



New Jersey Board of Public Utilities

NEWS RELEASE

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Board of Public Utilities Approves Basic Generation Service Auction Results

TRENTON, N.J. – Today, the New Jersey Board of Public Utilities (Board) unanimously approved the results of the State's thirteenth annual electricity auction for Basic Generation Service (BGS), which will result in slightly lower prices for the electricity supplied to most residents and small to medium sized businesses. The auction determines, in part, the cost of electricity for most New Jersey residents and many businesses for the twelve-month period starting June 1, 2014.

The results of this year's BGS auction for residential and small to medium sized commercial service continues a 5-year streak of decreasing or stable energy costs for most residents and small to medium sized businesses. Since 2009, energy costs for the residential and small to medium sized commercial sector on average have fallen approximately 30%.

The Board's approval covers the results of two separate descending clock auctions conducted by NERA Economic Consulting over the past three business days. The auction for Commercial and Industrial Energy Price (CIEP) service used by large commercial and industrial customers began on Feb. 7 and concluded on Feb. 10. The auction for Fixed Price (FP) service used primarily by residential and small to medium sized commercial customers began on Feb. 10 and concluded on Feb. 11. Both auctions secured commitments for as much as \$7 billion worth of energy purchases covering approximately 8400 megawatts (MWs) of customer requirements.

The energy secured in the FP 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, 2014. The remaining two-thirds of customer supply requirements for the twelve-month period starting June 1, 2014, will be met by electric supply secured in the auctions of 2012 and 2013. The supply acquired through the CIEP auction is for one year. The state's four regulated electric distribution companies (EDCs) do not earn a profit on the cost of the electric supply secured in the auctions. These costs are passed through directly to ratepayers.

Ratepayers in three of the four EDCs will see a decrease in rates ranging from 0.7% to 2.75%. PSE&G will be the exception with a small increase of 1.1%, which reflects the increased cost of new transmission facilities. New transmission projects are deemed necessary by PJM, the regional transmission organization (RTO) that coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia, and the resulting transmission rate is approved by the Federal Energy Regulatory Commission (FERC).

For CIEP ratepayers there was a similar outcome, although the decreases are more substantial. Three of the four EDCs' commercial and industrial customers will see a decrease, while PSE&G customers will have a small rate increase. The CIEP price, as set in the auction, is a full requirement product for which the Board bids out certain components and rely on spot prices for energy. As of December 2013, approximately 86% 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.

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). The CIEP price constitutes only a small portion of monthly bills of CIEP customers for the period from June 1, 2014 to May 31, 2015; the price of other components has remained fairly stable.

The Board deemed the auction to be 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.

BGS-FP 36-Month Tranches (One "tranche" equals approximately 100 Mw):

Electric Utility	Closing Price (cents/Kwh)	Total Tranches Sold
ACE	8.780	8
JCP&L	8.444	15
PSE&G	9.739	28
RECO	9.561	2

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

Electric Utility	Closing Price \$/Mw-day	Total Tranches Sold
ACE	235.22	4
JCP&L	254.79	13
PSE&G	284.04	27
RECO	290.41	1

The winning bidders of the Fixed Price (FP) Auction are:

- BP Energy Company
- Citigroup Energy Inc.
- Exelon Generation Company, LLC
- NextEra Energy Power Marketing, LLC
- Noble Americas Gas & Power Corp.
- NRG Power Marketing LLC
- PSEG Energy Resources & Trade LLC
- TransCanada Power Marketing Ltd.

The BGS-CIEP Auction winners are:

ConocoPhillips Company
DTE Energy Trading, Inc.
Exelon Generation Company, LLC
PPL EnergyPlus, LLC
PSEG Energy Resources & Trade LLC

The following table illustrates how the auction results will affect electricity supply costs for the average residential customer when the new rates take effect on June 1, 2014:

Monthly Impact of BGS Auction on Average Residential Accounts

Utility Company	Usage (kWh)	Current Bill	Increase or Decrease	New Bill	Percent Change
Atlantic Electric	650	\$113.24	-\$3.11	\$110.13	-2.75%
JCP&L	650	\$93.65	-\$1.56	\$92.09	-1.70%
PSE&G	650	\$120.58	\$1.28	\$121.86	1.1%
Rockland	650	\$116.06	-\$0.81	\$115.25	-0.7%

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About the New Jersey Board of Public Utilities (NJBPU)

The NJBPU 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 NJBPU 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 NJBPU, visit our web site at www.nj.gov/bpu.