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July 14, 2014

VIA ELECTRONIC AND REGULAR MAIL

The Honorable Kristi Izzo
Secretary, New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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Re: In the Matter of Public Service Electric & Gas Company's 2014/2015 Annual BGSS Commodity Charge Filing for its Residential Gas Customers Under its Periodic Pricing Mechanism

Docket No. GR14050512

Dear Secretary Izzo:

On behalf of our client, the Retail Energy Supply Association ("RESA"),[1] please accept the original and ten (10) copies of this letter in lieu of a more formal response to the Opposition of Public Service Electric & Gas Company ("PSE&G") to RESA's July 2, 2014 Motion to Intervene (the "Motion"), which PSE&G filed in the above-referenced matter on July 8, 2014 (the "Opposition").

On May 29, 2014, PSE&G initiated the above-captioned proceeding by filing a motion to implement its Annual Basic Gas Supply Service ("BGSS") Residential Gas Service ("RGS") for service rendered on and after October 1, 2014 or earlier, ("BGSS Filing"). On July 2, 2014,

[1] RESA's members include: AEP Energy, Inc.; Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; GDF SUEZ Energy Resources NA, Inc.; Homefield Energy; IDT Energy, Inc.; IGS Energy; Integrys Energy Services, Inc.; 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 the position of RESA as an organization but may not represent the views of any particular member of RESA.

RESA filed its Motion on the grounds that, as retail electric and natural gas suppliers licensed by the Board and currently serving customers in PSE&G's service territory, RESA's interests will be affected by the outcome of this proceeding. Specifically, RESA argued that it met the statutory standard for intervention under N.J.A.C. 1:1-16.1 *et seq.*, because RESA's interests could be materially affected by the outcome of this case, RESA's interests are sufficiently different from any other party, and RESA's intervention will not cause confusion or delay. RESA specifically seeks modifications to the current self-implementing notice provision within the PSE&G tariff to the RSG Rate service class which would require PSE&G to provide more advanced, additional notifications to the State's third party suppliers ("TPSs"), the Board of Public Utilities (the "Board"), and the Division of Rate Counsel in advance of BGSS rate adjustments.

In its Opposition filed on July 8, 2014, PSE&G claimed that RESA's Motion should be denied on the grounds that: (a) the current proceeding is not intended to set energy competition policy or establish pricing structure for BGSS cost recovery; (b) the Mid-Atlantic Power Supply Association ("MAPSA") participated in an eleven (11) year old generic proceeding which created the current (and unmodified for over a decade) BGSS cost recovery structure; (c) PSE&G is not "presently" seeking a bill credit nor is the process allowing gas utilities to implement bill credits the subject of this proceeding; (d) RESA's "real" motivation is that it can't compete with PSE&G's BGSS offering and RESA is seeking to confuse issues; and (e) RESA does not have an actual interest in the outcome of this case.

RESA members offer competitive gas service to customers who receive default service under the BGSS-RSG for PSE&G. They have a clear cut, undeniable interest in the outcome of a proceeding which sets cost recovery mechanisms for a competitor, and the interests of RESA members will be effected by the outcome of this proceeding. In its Motion, RESA outlined the repeated cost changes which PSE&G implemented in the past year, undercutting the competitive market for gas supply in PSE&G territory, and the high likelihood that customers who overpaid under PSE&G's service, then switched to gas supply service with a TPS, never received the

benefit of PSE&G's repeated billing credits issued to its residential customers. To sweep these concerns under the rug as "confusing the issues" ignores a key issue in the growing competitive market for residential gas supply services in New Jersey. It remains a crucial factor in a fair and functioning competitive market to have a level playing field. When PSE&G is allowed to clearly favor customers who choose *not* to shop, the competitive playing field is skewed, and ultimately, customers (quite literally) pay for these inequities.

In its Motion, RESA merely asks the Board to consider requiring PSE&G to provide additional notification prior to the implementation of credits for customers. This would allow RESA member companies (and shopping customers) the opportunity to know, in advance, the BGSS price offering. The notion that advanced notification of price credits would somehow confuse customers displays a complete lack of faith in customers' ability to understand something as simple as a price credit, or a price adjustment. RESA doesn't seek to upend the current BGSS annual filing process, RESA members simply want to know in advance what kinds of cost changes will be made to the BGSS product.

The fact that a so-called predecessor of RESA participated in a generic proceeding over a decade ago does little to mitigate the fact that the competitive market for gas supply service in New Jersey has substantially evolved and changed since the 2003 proceeding referenced by PSE&G. It is hard to know if any TPS issues, such as the numerous self-implementing bill credits raised by RESA in its Motion, were considered when the generic BGSS proceeding was held. This is an opportunity to ensure the BGSS Annual filing process functions as it should, with timely review and reconciliation of price adjustments as TPSs have to compete in the gas supply market in real time and market benchmarks should reflect real time market prices. RESA posits that the current BGSS process for issuing credits operates as a disadvantage for shopping customers and TPSs alike.

While PSE&G is not "currently" seeking a bill credit, the filing requests the ability to have two self-implementing bill increases under the current unworkable notice system for TPSs. RESA certainly has no issue with PSE&G issuing credits or increases – the problem for RESA

and for shopping customers is one of notice and timing. If RESA members and shopping customers know *in advance* of the issuance of a bill credit, they can plan accordingly and fully informed of the BGSS commodity cost.

For the foregoing reasons, it is clear that, as PSE&G, Rate Counsel, Board staff and other parties to this proceeding conduct discovery and potential settlement negotiations, issues that substantially, specifically and directly affect RESA's interests could arise. As such, RESA would add constructively to this proceeding by interjecting its relevant and unique interests to the outcome, and granting RESA intervener status would not cause confusion and delay.

In addition to the foregoing arguments, RESA submits that fundamental fairness and due process require that the Board grant its Motion to Intervene as a party in the above matter and to grant such further relief as it deems is just, reasonable and proper. Please do not hesitate to contact me should you have any questions or concerns.

Very truly yours,

Murray E. Bevan

cc: Service List

Public Service Electric and Gas Company
BGSS Commodity Charge 2014/2015
BPU Docket No.: GR14050512

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