

EDUCATIONAL SERVICES COMMISSION OF NEW JERSEY

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August 17, 2021

Mr. Timothy J. Dacey
Business Administrator
Township of Piscataway
455 Hoes Lane
Piscataway, NJ 08854

Dear Mr. Dacey:

The Educational Services Commission of New Jersey (ESCNJ) and Good Energy have been working on structuring products and terms over the last few months that best support the opportunity to renew the Piscataway Government Energy Aggregation (GEA) program. Indicative pricing we've received and evaluated over the last few months was substantially higher than PSE&G default rates, forcing us to wait for a better buying opportunity. Energy markets have not cooperated and have moved even higher in the last 30 days. Looking at where the market is for PSE&G deals relative to PSE&G's price-to-compare (default rate), suppliers simply do not have any offers they feel comfortable moving forward with for Piscataway at this point in time. Indeed, this is the case across the entirety of the PSE&G service territory, especially as it pertains to programs with higher renewable content that further increase pricing. We're seeing prices to renew Piscataway in the \$0.155 per kWh range for a 17-month contract term, compared with PSE&G's default rate of approximately \$0.135 per kWh. While the \$0.155 includes an additional 10% NJ Class I renewable energy certificates (RECs), the delta between the two prices is still significant, driven largely by the increase in power prices (supported by rising natural gas prices). We've seen on peak forward electric prices in PJM move from approximately \$35/MWh earlier in the year to approximately \$45/MWh. Additionally, REC costs have also sky-rocketed.

Moving forward with a deal at current prices would have a negative impact on customers, generate negative perceptions about aggregation in NJ, and negatively impact both suppliers and ESCNJ and Good Energy's ability to do aggregation deals in the future. The advent of increased opt-out percentages in a high-priced energy market creates risks that suppliers cannot mitigate. We recognize that the Piscataway GEA program was entered into via a Referendum to provide extra renewable content, however, the Ordinance also equally values supply cost savings for residents. The window of opportunity to renew the Program has passed with the current supplier, and would require putting the Program out for competitive bid in an effort to obtain more favorable pricing in the future. Therefore, our recommendation would be to delay the re-start of the Program to find more beneficial terms and price points. We should establish some baseline pricing that would be acceptable to Piscataway and more tenable for the residents. In the meantime, Energy Harbor will be returning residents back to default service with PSE&G. Let's schedule a time to discuss the options we have available to us.

Respectfully yours,

Patrick Moran

Business Administrator/Board Secretary

PMM/ha

cc: Mark J. Finkelstein
John Berg, Good Energy
Charles de Casteja, Good Energy