

Michele N. Siekerka, Esq.
President and CEO

Chrissy Buteas
Chief Government
Affairs Officer

Frank Robinson
Vice President
Government Affairs

Andrew Musick
Vice President
Government Affairs

Michael Wallace
Vice President
Government Affairs

Tony Bawidamann
Vice President
Government Affairs

Nicole Sandelier
Policy Analyst

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State of New Jersey
Board of Public Utilities
44 South Clinton Ave., 3rd Floor
Suite 314
Trenton, NJ 08625-0350

Re: New Jersey 2019 Energy Master Plan

To Whom It May Concern:

On behalf of our member companies that provide more than 1 million jobs in the state, making the New Jersey Business & Industry Association (NJ BIA) the largest statewide business association in the country, we value the opportunity to submit comments on the 2019 Energy Master Plan (EMP). NJ BIA appreciates the continued recognition that energy production and use, economic growth and environmental protection are tied together. As our state continues to strive for a healthy competitive business climate, energy plays a critical role in business decision making.

Since the commercial, industrial, and transportation sectors consume 76 percent of all energy in the state, NJ BIA and its members have a vested interest in the creation of any plan that sets goals for energy conservation and consumption. NJ BIA agrees that if potential energy efficiency load reduction goals are met, ratepayers would see cost savings. However, it is also likely that if the state imposes goals and they are not met, it will mean higher prices for ratepayers. Therefore, it is a priority of NJ BIA to ensure that ratepayers do not experience price increases as a result of unmet goals. Furthermore, it is our priority to ensure that no steps are taken without a cost-benefit analysis.

New Jersey already experiences higher than average electricity costs, according to the U.S. Energy Information Administration. In New Jersey it costs, on average, 12.80 cents per kWh for commercial electricity and 10.40 cents per kWh for industrial electricity. By comparison, national averages for commercial and industrial electricity are 10.82 cents per kWh and 7.18 cents per kWh, respectively.

NJ BIA is committed to finding solutions to invest in our infrastructure while balancing the impacts to our ratepayers. We recognize that an aging infrastructure affects our competitive position within the region and there is a need for a long-term strategy to address modernization. That being said, each energy sector should not be looked at within a silo. NJ BIA strongly feels that there must be comprehensive asset management, planning, and coordination to implement successful upgrades to infrastructure and to decrease the cost to ratepayers.

As the state moves forward with a new Energy Master Plan, New Jersey needs to reaffirm its commitment to natural gas and nuclear power. While NJBIA recognizes the importance of a diverse fuel mix, renewable energy currently accounts for only 4 percent of electricity generated throughout the state. By comparison, natural gas and nuclear power account for more than 90 percent of electric generation, providing reliable baseload generation throughout New Jersey.

Natural gas is the leading source of energy in New Jersey, accounting for 49.7 percent of utility-scale net electricity generation in the state. Natural gas is approximately \$5 less than the national average, costing \$11.39 per thousand cu ft. It is a key component of New Jersey's energy mix and affordable to ratepayers. As such, natural gas must be incorporated into any future state EMP in order to maintain efficiency and to drive down costs.

In addition, the closure of Oyster Creek should not be overlooked. Oyster Creek accounted for 7 percent of total in-state generated electricity. This closure created a void that must be filled with reliable energy sources that will not increase the cost of doing business in the state. Any further expansion of renewables that are subsidized by ratepayers must undergo a cost-benefit analysis before being implemented.

New Jersey is a leader in solar energy generation, ranking 6th in the nation. However, according to the Solar Energy Industries Association, solar energy generation is predicated to grow 1,920 MW over the next five years, potentially decreasing New Jersey's overall national ranking to 10th.

Despite a slow growth prediction, solar energy remains an important component to the state's energy portfolio. Over the last five years, the price for solar energy decreased 47 percent across the state. Changes in technology and business models have allowed solar panels to become thinner, quicker to install, and easier to finance, leading to the fall in solar energy prices. While solar is an affordable source of energy for the state, it accounts for less than 4 percent of electricity generation and thus is insufficient for widespread use at this time.

In 2015, New Jersey generated less than 1 percent of the nation's wind energy. Wind is a promising source of energy for the future, but it is currently unrealistic to depend heavily on it as a major source of energy generation. While offshore wind generation has the potential to drive down costs for ratepayers and create jobs for all skill levels (as shown through Massachusetts' Offshore Wind Workforce Assessment), it is unclear how ratepayers would be affected by the initial startup costs of this major infrastructure project. New Jersey also is in need of adequate storage for electricity produced from wind farms. Therefore, a cost-benefit analysis is needed before proceeding with the creation of offshore wind farms.

Currently solar, wind, and geothermal electricity generation accounts 4 percent of utility scale electricity generation throughout the state. With such a small percentage of energy being generated from these renewable sources and natural gas still being the primary source of electricity generation throughout the state, it is an ambitious for the State to aim to achieve a "clean energy" dominant portfolio by 2050. Ramping up efforts that are not cost effective will have negative short term and long terms impacts on the State. At this time, wind and solar energy are not reliable sources of baseload generation in the same way natural gas and nuclear energy have been for New Jersey.

In a world that has become unequivocally reliant on technology, the state cannot put New Jersey businesses at risk of depending solely on renewable energy sources, without a storage and cost evaluation. As we work toward a cleaner, more efficient energy mix for New Jersey, the EMP must remain realistic in its goals and timeline for expanding solar and wind energy.

New Jersey leaders must acknowledge that there are many policy decisions that are beyond the state's control that will ultimately impact our future. New Jersey ratepayers are at the mercy of regional and national policy that impact our reliability, capacity, and generation markets. It is important to factor these choices into a state plan as they have the potential to drive some of our decisions as well as our rates.

Therefore, NJBIA remains opposed to the state rejoining the Regional Greenhouse Gas Initiative (RGGI). The data shows that there will be little environmental gain to justify the increased costs associated with RGGI. Despite being a highly industrialized state, New Jersey has lower carbon emission rates than most RGGI states and has the lowest carbon emission rates on the PJM electric grid. According to the NJDEP Air Quality, Energy & Sustainability, New Jersey is tied for the lowest utility nitrogen oxide emission rates and tied for the third lowest sulfur dioxide emission rates in the United States. In addition, New Jersey is also the 10th lowest producer of carbon dioxide emissions, with the transportation sector being the largest emissions contributor.

Furthermore, and most importantly, New Jersey is downwind from Pennsylvania and Ohio, two states that are not a part of RGGI and have significantly higher emission rates of nitrogen oxide, sulfur dioxide, and carbon dioxide. New Jersey has been a leader in reducing emission rates without artificially increasing costs. To date, New Jersey has shut down two major coal plants; however, the state still receives emissions from Pennsylvania and Ohio. As long as these two states are not part of the solution, New Jersey will continue to receive their dirty air, regardless of whether or not the Garden State rejoins RGGI.

The PJM grid is another aspect in which New Jersey is at the mercy of other states. The PJM grid provides an electrical transmission system for 13 states and the District of Columbia. As a result, competing state interests can prevent New Jersey ratepayers from receiving the best price and service. The state cannot act alone in working to update the grid and protect ratepayers without taking into consideration the ripple effects that a lack of action from our neighbors may have on reliable, affordable energy at home. New Jersey must take action to work alongside our regional partners to accomplish comprehensive grid modernization in order to protect our ratepayers.

As mentioned above, transportation is the largest carbon dioxide emission contributor and thus remains the largest source of greenhouse gas emissions (GHG) in the state. Diesel burning sources (trucks and buses) are particularly problematic and are major contributors to GHG emissions. This is an area that the EMP can address through the encouragement of alternative fuel vehicles, such as electric vehicles and other fuel sources.

New Jersey's Electric Vehicle Cost Benefit Analysis indicated that a shift to electric vehicles can provide net savings for ratepayers and could have a nearly \$1 billion societal benefit. Expanding incentives such as partnerships with the business community to provide increased loan options to purchase electric vehicles and state rebates for the purchase or lease of full electric/hybrid vehicles can ultimately put money back in the pockets of New Jersey ratepayers while decreasing GHG emissions. In addition, the state must be mindful to the cost to all ratepayers for any incentive program.

Currently, 24 percent of ratepayers' electric bill is government imposed taxes and fees. New Jersey ratepayers have been paying Societal Benefits Charges (SBC) for over a decade. SBC is collected as a non-by-passable charge on all customers of the state's investor-owned electric and gas public utilities. The SBC is a per kWh charge that equates to nearly 4 percent of a customer's monthly energy bill. This is just one example of how the state can reduce the cost of doing business by reducing the SBC charge.

In addition, the state should incentivize businesses to do more. In an attempt to reduce GHG and increase energy efficiency, NJBIA supports implementing tax credits for commercial, industrial, and transportation customers who reduce their emission rates and/or make an effort to practice increased energy efficiency.

With the cost to ratepayers in mind, NJBIA strongly believes that no implementation step toward diversifying the state's energy portfolio should be taken prior to completion of a cost-benefit analysis. Given that the state ranks dead last in overall business climate, any potential increase to ratepayers must be thoroughly vetted prior to implementation to avoid further damage to our business climate. In addition, there must be comprehensive reform of taxes and state imposed fees to offset the high cost of doing business in New Jersey.

NJBIA is committed to working with the BPU and other stakeholders to achieve long-term strategies. We also recognize that there needs to be a balance. NJBIA appreciates the opportunity to share these ideas with the Board and looks forward to collaborating with you to build a better New Jersey.

Thank you for your consideration of our comments.

A handwritten signature in black ink, appearing to read 'A K Bawidamann', with a long horizontal flourish extending to the right.

Tony Bawidamann
Vice President
Government Affairs