



# New Jersey Board of Public Utilities

## NEWS RELEASE

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### N.J. Board of Public Utilities Eliminates Penalty Fee Placed on Large Energy Users in effort to Assist Existing and Attract New Businesses

Board also Lowers CIEP Threshold to Improve Businesses' Ability to Control Their Energy Usage

TRENTON, N.J. – The New Jersey Board of Public Utilities today voted to abolish the Retail Margin fee and lower the Commercial and Industrial Electricity Pricing threshold to assist New Jersey businesses in reducing their energy costs and increasing options to better control energy usage. The Board's move is consistent with Governor Chris Christie's policies to remove barriers to growing existing and attracting new business to New Jersey.

The elimination of the Retail Margin will affect approximately 848 commercial and industrial customers with peak loads of 750 kilowatts (kW) and above, who are currently paying approximately \$13 million annually into the Retail Margin fund.

The Retail Margin, which was created by a vote of the BPU Commissioners ("Board") in December 2002, had two goals: To provide an incentive to large energy users to shop for their electricity supply; and to account for certain administrative expenses that Third Party Suppliers ("TPSs") faced in entering the energy supply market. In eliminating the Retail Margin, the Board agreed that the Retail Margin has served its intended purpose. Currently, approximately 70% of Commercial and Industrial Electricity Pricing ("CIEP") customers, which represent approximately 85% of the CIEP load, have switched to TPSs. In addition, according to monthly switching statistics provided to the Board by the utilities, more than 70% of the customers with peak loads between 750 and 999 kW – who are subject to the Retail Margin but not subject to CIEP's hourly pricing – are buying their electricity from TPSs. Furthermore, the TPS market base in New Jersey is mature. The market is serving more than 5,600 MW of load in the state, an aggregate larger than the load served by many U.S. utilities. Moreover, large customers in New Jersey have 35 competitive TPSs to choose from.

The Board also expanded the CIEP class to include those larger commercial and industrial customers with peak loads of at least 750 kW. Lowering the threshold from the present 1000 kW, to 750 kW will encourage additional shopping and increase competition in the TPS market; it would also make New Jersey more consistent with other restructured states within PJM. The expansion of the CIEP threshold will affect approximately 385 Commercial and Industrial customers with peak loads between 750-1000 kW -- the 89 customers in that group who have not switched to a third party supplier.

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Electric service customers above 750kW are sophisticated, medium-sized and large businesses, many of which are part of regional or national chains that receive similar default service pricing structures in other restructured markets in the Mid-Atlantic and Northeast. Such companies include “big box” retail stores, supermarkets, mid-size office buildings, and small hospitals. Energy expenditures of this customer group can range from \$250,000, to over \$1 million per year.

Lowering of the CIEP threshold creates more choice for customers in the type of energy provided, and the cost of their energy. Customers in this kW-usage range may have an interest in participating in demand response programs, and are candidates for onsite and renewable generation, both of which are useful tools for customers subject to hourly prices. This group of energy users will have the opportunity to participate in demand response programs, smart metering and many other innovative and creative energy products and services that are not offered by the electric distribution companies.

The TPS market has been innovative because of competitive pressures. In New Jersey, since January 2010, eleven new electric suppliers registered with the BPU, bringing the total to 35. Lowering the threshold will create incentives to explore available pricing and supply options provided by TPSs.

The Board delayed the effective date of both decisions until June 1, 2011, to allow additional time for customer education and planning. For information about shopping for an energy supplier, please visit: <http://www.state.nj.us/bpu/commercial/shopping.html>

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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](http://www.nj.gov/bpu).*

#### **About the New Jersey Clean Energy Program (NJCEP)**

*NJCEP, established on January 22, 2003, in accordance with the Electric Discount and Energy Competition Act (EDECA), provides financial and other incentives to the State's residential customers, businesses and schools that install high-efficiency or renewable energy technologies, thereby reducing energy usage, lowering customers' energy bills and reducing environmental impacts. The program is authorized and overseen by the New Jersey Board of Public Utilities (NJBPU), and its website is [www.NJCleanEnergy.com](http://www.NJCleanEnergy.com).*