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October 6, 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

**Re : In the Matter of the Provision of Basic Generation Service (BGS)
For the Period Beginning June 1, 2024**

BPU Docket Nos. ER23030124

Dear Secretary Golden:

Please accept for filing these final comments filed on behalf of the Division of Rate Counsel pursuant to the schedule set forth in the Board's Decision and Order dated April 6, 2022 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.**

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
Service List (*via electronic mail only*)

**I/M/O the Provision of Basic Generation Service (BGS) For the Period
Beginning June 1, 2024**

BPU Docket No. ER23030124

Comments of the Division of Rate Counsel

October 6, 2023

I. Introduction

The Division of Rate Counsel (“Rate Counsel”) is pleased to provide these Final comments to the Board of Public Utilities (the “Board” or “BPU”) pursuant to the 2024 basic generation service (“BGS”) procedural schedule established by Board Order, dated April 12, 2023, in I/M/O the Provision of Basic Generation Service (“BGS”) for the Period Beginning June 1, 2024, BPU Docket No. ER23030124, (“2024 BGS Procedural Order”).

In their June 30th Joint Filing, the New Jersey Electric Distribution Companies (the “EDCs”) proposed continuing certain temporary measures in the 2024 BGS process. In Rate Counsel’s initial comments, filed on September 5, 2023 (“Initial Comments”), Rate Counsel commented on the proposals from the EDCs for the BGS procurement process.¹ Specifically, Rate Counsel recommended that, due to insufficient data, the EDCs continue to collect and report data from DCFC stations across all the EDCs. Rate Counsel did not object to the DCFC proposals by Public Service Electric and Gas Company (“PSE&G”) and Atlantic City Electric Company (“ACE”) while recommending that any incentive rate treatment be temporary. Rate Counsel also recommended the Rockland Electric Company (“RECO”) and Jersey Central Power and Light Company (“JCP&L”) DCFC proposals be amended to avoid subsidization from non-DCFC station customers. Additionally, Rate Counsel did not object to the EDCs’ continued use of a proxy capacity price for the 2026/2027 capacity auction that is scheduled for December 2024 so

¹ Rate Counsel, Initial Comments, Sept. 5, 2023, at 1.

long as the results of the capacity auction are still unknown five days prior to the BGS auction. Last, Rate Counsel did not object with the EDCs' proposal to conduct the February 2024 auction remotely.

Rate Counsel reaffirms its September 5th Initial Comments regarding the EDCs' proposals, and Rate Counsel takes this opportunity to comment on Electrify America's Initial Comments, which ask the BPU to adopt permanent rate design reforms to address the matter of demand charges in this proceeding,² as well as Axpo US LLC's Initial Comments, which seek clarity in the Mark to Market Exposure calculation.³

II. Discussion

a. Electrify America's Initial Comments

At this time Rate Counsel believes it is premature to consider permanent rate design reforms given the number of variables and funding affecting DCFC infrastructure rollout in New Jersey and nationwide. Rather, Rate Counsel recommends annual reviews of all elements of EDC DCFC programs, including consideration of demand charge alternatives to assess cost-effectiveness, DCFC infrastructure buildout and operation, and impact on electric rates for nonparticipant ratepayers in order to fully understand the costs and benefits associated with EDC DCFC pilot programs.

Rate Counsel disagrees that adopting permanent rate design reforms to address the matter of demand charges in this proceeding is appropriate at this time as urged by Electrify America. A more flexible iterative process of regular review of the DCFC pilots is warranted as several variables may affect initial program performance, including initial federal funding under the

² Electrify America, Initial Comments, BPU Dkt No. ER23030124 (Sept. 5, 2023).

³ Axpo U.S. LLC, Initial Comments, BPU Dkt No. ER23030124 (Aug. 29, 2023).

National Electric Vehicle Infrastructure (“NEVI”) Formula Program and supply chain delays affecting deployment of DCFC infrastructure.

An initial two year pilot program window for all EDC DCFC charging programs may be prudent and could provide valuable information to stakeholders to inform any changes that may be warranted regarding DCFC EV charging rate design. Annual reviews of all elements of EDC DCFC programs, including consideration of demand charge alternatives to assess cost-effectiveness, DCFC infrastructure buildout and operation, and impacts on electric rates for nonparticipant ratepayers is warranted in order to fully understand the costs and benefits of these approaches. Reconsideration of EDC DCFC EV charging programs may be warranted after additional utilization data is collected and analyzed to consider whether make-ready investments more closely coordinated with third-parties, particularly in the transportation sector, might yield better results for ratepayers.

b. Axpo US LLC’s Initial Comments

Axpo US LLC (“Axpo”) filed Initial Comments that reiterate its comments from last year’s BGS process seeking increased transparency of the Mark to Market (“MtM”) exposure calculation. The Board approved the required changes to accommodate this request, but conditioned implementation of the change on unanimous consent from all existing suppliers, because the EDCs advised application of the change solely on a prospective basis could result in different MtM exposure calculations for the same BGS supplier in the same delivery year. Because suppliers did not unanimously consent to the change, the Amendment did not take effect. While Rate Counsel consistently recommends against post-award changes to a competitive procurement process, Rate Counsel agrees with Axpo that providing daily exposure calculations to BGS Suppliers and replacing the averaging of independent broker quotes with

publicly available Intercontinental Exchange End of Day marks would help to enhance transparency. Since increased transparency may foster additional market participation and further help the EDCs obtain reliable supply at prices consistent with market conditions, Rate Counsel does not object to Axpo's request, so long as suppliers unanimously consent to the Amendment.

III. Conclusion

Based on the foregoing and its September 5 Initial Comments, Rate Counsel respectfully requests that the Board decline to make the DCFC incentives programs permanent at this time. Further, Rate Counsel does not object to Axpo's request in its initial comments regarding the MtM Exposure calculation if all suppliers consent. Rate Counsel thanks the Board for this opportunity to provide Final Comments and looks forward to working with all parties throughout this BGS proceeding.