

September 22, 2006

TO: President Fox, Commissioners Bator, Butler, Fiordaliso and Hughes

FR: Sara Bluhm, Assistant Vice President Energy & Federal Affairs

RE: BGS Auction 2007 Docket #EO06020119

On behalf of the 23,700 members of the New Jersey Business & Industry Association (NJBIA), I would like to thank the Board for allowing us to comment on the 2007 BGS Auction. Our membership is comprised of both BGS-FP and BGS-CIEP customers.

NJBIA, since deregulation occurred, has tried to look at the overall energy situation for all businesses – not certain segments of our membership. This has involved our advocacy of programs that result in the greatest good for the greatest number of members. To that end, we were very pleased to see that the Board is actively searching for the position of BPU Business Ombudsperson to help business navigate through the BPU, as well as shop competitively for energy.

According to the US Department of Energy's Energy Information Administration's most recent electric price data, New Jersey's industrial ratepayers pay the third highest rates in the country and commercial ratepayers pay the eleventh highest rates. NJBIA is very concerned about these high electric prices and our competitive disadvantage in this region.

The CIEP switching numbers constantly indicates that while 85 percent of the load has been switched over to competitive third party suppliers, 35 percent of customers have not left their traditional utilities. These customers are paying approximately \$1 million a month in BPU imposed .005 retail margin adder surcharges for not shopping around. It is this retail margin adder fund, comprised of over \$60 million, which is allowing for customer education workshops and the creation of the BPU Ombudsperson. The Board's allocation of over \$20 million of this surcharge for energy audits and building operator certification was a step in the right direction but returning the money to CIEP ratepayers through a rate reduction would help companies immediately. NJBIA understands the Board wanting to spur competition in the marketplace, but would encourage the retail margin adder to sunset.

NJBIA has opposed the expansion of the CIEP rate class that is required to shop competitively. Last year NJBIA was hopeful that an Ombudsperson would be in place to help customers subject to the retail adder shop competitively and understand the process of shopping for energy. Since an Ombudsperson has not yet been brought on board and no educational materials have been produced to help ratepayers understand what they are subject to, NJBIA opposes any efforts by the Board to lower the threshold of ratepayers subject to the retail adder and mandatory competitive shopping.

Since NJBIA has a diverse membership, we must object to any increases in mandatory shopping within the CIEP rate class. The passage of the Ombudsperson is a step in the right direction to educate the marketplace; net meters would allow for customers to see their usage patterns; increases in Clean Energy Funds for business would allow for more efficiency projects to occur; and simple energy worksheets would help to explain complex energy rules and regulations. Using a combination of options, NJBIA recommends that the Board implement several of these suggestions before shocking the marketplace with yearly reductions in the mandatory CIEP class.

Another area of concern for the business community is the impact of the Regional Greenhouse Gas Initiative (RGGI) on the BGS Auction in the future. While New Jersey is one of seven states that are participating in this collaborative, it is the only major energy consumer within the PJM grid to do so. There is the potential for CIEP customers and FP customers to be hit with vast increases as New Jersey based power companies try to comply with standards imposed under RGGI. Since there have been no regulations approved and to date no plan to deal with the leakage issue, we will limit our comments on this subject.

We look forward to working with the Board to develop new and innovative ways to help business with lowering their energy costs.