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To the Service List:

Re: Docket No. ER23030124 – In the Matter of the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2024

Agenda Date: January 31, 2024 – Agenda Item: 2B

Please be advised that the New Jersey Board of Public Utilities (“Board”) is re-issuing the Order for the above-referenced agenda item that was approved by the Board at the January 31, 2024 Board agenda meeting to correct an error in the listing of the winning bidder for the Year 2 Period. The order incorrectly listed Exelon Generation Company LLC, which should have been Constellation Generation LLC. In early 2022, Constellation Generation LLC was completely separated from Exelon Corporation.

This is the only change to the Order, which will be re-distributed to the parties of record and the attached Service List.

Sincerely,

A handwritten signature in cursive script that reads "Sherri L. Golden".

Sherri L. Golden
Secretary



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ENERGY

IN THE MATTER OF THE PROVISION OF BASIC)
GENERATION SERVICE (BGS) FOR THE PERIOD) DECISION AND ORDER ON
BEGINNING JUNE 1, 2024) RECO RFP
)
) DOCKET NO. ER23030124

Parties of Record

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Philip J. Passanante, Esq., Associate General Counsel for Atlantic City Electric Company
James Meehan, Esq., Attorney for Jersey Central Power & Light Company
Aaron Karp, Esq., Attorney for Public Service Electric and Gas Company
Margaret Comes, Esq., Associate Counsel for Rockland Electric Company

BY THE BOARD:

This Order memorializes actions taken by the New Jersey Board of Public Utilities ("Board" or "BPU") at its January 31, 2024 agenda meeting pertaining to Rockland Electric Company's ("RECO" or "Company") Request for Proposal ("RFP") to procure electric supply and capacity for its Central and Western customers beginning June 1, 2024.

By Order dated April 12, 2023, the Board directed the EDCs and interested parties to file proposals by July 3, 2023 to determine how to procure the remaining one-third of the State's BGS requirements for Residential and Small Commercial Pricing ("RSCP") customers and the annual Commercial and Industrial Energy Pricing ("CIEP") requirements for the period beginning June 1, 2024.¹ The April 12, 2023 Order also ordered RECO to file a proposal as part of its BGS filing to procure the BGS energy and capacity requirements for its non-PJM Interconnection, LLC ("PJM") service area within New Jersey for the period beginning June 1, 2024, to the extent not previously addressed.

¹ In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2024, BPU Docket No. ER23030124, Order dated April 12, 2023 ("April 12, 2023 Order").

RECO REQUEST FOR PROPOSAL

RECO's Central and Western Divisions are physically connected to the New York Independent System Operator ("NYISO"). Therefore, RECO must purchase required energy and capacity for its Central and Western BGS customers from markets administered by the NYISO.

By order dated January 27, 2021, the Board approved the results of an RFP for RECO's non-PJM energy requirements through May 31, 2024.² As a result, as part of RECO's Company Specific Addendum, RECO included a proposal for the BGS year commencing June 1, 2024 to cover these requirements.

For the BGS year commencing June 1, 2024, RECO proposed the same procurement process that the Board approved in its Order dated November 18, 2020, in Docket No. ER20030190.³ Specifically, RECO proposed to enter into a bi-lateral agreement or agreements to hedge the cost of energy purchases from the NYISO. According to RECO, the bi-lateral agreements would be a financial hedge, where no energy commodity is provided by the counterparty.

RECO proposed to conduct the bidding prior to the BGS auction. The bids would be submitted by bidders the day before a Board agenda meeting, and the bid agreement would specify that the bidder would hold the bid open until the earlier of approval of the bid by the Board or midnight the day of the Board agenda meeting.

According to the proposal, RECO would seek bids on physical and financial transactions for NYISO Zone G energy for the periods specified below. Each transaction would be a fixed-price transaction for approximately 10 MW "around-the-clock" of NYISO Zone G energy. RECO proposed to procure agreements to cover the period of June 1, 2024 through May 31, 2027, and would seek pricing for the following four (4) periods:

1. Year 1: June 1, 2024 through May 31, 2025
2. Year 2: June 1, 2025 through May 31, 2026
3. Year 3: June 1, 2026 through May 31, 2027
4. Blended price: June 1, 2024 through May 31, 2027

RECO indicated that it would enter into a NYISO Zone G fixed-for-floating swap with a counterparty, whereby RECO effectively pays the fixed price monthly for the term of the transaction.

RECO proposed to review the bids received with Staff and its BGS auction advisor and select a winning bid that is most competitive and that is consistent with market conditions. RECO indicated that it would submit the winning bid to the Board for approval. In the event that the bids that RECO receives do not reflect market conditions, the Board does not approve the winning bidder, or the bidder defaults on the bid agreement, RECO would report a failed procurement and proceed to a default procurement process. Under the default process as proposed by RECO, the Company would purchase the energy needs of its BGS customers in the Central and Western Divisions in the NYISO Day-Ahead and Real Time Markets without a financial hedge.

² In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2021, BPU Docket No. ER20030190, Order dated January 27, 2021.

³ In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2021, BPU Docket No. ER20030190, Order dated November 18, 2020 ("November 2020 Order").

On August 16, 2013, in Federal Energy Regulatory Commission (“FERC”) Docket Number ER13-1380, FERC approved the creation of a new capacity market zone in the Lower Hudson Valley region encompassing NYISO Load Zones G, H, I, and J. According to RECO, Lower Hudson Valley capacity is not actively traded, and RECO does not expect any change before the BGS Auction. Because of capacity market changes at the NYISO noted above, RECO proposed purchasing the capacity needs of its BGS customers in its Central and Western Divisions in the NYISO capacity market and blending its forecast of those prices into the BGS-RSCP price. According to RECO, this is the same proposal approved in the November 2020 Order. RECO expects these capacity purchases to have minimal impact because its Central and Western Divisions constitute only about 10 percent (10%) of RECO’s BGS load.

By Order dated November 17, 2023, the Board approved RECO’s RFP proposal.⁴

RECO RFP SUMMARY

On January 30, 2024, RECO conducted its RFP process to acquire the energy transactions to satisfy part of the supply requirements for its non-PJM service areas within New Jersey for the period of June 1, 2024 through May 31, 2027. The RFP results are as follows:

Period	Product	Winning Bidder	Price
Year 1: June 1, 2024 through May 31, 2025	Financial	Shell Energy Trading Risk Management	\$48.95 per MWh
Year 2: June 1, 2025 through May 31, 2026	Financial	Constellation Energy Generation, LLC	\$52.35 per MWh
Year 3: June 1, 2026 through May 31, 2027	Financial	Shell Energy Trading Risk Management	\$54.58 per MWh

The results of this RFP will be blended with the results from RECO’s BGS-RSCP Auction so that all RECO customers in each rate class pay the same BGS prices.

RECO RFP OVERSIGHT, FINDINGS, AND CONCLUSIONS

Bates White provided the Board with a confidential post-Auction evaluation form for the RECO RFP, as well as a supplemental checklist reviewing how the RFP was conducted. The independent analyses conducted by Bates White indicate that the RFP process proceeded without meaningful interruption, and in an acceptably fair and transparent manner. Bates White recommends that the Board certify the RFP results. Staff assigned to oversee the auctions also briefed the Board on the conduct and results of the RFP prior to the January 31, 2024 meeting where the Board accepted the results of the RFP.

⁴ In re the Provision of Basic Generation Service (BGS) for the Period Beginning June 1, 2024, BPU Docket No. ER23030124, Order dated November 17, 2023.

DISCUSSION AND FINDINGS

After reviewing the RFP results and the recommendations of Staff and Bates White, the Board **HEREBY CONFIRMS** that:

- bidders had sufficient information to prepare for the RFP process;
- information was generally provided to bidders in accordance with the published timetable, and the timetable was adjusted appropriately as needed;
- there were no issues or questions left unresolved prior to the RFP process that created material uncertainty for bidders;
- from what could be observed, there were no procedural problems or errors with the process, including the electronic bidding process, the back-up bidding process, and communications between bidders and the auction manager;
- from what could be observed, communication protocols between bidders and the auction manager were adhered to;
- appropriate data back-up procedures were planned and carried out;
- no security breaches were observed during the process;
- from what could be observed, communication protocols were followed during the process;
- the process was carried out in an acceptably fair and transparent manner;
- there was no evidence of gaming on the part of bidders;
- there was no evidence of collusion among bidders;
- there were no factors exogenous to the process (e.g. changes in market environment that materially affected it in unanticipated ways); and
- the RFP process appears to have generated a result that is consistent with competitive bidding, market-determined prices, and efficient allocation of RECO's non-PJM load.

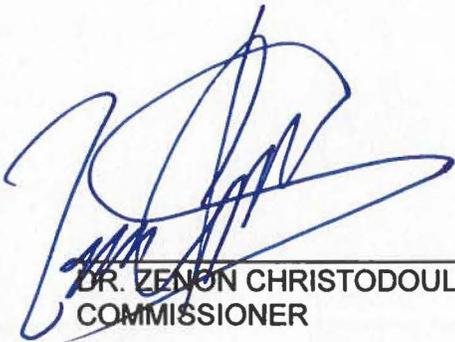
Based upon the foregoing, the Board **HEREBY CERTIFIES** the final results of the RECO RFP in their entirety, and **APPROVES** the winning bid price for the Company's non-PJM BGS load which will be rolled into the final BGS-RSCP Auction prices approved by the Board at a later date. The Board **HEREBY DIRECTS** RECO to execute the necessary documents with the winning bidder.

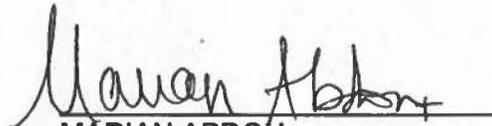
The effective date of this Board Order is January 31, 2024.

DATED: January 31, 2024

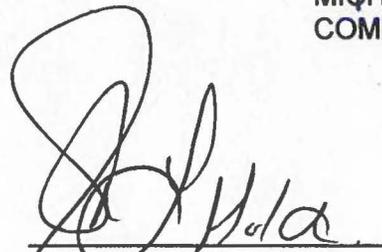
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MICHAEL BANGE
COMMISSIONER

ATTEST: 
SHERRIL L. GOLDEN
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE (BGS)
FOR THE PERIOD BEGINNING JUNE 1, 2024

DOCKET NO. ER23030124

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IN THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE (BGS)
FOR THE PERIOD BEGINNING JUNE 1, 2024

DOCKET NO. ER23030124

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FOR THE PERIOD BEGINNING JUNE 1, 2024

DOCKET NO. ER23030124

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