HIGHLY CONFIDENTIAL

BATES WHITE
ECONOMIC CONSULTING

ANNUAL FINAL REPORT
ON THE
2026 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 6, February 9, and February 10, 2026.[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 State Contract Manager;
> 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, 2026. The most explicit evidence for the Board's certification decisions were the Post-Auction Checklists that we provided to the Board on February 11, 2026. 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.

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[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, 2026, to May 31, 2029. The remaining two-thirds of RSCP load for the upcoming June 2026 to May 2027 period will be served under contracts procured in the 2024 and 2025 BGS Auctions.

Bates White attended the BPU Board meeting, conducted via Zoom on February 12, 2026, 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

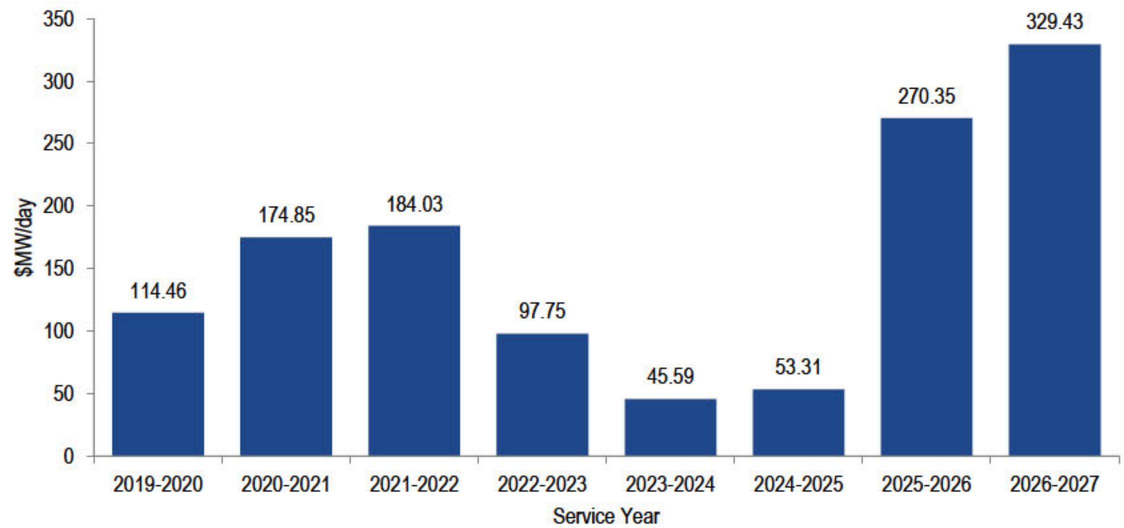
Table 1 shows the winning prices in this year's RSCP Auction, as well as the winning prices from the 2025 Auction.

Table 1: 2026 Winning RSCP Prices Compared to Previous Year

EDC	2026 Winning Price ¢/kWh	2025 Winning Price ¢/kWh	% Change
Atlantic City Electric	11.275	11.050	2.0%
Jersey Central Power & Light	11.327	11.096	2.1%
Public Service Electric & Gas	10.938	10.736	1.9%
Rockland Electric Company	12.057	11.615	3.8%
Tranche Weighted Average	11.141	10.913	2.1%

Comparing this year's prices to last year's prices shows increases, anywhere from 1.9 percent to 3.8 percent depending on the product. This is due mainly to increases in capacity prices resulting from the PJM capacity auction. PJM's capacity price for the June 2025 to May 2026 service year (and the proxy prices used last year for the June 2026 to May 2028 period of the contract) was $270.35/MW-day. This year the average capacity price (including the proxy price for the June 2028 to May 2029 period noted above) rose approximately $60/MW-day to approximately $330/MW-day. 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 in capacity costs applies only to the June 2026 to May 2027 delivery year, prior delays in conducting capacity auctions by PJM have resulted in the need to utilize Board authorized proxy prices where results were not known. For this 2026 BGS auction, the Base Residual Auction (BRA) for the 2028-2029 delivery year had not yet taken place and the capacity price for the third year of the product term was unknown.[3] The EDCs proposed to address this uncertainty in the same manner approved by the Board over the last six years, by using a proxy capacity price for the 2028-2029 delivery year. The EDCs proposed to set the Capacity Proxy Price for the 2028-2029 delivery year equal to the results of the latest BRA, in this case the BRA for the 2027-2028 delivery year, or $333.69/MW-day for all EDCs.[4] It was considered unlikely that capacity prices would decline from this level and would either remain at the current level or increase slightly. Setting a capacity proxy price that, to the extent possible, is close to the actual price of capacity for that delivery year helps to minimize rate impacts for BGS customers resulting from any true-up payments.

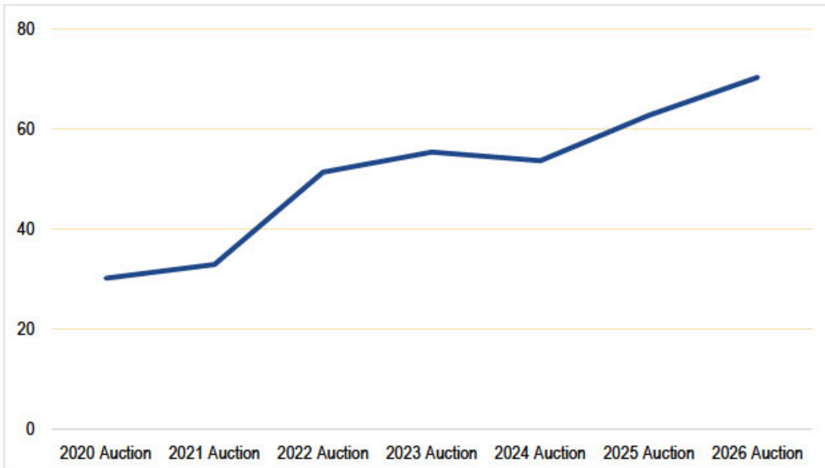
Another driver of auction results is an increase in energy prices. This is demonstrated in Figure 2 below which shows the average cost of monthly peak energy futures for delivery at the

[3] The 2028-2029 BRA Auction is scheduled to be held in June 2026.

[4] 2027-2028 PJM's BRA Preliminary Zonal Net Load Price.

PJM Western Hub from the ICE exchange during the 2020 through 2026 Auctions for the upcoming three-year delivery period. For example, during the 2025 Auction, the average cost of monthly peak energy futures at the PJM Western Hub for the June 2025 to May 2028 period was about $62.71/MWh. The average cost increased to $70.24/MWh for the 2026 Auction.[5]

Figure 2: PJM Western Hub Monthly Peak Future Prices during the 2020 through 2026 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 2023 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 comparing current prices to those of expiring contracts, we no longer need to adjust prices to exclude the cost of transmission in order for comparisons to be drawn.

Table 2: Winning 2026 RSCP Prices Compared to Expiring Contracts from the 2023 RSCP Auction

EDC	2026 Winning Price ¢/kWh	2023 Winning Price ¢/kWh	% Change
Atlantic City Electric	11.275	9.217	22.3%
Jersey Central Power & Light	11.327	9.428	20.1%
Public Service Electric & Gas	10.938	9.311	17.5%
Rockland Electric Company	12.057	9.648	25.0%
Tranche Weighted Average	11.141	9.343	19.2%

The winning prices in this auction are roughly 19.2 percent higher on a weighted average basis than the expiring (2023) contracts. However, this overstates the difference between the contracts because the 2023 Auction utilized a proxy price for the current delivery year of about $45/MW-day. When adjusted to account for the effect of true-ups to the June 2025-May 2026 capacity price of approximately $270/MW-day, the expiring contracts are priced very similarly to the new contracts, leading to the expectation of stable bills.

As noted, one factor leading to higher prices this year is that the winning contracts for the 2024 and 2025 BGS Auctions included proxy capacity prices for the upcoming June 2026 to May 2027 time frame. Figure 3 below shows a comparison between capacity proxy prices and PJM's capacity prices by both Auction and service year. The proxy prices used for the 2026-2027 service year, based on past capacity price results, were lower than the actual capacity price arising from the 2026-2027 PJM BRA Auction. As a result, winning suppliers will be paid a true-up for the 2026-2027 delivery year, equal to the auction capacity price less the proxy price, when actual charges are incurred.

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

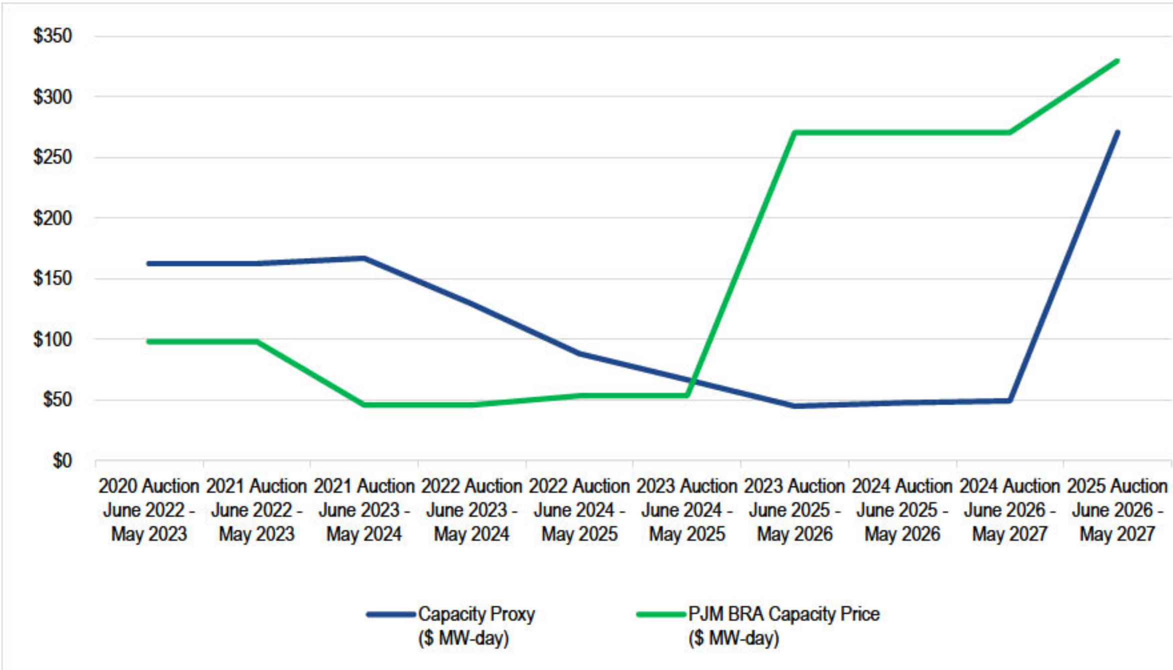


Table 3 shows the estimated monthly bill impacts of the 2026 BGS-RSCP Auction as forecasted by the EDCs for a residential customer with an annual monthly average usage of 650 kWh.[8]

Table 3: Forecast Residential Monthly Bill Impacts from 2026 BGS-RSCP Auction

EDC	% Change in Monthly Bill
Atlantic City Electric	0.1%
Jersey Central Power & Light	1.6%
Public Service Electric & Gas	-1.8%
Rockland Electric Company	-0.7%

As a result of this year's Auction, residential ratepayers at each of the four EDCs are forecast to see minimal change in the average residential bill for the upcoming June to May period. ACE and JCP&L forecast bill increases of 0.1 percent and 1.6 percent respectively, and PSE&G and RECO forecast declines in the average bill. PSE&G forecasts a 1.8 percent

[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.

decrease, while RECO forecasts a 0.7 percent decrease in the average bill. Beyond the difference in the new and expiring contracts, these changes are affected by shifts in usage amongst rate classes and other factors.

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 2026 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).

In recent years, PJM auctions have been suspended while FERC considers approval of new capacity market rules. As a result, for the last six BGS Auctions, the capacity prices for some years of the supply contract term have been unavailable. For this 2026 BGS auction, PJM's base residual auction for the 2028-2029 delivery year (the third year of the 2026 BGS RSCP auction supply term) had not yet taken place and the capacity price was unknown.[9]

The EDCs proposed to address this uncertainty in the same manner approved by the Board in each of the last six years, by using a capacity proxy price. The EDCs proposed to set the capacity proxy price for the 2028-2029 delivery year, equal to the results of the latest BRA available, in this case the BRA for the 2027-2028 delivery year, or $333.69/MW-day for all EDCs.[10] It was considered unlikely that capacity prices would decline from this level and would either remain at the current level or increase slightly. Setting a capacity proxy price that, to the extent possible, is close to the actual price of capacity for that delivery year helps to minimize rate impacts for BGS customers resulting from any true-up payments to or from BGS suppliers in the delivery year for which a capacity proxy price was used.

[9] The 2028-2029 BRA Auction is scheduled to be held in June 2026.
[10] 2027-2028 PJM's BRA Preliminary Zonal Net Load Price.

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 2026 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 proactive 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 bidder 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.

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 17 registered bidders

[11] In re the provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2026, Decision and Order, Docket No. ER25040190, November 21, 2025.

[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.[14] 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] this 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

[redacted]

[14] 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.

is dominating the auction and that anyone can win, increasing the likelihood that winning bidders will return in future years. This year there were 12 winners, one more 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" 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.[15] 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 1,072. This puts the HHI for the RSCP Auction just within the lower bound of the 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 16 suppliers who will serve consumers from June 2026 to May 2027. This includes in the analysis the market shares of all winners in the 2024 and 2025 Auctions, as well as in this 2026 Auction. The HHI calculated in this manner is 1,137. While higher than the HHI for winning suppliers alone, the HHI remains at the lower end of the moderately concentrated range. The table below shows that the winning supplier HHI result this year is significantly less concentrated than it was last year, mainly due to the higher number of winning bidders.

[15] Prior to December 2023, 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
2026	1072	1137

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.[16]

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 Model. [redacted]

[16] 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.

[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 2028-May 2029 period 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

2026 BGS Auction					
Product	Tranches Filled	Final Price (cents/kWh)	Price Expectation Range (cents/kWh)[1]		
			Average	Low	High
Atlantic City Electric	8	11.275	[redacted]		
Jersey Central Power & Light	15	11.327			
Public Service Electric & Gas	28	10.938			
Rockland Electric Company	2	12.057			
Total	**53**				
Average[2]		**11.141**			

[redacted]

[redacted] This supports our conclusion that the results here are in line with current market conditions.

As noted above, winning prices in this year's auction were anywhere from 1.9 percent to 3.8 percent above last year's winning prices depending on the product. As discussed above, this is due mainly to increases in capacity prices resulting from the PJM capacity auction and increases in energy prices. PJM's capacity price for the June 2025 to May 2026 service year (and the proxy prices used last year for the June 2026 to May 2028 period of the contract) was \$270.35/MW-day. This year the average capacity price (including the proxy price for the June 2028 to May 2029 period noted above) rose to about \$330/MW-day.

On the energy side, during the 2025 Auction, the average cost of monthly peak energy futures at the PJM Western Hub on the ICE Exchange for the upcoming three-year contract period was about \$62.71/MWh. It increased to \$70.24/MWh for the 2026 Auction. These increases were partially offset by small reductions in the implied risk premiums embedded in the product, as well as lower costs to meet New Jersey renewable portfolio standards.

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, 2026, through May 31, 2027. 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 June 2026 through May 2027 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 eleven registered bidders, [redacted]

- Second, the excess quantity offered was sufficient. [redacted]

[redacted]

[redacted]

- Third, seven [redacted] bidders were winners in the Auction. This is the same number of winners as last year with six of the seven winners in this Auction also having won last year[redacted]

- Fourth, the HHI using the market shares of the winning bidders was 2,238. [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 Renewable Portfolio Standard (RPS). [redacted]

[redacted]

[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]

[redacted]

[redacted]

[redacted]

Turning to the winners of the Auction, [redacted]

[redacted]

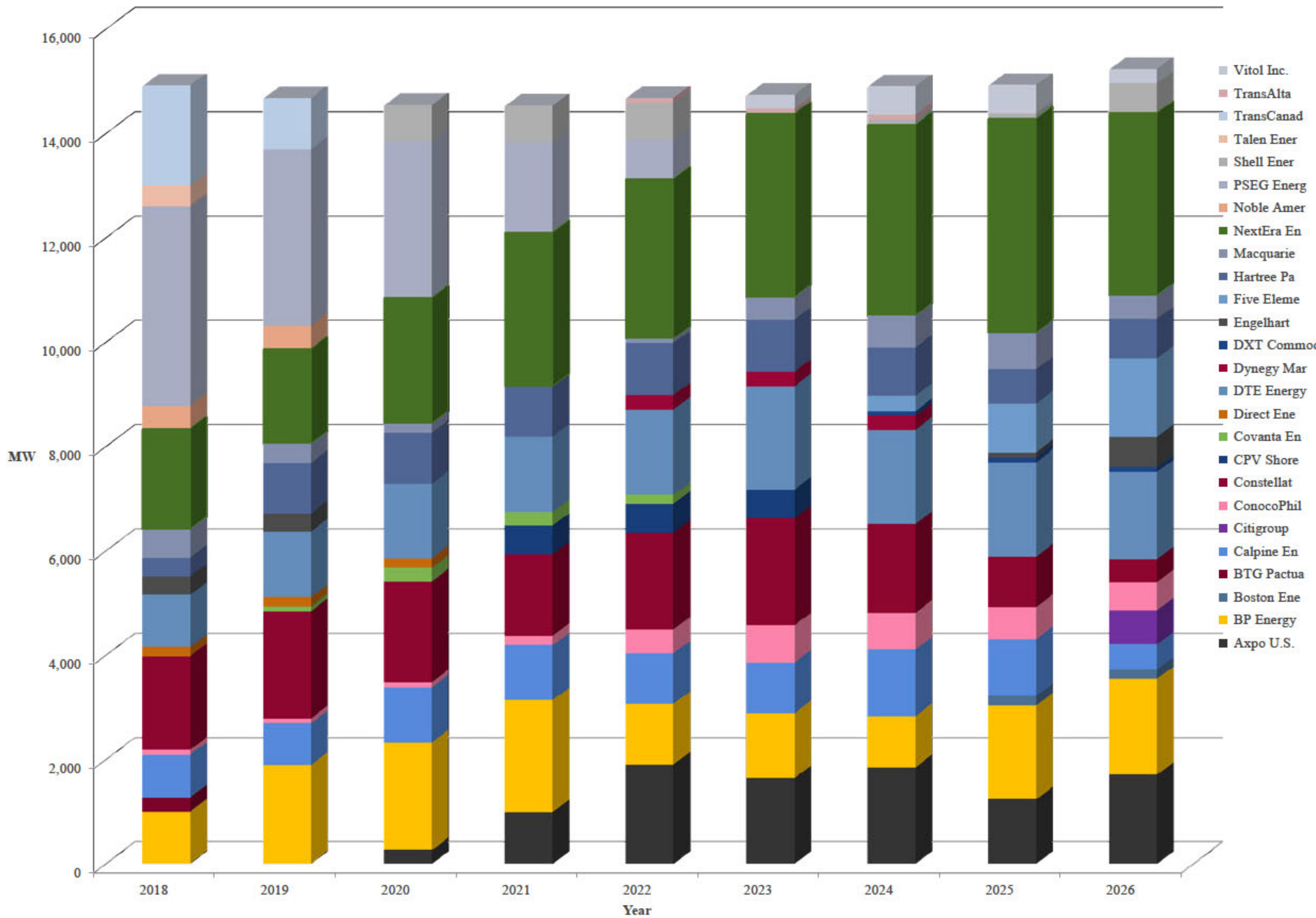
[redacted] we can make several observations. [redacted] These metrics indicate a very competitive process. Second, the Auction continues to have new or returning winners [redacted] This is a good indicator of the transparency of the Auction process. [redacted]

In terms of who is supplying the BGS-RSCP product, we looked at trends in RSCP winners. Figure 4, that follows, displays the load each supplier served in each energy year (i.e., June-May period) from 2018-2019 to 2026-2027.[19] The columns then map out the growth or decline in load share through the energy years.

From this figure we see that 26 different suppliers have provided (or will provide) supply to RSCP ratepayers over the period 2018-2019 to 2026-2027. For the 2026-2027 service year, sixteen suppliers will provide RSCP service. NextEra will be the largest supplier and will serve approximately 23 percent 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 BP Energy, Engelhart and Five Elements.

[19] 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 is PJM's failure to establish a capacity price for all periods under the contract prior to the auction date. As has been the case in the last several BGS Auctions, the capacity price for some years within the supply term contract has been unavailable at the time of the auction. In those instances, a proxy price was utilized.

The residential product in the 2027 BGS Auction will cover the three-year period from June 2027 through May 2030. The BRA auction results for the 2027-2028 delivery year were released in December 2025 and the BRA auction results for the 2028-2029 and 2029-2030 delivery years are expected to be released in June 2026 and December 2026, respectively, before the 2027 NJ BGS auction.[20] Given the current PJM schedule, it is possible that the capacity price for all years under the contract will be available at the time of the 2027 NJ BGS auction, and a proxy price will not be needed.

However, in the event of a delay in the PJM capacity market auction for the 2029-2030 delivery year, we would recommend that the BPU continue to use a proxy capacity price for any period in which the capacity price is unknown at the time bidders provide their offers. This approach has proven to be an effective way to incent bidder participation.

[20] https://www.pjm.com/markets-and-operations/rpm

II. THE NEW JERSEY 2026 BGS-RSCP AUCTION

A. POST-AUCTION CHECKLIST

ATTACHMENT B
DOCKET NO. ER25040190

POST-AUCTION CHECKLIST
FOR THE NEW JERSEY 2026 BGS-RSCP AUCTION

Prepared by: Bates White, LLC

Auction began with the opening of Round 1 at 8:25 am on Monday, Feb. 9, 2026

Auction finished with the close of Round 30 at 2:00 pm on Tuesday, Feb. 10, 2026

	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	53	NA	NA
Eligibility ratio	[redacted]	NA	NA
PSE&G load cap	13	NA	NA
JCP&L load cap	7	NA	NA
ACE load cap	3	NA	NA
RECO load cap	2	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. ER25040190

Post-Auction Checklist for the New Jersey 2026 BGS-RSCP Auction

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

Table 9. Summary of BGS-RSCP Auction

	PSE&G	JCP&L	ACE	RECO	Total
BGS-RSCP peak load share (MW)	2,598.40	1,365.30	819.92	170.10	4,953.72
Total tranches needed	28	15	8	2	53
Starting tranche target in auction	28	15	8	2	53
Final tranche target in auction	28	15	8	2	53
Tranche size (%)	1.18	1.82	4.55	25.00	
Tranche size (approximate MW)	92.80	91.02	102.49	85.05	
Starting EDC load caps (# tranches)	13	7	3	2	--
Starting statewide load cap (#tranches)	--	--	--	--	20
Final EDC load caps (# tranches)	13	7	3	2	--
Final statewide load cap (#tranches)	--	--	--	--	20
Quantity procured (# tranches)	28	15	8	2	53
Quantity procured (% BGS–RSCP load)	100%	100%	100%	100%	100%
# Winning bidders	10	9	5	2	12
Maximum # of tranches procured from any one bidder	6	4	3	1	7
Minimum and maximum starting prices prior to indicative bids (cents/kWh)					17.0 21.5
Starting price at start of auction (cents/kWh) *	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Final auction price (cents/kWh) **	10.938	11.327	11.275	12.057	11.141

* 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. ER25040190

Post-Auction Checklist for the New Jersey 2026 BGS-RSCP Auction

Table 10. 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 17, 2025, the second on December 2, 2025, and the third was held January 28, 2026. 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.

Eighteen companies attended the first information session, fifteen companies attended the second information session, and fourteen companies attended the third information session. Between the three sessions, 23 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 5, 2026, 157 questions had been asked by bidders since August 12, 2025, 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 22, 2026, 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 2025 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 2026 Auction Process?

Yes. In its Procedural Order, the Board invited all interested parties to file procurement proposals by July 1, 2025. Interested parties were also invited to file initial comments and final comments by September 5, 2025 and October 10, 2025, respectively. The Board also held a legislative-type hearing on September 18, 2025.

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

At the time of the 2026 BGS Auction, the Base Residual Auction (BRA) for the 2028-2029 delivery year had not yet taken place[21] and the capacity price for the third year of the product term was unknown. The EDCs proposed to address this uncertainty in the same manner approved by the Board the last six years, by using a capacity proxy price for that year. The EDCs proposed to set the Capacity Proxy Price for the 2028-2029 delivery year, equal to the results of the latest BRA results available, in this case the BRA for the 2027-2028 delivery year, or \$333.69/MW-day[22] for all EDCs, as it seems most likely that capacity prices will either continue to increase or minimally remain at current levels. This aligns to last year's calculations. Setting a capacity proxy price that, to the extent possible, is close to the actual price of capacity for that delivery year helps to minimize rate impacts for BGS customers resulting from any true-up payments to or from BGS suppliers in the delivery year for which a capacity proxy price was used.

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[21] The 2028-2029 BRA Auction is scheduled to be held in June 2026.

[22] 2027-2028 PJM's BRA Preliminary Zonal Net Load Price.

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 2026 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?

Yes, please see answer to 2b.

b. Were bidder questions asked after January 22, 2026 directly responded to by NERA?

Yes, questions continued to be asked by Registered Bidders after January 22, 2026, and NERA provided answers to these questions directly to bidders via email. These answers were distributed regularly beginning on January 22, 2026. 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 27, 2026.

Based on the levels of participation and prices received it appears that bidders were able to understand 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 ran digital ad campaigns on LinkedIn as well as on the Utility Dive website. The LinkedIn ad campaign ran from November 17, 2025 to December 2, 2025 and promoted the second bidder information webcast. The Utility Dive campaign ran from December 1, 2025 through December 17, 2025 and promoted the deadline for submitting application materials.

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 23, 2026, 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 29, 2026 and February 3, 2026 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 29, 2026 and February 3, 2026.

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] In addition, bidders were given an automatic extension after round one.

f. Did bidders communicate any material concerns to NERA?

[redacted]

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 12, 2025. The Part 2 Application deadline was on January 14, 2026, and qualified bidders were notified by January 22, 2026, by which time there were a total of 128 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 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 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:

[redacted]

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 changes to the decrement parameters to help ensure that the Auction would move 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.

[redacted]

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 2026 RSCP Auction ended after 30 rounds, which compares to 22 rounds last year and 29 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 2026 BGS process. In its Procedural Order, the Board invited all interested parties to file procurement proposals by July 1, 2025. Furthermore, interested parties were also invited to file initial comments and final comments by September 5, 2025, and October 10, 2025, respectively. The Board also held a legislative-type hearing on September 18, 2025.

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 25th 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] list includes 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] twelve won the right to serve some portion of the New Jersey RSCP load. Twelve winners is one more than the number of winners last year. [redacted] is another example of transparency in the process.

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 twelve winners in the 2026 RSCP Auction, no single bidder has a market share over 20%. Including bidders' winning shares from the 2024 and 2025 RSCP Auctions, which also provide BGS-RSCP supply over the June 2026 to May 2027 period, NextEra Energy Marketing, LLC is the only supplier with a market share over 20% (at 23.2%).

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.[28] For market-based rate authority, FERC uses a threshold of 2,500 for the HHI in one of its standards.

[28] 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.

For the RSCP Auction, using the winning shares as market shares, the HHI is 1,072. This puts the HHI for the RSCP Auction barely within DOJ's moderately concentrated range. However, to include only winning bidders from this auction is a narrow focus for calculating an HHI. For example, a more appropriate focus would be to include all 16 suppliers who will serve consumers in the June 2026 to May 2027 time frame; these are the winners in the 2024 and 2025 BGS RSCP Auctions, as well as in this Auction. The HHI in this case would be 1,137, again, in the very low moderately concentrated range.

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. [redacted]

[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 RSCP Auction. Bates White and its Auction Theory expert, Professor Ken Hendricks, [redacted] 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. [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. 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]

[redacted]

[redacted]

2026 BGS Auction					
EDC	Tranches Filled	Final Price (cents/kWh)	Price Expectation Range (cents/kWh)[1]		
			Average	Low	High
PSE&G	28	10.938	[redacted]	[redacted]	[redacted]
JCP&L	15	11.327	[redacted]	[redacted]	[redacted]
ACE	8	11.275	[redacted]	[redacted]	[redacted]
RECO	2	12.057	[redacted]	[redacted]	[redacted]
Total	**53**		[redacted]	[redacted]	[redacted]
Average[2]		[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

Comparing this year's prices to last year's prices shows increases, anywhere from 1.9% to 3.8% depending on the product. This is due mainly to increases in capacity prices resulting from the PJM capacity auction and increases in energy prices. PJM's capacity price for the June 2025 to May 2026 service year (and the proxy prices used last year for the June 2026 to May 2028 period of the contract) was \$270.35/MW-day. This year the average capacity price (including the proxy price for the June 2028 to May 2029 period noted above) rose to about \$330/MW-day.

On the energy side, during the 2025 Auction, the average cost of monthly peak energy futures at the PJM Western Hub on the ICE Exchange for the upcoming three-year contract period was about \$62.71/MWh. It increased to \$70.24/MWh for the 2026 Auction. These increases were partially offset by small reductions in the implied risk premiums embedded in the product, as well as lower costs to meet New Jersey renewable portfolio standards.

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 2023 BGS Auction. Prices in this auction are roughly 19.2% higher, on a weighted average basis. However, this overstates the difference between the contracts because the 2023 Auction utilized a proxy price for the current delivery year of about $45/MW-day. When adjusted to account for the effect of true-ups to the current capacity price the expiring contracts are priced very similarly to the new contracts, leading to the expectation of stable bills.

Overall, the EDCs forecast small changes in the average residential bill for the upcoming June to May period. ACE and JCP&L forecast bill increases of 0.1% and 1.6% respectively and PSE&G and RECO forecast declines in the average bill. PSE&G's decrease is forecasted at 1.8% while RECO forecasts a 0.7% decrease. Beyond the difference in the new and expiring contracts, these changes are affected by shifts in usage amongst rate classes and other factors.

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.

II. THE NEW JERSEY 2026 BGS-CIEP AUCTION

A. POST-AUCTION CHECKLIST

ATTACHMENT B
DOCKET NO. ER25040190

POST-AUCTION CHECKLIST FOR THE NEW JERSEY 2026 BGS-CIEP AUCTION

Prepared by: Bates White, LLC

Auction began with the opening of Round 1 at	8:25 am	on	Friday, February 6, 2026
Auction finished with the close of Round 18 at	4:10 pm	on	Friday, February 6, 2026

	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	36	NA	NA
Eligibility ratio	[redacted]	NA	NA
Statewide load cap	17	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. ER25040190

Post-Auction Checklist for the New Jersey 2026 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)	1,770.74	692.70	135.10	49.80	2,648.34
Total tranches needed	24	9	2	1	36
Starting tranche target in auction	24	9	2	1	36
Final tranche target in auction	24	9	2	1	36
Tranche size (%)	4.17	11.11	50.00	100.00	
Tranche size (approximate MW)	73.78	76.97	67.55	49.80	
Starting load cap (# tranches)	--	--	--	--	17
Final load cap (# tranches)	--	--	--	--	17
Quantity procured (# tranches)	24	9	2	1	36
Quantity procured (% BGS-CIEP load)	100%	100%	100%	100%	100%
# Winning bidders	7	4	2	1	7
Maximum # of tranches procured from any one bidder	11	4	1	1	11
Minimum and maximum starting prices prior to indicative bids ($/MW-day)					800 1,000
Starting price at start of auction ($/MW-day)*	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Final auction price ($/MW-day)**	677.73	680.00	673.68	597.67	675.85

* 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. ER25040190

Post-Auction Checklist for the New Jersey 2026 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 17, 2025, the second on December 2, 2025, and the third was held January 28, 2026. 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.

Eighteen companies attended the first information session, fifteen companies attended the second information session, and fourteen companies attended the third information session. Between the three sessions, twenty-three 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 5, 2026, 157 questions had been asked by bidders since August 12, 2025, 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 22, 2026, 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 2025, 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 Auction [redacted]

e. Did bidders communicate any material concerns to NERA?

No.

f. Were bidders given an opportunity to provide proposals and comments concerning the 2026 Auction Process?

Yes. In its Procedural Order, the Board invited all interested parties to file procurement proposals by July 1, 2025. Interested parties were also invited to file initial comments and final comments by September 5, 2025, and October 10, 2025, respectively. The Board also held a legislative-type hearing on September 18, 2025.

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 2026 BGS Auction, the BRA for the 2028-2029 delivery year was unknown prior to this years' BGS Auction. This issue did not impact the CIEP Auction since the product only covered the June 2026 through May 2027 period.

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 22, 2026 directly responded to by NERA?

Yes, questions continued to be asked by Registered Bidders after January 22, 2026, and NERA provided answers to these questions directly to bidders via email. These answers were distributed regularly beginning on January 22, 2026. 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 27, 2026.

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. PJM's delay to establish a capacity price for the June 2028-2029 service year, 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 ran digital ad campaigns on LinkedIn as well as on the Utility Dive website. The LinkedIn ad campaign ran from November 17, 2025 to December 2, 2025 and promoted the second bidder information webcast. The Utility Dive campaign ran from December 1, 2025 through December 17, 2025 and promoted the deadline for submitting application materials.

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 23, 2026, 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 29, 2026 and February 3, 2026 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 29, 2026 and February 3, 2026.

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 also 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 on August 12, 2025. The Part 2 Application deadline was on January 14, 2026, and qualified bidders were notified by January 22, 2026, by which time there were a total of 128 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?

[redacted]

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 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]

[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 2026 CIEP Auction ended after 18 rounds, which compares to 20 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] there 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 2026 BGS process. In its Procedural Order, the Board invited all interested parties to file procurement proposals by July 1, 2025. Furthermore, interested parties were also invited to file initial comments and final comments by September 5, 2025, and October 10, 2025, respectively. The Board also held a legislative-type hearing on September 18, 2025.

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 25th 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]

[redacted]

[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 won 11 tranches, all for PSE&G. Last year's process saw seven winners as well with the largest supplier (again, DTE Energy Trading) winning 10 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% (Constellation Energy Generation, LLC and DTE Energy Trading, Inc. won 27.8% and 30.6%, respectively). 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.[31] 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 2,238. 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

[31] 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.

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]

[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 theory expert, Professor Ken Hendricks of the University of Wisconsin, [redacted] 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. [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]

[redacted]

[redacted]

[redacted]

[redacted]

[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.