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September 4, 2024

Via Electronic Mail

Ms. Sherri L. Golden, Board Secretary
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**Re: I/M/O the Provision of Basic Generation Service (BGS) For the Period
Beginning June 1, 2025
BPU Docket No. ER24030191**

Dear Secretary Golden:

Please accept for filing these initial comments on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") pursuant to the Order issued by the Board of Public Utilities ("BPU" or "Board") in the above-referenced matter dated April 17, 2024. Consistent with the Order of the Board I/M/O the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non- Essential Obligations, BPU Docket No. EO20030254, dated March 20, 2020, copies of this comment letter are being filed with each person on the service list by electronic mail. Paper copies will not follow this submission.

**I/M/O the Provision of Basic Generation Service
(BGS) For the Period Beginning June 1, 2025
BPU Docket No. ER24030191
Initial Comments of the Division of Rate Counsel
September 4, 2024**

I. Introduction

Rate Counsel is pleased to provide these initial comments to the BPU pursuant to the 2025 Basic Generation Service (“BGS”) procedural schedule (“BGS Procedural Schedule”) established by Board Order In the Matter Of the Provision of Basic Generation Service(BGS) for the Period Beginning June 1, 2025, dated April 17, 2024.¹ In a joint filing (“Joint Filing”), dated July 1, 2024,² the Electric Distribution Companies (“EDCs”), specifically, Public Service Electric and Gas Company (“PSE&G”), Jersey Central Power and Light Company (“JCP&L”), Atlantic City Electric Company (“ACE”), and Rockland Electric Company (“RECO”), recommend continuing certain temporary measures in the 2025 BGS process. The EDCs’ proposals contain the following:³

- Having the Board continue incorporating Capacity Proxy Prices to the BGS-Residential Small Commercial Pricing (“RSCP”) Supplier Master Agreement (“SMA”) for both the 2025/2026 delivery year (\$53.76), the 2026/2027 delivery year (\$50.90) and the 2027/2028 delivery year (\$50.90).⁴
- Continuing to conduct the 2024 BGS Auctions virtually from a remote setting consistent with the 2021, 2022 and 2023 BGS Auction.
- Adding PJM’s short name for suppliers for both BGS-Commercial and Industrial Energy Pricing (“CIEP”) and BGS-RSCP.
- Providing updates to their direct current fast charging (“DCFC”) stations.⁵

¹ I/M/O the Provision of Basic Generation Service for the Period Beginning June 1, 2025, BPU Docket No. ER23030191, Order dated April 17, 2024 (April 17, 2024 BGS Order).

² I/M/O of the Provision of Basic Generation Service for the Period Beginning June 1, 2025, Proposal for Basic Generation Service Requirements To Be Procured Effective June 1, 2025, (July 1, 2024), BPU Docket No. ER 24030191, (“Joint Filing”).

³ Joint Filing at 44-45.

⁴ As discussed in more detail below, the results of the 2025/2026 capacity auction became available on July 30, 2024. The results of the auction at \$269.52/MW-day were high enough to change the proposed capacity proxy prices for the 2026/2027 and 2027/2028 delivery years.

⁵ See Company Addendums dated July 1, 2024; ACE, pp 19-21, JCP&L pp 27-30, PSE&G pp 27-31, and RECO p 27.

As set forth more fully below, Rate Counsel recommends and/or concludes that:

- The EDCs continue to collect and report data from their ongoing DCFC pilot programs and from DCFC stations within their respective service territories. As noted in the Board’s 2023 Order, the EDCs should continue to allow new entrants prior to Year 2.⁶
- The EDCs’ continued use of Capacity Proxy prices for the 2026/2027 delivery year is consistent with the EDCs’ treatment of unknown capacity prices in last year’s BGS auction, so long as the results of the capacity auction are still unknown five days prior to the auction. The EDCs’ justification for using a capacity proxy price for the 2026/2027 delivery year currently scheduled for June 2025 is also consistent.
- The EDCs continuation of the virtual and remote auction format is reasonable.

II. Discussion

a. DCFC Pilot Program

In the Board’s 2024 BGS proceeding, the Board directed EDCs to “continue to collect data, subject to customer consent, and submit semi-annual reports to the Board and Rate Counsel as agreed to in their EV stipulations.”⁷ In the current proceeding regarding the 2025 BGS process, the EDCs have provided information from their individual DCFC pilot programs summarized in the table below.

⁶ I/M/O the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2024, BPU Docket No. ER23030124, Order dated Nov. 17, 2023, (“November 17, 2023 BGS Order”) at 22.

⁷ Id. at 21 & 22.

Table 1 Summary of DCFC Pilot Projects

EDC	Overview	Term	Description of Capacity Charge Calculation
ACE	ACE's Monthly General Service Secondary Electric Vehicle Charging (MGS-SEVC) customers are billed on a kWh basis to cover transmission and supply charges.	June 1, 2024 through May 31, 2026	ACE utilized 2023 billing data of its entire CIEP population, calculated a monthly load factor ("LF") and focused on customers with a monthly LF of below 25%. ACE assumes the lower LF would be more reasonable and realistic for the EV customers.
JCP&L	JCP&L's BGS CIEP DCFC customers can make a one-time election to pay for BGS CIEP Capacity Charge at a \$ per kWh rate for BGS Capacity Cost for the 2024/2025 and 2025/2026 BGS Supply period respectively.	June 1, 2024 through May 31, 2026	JCP&L's rate for kWh-based charge is derived from capacity costs during the BGS supply period of all DCFC customers currently in service and the total forecast charging usage in kWh for these customers during the same period.
PSE&G	PSE&G has a two-year DCFC BGS Rate pilot program, using a cents per kWh charge for both capacity and transmission costs ("average kWh DCFC Charge")	June 1, 2024 through May 31, 2026	PSE&G's DCFC RSCP kWh rate for Capacity is the Capacity price in \$/kW-month converted to a \$ per kWh charge using an average load factor based upon the latest available Capacity Obligation and historic twelve months' energy use for all PSE&G DCFC station customers. The Transmission capacity charge is calculated in \$/kWh using average load factors from the latest available Transmission Obligation and from the last 12 months of energy use for all PSE&G DCFC customers.
RECO	RECO provides eligible customers with an incentive of up to 75% of the BGS-CIEP capacity charge of the customer bill, with an annual cap of \$12,600 per DCFC Plug.	June 1, 2024 through May 31, 2026	RECO would recover these incentives through the BGS-CIEP reconciliation charge.
Notes ACE Addendum, pages 19-20 JCP&L Addendum, pages 27-29 PSE&G Addendum, pages 28-29 RECO Addendum, page 27			

The table below provides additional details of the pilot program status from the EDCs based on the Company specific filings and available quarterly reports provided by ACE. As of August 25, 2024, only ACE has provided a quarterly report of the program since the June 2024 start date for all of the pilot projects.

Table 2 Additional DCFC Pilot Program Details

EDC	# of Pilot Participants	DCFC BGS Rate (\$/kWh)	Generation Capacity Rate (\$/kWh)	Trans Charge Rate (\$/kWh)	Reported Program Costs
ACE	1		0.035735	0.082638	\$20,000
JCPL	7		0.042289		Not reported
PSEG CIEP	3	0.090528		0.02317	Not reported
PSEG RSCP		0.072315		0.02317	
RECO	0	N/A	N/A	N/A	Not reported

Notes
 ACE Addendum pages 19-20, ACE DCFC Quarterly Report (7/1/2024)
 JCPL Addendum page 28
 PSEG Addendum pages 28-29
 RECO Addendum page 27

The EDCs have provided additional information regarding DCFC stations across their respective service territories as summarized in the table below.

Table 3 EDCs' DCFC Station Summary

EDC	Number of Sites	Peak Load Share (kW)	12-month usage (kWh)	# under BGS-RCSP	# under BGS-CIEP	Other Suppliers
ACE	13	7,187	6,818,405		6	7
JCPL	25	4,517	18,247,305	24	1	
PSEG	59	24,305	40,757,319	17	12	8
RECO	2	2,125	292,283	1	1	

ACE RCR-BGS-41
 JCPL Attachment 5
 PSEG RCR-BGS-26 GLPMD as BGS RCSP
 RECO BGS-72

The Board's November 17, 2023 BGS Order required the EDCs to provide semiannual reports regarding their respective DCFC pilot programs.⁸ The semiannual reports are required to contain: the total energy consumed, capacity and transmission tags, measured demands, connected load, and the resulting load factor.⁹ Rate Counsel recommends that the semiannual reports also contain information on station utilization.

The November 17, 2023 BGS Order also required the EDCs to provide quarterly reports. These quarterly reports should include information related to pilot program participation, calculated pilot program rates, and associated costs.¹⁰ While all the pilot programs started on June 1, 2024, only ACE has filed a quarterly report.

Rate Counsel recommends that the EDCs continue to collect and report information as required by the Board regarding DCFC stations. Rate Counsel repeats its comments from earlier BGS proceedings regarding DCFC Electric Vehicle ("EV") charging in that continued and expanded collection and public reporting of DCFC station data from the individual EDCs is needed for the Board to determine the appropriate rate design and cost recovery mechanism for the EDCs. The programs' low participation may indicate that the additional subsidy through BGS rates is not needed in the DCFC market as originally advocated by stakeholders.

b. Capacity Proxy Price

Over the last few BGS auctions, the PJM capacity auctions have been beset by delays and interruptions. On April 11, 2023, PJM filed with the Federal Energy Regulatory Commission ("FERC") to revise the schedule for the capacity auctions for 2025/2026 Delivery Year through the 2028/2029 Delivery Year. On June 9, 2023 FERC issued an order accepting a revised auction schedule proposed by PJM, delaying the base residual auctions for the second

⁸ Ibid.

⁹ Id. at 22.

¹⁰ Ibid.

(2025/2026) and third (2026/2027) Delivery Years.¹¹

The EDCs have argued that potential BGS-RSCP suppliers are likely to include risk premiums into their bids or choose not to participate altogether if the capacity proxy price is not known prior to auction.¹² To address this concern, the EDCs propose to continue the Capacity Proxy Price to the BGS-RSCP SMA to include currently unknown Base Residential Auction (“BRA”) prices for the 2025/2026 (\$53.76/MW-day), 2026/2027 (\$50.90/MW-day), and 2027/2028 (\$50.90/MW-day) delivery years since those auctions have not yet occurred.¹³ The EDCs propose utilizing the Capacity Proxy Price if the BRA results are not known at least five business days prior to the EDCs’ BGS-RSCP Auction. They assert that the Board’s consultant, Bates White, LLC, “noted that the Capacity Proxy Prices were reflective of current market conditions and that bidders did not include any additional risk premiums in their offers.”¹⁴ This statement is based on the findings of the Annual Final Report on the 2022 BGS RSCP and CIEP Auctions (“Post-Auction Reports”) that examined the benchmark model against the pricing offers received. However, Rate Counsel notes that the two most recently prepared for Post-Auction reports did not have the same findings with regard to avoidance of risk premiums due to the capacity proxy price.¹⁵

On July 30, 2024, PJM released the results of the 2025/2026 capacity auction.¹⁶ Prices for the 2025/2026 delivery year are \$269.92/MW-day, well above the 2025/2026 capacity proxy price of \$53.76/MW-day. As a result, the EDCs have adjusted the 2026/2027 and 2027/2028

¹¹ 183 FERC ¶ 61,172, at p.2-3. Order Accepting Tariff Revisions, Subject to Condition, and Granting Waiver Request, (2023) (“FERC Order”). PJM cited “a potential mismatch between when new resources will go into service and when segments of the existing generation fleet retire, along with expected load growth, PJM’s ability to maintain resource adequacy during the near-term energy transition is threatened.”

¹² Joint Filing at 8 & 9.

¹³ Id. at 10, Table 1.

¹⁴ Id. at 9.

¹⁵ See 2023 and 2024 Post Auction Reports at p.10 and 11, respectively.

¹⁶ PJM. 2025/2026 Base Residual Auction Report, July 30, 2024, available at <https://pjm.com/-/media/markets-ops/rpm/rpm-auction-info/2025-2026/2025-2026-base-residual-auction-report.ashx>

capacity proxy price to be \$270.35/MW-day.¹⁷ PJM anticipates that the auction results for the 2026/2027 delivery year will be available in December 2024 and the 2027/2028 auction results will be available June 2025. A summary of the current capacity auction schedule is presented below.

Table 4 PJM Capacity Auction Schedule¹⁸

Delivery Year	Illustrative BRA Schedule	Incremental Auctions Scheduled	Incremental Auctions Cancelled
2025/2026	June 2024	3rd	1st and 2nd
2026/2027	December 2024	3rd	1st and 2nd
2027/2028	June 2025	2nd and 3rd	1st
2028/2029	December 2025	2nd and 3rd	1st
2029/2030 (back on Tariff schedule)	May 2026	1st, 2nd, and 3rd	none

The current PJM auction schedule suggests that the Capacity Proxy Price will be an element of the 2025 BGS proposal since the 2027/2028 auction will occur well after the February 2025 BGS auction. Rate Counsel does not object to the extension of the capacity price proxy for the 2027/28 delivery year given the mismatch between the BGS auction and the 2027/2028 capacity auction. With regard to the 2026/2027 delivery year, Rate Counsel believes that absent significant delays, the five business days advanced notice of the BRA is sufficient for bidders seeking to participate in the 2025 BGS auction. Accordingly, Rate Counsel supports the EDCs' five-day trigger for canceling the Capacity Proxy Price for the 2026/2027 delivery year.

c. Remote Auction

Due to the COVID-19 public health crisis and restrictions on public gatherings, prior years' auctions were held remotely. Last year's auction remained remote. In this year's proceeding, the EDCs recommend continuing the practice of holding the auction remotely for the

¹⁷ Response to RCR-BGS-13.

¹⁸ FERC Order, pages 3-4.

2025 BGS auctions.¹⁹ The EDCs note that the protocols for the remote auction are already in place from last year. In last year's proceeding, the Board approved EDCs' request to take the necessary steps to close and/or sublet the physical BGS space that expires January 31, 2025.²⁰ The EDCs indicated that the average cost of maintaining the physical BGS office space through January 2025 will be approximately \$82,431 for the remaining full year and the projected sublet rent is \$35,000 for 2024.²¹ The EDCs note that the space has been sub-leased through January 2025.²² Rate Counsel does not object to the EDCs' continuation of the remote auction process proposal, so long as, the Board finds that the integrity of the auction process can be maintained.

III. Conclusion

Based on the foregoing, Rate Counsel recommends the continued collection of information from the respective DCFC pilot programs. The Board should also instruct the EDCs to expand its continued collection of information from DCFC stations to include station utilization and provide updated findings in the regular reports to the Board. Additionally, Rate Counsel does not object to the EDCs' proposal to include a proxy capacity price for the 2027/2028 capacity auction that is scheduled for June 2025. Rate Counsel anticipates that absent a significant scheduling delay; the results of the 2026/2027 BRA auction results should be available to potential bidders well before the five-day window proposed by the EDCs. Finally, Rate Counsel does not object with the EDCs' proposal to conduct the February 2025 auction remotely and for the EDCs to take the necessary steps to limit costs associated with the BGS physical office space while the BGS auctions are being conducted remotely.

¹⁹ Joint Filing at 44.

²⁰ Response to RCR-BGS-7.

²¹ Ibid.

²² Ibid.

Rate Counsel thanks the Board for this opportunity to provide Initial Comments and looks forward to working with all parties throughout this BGS proceeding.

Respectfully submitted,

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DIVISION OF RATE COUNSEL

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