



New Jersey Board of Public Utilities

NEWS RELEASE

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Statement of Lee A. Solomon, President, N.J. Board of Public Utilities (“BPU”), regarding PJM and the PJM Market Monitor’s Dec. 3, 2010, letter concerning applicability of the Minimum Offer Price Rule (MOPR) in the RPM capacity market:

New Jersey ratepayers are paying substantially higher prices for electricity than most other states in PJM. This is due, in part, to the extra “capacity” and “congestion” charges levied under PJM’s Reliability Pricing Model (“RPM”) which has reached levels between \$1.1 and \$1.9 billion per year. In the near future, these costs will rise substantially due to the reluctance of incumbent generators to make long term investments in new in-state generation and delays in the federal permitting of the Susquehanna-Roseland power line project. PJM believes that the Susquehanna-Roseland line is necessary to ensure continued safe and reliable electric service in the northern part of the state.

PJM’s chief concern is the reliable transmission of wholesale electricity throughout its grid. However, it is incumbent upon New Jersey to promote new generation in locations where it is needed the most to ensure reliability and to control costs. Currently, a considerable amount of New Jersey’s energy demands are satisfied by sending generation from western states in the grid to the east, and by paying to keep dated peaking generators online to run for a few days a year. The New Jersey BPU believes that action must be taken to reduce the burden of high energy costs on ratepayers, and to reduce the State’s reliance on environmentally undesirable out-of-state generation.

Currently, the BPU is in the process of addressing the need for new base load and mid-merit generation, and plans to continue with its efforts regardless of the outcome of pending state legislation. The BPU held the New Jersey Capacity Issues Technical Conference this past June and plans to hold a series of stakeholder meetings early in the New Year. This process will be open and transparent; it will enable all interested parties to compete; it will seek to locate generation where it’s needed to deal with congestion and reliability issues; and it will be a roadmap to having in-state, clean generation where New Jerseyans need it to be many years down the road.

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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.