BGS PUBLIC NOTICE
NOTICE TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY ELECTRIC CUSTOMERS

NOTICE OF FILING AND PUBLIC HEARINGS FOR BASIC GENERATION SERVICE (BGS) CHARGES PROCURED BY PSE&G ON BEHALF OF ITS BASIC GENERATION SERVICE CUSTOMERS
AND
NOTICE OF PROPOSED RECOVERY THROUGH ITS BGS CHARGES OF COSTS RESULTING FROM STATEWIDE AUCTION FOR BASIC GENERATION SERVICE

PLEASE TAKE NOTICE that on July 1, 2020, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a proposal [Annual Proposal for Basic Generation Service ("BGS") Requirements to be Procured Effective June 1, 2021] with the New Jersey Board of Public Utilities ("Board" or "BPU") requesting that the Board approve the procurement of BGS through a statewide competitive auction process with new BGS charges to become effective June 1, 2021. BGS is the electric generation supply provided to all PSE&G customers who do not purchase their electricity from a third-party supplier.

The Board mandates that the New Jersey Electric Distribution Companies ("EDCs"), including PSE&G, provide BGS in accordance with the requirements of the Electric Discount and Energy Competition Act ("the Act"). BGS is currently procured through a statewide competitive auction process in which all of the EDCs seek competitive offers for BGS supply from electric generation suppliers. In this auction process, electric generation suppliers bid in a descending-clock auction on specified portions of the electric requirements for BGS customers for each of the EDCs. Since 2001, the Board has approved this type of auction and found that this process meets the statutory requirements of the Act. The Company's Annual Proposal for BGS Requirements to be Procured Effective June 1, 2021, is available at http://www.bgs-auction.com/bgs.auction.regproc.asp.

The final price for Basic Generation Service – Residential Small Commercial Pricing ("BGS-RSCP") supply resulting from the BGS-RSCP auction conducted in 2020 was $0.10216 per kilowatt-hour, including Federal Energy Regulatory Commission ("FERC") approved transmission charges, for a 36-month supply period. For the Basic Generation Service – Commercial and Industrial Energy Pricing ("BGS-CIEP") auction conducted in 2020, the Generation Capacity Charge cleared at $359.98 per MW-day.

The final auction clearing prices for the BGS supply procured in the 2021 BGS-RSCP and BGS-CIEP auctions may be higher or lower than the prices obtained in the 2020 auctions. Auction prices are converted to customer charges, which may be higher or lower than current charges, depending on the outcome of the auction consistent with market conditions. In the Petition pending before the Board, the EDCs propose that BGS energy rates for the upcoming BGS auction exclude applicable transmission charges set by the FERC. PSE&G has requested that the EDCs be permitted to procure transmission on behalf of the BGS customers going forward instead of the BGS suppliers and that transmission charges will be broken out as a separate component of total BGS-RSCP supply rates. BGS-RSCP and BGS-CIEP rates may change to reflect any increases or decreases in these FERC-approved transmission charges. If the Board approves EDCs' request to exclude transmission costs from BGS, the 2021 prices will appear lower because transmission will not be included in the 2021 auction prices.

Additionally, the Company proposed a change in the calculation of its reconciliation charges for BGS-RSCP and BGS-CIEP. The reconciliation charges, which are currently calculated on a monthly basis, will under the Company's proposal, be calculated on a quarterly basis and applied for the upcoming quarter on a dollars per kWh basis and the respective rates are applied to all BGS-RSCP and BGS-CIEP kWh billed.

Under the EDCs' July 1, 2020, proposal, the criteria for BGS-CIEP eligibility would be set at a peak load share of 500 kW. Customer classes eligible to be served under the BGS-RSCP rate would include customers served under PSE&G's distribution Rate Schedules RS, RHS, RLM, WH, WHS, HS, BPL, BPL-POF, PSAL, GLP and LPL-Secondary with a peak load share of less than 500 kW. Customers served on Rate Schedules HS, GLP and LPL-Secondary may elect to be served at BGS-CIEP as their default supply option. Additionally, PSE&G customers served under distribution Rate Schedules LPL-Primary, HTS-Subtransmission, HTS-Transmission, HTS-High Voltage, and those LPL-Secondary customers with a peak load share of 500 kW or greater are only eligible to be served under BGS-CIEP. These criteria for BGS-CIEP service are subject to change for this year's procurement at the discretion of the Board.

PLEASE TAKE FURTHER NOTICE that due to the COVID-19 pandemic, a telephonic public hearing will be conducted on the following date and time so that members of the public may present their views. The hearing will continue until all public witnesses are heard. Information provided at the public hearings will become part of the record of this case and will be considered by the Board in making its decision.

Date: September 24, 2020 **Time:** 1:00 p.m.
Dial In: 844-767-5679 **Access Code:** 2593585

Representatives from the Company, Board Staff, and the Division of Rate Counsel will participate in the telephonic public hearing. Members of the public are invited to participate by utilizing the Dial In and Access Code information set forth above, and may express their views on this filing. Such comments will be made part of the final record of the proceeding to be considered by the Board. The Board is also accepting written and emailed comments. Although both will be given equal consideration, the preferred method of transmittal is via email to ensure timely receipt while the Board continues to work remotely due to the COVID-19 pandemic. Written comments may be submitted to the Board Secretary, Aida Camacho, at the Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, P.O. Box 350, Trenton, NJ 08625-0350. Email comments should be submitted to: board.secretary@bpu.nj.gov. Please include the name of the petition and the docket number when submitting comments. Written and emailed comments will be provided the same weight as statements made at the hearings. Hearings will continue, if necessary, on such additional dates and at such locations as the Board may designate, to ensure that all interested persons are heard.

PLEASE TAKE FURTHER NOTICE that the Board will conduct an additional legislative-type hearing on September 11, 2020, beginning at 10:00 AM, regarding the BGS proposals. It is anticipated that the Board will rule on the EDCs' BGS proposal shortly thereafter. The Board's Agenda Meeting schedules can be found at nj.gov/bpu.

PSE&G
PUBLIC SERVICE ELECTRIC AND GAS COMPANY