



## New Jersey Board of Public Utilities

### NEWS RELEASE

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## **New Jersey Board of Public Utilities Approves Electricity Auction Results**

**- Auction Outcome Results in Lower Electricity Supply  
Prices for Many Residential and Business Customers -**

TRENTON, N.J. – The New Jersey Board of Public Utilities (Board) today approved the results of the State’s 16<sup>th</sup> annual electricity auction for Basic Generation Service (BGS), which resulted in an overall tranche-weighted average winning price decrease of 6 percent as compared to last year’s auction. The auction determines, in part, the cost of electricity for most New Jersey residents and many businesses for the 12-month period starting June 1, 2017.

Winning prices of electricity supply for each of the four regulated Electric Distribution Companies (EDCs) decreased between 5.3 percent and 8.1 percent over last year’s auction and are 6.8 percent to 18.2 percent less expensive than the expiring contracts from the 2014 BGS auction. As a result, total average monthly residential and small business customer bills will decrease from 2.6 percent to 6.3 percent.

“For an eighth consecutive year starting with the 2010 auction, wholesale power market conditions, along with the competitive Basic Generation Service auction structure have resulted in lower or stable prices for New Jersey residents and businesses who are supplied by the four regulated electric distribution companies,” said Richard S. Mroz, President, N.J. Board of Public Utilities. “The streak of lower electricity supply prices over the course of the Christie Administration has allowed the Board to approve infrastructure reliability improvement investments that also benefit ratepayers. The Board will continue to advocate when appropriate before the FERC and PJM in an effort to continue to drive down energy prices and improve the State’s economic competitiveness.”

With the lower auction prices, ratepayers served by Rockland Electric Company (RECO) will see average estimated bill decrease of 6.30 percent and those of Jersey Central Power and Light (JCP&L) will see an average estimated bill decrease of 4.19 percent. Atlantic City Electric (ACE) customers will see an average estimated bill decrease of 3.32 percent, while ratepayers served by Public Service Electric & Gas (PSE&G) will see an average estimated bill decrease of 2.59 percent.

The following table illustrates how the auction results will affect the average residential customer's total monthly bill when the new rates take effect on June 1, 2017:

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**Monthly Impact of BGS Auction on Average Residential Accounts**

Utility Company	Usage (kWh)	Current Bill	Increase or Decrease	New Bill	Percent Change
ACE	650	\$124.87	-\$4.14	\$120.73	-3.32%
JCP&L	650	\$97.07	-\$4.07	\$93.00	-4.20%
PSE&G	650	\$115.62	-\$3.00	\$112.62	-2.60%
RECO	650	\$122.20	-\$7.67	\$114.53	-6.28%

The BGS auction determines, in part, the cost of electricity for most New Jersey residents and many businesses for the 12-month period starting June 1, 2017. The Board's approval of the BGS results covers two separate descending clock auctions conducted by NERA Economic Consulting. The auction for Commercial and Industrial Energy Price (CIEP) service used by large commercial and industrial customers began on February 3 and concluded on February 6. The auction for Residential and Small Commercial Pricing (RSCP) service used primarily by residential and small to medium sized commercial customers began on February 6 and concluded on February 7. Both auctions secured commitments for up to approximately \$6 billion worth of purchases covering approximately 7,900 megawatts (MWs) of customer requirements.

The energy secured in the RSCP auction will meet one-third of the state's residential and small business electric load requirements for the next three energy years, starting June 1, 2017. The remaining two-thirds of customer supply requirements for the 12-month time period beginning June 1, will be met by electric supply secured in the BGS Auctions of 2015 and 2016. The supply acquired through the CIEP auction is for one year.

The state's four regulated electric distribution companies do not earn a profit on the cost of the electric supply secured in the auctions. These costs are passed through directly to ratepayers.

For CIEP ratepayers, when compared to last year, the prices for all four EDCs are lower. The CIEP price is primarily driven by the cost of electric generating capacity from PJM's Reliability Pricing model (RPM) Auction and the cost of meeting the State Renewable Portfolio Standard (RPS). Capacity prices for all EDCs decreased this year. The CIEP price constitutes only a small portion of monthly bills of CIEP customers for the period from June 1, 2017 to May 31, 2018; the price of other components has remained fairly stable.

The CIEP product is a full requirement product for which the Board bids out certain components and relies on spot prices for energy. As of June 2016, approximately 87 percent of the CIEP load is being provided through individual contracts with third-party suppliers. These contracts are negotiated in the competitive marketplace and are not affected by the CIEP auction results.

“In approving the BGS Auction results, the Board found that the auction was competitive throughout the bidding process based upon the number of bidders, the number of offerings for each block of power auctioned, and the competitive prices that resulted,” said Mroz. “I want to thank all the bidders for participating in this year’s auction which provided competitive prices for New Jersey ratepayers.”

BGS-RSCP 36-Month Tranches (One “tranche” equals approximately 100 Mw):

<b>Electric Utility</b>	<b>Closing Price (cents/Kwh)</b>	<b>Total Tranches</b>
ACE	7.549	8
JCP&L	6.908	15
PSE&G	9.078	28
RECO	8.050	2

BGS-CIEP 1-year Tranches (One “tranche” equals approximately 75 Mw):

<b>Electric Utility</b>	<b>Closing Price \$/Mw-day</b>	<b>Total Tranches</b>
ACE	217.00	5
JCP&L	218.00	12
PSE&G	276.83	25
RECO	223.61	1

The winning bidders of the Residential and Small Commercial Pricing (RSCP) Auction are:

- BP Energy Company
- Calpine Energy Services LP
- DTE Energy Trading, Inc.
- Engelhart Commodities Trading Partners
- Exelon Generation Company, LLC
- Macquarie Energy LLC
- NextEra Energy Marketing, LLC
- Noble Americas Gas & Power Corp.
- PSEG Energy Resources & Trade LLC
- TransCanada Power Marketing Ltd.

The BGS-CIEP Auction winners are:

- ConocoPhillips Company

DTE Energy Trading, Inc.  
Engelhart Commodities Trading Partners  
Exelon Generation Company, LLC  
NextEra Energy Marketing, LLC  
PSEG Energy Resources & Trade LLC

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**About the New Jersey Board of Public Utilities (NJBP)**

*The NJBP is a state agency and regulatory authority mandated to ensure safe, adequate and proper utility services at reasonable rates for New Jersey customers. Critical services regulated by the NJBP include natural gas, electricity, water, wastewater, telecommunications and cable television. The Board has general oversight responsibility for monitoring utility service, responding to consumer complaints, and investigating utility accidents. To find out more about the NJBP, visit our web site at [www.nj.gov/bpu](http://www.nj.gov/bpu).*