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**NEW JERSEY BOARD OF PUBLIC UTILITIES
I/M/O PROVISION OF BASIC GENERATION SERVICE FOR
THE PERIOD BEGINNING JUNE 1, 2013
DOCKET NO. ER12060485**

HEARING – SEPTEMBER 21, 2012

**STATEMENT OF MURRAY E. BEVAN,
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In addition to implementing transitional steps towards requiring more frequent Basic Generation Service (“BGS”) procurements with shorter term contracts, as mentioned in Jay Kooper’s testimony, RESA¹ also recommends that the Board pursue further reductions in the CIEP threshold. RESA appreciates that the Board took a much needed step in promoting sustainable competition by lowering the CIEP threshold from 750 kW to 500 kW for EY 2014 in the Board’s recent review of the BGS process. By further reducing the CIEP threshold to 300 kW, the Board will ensure that more customers have access to market-reflective default pricing, as envisioned by EDECA.

RESA notes in its Initial Comments that New Jersey lags significantly behind neighboring states with regards to its CIEP threshold, even with a newly-reduced CIEP threshold

¹ RESA’s members include: Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energetix, Inc.; Energy Plus Holdings LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; PPL EnergyPlus, LLC; Reliant; Stream Energy; TransCanada Power Marketing Ltd. and TriEagle Energy, L.P.. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

of 500 kW. RESA simply does not agree with Rate Counsel's contention that these mid-sized customers are "unable to deal effectively with hourly prices,"² and instead submits that customers with a peak load between 300 kW and 500 kW are fully capable of taking advantage of hourly price service and the opportunity to shop for competitive supply that best meets their needs. A typical customer with a peak load of 300 kW to 500 kW is along the size of a grocery store or a department store. These are the types of customers New Jersey should be encouraging to shop for competitive supply, and further reducing the CIEP threshold will provide the necessary impetus for these customers to choose a competitive supplier and allow these customers ongoing access to value added products and services provided by the State's third party suppliers.

RESA would also like to raise an additional concern it did not bring forth in its Initial Comments. The new solar law, which was signed into law by Governor Christie on July 23, 2012, exempts existing BGS contracts from the increased solar RPS requirements, but existing retail supply contracts were not exempted. As you may recall, prior solar legislation (SEAFCA) exempted existing BGS contracts from the increase in the solar RPS, and third party suppliers were forced to pick up the exempted portion of the BGS-FP load. These contracts all expired by May 31, 2012, which means the current compliance period for EY 2012 is the last time that third party suppliers will be forced to subsidize the solar requirements of BGS providers.

By contrast, the new solar law requires that the exempted BGS provider load be redistributed over non-exempt BGS contracts – in other words, the new contracts which will be signed for the next energy year, EY 2014, as part of this BGS procurement process, must account for the exempted portion of the BGS-FP provider load from the previous two auctions. The new

² Initial comments of the Division of Rate Counsel, I/M/O the Provision of Basic Generation Service (BGS) For The Period Beginning June 1, 2012 [sic], Docket No. ER12060485, August 31, 2012, at 2.

solar legislation specifically requires that the “incremental new requirements that would have otherwise been imposed on exempt providers shall be distributed over the providers not subject to the existing supply contract exemption...” The legislation further provides that “[t]he Board shall implement the provisions of this subsection in a manner so as to prevent any subsidies between suppliers and providers and to promote competition in the electricity supply industry.” Such a mechanism is entirely different from that used for the compliance periods for EY 2011 and EY 2012, which is calculated and determined after the close of the energy year, and which put the onus for covering the exempt BGS-FP load on the state’s third party suppliers. Under the new solar legislation, this mechanism must necessarily be determined *before* the BGS auction in February 2013, so that BGS providers know their solar obligation and can appropriately bid into the BGS auction.

RESA believes it is essential to have a mechanism in place to ensure that the prospective BGS providers are given adequate guidance on how to calculate their solar obligation for EY 2014. RESA respectfully requests that the Board implement immediate action in order to ensure a stable and competitively neutral BGS auction for EY 2014.