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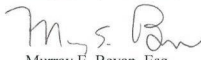
The Honorable Aida Camacho-Welch
Secretary, New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Aida.camacho@bpu.nj.gov

**Re: I/M/O Provision of Basic Generation Service ("BGS") for the Period Beginning
June 1, 2019
Docket No. ER18040356**

Dear Secretary Asbury:




Enclosed please find an original and ten (10) copies of the Retail Energy Supply Association's Final Comments in the above referenced proceeding. If you have any questions or comments regarding the enclosed please do not hesitate to contact me.

Respectfully submitted,


Murray E. Bevan, Esq.

Enclosure

cc: Electronic Service List

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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

State of New Jersey
Board of Public Utilities

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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

**In the Matter of the Provision of
Basic Generation Service for
The Period Beginning June 1, 2019**

Docket No. ER18040356

Final Comments of the Retail Energy Supply Association

INTRODUCTION

The Retail Energy Supply Association (“RESA”)¹ respectfully submits these final comments to the Board of Public Utilities (“Board”) in the above-referenced proceeding addressing the structure of Basic Generation Service (“BGS”) for the period beginning June 1, 2019.

RESA is a broad and diverse group of retail energy suppliers that share a common vision that competitive retail energy markets deliver more efficient, customer-oriented outcomes than do regulated utility providers. RESA members offer retail electric service to residential, commercial, and industrial customers in New Jersey, throughout PJM, and in other competitive markets across North America. RESA remains committed to working with all stakeholders throughout this BGS proceeding to promote a robust and sustainable competitive retail energy market for commercial, industrial and residential customers.

In previous years, RESA was an active participant in the BGS process, and continues to monitor the auction filings and results. RESA has consistently advocated for cost transparency and parity between the BGS providers and the State’s third party suppliers (“TPSs”). RESA is compelled to address the initial comments of Exelon Generation Company, LLC (“ExGen”), filed on September 5, 2018, as well as the comments of Hartree Partners, LP (“Hartree”). In their initial comments, ExGen and Hartree argued that changes should be made to the BGS

¹ The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of more than twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

Supplier-Master Agreement ("SMA") to require that the State's electric distribution companies ("EDCs") be responsible for Firm Transmission Service costs, rather than including these costs in the BGS auction, as required by section 15.9 of the SMA. RESA submits that accepting the ExGen/Hartree proposal would be detrimental to the State's licensed TPSs, who must include firm transmission costs in their pricing to customers, and in addition, would harm ratepayers on default service by subjecting them to increased costs that should be included in the BGS SMA. RESA also joins the request of the Independent Energy Producers of New Jersey ("IEPNJ") for clear guidance regarding renewable portfolio standards ("RPS") requirements, including solar renewable energy credits ("SRECs") and Class I renewables.

Transmission Service Costs

Like ExGen and Hartree, RESA is concerned with the rising cost of firm transmission and the impact on its customers. According to the FERC-approved settlement, Transmission Enhancement Charges ("TECs") will be billed to the State's four EDCs in a combined amount of \$2.7 million per month – for the next seven (7) years.² RESA sympathizes with ExGen and Hartree, as its members are also subject to the same regulatory changes imposed by the Federal Energy Regulatory Commission ("FERC"), PJM, the Board, and other regulators. However, RESA submits that allowing transmission charges to be passed through to ratepayers on behalf of the BGS providers, while simultaneously requiring TPSs to shoulder these costs without a similar pass through mechanism, would have a dramatic negative effect on the competitive marketplace that is already under assault on a number of fronts in New Jersey.

Further compounding the obvious competitive disparity in this request by ExGen and Hartree is their suggestion to amend the existing BGS SMAs, executed in previous years, to allow this pass through of costs on a post hoc basis. Frankly, RESA is unable to quantify the financial harm that would be worked to TPSs if previously-executed SMAs were changed to remove these costs from the BGS auction price. The deleterious impact on the competitive market in New Jersey would be unprecedented. The Board should not adopt the proposal of ExGen and Hartree proposal as posited in their initial comments.

² See PJM Interconnection, L.L.C., 163 FERC ¶ 61, 168, Docket No. EL05-121-009 (May 31, 2018).

RESA has previously raised concerns regarding non-market based charges in past BGS proceedings, including TECs. If the Board does not outright reject the ExGen/Hartree proposal, RESA submits that the Board could, in the alternative, require the EDCs to pass through TECs and other non-market based charges, including the Network Integration Transmission Service ("NITS") charge and the PJM Deactivation Charges (also known as Reliability Must Run, or "RMR") charges, on behalf of both BGS providers and TPSs. By eliminating the charge from all participants in the competitive marketplace, the Board ensures a level playing field that protects both retail and default suppliers from the regulatory whims of FERC and PJM.

It is RESA's position that the Board can take one of two actions in response to the ExGen and Hartree proposal – deny their request to edit the future and existing SMAs outright, or require that, going forward, the EDCs pass through non-market based costs such as TECs, NITS, and RMR charges on behalf of BGS providers and TPSs. These charges could be accounted for through a reconcilable and non-bypassable charge.

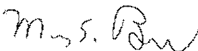
Renewable Portfolio Standards Guidance

As explained above, TPSs and default BGS providers are subject to many of the same cost considerations in their service to New Jersey customers. The 2018 Clean Energy Act made many changes to the State's RPS requirements, and RESA members remain without clear answers on the treatment of solar and Class I renewables. RESA sought guidance from the Board in June and joins the request of IEPNJ for the Board to issue guidance to retail suppliers and BGS providers so that all participants in the electric market understand their obligations under the 2018 Clean Energy Act.

CONCLUSION

RESA appreciates the opportunity to comment on this important matter and encourages the Board to either reject the ExGen/Hartree proposal to modify existing and future SMAs outright, or require the EDCs to pass through non-market based charges for all New Jersey ratepayers, shopping and default customers alike. RESA joins the request of IEPNJ for the Board to issue clear guidance on the requirements of the 2018 Clean Energy Act with respect to RPS requirements.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. E. Bevan", written in a cursive style.

Murray E. Bevan

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Dated: October 12, 2018