



Agenda Date: 05/14/09

Agenda Item: 2B

**STATE OF NEW JERSEY**

**Board of Public Utilities**

**Two Gateway Center**

**Newark, NJ 07102**

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

IN THE MATTER OF THE PROVISION OF ) ENERGY  
BASIC GENERATION SERVICE (BGS) )  
FOR THE PERIOD BEGINNING JUNE 1, 2010 ) DECISION AND ORDER  
)  
) DOCKET NO. EO09050351

(SERVICE LIST ATTACHED)

BY THE BOARD:

By prior Board Orders, Docket No. ER07060379 dated January 25, 2008, and Docket No. ER08050310 dated January 2, 2009, the Board approved, with modifications, the joint Basic Generation Service (BGS) proposals of the State's electric distribution companies (EDCs), Conectiv Power Delivery (Conectiv), Jersey Central Power & Light Company (JCP&L), Public Service Electric and Gas Company (PSE&G) and Rockland Electric Company (Rockland), that used a descending clock auction format to procure two-thirds of the State's BGS requirements for Fixed-Price (FP) BGS customers for periods extending to May 31, 2012. In those prior Orders, the Board did not address how the remaining one-third of the State's BGS requirements for FP customers, as well as the State's annual BGS requirements for Commercial and Industrial Energy Pricing (CIEP) customers would be procured for the period beginning June 1, 2010.

The process adopted by the Board to determine how to procure BGS for the past eight years has provided an opportunity for participation by all interested parties through both written comments and at public hearings which resulted in a wide range of BGS suggestions, a timely Board decision and, ultimately, a successful procurement process. Accordingly, the Board intends to initiate a proceeding to determine what type of process should be used to procure BGS FP and CIEP requirements for the period beginning June 1, 2010, similar to the process that has been employed for the past eight years, including an invitation for all parties to propose how to procure BGS supply, the ability for all parties to issue discovery, provide written comments to the Board, and provide oral testimony at both legislative and public hearings where the Board encourages the use of expert testimony. The proposed schedule anticipates a Board decision on the process in November 2008, and a BGS procurement process in February 2009.

Therefore, the Board DIRECTS the EDCs, Conectiv, JCP&L, PSE&G, and Rockland, to file proposals no later than July 1, 2009, addressing how to procure the remaining one third of the State's BGS FP requirements and the annual CIEP requirements for the period beginning June 1, 2010. In addition, the Board also invites all other interested stakeholders to file alternative BGS proposals with the Board by July 1, 2009.

Furthermore, the Board ADOPTS the preliminary procedural schedule contained in Attachment A to this Order. All discovery and comments must be filed with the Board's Secretary and should

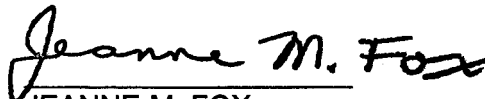
also be circulated electronically through the electric list server used by Staff for these types of communications (the "Listserv"). Parties who would like to subscribe to the Listserv can do so by going to the Board's BGS website at <http://www.nj.gov/bpu/divisions/energy/bgs.html>. Parties should adhere to the attached schedule unless otherwise directed. Parties will be advised of the time and place of the legislative-style hearing identified in Attachment A through the Listserv and through a posting on the Board's webpage. The Board and/or Staff will also notify parties through the Listserv and, when possible, through the BPU webpage, of the time and location of any meetings or hearings as well as of any schedule changes.

To aid the Board with the BGS process, the Boston Pacific Company, Inc. (BP) was retained in December 2006 to oversee and monitor the 2009 Auction process proposed by the four EDCs in New Jersey to procure supplies for BGS FP and CIEP customers.. Among the many related tasks, BP provided a final report on the auction results with recommendations to improve any future auctions. At its April 27, 2009 agenda meeting the Board acknowledged receipt of the BP Final Report. The BP Final Report is available on the Board's website at the following link: <http://www.nj.gov/bpu/pdf/energy/bgs/bostonpacific.pdf>.

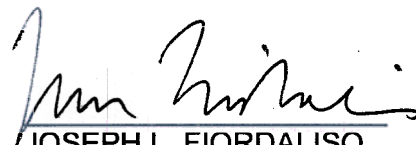
In its Final Report, BP provided recommendations for changes to be considered by the EDCs, stakeholders and the Board through the BGS proceedings process in an attempt to improve future BGS Auctions, should the Board approve that process for the upcoming procurement. These include recommendations pertaining to credit requirements for BGS suppliers of the FP product, and the potential impact of the PJM weekly settlement process on BGS prices. As part of the July 2010 EDCs' BGS filings, the Board DIRECTS that the EDCs, as well as interested stakeholders, address the listed recommendations in the BP Final Report.

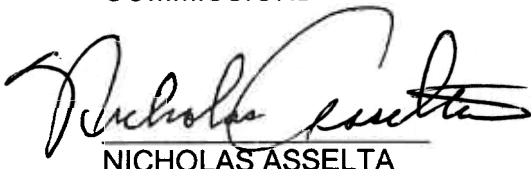
DATED: 5/20/09

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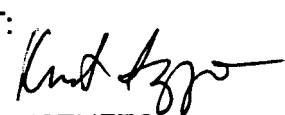
  
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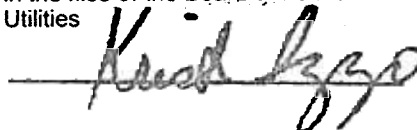
  
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I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities

ATTEST:  
  
KRISTI IZZO  
SECRETARY



ATTACHMENT A  
EO09050351

**Preliminary 2010 BGS Schedule**

DATE	Activity or Decision Point
7/01/2009	Filing of Proposals and/or Modifications for BGS for the period beginning June 1, 2010
7/24/2009	Discovery request deadline
8/07/2009	Discovery response deadline
8/28/2009	Deadline for Initial Comments on all proposals
TBA	Legislative-type Hearing*
TBA	Public Hearings*
9/25/2009	Deadline for Final Comments**
Mid	Expected Board decision on BGS proposals
November	
End of	EDC Compliance Filing
November	
Mid	Expected Board decision on Compliance Filing
December	
Feb 2010	Procurement Process for BGS Supply requirements

\* This is a placeholder for the Legislative-type Hearing and the Public Hearings (for the public hearings the time and place will be scheduled by the EDCs in conjunction with the BPU), as required.

\*\* Final Comments should only be used to respond to issues raised either in the Initial Comments, or at the Legislative-type Hearing. They should not be used to raise new issues in this proceeding.

Board of Public Utilities  
I/M/O the Provision of Basic Generation Service for the  
Period Beginning June 1, 2010  
Docket No. EO09050351  
Service List

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