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At Issue

Energy Master Plan Changes Will Impact Your Company

Today, many of us take for granted that when we flip the switch, the lights come on. We rarely think about the vast industry and infrastructure that brings us a seemingly limitless supply of reliable energy. We think less often about the equally vast bureaucracy that regulates it. But that's about to change.

In October 2006, Governor Jon Corzine kicked off an initiative to thoroughly revamp the State's Energy Master Plan (EMP), which is supposed to be updated every three years but has not undergone a comprehensive review since 1991. Since then, New Jersey has seen increased instability in some oil-producing countries, increased volatility in energy prices, a multi-state power grid failure and Hurricane Katrina's ravaging impact on the Gulf Coast's natural gas supply. Clearly, modernizing New Jersey's energy policies is long over due.

The Governor has set three goals for the Energy Master Plan to cover: security price and reliability of supplies; the economic impact of energy production, transportation, and end use; and environmental impact associated with energy production. Corzine's overarching goal is to reduce statewide consumption of energy by 20 percent and increase the use of renewable energy sources like solar energy and wind power by 20 percent by 2020.

Why should business care about the Energy Master Plan? First and foremost, the business community is New Jersey's largest energy consumer, with commercial and industrial users consuming 60 percent of all electricity in the state. Businesses also pay among the highest energy costs in the nation. According to the US Energy Information Administration, New Jersey's industrial customers pay the 4th highest electricity rates in the nation, while its commercial customers pay the 11th highest rates. New Jersey energy prices are also higher than in many of our neighboring states that also participate in the PJM power grid, which supplies electricity to

Pennsylvania, Maryland, New Jersey and Delaware. The reliability and the ability to predict the supply of energy is essential to producing and moving goods and services. Finally, the plan will impact the cost of energy.

Many of the discussions among the groups participating in the master plan development have centered on renewable power. In New Jersey, all energy consumers pay a Societal Benefit Charge (SBC) averaging about 3 percent of their total energy bills. A portion of the money is used to subsidize renewable energy projects, like installing solar panels on a building. One of NJBIA's biggest energy concerns is the imbalance between business's contributions to and benefits from the SBC. While the average homeowner contributes about \$20 a year in SBC funds, the average business contributes thousands of dollars, yet the bulk of clean energy subsidies go to homeowners. If the state is serious about meeting its renewable energy goals, it must invest more in renewable energy projects at commercial and industrial facilities.

Master plan changes could also lead to higher business costs, as many people want to increase the SBC paid by commercial and industrial facilities. At the same time, some plan stakeholders are pushing for the elimination of nuclear power, despite the state's growing power needs and the more stringent environmental restrictions being placed on traditional generators. Other issues, such as green buildings and limits on energy use, will impact business operations throughout the State.

The good news is nothing has been decided yet, so there is still time to have your say. Share this article with those in your company who are responsible for managing your energy and paying your energy bills. Then come out to one of the stakeholder meetings (go to www.nj.gov/emp for a schedule) and explain how you think energy policies in New Jersey should be changed.

NJBIA has been fighting aggressively on your behalf to keep the cost and reliability issues at the forefront of this policy discussion. But we need you to add your voice to help us get our message across. ❧