

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

DOCKET NO. GO19070846 – IN THE MATTER OF THE EXPLORATION OF GAS
CAPACITY AND RELATED ISSUES

Comments of the New Jersey Retail Choice Coalition

The New Jersey Retail Choice Coalition (“NJRCC”)¹ submits these comments in response to the Board of Public Utilities’ (“BPU”) notice for comments on gas capacity and related issues (“Notice”).

Below, the NJRCC provides general comments in response to the Notice and seeks to supplement these comments with specific responses to the six issues outlined in the Notice during a reply period. Some of the information required to opine on the issues in the Notice will be provided by interested parties (including the Gas Distribution Utilities (“GDC”)) in response to the Notice. Therefore, the NJRCC respectfully requests that Staff establish a three week reply period for interested parties to fully respond to the questions outlined in the Notice.

The NJRCC supports the BPU’s initiative to explore whether there is sufficient gas capacity to meet New Jersey (“NJ”) customer needs prospectively, along with the benefits that the retail market in New Jersey provides to residential (and commercial) customers. The establishment of a natural gas capacity market in New Jersey is a necessary step towards leveling the playing field among all marketers that serve retail choice customers, which includes TPSs and GDCs. Compared to the electricity market, where both TPSs and Electric Distribution Companies

¹ The New Jersey Retail Choice Coalition is a growing coalition of small to mid-size Third Party Suppliers (“TPS”) working to advance a transparent and fair regulatory environment in New Jersey.

(“EDCs”) acquire their supply from PJM Interconnection, L.L.C., TPSs are at a disadvantage when it comes to acquiring gas supply.

The NJ natural gas retail choice market has evolved since its establishment in 2003. To foster further development of the retail choice market, it is essential to accurately assign the costs associated with the GDC’s dual responsibilities: (i) to ensure adequate resources are in place to meet reliability requirements, and (ii) to act as a supplier of natural gas. To the greatest extent feasible, in its role as supplier, the GDC should be subject to the same rules, costs and market conditions as TPSs.

Without specifically commenting on the sufficiency of pipeline capacity in the New Jersey market to satisfy customers’ requirements, the NJRCC submits that the current total customers’ requirements as well as forecasted customer requirements will be virtually the same whether those customers receive their natural gas supply from TPSs or GDCs. Whether there is sufficient capacity to meet demand is a threshold consideration not directly related to the manner in which capacity (or its costs) is allocated among TPSs and GDCs.

Question 6 of the Notice seeks to examine the rates TPSs charge residential customers as compared to the rates GDCs charge customers. Such an analysis would first require recognition of the fundamental differences between TPS products and services, and those offered by the GDC. For example, many TPSs provide residential customers with value-added products not offered by the GDCs, such as fixed rate products, green product options and white-glove customer service. Competitive markets also drive innovation, which leads to the development of products that enhance energy efficiency and drive down the over all cost residential customers pay to meet their energy needs. With such differences in product offerings, it is neither feasible, nor would it be

accurate, to compare the rates TPSs charged residential customers against the rates GDCs charged residential customers.

In closing, the NJRCC thanks Staff for the opportunity to provide comments, and further requests the establishment of a three (3) week reply period in order to enable party participants to provide complete responses to the questions included in the Notice.

Respectfully submitted,

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