



June 23, 2020

Aida Camacho-Welch
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, New Jersey 08625-0350

Re: Docket No. EO20030203 - Resource Adequacy Alternatives Investigation

Dear Secretary Camacho-Welch,

On behalf of Direct Energy and Centrica Business Solutions (“Direct Energy”, “CBS”, or together “Centrica”), I am writing to provide reply comments in the above referenced Resource Adequacy Alternatives Investigation (“RAAI”). In addition to these reply comments, Centrica reiterates its previously submitted comments on May 12, 2020.

As evident from the comments submitted by a number of interested parties in the RAAI, it is clear that New Jersey **does not** have to take the drastic step of exiting PJM’s Reliability Pricing Model (“RPM”). What is clear is that there are market-based positive solutions to the impact FERC’s MOPR Order may have on New Jersey’s Clean Energy goals, including, among other things, changes to the state’s Renewable Portfolio Standard (“RPS”), a carbon pricing mechanism, and adjustments to the Basic Generation Service Auction (“BGS”). All of these potential solutions to New Jersey’s clean energy goals must be carefully considered and include the input of many stakeholders so that the most cost-effective solution can be found.

What was also undeniably clear was that no one can guarantee that an FRR solution will be equal to or less expensive than the existing RPM. All of the FRR based solutions put forward, including that from PSEG/Exelon Generation, raise the specter of higher costs for New Jersey’s residential and business consumers at a time when those consumers can least afford to bear such higher costs. With the widespread human and economic damage wrought by COVID-19, and over 1,000,000 New Jerseyans out of work for the moment, the pursuit of a likely more expensive paradigm when other potentially less costly solutions exist does not seem to make sense at this time. Again, New Jersey must explore all options put forward, not just those involving FRR.

Centrica reiterates that any such process, and any solution ultimately chosen, must (a) be clear and transparent, (b) not use smoke and mirrors to hide costs or call what really are capacity costs something else like “environmental attributes”, and (c) deal with leakage by possibly having in-state or in-zone resource requirements in place to take up the slack of any other in-state resource that ceases or throttles back operations.



Centrica also reiterates that the only way to ensure the equitable and level application of any solution, including that of FRR, if so adopted, would be through a wires side charge collected by the local Electric Distribution Companies (“EDCs”). This again places full regulatory control into the hands of the NJBPU to ensure no market manipulation, ensure consumers are charged and billed according to their actual capacity obligation and ultimately transfers what will be non-market-based Load Serving Entity charges to the non-market based utility side of the bill. As noted in Centrica’s May 12, 2020 comments, we also believe that both transmission and capacity should be removed from the state’s Basic Generation Service (“BGS”) auction and Third Party Supplier (“TPS”) rates and that these be collected through a non-bypassable wires charge via the utility distribution bill. Such a directive would equitably distribute capacity costs across the various rate classes using NJBPU scrutinized usage profiles.

Finally, we again note the importance of providing sufficient time for entities like Centrica to run out or be relieved of any existing capacity contracts regardless of what solution is adopted by New Jersey. This is critical to avoid financial consequences to both the entities holding such contracts as well as consumers who ultimately pay for same through rates.

Centrica appreciates the opportunity to provide these reply comments regarding the RAAI. Should you have any questions, please do not hesitate to contact me. I may be reached at Robert.Gibbs@directenergy.com or via cell phone at 732-259-0233.

Very truly yours,

Robert L. Gibbs

Robert L. Gibbs
Director – Corporate & Regulatory Affairs

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Via email board.secretary@bpu.nj.gov