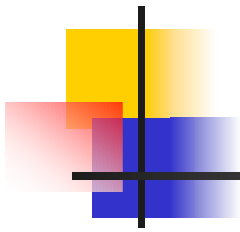


DIVISION OF ENERGY

BPU Regulation of Gas and Electric Distribution Utilities & Energy Conservation



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State of
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Board of
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Division Mission Statement

We will work together, with integrity, efficiency, creativity and responsiveness to our constituents, to help bring high quality and affordable energy services to New Jersey consumers. We will do this by designing and implementing programs which provide consumers with more choices and access to competitive markets, where such markets exist, and diligently exercising our regulatory responsibilities to ensure affordable rates where a competitive marketplace does not exist or cannot adequately provide consumer protection. We will encourage and promote energy efficiency and the development of new energy technologies in the 21st century, for the protection of the environment and the future energy security of the State.



DIVISION OVERVIEW

- RESPONSIBILITIES:

- Traditional Regulation for natural gas and electric industries:
 - Rate base rate of return
 - Traditional bundled rates and tariffs
 - Bundled BGSS and BGS service
- Non Traditional Regulation
 - Evolving competitive retail natural gas and electric markets including:
 - rates & service unbundling, deregulation and retail competition
 - Enactment of the Electric Discount and Energy Competition Act of 1999 ("EDECA")
- Significantly increased and changed to foster full electric and natural gas retail competition in New Jersey.
- Four Bureaus and a Licensing Unit which have distinct, yet often interacting responsibilities.



BUREAU OF REVENUE REQUIREMENTS

- The Bureau of Revenue Requirements performs traditional rate-related functions associated with determining revenue requirements, handling depreciation filings and addressing tax issues. They are also involved in setting BGSS tariff and rates.
 - These functions encompass base rate cases, various adjustment clauses and depreciation matters.
 - With retail competition, these functions are changing to meet the needs of a reconfigured energy environment in areas such as societal benefits charges, and market transition costs



BUREAU OF RATES AND TARIFFS

- The Bureau of Rates and Tariffs comprises the key functions associated with cost of service studies, unbundling of tariffs & rates, alternate plans of regulation, rate and tariff design, mergers and acquisitions, competitive services, stranded costs, appliance service offerings and affiliate relations.
- The Bureau will also be addressing major changes in the electric and gas industries, mergers, ongoing review of unbundled rates, deferred balances for electric utilities and cost of service studies for all seven energy utilities and such issues as Non-Utility Generation Renegotiations.



BUREAU OF POLICY AND PLANNING

- Policy Design includes basic generation supply, basic gas supply service and customer account services.
- The preparation of the various standards required by EDECA has, for the most part, rested with the Bureau, as has the monitoring of customers changing energy suppliers.
- Another major role of the Bureau is to coordinate the efforts of working groups to facilitate utility transition to open competition.



BUREAU OF CONSERVATION AND SOCIETAL PROGRAMS

- A newly formed Bureau of Conservation and Societal Programs has the responsibility of implementing energy efficiency and renewable energy programs, as well as program design and administration, monitoring, and evaluation.
 - The Bureau is also administering, on behalf of the Board, the grid supply renewable energy program and the infrastructure development program.
 - The utilities are presently administering the customer-sited renewable energy program and the residential, commercial and industrial energy efficiency programs.



BUREAU OF CONSERVATION AND SOCIETAL PROGRAMS

- The Bureau, through its State Energy Programs (SEP) staff, also administers dedicated federal funds to promote energy conservation through conservation loans and grants, renewable energy demonstration projects, alternative fuels programs, emerging technologies, and public awareness programs.
- The SEP staff has also become involved in renewable energy and conservation activities that support the goals of electric restructuring.
- The SEP staff also continues to monitor oil and gasoline inventories and prices



LICENSING UNIT

- The Office of Licensing reviews energy supplier licensing applications and energy agent/private aggregator registration applications, monitors licensing compliance with the Board's rules, and monitors the marketplace for activity by non-licensed and non-registered suppliers, and aggregators.
- A licensing and registration function was established in June 1999



HOT TOPICS

- Customer Accounts Services
 - Billing
 - Metering
- BGSS and BGS Retail Structure
- RTO/ISO Issues
- Rate Cases and Deferrals