



MIKIE SHERRILL  
*Governor*

State of New Jersey  
DIVISION OF RATE COUNSEL  
140 EAST FRONT STREET, 4<sup>TH</sup> FL  
P.O. Box 003  
TRENTON, NEW JERSEY 08625

BRIAN O. LIPMAN  
*Director*

October 9, 2026

**Via Electronic Mail**

Ms. Sherri L. Lewis, Board Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 1st floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Board.Secretary@bpu.nj.gov](mailto:Board.Secretary@bpu.nj.gov)  
[Sherri.Lewis@bpu.nj.gov](mailto:Sherri.Lewis@bpu.nj.gov)

**RE: I/M/O the Provision of Basic Generation Service (BGS) For the Period  
Beginning June 1, 2027  
BPU Docket No. ER26040105**

**Final Comments of the Division of Rate Counsel**

Dear Secretary Lewis:

The Division of Rate Counsel ("Rate Counsel") is pleased to provide these Final Comments to the Board of Public Utilities (the "Board" or "BPU") pursuant to the Procedural Order dated April 22, 2026 in this proceeding.<sup>1</sup>

In Rate Counsel's initial comments filed on September 4, 2026 ("Initial Comments"), Rate Counsel did not object to the EDCs' proposal to include a proxy capacity price for the 2029/2030 capacity auctions scheduled for December 2026.<sup>2</sup> Rate Counsel anticipates that absent a significant scheduling delay, the results of the 2029/2030 BRA auction results should be available to potential bidders well before the five-day window proposed by the EDCs.

---

<sup>1</sup> I/M/O the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2027, BPU Docket No. ER26040105, Decision and Order dated April 22, 2026.

<sup>2</sup> Rate Counsel Initial Comments (Sept. 4, 2026)

In addition, Rate Counsel's Initial Comments outlined several proposed changes in company-specific EDC filings. These comments are summarized below:

- Rate Counsel does not oppose PSE&G's proposed change in the reconciliation process from a quarterly calculation to an annual calculation, so long as ratepayers are insulated from surprise under-collections that could result in higher-than-expected bills.
- Rate Counsel recommends that the Board require PSE&G to recalculate the estimated BGS revenues using a migration rate of 81.8% that is based on the observed weighted average historical migration rate of 18.1% and is between the proposed 100% migration rate and its assumed 50% migration rate currently in-place.
- Rate Counsel recommends that the Board should address PSE&G's modification of the TOU 3P rate in PSE&G's next Base Rate case filing and not in this BGS proceeding.
- Rate Counsel does not oppose ACE's proposed termination of the current EV 2 Cents program and the proposed cost recovery mechanism to recover the \$1.5 million in program costs over a 24-month period.
- Rate Counsel recommends that the Board should consider ACE's proposed Residential TOU rate design modification as part of the existing BPU Docket No. ER25070444 proceeding or as part of a Base Rate Case

At the Board's Legislative-Style Hearing held on September 22, 2026 ("Hearing"), Rate Counsel commented on the initial comments filed by NextEra Energy Marketing ("NextEra") and Vote Solar ("Vote Solar").<sup>3</sup> Rate Counsel agrees with NextEra that the Board should work with the EDCs to see what impact PJM's Reliability Backstop Procurement ("RBP") would have on the BGS auction and that the process should be as transparent as

---

<sup>3</sup> Rate Counsel Comments at Hearing (Sept. 22, 2026).

possible to limit upward price impacts on ratepayers. Rate Counsel also agrees with NextEra that any changes to the renewable portfolio standard (“RPS”) or the alternative compliance payment (“ACP”) should occur before the 2027 BGS Auction. Rate Counsel notes that coordination could be improved between the timing of government energy aggregation (“GEA”) programs and BGS contracts, but the GEA programs should have the flexibility to operate in a manner that best serves their customers. Finally, Rate Counsel asserts that the scope and magnitude of PJM’s Reserve Certainty Senior Task Force (“RCSTF”) changes are unknown at this point and that the Board should proceed transparently and deliberately before choosing a course of action.

Vote Solar raises four issues with the BGS Auction process and proposes modifications to same. First, Vote Solar recommends that the Board transfer 5% on-peak portion of the BGS-RSCP load profile from the traditional full-requirements service procurement to a pilot block purchase procurement structure. Second, Vote Solar advises that the Board expand the portion of BGS load served by block purchase based on pending savings realized by the proposed block purchase pilot referenced above. In Vote Solar’s initial comments urging consideration of its proposed block purchase pilot, Vote Solar cited observations regarding the block purchase options taken from the Bates White Annual Final Report on the 2025 BGS RCSP and CIEP Auctions dated May 6, 2025. Third, Vote Solar recommends that New Jersey explore additional changes that would introduce flexibility in the BGS procurement process and establish prices that are more reflective of the market. Fourth, Vote Solar recommends that information from Advanced Metering Infrastructure data be used to model and track the settlement of BGS-RSCP customer load.

Vote Solar's recommendation does not account for the fact that Illinois and New York, the two states currently utilizing block purchase structures, have separate power authorities that coordinate the purchase of electricity supply or, in the case of New York, owns generation outright. These two states have very different procurement processes than New Jersey. Additionally, Vote Solar's recommendation does not account for the fact that the block purchase process would require New Jersey to develop active portfolio management and technical expertise, along with allocating staff resources, to manage the spot market purchases. Rate Counsel does not recommend the Board pursue the block purchase recommendation without first undertaking a comprehensive review of the goals and consequences of changing the State's energy supply procurement process.

The 2025 Bates White Report cited by Vote Solar identifies six alternative procurement options that include: 1) increasing the number of bid days per year; 2) changing the duration of the BGS contracts; 3) procuring each utility's default service in separate process; 4) changing the procurement method; 5) removing the RPS requirement; and 6) larger product adjustment such as a block purchase. Rate Counsel notes that 2025 the Bates White BGS auction report provided:

A more general point must be made here, which is that it is unclear that any of these changes will result in lower rates for customers. Certain changes can bring more flexibility to procurement, more rate volatility and more price transparency, but none of these methods allow for the utility to avoid the cost of energy and capacity in a given wholesale market.<sup>4</sup>

---

<sup>4</sup> Bates White Economic Consulting, Annual Final Report on the 2025 BGS RSCP and CIEP Auctions, May 6, 2025, available at [https://www.bgs-auction.com/documents/Post-Auction\\_Report\\_2025\\_Auctions\\_Bates\\_White\\_\(redacted\).pdf](https://www.bgs-auction.com/documents/Post-Auction_Report_2025_Auctions_Bates_White_(redacted).pdf) at page 28.

Accordingly, Rate Counsel does not recommend the Board consider any of the alternatives listed in the 2025 Bates White Report without a comprehensive review of the goals and consequences of changing the State's energy supply procurement process. Part of BGS's success as a product for residential customers has been its stability over the years. Rate Counsel recommends the Board recognize the value that stability provides to ratepayers.

Based on the foregoing, Rate Counsel thanks the Board for this opportunity to provide Final Comments and looks forward to working with all parties throughout this BGS proceeding.

Respectfully submitted,

BRIAN O. LIPMAN, DIRECTOR  
DIVISION OF RATE COUNSEL

By: /s/ *David Wand*  
T. David Wand, Esq.  
Deputy Rate Counsel

DW/dl

c: Electronic Service List