State of New Jersey
Board of Public Utilities

In the Matter of the Provision of
Basic Generation Service for
The Period Beginning June 1, 2015

Docket No. ER14040370

Initial Comments of the Retail Energy Supply Association

INTRODUCTION

The Retail Energy Supply Association ("RESA")[1] respectfully submits these initial comments to the Board of Public Utilities ("Board") in the above-referenced proceeding addressing the structure of Basic Generation Service ("BGS") for the period beginning June 1, 2015.

RESA is a broad and diverse group of retail energy suppliers that share a common vision that competitive retail energy markets deliver more efficient, customer-oriented outcomes than do regulated utility providers. RESA members offer retail electric service to residential, commercial, and industrial customers in New Jersey, throughout PJM, and in other competitive markets across North America. RESA remains committed to working with all stakeholders throughout this BGS proceeding to promote a robust and sustainable competitive retail energy market for commercial, industrial and residential customers.

RESA has concerns about the structure and components of the current BGS-Fixed Price ("BGS-FP") product offered by BGS providers, as this product creates a baseline price that customers use when shopping for products from third-party suppliers ("TPSs"). In addition, the BGS-FP product pricing remains convoluted due to the outstanding Board review of the Electric Distribution Companies' ("EDCs'") reconciliation charges, which are all calculated on different timelines. RESA is additionally concerned about discrepancies regarding certain "non-market based" charges for transmission and generation deactivation and the manner in which TPSs are treated as compared to their BGS provider counterparts regarding the ability to pass through these charges. These non-market based charges generally consist of PJM Network Integration Transmission Service ("NITS"), PJM Transmission Enhancement Charges ("TECs") associated

---

[1] RESA's members include: AEP Energy, Inc.; Champion Energy Services, LLC; Consolidated Edison Solutions, Inc.; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; GDF SUEZ Energy Resources NA, Inc.; Homefield Energy; IDT Energy, Inc.; Integrys Energy Services, Inc.; Interstate Gas Supply, Inc. dba IGS Energy; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; NRG Energy, Inc.; PPL EnergyPlus, LLC; Stream Energy; TransCanada Power Marketing Ltd. and TriEagle Energy, L.P. The comments expressed in this filing represent only those of RESA as an organization and not necessarily the views of each particular RESA member.

with the Regional Transmission Enhancement Process ("RTEP"), and PJM Generation Deactivation Charges, which are also referred to as Reliability Must Run ("RMR") charges.

As an active participant in all prior BGS proceedings in New Jersey, as well as energy procurement proceedings in various other states, RESA continues to believe the Board should re-structure its procurement process to advance a more viable competitive retail energy market for commercial, industrial and residential customers, as was envisioned with the passage of the Electric Discount and Energy Competition Act, N.J.S.A. § 48:3-49 et seq. ("EDECA") in 1999.

In order to facilitate a more competitive marketplace, RESA recommends that the Board implement the following changes to the BGS structure: (1) re-classify the BGS-FP product to reflect that this product fluctuates and is not, in fact, a true "fixed price" product; (2) require the EDCs to utilize quarterly, forward-looking reconciliation charges to provide customers with more price transparency; (3) require the EDCs to account for NITS, TECs, and RMR charges as a part of a nonbypassable charge that is assessed to all customers; (4) lower the BGS-Commercial and Industrial Pricing ("CIEP") threshold to 400 kW beginning in Energy Year ("EY") 2016 and to 100 kW beginning in EY 2018; (5) to the extent that interval meters are not available for customers using more than 400 kW, require that EDCs install interval meters prior to EY 2016; and (6) hold more frequent procurements with shorter, more market-reflective terms than the current laddered three-year contracts for BGS-FP customers.

THE BGS "FIXED PRICE" PRODUCT

While there are no existing regulatory definitions for "fixed price" products for TPSs, and RESA is not arguing for this overly restrictive concept, RESA understands that Board staff's policy is that a TPS product cannot be marketed as a "fixed price" product if the product price is subject to change for any reason (with the limited exception of a change in New Jersey law).[2]

As the Board is well aware, there are many factors involved in the sale and transmission of electricity in the PJM territory beyond the purchase of the electric commodity on the wholesale market. Notably, transmission and generation deactivation costs fluctuate and are entirely outside of the control or ability of TPSs to anticipate or estimate. We have seen the Board approve almost all of the requests made by or on behalf of BGS providers to pass through these cost increases to the customers who take service under BGS-FP. A TPS, however, does not have this advantage, and must estimate the cost and frequency of these changes during the term of a contract as well as bear the responsibility for the cost of these increases if offering a "fixed price" product.

The current BGS-FP product, however, does not meet the same requirements imposed upon TPS' when marketing "fixed price" products. Not only do BGS providers have the ability

[2] 45 N.J.R. 934(b), Adoption of Energy Competition Rules and Standards, March 20, 2013, at Response to Comments 20, 21, and 22.

to petition the Board for reimbursement in the event of a transmission cost increase, the BGS-FP product is subject to reconciliation charges (further discussed below) which cause the price of BGS-FP service to fluctuate as frequently as every month, depending on the utility. Given RESA's understanding that TPSs cannot market or sell a "fixed price" product where cost components can change, or transmission and other costs can be passed through to customers by a filing with the Board, the current system is clearly a competitive playing field which lacks parity.

RESA submits that given recent changes to the Energy Competition rules and the current allowance for some BGS provider costs to be passed on to customers, the BGS-FP product is not properly classified, as the product does not meet the same requirements imposed upon TPS' when using a "fixed price" classification. Competitive fairness should allow TPSs to pass through certain costs on fixed price products, thus ensuring identical treatment between TPSs and BGS providers. However, in the absence of such a change, the Board should rename the BGS-FP product to bring it in line with the requirements imposed upon TPSs. Utilizing a moniker for the BGS product that cannot be utilized by TPSs for a similar product puts TPSs at a competitive disadvantage and will likely cause confusion to New Jersey ratepayers.

RECONCILIATION CHARGES

On December 5, 2011, the Board convened a stakeholder meeting at the Office of Rate Counsel to discuss the EDCs' various reconciliation charges and methodologies. Board staff circulated questions to the EDCs regarding their reconciliation charges, to which the EDCs provided responsive information (both in the meeting and at the request of Board staff on January 6, 2012). Informal comments were due on January 20, 2012. RESA participated in the December 5, 2011 stakeholder meeting and filed comments on January 20, 2012, opining that the EDCs should be required to utilize a uniform timeframe for the calculation of reconciliation charges. As of this writing, the Board has not taken any action in the Reconciliation Charges proceeding.

While the EDCs explained that they calculate their reconciliation charges in a similar or identical manner, the EDCs utilize different periods of time in calculating their reconciliation charges. It is RESA's understanding that JCP&L and RECO currently utilize a quarterly reconciliation period, in which the reconciliation charge is calculated on a forward looking basis for a three month period. ACE utilizes a "seasonal" reconciliation charge, which changes according to the summer (June-September) and non-summer (October-May) months. PSE&G utilizes a monthly reconciliation charge.[3]

RESA has consistently maintained that the EDCs should utilize the same reconciliation charge period, and believes a quarterly, forward looking reconciliation charge should be implemented across all of the EDCs. A uniform reconciliation charge will better facilitate a

[3] The current EDC reconciliation charges are attached hereto as Exhibit A.

transparent and forward looking price to compare ("PTC") which RESA believes will assist customers in understanding their energy costs and, if they choose to do so, effectively shop for energy from a competitive supplier. In addition, the lack of standardized, forward-looking reconciliation mechanisms precludes the price transparency needed for the successful implementation and utilization of a shopping comparison website.

The use of various reconciliation charge time periods by the State's EDCs contributes to supplier confusion and ultimately harms the market. Moreover, shorter reconciliation charge periods increase price volatility and further undercut the notion of a "fixed price" product, since the BGS product is subject to reconciliation charges which, by their very nature, fluctuate based on the EDCs' collection and remittance of payments to BGS providers. RESA urges the Board to take action on this matter in this BGS proceeding, as it has languished for nearly three years, and in this year's BGS Order, the Board should direct the EDCs to utilize quarterly, forward looking reconciliation charges.

NON-MARKET BASED TRANSMISSION AND GENERATION DEACTIVATION CHARGES

In its comments filed in the 2014 BGS Auction proceeding, RESA noted that there were discrepancies between how NITS is priced for BGS services versus the prevailing NITS rate for the PSE&G zone shown in the PJM tariff. RESA once again urges the Board to ensure that the cost components in BGS service be set equitably between BGS and TPS supply. Because charges related to NITS, TECs, and RMR agreements lack price transparency, RESA believes these cost components, which are regularly reconciled for BGS customers, are best suited for the utilities to handle as part of a nonbypassable charges.

RESA also notes that on August 20, PJM proposed a new interim capacity enhanced product labeled "Capacity Performance." This potential PJM capacity product would introduce new costs as early as the PJM 2015/2016 Delivery Year that are beyond the control of both TPSs and BGS providers and these cost cannot be predicted or hedged. While PJM capacity charges are fundamentally a market-based generation component that does not fall within the non-market based category of charges, it is possible that the interim application of a new Capacity Performance product could create unanticipated, "after-the-fact" charges for load serving entities. The interim application of these charges in such a manner is likely to be temporary. As such, it would be inappropriate for the Board to move the capacity market as a whole to nonbypassable attribution. However, at this early stage it is unclear what this PJM capacity costs will mean to New Jersey's energy market. Whatever the outcome, RESA urges the Board to carefully consider this new cost component, and protect the competitive market by applying these costs in a competitively neutral manner.

It is RESA's position that responsibility for NITS, TECs and RMR charges should be transferred to the EDCs and be accounted for through a reconcilable and nonbypassable charge.

CIEP THRESHOLD

RESA believes that the Board should reduce the BGS-CIEP threshold to require all customers using 400 kW and above to be on BGS-CIEP pricing beginning in EY 2016 and to require all customers using 100 kW and above to be on BGS-CIEP pricing by EY 2018. Customers utilizing between 100 kW and 400 kW have the necessary ability to understand hourly pricing, contrary to the repeated assertions of both Rate Counsel and the EDCs in past BGS proceedings.

Customers taking 100 kW-400 kW peak load demand stand to reap significant benefits from mandatory BGS-CIEP pricing, because it will better incent them to choose electric products and services that best fit their particular needs on many fronts, including price risk tolerance, environmental objectives and interest in particular energy conservation and efficiency programs. Under the current structure, these customers are needlessly sheltered from real-time pricing, and they lose the incentive and necessary data to make strategic decisions regarding their energy consumption. As a consequence, these customers miss out on the benefits of a more competitive marketplace, which is contrary to the mandate and goals of EDECA.

It is important to recognize that reducing the BGS-CIEP threshold may also benefit remaining BGS-FP customers by reducing BGS-FP auction prices. Specifically, wholesale suppliers worry about migration risk with respect to customers not subject to mandatory BGS-CIEP pricing and likely factor such risk into their price offerings. With three year BGS-FP commitments, there is the real possibility that sometime during the three-year term, market prices could suddenly rise above the BGS price and customers would swarm back to BGS service. Reducing the threshold to 400 kW in EY 2016 and to 100 kW in EY 2018 reduces the migration risk, at least for customers above these thresholds.

At the current threshold of 500 kW, New Jersey lags behind other restructured states and maintains the highest CIEP threshold of any restructured market. For instance, the New York Public Service Commission has ordered mandatory hourly pricing for NYSEG customers 300 kW and higher, National Grid customers 250 kW and higher by 2013, Central Hudson customers 300 kW and higher and Rochester Gas & Electric customers 300 kW and higher. Illinois now requires Commonwealth Edison to provide hourly-priced default service to customers using 101 kW and higher while Ameren-IL sets the threshold at 150 kW. In Pennsylvania, the hourly pricing threshold ranges from 300 kW to 500 kW depending on the utility. Finally, Massachusetts mandates quarterly priced default service for its medium and large commercial and industrial customers using over 200 kW.

As evidenced in the past by New Jersey and currently in other states, a progressive reduction in the CIEP threshold is good policy because it enables an increasing class of New Jersey customers to realize the benefits of real-time pricing over time and furthers the goals of a competitive electric market. Moreover, it sends the right signal to both existing and potential

suppliers by encouraging them to remain in or enter into the marketplace and offer a variety of products and services to these customers. Accordingly, RESA believes that Board should lower the BGS-CIEP threshold to 400 kW effective in EY 2016 and to 100 kW in EY 2018.

REQUIRE INTERVAL METERS FOR CUSTOMERS ABOVE 400 kW

In conjunction with lowering the BGS-CIEP threshold to 400 kW effective in EY 2016, RESA also believes that the Board should require the EDCs to implement the installation of interval meters for all customers above this threshold who do not currently have them. RESA notes that in its most recent rate case filing, JCP&L requested rate recovery for meters installed for customers with demand as low as 250 kW. Without interval meters, customers have no means to gauge their energy use or respond to the price signals associated with it. Requiring the applicable EDC to install interval meters for customers using more than 400 kW will provide customers with the opportunity to actively monitor and respond to the cost of their electricity on a real-time or hourly basis, which for the reasons detailed above, enables New Jersey customers to better manage their energy consumption and costs.

The advantages of requiring the EDCs to install interval meters for all customers using more than 400 kW flow to both those customers, themselves, as well as to ratepayers as a whole. On the one hand, interval meters benefit the customers by giving them access to real-time pricing. With real-time pricing, these customers gain the ability to better gauge which electric provider best suits their needs, as well as to monitor their usage during various times and reduce it accordingly. On the other hand, the mandatory installation of interval meter for all customers with over 400 kW benefits ratepayers as a whole because it encourages larger customers to curtail usage during periods of peak demand which results in lower electricity prices for all New Jersey customers.

In addition to these traditional benefits from interval meters, in the wake of Superstorm Sandy and Hurricane Irene, the Board has recognized that a smart electric grid—inclusive of interval meters—aids the EDCs with outage management. The need for interval meters became all too apparent during the recent storm events in 2011 and 2012. Despite the obvious need for additional interval meters, New Jersey has fallen behind other mid-Atlantic states, such as Pennsylvania, Delaware, Maryland, and the District of Columbia in developing a smart grid system. For this reason and the others noted above, the Board should require the EDCs to install interval meters for all customers above 400 kW by EY 2016.

FIXED PRICE PROCUREMENT

RESA recommends that the Board encourage a more competitive marketplace by transitioning the BGS procurement process away from the laddered-three-year contracts currently employed in the BGS-FP auction and towards more frequent procurements of shorter term products held closer to the delivery date. This transition will result in more market reflective default service pricing because it minimizes the time over which the default price can

diverge from actual market prices. This means customers on default service are receiving a product that is comparable to the product offerings of TPSs – in other words, customers are making choices between similar products.

Under the current BGS-FP structure, customers pay artificially low or high prices for electricity based on a three-year blended average. In years when BGS-FP pricing is artificially below market prices, TPSs are effectively priced out of the market. Even in years when BGS-FP pricing is artificially above market prices, TPSs are reluctant to enter the marketplace due to the boom-bust nature of the BGS-FP structure. In either case, energy customers in New Jersey have fewer choices and miss out on the depth and breadth of products and services that are available to customers on BGS-CIEP, including costs savings, price stability, electricity from renewable energy sources, airline miles or other attributes of value. The current structure serves as a barrier to the further development of retail competition.

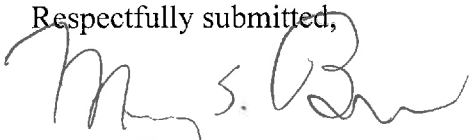
Accordingly, RESA again proposes that the Board replace the three-year laddered contracts currently employed in the BGS-FP auction with a procurement process that includes quarterly pricing for all commercial and industrial customers and annual pricing for all residential customers. For the first energy year starting in EY 2016, the new quarterly and yearly pricing structure would make up one-third of the price for the commercial and industrial load and one-third of the price for the residential load, respectively. The remaining two-thirds would have already been procured in prior auctions, and, therefore, two-thirds of the June, 2015 price is known today. The pricing structure would be adjusted quarterly for commercial and industrial customers and annually for residential customers, until it was fully phased in over three years. Impact on customers would therefore be gradual.

New Jersey again falls far short of surrounding states with competitive retail electric markets in its current default price structure. For example, Massachusetts has a semi-annual procurement of contracts with terms of no greater than one year for FP customers with peak demands below 200 kW. Maryland's quarterly priced default service applies to customers as small as 25 kW, and customers below 25 kW receive a default service price based on procurements held every six months containing a portfolio mix of contracts with terms of no greater than two years. The current utility default service plans in Pennsylvania use either quarterly or semi-annual competitive auctions to procure a blended portfolio of contracts with terms up to two years in length. In addition, the Pennsylvania Public Utility Commission has also expressed a desire to move towards 100% quarterly procurement in future default service plans. Finally, New York's default service below hourly-priced thresholds is a blended portfolio of spot market prices and a series of short-term and medium-term contracts, most of which do not exceed one-year. RESA believes that the Board should follow the lead of these other states and transition towards more market-reflective pricing as detailed above.

CONCLUSION

RESA appreciates the opportunity to comment on this important matter and encourages the Board to implement the changes outlined herein to the current BGS procurement process so that New Jersey customers can realize the full benefits of a more competitive marketplace for retail electricity.

Respectfully submitted,



Murray E. Bevan

Bevan, Mosca, Giuditta & Zarillo, P.C.
Counsel for the Retail Energy Supply Association
222 Mount Airy Road
Suite 200
Basking Ridge, NJ 07920
(908) 753-8300
mbevan@bmgzlaw.com

Dated: September 3, 2014

EXHIBIT A

RIDER (BGS) continued
Basic Generation Service (BGS)

BGS Reconciliation Charge ($/kWh):

The above charge shall recover the difference between the monthly amount paid to Basic Generation Service (BGS) suppliers and the total revenue from customers for BGS for the preceding months for the applicable BGS supply. These charges include New Jersey Sales and Use Tax as set forth in Rider SUT and are changed on June 1 and October 1 of each year.

Rate Schedule	Charge($ per kWh)
RS	$ (0.007463)
MGS Secondary, AGS Secondary, SPL/CSL, DDC	$ (0.007463)
MGS Primary, AGS Primary	$ (0.007268)

BGS-CIEP

Energy Charges

BGS Energy Charges for Rate Schedule TGS, AGS and MGS customers with a Peak Load Share (PLS) of 500 kW or more, and AGS and MGS customers with a PLS of less than 500 kW who have elected BGS-CIEP are hourly and are provided at the real time PJM Load Weighted Average Locational Marginal Prices for the Atlantic Electric Transmission Zone, adjusted for losses, plus administrative charges pursuant to N.J.S.A. 48:2-60 and New Jersey Sales and Use Tax as set forth in Rider SUT.

Generation Capacity Obligation Charge

	Summer	Winter
Charge per kilowatt of Generation Obligation ($ per kW per day)	$ 0.25231	$ 0.25231

This charge is equal to the winning bid price from the BGS-CIEP default service auction plus administrative charges pursuant to N.J.S.A. 48:2-60 and New Jersey Sales and Use Tax as set forth in Rider SUT. The above charge shall be applied to each Customer's annual peak load share ("PLS") for generation capacity, adjusted for the applicable PJM-determined Zonal Scaling Factor and the applicable PJM-determined capacity reserve margin factor, on a daily basis for each day in each customer's respective billing cycle.

Ancillary Service Charge

	Charge ($ per kWh)
Service taken at Secondary Voltage	$ 0.006863
Service taken at Primary Voltage	$ 0.006660
Service taken at Sub-Transmission Voltage	$ 0.006536
Service taken at Transmission Voltage	$ 0.006509

This charge represents the average annual cost of Ancillary Services in the Atlantic Electric Transmission zone adjusted for losses, plus administrative charges pursuant to N.J.S.A. 48:2-60 and New Jersey Sales and Use Tax as set forth in Rider SUT.

BGS Reconciliation Charge:

	Charge ($ per kWh)
Service taken at Secondary Voltage	$ (0.021782)
Service taken at Primary Voltage	$ (0.021211)
Service taken at Sub-Transmission Voltage	$ (0.020971)
Service taken at Transmission Voltage	$ (0.020766)

The above charge shall recover the difference between the monthly amount paid to Basic Generation Service (BGS) suppliers and the total revenue from customers for BGS for the preceding months for the applicable BGS supply. These charges include administrative charges pursuant to N.J.S.A. 48:2-60 and New Jersey Sales and Use Tax as set forth in Rider SUT and are changed on June 1 and October 1 of each year.

Rider BGS-FP
Basic Generation Service – Fixed Pricing
(Applicable to Service Classifications RS, RT, RGT, GS, GST, OL, SVL, MVL and ISL)

2) BGS Transmission Charge per KWH: As provided in the respective tariff for Service Classifications RS, RT, RGT, GS, GST, OL, SVL, MVL and ISL. Effective January 1, 2013, a RMR surcharge of **$0.000000** per KWH (includes Sales and Use Tax as provided in Rider SUT) will be added to the BGS Transmission Charge applicable to all KWH usage.

Effective September 1, 2014, a TRAILCO4-TEC surcharge of **$0.000471** per KWH (includes Sales and Use Tax as provided in Rider SUT), a PEPCO2-TEC surcharge of **$0.000054** per KWH (includes Sales and Use Tax as provided in Rider SUT), an ACE2-TEC surcharge of **$0.000072** per KWH (includes Sales and Use Tax as provided in Rider SUT), a Delmarva2-TEC surcharge of **$0.000034** per KWH (includes Sales and Use Tax as provided in Rider SUT), an AEP-East2-TEC surcharge of **$0.000022** per KWH (includes Sales and Use Tax as provided in Rider SUT), and a PPL2-TEC surcharge of **$0.000202** per KWH (includes Sales and Use Tax as provided in Rider SUT) will be added to the BGS Transmission Charge applicable to all KWH usage except lighting under Service Classifications OL, SVL, MVL and ISL.

Effective March 3, 2014, a PATH3-TEC surcharge of **$0.000089** per KWH (includes Sales and Use Tax as provided in Rider SUT), a VEPCO3-TEC surcharge of **$0.000287** per KWH (includes Sales and Use Tax as provided in Rider SUT), and a PSEG2-TEC surcharge of **$0.001165** per KWH (includes Sales and Use Tax as provided in Rider SUT) will be added to the BGS Transmission Charge applicable to all KWH usage except lighting under Service Classifications OL, SVL, MVL and ISL.

3) BGS Reconciliation Charge per KWH: ($0.003333) (includes Sales and Use Tax as provided in Rider SUT)

The above BGS Reconciliation Charge recovers the difference between the payments to BGS suppliers and the revenues from BGS customers for Basic Generation Service and is subject to quarterly true-up.

Public Service Electric & Gas Company
Electric Summary (1)

Effective Date:	BGS - FP Reconciliation Charge (2 & 4) ($/kWhr)	BGS - CIEP Reconciliation Charge (3 & 4) ($/kWhr)
10/01/12	($0.004865)	($0.005356)
11/01/12	($0.004986)	($0.004779)
12/01/12	($0.005050)	$0.004431
01/01/13	($0.004824)	$0.000016
02/01/13	($0.004994)	$0.005315
03/01/13	($0.004872)	($0.004715)
04/01/13	($0.003044)	($0.004917)
05/01/13	($0.001309)	$0.000219
06/01/13	($0.000234)	$0.004909
07/01/13	($0.001435)	($0.004967)
08/01/13	($0.004995)	$0.004787
09/01/13	($0.003906)	($0.000519)
10/01/13	($0.005000)	$0.000414
11/01/13	($0.004941)	($0.002047)
12/01/13	($0.004743)	$0.002993
01/01/14	($0.004756)	($0.002641)
02/01/14	($0.000018)	$0.000404
03/01/14	$0.002491	$0.005340
04/01/14	($0.004061)	$0.002783
05/01/14	($0.004986)	$0.003371
06/01/14	($0.004961)	($0.004742)
07/01/14	$0.001682	($0.004693)
08/01/14	($0.004805)	$0.001422
09/01/14	($0.004573)	($0.000041)

(1) All rates include applicable taxes, unless noted otherwise.

(2) Basic Generation Service - Fixed Pricing (BGS-FP) Reconciliation Charge is applicable to Rate Schedules: RS, RHS, RLM, WH, WHS, HS, BPL, BPL-POF, PSAL, GLP, LPL-SEC. Effective 6/1/05 BGS-FP default service will no longer be available to LPL-SEC. with a PLS 1,250 kW or greater (see below note 3). Effective 6/1/07 BGS-FP default service will no longer be available to LPL-SEC. with a PLS 1,000 kW or greater (see below note 3). Effective 6/1/11 BGS-FP default service will no longer be available to LPL-SEC. with a PLS 750 kW or greater (see below note 3). Effective 6/1/13 BGS-FP default service will no longer be available to LPL-SEC. with a PLS 500 kW or greater (see below note 3).
See the PSE&G Website B.P.U.N.J. No. 15 Electric Tariff - Sheet No. 81 for the current BGS-FP Reconciliation Charge.

(3) Basic Generation Service - Commercial and Industrial Energy Pricing (BGS-CIEP) Reconciliation Charge is applicable to Rate Schedules: LPL-PRI., HTS-SUB., HTS-HV, and HEP. Effective 6/1/05 also applicable to LPL-SEC. (PLS 1,250 kW or greater) and to customers served under Rate Schedules HS, GLP and LPL-SEC. (less than 1,250 kW PLS) who elect BGS-CIEP as their default service. Effective 6/1/07 also applicable to LPL-SEC. (PLS 1,000 kW or greater) and to customers served under Rate Schedules HS, GLP under Rate Schedules HS, GLP and LPL-SEC. (less than 1,000 kW PLS) who elect BGS-CIEP as their default service. Effective 6/1/11 also applicable to LPL-SEC. (PLS 750 kW or greater) and to customers served under Rate Schedules HS, GLP under Rate Schedules HS, GLP and LPL-SEC. (less than 750 kW PLS) who elect BGS-CIEP as their default service. Effective 6/1/13 also applicable to LPL-SEC. (PLS 500 kW or greater) and to customers served under Rate Schedules HS, GLP under Rate Schedules HS, GLP and LPL-SEC. (less than 500 kW PLS) who elect BGS-CIEP as their default service.
See the PSE&G Website B.P.U.N.J. No. 15 Electric Tariff - Sheet No. 84 for the current BGS-CIEP Reconciliation Charge.

(4) Customer's Peak Load Share (PLS) is based on the overall summer peak load assigned to Public Service by the Pennsylvania-New Jersey-Maryland Office of the Interconnection (PJM).

GENERAL INFORMATION

No. 31 BASIC GENERATION SERVICE ("BGS") (Continued)

(4) BGS Reconciliation Charges

Separate BGS-FP and BGS-CIEP reconciliation charges shall be computed quarterly and assessed on all BGS-FP and BGS-CIEP customers. The billing quarters shall be defined as the three-month periods beginning March, June, September, and December. The reconciliation charges shall recover the differences, including interest, between amounts paid to BGS suppliers and BGS revenue for the preceding quarter for the applicable BGS supply. For any given quarter, the reconciliation charges shall not exceed a charge or a credit of 2.0 cents per kWh, including SUT. In the event the 2.0 cents per kWh limit is imposed, any remaining over- or under-collection balance shall be included in the subsequent quarter's reconciliation charges to the extent possible within the 2.0 cents per kWh limitation. Interest will be calculated as determined by the Board in its Order dated February 6, 2009 in Docket Number ER08050310.

These charges include all applicable taxes and are charged on a monthly basis for all usage billed in the month indicated.

BGS-FP Reconciliation Charge..... (0.430) ¢/kWh

BGS-CIEP Reconciliation Charge ..... (0.075) ¢/kWh

In accordance with Rider SUT, the above charges include provision for the New Jersey Sales and Use Tax. When billed to customers exempt from this tax, as set forth in Rider SUT, such charges will be reduced by the relevant amount of such tax included therein.

The BGS Reconciliation Charges shall be filed with the Board not less than fifteen days prior to the date on which they are proposed to become effective.