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Director

May 8, 2023

**Via Electronic Mail**

Hon. Sherri Golden, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Board.secretary@bpu.nj.gov](mailto:Board.secretary@bpu.nj.gov)

**Re : In The Matter of the Petition of Rockland Electric Company  
Requesting Approval of a Tariff Amendment to Add Basic  
Generation Service (BGS) Time-of-Use Rates Pursuant to  
N.J.A.C. 14:1-5.11 and N.J.A.C. 14:3-1.3  
BPU Docket No. ER23030198**

Dear Secretary Golden:

Please accept for filing these **comments** filed on behalf of the Division of Rate Counsel in connection with the above-referenced matter. Consistent with the March 19, 2020 Order of the Board of Public Utilities (“the Board”) in *I/M/O the New Jersey Board of Public Utilities’ Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations*, BPU Docket No. 20030254, copies of this comment letter are being filed with each person on the service list by electronic mail. No paper copies will follow. **Please acknowledge receipt of this comment letter.**

Secretary Sherri Golden

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Thank you for your consideration and attention to this matter.

Respectfully,

BRIAN O. LIPMAN, DIRECTOR  
DIVISION OF RATE COUNSEL

By: /s/ Robert Glover  
Robert Glover, Esq.  
Assistant Deputy Rate Counsel

RG/dl

Enclosure

c: Electronic Mail Distribution List

**In the Matter of the Petition of Rockland Electric Company Requesting Approval of a  
Tariff Amendment to Add Basic Generation Service (BGS) Time-of-Use Rates Pursuant to  
N.J.A.C. 14:1-5.11 and N.J.A.C. 14:3-1.3**

**BPU Docket No. ER23030198**

The New Jersey Division of Rate Counsel (“NJDR” or “Rate Counsel”) is pleased to provide these comments to the Board of Public Utilities (“Board” or “BPU”) pursuant to orders from the Board to create time of use (“TOU”) rates for Basic Generation Service (BGS) to take effect on June 1, 2023.<sup>1</sup>

## **I. Summary of TOU Proposal and Rate Counsel Recommendations**

As ordered by the Board in November, 2022,<sup>2</sup> the Rockland Electric Company (“RECO” or “Company”) proposes supply-side TOU rates that provide a credit to customers for shifting load off-peak. RECO requests that all costs related to the rate, “including costs of upgrading RECO systems [...] flow through the Company’s quarterly BGS reconciliation charge.”<sup>3</sup> The Company states this cost treatment is consistent with the Board’s November 18, 2020 Order.<sup>4</sup>

The discussion below supports the following conclusions in response to the Company’s filing:

- The Company’s proposal to recover all costs via the BGS reconciliation mechanism, including Information Technology (IT) and other upgrade costs, is inappropriate and unfounded.
- The Company’s implementation costs may not be reasonable.

Due to the relatively short time to implement these rates (less than one month from now) we urge the Board to collect data and thoroughly review the effect of these rates in one year, in addition to the other issues raised in these comments.<sup>5</sup>

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<sup>1</sup> *In the Matter of the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2021*, BPU Docket No. ER20030190, Order dated November 18, 2020.

<sup>2</sup> *In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2023*, BPU Docket No. ER22030127, Order dated November 9, 2022.

<sup>3</sup> RECO Tariff Filing, 3/31/23, p. 2.

<sup>4</sup> *Ibid.*

<sup>5</sup> This includes, but is not be limited to, the timeliness of payments to effect customer charging behavior, percentage of charging on versus off-peak, the calculation of credits, and other important issues.

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## II. The BGS Reconciliation Process is Inappropriate for Cost Recovery

The Company's proposal to collect all TOU implementation costs through the BGS reconciliation charge is not appropriate. First, it is not clear whether these costs are reasonable, and the cost estimates – which were not provided to the Board directly in the utility filing – appear to be rough estimates that may change as the rate is implemented. The BGS process is not the appropriate review mechanism for these costs, which are incremental in nature and have not been reviewed by the Board. Contrary to the Company's statements, this cost approval process has not been approved by the Board.

### A. Reasonableness of Implementation-related Costs

The Company did not present estimated costs to implement its rate in its filing, but did respond to staff data requests with this information. The Company's estimate for TOU implementation of \$55,000 is for several types of costs.<sup>6</sup>

First, the Company provides no support for its self-admitted rough estimate. Second, despite implementing similar tariffs, the four major EDCs have varying costs on an absolute and per customer basis (with the exception of Jersey City Power and Light and PSE&G for the latter), shown in the table below.

**Table 1. TOU Implementation Cost Estimates for EDCs<sup>7</sup>**

Utility	Estimated Costs	Residential Customers	Cost per Customer
PSE&G	\$329,000	2,317,984	\$0.14
JCPL	\$159,274	1,028,115	\$0.15
ACE	\$493,500	502,592	\$0.98
RECO	\$55,000	65,563	\$0.84

At minimum, these costs require a greater level of scrutiny than is normally provided through a reconciliation process.

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<sup>6</sup> See RECO response to staff data request S-RECO-REV-1. "This total cost includes: end to end use process, configuration, build, testing, implementation and promotion."

<sup>7</sup> Estimated costs summarized from responses to staff data requests S-PSEG-REV-0001, S-JCPL-T-1, S-ACE-REV-1, S-RECO-REV-1. BGS Residential customers from Switching Statistics - Residential and Non-Residential Groups (as provided to the NJ BPU), available at <https://www.bgs-auction.com/bgs.dataroom.asp>.

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## **B. Cost Approval Regulatory Mechanism**

RECO states that the Board approved its cost recovery proposal in its November 18, 2020 Order in docket No. ER20030190.<sup>8</sup> While this Order appears to have contemplated a reconciliation process to true-up certain costs related to the BGS rate, including load forecast discrepancies,<sup>9</sup> it did not, and could not, have contemplated the IT and other upgrade costs necessitated by the Board's order for BGS TOU rates issued two years later in 2022.<sup>10</sup> Regardless, incorporation of these costs into a reconciliation mechanism does not provide stakeholders or the Board sufficient opportunity for review to ensure these costs are just and reasonable.

## **III. Conclusion**

The Company's proposal to recover all costs through the BGS reconciliation mechanism is inappropriate because it does not provide an adequate opportunity to review costs. Further, the Company's implementation costs may not be reasonable based on the limited information provided. Rate Counsel thanks the Board for this opportunity to provide these comments on RECO's proposal to create a BGS TOU rate for electric vehicle customers.

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<sup>8</sup> PSE&G Tariff Filing, 3/8/23, p. 2.

<sup>9</sup> *In the matter of the provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2021*, BPU Docket No. ER220030190, Order dated November 18, 2020, p. 5.

<sup>10</sup> *In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2023*, BPU Docket No. ER22030127, Order dated November 9, 2022, pp. 15-16: "The Board believes a BGS Time-of-Use ("TOU") rate can be created and HEREBY ORDERS the EDCs to create a similar solution on the residential supply side to take effect June 1, 2023."

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