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July 2, 2007

BY HAND DELIVERY

Kristi Izzo, Secretary
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Re: In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2008 BPU Docket No. ER07060379

Dear Secretary Izzo:

On behalf of the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), please accept this letter in response to the Board's directive in its 2008 BGS scheduling Order. Please stamp and date the additional copy as "filed" and return it to our courier. Thank you for your consideration and attention to this matter.

By Order dated June 22, 2007 the Board directed the four Electric Distribution Companies to file their BGS proposals by no later than July 2, 2007 addressing how to procure the remaining one third of the State's BGS FP and CIEP requirements starting on June 1, 2008. *I/M/O the Provision of Basic Generation Service for the Period Beginning June 1, 2008* BPU Docket No. ER07060379 (June 22, 2007). In that same Order, the

Board invited "all other interested stakeholders to file alternative BGS procurement proposals with the Board by July 2, 2007."

The Board's request for alternative BGS procurement proposals in this docket is similar in scope to Board Staff's request for parties to submit comments earlier this year in the Portfolio Working Group. On March 6, 2007 Board Staff convened the Portfolio Working Group to specifically address BGS procurement, the use of longer term contracts, demand response and renewable energy to create a portfolio of resources for BGS-FP service. The informal communication from Board Staff stated the following:

> The Board in its Order dated December 22, 2006, Docket No. EO06020119 directed Staff to convene and chair a BGS working group to review and make recommendations regarding the incorporation of a BGS Portfolio approach as part of the BGS-FP supply mix in the future. The Board indicated that the BGS working group should consider a portfolio approach that includes the use of longer-term contracts as part of the BGS-FP supply mix to provide greater price stability to BGS-FP customers. Further, the Board also indicated that the BGS working group should also consider and make recommendations concerning the inclusion of demand-side resources and renewable energy as part of the BGS supply mix with the goal of reducing supplier's peak resource needs thereby having a positive impact for all consumers.

In response to Staff's request, Rate Counsel filed four sets of comments on March 30, 2007, April 13, 2007, May 9, 2007 and May 16, 2007 (attached herewith). In those comments, Rate Counsel strongly advocated for, among other things, hiring a "Portfolio Manager" with knowledge of the wholesale market, contracting options, and an ability to determine, on a continuing basis, the mix of longer term resources to insure price stability, economic supply and reduced price. *See, Rate Counsel March 30, 2007 Comments.* To date, neither the Board nor its Staff has responded to Rate Counsel's

Portfolio Manager proposal. Rate Counsel still believes that the Portfolio Manager proposal as outlined in our previous submission is the best way to insure the State's goal of lower prices and price stability while still addressing the environmental concerns. Therefore, we have attached copies of comments previously submitted by this office for consideration in the 2008 proceeding. As always, we reserve the right to submit further comments to address the EDCs July 2, 2007 submissions in additional comments.

Respectfully submitted,
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BGS-FP Portfolio Approach
March 30, 2007 Comments of the Department of the Public Advocate,
Division of Rate Counsel
BPU Docket No. EO06020119

Introduction

The Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") is pleased to provide these preliminary comments in response to the questions asked by the Staff of the Board of Public Utilities ("BPU") on BGS-FP procurement issues. Rate Counsel notes that the thrust of its comments is to address mechanisms for procurement that would complement the existing BGS-FP auction process. Rate Counsel has previously submitted extensive comments on how to improve the BGS auction in past proceedings and will not address them here.

Responses to Questions

Question 1

The use of longer-term supply contracts to provide greater price stability for BGS-FP customers:

- What is the appropriate procurement period for longer-term supply contracts that will provide greater price stability for BGS-FP customers?

Response

See response to question 3. There is no one appropriate procurement period. A portfolio of power purchase contracts or power plant asset control would include a range of contract duration periods. These could range from 5 years to 20+ years or even the life of a plant.

Consumers need and value price stability and the lowest reasonable price. Including long-term contracts (e.g., life of unit or fixed terms of 10 years or more) and demand side resources with fixed and reliable pricing in the mix or portfolio of resources an electric distribution company ("EDC") uses to serve its customers is a practical way to achieve a balance of stability and reasonable prices. Long-term or life of unit renewable energy purchases have the potential to enhance price stability, since their costs are not affected by fossil fuel price swings or temporary shortages of generation.

Over the longer term, such renewable resources also enhance price stability by avoiding consumer exposure to the risk of environmental, regulatory or compliance costs.

- Can longer-term supply contracts be included as a bid product in the current BGS-FP auction? If yes:
    - How can longer-term supply contracts be incorporated into the current BGS-FP auction format?
    - Will longer-term supply contracts as a bid product be attractive to BGS suppliers?

Response

See response to question 3. Rate Counsel wishes to explore procurement of longer-term supply contracts via alternatives outside of and complementary to the BGS-FP auction itself. Therefore, we are not proposing to change the term lengths associated with the BGS-FP auctions at this time.

- Is it appropriate to employ a different type of procurement process for the inclusion of longer-term supply contracts as part of the BGS supply mix? If yes:
    - What type of procurement process should be used?

Response

Yes, it is appropriate to consider establishing one or more non-auction procurement processes to complement the current BGS-FP auction procurement process. The benefits of a portfolio approach include managing risk by using different forms of procurement vehicles. RFPs for longer-term supply could be used for some portion of longer-term supply contracting. RFPs could also be used to procure life-of-plant output from an asset at prices closer to actual cost, in lieu of actual ownership and/or construction obligation for a plant. Lastly, if plant ownership was to be considered as a portion of the portfolio, some form of public entity could be established to hold such assets.[1] See the response to Question #3 regarding the mechanism for the portfolio procurement process.

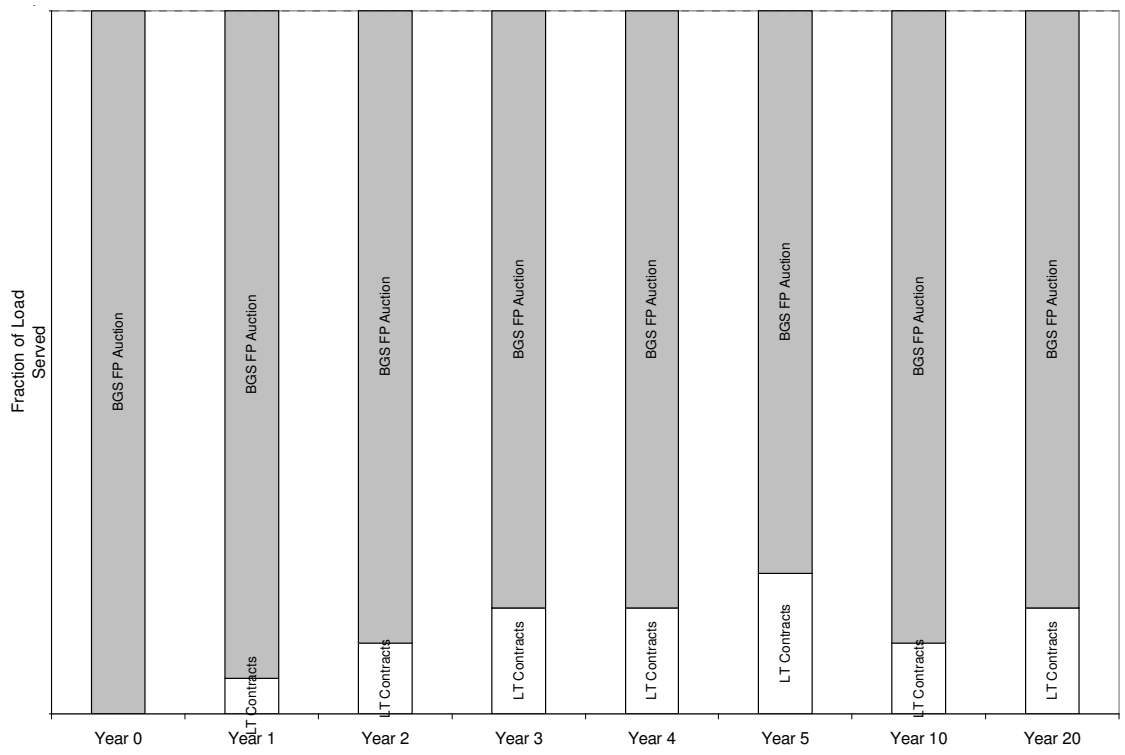
- How much EDC load should be designated for longer-term contracts in order to achieve greater price stability? Are there other reasons for longer-term contracts other than price stability, such as more economical pricing, etc.?

Response

See response to question 3. The portion of EDC load met through supplies acquired through the complementary procurement process should depend on the cost-effectiveness of those supplies. That portion would most likely begin as a small fraction and build gradually over time. Those resources should be added gradually not only to present a manageable and selective procurement process, but also so that the long-term resources, themselves, would constitute a diversified, laddered sub-portfolio, providing further price stability and diversity of source, counter-party, timing of maturity, and so on. The graphic below illustrates *qualitatively* how the EDC load might be served by supplies from the BGS-FP auction and the complementary portfolio procurement over time:

[1] If this is done, the risk of procuring some firm supply to meet a load following obligation will need to be carefully considered.

Figure 1. Illustration of Portfolio Approach: Mix of BGS-FP Auction and Complementary Contracting Quantities



The price stability benefits of long-term contracts include reduction in risks of various types, including price, environmental and regulatory risk. The question of whether prices under long-term contracts will be "more economical" requires careful consideration. The attributes of renewable resources, such as zero fuel cost risk and little if any environmental risk, suggest that long-term contracts that encourage their development could help to provide the lowest cost electricity over time.

- What should be the appropriate length of longer-term contracts that will send the right price signals for demand response projects?

Response

See response to question 3. As with consideration of contracting supply over long-term periods, a portfolio of economical demand response resources may include both shorter and longer-term options.

Question 2

The use of demand response and renewable resource energy to reduce a supplier's responsibility to acquire peak resources:

- How can demand response and/or renewable energy be included in the BGS supply mix for BGS-FP?

Response

See response to question 3. The nature of demand response or other forms of demand-side management such as energy efficiency efforts is best addressed outside of the BGS-FP auction process. Ongoing efforts such as energy efficiency and demand response should continue at funding levels that capture achievable, cost-effective demand-side resources.

The requirements for BGS auction winner suppliers to meet a fraction of their obligations using renewable energy pursuant to New Jersey's renewable portfolio standard should continue.

The zero or very low fuel price risk associated with renewable resources makes them more amenable to fixed price, long-term procurement than resources with more variable and uncertain fuel costs. Renewable resources are particularly suited to procurement using long-term contracting mechanisms complementary to the short-term BGS-FP auction mechanism. In fact, many renewable energy developers have noted that the lack of long term contracting creates higher financing costs due to regulatory uncertainty. Many sources of renewable energy investment capital are claimed to be reluctant to value the longer run stream of renewable energy credit revenues from resources that have no long term market certainty (other than the RPS mandate itself). Failure to consider these revenue streams results in a higher risk, and thus higher cost of capital, for renewable resource development. Including renewable energy in a BGS-FP portfolio approach would, therefore, have the added benefit of not only reducing energy price volatility, but also providing the potential for lowering the overall cost of delivery of these resources due to the reduction of market (regulatory) risk. The use of RFPs for long-term purchases or asset ownership or control would also be a reasonable vehicle to explore for the acquisition of cost-effective renewable resources.

- What types of demand response programs and/or renewable energy programs can be employed with the goal of reducing a supplier's peak resource needs?

Response

A wide variety of demand response or demand-side programs effectively reduce peak load requirements. Additional demand response procurement could be obtained through more directed demand response purchases such as those proposed by Comverge in 2006 in this docket concerning the February 2007 BGS auctions.

Most renewable energy resources reduce peak load to some extent. Notably, wind resources can often exhibit poorer peak period output than other resources, but this is not always the case (i.e., offshore wind resources can have higher capacity profiles during peak periods than on-shore wind

resources), and nevertheless some peak reduction can be seen even with this primarily energy-providing resource. Other renewable resources, such as landfill methane and distributed photovoltaics can make significant contributions to reduce peak load. Complementary purchases of renewable resources through long-term contracting can help to reduce peak load requirements.

- How much of an EDC's load should be designated for demand response and renewable energy with the goal of reducing suppliers' responsibility to acquire peak resources?

Response

The amount of renewable supply procured under long-term contract or the amount of demand resource procured through various mechanisms should depend on its cost-effectiveness. Rather than designating up front a certain percentage of EDC load, intelligent assessment of market conditions could allow for ongoing procurement of cost-effective supply when the "best deals" can be arranged, based on continual observance of market conditions. See the response to question # 3 for more information on how such procurement can be best considered.

Question 3

Staff is inviting parties to submit any additional BGS issues that they believe relevant and should be addressed.

Response

There is one particular additional issue that should be considered when examining long-term procurement alternatives, and that is the nature of the entity used to oversee such long-term procurement. Complementary long-term procurement should be undertaken by an independent entity. This entity would be charged with ensuring that the "best deals" available for longer-term procurement are analyzed, and that the timing of procurements best ensure low prices and increased price stability for BGS-FP customers. This entity could be a consultant overseeing an RFP process, a public power authority or some other independent agent. The most important attributes this entity must bring is a knowledge of wholesale market issues, contracting options, and an ability to determine, on a continuing basis, what selectively chosen additions to the mix (i.e., portfolio) of longer-term resources help to best ensure increased price stability, economical supply, and reduced price, environmental and regulatory risk for BGS-FP customers.

BGS-FP Portfolio Approach
April 13, 2007 Reply Comments of the Department of the Public Advocate, Division of Rate Counsel
BPU Docket EO06020119

Introduction

The Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") is pleased to provide these reply comments in response to comments filed by other parties on March 30, 2007. Rate Counsel reiterates that the thrust of its initial comments was to address mechanisms for procurement that would complement the existing BGS-FP auction process. These reply comments highlight the presence of willing buyers and willing sellers of long-term contract options in the marketplace of purchasers and sellers.

A Portfolio Approach That Includes Options for Long Term Contracts as Complements to the Existing BGS-FP Auction

The comments received from some stakeholders clearly indicate a willingness to consider a portfolio approach to BGS-FP supply or demand resource purchase.

- Comments by PV Now, a marketplace supplier, indicate a willingness to sell solar supply under long-term contracts.
- Comments by Comverge, a marketplace demand response provider, indicate a willingness to sell demand response resources under long-term contracts.
- Comments by AARP, representing small consumers, indicate a willingness to consider purchase of supply from long-term contracts, if the economics are favorable.

A portfolio approach that allows for the solicitation of supply and demand resources under some form of long-term contract would allow prospective purchasing parties or their agents to consider the economics of long-term contracts as part of BGS-FP supply. Such solicitation can, and Rate Counsel believes should, be done outside the structure of the current BGS-FP short-term supply auction, by an independent entity (the Portfolio Manager). If the results of the solicitations do not appear economically attractive to prospective purchasers or their agent, no purchase is required.

The marketplace for supply and demand provided under long-term contracts exists nationwide, and certainly includes contracting in the mid-Atlantic region. This is evident from, for example, long-term contracts entered into by the Long Island Power Authority (for supply sourced in PJM), or from wind power installations in many different states. Delmarva Power has received solicitations in response to their RFP for long-term contracted supply resources. The financial environment for new generation construction has changed considerably since the demise of Enron, and longer-term contracts are often if not always required in order to obtain financing for power plant construction.

Rate Counsel believes it is reasonable and prudent that prospective sellers of economically attractive, long-term supply and demand response resources be able to compete to serve a portion of BGS-FP demand. As AARP indicates, now is the time for the Board to "prepare a longer-term

procurement plan for BGS-FP service and that this longer planning horizon consider a wide range of alternative contract lengths, contract types, energy efficiency and demand response services" (AARP comments, page 3).

Recent experience in neighboring states has shown the sort of massive disruptions that can occur if the price of BGS-FP for all customers is allowed to follow the shorter-term markets too closely, such as with solely one-year contracts. In New Jersey reliance on one-year rather than three-year contracts for BGS-FP would have led to massive price increases as well. For BGS it is Rate Counsel's view that a BGS-FP portfolio of long-term contracts that complement the three-year contracts from the BGS-FP auction will provide the appropriate balance of affordability and stability.

Switching Between BGS-FP and CIEP

In general Rate Counsel would be supportive of the idea of allowing BGS-CIEP customers to switch back to the BGS-FP service for the sake of increasing customer choice and flexibility. If arbitrage problems develop, this can be revisited, but it is our understanding that in these smaller commercial rate classes, switching has been relatively *de minimis*.

BGS-FP Portfolio Approach
In Reply to BPU Staff Proposal of May 1, 2007
Comments of the Department of the Public Advocate,
Division of Rate Counsel
May 9, 2007
BPU Docket EO06020119

The Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") is pleased to provide these comments in response to the May 1, 2007 BPU Staff proposal on a BGS pilot power program and RPS requirements.

Summary of Market-Based Portfolio Management Approach

To address the issues and help answer the questions raised in Staff's proposal, Rate Counsel suggests the BPU solicit the services of a professional electricity Portfolio Manager with expertise in Mid-Atlantic electric power markets.[1] The Portfolio Manager's charge would be to analyze the market alternatives available to meet BGS-FP demand and then, after approval from the BPU, structure supply and/or demand response solicitations to competitively obtain resource options to meet BGS-FP requirements. Based on the results of such solicitations, the Portfolio Manager would recommend to the BPU an optimal mix of supply and/or demand response resources. The Portfolio Manager would seek to continually and actively minimize and stabilize customer costs ("manage the portfolio" by working the market) by issuing solicitations for needed resources, in appropriate amounts and appropriate formats, at appropriate times, as approved by the BPU. Such solicitations could include RFPs and negotiated bilateral procurements, and would include ongoing supply via the existing BGS-FP auction. The Portfolio Manager would be guided by a clear set of appropriate risk mitigation goals, which would be approved by the BPU.

The questions posed in Staff's May 1 Proposal make or seek to make determinations as to:

- the appropriate mix of demand response and supply products,
- the optimal aggregate quantity to be procured,
- the size and number of supply units,
- the number of sellers,
- the format and timing of procurement,
- the appropriate term length, and
- other important variables.

Such determinations in the current Working Group process would be unlikely to provide for an optimal resource portfolio for BGS-FP consumers if not grounded in at least a somewhat rigorous examination of alternatives. As mentioned above, the examination of alternatives should be done

[1] The Portfolio Manager could conceivably (1) be hired directly by the EDCs, (2) be hired directly by the BPU, (3) be developed in-house under the auspices of the BPU utilizing BPU or other New Jersey government employees, or (4) be a separate governmental entity Rate Counsel at this time believes that a Portfolio Manager should be hired directly by the BPU to recommend portfolio choices for the EDCs, subject to BPU approval.

by a Portfolio Manager with electric market expertise and knowledge of current market conditions. Thus, to reduce overall portfolio risk and help ensure some measure of cost minimization for New Jersey's BGS-FP consumers, determination of such elements of procurement should be made only after careful review and analysis of current market alternatives and going-forward prices and volatility.

Such analyses should be carried out independently by electric power market and risk professionals who can best estimate quantitatively the range of risk and reward associated with a true portfolio of products to meet BGS-FP requirements. The Portfolio Manager would then have as its primary operational objective function the minimization of costs for supply and demand-side resources procured to meet BGS-FP requirements statewide, with delivery to individual EDC service territories. In short, the Portfolio Manager's primary function is to be a smart buyer of electricity products from the competitive marketplace in order to get the best deals available for BGS consumers, consistent with appropriate risk mitigation goals.

Part of the Portfolio Manager's function would be to carefully and continually analyze the matrix of resource options and procurement mechanisms available to obtain both supply-side and demand response resources. These resources could include demand response alternatives[2] which seek to reduce peak system load during heavy load hours, and, perhaps, other demand-side resources. However, we anticipate that the Portfolio Manager would likely not be responsible for more traditional energy efficiency resource procurement, currently implemented outside of the BGS resource procurement.

The supply options would include a host of alternative contracting arrangements spanning different time frames (e.g., 5-20 year terms), contracting types (e.g., slice of system, unit contracts) and resource types (e.g., demand response; wind farms; other renewables; and more conventional electric generating technologies). Taken together, these resources and the complementary BGS auction supply comprise the resource portfolio for BGS-FP consumers. The Portfolio Manager would need to determine the extent to which the resource options are economically attractive when considering their direct costs, risk mitigation goals, and environmental and regulatory impacts such as RGGI constraints or anticipated Federal regulation of greenhouse gas emissions.

Soliciting the Services of a Professional Portfolio Manager

A solicitation can be made to obtain the services of a professional Portfolio Manager. This solicitation is best made in the form of an RFP, with at least the following minimum requirements:

1. Meet standards of professional capability to provide portfolio management services, including especially the ability to analyze risk and recommend alternatives to manage such risk.
2. Demonstrate a detailed understanding of the workings of the Mid-Atlantic electricity market and market structures.

[2] We do not anticipate that the Portfolio Manager would operate its own demand response programs, but instead would contract with providers of such demand response, as long as those alternatives are an economically attractive part of the resource portfolio.

3. Demonstrate independence from any market participants and evidence of no conflicts of interest.
4. Demonstrate substantial professional experience managing electricity resource portfolios.

Timeline

Ideally, a Portfolio Manager solicitation should be made quickly enough for a chosen Portfolio Manager to commence evaluation of the market by the fall of 2007, conduct an initial solicitation of resources by the end of 2007, and announce initial incremental portfolio components in advance of the 2008 BGS-FP auction. The 2008 BGS auction and subsequent BGS auctions would likely remain the primary procurement vehicle for BGS-FP load in the near term.

We recognize that this ideal timeline may not be practicably achievable. It would likely depend on the extent of any initial solicitations the Portfolio Manager may consider. If initial solicitations were limited to a relatively small fraction of the overall BGS-FP requirement, this aggressive timeline may be feasible.

A-Z: Possible Steps to Develop a Portfolio Management Approach

1. The BPU Staff and the BGS WG define a scope of services for a Portfolio Manager.
2. The BPU issues an RFP to solicit a Portfolio Manager.
3. The BPU contracts with a Portfolio Manager to act as an agent for EDC load. In general, the Portfolio Manager should be given considerable flexibility to act in the best interests of BGS-FP consumers by proposing procurement alternatives for approval by the BPU.
4. The Portfolio Manager's first substantive task would likely be to analyze the regional electricity market and develop expectations for a market-based portfolio that would seek to minimize costs to BGS-FP consumers, consistent with appropriate risk mitigation goals.
5. The Portfolio Manager would develop a set of solicitations for approval by the BPU for market-based procurement of supply and demand response resources.
6. The Portfolio Manager would determine how best to meet NJ RPS requirements for the share of supply the Portfolio Manager will procure. This could be a purely market-based rationale where the Portfolio Manager solicits for the lowest cost combination of BGS-FP supply and RPS credits; or a more active approach such as soliciting for a renewable product.
7. The Portfolio Manager would analyze responses within a cost minimization framework, consistent with appropriate risk mitigation goals. Risk mitigation goals would need to be clearly defined in order for the Portfolio Manager to make prudent recommendations to the BPU, in the same way that financial portfolio managers need to know the goals of their customers in order to recommend logical investment strategies.
8. The Portfolio Manager selects a strategy based on minimizing costs to BGS consumers and in concert with the risk mitigation goals. The Portfolio Manager proposes to the BPU procurement of different resources in different timeframes and through different competitive

procurement vehicles such as RFP, auction,[3] or negotiated arrangements (direct bilateral contracts).

9. The Portfolio Manager recommends procurement on as frequent a basis as is necessary to obtain an optimal portfolio (e.g., the Portfolio Manager continually assesses market conditions and takes advantage of favorable opportunities to secure low cost and/or low risk power for BGS-FP consumers). The timing of this procurement is coordinated with the timing of the annual BGS-FP auctions.
10. The BGS-FP auction remains as part of the BGS-FP portfolio; the Portfolio Manager works with the EDCs to develop the load requirements in advance of the BGS-FP auction and accounting [4] for any resources procured outside of the auction.
11. The Portfolio Manager is given the flexibility of procuring in aggregate for statewide BGS-FP load to maximize economies of scale in procurement, and in recognition of the regional nature of the electricity marketplace.
12. The RFP for a Portfolio Manager is designed to retain the Portfolio Manager for a reasonable length of service to encourage commitment to the BPU's portfolio management goals. The Portfolio Manager is subject to BPU oversight, and to suitable auditing protocols.

Question II: RPS Requirements

As noted above, the Portfolio Manager would be given the flexibility to make recommendations to the BPU on how power procured for BGS load would need to meet RPS requirements.

[3] At this stage, Rate Counsel is not suggesting any limitations to the types of procurement vehicles a Portfolio Manager may want to consider. Auction processes, perhaps with different product structures than the existing BGS auction, remain an option.

[4] Accounting for procurement outside of the BGS-FP auction allows for a determination of the net load obligation to be assumed by the BGS auction winning suppliers. Essentially, Portfolio Manager procurements are subtracted from the total BGS load.

BGS-FP Portfolio Working Group
In Reply to 5/9/2007 Working Group Comments on BPU Staff Proposal of May 1, 2007
Reply Comments of the Department of the Public Advocate,
Division of Rate Counsel
May 16, 2007
BPU Docket EO06020119

The Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") is pleased to provide the Board of Public Utilities ("Board" or "BPU") these reply comments in response to the Working Group Parties' initial comments of May 9, 2007, which were in response to the May 1, 2007 BPU Staff proposal on a BGS pilot power and demand response program and RPS requirements.

Rate Counsel notes that not one, but three, separate providers of demand response resources responded positively to the Staff proposal, effectively and concretely illustrating the presence of willing suppliers looking for buyers in a competitive marketplace. This transparent demonstration of the potential power of the marketplace should be a welcome sight to all who wish to see competition help to reduce prices for BGS-FP consumers. However, without a mechanism in place to allow these potential sellers to contract to provide some portion of BGS-FP resource needs, this opportunity will be lost. An additional BGS mechanism is needed to capture the potential value of demand response resources.

It is thus incumbent upon the Board to consider a mechanism that indeed holds much promise to help reduce prices, particularly via super-peak and peak-period load reduction, as noted by the comments from providers of demand response resources. This mechanism will require some entity to take the reins and serve in the best interests of BGS-FP consumers.

A Portfolio Manager, as described in Rate Counsel's prior comments of May 9, would be the best entity to "work" with these three respondents – and any other willing providers of demand response resources - and either issue an RFP (or RFPs) or set up some other form of procurement process, including the possibility of an auction, outside the current BGS-FP auction to obtain the best mix of demand response products on behalf of the EDCs for delivery to BGS-FP consumers. A Portfolio Manager's discussions with these providers would likely help to determine the nature of the market-based resource and allow for RFP scope and terms appropriate to the marketplace to which it is targeted.

Rate Counsel notes that a Portfolio Manager would clearly look to not only the best demand response options that might be available, but also at economically attractive supply options which would also serve to put competitive pressure on all who would consider supplying BGS-FP load.

While the particulars of each of the demand response providers are noteworthy, it is most illuminating to point out a few major themes apparent from these providers' comments:

- Use a process separate from the current BGS-FP auction;

- Use long term contracts (though some think a shorter term might be acceptable – clearly an indication that the marketplace has different schools of thought on what might be "best" contract term lengths); and
- Target a greater fraction of load than just 600 MW in total, in particular to address peak period load.

As Rate Counsel stated in our earlier comments, the Portfolio Manager should be allowed to consider all these options, plus the procurement of electric generation, when making its recommendations on how to meet BGS-FP supply needs.