



## New Jersey Board of Public Utilities

### NEWS RELEASE

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**Contact:**  
Greg Reinert  
609-777-3305

## Christie Administration Announces Results of Electricity Auction

### Auction Outcome Results in Lower and Stable Electricity Prices Across Residential and Small Business Customer Sector

TRENTON, N.J. – Today, the New Jersey Board of Public Utilities (Board) unanimously approved the results of the State's twelfth annual electricity auction for Basic Generation Service (BGS). The auction determines, in part, the cost of electricity for most New Jersey residents and businesses. The Board's approval will result in lower prices for the electricity commodity supplied to most residents and small to medium sized businesses for the twelve-month period starting June 1, 2013.

The results of this year's BGS auction for residential and small to medium sized commercial service continues a 4-year streak, starting in 2010 of decreasing or stable energy costs for most residents and small to medium sized businesses. Since 2009, energy costs for the residential and small to medium sized commercial sector on average have fallen approximately 30%.

"New Jersey's competitive auction for electricity has again contributed to falling electricity costs for most residents and many business customers across the state," said Board President Bob Hanna. "The auction results are good news for most ratepayers, and the Board will continue to strive for stable and affordable utility costs which will improve the State's economic competitiveness."

The Board's approval covers the results of two separate descending clock auctions conducted by NERA Economic Consulting over the past three business days. The first auction for Commercial and Industrial Price (CIEP) service used by large commercial and industrial customers began and ended on February 1st. The second auction for Fixed Price (FP) service, used primarily by residential and small to medium sized commercial customers, began on February 4 and concluded on February 5. Both auctions secured commitments for as much as \$7 billion worth of energy purchases covering approximately 8,700 megawatts (MWs) of electric generating capacity.

The energy secured in the FP auction will meet one-third of the state's residential and small business electric demand for the next three energy years, starting June 1, 2013. The remaining two-thirds of demand for the twelve-month period starting June 1, 2013, will be met by generation secured in the auctions of 2011 and 2012. The supply acquired through the CIEP auction is for one year. The state's four electric distribution companies do not earn a profit on the cost of the generation secured in the auctions. These costs are passed through directly to ratepayers.

The average winning price obtained in this year's FP auction (\$0.08872 per Kwh) is approximately 8% lower than the expiring price from the 2010 auction, which this year's auction results replace. These prices only affect a portion of the cost of electricity for residential customers. Therefore, the auction will result in relatively small changes in overall residential electric bills.

For example, a typical residential customer's monthly bill, based on usage of 650 kWh, in Atlantic City Electric's service area will drop 5.3% from \$119.99 to \$113.57 per month. In Public Service Electric and Gas's (PSE&G) service area, the average residential monthly bill remains stable with a very slight increase of \$0.06 due mostly to transmission reliability projects deemed necessary by regional grid operator PJM and ordered by the Federal Energy Regulatory Commission (FERC).

For the upcoming energy year, PJM's Reliability Pricing Model (RPM) price, which establishes the cost of capacity, increased approximately 65% on average, or about \$100/MW-day, across the four electric utilities. RPM is the major factor driving the CIEP price and was primarily responsible for the CIEP Auction winning prices increasing across the four utilities' territories. Recent increases in the State's Renewable Portfolio Standard requirements for solar energy contributed to the remainder of the price increase. The CIEP price constitutes only a small portion of monthly bills of CIEP customers for the period from June 1, 2013 to May 31, 2014, and the price of other components have been fairly stable. The CIEP price, as set in the auction, is a stand-by rate provided for those customers not served by third-party suppliers. As of December 2012, approximately 88% of the CIEP load is being provided through individual contracts with third-party suppliers. These contracts are negotiated in the competitive marketplace and are not affected by the CIEP auction results.

The Board deemed the auction to be competitive throughout the bidding process based upon the number of offerings for each block of power auctioned, and the competitive prices that resulted.

BGS-FP 36-Month Tranches (One "tranche" equals approximately 100 Mw):

<b>Electric Utility</b>	<b>Closing Price (cents/Kwh)</b>	<b>Total Tranches Sold</b>
ACE	8.727	7
JCP&L	8.370	18
PSE&G	9.218	28
RECO	9.258	1

BGS-CIEP 1-year Tranches (One "tranche" equals approximately 75 Mw):

<b>Electric Utility</b>	<b>Closing Price \$/Mw-day</b>	<b>Total Tranches Sold</b>
ACE	265.33	5
JCP&L	265.00	14
PSE&G	269.29	29
RECO	365.00	2

The winning bidders of the residential Fixed Price (FP) Auction are:

BP Energy Company  
Energy America, LLC

Exelon Generation Company, LLC  
 Macquarie Energy LLC  
 Morgan Stanley Capital Group Inc.  
 NextEra Energy Power marketing, LLC  
 PSEG Energy Resources & Trade LLC  
 TransCanada Power Marketing Ltd.

The BGS-CIEP Auction winners are:

ConocoPhillips Company  
 Dominion Retail, Inc.  
 DTE Energy Trading, Inc.  
 Exelon Generation Company  
 PPL EnergyPlus, LLC  
 PSEG Energy Resources & Trade LLC

The following table illustrates how the auction results will affect electricity supply costs for the average residential customer when the new rates take effect on June 1, 2013:

**Monthly Impact of BGS Auction on Average Residential Accounts**

Utility Company	Usage (kWh)	Current Bill	Increase or Decrease	New Bill	Percent Change
Atlantic Electric	650	\$119.99	-\$6.42	\$113.57	-5.35%
JCP&L	650	\$97.51	-\$2.91	94.60	-3.0%
PSE&G	650	\$119.07	\$0.06	\$119.13	0.05%
Rockland	650	\$123.22	-\$6.74	\$116.48	-5.5%

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**About the New Jersey Board of Public Utilities (NJBPU)**

*The NJBPU is a state agency and regulatory authority mandated to ensure safe, adequate and proper utility services at reasonable rates for New Jersey customers. Critical services regulated by the NJBPU include natural gas, electricity, water, wastewater, telecommunications and cable television. The Board has general oversight responsibility for monitoring utility service, responding to consumer complaints, and investigating utility accidents. To find out more about the NJBPU, visit our web site at [www.nj.gov/bpu](http://www.nj.gov/bpu).*