

NJBIA

AT ISSUE *By Sara Bluhm, Assistant Vice President for Energy Affairs*

Coping with Higher Electricity Costs

As if coping with the recession isn't bad enough, New Jersey businesses also have to deal with rising electricity prices. It makes sense for businesses to do all they can to reduce their electric consumption, and the state has a number of programs to do just that.

Expect electricity costs to rise in 2009. New Jersey's electricity rates are determined by an electric auction conducted by the NJ Board of Public Utilities (BPU) every February, and this year, the average bid came in at a whopping 91 percent increase from last year. That translates into a 7 percent increase in the overall energy bill for Commercial and Industrial (CIEP) customers. With CIEPs accounting for 64 percent of the electricity consumption in New Jersey, this is a big deal.

Businesses that are looking to reduce the bite the higher electricity rates will have on their budgets can get assistance from the state. Thanks to some of the changes NJBIA has been pushing for, that assistance can make it more feasible for the private sector to undertake energy-efficiency or alternative energy projects.

Probably the best-known of the state programs is the Clean Energy Program, which provides grants to employers for clean energy projects such as changing to more efficient lighting or installing combined heat and power. In the past, this grant program has been under-utilized on the commercial and industrial side because the grants have been capped at \$200,000, which isn't much help on large, expensive projects. After listening to NJBIA, the BPU increased the level of funding to \$500,000 per utility meter (electric and natural gas), per calendar year.

Commercial and industrial users are among the biggest contributors to the Clean Energy Program, which is funded from the Societal Benefits Charge tacked onto all energy bills in the state. So businesses should check out what benefits they can get for their money. Employers can get information on incentives at www.njcleanenergy.com. Just click on the Commercial and Industrial tab.

Another available source of money is the Clean Energy Manufacturing Fund (CEMF) managed by the NJ Economic Development Authority. The CEMF program provides up to \$3.3 million in grants and interest-free loans to qualified manufacturing projects. There are

two components: "Project Assessment and Design" and "Project Construction and Operation." Project Assessment and Design provides up to \$300,000 to assist with manufacturing site identification and procurement, design and permits. The Project Construction and Opera-



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tion component provides up to \$3 million in zero-interest, 10-year loans to support site improvements, equipment purchases, and facility construction and completion. For more information, visit www.njeda.com.

Additionally, the Legislature has approved \$105 million to help businesses cope with high electricity costs through conservation and on-site generation. The funding would come from the existing "retail adder," a tax on large, hourly priced electric bills and would fund grants from the BPU on a first-come, first-served basis. The NJBIA-backed bill would allocate \$60 million for the development of on-site energy generation, known as combined-heat-and-power projects, and \$45 million for energy efficiency projects at businesses.

In these tough economic times, you can ill-afford to overlook the impact rising electricity costs are having on your operations. To learn more about the resources for your business, visit NJBIA's Recession Survival Guide at www.njbja.org/resources/main.asp. **NJB**