



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PROVISION OF BASIC)
GENERATION SERVICE (BGS) FOR THE PERIOD) DECISION AND ORDER ON
BEGINNING JUNE 1, 2024) RECO RFP
)
) DOCKET NO. ER23030124

Parties of Record

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Philip J. Passanante, Esq., Associate General Counsel for Atlantic City Electric Company
James Meehan, Esq., Attorney for Jersey Central Power & Light Company
Aaron Karp, Esq., Attorney for Public Service Electric and Gas Company
Margaret Comes, Esq., Associate Counsel for Rockland Electric Company

BY THE BOARD:

This Order memorializes actions taken by the New Jersey Board of Public Utilities ("Board" or "BPU") at its January 31, 2024 agenda meeting pertaining to Rockland Electric Company's ("RECO" or "Company") Request for Proposal ("RFP") to procure electric supply and capacity for its Central and Western customers beginning June 1, 2024.

By Order dated April 12, 2023, the Board directed the EDCs and interested parties to file proposals by July 3, 2023 to determine how to procure the remaining one-third of the State's BGS requirements for Residential and Small Commercial Pricing ("RSCP") customers and the annual Commercial and Industrial Energy Pricing ("CIEP") requirements for the period beginning June 1, 2024.¹ The April 12, 2023 Order also ordered RECO to file a proposal as part of its BGS filing to procure the BGS energy and capacity requirements for its non-PJM Interconnection, LLC ("PJM") service area within New Jersey for the period beginning June 1, 2024, to the extent not previously addressed.

¹ In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2024, BPU Docket No. ER23030124, Order dated April 12, 2023 ("April 12, 2023 Order").

RECO REQUEST FOR PROPOSAL

RECO's Central and Western Divisions are physically connected to the New York Independent System Operator ("NYISO"). Therefore, RECO must purchase required energy and capacity for its Central and Western BGS customers from markets administered by the NYISO.

By order dated January 27, 2021, the Board approved the results of an RFP for RECO's non-PJM energy requirements through May 31, 2024.² As a result, as part of RECO's Company Specific Addendum, RECO included a proposal for the BGS year commencing June 1, 2024 to cover these requirements.

For the BGS year commencing June 1, 2024, RECO proposed the same procurement process that the Board approved in its Order dated November 18, 2020, in Docket No. ER20030190.³ Specifically, RECO proposed to enter into a bi-lateral agreement or agreements to hedge the cost of energy purchases from the NYISO. According to RECO, the bi-lateral agreements would be a financial hedge, where no energy commodity is provided by the counterparty.

RECO proposed to conduct the bidding prior to the BGS auction. The bids would be submitted by bidders the day before a Board agenda meeting, and the bid agreement would specify that the bidder would hold the bid open until the earlier of approval of the bid by the Board or midnight the day of the Board agenda meeting.

According to the proposal, RECO would seek bids on physical and financial transactions for NYISO Zone G energy for the periods specified below. Each transaction would be a fixed-price transaction for approximately 10 MW "around-the-clock" of NYISO Zone G energy. RECO proposed to procure agreements to cover the period of June 1, 2024 through May 31, 2027, and would seek pricing for the following four (4) periods:

1. Year 1: June 1, 2024 through May 31, 2025
2. Year 2: June 1, 2025 through May 31, 2026
3. Year 3: June 1, 2026 through May 31, 2027
4. Blended price: June 1, 2024 through May 31, 2027

RECO indicated that it would enter into a NYISO Zone G fixed-for-floating swap with a counterparty, whereby RECO effectively pays the fixed price monthly for the term of the transaction.

RECO proposed to review the bids received with Staff and its BGS auction advisor and select a winning bid that is most competitive and that is consistent with market conditions. RECO indicated that it would submit the winning bid to the Board for approval. In the event that the bids that RECO receives do not reflect market conditions, the Board does not approve the winning bidder, or the bidder defaults on the bid agreement, RECO would report a failed procurement and proceed to a default procurement process. Under the default process as proposed by RECO, the Company would purchase the energy needs of its BGS customers in the Central and Western Divisions in the NYISO Day-Ahead and Real Time Markets without a financial hedge.

² In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2021, BPU Docket No. ER20030190, Order dated January 27, 2021.

³ In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2021, BPU Docket No. ER20030190, Order dated November 18, 2020 ("November 2020 Order").

On August 16, 2013, in Federal Energy Regulatory Commission (“FERC”) Docket Number ER13-1380, FERC approved the creation of a new capacity market zone in the Lower Hudson Valley region encompassing NYISO Load Zones G, H, I, and J. According to RECO, Lower Hudson Valley capacity is not actively traded, and RECO does not expect any change before the BGS Auction. Because of capacity market changes at the NYISO noted above, RECO proposed purchasing the capacity needs of its BGS customers in its Central and Western Divisions in the NYISO capacity market and blending its forecast of those prices into the BGS-RSCP price. According to RECO, this is the same proposal approved in the November 2020 Order. RECO expects these capacity purchases to have minimal impact because its Central and Western Divisions constitute only about 10 percent (10%) of RECO’s BGS load.

By Order dated November 17, 2023, the Board approved RECO’s RFP proposal.⁴

RECO RFP SUMMARY

On January 30, 2024, RECO conducted its RFP process to acquire the energy transactions to satisfy part of the supply requirements for its non-PJM service areas within New Jersey for the period of June 1, 2024 through May 31, 2027. The RFP results are as follows:

<u>Period</u>	<u>Product</u>	<u>Winning Bidder</u>	<u>Price</u>
Year 1: June 1, 2024 through May 31, 2025	Financial	Shell Energy Trading Risk Management	\$48.95 per MWh
Year 2: June 1, 2025 through May 31, 2026	Financial	Exelon Generation Company LLC	\$52.35 per MWh
Year 3: June 1, 2026 through May 31, 2027	Financial	Shell Energy Trading Risk Management	\$54.58 per MWh

The results of this RFP will be blended with the results from RECO’s BGS-RSCP Auction so that all RECO customers in each rate class pay the same BGS prices.

RECO RFP OVERSIGHT, FINDINGS, AND CONCLUSIONS

Bates White provided the Board with a confidential post-Auction evaluation form for the RECO RFP, as well as a supplemental checklist reviewing how the RFP was conducted. The independent analyses conducted by Bates White indicate that the RFP process proceeded without meaningful interruption, and in an acceptably fair and transparent manner. Bates White recommends that the Board certify the RFP results. Staff assigned to oversee the auctions also briefed the Board on the conduct and results of the RFP prior to the January 31, 2024 meeting where the Board accepted the results of the RFP.

⁴ In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2024, BPU Docket No. ER23030124, Order dated November 17, 2023.

DISCUSSION AND FINDINGS

After reviewing the RFP results and the recommendations of Staff and Bates White, the Board **HEREBY CONFIRMS** that:

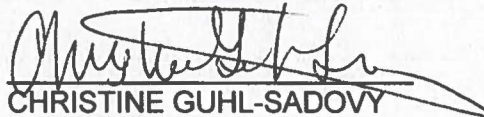
- bidders had sufficient information to prepare for the RFP process;
- information was generally provided to bidders in accordance with the published timetable, and the timetable was adjusted appropriately as needed;
- there were no issues or questions left unresolved prior to the RFP process that created material uncertainty for bidders;
- from what could be observed, there were no procedural problems or errors with the process, including the electronic bidding process, the back-up bidding process, and communications between bidders and the auction manager;
- from what could be observed, communication protocols between bidders and the auction manager were adhered to;
- appropriate data back-up procedures were planned and carried out;
- no security breaches were observed during the process;
- from what could be observed, communication protocols were followed during the process;
- the process was carried out in an acceptably fair and transparent manner;
- there was no evidence of gaming on the part of bidders;
- there was no evidence of collusion among bidders;
- there were no factors exogenous to the process (e.g. changes in market environment that materially affected it in unanticipated ways); and
- the RFP process appears to have generated a result that is consistent with competitive bidding, market-determined prices, and efficient allocation of RECO's non-PJM load.

Based upon the foregoing, the Board **HEREBY CERTIFIES** the final results of the RECO RFP in their entirety, and **APPROVES** the winning bid price for the Company's non-PJM BGS load which will be rolled into the final BGS-RSCP Auction prices approved by the Board at a later date. The Board **HEREBY DIRECTS** RECO to execute the necessary documents with the winning bidder.


The effective date of this Board Order is January 31, 2024.

DATED: January 31, 2024

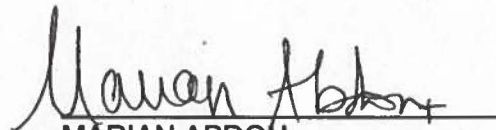
BOARD OF PUBLIC UTILITIES
BY:



CHRISTINE GUHL-SADOVY
PRESIDENT



DR. ZENON CHRISTODOULOU
COMMISSIONER

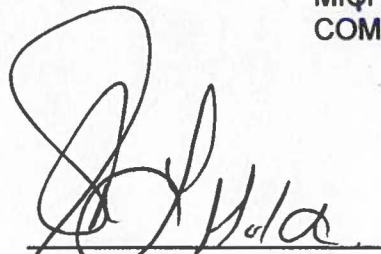


MARIAN ABDOU
COMMISSIONER



MICHAEL BANGE
COMMISSIONER

ATTEST:



SHERRI L. GOLDEN
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

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FOR THE PERIOD BEGINNING JUNE 1, 2024

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Service List

BPU

44 South Clinton Ave., 1st Floor
Post Office Box 350
Trenton, NJ 08625-0350

Sherri L. Golden, Secretary
board.secretary@bpu.nj.gov

Robert Brabston, Esq.
Executive Director
robert.brabston@bpu.nj.gov

Stacy Peterson
Deputy Executive Director
stacy.peterson@bpu.nj.gov

Heather Weisband, Senior Counsel
heather.weisband@bpu.nj.gov

Division of Law

25 Market Street
Post Office Box 112
Trenton, NJ 08625-0112

Pamela Owen, DAG
pamela.owen@law.njoag.gov

Matko Ilic, DAG
matko.ilic@law.njoag.gov

Terel Klein, DAG
terel.klein@law.njoag.gov

Daren Eppley, DAG
daren.eppley@law.njoag.gov

BPU's BGS CONSULTANTS

Frank Mossburg, Managing Director
Bates White, LLC
2001 K Street, NW
North Building, Suite 500
Washington DC, 20006
frank.mossburg@bateswhite.com

DIVISION OF RATE COUNSEL

140 East Front Street, 4th Floor
Post Office Box 003
Trenton, New Jersey 08625

Brian Lipman, Esq., Director
blipman@rpa.nj.gov

David Wand, Esq., Managing Attorney
dwand@rpa.nj.gov

Debra Layugan, Paralegal
dlayugan@rpa.nj.gov

Rate Counsel Consultant

Patricio Silva
Synapse Energy Economics, Inc.
485 Massachusetts Ave., Suite 2
Cambridge, MA 02139
psilva@synapse-energy.com

PSE&G

Terrance J. Moran
80 Park Plaza, T-13
Newark, NJ 07102-4194
terrance.moran@pseg.com

Aaron Karp, Esq.
80 Park Plaza, T-5
Newark, NJ 07102-4194
aaron.karp@pseg.com

Myron Filewicz, BGS Manager
80 Park Plaza, T-5
myron.filewicz@pseg.com

ACE

Pepco Holdings, LLC – 92DC56
500 N. Wakefield Drive
PO Box 6066
Newark, DE 19714-6066

Susan DeVito
susan.devito@pepcoholdings.com

Philip J. Passanante, Esq.
philip.passanante@pepcoholdings.com

Solomon David, Esq.
solomon.david@exelopcorp.com

Peter Samuel
peter.samuel@pepcoholdings.com

Deborah Sears
deborah.sears2@exeloncorp.com

JCP&L

300 Madison Avenue
Morristown, NJ 07962-1911

Jennifer Spricigo
jspricigo@firstenergycorp.com

Yongmei Peng
ypeng@firstenergycorp.com

James Meehan, Esq.
jameehan@firstenergycorp.com

341 White Pond Drive
A-WAC-C2
Akron, OH 44320

Randy Feucht
rfeucht@firstenergycorp.com

Courtney Luff
caluff@firstenergycorp.com

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Service List

ROCKLAND

4 Irving Place
New York, NY 10003

John L. Carley, Esq.
carleyj@coned.com

William A. Atzl, Jr.
atzlw@coned.com

Margaret Comes, Esq.,
comesm@coned.com

NERA

1255 23rd Street NW, Suite 600
Washington, DC 20037

Chantale LaCasse
chantale.lacasse@nera.com

Rachel Northcutt
rachel.northcutt@nera.com

NERA Economic Consulting
777 S. Figueroa, Suite 1950
Los Angeles, CA 90017

Kathleen Orlandi
kathleen.orlandi@nera.com

Paul Cardona
paul.cardona@nera.com

Third Party Suppliers

Murray E. Bevan, Esq.
Bevan, Mosca, Giuditta & Zarillo, P.C.
222 Mount Airy Road, Suite 200
Basking Ridge, NJ 07920
mbevan@bmgzlaw.com

Marc A. Hanks
Senior Manager, Government &
Regulatory Affairs
Direct Energy Services, LLC
Marc.Hanks@directenergy.com

Stacey Rantala
National Energy Marketers Association
3333 K Street, N.W., Suite 110
Washington, D.C. 20007
srantala@energymarketers.com

NJLEUC

Paul F. Forshay, Partner
Eversheds-Sutherland, LLP
700 Sixth Street, NW, Suite 700
Washington, D.C. 20001-3980
paul.forshay@eversheds-sutherland.com

Steven S. Goldenberg, Esq.
Giordano, Halleran & Ciesla, P.A.
125 Half Mile Road, Suite 300
Red Bank, NJ 07701
sgoldenberg@ghclaw.com

BGS Suppliers

Steven Gabel - IEPNJ
Gabel Associates
417 Denison Street
Highland Park, NJ 08904
steven@gabelassociates.com

Holly Reed
Gabel Associates
417 Denison Street
Highland Park, NJ 08904
holly.reed@gabelassociates.com

Raymond Depillo
PSEG Services Corporation
80 Park Plaza, T-19
P.O. Box 570
Newark, NJ 07101
raymond.depillo@pseg.com

Shawn P. Leyden, Esq.
PSEG Energy Resources & Trade
80 Park Plaza, T-19
P. O. Box 570
Newark, NJ 07101
shawn.leyden@pseg.com

Kathleen Maher
Constellation New Energy
810 Seventh Avenue, Suite 400
New York, NY 10019-5818
kathleen.maher@constellation.com

David B. Applebaum
Director, Regulatory Affairs
NextEra Energy Resources, LLC
21 Pardee Place
Ewing, New Jersey 08628
david.applebaum@nexteraenergy.com

David Gil
Manager, Regulatory Affairs
NextEra Energy Resources, LLC
700 Universe Boulevard
Juno Beach, Florida 33408
david.gil@nexteraenergy.com

David K Richter, Esq.
PSEG
Regulatory Department
80 Park Plaza, T-5C
P. O. Box 570
Newark, NJ 07101
david.richter@pseg.com
Craig S. Blume
Director, Power Marketing
UGI Energy Services / UGI
Development Company
One Meridian Boulevard, Suite 2C01
Wyomissing, PA 19610
cblume@ugies.com

Cynthia Klots, General Counsel
DTE Energy Trading, Inc.
414 South Main Street
Suite 200
Ann Arbor, MI 48104
cynthia.klots@dteenergy.com

Don Hubschman
American Electric Power
155 W. Nationwide Blvd.
Columbus, OH 43215
dmhubschman@aepes.com

Christine McGarvey
AEP Energy Partners, Inc.
Energy Trader
155 W Nationwide Blvd
Suite 500
Columbus, OH 43215
clmcgarvey@aepes.com

Matthew Davies
TransCanada Power Marketing Ltd.
110 Turnpike Road, Suite 300
Westborough, MA 01581
matthew_davies@transcanada.com

Becky Merola
Noble Americas Energy Solutions, LLC
5325 Sheffield Avenue
Powell, OH 43065
bmerola@noblesolutions.com

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Service List

Glenn Riepl
AEP Energy Services
1 Riverside Plaza
14th Floor
Columbus, OH 43215-2373
gfriep1@aep.com

Howard O. Thompson
Russo Tumulty Nester Thompson
Kelly, LLP
240 Cedar Knolls Road
Suite 306
Cedar Knolls, NJ 07927
hthompson@russotumulty.com
Sharon Weber
PPL Energy Plus
2 North 9th Street TW 20
Allentown, PA 18101
sjweber@pplweb.com

Glen Thomas
The P³ Group
GT Power Group LLC
1060 First Avenue
Suite 400
King of Prussia, PA 19406
gthomas@gtpowergroup.com

Divesh Gupta, Esq.
Exelon Business Services Corp.
111 Market Place
Suite 1200C
Baltimore, Maryland 21202
divesh.gupta@constellation.com

Tom Hoatson
LS Power Development, LLC
2 Tower Center
East Brunswick, NJ 08816
thoatson@lspower.com

Adam Kaufman
Executive Director
Independent Energy Producers of NJ
Five Vaughn Drive, Suite 101
Princeton, NJ 08540
akaufman@kzgrp.com

Anthony Pietranico
ConEdison Solutions Inc.
Electricity Supply Specialist
pietranicoa@conedsolutions.com

Christi L. Nicolay
Division Director
Macquarie Energy LLC
500 Dallas St., Level 31
Houston, TX 77002
Christi.Nicolay@macquarie.com

Joe Wadsworth
Vitol Inc.
2925 Richmond Ave, 11th Floor
Houston, TX 77098
jxw@vitol.com

Dinkar Bhatia
Hartree Partners LP
8 Market Place, Suite 500 A
Baltimore, MD 21202
dbhatia@hartreepartners.com

Other Parties

Ray Cantor
NJBIA
10 West Lafayette Street
Trenton, NJ 08608-2002
rcantor@njbja.org

John Holub
NJ Retail Merchants Assoc.
332 West State Street
Trenton, NJ 08618
john@njrma.org