



## STATE OF NEW JERSEY

### DIVISION OF RATE COUNSEL

140 EAST FRONT STREET, 4<sup>TH</sup> FL

P.O. BOX 003

TRENTON, NEW JERSEY 08625

PHIL MURPHY  
*Governor*

TAHESHA L. WAY  
*Lt. Governor*

BRIAN O. LIPMAN  
*Director*

September 5, 2025

#### **Via Electronic Mail**

Ms. Sherri L. Lewis, Board Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 1<sup>st</sup> floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Board.Secretary@bpu.nj.gov](mailto:Board.Secretary@bpu.nj.gov)

**Re: I/M/O the Provision of Basic Generation Service (BGS) For the Period  
Beginning June 1, 2026  
BPU Docket No. ER2504190  
Rate Counsel Initial Comments**

Dear Secretary Lewis:

Please accept for filing a copy of the initial comments of the New Jersey Division of Rate Counsel ("Rate Counsel") pursuant to the Order issued by the Board in the above-referenced matter dated April 17, 2024. Consistent with the March 19, 2020 Order of the New Jersey Board of Public Utilities ("BPU" or the "Board") in *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. 20030254, copies of this comment letter are being filed with each person on the service list by electronic mail. Paper copies will not be filed. **Please acknowledge receipt of this comment letter.** Thank you for your consideration and attention to this matter.

**I/M/O the Provision of Basic Generation  
Service (BGS) For the Period Beginning June  
1, 2026 BPU Docket No. ER25040190  
Initial Comments of the Division of Rate  
Counsel September 5, 2025**

**I. Introduction**

Rate Counsel is pleased to provide these comments to the BPU pursuant to the 2026 BGS procedural schedule established by Board Order, dated April 23, 2025, in I/M/O the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2026, BPU Docket No. ER2504190, (“2026 BGS Procedural Order”).<sup>1</sup> In a joint filing (“Joint Filing”), dated July 1, 2025,<sup>2</sup> the Electric Distribution Companies (the “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”), proposed continuing certain temporary measures in the 2026 BGS process. Specifically, the EDC’s proposals contain the following:<sup>3</sup>

- The EDCs request that the Board continue to incorporate Capacity Proxy Prices to the BGS-Residential Small Commercial Pricing (“RSCP”) Supplier Master Agreement (“SMA”) for the 2026/2027, 2027/2028, and the 2028/2029 delivery years.<sup>4</sup>

---

<sup>1</sup> I/M/O the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2026, BPU Docket No. ER25040190, Order dated April 23, 2025 (“April 23, 2025 BGS Order”).

<sup>2</sup> I/M/O the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2026, BPU Docket No. ER2504190, Proposal for Basic Generation Service Requirements To Be Procured Effective June 1, 2026, dated July 1, 2025 (“Joint Filing”).

<sup>3</sup> Joint Filing at 44.

<sup>4</sup> As discussed in more detail below. The results of the 2026/2027 capacity auction became available on July 22, 2025. The results of the auction at \$329.17/MW-day were high enough to change the proposed capacity proxy prices for the 2027/2028 and 2028/2029 delivery years.

- Modifications to allow each EDC to calculate additional payments to (or from) BGS suppliers based on actual capacity auction prices and the Capacity Proxy Price for 2026/2027, 2027/2028, and the 2028/2029 delivery years.
- Each EDC's company specific addendum containing EDC specific modifications to address the Board's Direct Current Fast Charging ("DCFC") two-year pilot program.<sup>5</sup>

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

- The BGS-RSCP provides residential and small customers who have not chosen a third-party supplier with a three-year product for energy and capacity supply.
- Changes in BGS-RCSP prices over the last ten years follow comparable consumer price indices over the same period. With the exception of the price increases experienced in the last year, BGS-RSCP and BGS-CIEP auction prices are generally lower than inflation.
- BGS-RSCP participation rates have steadily increased in the last ten years, supporting the popularity of the BGS-RSCP product.
- On July 22, 2025, PJM released the results of the 2026/2027 Capacity Auction. The actual capacity prices will be incorporated into the February 2026 auction for this proceeding.
- The EDCs' continued use of Capacity Proxy prices for the 2027/2028 and 2028/2029 delivery year is consistent with the EDCs' treatment of unknown capacity prices in last year's BGS auction, providing the results of the capacity auction are still unknown five days prior to the auction.
- Three of the EDCs will discontinue their respective DCFC pilot programs when the program ends on May 31, 2026. JCP&L will continue its DCFC pilot program for another year contingent on the status of its EV Driven Program. Rate Counsel does not object to the discontinuation of the programs.
- The EDCs propose to continue the use of remote auctions for the February 2026

---

<sup>5</sup> See Company Specific Addendums dated July 1, 2025; ACE, pp 18-20, JCP&L, pp 28-29, PSE&G, pp 26-29, RECO, pp 27-28.

auction. Rate Counsel supports the use of remote auctions.

## **II. Discussion**

### **a. BGS Background**

The BGS process provides the Residential and Small Commercial Pricing (RSCP) for customers, who did not choose an electric supplier, with “full requirements service.” For RSCP customers, BGS uses a period of three years to source competitive market prices and a competitive auction process (based on the experience of sophisticated market participants) to provide “stable price that still reflects competitive, market-based costs for a price-risk managed service.”<sup>6</sup> Similarly, BGS provides Commercial and Industrial Energy Pricing (“CIEP”) for customers at a one-year price. The goal of the BGS process was to reduce electricity supply costs to participants by dividing the state’s participating load into equally sized tranches that BGS suppliers would then bid to supply over the course of the commitment period (three years and one year, respectively). The intent was to always to provide residential and commercial customers with stable, lower prices. It was never intended for the BGS process to explicitly meet other policy objectives.

New Jersey’s 1999 Electric Discount and Energy Competition Act (“EDECA”)<sup>7</sup> created the concept of Basic Generation Service. Specifically, EDECA defined Basic Generation Service as follows:

“Basic generation service” means electric generation service that is provided,

---

<sup>6</sup> Joint Filing at 31.

<sup>7</sup> Electric Discount and Energy Competition Act (EDECA), N.J.S.A. 48:3-49 et. seq., (1999).

pursuant to section 9 of this act, to any customer that has not chosen an alternative electric power supplier, whether or not the customer has received offers as to competitive supply options, including, but not limited to, any customer that cannot obtain such service from an electric power supplier for any reason, including non-payment for services. Basic generation service is not a competitive service<sup>8</sup> and shall be fully regulated by the board.<sup>9</sup>

The electricity market has seen many changes since the first BGS Auction in 2002, and the BGS auction has likewise evolved. However, the basic structure and foundation of the BGS auction has remained fairly constant. The three-year procurement structure enables prices to remain stable, since short-term market fluctuations are mitigated by virtue of only one-third of the portfolio for residential and small commercial customers being exposed to current market conditions at each auction. For larger commercial and industrial customers, the current BGS contract duration is only one year, but “reflects hourly real-time energy spot prices for such larger, more sophisticated customers.”<sup>10</sup>

Last year’s auction results challenged the notion of price stability for the BGS auctions with observed auction price increases of 33% to 36% for BGS-RSCP customers and 63% to 88% for BGS-CIEP customers. The impact on customer electricity bills prompted the Board to initiate In the Matter of the New Jersey Board of Public Utilities’ Consideration of Electric Rate Impacts Beginning June 1, 2025, BPU Docket No. EX25040210,<sup>11</sup> to develop proposals with each of the EDCs for distribution-side rate mitigation mechanisms to reduce summer bill impacts. The result was that each EDC was tasked with providing summer

---

<sup>8</sup> N.J.S.A. 48:3-51 (2024), Definitions relative to competition in certain industries. Under EDECA, competitive service means any service provided by an electric public utility or a gas public utility that the Board determines to be competitive or that is not regulated by the Board.

<sup>9</sup> Ibid.

<sup>10</sup> Joint Filing at 31.

<sup>11</sup> I/M/O the New Jersey Board of Public Utilities’ Consideration of Electric Rate Impacts Beginning June 1, 2025, BPU Docket No. EX25040210, Order dated June 18, 2025 (hereinafter “June 18, 2025 Rate Mitigation Order”).

distribution credits with offsetting Fall and Winter bill increases.<sup>12</sup> When commencing proceedings in this matter, the Board explained that:

The Board's authority over the auctions is limited to certifying the results as consistent with market conditions and does not extend to influence pricing. Based upon the Board-certified results, the projected average monthly customer bill increases, beginning June 1, 2025, range from 17.23% to 20.20%, depending on the EDC service territory the customer resides in. These price increases largely stem from the July 2024 PJM Base Residual Auction. Since the BGS Auctions were certified, concerns have grown due to ongoing inquiries and challenges to the auction's results.<sup>13</sup>

While BGS auction prices did increase dramatically in 2025 relative to 2024, a longer view of BGS price changes is warranted to appreciate the price stability attributes of the BGS product for New Jersey rate payers. The following table provides BGS-RSCP and BGS-CIEP auction prices since 2016 and consumer price indexes for the same ten-year period.<sup>14</sup>

---

<sup>12</sup> June 18, 2025 Rate Mitigation Order.

<sup>13</sup> June 18, 2025 Rate Mitigation Order at 2.

<sup>14</sup> The US Consumer Price Index measures inflation across the country. The NY-NJ-PA Consumer Price Index measures inflation for the New York City, Northern New Jersey, and Philadelphia metro areas that may be more representative of high cost of living areas impacting parts of New Jersey.

*Table 1 BGS Auction Prices and Consumer Price Indices from 2016 through 2025<sup>15</sup>*

BGS-RSCP Prices (\$/kWh)											(2016-2025)	(2016-2024)
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR	CAGR
PSEG	\$0.096	\$0.091	\$0.092	\$0.098	\$0.102	\$0.065	\$0.076	\$0.093	\$0.081	\$0.107	1.21%	-2.17%
JCP&L	\$0.075	\$0.069	\$0.073	\$0.077	\$0.072	\$0.065	\$0.078	\$0.094	\$0.083	\$0.111	4.47%	1.29%
ACE	\$0.082	\$0.075	\$0.081	\$0.087	\$0.083	\$0.064	\$0.076	\$0.092	\$0.081	\$0.111	3.35%	-0.11%
RECO	\$0.085	\$0.081	\$0.086	\$0.088	\$0.082	\$0.067	\$0.082	\$0.096	\$0.086	\$0.116	3.53%	0.07%

BGS-CIEP Prices (\$/MW-day)											(2016-2025)	(2016-2024)
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR	CAGR
PSEG	\$335.33	\$276.83	\$287.76	\$281.78	\$359.98	\$351.06	\$276.26	\$330.72	\$378.21	\$696.05	8.45%	1.52%
JCP&L	\$259.24	\$218.00	\$276.21	\$246.01	\$321.00	\$295.88	\$254.80	\$298.04	\$357.14	\$625.21	10.28%	4.09%
ACE	\$258.61	\$217.00	\$289.99	\$290.15	\$350.55	\$339.20	\$284.85	\$319.27	\$370.86	\$605.22	9.91%	4.61%
RECO	\$277.50	\$223.61	\$300.82	\$283.36	\$383.32	\$368.93	\$260.48	\$288.46	\$300.84	\$566.54	8.25%	1.01%

Consumer Price Index											(2016-2025)	(2016-2024)
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR	CAGR
NY NJ PA CPI	263.37	268.52	273.64	278.16	282.92	292.30	310.14	322.00	334.21	343.38	2.99%	3.02%
US CPI	240.01	245.12	251.11	255.66	258.81	270.97	292.66	304.70	313.69	320.23	3.26%	3.40%

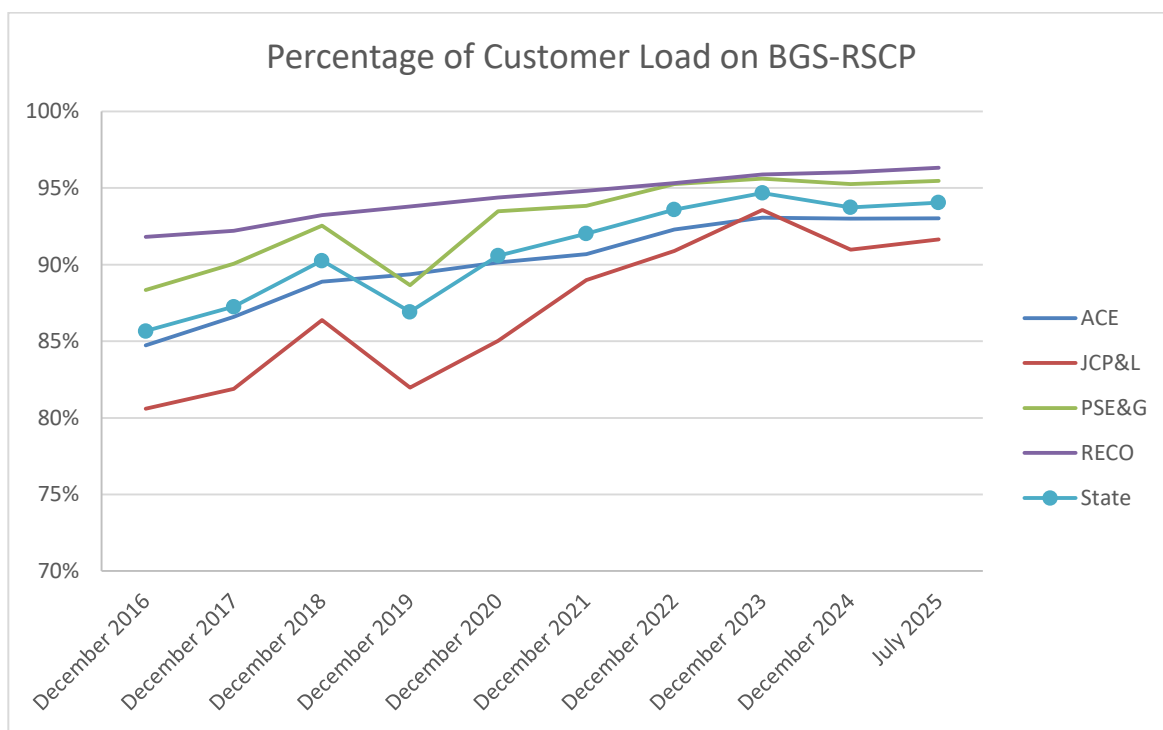
The table shows that the ten-year (2016-2025) compound annual growth rate for BGS-RSCP auction prices are comparable to the NY NJ PA consumer price index over the same period, including the increase in auction prices from the 2025 BGS auction. BGS-CIEP compound annual price increases are higher than the consumer price indices over the ten-year period. If we exclude last year's auction prices, then the BGS-RSCP auction prices show annual price increases lower than inflation. For the BGS-CIEP auction prices, PSE&G and RECO BGS-CIEP auction price increases are lower than comparable consumer price increases. The longer-term price trends for BGS products compared to inflation show the value and price stability of the BGS products.

<sup>15</sup> BGS, Past Auction Results, available at <https://www.bgs-auction.com/bgs.auction.prev.asp> (the results presented on this site are a comprehensive source of public data based on the results of previous BGS Auctions).

## b. BGS Switching Statistics

The importance of the BGS product is demonstrated in the percentage of load that participates in BGS-RSCP product. The high rate of participation by eligible residential and small commercial ratepayers across the four EDCs, as shown in the table below, is a direct indication of the BGS's value and importance. In other words, the high percentage of the total load utilizing the BGS-RSCP shows that both residential and small business customers overwhelmingly prefer the BGS-RSCP product.

*Figure 1 BGS-RSCP Participation as Percentage of Total Eligible Load<sup>16</sup>*



Over a nine-year period (2016-2025), the percentage of BGS-RCSP customer load has steadily increased from an overall statewide percentage of 85.7% at the end of January 2016

<sup>16</sup> Switching Statistics for BGS-RSCP Eligible <750 kW Customers. Available at: <https://www.bgs-auction.com/bgs.dataroom.asp>



to the current 94.1% of eligible BGS-RCSP load at the end of July 2025. The steadily increasing participation rate in BGS-RCSP customers is indicative of the popularity of the BGS process among customers.

**c. Capacity Proxy Price**

As noted above, the results of the 2025/2026 capacity auction result (\$269.92/MW-day) were dramatically higher than the 2024/2025 capacity prices of \$28.92/MW-day. The July 2024 Auction results, and now the July 2025 results for the 2026/2027 auction, are part of a pattern of delays and interruptions besetting the PJM Capacity Auction, as noted in Rate Counsel's comments in previous BGS proceedings. The delays in the PJM Capacity Auction schedule have, according to the EDCs, necessitated the use of capacity proxy prices when PJM auction results are unknown prior to the BGS auction scheduled for February 2026. A summary of the current capacity auction schedule is presented below.

*Table 2 PJM Capacity Auction Schedule<sup>17</sup>*

Delivery Year	BRA Schedule	Incremental Auctions Scheduled	Incremental Auctions Cancelled
2026/2027	July 2025	3rd	1st and 2nd
2027/2028	December 2025	3rd	1 <sup>st</sup> and 2nd
2028/2029	June 2026	2nd and 3 <sup>rd</sup>	1st

For this proceeding, only the 2028/2029 Capacity Auction will be unknown prior to the February 2026 BGS Auction, assuming PJM remains on schedule. On July 22, 2025, PJM

---

<sup>17</sup> PJM, Capacity Market Auction Schedule based on Docket No. ER23-1609-000 and ER25-118 approved by the FERC. Available at <https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/rpm-auction-schedule.xlsx>

released the results of the 2026/2027 Capacity Auction.<sup>18</sup> The auction cleared at the administrative cap of \$329.17/MW-day that has been set for the 2026/2027 and 2027/2028 auctions.<sup>19</sup> Currently, the \$329.17/MW-day auction price for the 2026/2027 auction will be incorporated into suppliers bids and the results of the 2027/2028 Capacity auction should be known prior to the February 2026 BGS auction. Only the capacity price for the 2028/2029 auction, scheduled for June 2026 will not be known prior to June 1, 2026, start of the BGS delivery period.

The EDCs suggest 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.<sup>20</sup> To address this concern, the EDCs propose to continue the Capacity Proxy Price to the BGS-RSCP SMA to include currently unknown BRA auction prices for the 2027/2028, and 2028/2029 delivery years since those auctions have not yet occurred.<sup>21</sup> 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.

As noted earlier, PJM released the results of the 2026/2027 capacity auction on July 22, 2025. Prices for the 2026/2027 delivery year are \$329.17/MW-day, well above the 2026/2027 capacity proxy price of \$270.43/MW-day, which was initially proposed by the EDCs. The EDCs proposed to adjust the 2027/2028 and 2028/2029 capacity proxy price to

---

<sup>18</sup> PJM, 2026/2027 Base Residual Auction Report, July 22, 2025, available at <https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2026-2027/2026-2027-bra-report.pdf>

<sup>19</sup> 191 FERC ¶ 61,066 ER25-1357-000 Order Accepting Tariff Revisions And Dismissing Complaint, (2025), (“FERC Order”). On April 21, 2025, FERC issued an order setting a price cap (\$325/MW-day) and a price floor (\$175/MW-day) for the 2026/2027 and 2027/2028 auctions based on a complaint filed by the state of Pennsylvania. Available at [https://elibrary.ferc.gov/eLibrary/filelist?accession\\_number=20250421-3069&optimized=false](https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20250421-3069&optimized=false)

<sup>20</sup> Joint Filing at 4 & 9.

<sup>21</sup> Joint Filing at 16, Table 2.

be \$329.43/MW-day.<sup>22</sup> PJM anticipates that the auction results for the 2027/2028 delivery year will be available in December 2025 and the 2028/2029 auction results will be available June 2026.

The current PJM auction schedule suggests that the Capacity Proxy Price will be an element of the 2026 BGS proposal since the 2028/2029 auction will occur well after the February 2026 BGS auction. Rate Counsel does not object to the extension of the capacity price proxy for the 2028/29 delivery year given the mismatch between the BGS auction and the 2028/2029 capacity auction. With regard to the 2027/2028 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 2026 BGS auction. Accordingly, Rate Counsel supports the EDCs' five-day trigger for canceling the Capacity Proxy Price for the 2027/2028 delivery year.

#### **d. DCFC Pilot Program**

The Board's two-year Direct Current Fast Charging ("DCFC") Stations Pilot Program ends on May 31, 2026. Each EDC's Company Specific Addendum contains each EDC's details to their respective DCFC pilot programs. A summary of each EDC's program continuation or termination after May 31, 2026, is presented below.

---

<sup>22</sup> Response to Discovery Request RCR-BGS-11, dated Aug. 5, 2025.

*Table 3 EDCs' DCFC Station Summary Status*

EDC	Implementation Costs	Number of Customers	Current Participants	Status Post 5/31/2026
PSE&G	\$329,061	40	1	Discontinued
ACE	\$23,000	23	3	Discontinued
JCP&L	\$22,272	38	1	Continued to May 31, 2027, contingent on EV Driven Program status
RECO	\$0	9	0	Discontinued
<b>Notes</b> S-PSEG-BGS-1 & 2 S-ACE-BGS-1 & 2 S-JCPL-BGS-1 & 2 RCR-BGS-23 RCR-BGS-40 RCR-BGS-58 RCR-BGS-74				

The EDCs note that participation and interest in the pilot program have been low during the two-year period. PSE&G provided that:

Based on conversations with several customers, including those that did and did not participate, common reasons to decline participation included lower risk of pricing changes over a definitive contract period from a Third Party Supplier, higher utilization sites for which current (standard) PSE&G pricing for capacity and transmission obligations is more beneficial, or concerns over the economic benefits (or costs) of the program due to the need for participants to share in the program implementation costs and any under or over-recovery balances in the DCFC reconciliation charges.<sup>23</sup>

ACE shared similar observations from conversations with DCFC customers in its service

---

<sup>23</sup> PSE&G addendum at 28.

territory.<sup>24</sup> JCP&L notes that it will continue its program through 2026 contingent on the status of its EV Driven program.<sup>25</sup> Rate Counsel supported and supports the requirement that participants share the program implementation costs and any under- or over-recovery balances in DCFC reconciliation charges. That DCFC customers were disinclined to share implementation costs and potential over/under recoveries suggests that the Pilot Program was properly designed to protect other ratepayers from subsidizing DCFC customers. Rate Counsel does not oppose the discontinuation of the pilot program by three of the EDCs.

#### **e. Remote Auction**

In this year's proceeding, the EDCs recommend continuing the practice of holding the auction remotely for the 2026 BGS auctions.<sup>26</sup> The EDCs note that the protocols for the remote auction have been in place since 2021. The EDCs also indicate that outstanding obligations for physical office space no longer exist since their leases expired January 31, 2025.<sup>27</sup> Rate Counsel does not object to the EDCs' continuation of the remote auction process proposal, so long as, the Board finds that the security and integrity of the auction process can be maintained.

### **III. Conclusion**

Based on the foregoing, Rate Counsel supports the continuation of the BGS process. We reiterate that the goal of the BGS is to provide RSCP customers, who did not choose an electric supplier, with full requirements service for a three-year period that helps to mitigate

---

<sup>24</sup> ACE addendum at 20.

<sup>25</sup> Response to Discovery Request, RCR-BGS-56, dated Aug. 5, 2025.

<sup>26</sup> Joint Filing at 3.

<sup>27</sup> Response to Discovery Request, RCR-BGS-4, dated Aug. 5, 2025.

volatility in their energy supply costs. Inclusive of the price increases experienced in the last auction results, the BGS-RCSP product compares favorably to consumer price indicators of inflation. Furthermore, the BGS product remains overwhelmingly popular with customers as seen in its participation rates.

In addition, Rate Counsel does not object to the EDCs' proposal to include a proxy capacity price for the 2027/2028 and 2028/2029 capacity auctions scheduled for December 2025 and June 2026. Rate Counsel anticipates that absent a significant scheduling delay, the results of the 2027/2028 BRA auction results should be available to potential bidders well before the five-day window proposed by the EDCs. The 2028/2029 BRA will occur following the start of the June 1, 2026, delivery period and the EDC's proposed proxy price of \$329.43/MW-day is appropriate at this time. Rate Counsel supports the termination of the DCFC pilot programs given the low participation rate from potential DCFC customers. Finally, Rate Counsel does not object with the EDCs' proposal to conduct the February 2026 auction remotely so long as the Board finds the integrity of the auction can be maintained.

Secretary Sherri Lewis

September 5, 2025

Page 15 of 15

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,

BRIAN O. LIPMAN, DIRECTOR  
DIVISION OF RATE COUNSEL

By: */s/ David Wand*  
T. David Wand, Esq.  
Deputy Rate Counsel

DW/dl

c: Electronic Service List