

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

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| In the Matter of The New Jersey        | ) |                       |
| Investigations Into Resource Adequacy: | ) | Docket No. EO20030203 |
| 2022 Progress Report                   | ) |                       |

**COMMENTS OF NRG ENERGY, INC.**

NRG Energy, Inc. (“NRG”) submits these comments in the above-captioned proceeding in response to Staff’s Progress Report on New Jersey’s Resource Adequacy Alternatives filed on 9/23/22 (“The Report”). NRG supports the efforts of the New Jersey Board of Public Utilities (“the Board”) to research and develop viable regional market reforms that utilize the benefits of competitive markets to support the state’s and region’s clean energy goals in a manner that benefits all residents of New Jersey.

**Who We Are**

Headquartered in Houston, TX, and with an eastern U.S. corporate home in Princeton, NJ NRG is a leading integrated energy and home services company in the U.S. A Fortune 500 company, NRG is at the forefront of changing how people use, buy, and think about energy. We strive to empower our residential, commercial, and industrial customers with reliable and cost-effective energy solutions. We draw on our deep industry experience to provide products and services that suit our customer’s needs with the consistency and innovation expected from the nation’s leading integrated energy and home services provider. Together, we are creating a sustainable energy future by fostering smarter energy choices and providing reliable, cleaner power. NRG’s retail brands maintained one of the largest combined competitive retail energy

portfolios in the U.S. with 152,000 GWh of electricity and 914 MMDth of natural gas sold in 2020 and approximately six million customers served. Our roughly 7,300 employees provide a range of products and services including demand response and energy efficiency, 100% renewable energy, energy plans bundled with energy efficiency technology, such as Nest thermostats, as well as loyalty rewards and charitable giving products through “Choose to Give” plans. NRG has numerous licensed Third Party Suppliers (“TPSs”) that are actively serving electricity and natural gas customers throughout New Jersey<sup>1</sup>. NRG retail affiliates have been serving customers in New Jersey since 2002.

## **Executive Summary**

NRG has commented extensively in this case since its inception in 2020.<sup>2</sup> NRG supports New Jersey’s efforts to explore and advance markets that support the region’s clean energy standards and enables competition among zero-emission generating resources to meet those standards. A forward clean energy market (“FCEM”) can do just that. NRG urges New Jersey to utilize the collaborative efforts underway with PJM to establish a region-wide, voluntary approach to meeting clean energy goals while providing appropriate financial incentives to resources eligible to make such commitments. Finally, NRG reiterates its recommendation that New Jersey consider the manner in which Basic Generation Service (“BGS”) is procured and

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<sup>1</sup> *Reliant Energy Northeast LLC d/b/a NRG Home/NRG Business* ESL-0093 and GSL-0176; *Green Mountain Energy Company* ESL-0233; *Energy Plus Holdings LLC* ESL-0087; *Energy Plus Natural Gas LLC* GSL-0100; *XOOM Energy New Jersey, LLC* ESL-0115 and GSL-0112; *Stream Energy New Jersey, LLC* ESL-0109 and GSL-0120; *Direct Energy Services, LLC* ESL-0078 and GSL-0088; *Direct Energy Business, LLC* ESL-0165 and GSL-0145; *Direct Energy Business Marketing, LLC* ESL-0142 and GSL-0128; and *Gateway Energy Services Corporation* ESL-0166 and GSL-0146.

<sup>2</sup> See New Jersey Board of Public Utilities Docket No. EO20030203. “Comments and Responses of NRG Energy, Inc.” May 20, 2020; “Reply Comments of NRG Energy, Inc.” June 24, 2020; and “Work Session Two Comments of NRG Energy, Inc.” March 5, 2021.

how a series of revisions to the process will further enhance the state's ability to meet its clean energy goals.

### **A Regional Market for Clean Energy Standards, Like FCEM, Should Be Utilized to Meet Clean Energy Goals**

NRG has consistently supported a FCEM to help achieve New Jersey's clean energy goals in a manner that relies upon competitive markets and innovation. NRG is pleased to see that The Report reiterates the need for market efficiencies to provide reliable, affordable, and carbon-free electricity. We further appreciate The Report's focus on working with a diverse set of stakeholders, including PJM as the market operator, to develop a regional market approach. To this end, NRG encourages the Board to continue this broad and inclusive approach to designing an appropriate approach to achieving the region's clean energy goals, such as FCEM. NRG believes the ongoing stakeholder process can achieve the bulk of The Report's stated goals.

NRG also notes that The Report strongly suggests unilateral action in the event that current processes prove unsuccessful. While such action may be warranted if other paths are exhausted, NRG urges New Jersey to continue to focus on collaborative efforts among stakeholders, including the participation of well-suited organizations that operate competitive energy markets such as PJM. Should the Board find itself taking unilateral action, NRG recommends issuance of a request for information or proposal to PJM (and others), asking the RTO to provide information about the design features that would be necessary for PJM (or their subsidiary) to act in the capacity as auctioneer of FCEM. FCEM can be substantially directed by states but administered by PJM. Such an approach is appropriate given the regional challenge at hand and the leadership on clean energy policies that is being exercised by state governments.

The Board could then enter into a memorandum of understanding (“MOU”), potentially alongside other states interested in such a market, to work on the design details of FCEM, including those which closely depend upon the operating data of the PJM energy market. In addition, PJM could be tasked with proposing a collaborative governance structure that allows a state to participate in the design of FCEM over time and which includes a market design that dovetails FCEM to the existing regional capacity and energy markets.

In short, New Jersey could gather the needed information from PJM in a request for information. It would then proceed to an MOU phase (possibly with other states) while the state(s) worked with PJM to achieve a design framework that was workable for both parties. This broad process would be similar to the approach that was used to establish the Generation Attributes Tracking System. There, New Jersey, and others took the lead in developing that system that today is widely relied upon across the region.

### **Load Serving Entities Should Have Various Options Including a Self-Supply Option**

The Report mandates that Load Serving Entities (“LSEs”) be required to participate in these new markets and purchase the new products on behalf of New Jersey customers. NRG respectfully recommends that Load Serving Entities should have a variety of options to participate. LSEs can procure clean energy attribute credits aggregated as part of the bid developed by the administrator or by submitting one or more voluntary purchase bids which would be used to voluntarily procure quantities beyond the minimum required volume. LSEs should also be allowed to procure clean energy attribute credits in advance of the competitive auction through self-supply or bilateral arrangements. In a well-formed FCEM design, any

volumes designated as self-supply by electricity suppliers in advance of the auction will be counted toward the procurement obligation of the electricity supplier. Such self-supply obligations would pass through the auction without incurring any financial obligations or revenues to the electricity supplier and reduce that supplier's obligation on behalf of their retail customer.

### **New Jersey Should Consider Basic Generation Service Modifications to Further Facilitate the Goals of the Energy Master Plan**

In the BPU's March 27<sup>th</sup> Request for Written Comments in this docket, the Board sought feedback concerning modifications to Basic Generation Service ("BGS") that would better align with New Jersey's Energy Master Plan's clean energy objectives. In response, NRG provided substantive feedback and recommendations regarding the opportunities available to New Jersey to further enhance and evolve BGS service to the benefit of customers, the state's clean energy goals, and the competitive market, in general. Specifically, NRG recommended the Board 1) eliminate BGS, 2) remove the utilities from the role of providing supply service, 3) open the New Jersey market fully to retail competition, and 4) provide New Jersey customers with full access to innovative energy options, including renewable resources that the competitive retail market can deliver. These recommendations are not addressed in The Report. NRG urges the Board to consider the important revisions to help foster and accelerate New Jersey's aggressive clean energy goals.

### **Conclusion**

NRG applauds Staff's thorough report that lays out a path forward to rely upon regional markets to capture efficiencies, spur innovation, and meet and exceed the state's goals, including

a FCEM as a tool to get there. As always, NRG stands ready to engage on this matter with the Board and other stakeholders now and in the future.

**Respectfully submitted,**

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October 25, 2022