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September 4, 2026

<u>Via Electronic Mail</u>
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Re: I/M/O the Provision of Basic Generation Service (BGS) For the Period Beginning June 1, 2027
BPU Docket No. ER26040105

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 22, 2026. Consistent with the March 19, 2020 Order of the New Jersey Board of Public Utilities ("BPU" or the "Board") in <u>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</u>, BPU Docket No. 20030254, copies of this comment letter are being filed with each person on the service list by electronic mail. No paper copies will follow. **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, 2027
BPU Docket No. ER26040105
Initial Comments of the Division of Rate Counsel

I. Introduction

Rate Counsel is pleased to provide these comments to the BPU pursuant to the 2027 BGS procedural schedule established by Board Order, dated April 22, 2026, in I/M/O the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2027, BPU Docket No. ER26040105, ("2027 BGS Procedural Order"). In their joint filing ("Joint Filing"), dated July 1,2026, 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"), propose continuing certain temporary measures in the 2027 BGS process.[1] Specifically, the EDCs' proposals contain the following:[2]

- The addition of the BGS-RSCP Capacity Supplements to the BGS-RSCP SMA for the 2028/2029 delivery year and the 2029/2030 delivery year;
- Modifications to the EDCs' rate design methodology, as well as modifications to each EDC's Company Specific Addendum, to allow for the eventual calculation of the change in the Auction price necessary to accommodate additional payments to (or from) BGS-RSCP suppliers relating to the Capacity Proxy Price for the 2028/2029 delivery year and the 2029/2030 delivery year.
- PSE&G proposes to migrate to an annual reconciliation charge beginning March 1, 2027 (based on revenue and cost data for the calendar year of 2026) from its current

[1] See Proposal for Basic Generation Service Requirements To Be Procured Effective June 1, 2027 (July 1, 2026) ("Joint Filing").
[2] Ibid.., page. 46

quarterly reconciliation process.[3]

- PSE&G proposes to change its methodology for estimating customer class monthly energy usage from a 50% migration to 100% migration assumption.
- PSE&G proposes to modify its time-of-use three periods ("TOU 3P") rate by changing its RS-TOU 3P mid-peak energy rate to be at least $0.001/kWh lower than the corresponding total RS rates.
- PSE&G proposes to eliminate the requirement to continue to collect and report residential EV charging data in an effort to save on these third-party data collection costs for customers.[4]
- ACE is seeking the Board's approval to terminate the BGS EV 2 Cents Program as of May 31, 2027, and to recover its estimated $1.5 million in program costs over a 24-month period.
- ACE is seeking the Board's approval to modify its Residential time-of-use ("TOU") rate from a twelve-hour peak period to a five-hour peak period.

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 generally follow comparable consumer price indices over the same period. In the past five years, both the BGS-RSCP and BGS-CIEP auction prices have outpaced inflation.
- BGS-RSCP participation rates have steadily increased in the last ten years, supporting the popularity of the BGS-RSCP product. BGS-RCSP participation in the JCP&L service territory has decreased since December 2023.
- On July 14, 2026, PJM released the results of the 2028/2029 Capacity Auction.

[3] PSE&G. Proposal For Basic Generation Service Requirements to be Procured Effective June 1, 2027 Company Specific Addendum ("PSE&G Company Specific Addendum")
[4] PSE&G Company Specific Addendum. Page 30.

Capacity prices cleared at the administrative cap of $325/MW-day. Those actual capacity prices will be incorporated into the February 2027 auction for this proceeding.

- PJM has currently scheduled the 2029/2030 capacity auction for December 2026. In the absence of any unforeseen circumstances, the results of the 2029/2030 capacity auction should be available to BGS suppliers and incorporated into the February 2027 auction.
- The EDCs propose to continue the use of remote auctions for the February 2026 auction. Rate Counsel supports the use of remote auctions.
- Rate Counsel does not oppose the PSE&G's proposed change in the reconciliation process from a quarterly calculation to an annual calculation so long as ratepayers are insulated from surprise under-collections that could result in higher-than-expected bills.
- Rate Counsel recommends that the Board require PSE&G to recalculate the estimated BGS revenues using a migration rate of 81.8% that is based on the observed weighted average historical migration rate of 18.1% and is between the proposed 100% migration rate and its assumed 50% migration rate currently in-place.
- Rate Counsel recommends that the Board address PSE&G's modification of the TOU 3P rate in PSE&G's next base rate case filing and not in this BGS proceeding.
- Rate Counsel recommends that the Board reject PSE&G's request to terminate its obligation to collect and report residential EV charging data in this proceeding.
- Rate Counsel does not oppose ACE's proposed termination of the current EV 2 Cents program and the proposed cost recovery mechanism to recover the $1.5 million in program costs over a 24-month period.
- Rate Counsel recommends that the Board should consider ACE's proposed Residential TOU rate design modification as part of the existing BPU Docket No. ER25070444 proceeding or as part of a base rate case.

II. Discussion

a. BGS Background

The BGS process provides residential and small commercial customers ("RSCP") who did not choose an electric supplier with energy and capacity for a period of three years using competitive market prices and a competitive auction process based on the experience of sophisticated market participants. Similarly, BGS provides larger commercial and industrial customers ("CIEP") 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 for RSCP customers and one year for CIEP customers). The intent was to provide these customers with stable and lower prices, not to explicitly meet other policy objectives.

New Jersey's 1999 Electric Discount and Energy Competition Act ("EDECA") 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, 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[5] and shall be fully regulated by the board;[6]

The electricity market has seen many changes since the first BGS Auction in 2002 and the BGS

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[5] 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.
[6] N.J.S.A 48:3-51

auction has likewise seen changes. However, the basic structure of the BGS auction has remained fairly constant. The three-year ladder structure enables prices to remain relatively stable, since short-term market fluctuations are smoothed and only one-third of the portfolio for residential and small commercial customers is exposed to current market conditions on any given year. For larger commercial and industrial customers, the current BGS contract duration is only one year.

Recent auction results have seen significant prices increases and raised questions about price stability in the BGS auctions. Auction prices have seen changes 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 I/M/O the New Jersey Board of Public Utilities' Consideration of Electric Rate Impacts Beginning June 1, 2025, under BPU Docket No. EX25040210, to develop and approve stipulations with each of the EDCs for distribution-side rate mitigations proposals to reduce summer bill impacts by providing summer distribution credits with offsetting Fall and Winter bill increases.[7] In initiating this matter, the Board stated:

> 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.

[7] BPU Docket No. EX25040210

b. The BGS Auction Process Has Historically Been A Source Of Price Stability

A longer view of BGS price changes is warranted to appreciate the price stability attributes of the BGS product for New Jersey ratepayers. The following updated table provides BGS-RSCP and BGS-CIEP auction prices since the 2017 auction and consumer price indexes for both the ten-year period (2017-2026) and five-year period (2022-2026).[8]

Table 1 BGS Auction Prices and Consumer Price Indices from 2016 through 2026[9]

BGS-RSCP Prices ($/kWh)												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	(2017-2026) CAGR	(2022-2026) CAGR
PSEG	$0.091	$0.092	$0.098	$0.102	$0.065	$0.076	$0.093	$0.081	$0.107	$0.109	2.09%	9.42%
JCP&L	$0.069	$0.073	$0.077	$0.072	$0.065	$0.078	$0.094	$0.083	$0.111	$0.113	5.65%	9.95%
ACE	$0.075	$0.081	$0.087	$0.083	$0.064	$0.076	$0.092	$0.081	$0.111	$0.113	4.56%	10.52%
RECO	$0.081	$0.086	$0.088	$0.082	$0.067	$0.082	$0.096	$0.086	$0.116	$0.121	4.59%	10.10%

BGS-CIEP Prices ($/MW-day)												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	(2017-2026) CAGR	(2022-2026) CAGR
PSEG	$276.83	$287.76	$281.78	$359.98	$351.06	$276.26	$330.72	$378.21	$696.05	$677.73	10.46%	25.15%
JCP&L	$218.00	$276.21	$246.01	$321.00	$295.88	$254.80	$298.04	$357.14	$625.21	$680.00	13.47%	27.81%
ACE	$217.00	$289.99	$290.15	$350.55	$339.20	$284.85	$319.27	$370.86	$605.22	$673.68	13.41%	24.01%
RECO	$223.61	$300.82	$283.36	$383.32	$368.93	$260.48	$288.46	$300.84	$566.54	$597.67	11.54%	23.08%

Consumer Price Index												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	(2017-2026) CAGR	(2022-2026) CAGR
NY NJ PA CPI	268.52	273.64	278.16	282.92	292.30	310.14	322.00	334.21	345.51	357.76	3.24%	3.64%
US CPI	245.12	251.11	255.66	258.81	270.97	292.66	304.70	313.69	321.94	331.18	3.40%	3.14%

Over a five-year period (2022-2026), both the BGS-RCSP and BGS-CIEP auction prices have increased much higher than inflation for all the EDCs. The national and regional CPI prices have experienced compound annual growth rates of 3.14% and 3.64% respectively over the five-year period

[8] The US Consumer Price Index measures inflation across the country. The NY-NJ-PA Consumer Price Index measures inflation for the New York City, Northen New Jersey, and Philadelphia metro areas that may be more representative of high cost of living areas impacting parts of New Jersey.
[9] BGS. Past Auction Results. Available at: https://www.bgs-auction.com/bgs.auction.prev.asp

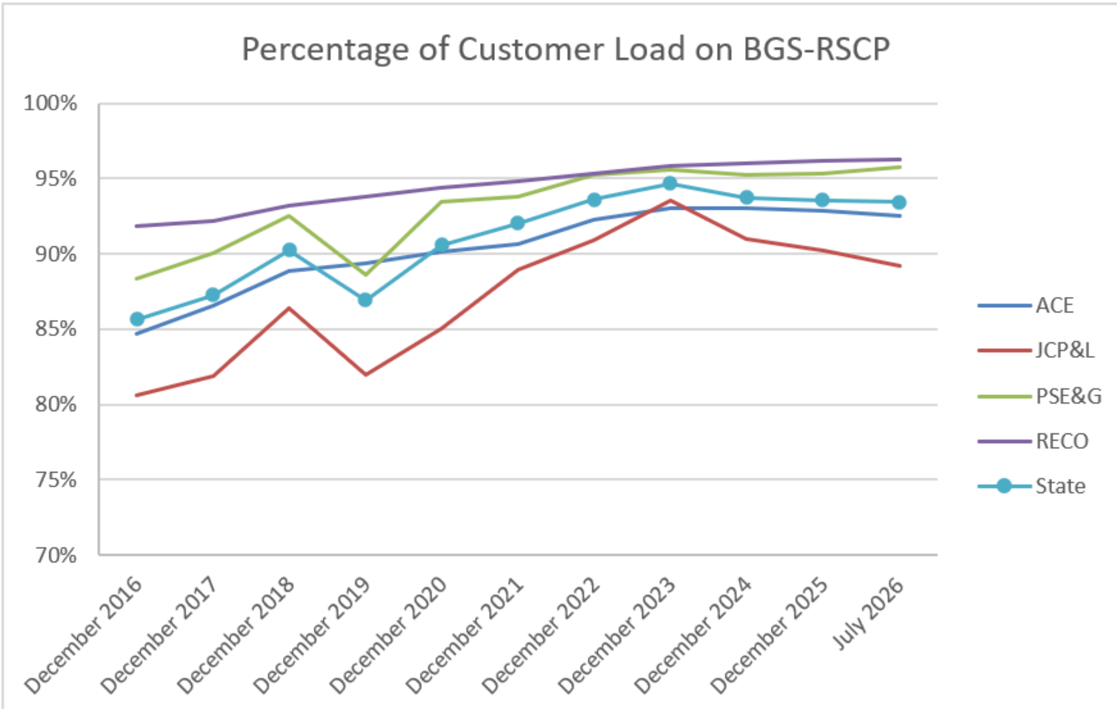
(2022-2026). During the same period, the compound annual growth rate for BGS-RCSP auction prices ranged from a low of 9.42% (PSE&G) to 10.52% (ACE). For BGS-CIEP customers, the compound annual growth rates in auction prices have ranged from a low of 23.08% (RECO) to 27.81% (JCP&L). It is not surprising that NJ ratepayers are rightfully concerned about the pace of rising electricity supply costs and their affordability.

When looking at auction prices over a longer time horizon, the table shows that the ten-year (2017-2026) compound annual growth rates for BGS-RSCP auction prices are generally comparable to the NY NJ PA consumer price index over a ten-year period. BGS-CIEP compound annual price increases are higher than the consumer price indices over the ten-year period that may reflect the single year duration of the BGS-CIEP product. The comparable growth rates of the three-year BGS-RCSP product compared to inflation show the stability of the BGS product.

c. BGS Switching Statistics

The importance of the BGS product manifests in the percentage of load that participates in BGS-RSCP product. Overall, the BGS generally continues to retain high participation based on load among residential ratepayers across the four EDCs as shown in the table below.

Figure 1 BGS-RSCP Participation as Percentage of Total Eligible Load[10]



Over a ten-year period (2017-2026), the percentage of BGS-RCSP customer load has steadily increased from an overall statewide percentage of 87.3% at the end of December 2017 to the current 93.4% of eligible BGS-RCSP load at the end of July 2026. Since the end of December 2023, JCP&L's percentage of BGS load participation has decreased from a high of 93.6% to 89.2% at the end of July 2026. While the exact cause of this decrease is unknown, it may reflect general customer dissatisfaction with JCP&L more than a specific dissatisfaction in the BGS product. ACE has also seen a slight decrease over the same period from 93.1% (December 2023) to 92.6% (July 2026). While the longer-term participation rate in BGS-RCSP customers remains high, the observed decrease in BGS

[10] Switching Statistics for BGS-RSCP Eligible <750 kW Customers. Available at: https://www.bgs-auction.com/common/images/xls_icon_sm.gif

participation in the JCP&L service territory, and to a lesser extent in ACE, highlights that the BGS product must continue to remain appealing for New Jersey ratepayers.

d. Capacity Proxy Price

The delays in the PJM Capacity Auction schedule have necessitated the use of capacity proxy prices when PJM auction results are unknown prior to the BGS auction scheduled for February 2027. This policy has been consistent in previous BGS proceedings. The schedule and auction results for the three auctions that are part of this proceeding is summarized in the table below:

Table 2 PJM Capacity Auction Schedule[11]

Delivery Year	BRA Schedule	Auction Results ($/MW-day)
2027/2028	December 2025	$333.44
2028/2029	June 2026	$325.00
2029/2030	December 2026	N/A

For this proceeding, only the 2029/2030 Capacity Auction will be unknown prior to the February 2027 BGS Auction, should PJM remain on schedule. On July 14, 2026, PJM released the results of the 2028/2029 Capacity Auction.[12] The auction cleared at the administrative cap of $325.00/MW-day that had been extended for both the 2028/2029 and 2029/2030 auctions.[13] At this point in time, the $325.00/MW-day auction price for the 2028/2029 auction should be incorporated into suppliers' bids

[11] 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
[12] PJM. *2028/2029 Base Residual Auction Report*. July 14, 2026. Available at https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2028-2029/2028-2029-bra-results-report.pdf
[13] Available at: https://insidelines.pjm.com/ferc-approves-capacity-auction-price-collar-to-next-two-capacity-auctions/

and the results of the 2029/2030 Capacity auction should be known prior to the February 2027 BGS auction.

In previous BGS proceedings, 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.[14] 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 2029/2030 delivery year since that auction will occur in December 2026.[15] 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. 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 2027 BGS auction. Accordingly, Rate Counsel supports the EDCs' five-day trigger for canceling the Capacity Proxy Price for the 2029/2030 delivery year.

e. Company Specific Comments

In this proceeding some of the EDCs made specific requests for the Board's consideration. Rate Counsel's comments are organized by EDC as detailed below.

In this proceeding, PSE&G proposes to migrate to an annual reconciliation charge beginning March 1, 2027 (based on revenue and cost data for the calendar year of 2026) from its current quarterly reconciliation process.[16] PSE&G contends that implementing an annual charge methodology will

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[14] Joint Filing at page 2.
[15] Joint Filing at Table 2, page 16.
[16] PSE&G Company Specific Addendum. Page 8.

promote BGS rate stability by lessening compound rate impacts when BGS-RSCP and BGS-CIEP rates become effective June 1st. In response to S-PSE&G-BGS-2, PSE&G anticipates a small credit and a small reduction in administrative costs if its proposed change is approved.[17] In S-PSE&G-BGS-3, PSE&G estimated that the change in methodology would result in change that ranges from a $5.1 million charge to a $69 million credit in the amount over recovered from ratepayers. Rate Counsel does not oppose the proposed change in the reconciliation process so long as ratepayers are insulated from surprise price spikes due to significant under-collections that could result in higher-than-expected bills.

PSE&G's Attachment 2- Spreadsheets for the Development of BGS Cost Bid Factors, Table 3 contains the total calendar month sales forecasted for the calendar year 2026 without a migration adjustment (100% migration).[18] In past auctions, PSE&G has used a 50% migration assumption to develop its monthly forecasted energy usage by rate class. PSE&G contends that the historical stability of migration allows the development of prices without a migration adjustment that should result in lower BGS rates and move the annual average reconciliation charge closer to zero.[19] In response to RCR-BGS-28, PSE&G provided historical migration rates for the past five years.[20] PSE&G's large power and light service ("LPL-S") rate class has the highest historical migration rate at approximately 54% over the past five years. The LPL-S rate class represents approximately 18.2% of PSE&G's forecasted annual sales.[21] The residential service ("RS") rate class is the largest class, representing

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[17] S-PSE&G-BGS-2.
[18] PSE&G Company Specific Addendum. Page 21.
[19] Id.
[20] RCR-BGS-28
[21] RCR-BGS-16, Table 3, Attachment 20060701 NERA BGS Model.xls.

57.7% of forecasted annual sales. The historical migration for the RS class has averaged 4.6%. Across all of PSE&G's rate classes, the five-year historical weighted average migration rate appears to be 18.1%.

In response to RCR-BGS-27, PSE&G estimated that a change in the migration rate from 50% to 100% would result in a decrease in the calculated BGS revenue collection by approximately $20 million.[22] PSE&G contends that historical reconciliation rates have generally been a credit, so that the change in the migration rate may result in future reconciliation rates to be closer to zero.[23] Should the Board allow PSE&G to modify its migration rate, Rate Counsel recommends that the Board require PSE&G to recalculate the estimated BGS revenues using a migration rate of 81.8% that is based on the observed weighted average historical migration rate of 18.1% and is between PSE&G's proposed 100% migration rate and its assumed 50% migration rate currently in-place.

In this BGS proceeding, PSE&G is also proposing to modify its time-of-use three period ("TOU 3P") rate by changing its RS-TOU 3P mid-peak energy rate to be at least $0.001/kWh lower than the corresponding total RS rates.[24] PSE&G claims that the change would make its RS TOU-3P rate more easily comparable for customers considering the rate when comparing to its RS rate.[25] PSE&G indicates that there are currently 2,600 customers on the TOU 3P rate.[26] The Company has not provided a quantitative analysis of the proposed change in the TOU 3P rate other than the contention that a lower

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[22] RCR-BGS-27
[23] Id.
[24] PSE&G Company Specific Addendum. Page 29.
[25] Id.
[26] RCR-BGS-29

mid-peak rate that might offset higher on-peak costs when compared to the RS rate.[27] Rate Counsel recommends that the Board should address this specific rate design issue in PSE&G's next base rate case filing and not in this BGS proceeding. A base rate case is the more appropriate venue to address this rate design issue through sponsored testimony and discovery.

In this proceeding, PSE&G has requested the Board's permission to eliminate the requirement to continue to collect and report residential EV charging data in an effort to save these third-party data collection costs for customers.[28] In response to S-PSE&G-BGS-5, PSE&G indicated that it had spent a cumulative amount of $6.1 million since 2021 on EV collection data.[29] PSE&G also contends that it has three years' worth of EV charging data from 24,000 customers that it can use to evaluate charging data.[30] Rate Counsel contends this is not the appropriate proceeding to address PSE&G's residential EV charging data reporting obligations. These reporting obligations were established in a stipulation in Docket No. EO18101111, which was approved by the Board on January 27, 2021. Notice and opportunity to consent or comment on proposed changes to these reporting obligations by all signatories to the stipulation in EO18101111 is appropriately achieved in that same docket, not here.

In this proceeding, ACE is seeking the Board's approval to terminate the BGS EV 2 Cents Program as of May 31, 2027.[31] ACE contends that the current BGS EV 2 Cents program is not cost-effective with administrative expenses ($1.5 million) exceeding customer credits ($0.12 million) by a

[27] S-PSE&G-BGS-1
[28] PSE&G Company Specific Addendum. Page 30.
[29] S-PSE&G-BGS-5
[30] Id.
[31] ACE Company Specific Addendum. Page 20.

ratio of approximately 13:1.[32] In addition, ACE is also seeking to recover costs associated with the EV 2 Cents program in this proceeding.[33] ACE estimates the program costs to be $1.5 million and seeks to amortize the program costs over a 24-month recovery period.[34] In response to RCR-BGS-42, ACE calculated the rate impact to be $0.09 per month for typical residential customer using 649 kWh per month.[35] Rate Counsel does not oppose the proposed termination of the current EV 2 Cents program and the proposed cost recovery mechanism to recover the $1.5 million in program costs.

In this proceeding, ACE has requested the Board's permission to implement a BGS Residential time-of-use ("TOU") rate to be filed around March 31, 2027.[36] Currently, there are 139 customers on the current Residential TOU rate.[37] As part of the proposed residential TOU rate, ACE proposes to change the peak period from 8 AM to 8 PM to be 4:00 P.M. to 9:00 P.M., Monday through Friday.[38] ACE contends that its proposed TOU rate design will be revenue neutral relative to ACE's standard rate.[39] In response to RCR-BGS-47, ACE indicated that it had not performed a separate revenue neutrality study evaluating the impact of shifting the existing peak window. Rate Counsel understands that ACE's Residential TOU rate is part of a separate proceeding in BPU Docket No. ER25070444 currently before the Board. Rate Counsel recommends that the Board consider ACE's proposed Residential TOU rate as part of the existing BPU Docket No. ER25070444 proceeding or as part of a

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32 S-ACE-BGS-2
33 ACE Company Specific Addendum. Page 20.
34 Id.
35 RCR-BGS-42.
36 ACE Company Specific Addendum. Page 21; RCR-BGS-47.
37 RCR-BGS-45.
38 Id.
39 Id.

base rate case, where rate design issues would be more fully investigated.

f. Remote Auction

In this year's proceeding, the EDCs propose to continue the practice of holding the auction remotely for the 2026 BGS auctions.[40] The EDCs note that the protocols for the remote auction have already been in place since 2021. Rate Counsel does not object to the EDCs' continuation of the remote auction process.

g. BPU Investigation of PJM's Capacity Market

Rate Counsel urges the Board to not mandate any changes to the BPU auction process before stakeholders have had an opportunity to respond to the conclusions set forth in the Board's Investigation of PJM's Capacity Market ("Investigation Report"). While the Investigation Report does a commendable job of describing the history leading up to the current crisis, it fails to adequately appreciate the fundamental differences between New Jersey's full requirements service procurement and PJM's capacity only auction. These are different products in different regulatory structures and therefore viewed very differently by the participants in each process. The assumptions on hedging relied on by the Investigation Report, and sourced from PJM's Powering Reliability Through Market Design Report, are not specific to New Jersey's BGS process and therefore fail to appreciate the differences from the BGS process and the standard offer service available in other PJM retail-choice states. Indeed, New Jersey has already gone down the road of long-term contracts and found them to be a disaster for ratepayers and affordability. Accordingly, Rate Counsel recommends the Board provide notice and the opportunity for comment before implementing any changes based on the recommendations in the Investigation Report

[40] Joint Filing at page 3.

to avoid undermining the parts of the BGS which have made it so successful with retail customers.

III. Conclusion

Based on the foregoing, Rate Counsel reminds the Board that the goal of the BGS product is to provide customers, who choose not to shop for an electric supplier, with energy and capacity. The annual BGS auction process has provided RSCP customers with a three-year period with less volatility in their energy supply costs. Even including 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 popular with customers as seen in overall participation rates.

Rate Counsel does not object to the EDCs' proposal to include a proxy capacity price for the 2029/2030 capacity auctions scheduled for December 2026. Rate Counsel anticipates that absent a significant scheduling delay, the results of the 2029/2030 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 2026 auction remotely.

Rate Counsel's comments to Company specific proposals are summarized below:

- Rate Counsel does not oppose the PSE&G's proposed change in the reconciliation process from a quarterly calculation to an annual calculation so long as ratepayers are insulated from surprise under-collections that could result in higher-than-expected bills.
- Rate Counsel recommends that the Board require PSE&G to recalculate the estimated BGS revenues using a migration rate of 81.8% that is based on the observed weighted average historical migration rate of 18.1% and is between the proposed 100% migration rate and its assumed 50% migration rate currently in-place.
- Rate Counsel recommends that the Board should address PSE&G's modification of the

TOU 3P rate in PSE&G's next base rate case filing and not in this BGS proceeding.

- Rate Counsel recommends that the Board reject PSE&G's request to terminate its obligation to collect and report residential EV charging data in this proceeding.
- Rate Counsel does not oppose ACE's proposed termination of the current EV 2 Cents program and the proposed cost recovery mechanism to recover the $1.5 million in program costs over a 24-month period.
- Rate Counsel recommends that the Board should consider ACE's proposed Residential TOU rate design modification as part of the existing BPU Docket No. ER25070444 proceeding or as part of a base rate case.

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