

New Jersey Basic Generation Service Auction

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October 4, 2007

EDECA – BGS procurement; charges to customers

- Utility to procure power for BGS “at prices consistent with market conditions”
- Charges to customers for BGS . . .
 - “shall be based on the reasonable and prudent cost to the utility of providing such service”
 - “including the cost of power purchased at prices consistent with market conditions by the electric public utility in the competitive wholesale marketplace” and related ancillary and administrative costs, as determined by the BPU.
- Procurement method?

What's in the auction?

Below 1000 kW:	1000 kW and above:
Fixed price	Hourly pricing
3-year procurement	12-month procurement
Bids in cents/kWh	Bids in \$/MW-day

- **Shopping?**

BGS-FP auction results

	2004	2005	2006	2007
BGS Results (¢/kwh)	5.52	6.54	10.25	9.89
% Increase		18.5%	56.7%	-3.5%
3 Year Average (¢/kwh)	5.52	5.87	7.44	8.89
% Increase		6.3%	26.7%	19.5%

Learning from experience

- Annual proceeding – direct EDCs to file proposals on how to procure BGS supply
- Stakeholder proposals:
 - Tweaks
 - Encourage shopping
 - Express suspicion
 - Revamp

Pressure points

- Circumstances
- Advocates

