for larger commercial and industrial customers. Each CIEP supplier provides a fixed percentage of an EDC's commercial and industrial load, whatever that amount turns out to be, as load varies over the contract period. The CIEP contract period runs from June 1, 2025, through May 31, 2026. Each year the EDCs bid out 100 percent of their CIEP supply needs.

Bates White recommended that the Board certify the results of the CIEP Auction. We used the same three criteria as in our recommendation for the RSCP Auction.

Fairness and Transparency

We believe the CIEP Auction was open, fair, and transparent for the same reasons stated above for the RSCP Auction. Because the CIEP product does not incorporate supply beyond the 2025-2026 delivery year there was no need to utilize a proxy price for capacity in this auction. As with the RSCP Auction, the CIEP Auction was monitored from NERA's Washington DC offices.

Competitiveness

We used the same five indicators of competitiveness as we did for the RSCP Auction. Note that the CIEP Auction, while still competitive, is somewhat less competitive than the RSCP Auction. This is to be expected given the smaller amount of supply bid out.

- First, there were eight registered bidders, [redacted]
- Second, the excess quantity offered was sufficient. [redacted]

[redacted]

- Third, seven [redacted] bidders were winners in the Auction. This is two more than the number of winners last year with four of the seven winners in this Auction also having won last yea [redacted]

- Fourth, the HHI using the market shares of the winning bidders was 2,033 [redacted]

- Fifth, we, along with our Auction Theory Expert, reviewed the round-by-round results and found no evidence of collusion or anti-competitive behavior.

Prices Consistent with Market Conditions

Before discussing price, we note that the CIEP price is not like the RSCP price. Winning bidders in the CIEP Auction provide a similar full requirements product but are paid the PJM spot market price ($/MWh) for providing energy, plus $6/MWh for providing ancillary services, and a standby fee of $0.15/MWh.

Although CIEP is also a full requirements product, the Auction price primarily reflects a fixed price for the capacity portion of that service, and the cost of meeting the State RPS. [redacted]

[redacted]

[redacted]

C. LONG-TERM COMPETITIVENESS

In an effort to provide the Board with a longer-term look at the competitiveness of the RSCP Auction, we provide a review of Auction participation over the last several years. Our findings are in the tables below. [redacted]

[redacted]

[redacted]

[redacted]

Turning to the winners of the Auction, [redacted]

[redacted]

[redacted] we can make several observations. [redacted] These metrics indicate a very competitive process. Second, the Auction continues to have new or returning winners [redacted] This is a good indicator of the transparency of the Auction process. [redacted]

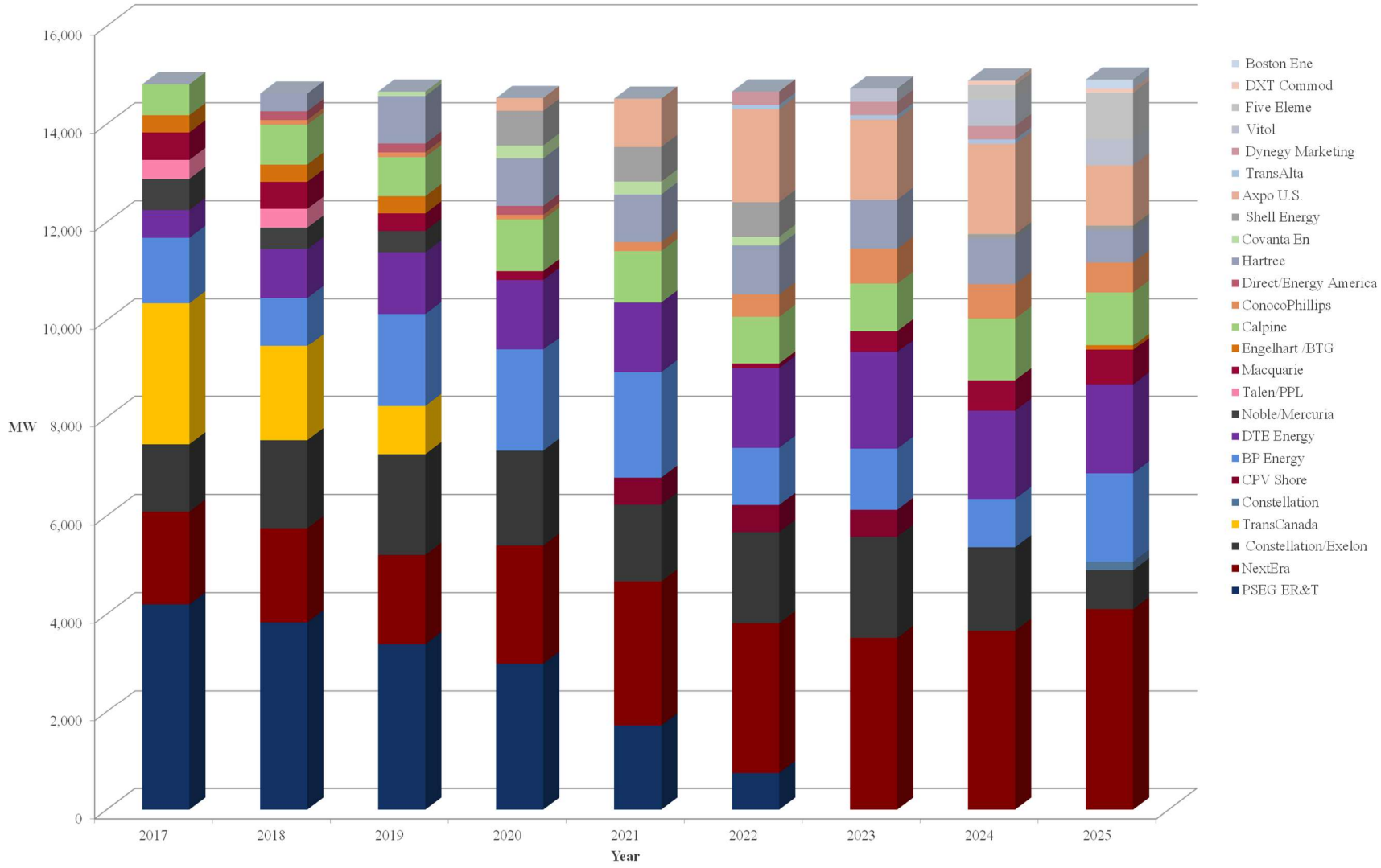
In terms of who is supplying the BGS-RSCP product, we looked at trends in RSCP winners. Figure 4 that follows displays how much load each supplier served for each energy

year (i.e., June-May period) from 2017-2018 to 2025-2026.[16] The columns then map out the growth or decline in load share through the energy years.

From this figure we see that 25 different suppliers have provided (or will provide) supply to RSCP ratepayers over the period 2017-2018 to 2025-2026. For the 2025-2026 year, 14 suppliers will provide RSCP service. NextEra will be the largest supplier and will serve approximately 27.4% of the RSCP load in the upcoming year. [redacted] was a returning bidder and a winner in the RSCP product this year. Other bidders have made significant inroads over the last couple of years, notably Boston Energy, DXT Commodities North America Inc. (DXT Commodities), Five Elements, and Vitol.

[16] Our calculations here are based solely on the winning bidders from each Auction and do not account for mergers or any contracts that were subsequently assigned or sold to other parties.

Figure 4: Estimated MW of RSCP Energy Served, by Supplier



D. RECOMMENDATIONS

In this section we present recommendations that we believe will assist the BPU going forward as well as observations regarding the market that the BPU should continue to monitor.

Proxy Prices

A continuing concern relevant to our monitoring of these auctions has been the failure of PJM to establish a capacity price for periods beyond June 2026. As has been the case for the last several BGS Auctions, the capacity price for some years under the supply term contract was unavailable. The results of PJM's base residual auction for the 2025-2026 delivery year (the first year of the 2025 BGS-RSCP Auction supply term) were made available in August 2024. However, the Base residual auctions for the 2026-2027 and 2027-2028 delivery years were delayed and are planned for June 2025 and December 2025, respectively.[17]

Given the continuous delays in the PJM capacity market auctions, it is likely that the 2026 BGS Auction will still need a proxy capacity price for the RSCP product for one or more years. The 2026 BGS Auction will cover the three-year period from June 2026 to May 2029. We would recommend that the BPU continue to employ a proxy capacity price for any period where the capacity price is unknown at the time bidders provide their offers as this method has proven to be an effective way to incent bidder participation.

Renewable Data

In the BGS Auction winning bidders are responsible for meeting New Jersey's renewable portfolio standards. These standards are established in legislation and fairly clearly laid out. As part of the Class I RPS obligation suppliers must comply with Transition Renewable Energy Certificate (TREC) and SREC-II obligations. These serve as a carve-out and reduce the Class I obligation. Moreover, these obligations are allocated to suppliers based on the suppliers market share of electricity supplied during an energy year. This allocation can, in theory, reduce the cost of meeting RPS obligations and lower the cost of supplying BGS service.

[17] PJM Markets and Operations, available at: https://www.pjm.com/markets-and-operations/rpm.

In past years, the amount of such TRECs and SREC-II certificates have been small enough (and the price for Class 1 RECS low enough) that this potential price reduction has been minimal. However, as the Board approves more projects under the above programs and the cost of Class 1 RECs increases the potential savings from this action become more noticeable.

Presently the Auction Manager provides an example of how these obligations are imposed on BGS suppliers. While this is useful the example is only illustrative in nature. When it comes to discerning the actual potential of TREC or SREC-II allocations the example links to the NJ Clean Energy Compliance Reports web page. We believe it might be helpful to give BGS suppliers a bit more direction as this link contains an expansive set of information. To that end we would suggest that the Auction Manager link to the most recent information available regarding TRECs and SRECs retired in the most recent energy year as well as the approved capacity for the upcoming BGS period.

Procurement Alternatives

With this year's BGS Auction and similar PJM default service auctions resulting in larger bill increases for ratepayers, regulators here and elsewhere have begun to question if there are any alternative methods of procurement that might better serve the needs of ratepayers in delivering low-cost reliable supply that meets State policy goals. To that end we provide here examples of the default service procurement processes in a few states and briefly discuss the benefits and drawbacks of each. Please note that this is not meant to be a comprehensive overview, but rather provide some examples for policy makers to review.

While most states procure default service similar to New Jersey, there are key variations in contract length, number of bid days, procurement style and product composition.

Maryland

The four Maryland utilities (Pepco, BGE, Delmarva Power & Light and Potomac Edison) procure power via a sealed-bid RFP conducted four times each year. The plan is approved annually by the Maryland Public Service Commission. The product is the same as in New Jersey, a load-following fixed price service that includes all standard components, including meeting the state RPS requirements. Winners compete to serve a given percentage of the full requirements needs of a given utility. Bidders must submit separate qualification documents to each utility and each utility conducts their own bid receipt - though the process is coordinated such that all bids are due at the same time. Bidders submit fixed-price bids for each tranche of power for each utility and the lowest-

priced bids are selected to fill the need. Bidders are paid the price offered for each tranche.

While bidding occurs four times a year the products bid out change each bid day. For the most part, Residential supply is bid out in October and April. The October Contracts cover a two-year June-May period while the April contracts cover a two-year October through September period.[18] Roughly 25% of the need is bid out each bid day. Commercial supply is offered as three-month contracts bid out four times a year. The entire commercial need is bid out each bid day.

Compared to New Jersey this process is a bit simpler to administer, bidding can be conducted via email submission if desired (though utilities typically use an online submission platform such as ARIBA) and selection of winning offers is fairly simple. However, having the process four times a year somewhat counters this advantage as it takes both Commission and utility time to conduct, monitor and approve the bids.

For residential supply, the two-year contract structure, where about half the load is bid out each year, means that rates are more reflective of current market conditions and more volatile than New Jersey's – where only one third of the load is replaced each year.

Ohio

Ohio's four major utilities (FirstEnergy, AES Ohio, AEP Ohio and Duke Ohio) procure default service separately. Each utility operates according to a commission-approved Electric Security Plan (ESP) that covers a set number of years, usually in the three to five year range. Among other things, each ESP includes a plan for procuring default service. Utilities typically procure a mix of one, two and three-year contracts for full requirements supply, though some prefer to eschew the three-year product. Just as in the BGS Auction, supply is broken up into tranches, though tranches in Ohio are sized at 1% of the load for each utility – so every utility bids out 100 tranches in total. Tranches, therefore, are calculated on a "slice of system" basis, with a winner of 1 tranche responsible for 1% of the entire default service load, including residential, commercial and industrial customers. Winners are not responsible for meeting Ohio RPS requirements.

Each utility conducts its own procurement. All four utilities utilize a descending clock auction, just as in New Jersey. Utilities aim for two bid days per year, so the state will typically have 8 separate bid days annually.

[18] Potomac Edison has a slightly different bid plan, offering a mix of one and two-year contracts.

Compared to New Jersey the process is a bit simpler, each bid day is for only one utility and often for only one or two products (e.g. a 12-month and a 24-month product). Utilities have some flexibility with the amount of supply bid out and timing. Rates are typically more reflective of the short-term market.

One drawback is that ESP approval can be a contentious process with many stakeholders weighing in and many other issues to consider beyond default service procurement. This has often led to situations where the ESP is not yet approved for the procurement period and the utility must seek a Commission Order to ensure that default supply is still provided.

Another potential drawback (depending on market conditions) is that the utility will typically seek to have all supply contracts expire at the end of an ESP. This means that some years may have up to 100% of supply bid out. If the expiring contracts are particularly inexpensive compared to the new supply this can lead to large rate increases. For example, in June 2022 AES Ohio's "price to compare" rate essentially doubled.[19]

Illinois

Illinois is unique among PJM states in the structure of its default service. While the State did at one time conduct a default service auction similar to New Jersey, the process was changed by state legislation. In 2007, State law established the Illinois Power Agency (IPA). The IPA is charged with preparing procurement plans and managing power procurement for residential and small commercial customers who have not switched suppliers from the three major Illinois utilities (ComEd, Ameren and MidAmerican). The IPA is also responsible for the implementation of the Illinois RPS.

Each year the IPA creates a procurement plan (which is approved by the Illinois Commerce Commission or ICC) to serve default service customers of the three major utilities. The IPA, in consultation with the utilities, estimates the energy need in MW for each month of three delivery years based on the forecast load for each utility. The IPA then directs each utility to procure their required number of blocks (each sized at 25 MW/block) separately for all peak or off-peak months for each of the three delivery years to achieve approved hedging levels for each delivery year.[20] In this system, winning bidders supply a given and set number of MW, so if actual usage is above or below the procured amount the ratepayers will pay the difference.[21] Contrast this with other states such as New Jersey where a winning bidder provides a set percentage of the default

[19] https://puco.ohio.gov/utilities/electricity/resources/historical-ptc-chart-aes-ohio

[20] Hedging differs by delivery year and by utility, and ranges in the first delivery year (upcoming June to May) from 50% (ComEd) to 106% (Ameren and MEC).

[21] Peak and off-peak prices vary by bidder by month by delivery year and across utilities. Winning bidders are selected by finding the combination of bids which produces the lowest price across all months for a given utility, for a given segment (peak and off-peak), and for a given delivery year.

service amount no matter what actual usage is, resulting in fixed rates. Bids for energy typically happen two times per year. Capacity procurement depends on the utility, but ComEd typically simply procures capacity through the PJM market. Ameren typically conducts a capacity procurement with any remaining needs procured through the MISO PRA.

On the renewable side the IPA administers many programs related to meeting Illinois RPS needs. These are laid out in an ICC approved Long-Term Renewable Resources Procurement plan that is updated every two years. Procurements include (or have included) long-term REC procurements from individual generation units, simple REC procurements, adjustable block procurements of distributed and community solar and more.

A major benefit of the Illinois model is the flexibility it gives to enact renewable resource programs dictated by the legislature. Since the RPS need is not tethered to the three-year default service product there is more flexibility. Illinois procurements can feature long-term (e.g. 15 year) contracts for RECs to incent new renewable development. The IPA holds targeted procurement for specific resources like brownfield solar or solar located in former coal-fired facilities (i.e. coal to solar). The IPA (by legislative direction) also supports the Illinois version of the ZEC program for at-risk nuclear facilities.

The drawback of this process is that it is quite expensive and complex. The IPA is a state agency with roughly fifty employees and a large operating budget. While the procurement plan is more flexible, it is uncertain whether or not the block energy (or energy hedging) method does result in lower costs for ratepayers. In addition, because this block energy method does not fully cover all costs, rates are less stable than in New Jersey and elsewhere.

Pennsylvania

Pennsylvania operates in a similar vein to Ohio when it comes to default service. Each utility files and has approved a default service plan which lays out how it will procure the service for ratepayers. These plans typically last about four years.

Among these plans methods for default service procurement differ somewhat. For example, PECO conducts two solicitations per year for residential and small commercial service. These are sealed-bid RFPs where supply is divided up into full requirements tranches and the lowest-priced bids are chosen to provide supply (similar to Maryland). Contract terms run for one to two years for residential service and small commercial service. Bidders also must meet state RPS requirements. For large

commercial and industrial service, one procurement is conducted each year for one-year contracts. These contracts pay an energy spot price, the capacity price based on RPM, and the bidder's offer.

As another example the FirstEnergy utilities (including Met-Ed, Penelec, Penn Power and West Penn Power) conduct a multi-product descending clock auction roughly two times per year. These auctions include residential and commercial fixed price contracts for full requirements supply that cover one to two year periods as well as industrial product, which pays the supplier its bid price plus the real-time LMP and a fixed adder of $4/MWh for a one year contract. Bidders must meet some RPS requirements, though there are some offsets related to solar PPAs signed by the utility.

The benefits to this process are more flexibility for each utility to pursue their own default service plan. The drawbacks include the sheer number of procurements that must be conducted each year.

Delaware

Delaware procures default service on two bid days per year via a process approved annually by the Commission. The residential and small commercial service is offered as a two-year contract, half of the obligation being bid out each year. Three other services for larger customers (Medium General Service, Large General Service, and General Service-Primary) are offered under one-year contracts. The product is a fixed-price load following product, but bidders are not responsible for meeting State Renewable Portfolio Standards.

Delaware uses a timed reverse auction system, with each block of supply being offered for a period of time and all registered bidders being able to see the current lowest price offer. After a given amount of time (e.g. 15 minutes) the bidding closes with the lowest offer being the winner. Bidding closes on each block in subsequent increments. A similar bid method has been used for the RECO RFP in New Jersey. This provides more price transparency than other methods and some more price discovery but is a bit more suited to procurements with fewer units to bid out.

Massachusetts

Massachusetts requires utilities to offer what they term "basic service" which, for residential and small commercial customers includes either a monthly pricing option or a six-month fixed price option. For commercial and industrial (C&I) customers the utility must offer either a monthly service or a three-month fixed price service. To obtain the supply utilities conduct two bids per year for residential service (typically with contracts ranging from six-months to one year) and four bids per year for C&I service with three-

month contracts. Load is broken out by specific load zone. Each utility conducts its own procurement. Winning bids are generally those who offer the lowest price.

From this brief survey we can see that there a few options available to New Jersey in terms of alternate procurement methods. These can include;

- Increasing the number of bid days per year. This helps spread the risk of procuring at a "bad" time. It can also allow for some different products - for example if quarterly procurements are held, the utilities can offer three-month contracts as in Maryland and Massachusetts for larger customers. However, more bid days may increase administrative costs and requires more time and effort from regulators to monitor and approve the results.

- Changing the duration of the BGS contracts. Most states use one- or two-year contracts for residential supply and three-months to one-year contracts for larger customers, replacing half (or more) of the portfolio each year. New Jersey, by contrast, uses a three-year laddered method to procure residential supply, replacing one third of the portfolio each year. This results in rates that are slower to adjust and arguably less "market reflective". This is a policy choice in terms of how rapidly the state wishes rates to adjust and how much rate volatility states are willing to accept.

- Procuring each utility's default service in a separate process. New Jersey's EDCs procure supply together but in some states such as Ohio and Pennsylvania the utilities operate separately and manage their own procurement process. The advantage to this is that each utility has more flexibility to plan and design their own process. The disadvantages include more administrative cost and effort to monitor each procurement and potentially smaller bidder turnouts for smaller utilities – the New Jersey multi-product method at least allows all bidders the opportunity to bid on smaller loads during the Auction.

- Changing the procurement method. Some utilities utilize a sealed bid RFP process, where the bidders specify a price for supply for each block and the utility selects the lowest-priced offers to fill the need. This has the advantage of being a bit simpler to administer. However, it removes some of the price-discovery process that the BGS auction provides. This process can help to prod bidders into offering lower prices. Since the sealed bid method is a bit simpler it does allow for a bit more flexibility in procurement. For example, in states such as Maryland bidders can submit a bid sheet which provides different prices per rate class – these bids can be translated into customer rates automatically rather than via the rate design spreadsheets as currently used by the EDCs.

- Removing the RPS requirement. Places such as Delaware and Illinois separate out the state RPS requirement from the default service product. This has the advantage of price transparency in terms of allowing regulators and customers to see what actually is being paid for RPS supply (currently such costs are bundled into the BGS product and have to be estimated). It also allows for more flexibility in procurement practices for renewable supply. States can offer longer-term contracts, target different products and generally have more flexibility to tailor their procurement of renewable attributes. The disadvantage is that this process is more complicated and requires more administrative action to ensure that all RPS needs are met.

- Larger product adjustments. As noted above, Illinois represents the most radical departure from the standards fixed-price default service paradigm. The product is essentially broken up into energy, capacity and RPS requirements, and the energy product is procured as fixed-quantity blocks of supply. While this does bring a large amount of flexibility (especially regarding RPS programs) it does add a large amount of complexity. As noted, the IPA has a fifty-person staff and a large budget to administer and monitor the many programs it oversees, and create and plan going forward.

A more general point must be made here, which is that it is unclear that any of these changes will result in lower rates for customers. Certain changes can bring more flexibility to procurement, more rate volatility and more price transparency, but none of these methods allow for the utility to avoid the cost of energy and capacity in a given wholesale market.

II. THE NEW JERSEY 2025 BGS-RSCP AUCTION

A. POST-AUCTION CHECKLIST

ATTACHMENT B
DOCKET NO. ER24030191

POST-AUCTION CHECKLIST
FOR THE NEW JERSEY 2025 BGS-RSCP AUCTION

Prepared by: Bates White, LLC

Auction began with the opening of Round 1 at 8:25 am on Monday, Feb. 10, 2025

Auction finished with the close of Round 22 at 6:00 pm on Monday, Feb. 10, 2025

	Start of Round 1	Start of Round 2 * (after volume reduction in Round 1, if applicable)	Start of Round n * (after post-Round 1 volume reduction, if applicable)
# Bidders	[redacted]	NA	NA
Tranche target	54	NA	NA
Eligibility ratio	[redacted]	NA	NA
PSE&G load cap	13	NA	NA
JCP&L load cap	8	NA	NA
ACE load cap	3	NA	NA
RECO load cap	1	NA	NA
Statewide load cap	20	NA	NA

* Note: No volume adjustment was made during the RSCP auction, so the pre-auction tranche target and the statewide load cap were unchanged for the auction.

ATTACHMENT B
DOCKET NO. ER24030191

Post-Auction Checklist for the New Jersey 2025 BGS-RSCP Auction

Table 1 below shows pertinent indicators and measures for the auction.

Table 1. Summary of BGS-RSCP Auction

	PSE&G	JCP&L	ACE	RECO	Total
BGS-RSCP peak load share (MW)	2,524.20	1,636.20	701.33	83.63	4,945.36
Total tranches needed	28	18	7	1	54
Starting tranche target in auction	28	18	7	1	54
Final tranche target in auction	28	18	7	1	54
Tranche size (%)	1.18	1.89	4.55	25.00	
Tranche size (approximate MW)	90.15	90.90	100.19	83.63	
Starting EDC load caps (# tranches)	13	8	3	1	--
Starting statewide load cap (#tranches)	--	--	--	--	20
Final EDC load caps (# tranches)	13	8	3	1	--
Final statewide load cap (#tranches)	--	--	--	--	20
Quantity procured (# tranches)	28	18	7	1	54
Quantity procured (% BGS–RSCP load)	100%	100%	100%	100%	100%
# Winning bidders	9	5	4	1	11
Maximum # of tranches procured from any one bidder	8	8	3	1	16
Minimum and maximum starting prices prior to indicative bids (cents/kWh)					.5 20.5
Starting price at start of auction (cents/kWh) *	[redacted]				
Final auction price (cents/kWh) **	10.736	11.096	11.050	11.615	10.913

* Price shown in "Total" column is an average across the EDCs weighted by each EDC's "Starting tranche target in auction".
**Price shown in "Total" column is an average across the EDCs weighted by each EDC's "Final tranche target in auction".

ATTACHMENT B
DOCKET NO. ER24030191

Post-Auction Checklist for the New Jersey 2025 BGS-RSCP Auction

Table 2. Overview of Findings on BGS-RSCP Auction

	Question	Comments
1	**BW's recommendation as to whether the Board should certify the RSCP auction results?**	**Yes, certify**
2	Did bidders have sufficient information to prepare for the RSCP auction?	Yes
3	Was the information generally provided to bidders in accordance with the published timetable? Was the timetable updated appropriately as needed?	Yes
4	Were there any issues and questions left unresolved prior to the RSCP auction that created material uncertainty for bidders?	No
5	From what BW could observe, were there any procedural problems or errors with the RSCP auction, including the electronic bidding process, the back-up bidding process, and communications between bidders and the Auction Manager?	No
6	From what BW could observe, were protocols for communication between bidders and the Auction Manager adhered to?	Yes
7	From what BW could observe, were there any hardware or software problems or errors, either with the RSCP auction system or with its associated communications systems?	No
8	Were there any unanticipated delays during the RSCP auction?	No
9	Did unanticipated delays appear to adversely affect bidding in the RSCP auction? What adverse effects did BW directly observe and how did they relate to the unanticipated delays?	No
10	Were appropriate data back-up procedures planned and carried out?	Yes
11	Were any security breaches observed with the RSCP auction process?	No

	Question	Comments
12	From what BW could observe, were protocols followed for communications among the EDCs, NERA, BPU staff, the Board (if necessary), and BW during the RSCP auction?	Yes
13	From what BW could observe, were the protocols followed for decisions regarding changes in RSCP auction parameters (e.g., volume, load caps, bid decrements)?	Yes
14	Were the calculations (e.g., for bid decrements or bidder eligibility) produced by the RSCP auction software double-checked or reproduced off-line by the Auction Manager?	Yes
15	Was there evidence of confusion or misunderstanding on the part of bidders that delayed or impaired the auction?	No
16	From what BW could observe, were the communications between the Auction Manager and bidders timely and effective?	Yes
17	Was there evidence that bidders felt unduly rushed during the process? Should the auction have been conducted more expeditiously?	No
18	Were there any complaints from bidders about the process that BW believed were legitimate?	No
19	Was the RSCP auction carried out in an acceptably fair and transparent manner?	Yes
20	Was there evidence of non-productive "gaming" on the part of bidders?	No
21	Was there any evidence of collusion or improper coordination among bidders?	No
22	Was there any evidence of a breakdown in competition in the RSCP auction?	No
23	Was information made public appropriately? From what BW could observe, was sensitive information treated appropriately?	Yes
24	Does the RSCP auction appear to have generated a result that is consistent with competitive bidding, market-determined prices, and efficient allocation of the BGS-RSCP load?	Yes

	Question	Comments
25	Were there factors exogenous to the RSCP auction (e.g., changes in market environment) that materially affected the RSCP auction in unanticipated ways?	No
26	Are there any concerns with the RSCP auction's outcome with regard to any specific EDC(s)?	No

B. BATES WHITE SUPPLEMENTAL CHECKLIST

BATES WHITE SUPPLEMENT TO NEW JERSEY BGS AUCTION CHECKLIST: RSCP AUCTION

QUESTION 1:
Bates White's recommendation as to whether the Board should certify the RSCP Auction results?

ANSWER 1: Yes, certify.

CRITERIA:

a. Were all checklist questions satisfactorily answered?

Yes.

QUESTION 2:
Did bidders have sufficient information to prepare for the RSCP Auction?

ANSWER 2: Yes.

PRE-AUCTION CRITERIA

a. Were there Pre-Bid sessions and were they informative?

Yes, there were Pre-Bid Information Sessions, and they informed bidders about Auction procedures and developments.

There were three Pre-Bid Information Sessions: the first was held on October 22, 2024, the second on December 3, 2024, and the third was held January 29, 2025. All sessions were conducted as webcasts. As a result, bidder confidentiality was maintained.

The first two information sessions were open to any entities interested in participating in the Auction. The third information session was held after the application process was complete and was restricted to Registered Bidders only. Because the session was conducted as a webcast NERA was able to conduct just one session for both RSCP and CIEP bidders.

Fourteen companies attended the first information session, ten companies attended the second information session, and twelve companies attended the third information session. Between the three sessions, 20 unique companies attended. The slide decks and audio from the first two sessions were posted on the BGS Auction website. All questions asked at the information sessions were adequately answered by NERA.

b. Were frequently asked questions (FAQs) posted on the BGS website and were all questions answered?

Yes, the FAQs were posted and all questions asked in a timely manner were answered.

All questions asked by bidders and their answers were posted on the FAQ section of the BGS website pursuant to NERA's FAQ Protocols. These protocols called for a specific process for answering bidder questions to ensure that all bidders had access to the same information at the same time.

As of February 6, 2025, 132 questions had been asked by bidders since August 13, 2024, the first day FAQs were posted. All of these questions were answered in a timely fashion by NERA. The topics of questions included: (a) Applications, (b) Association and Confidential Information Rules, (c) Auction Rules, (d) BGS Supplier Master Agreement, (e) Pre-Auction Security and Credit, (f) Rates and (g) Data. NERA provided responses to all of these questions, which seemed to satisfy bidders.

Answers to FAQs were posted publicly on the BGS website through mid-January. Starting on January 23, 2025, the Auction Manager sent answers to questions received only to Registered Bidders via email. Bates White reviewed these FAQs as well.

c. Was required information and data provided on the website?

Yes, the BGS Auction website provided required data for bidders to prepare for the Auction.

The Auction information listed below was provided according to the schedule posted by NERA. This information included: (a) Application forms, (b) minimum/maximum starting prices, (c) tranche targets, (d) load caps, (e) finalized rules, (f) final Supplier Master Agreements, and (g) finalized decrement formulas.

NERA also maintained a "data room" on their website, which contained data that was updated monthly and additional data that was updated less frequently. NERA provided descriptions of both types of data. This data room helped bidders prepare their bids. Examples of the data posted here included (a) load data, which was updated monthly for each EDC and covered the period up to October 2024 or later, and (b) switching statistics that showed the percentage of load and number of customers that have switched to third party suppliers. Any revisions made to the data were marked on the website.

NERA also posted models which translated potential winning prices for each EDC into customer rates. We reviewed each rate model provided to us and

worked with the utility to correct any errors identified. On auction day we again reviewed the EDCs calculations of rate and average bill impacts resulting from the actual Auction. We were able to match the bill impacts.

d. Did Bidders receive Auction logistics information (i.e., Confidential Bidder Information packet) on time?

Yes, before the Trial Auction [redacted]

e. Did bidders communicate any material concerns to NERA?

Please see answer to 2b.

f. Were bidders given an opportunity to provide proposals and comments concerning the 2025 Auction Process?

Yes. In its Procedural Order, the Board invited all interested parties to file procurement proposals by July 1, 2024. Interested parties were also invited to file initial comments and final comments by September 4, 2024 and October 7, 2024, respectively. The Board also held a legislative-type hearing on September 20, 2024.

As it has been the case for the last four BGS Auctions, the capacity price for some years under the supply term contract was unavailable. In recent years, PJM auctions have been suspended while FERC considers approval of new capacity market rules.

The results of the BRAs for the 2026-2027 and 2027-2028 delivery years (the second and third years of the supply term for winning bidders in the 2025 BGS-RSCP Auction) were scheduled for December 2024 and June 2025, respectively. However, in October 2024, PJM submitted a request to FERC to delay the commencement of the 2026-2027 BRA by approximately six months from December 2024 to June 2025. PJM also stated that the six-month delay would have a cascading effect on other BRAs through the 2029-2030 delivery year and will require cancelling several incremental auctions to accommodate the compressed auction schedule. FERC approved PJM's request on November 8, 2024, to allow PJM to develop new market rules, after environmental and consumer advocates objected to multiple issues, including PJM's failure to reflect the impacts of including reliability must-run power plants in its capacity auctions.[22]

[22] Order Granting Waiver Request and Dismissing Motion, 189 FERC ¶ 61,105, Docket No. ER25-118-000, November 8, 2024.

As a result, at the time of the 2025 BGS Auction, the BRA for the 2026-2027 and the 2027-2028 delivery years had not yet taken place and neither capacity price was known. The EDCs proposed to address this uncertainty in the same manner approved by the Board the last four years, by using capacity proxy prices for both delivery years. The EDC's proposed to set the Capacity Proxy Price for the 2026-2027 and 2027-2028 delivery years, equal to the results of the BRA for the 2025-2026 delivery year, or $270.35/MW-day[23] for all EDCs. This contrasts with previous proxy price calculations which used the average results from multiple (lower cost) previous auctions. The use of a higher proxy price in this case is based on the expectation of continued high prices in future years.

Under an addendum to the Supplier Master Agreement winning bidders in the RSCP Auction would be paid (or would pay) any difference between the final capacity price and these proxy prices when those costs are incurred.

After reviewing all comments from the EDCs and other interested parties, the Board approved the Joint EDC Proposal for the 2025 BGS Auction.

QUESTION 3:
Was the information generally provided to bidders in accordance with the published timetable? Was the timetable updated appropriately as needed?

ANSWER 3: Yes.

PRE-AUCTION CRITERIA

a. Was the timeline followed?

Yes.

b. Were there updates to the timeline?

No.

QUESTION 4:
Were there any issues and questions left unresolved prior to the RSCP Auction that created material uncertainty for bidders?

ANSWER 4: No.

PRE-AUCTION CRITERIA

a. Were all questions answered in the FAQs?

[23] 2025-2026 PJMs BRA Preliminary Zonal Net Load Price.

Yes, please see answer to 2b.

b. Were bidder questions asked after January 23, 2025 directly responded to by NERA?

Yes, questions continued to be asked by Registered Bidders after January 23, 2025, and NERA provided answers to these questions directly to bidders via email. These answers were distributed regularly beginning on January 23, 2025. Bidders did not indicate any concerns with the answers provided by NERA. Also, please see answer to 2b.

c. Did other events or issues produce any material uncertainty for bidders?

In recent years, bidders have expressed concern over the implementation of the 2018 Clean Energy Act and, more generally, the responsibilities of winning suppliers in the BGS Auction with regard to meeting the State Renewable Portfolio Standard. As it did in the past, the Auction Manager posted an example calculation showing RPS requirements on the BGS website on January 28, 2025.

Based on the levels of participation and prices received it appears that bidders were able to understand and implement the requirements and there were no unnecessary premiums included in bid prices due to bidder confusion.

Please also see the answer to 2f regarding use of a capacity proxy price.

Bates White also monitored various industry news sources and did not discover any other events that would produce material uncertainty for bidders.

d. Did bidders communicate any material concerns to NERA?

Please see answer to 2e.

e. Was information equitably provided to bidders?

Yes, information was provided to bidders equally. This was done through Pre-Bid Information Sessions, FAQs posted on the BGS Auction website and emailed to all bidders, and email announcements of upcoming important events and milestones. Also, please see answers to 2a-2d.

f. Was information provided to maximize the number of bidders for the Auction?

Yes, before bidders were registered, NERA conducted extensive marketing efforts in order to maximize bidder participation. Maximum bidder participation is important since the supply offered in excess of need is what drives Auction prices to "tick down" (i.e., decrease) from round to round.

NERA conducted direct marketing with potential bidding companies through an email distribution list and phone calls. The list of contacts was developed from existing contact lists and from participants that registered for information on the BGS Auction website. This outreach effort began prior to the first information session. NERA also advertised the bidding opportunity by running four ads in Platts publications, two in *Megawatt Daily* on November 19, 2024, and December 3, 2024, and two in *Energy Trader* on November 21, 2024, and December 5, 2024.

The Auction Manager consulted with Bates White during each of the application processing periods. [redacted]

g. From Bates White's observation, were there any pre-qualification requirements which directly prevented bidder participation?

[redacted]

QUESTION 5:
From what Bates White could observe, were there any procedural problems or errors with the RSCP Auction, including the electronic bidding process, the back-up bidding process, and communications between bidders and the Auction Manager?

ANSWER 5: No.

AUCTION WEEK CRITERIA

a. Was protocol followed for the RSCP Auction?

Yes, to our knowledge, the Auction was conducted according to the Auction Rules as approved by the Board and NERA's internal protocols.

b. Were there problems with the electronic bidding process?

No, there were no major problems with the Auction software during testing or trials.

Bates White had full opportunity to test NERA's bidding software, backup bidding process, and bid recording systems during three Trial Auctions.

For the first Trial Auction on January 24, 2025, Bates White assumed the role of a bidder and verified that bidders' accounts had access to the correct information. We tested the Auction software by submitting problematic bids to determine if the software operated according to the rules and provided proper information to bidders. We also tested NERA's phone-based backup bidding systems by submitting backup bids and creating situations to test NERA's bidder notification protocols. [redacted]

For the second and third Trial Auctions held on January 30, 2025 and February 4, 2025 respectively, Bates White moved to the site of the Auction at NERA's offices in Washington DC to test the actual process that would be used during the Auction. In both instances, we monitored and evaluated bids submitted by Registered Bidders. We received and tested bid reports from NERA's software and formulated reports and checked price decrements using our own bid evaluation software.

c. Was the back-up bidding process followed?

Yes [redacted] Further, Registered Bidders also had the opportunity to practice the back-up bid procedure during the Trial Auctions for Registered Bidders on January 30, 2025 and February 4, 2025.

d. Did communications between bidders and the Auction Manager follow procedure?

Yes, communications between bidders and the Auction Manager followed procedure.

Bidders were given three ways of communicating with the Auction Manager during the Auction. Bidders had a telephone number for technical assistance, an email address, and they could also send text messages and electronic messages through the online platform. All forms of communication were logged. All telephone conversations were taped and all texts, electronic messages, and the answers given by the Auction Manager were saved. Bates White reviewed all telephone conversations, texts and electronic messages.

e. Were Auction schedule protocols followed with regard to extensions and recesses?

Yes [redacted] n addition,

f. Did bidders communicate any material concerns to NERA?

No.

QUESTION 6:
From what Bates White could observe, were protocols for communication between bidders and the Auction Manager adhered to?

ANSWER 6: Yes.

PRE-AUCTION CRITERIA

a. Was confidential information properly provided to bidders?

Yes. Bates White did not observe any release of confidential information or inappropriate communication that could impair the integrity of the Auction.

b. Before the Part 2 Application deadline, were questions placed on the Auction website?

Yes. The first FAQ was posted on the BGS website on August 13, 2024. The Part 2 Application deadline was on January 15, 2025, and qualified bidders were notified by January 23, 2025, by which time there were a total of 109 questions posted and answered. Additional questions asked by bidders were also answered by NERA following the Part 2 Application notification. See also the answer to 2b.

c. Were the communication protocols followed?

Yes. [redacted]

AUCTION WEEK CRITERIA

d. Was confidential information properly provided to bidders?

Yes, the Auction software was built to ensure that all participants had controlled [redacted]

[redacted]

e. Did communications between bidders and the Auction Manager follow procedure?

Yes, please see the answer to 5d.

QUESTION 7:
From what Bates White could observe, were there any hardware or software problems or errors, either with the RSCP Auction system or with its associated communications systems?

ANSWER 7: No.

AUCTION WEEK CRITERIA

a. What problems, if any, were there with the Auction or communications system on NERA's end?

Bates White is unaware of any material issues with NERA's communication systems based on our presence in the Auction site and our review of electronic and voice communications.

b. Did bidders experience any computer or communications problems that appeared to be the fault of NERA?

No, all bids were successfully received by NERA.

c. Was NERA aware of any material technical issues?

No, NERA did not indicate any material technical issues.

d. Did bidders communicate any material concerns to NERA?

Bidders did not communicate any material technical concerns to NERA. All bidders were able to submit their offers, and the rounds continued normally.

QUESTION 8:
Were there any unanticipated delays during the RSCP Auction?

ANSWER 8: No.

QUESTION 9:
Did unanticipated delays appear to adversely affect bidding in the RSCP Auction? What adverse effects did Bates White directly observe and how did they relate to the unanticipated delays?

ANSWER 9: No.

QUESTION 10:
Were appropriate data back-up procedures planned and carried out?

ANSWER 10: Yes.

AUCTION WEEK CRITERIA

a. Was Auction data backed-up during the Auction?

[redacted] NERA ensured that no Auction information would be lost if there was a problem with the Auction software during the Auction. [redacted]

QUESTION 11:
Were any security breaches observed with the RSCP Auction process?

ANSWER 11: No.

To our knowledge, there were no security breaches.

During the Auction, many security measures were in place. The Auction software used on bid day was built to ensure that all participants had controlled access to Auction data. [redacted]

Bates White reviewed communications between NERA and bidders. [redacted]

QUESTION 12:
From what Bates White could observe, were protocols followed for communications among the EDCs, NERA, BPU staff, the Board (if necessary), and Bates White during the RSCP Auction?

ANSWER 12: Yes.

AUCTION WEEK CRITERIA

a. Were protocols followed as described by NERA?

Yes. As far as Bates White is aware, the Communication Protocols were followed during the Auction. Also, please see answer to 5d.

b. Did BPU Staff and Bates White get all the information that we required?

Yes, Bates White and BPU Staff received all data requested from NERA in a timely and professional fashion during the Auction.

QUESTION 13:
From what Bates White could observe, were the protocols followed for decisions regarding changes in RSCP Auction parameters (e.g., volume, load caps, bid decrements)?

ANSWER 13: Yes.

PRE-AUCTION CRITERIA

a. Were notable changes made to the decrement formulas?

NERA made a change to the decrement parameters to help ensure that the Auction moved at a reasonable pace [redacted]

AUCTION WEEK CRITERIA

b. During the Auction, did the Auction Manager impose any changes on the RSCP Auction parameters?

[redacted]

QUESTION 14:
Were the calculations (e.g., for bid decrements or bidder eligibility) produced by the RSCP Auction software double-checked or reproduced off-line by the Auction Manager?

ANSWER 14: Yes.

QUESTION 15:
Was there evidence of confusion or misunderstanding on the part of bidders that delayed or impaired the Auction?

ANSWER 15: No.

There was no evidence of confusion or misunderstanding that caused delays; as noted, Bates White reviewed all electronic and voice communications.

QUESTION 16:
From what Bates White could observe, were the communications between the Auction Manager and bidders timely and effective?

ANSWER 16: Yes.

AUCTION WEEK CRITERIA

All answers to questions Bates White was able to review seemed relevant and clear. Again, Bates White reviewed all FAQs and electronic messages. In addition, Bates White also reviewed the phone conversations between bidders and the Auction Manager.

Bates White believes answers to bidders' questions were provided in a timely fashion, and NERA made all possible efforts to ensure bids were placed on time.

QUESTION 17:
Was there evidence that bidders felt unduly rushed during the process? Should the Auction have been conducted more expeditiously?

ANSWER 17: No.

The Auction proceeded relatively smoothly. The 2025 RSCP Auction ended after 22 rounds, which compares to 29 rounds last year and 21 rounds the year before.

Each bidder is permitted 1 recess request and 2 extension requests during the Auction. The Auction includes an automatic extension after Round 1. [redacted]

[redacted] there was no indication from bidders that they felt unduly rushed. [redacted]

Note that bidders were able to test the Auction software during the Trial Auctions for Registered Bidders, and therefore were comfortable with it during the actual Auction.

QUESTION 18:
Were there any complaints from bidders about the process that Bates White believed were legitimate?

ANSWER 18: No.

Bates White believes there were no legitimate complaints about the Auction. That is, we are not aware of any questions raised by bidders that were not resolved.

QUESTION 19:
Was the RSCP Auction carried out in an acceptably fair and transparent manner?

ANSWER 19: Yes.

Speaking broadly, the New Jersey Auction is structured to be fair and transparent. The two key features in this regard are (a) the precisely defined product being solicited and (b) the price-only evaluation. These ensure that all bidders are supplying the same product, and no bidder can gain an advantage over another except by offering a lower price. Because the product and evaluation method are clearly spelled out, any bidder that meets the qualification requirements may participate. In addition, as approved by the Board, the BGS Auction had several mechanisms in place to ensure a fair and transparent process.

All interested parties were given ample opportunity to comment on the 2025 BGS process. In its Procedural Order, the Board invited all interested parties to file procurement proposals by July 1, 2024. Furthermore, interested parties were also invited to file initial comments and final comments by September 4, 2024, and

October 7, 2024, respectively. The Board also held a legislative-type hearing on September 20, 2024.

Before the Auction began, the rules and contracts were approved and made public. Auction rules were approved by the Board. Contracts and Supplier Master Agreements were standardized, approved, and made public before the Auction. Any optional changes in the language of these agreements were standardized, approved, and made public before the Auction as well. Finally, application and credit requirements to become a bidder in the BGS Auction were also standardized, approved, and made public before the Auction.

Bidder information sessions were held by the Auction Manager to educate potential bidders on the Auction process. They provided an opportunity for questions to be asked in a public forum. Any questions asked pertaining to the Auction were posted on the BGS Auction website as FAQs. This FAQ section ensured that all bidders had equal access to information provided to any one bidder.

The Auction Manager consulted with Bates White and BPU Staff concerning Part 1 and 2 Applications. [redacted]

An additional factor boosting the competitiveness of the Auction is that this is the 24th year it has been held and its results have been consistently certified by the Board. This stability helps attract more bidders and better offers.

Finally, the Auction was also carried out in a fair and transparent manner in the sense that the Auction adhered to the Auction rules. The Auction rules and the Auction software were designed to produce a fair and transparent Auction. The rules were made public and approved by the Board. The Auction software ensured that bidders received the correct information.

QUESTION 20:
Was there evidence of non-productive "gaming" on the part of bidders?

QUESTION 21:
Was there any evidence of collusion or improper coordination among bidders?

QUESTION 22:
Was there any evidence of a breakdown in competition in the RSCP Auction?

ANSWER 20: No.

ANSWER 21: No.

ANSWER 22: No.

Developing the information to answer these three questions and, more broadly, assessing the competitiveness of the BGS Auction was a central focus of our monitoring efforts. We assessed both structural and behavioral indicators of competitiveness in each round of bidding in the RSCP Auction (which solicits supply for residential customers as well as some small commercial customers). Although we go into some detail here, these indicators are just that, indications of competitiveness; they are not fixed numerical standards.

Both structural and behavioral indicators give support for the specific answers provided to all three of these questions as well as support to the broader finding that the BGS Auction was competitive. Among the structural indicators were the number of bidders, the number of winners, the market shares of winners, and a widely-used measure of competitiveness related to market shares called the Herfindahl-Hirschman Index (HHI).

[redacted] well-known participants in the U.S. electricity business. [redacted]

[redacted] This excess of offers is important because it is the excess that results in the price decreasing round-by-round, to the benefit of New Jersey ratepayers. [redacted]

[redacted]

[redacted] eleven won the right to serve some portion of the New Jersey RSCP load. Eleven winners are two fewer than the number of winners last year. [redacted] is another example of transparency in the process. [redacted]

With respect to market share of each winner, some background on standards is useful. Having a minimum of three suppliers is sometimes set as a standard of competitiveness. The BGS Auction rules help ensure at least three winners by limiting to approximately one-third (20 tranches) the portion of statewide consumer need that can be won by any single supplier. In addition, bidders are limited in the amount of supply they can win in each EDC's service territory (RECO excepted) such that there will always be at least three winners per EDC.

Another standard for judging market share comes from a FERC standard for granting the right for a supplier to sell at market-based prices (as opposed to regulated cost-based rates). In one of two FERC threshold tests for granting the right to sell at market-based prices, FERC asks that the supplier have no more than a 20% share of the market. If the market share is 20% or less, it is presumed the supplier cannot exercise market power. If the market share exceeds 20%, the supplier can conduct an additional test or point to mitigation for market power, such as the mitigation measures and monitoring of the PJM Interconnection or the Midwest ISO – that is, the 20% is not a hard and fast limit to market-based rate authority.

Among the eleven winners in the RSCP Auction, only one bidder, NextEra Energy Marketing, LLC, has a market share over 20% (at 29.6%). Including winners from the 2023 and 2024 RSCP Auctions, each of whom will provide BGS-RSCP supply over the June 2025 to May 2026 period, NextEra Energy Marketing, LLC remains the only supplier with a market share over 20% (at 27.4%).

The Herfindahl-Hirschman Index (HHI) is a measure of competitiveness closely related to market shares. Again, some background on the HHI standard is useful. The U.S. Department of Justice primarily uses a three-part standard for HHIs when judging the competitive effect of mergers and acquisitions. An HHI below 1,000 is a safe harbor of sorts because the market is said to be un-concentrated. If, after a merger or acquisition, the HHI is below 1,000, it is generally thought that there is no competitive harm from the merger or acquisition; that is, the merger or acquisition does not make the exercise of market power more likely. An HHI between 1,000 and 1,800 is said to indicate moderate concentration. An HHI over 1,800 is said to indicate a highly concentrated market.[26] For market-

[26] In December of 2023 these were lowered from past standards. Previously, an HHI of 1,500 or lower was unconcentrated and an HHI of above 2,500 indicated a highly concentrated market.

based rate authority, FERC uses a threshold of 2,500 for the HHI in one of its standards.

For the RSCP Auction, using the winning shares as market shares, the HHI is 1,591. This puts the HHI for the RSCP Auction within DOJ's moderately concentrated range. However, to include only winning bidders is a narrow focus for calculating an HHI. For example, a more appropriate focus would be the 14 suppliers who will serve consumers in 2025-2026; these are the winners in 2023 and 2024, as well as in this 2025 Auction. The HHI in this case would be 1,325.

A final method that is also employed by FERC in antitrust evaluations examines the HHI of a market when the price is within 5% of the final market price. This so-called "Delivered Price Test" gives a sense of what suppliers would have participated at a price level roughly consistent with market prices.

With respect to behavioral indicators, the core of this effort was to detect any sign of collusion among bidders. No evidence of collusion was found in the RSCP Auction. Bates White and its Auction expert, Professor Ken Hendricks,

we detected no evidence of explicit coordination of bidding.

QUESTION 23:
Was information made public appropriately? From what Bates White could observe, was sensitive information treated appropriately?

ANSWER 23: Yes.

Yes, Pre-Auction information was treated appropriately pursuant to the communication protocols. Please see answers 6a-6c.

To our knowledge, no confidential information was leaked while the Auction was conducted. All suppliers, NERA, EDCs, and Bates White signed confidentiality agreements.

In addition, Bates White reviewed communication between all Auction personnel and bidders; we had access to communications sent to all bidders through the online platform and recordings of calls between NERA and bidders. Moreover, the Auction is held in a secure, separate suite of offices.

QUESTION 24:
Does the RSCP Auction appear to have generated a result that is consistent with competitive bidding, market-determined prices, and efficient allocation of the BGS-RSCP load?

ANSWER 24: Yes.

Although the acceptance or rejection of Auction results is not based on any assessment of price levels, Bates White attempted to develop an expectation of the final Auction prices

[redacted]

[redacted]

[redacted]

2025 BGS Auction					
Product	Tranches Filled	Final Price (cents/kWh)	Price Expectation Range (cents/kWh)[1]		
			Average	Low	High
PSE&G	28	10.736			
JCP&L	18	11.096			
ACE	7	11.050			
RECO	1	11.615			
Total	54				
Average[2]					

[redacted]

Comparing this year's prices to last year's prices shows increases, anywhere from 32.7% to 35.8% depending on the product. This is due mainly to the substantial increase in capacity prices resulting from the PJM capacity auction. PJM's capacity prices for the June 2024 to May 2025 service year were $53.31/MW-day, while the capacity prices for the June 2025 to May 2026 service year were $270.35/MW-day. This represents over a 400% increase in the capacity price from one year to another.

While this increase is just for the June 2025 to May 2026 period there was also, as noted, an increase in the proxy prices used in order to reflect the expectations of higher prices in future years. Last year the proxy price was set at the June 2024-

May 2025 level of $53.31/MW-day for the second and third years of the BGS-RSCP product.

From a rate impact standpoint, as a starting point, we generally compare the winning prices in this Auction to the contracts that are being replaced. In this case that would be contracts from the 2022 BGS Auction. Prices in this auction are roughly 42.3% higher, on a weighted average basis. This is also primarily due to the increase in capacity prices resulting from the PJM BRA, though RPS costs and energy costs also play a part.

This would generally lead us to expect an increase in the average bill. For all utilities except for RECO we are only replacing about one-third of the supply portfolio. Moreover, this auction only represents a portion of the total bill, so the total rate impact should be far less than the 42.3% or more difference between new and expiring contracts.

In addition, the winning contracts for the 2023 and 2024 BGS Auctions included proxy capacity prices for the upcoming June 2025 to May 2026 time frame. As noted above, the proxy prices used were relatively low due to the observed price levels at the time in the RPM Auction. The actual prices of capacity for that time period were over $220/MW-day higher than the proxy prices, meaning that winning suppliers will be paid a substantial true-up. This true-up will contribute to the increase in the average bills.

In sum, all EDCs forecast a rate increase in the average residential bill for the upcoming June to May period. Specifically, both PSE&G and ACE forecast bill increases of 17.2%; JCP&L forecasts a bill increase of 20.2%; and RECO forecasts a bill increase of 18.2%. On a rough basis more than half of the increase can be attributed to the effect of the true-ups, while the rest is driven by the auction results here.

QUESTION 25:
Were there factors exogenous to the RSCP Auction (e.g., changes in market environment) that materially affected the RSCP Auction in unanticipated ways?

ANSWER 25: No.

No, please see the answer to 24.

QUESTION 26:
Are there any concerns with the RSCP Auction's outcome with regard to any specific EDC(s)?

ANSWER 26: No.

III. THE NEW JERSEY 2025 BGS-CIEP AUCTION

A. POST-AUCTION CHECKLIST

ATTACHMENT B
DOCKET NO. ER24030191

POST-AUCTION CHECKLIST FOR THE NEW JERSEY
2025 BGS-CIEP AUCTION

Prepared by: Bates White, LLC

Auction began with the opening of Round 1 at 8:25 am on Friday, February 7, 2025

Auction finished with the close of Round 20 at 3:55 pm on Friday, February 7, 2025

	Start of Round 1	Start of Round 2 * (after volume reduction in Round 1, if applicable)	Start of Round n * (after post-Round 1 volume reduction, if applicable)
# Bidders	[redacted]	NA	NA
Tranche target	35	NA	NA
Eligibility ratio	[redacted]	NA	NA
Statewide load cap	16	NA	NA

* Note: No volume adjustment was made during the CIEP auction, so the pre-auction tranche target and the statewide load cap were unchanged for the auction.

ATTACHMENT B
DOCKET NO. ER24030191

Post-Auction Checklist for the New Jersey 2025 BGS-CIEP Auction

Table 1 below shows pertinent indicators and measures for the auction.

Table 1. Summary of BGS-CIEP Auction

	PSE&G	JCP&L	ACE	RECO	Total
BGS-CIEP peak load share (MW)	1,609.74	791.90	154.20	55.50	2,611.34
Total tranches needed	21	11	2	1	35
Starting tranche target in auction	21	11	2	1	35
Final tranche target in auction	21	11	2	1	35
Tranche size (%)	4.76	9.09	50.00	100.00	
Tranche size (approximate MW)	76.65	71.99	77.10	55.50	
Starting load cap (# tranches)	--	--	--	--	16
Final load cap (# tranches)	--	--	--	--	16
Quantity procured (# tranches)	21	11	2	1	35
Quantity procured (% BGS-CIEP load)	100%	100%	100%	100%	100%
# Winning bidders	6	4	2	1	7
Maximum # of tranches procured from any one bidder	10	4	1	1	10
Minimum and maximum starting prices prior to indicative bids ($/MW-day)					00 1,000
Starting price at start of auction ($/MW-day)*	[redacted]				
Final auction price ($/MW-day)**	696.05	625.21	605.22	566.54	664.90

* Price shown in "Total" column is an average across the EDCs weighted by each EDC's "Starting tranche target in auction".
** Price shown in "Total" column is an average across the EDCs weighted by each EDC's "Final tranche target in auction".

ATTACHMENT B
DOCKET NO. ER24030191

Post-Auction Checklist for the New Jersey 2025 BGS-CIEP Auction

Table 2. Overview of Findings on BGS-CIEP Auction

	Question	Comments
1	**BW's recommendation as to whether the Board should certify the CIEP auction results?**	Yes, certify
2	Did bidders have sufficient information to prepare for the CIEP auction?	Yes
3	Was the information generally provided to bidders in accordance with the published timetable? Was the timetable updated appropriately as needed?	Yes
4	Were there any issues and questions left unresolved prior to the CIEP auction that created material uncertainty for bidders?	No
5	From what BW could observe, were there any procedural problems or errors with the CIEP auction, including the electronic bidding process, the back-up bidding process, and communications between bidders and the Auction Manager?	No
6	From what BW could observe, were protocols for communication between bidders and the Auction Manager adhered to?	Yes
7	From what BW could observe, were there any hardware or software problems or errors, either with the CIEP auction system or with its associated communications systems?	No
8	Were there any unanticipated delays during the CIEP auction?	No
9	Did unanticipated delays appear to adversely affect bidding in the CIEP auction? What adverse effects did BW directly observe and how did they relate to the unanticipated delay?	No
10	Were appropriate data back-up procedures planned and carried out?	Yes
11	Were any security breaches observed with the CIEP auction process?	No

	Question	Comments
12	From what BW could observe, were protocols followed for communications among the EDCs, NERA, BPU staff, the Board (if necessary), and BW during the CIEP auction?	Yes
13	From what BW could observe, were the protocols followed for decisions regarding changes in CIEP auction parameters (e.g., volume, load cap, bid decrements)?	Yes
14	Were the calculations (e.g., for bid decrements or bidder eligibility) produced by the CIEP auction software double-checked or reproduced off-line by the Auction Manager?	Yes
15	Was there evidence of confusion or misunderstanding on the part of bidders that delayed or impaired the auction?	No
16	From what BW could observe, were the communications between the Auction Manager and bidders timely and effective?	Yes
17	Was there evidence that bidders felt unduly rushed during the process? Should the auction have been conducted more expeditiously?	No
18	Were there any complaints from bidders about the process that BW believed were legitimate?	No
19	Was the CIEP auction carried out in an acceptably fair and transparent manner?	Yes
20	Was there evidence of non-productive "gaming" on the part of bidders?	No
21	Was there any evidence of collusion or improper coordination among bidders?	No
22	Was there any evidence of a breakdown in competition in the CIEP auction?	No
23	Was information made public appropriately? From what BW could observe, was sensitive information treated appropriately?	Yes
24	Does the CIEP auction appear to have generated a result that is consistent with competitive bidding, market-determined prices, and efficient allocation of the BGS-CIEP load?	Yes

	Question	Comments
25	Were there factors exogenous to the CIEP auction (e.g., changes in market environment) that materially affected the CIEP auction in unanticipated ways?	No
26	Are there any concerns with the CIEP auction's outcome with regard to any specific EDC(s)?	No

B. BATES WHITE SUPPLEMENTAL CHECKLIST

BATES WHITE SUPPLEMENT TO NEW JERSEY BGS AUCTION CHECKLIST: CIEP AUCTION

QUESTION 1:
Bates White's recommendation as to whether the Board should certify the CIEP Auction results?

ANSWER 1: Yes, certify.

CRITERIA:

a. Were all checklist questions satisfactorily answered?

Yes.

QUESTION 2:
Did bidders have sufficient information to prepare for the CIEP Auction?

ANSWER 2: Yes.

PRE-AUCTION CRITERIA

a. Were there Pre-Bid sessions and were they informative?

Yes, there were Pre-Bid Information Sessions, and they informed bidders about Auction procedures and developments.

There were three Pre-Bid Information Sessions: the first was held on October 22, 2024, the second on December 3, 2024, and the third was held January 29, 2025. All sessions were conducted as webcasts. As a result, bidder confidentiality was maintained.

The first two information sessions were open to any entities interested in participating in the Auction. The third information session was held after the application process was complete and was restricted to Registered Bidders only. Since the session was conducted via webcast, NERA was able to conduct just one session for both RSCP and CIEP bidders.

Fourteen companies attended the first information session, ten companies attended the second information session, and twelve companies attended the third information session. Between the three sessions, twenty unique companies attended. The slide decks and audio from the first two sessions were posted on the BGS Auction website. All questions asked at the information sessions were adequately answered by NERA.

b. Were frequently asked questions (FAQs) posted on the BGS website and were all questions answered?

Yes, the FAQs were posted and all questions asked in a timely manner were answered.

All questions asked by bidders and their answers were posted on the FAQ section of the BGS website pursuant to NERA's FAQ Protocols. These protocols called for a specific process for answering bidder questions to ensure that all bidders had access to the same information at the same time.

As of February 6, 2025, 132 questions had been asked by bidders since August 13, 2024, the first day FAQs were posted. All of these questions were answered in a timely fashion by NERA. The topics of questions included: (a) Applications, (b) Association and Confidential Information Rules, (c) Auction Rules, (d) BGS Supplier Master Agreement, (e) Pre-Auction Security and Credit, (f) Rates and (g) Data. NERA provided responses to all of these questions, which seemed to satisfy bidders.

Answers to FAQs were posted publicly through mid-January. Starting on January 23, 2025, the Auction Manager sent answers to questions received regularly to Registered Bidders via email. Bates White reviewed these FAQs as well.

c. Was required information and data provided on the website?

Yes, the BGS Auction website provided required data for bidders to prepare for the Auction.

The Auction information listed below was provided according to the schedule posted by NERA. This information included: (a) Application forms, (b) minimum/maximum starting prices, (c) tranche targets, (d) load caps, (e) finalized rules, (f) final Supplier Master Agreements, and (g) finalized decrement formulas.

NERA also maintained a "data room" on their website, which contained data that was updated monthly and additional data that was updated less frequently. NERA provided descriptions of both types of data. This data room helped bidders prepare their bids. Examples of the data posted here included (a) load data, which was updated monthly for each EDC and covered up to at least October 2024, and (b) switching statistics that showed the percentage of load and number of customers that have switched to third party suppliers. Any revisions made to the data were marked on the website.

d. Did Bidders receive Auction logistics information (i.e., Confidential Bidder Information packet) on time?

Yes, before the Trial Auctions [redacted]

e. Did bidders communicate any material concerns to NERA?

No.

f. Were bidders given an opportunity to provide proposals and comments concerning the 2025 Auction Process?

Yes. In its Procedural Order, the Board invited all interested parties to file procurement proposals by July 1, 2024. Interested parties were also invited to file initial comments and final comments by September 4, 2024, and October 7, 2024, respectively. The Board also held a legislative-type hearing on September 20, 2024.

Although CIEP is also a full requirements product, the Auction price primarily reflects a fixed price for the capacity portion of that service, and the cost of meeting the State RPS. Bidders are paid the PJM spot energy price to cover the energy portion of the service. As noted in discussion of the RSCP Auction above, for the 2025 BGS Auction, the BRA for the 2026-2027 and the 2027-2028 delivery years was postponed and neither capacity price was known prior to this years' BGS Auction. This issue did not impact the CIEP Auction since the product only covered the June 2025 through May 2026 period.

Please see answer to question 24 above.

QUESTION 3:
Was the information generally provided to bidders in accordance with the published timetable? Was the timetable updated appropriately as needed?

ANSWER 3: Yes.

PRE-AUCTION CRITERIA

a. Was the timeline followed?

Yes.

b. Were there updates to the timeline?

No, there were no adjustments to this schedule.

QUESTION 4:
Were there any issues and questions left unresolved prior to the CIEP Auction that created material uncertainty for bidders?

ANSWER 4: No.

PRE-AUCTION CRITERIA

a. Were all questions answered in the FAQs?

Yes, please see answer to 2b.

b. Were bidder questions asked starting on or about January 23, 2025 directly responded to by NERA?

Yes, questions continued to be asked by Registered Bidders after January 23, 2025, and NERA provided answers to these questions directly to bidders via email. These answers were distributed regularly beginning on January 23, 2025. Bidders did not indicate any concerns with the answers provided by NERA. Also, please see answer to 2b.

c. Did other events or issues produce any material uncertainty for bidders?

In recent years, bidders have expressed concern over the implementation of the 2018 Clean Energy Act and, more generally, the responsibilities of winning suppliers in the BGS Auction with regard to meeting the State Renewable Portfolio Standard. As it did in the past, the Auction Manager posted an example calculation showing RPS requirements on the BGS website on January 28, 2025.

Based on the levels of participation and prices received it appears that bidders were able to understand and implement the requirements and there were no unnecessary premiums included in bid prices due to bidder confusion.

Bates White also monitored various industry news sources and did not discover any other events that would produce material uncertainty for bidders. The failure of PJM to establish a capacity price for the June 2026-May 2027 and June 2027-2028 periods, while important for the RSCP Auction, was not a factor in this Auction due to the time period covered by the CIEP product.

d. Did bidders communicate any material concerns to NERA?

Please see answer to 2e.

e. Was information equitably provided to bidders?

Yes, information was provided to bidders equally. This was done through Pre-Bid Information Sessions, FAQs posted on the BGS Auction website and emailed

to all bidders, and email announcements of upcoming important events and milestones. Also, please see answers to 2a-2d.

f. Was information provided to maximize the number of bidders for the Auction?

Yes, before bidders were registered, NERA conducted extensive marketing efforts in order to maximize bidder participation. Maximum bidder participation is important since the Auction operates such that the greater the excess supply, the further prices can decrease. Supply offered in excess of need directly drives the Auction price to "tick down" (decrease).

NERA conducted direct marketing with potential bidding companies through an email distribution list and phone calls. The list of contacts was developed from existing contact lists and from participants that registered for information on the BGS Auction website. NERA also advertised the bidding opportunity by running four ads in Platts publications, two in *Megawatt Daily* on November 19, 2024, and December 3, 2024, and two in *Energy Trader* on November 21, 2024 and December 5, 2024.

The Auction Manager consulted with Bates White during each of the Application processing periods. [redacted]

g. From Bates White's observation, were there any pre-qualification requirements which directly prevented bidder participation?

[redacted]

QUESTION 5:
From what Bates White could observe, were there any procedural problems or errors with the CIEP Auction, including the electronic bidding process, the back-up bidding process, and communications between bidders and the Auction Manager?

ANSWER 5: No.

AUCTION WEEK CRITERIA

a. Was protocol followed for the CIEP Auction?

Yes, to our knowledge, the Auction was conducted according to the Auction Rules as approved by the Board.

b. Were there problems with the electronic bidding process?

No, there were no major problems with the Auction software during testing or trials.

Bates White had full opportunity to test NERA's bidding software, backup bidding process, and bid recording systems during three Trial Auctions.

For the first Trial Auction on January 24, 2025, Bates White assumed the role of a bidder and verified that bidders' accounts had access to the correct information. We tested the Auction software by submitting problematic bids to determine if the software operated according to the rules and provided proper information to bidders. We also tested NERA's phone-based backup bidding systems by submitting backup bids and creating situations to test NERA's bidder notification protocols. [redacted]

For the second and third Trial Auctions held on January 30, 2025 and February 4, 2025 respectively, Bates White moved to the site of the Auction at NERA's offices in Washington DC to test the actual process that would be used during the Auction. In both instances, we monitored and evaluated bids submitted by Registered Bidders. We received and tested bid reports from NERA's software and formulated reports and checked price decrements using our own bid evaluation software.

During the actual CIEP Auction, Bates White did not observe any software problems.

c. Was the back-up bidding process followed?

Yes [redacted] Further, Registered Bidders also had the opportunity to practice the back-up bid procedure during the Trial Auctions for Registered Bidders on January 30, 2025 and February 4, 2025.

d. Did communications between bidders and the Auction Manager follow procedure?

Yes, communications between bidders and the Auction Manager followed procedure.

Bidders were given three ways of communicating with the Auction Manager during the Auction. Bidders had a telephone number for technical assistance, an

email address, and they could also send text messages and electronic messages through the online platform. All forms of communication were logged. All telephone conversations were taped and all texts, electronic messages, and the answers given by the Auction Manager were saved. Bates White reviewed all telephone conversations, texts and electronic messages.

e. Were Auction schedule protocols followed with regard to extensions and recesses?

Yes. [redacted] Bidders were given an automatic extension after round one.

f. Did bidders communicate any material concerns to NERA?

No.

QUESTION 6:
From what Bates White could observe, were protocols for communication between bidders and the Auction Manager adhered to?

ANSWER 6: Yes.

PRE-AUCTION CRITERIA

a. Was confidential information properly provided to bidders?

Yes. Bates White did not observe any release of confidential information or inappropriate communication that could impair the integrity of the Auction.

b. Before the Part 2 Application deadline, were questions placed on the Auction website?

Yes. The first FAQ was posted on the BGS website August 13, 2024. The Part 2 Application deadline was on January 15, 2025, and qualified bidders were notified by January 23, 2025, by which time there were a total of 109 questions posted and answered. Additional questions asked by bidders were also answered by NERA following the Part 2 Application deadline. See also the answer to 2b.

c. Were the communication protocols followed?

Yes. [redacted]

[redacted]

AUCTION WEEK CRITERIA

d. Was confidential information properly provided to bidders?

Yes, the Auction software was built to ensure that all participants had controlled access to Auction information. [redacted]

e. Did communications between bidders and the Auction Manager follow procedure?

Yes, please see the answer to 5d.

QUESTION 7:
From what Bates White could observe, were there any hardware or software problems or errors, either with the CIEP Auction system or with its associated communications systems?

ANSWER 7: No.

AUCTION WEEK CRITERIA

a. What problems, if any, were there with the Auction or communications system on NERA's end?

Bates White is unaware of any material issues with NERA's communication systems based on our presence in the Auction site, and our review of electronic and voice communications.

b. Did bidders experience any computer or communications problems that appeared to be the fault of NERA?

No, all bids were successfully received by NERA.

c. Was NERA aware of any material technical issues?

No, NERA did not indicate any material technical issues.

d. Did bidders communicate any material concerns to NERA?

No, please see 5f.

QUESTION 8:
Were there any unanticipated delays during the CIEP Auction?

ANSWER 8: No.

QUESTION 9:
Did unanticipated delays appear to adversely affect bidding in the CIEP Auction? What adverse effects did Bates White directly observe and how did they relate to the unanticipated delays?

ANSWER 9: No.

QUESTION 10:
Were appropriate data back-up procedures planned and carried out?

ANSWER 10: Yes.

AUCTION WEEK CRITERIA

a. Was Auction data backed-up during the Auction?

[redacted] NERA ensured that no Auction information would be lost if there was a problem with the Auction software during the Auction. [redacted]

QUESTION 11:
Were any security breaches observed with the CIEP Auction process?

ANSWER 11: No.

To our knowledge, there were no security breaches.

During the Auction, many security measures were in place. The Auction software used on bid day was built to ensure that all participants had controlled access to Auction data. [redacted]

Bates White reviewed communications between NERA and bidders. [redacted]

QUESTION 12:
From what Bates White could observe, were protocols followed for communications among the EDCs, NERA, BPU staff, the Board (if necessary), and Bates White during the CIEP Auction?

ANSWER 12: Yes.

AUCTION WEEK CRITERIA

a. Were protocols followed as described by NERA?

Yes. As far as Bates White is aware, the Communication Protocols were followed during the Auction. Also, please see answer to 5d.

b. Did BPU Staff and Bates White get all the information that we required?

Yes, Bates White and BPU Staff received all data requested from NERA in a timely and professional fashion during the Auction.

QUESTION 13:
From what Bates White could observe, were the protocols followed for decisions regarding changes in CIEP Auction parameters (e.g., volume, load caps, bid decrements)?

ANSWER 13: Yes.

PRE-AUCTION CRITERIA

a. Were notable changes made to the decrement formulas?

No. NERA did not make any changes to the decrement formulas.

AUCTION WEEK CRITERIA

b. During the Auction, did the Auction Manager impose any changes on the CIEP Auction parameters?

[redacted]

QUESTION 14:
Were the calculations (e.g., for bid decrements or bidder eligibility) produced by the CIEP Auction software double-checked or reproduced off-line by the Auction Manager?

ANSWER 14: Yes.

[redacted] Bates White and NERA found no errors in the Auction software calculations.

QUESTION 15:
Was there evidence of confusion or misunderstanding on the part of bidders that delayed or impaired the Auction?

ANSWER 15: No.

There was no evidence of confusion or misunderstanding that caused delays; as noted, Bates White reviewed all electronic and voice communications.

QUESTION 16:
From what Bates White could observe, were the communications between the Auction Manager and bidders timely and effective?

ANSWER 16: Yes.

AUCTION WEEK CRITERIA

All answers to questions reviewed by Bates White seemed relevant and clear. Again, Bates White reviewed all electronic messages. In addition, Bates White also reviewed the phone conversations between bidders and the Auction Manager.

Bates White believes answers to bidders' questions were provided in a timely fashion, and NERA made all possible efforts to ensure bids were placed on time.

QUESTION 17:
Was there evidence that bidders felt unduly rushed during the process? Should the Auction have been conducted more expeditiously?

ANSWER 17: No.

In general, NERA's decrement formulas made this year's CIEP Auction proceed smoothly. [redacted]

The 2025 CIEP Auction ended after 20 rounds, which compares to 25 rounds last year. [redacted]

Each bidder is permitted 1 recess request and 2 extension requests during the Auction. The Auction design also features an automatic extension after Round 1. [redacted]

[redacted] here were also no indications from bidders that they felt unduly rushed. [redacted]

Note that bidders were able to test the Auction software during the Trial Auctions for Registered Bidders, and therefore were comfortable with it during the actual Auction.

QUESTION 18:
Were there any complaints from bidders about the process that Bates White believed were legitimate?

ANSWER 18: No.

Bates White believes there were no legitimate complaints about the Auction. That is, we are not aware of any questions raised by bidders that were not resolved.

QUESTION 19:
Was the CIEP Auction carried out in an acceptably fair and transparent manner?

ANSWER 19: Yes.

Speaking broadly, the New Jersey Auction is structured to be fair and transparent. The two key features in this regard are (a) the precisely defined product being solicited and (b) the price-only evaluation. These ensure that all bidders are supplying the same product, and no bidder can gain an advantage over another except by offering a lower price. Because the product and evaluation method are clearly spelled out, any bidder that meets the qualification requirements may participate.

In addition, as approved by the Board, the BGS Auction had several mechanisms in place to ensure a fair and transparent process.

All interested parties were given ample opportunity to comment on the 2025 BGS process. In its Procedural Order, the Board invited all interested parties to file procurement proposals by July 1, 2024. Furthermore, interested parties were also invited to file initial comments and final comments by September 4, 2024, and October 7, 2024, respectively. The Board also held a legislative-type hearing on September 20, 2024.

Before the Auction began, the procedures were approved and made public. For instance, Auction rules were approved by the Board. Contracts and master agreements were standardized, approved, and made public before the Auction. Any optional changes in the language of these agreements were standardized, approved, and made public before the Auction as well. Finally, application and credit requirements to become a bidder in the BGS Auction were also standardized, approved, and made public before the Auction.

Bidder information sessions were held by the Auction Manager to educate potential bidders on the Auction process. They provided an opportunity for questions to be asked in a public forum. Any questions asked pertaining to the Auction were posted on the BGS Auction website as FAQs. These FAQs ensured that all bidders had equal access to information provided to any one bidder.

The Auction Manager consulted with Bates White and BPU Staff concerning Part 1 and 2 Applications. [redacted]

An additional factor boosting the competitiveness of the Auction is that this is the 24th year that it has been held and its results have been consistently certified by the Board. This stability helps attract more bidders and better offers.

Finally, the Auction was also carried out in a fair and transparent manner in the sense that the Auction adhered to the Auction Rules. The Auction rules and the Auction software were designed to produce a fair and transparent Auction. The rules were made public and approved by the Board. The Auction software ensured that bidders received the correct information.

QUESTION 20:
Was there evidence of non-productive "gaming" on the part of bidders?

QUESTION 21:
Was there any evidence of collusion or improper coordination among bidders?

QUESTION 22:
Was there any evidence of a breakdown in competition in the CIEP Auction?

ANSWER 20: No.

ANSWER 21: No.

ANSWER 22: No.

Developing the information to answer these three questions and, more broadly, assessing the competitiveness of the BGS Auction was a central focus of our monitoring efforts. We assessed both structural and behavioral indicators of competitiveness in each round of bidding in the CIEP Auction (which targets larger commercial and industrial customers). Although we go into some detail here, these indicators are just that, indications of competitiveness; they are not hard and fast numerical standards.

Both structural and behavioral indicators give support for the specific answers provided to all three of these questions as well as support to the broader finding that the BGS Auction was competitive. Among the structural indicators were the number of bidders, the number of winners, the market share of winners, and a widely-used measure of competitiveness related to market shares called the Herfindahl-Hirschman Index (HHI).

[redacted] This is a good number of bidders for an auction this size.

[redacted]

Seven [redacted] bidders won the right to serve at least some portion of the New Jersey CIEP consumer need. The biggest winner was DTE Energy Trading, who

[redacted]

won 10 tranches, all for PSE&G. Last year's process saw five winners with the largest supplier (again, DTE Energy Trading) winning 13 tranches.

Another standard for judging market share comes from a FERC standard for granting the right for a supplier to sell at market-based prices (as opposed to regulated cost-based rates). In one of two FERC threshold tests for granting the right to sell at market-based prices, FERC asks that the supplier have no more than a 20% share of the market. If the market share is 20% or less, it is presumed the supplier cannot exercise market power. If the market share exceeds 20%, the supplier can conduct an additional test or point to mitigation for market power, such as the mitigation measures and monitoring of the PJM Interconnection or the Midwest ISO – that is, the 20% is not a hard and fast limit to market-based rate authority.

Among the seven winners in the CIEP Auction, two had a market share over 20% (ConocoPhillips Company and DTE Energy Trading, Inc. won 22.9% and 28.6%, respectively). Constellation had a market share equal to 20%, technically not exceeding the FERC limit. This concentration is to be expected in a smaller auction of this type.

The Herfindahl-Hirschman Index (HHI) is a measure of competitiveness closely related to market shares. Again, some background on the HHI standard is useful. The U.S. Department of Justice has a three-part standard for HHIs when judging the competitive effect of mergers and acquisitions. An HHI below 1,000 is a safe harbor of sorts because the market is said to be un-concentrated. If, after a merger or acquisition, the HHI is below 1,000, it is generally thought that there is no competitive harm from the merger or acquisition; that is, the merger or acquisition does not make the exercise of market power more likely. An HHI between 1,000 and 1,800 is said to indicate moderate concentration. An HHI over 1,800 is said to indicate a highly concentrated market.[28] For market-based rate authority, FERC uses a threshold of 2,500 for the HHI in one of its standards.

For the CIEP Auction, using the winning shares as market shares, the HHI is 2,033. This puts the HHI for the CIEP Auction into the highly concentrated range of the DOJ's HHI brackets, again not too surprising for a smaller auction.

However, to include only winning bidders is a narrow focus for calculating an HHI. A broader method that is also employed by FERC in antitrust evaluations examines the HHI of a market when the price is within 5% of the final market price. This so-called "Delivered Price Test" gives a sense of what suppliers would have participated at a price level roughly consistent with market prices. [redacted]

[28] In December 2023 these were lowered from past standards. Previously, an HHI of 1,500 or lower was unconcentrated and an HHI of above 2,500 indicated a highly concentrated market.

[redacted]

With respect to behavioral indicators, the core of this effort was to detect any sign of collusion among bidders. No evidence of collusion was found in the CIEP Auction. Bates White and its auction expert, Professor Ken Hendricks of the University of Wisconsin, [redacted] e detected no evidence of explicit coordination of bidding.

QUESTION 23:
Was information made public appropriately? From what Bates White could observe, was sensitive information treated appropriately?

ANSWER 23: Yes.

Yes, Pre-Auction information was treated appropriately pursuant to the communication protocols. Please see answers 6a-6c.

To our knowledge, no confidential information was leaked while the Auction was conducted. All suppliers, NERA, EDCs, and Bates White signed confidentiality agreements [redacted]

In addition, Bates White reviewed communication between all Auction personnel and bidders; we had access to communications sent to all bidders through the online platform and recordings of calls between NERA and bidders.

QUESTION 24:
Does the CIEP Auction appear to have generated a result that is consistent with competitive bidding, market-determined prices, and efficient allocation of the BGS-CIEP load?

ANSWER 24: Yes.

Although the acceptance or rejection of Auction results is not based on any assessment of price levels, Bates White attempted to develop an expectation of the final Auction prices [redacted]

Bidders who win the right to serve CIEP load must provide a full requirements product (i.e. energy, capacity, ancillary services, RPS requirements, etc.) to CIEP customers. Winning bidders are paid their winning bid price, plus the spot energy price per MWh delivered, plus $6/MWh for ancillary services, plus the standby fee of $0.15 per MWh.

Although CIEP is also a full requirements product, the Auction price primarily reflects a fixed price for the capacity portion of that service, and the cost of meeting the State RPS. Bidders are paid the PJM spot energy price to cover the energy portion of the service. [redacted]

QUESTION 25:
Were there factors exogenous to the CIEP Auction (e.g., changes in market environment) that materially affected the CIEP Auction in unanticipated ways?

ANSWER 25: No.

QUESTION 26:
Are there any concerns with the CIEP Auction's outcome with regard to any specific EDC(s)?

ANSWER 26: No.