



December 7, 2020

VIA ELECTRONIC MAIL

Aida Camacho-Welch
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, NJ 08625

**Re: Advanced Metering Infrastructure (AMI) Work Session
BPU Docket No. EO20110716**

Dear Secretary Camacho-Welch,

These comments are respectfully submitted on behalf of South Jersey Gas Company ("SJG"), Elizabethtown Gas Company ("ETG") and New Jersey Natural Gas Company ("NJNG") (collectively, the "Companies") in accordance with the November 19, 2020 Notice ("Notice") issued in the above-referenced proceeding. The Companies incorporate by reference and supplement the comments being submitted this same day by the New Jersey Utilities Association.

As reflected in the Notice and underscored by the panelists during the November 23, 2020 Work Session, Advance Metering Infrastructure ("AMI") or "smart meters", hold the potential to be an integral part of New Jersey's clean energy transition and to benefit customers seeking to better understand and control their own energy usage. The Companies agree that opportunities to deploy AMI in New Jersey offer many benefits and these benefits will complement each Company's strong commitment to the continued delivery of safe, reliable, affordable and clean natural gas to their customers.

Relatedly, SJG, ETG and NJNG remain committed to supporting the State's long-term environmental and sustainability goals and appreciate the key role they play in achieving the energy consumption reduction targets contained in the Energy Master Plan and the New Jersey Clean Energy Act of 2018. The Companies have been regularly engaged in the promotion of energy efficiency and clean energy in New Jersey for many years with much success and will continue to support programs that encourage a reduction in energy consumption. The Companies respectfully submit that the wide-scale deployment of smart meter technology across all energy sectors, including the natural gas distribution systems owned and operated by New Jersey local distribution companies ("LDCs"), would help to facilitate our collective efforts to satisfy the State's laudable environmental goals.

SJG, ETG and NJNG agree with NJBPU Staff that there is enormous potential for AMI to facilitate carbon reductions, lower costs for customers, and enhance utility response to

outages. Deploying AMI on natural gas systems across our State has the potential to provide these same or similar benefits to LDCs and their customers in both the residential and commercial sector, including:

- **Reduced labor costs:** With two-way communicating meters, utilities reduce or avoid costs associated with dispatching meter-readers, enabling redeployment of resources and potentially decreasing utility labor costs, and helping utilities to effectively manage their workforce;
- **Remote, timely and accurate billing:** By eliminating estimated consumption, customers are billed only for their actual gas usage, improving predictability of utility revenue streams. AMI systems have almost a 100% accuracy rate;
- **Reduced Lost and Unaccounted for Gas:** Lost and unaccounted for gas (which represents the difference between the amount of gas metered into a pipeline system and the amount metered out of the system) may be caused by a variety of factors, including meter inaccuracies. The communication networks deployed with AMI can be used to collect pressure and temperature readings and trigger alerts if they fall outside pre-defined thresholds, enabling the LDC to take remedial action. Thus, the use of AMI may avoid adverse pressure- and temperature-related events that contribute to lost and unaccounted-for gas, potentially decreasing the allowance for this expense in rates for customers;
- **Increased energy efficiency and peak demand reduction:** AMI technology offers enhanced consumer analytics which help support the State's energy efficiency goals by supporting programs such as demand response. Programs like these provide customers with options to better manage and reduce their gas consumption, thereby encouraging greater conservation, leading to a reduction in natural gas use and associated greenhouse gas emissions;
- **Reduction of CO2 Emissions:** AMI enables utilities to remotely check meter status and perform various diagnostics, which considerably reduces the number of times a truck is sent to the field, thereby reducing CO2 emissions incrementally to those noted above, consistent with the State's environmental goals;
- **Real time monitoring of potential abnormal operating conditions:** Smart meters can detect anomalies in usage including those related to leaks and tampering. This ability provides considerable safety benefits as well as revenue protection. AMI technology within the natural gas industry has advanced significantly in recent years. Through technological advancements, the two-way communication between meters and data management platforms over secure, wireless networks provides for potential benefits which were previously unattainable through legacy gas solutions. One of the most significant advancements has been the integration of intelligent and remote shut off valves into AMI specific meters, which greatly enhances the ability to monitor and

respond to abnormal operating conditions preventing potentially dangerous situations for customers and first responders;

- **Improved leak detection:** Deploying AMI on natural gas pipeline systems can also result in faster and more accurate leak detection. Under current conditions, without AMI deployment, most leaks are currently detected through periodic manual surveys. Using smart meter technology, potential leaks can be determined remotely, by using the communication networks deployed with AMI to collect and transmit data in real-time;
- **Improved Distribution System Management:** Additional emissions reductions may also occur due to improved management of the natural gas pipeline system. For example, the wireless communication networks deployed with AMI can be used to collect data from methane, cathodic protection and other sensors on the pipeline system, enabling natural gas leaks and weakening infrastructure to be detected and repaired more quickly than if sensor data must be collected manually;
- **Improved capacity planning for LDCs as a result of increased consumption data:** Smart metering trending analysis will allow LDCs to obtain granular visibility into customer gas demand and enhance capacity planning and gas system investments; and
- **Enhanced customer experience:** By providing customers with accurate and timely data on their energy consumption through AMI technology, utilities will have the ability to more effectively encourage informed customer usage decisions and increased interactions between the customer and utility. This enhanced experience facilitates customer satisfaction and, as noted above, promotes behavior that results in energy efficiency.

Guided by these considerable benefits, the Companies respectfully submit that all New Jersey utilities, including gas utilities, should be encouraged to invest in AMI and should be provided with regulatory certainty with respect to cost recovery of smart meter investments, which is consistent with the approach applied in other States. Many other jurisdictions have recognized the potential to deliver widespread benefits to LDCs and their customers by approving the deployment and cost recovery of AMI on natural gas distribution systems. Recent examples of state commissions that have approved AMI deployment and cost recovery in the natural gas sector include New York, California and Maryland, where, like New Jersey, furthering the state's energy conservation goals are a top priority. Notably, in New York, the Public Service Commission ("PSC") has solidified certainty around cost recovery for AMI by approving these investments through the utility base rate case process where the PSC applies a forward-looking test year policy and is therefore, akin to approval of an Infrastructure Investment Program (IIP)-like mechanism for AMI investments. Following and building on the initiatives taken in other jurisdictions with respect to AMI for natural gas systems will continue to position New Jersey as an innovative leader in this field and will ensure that AMI meets its full promise in New Jersey.



SJG, ETG and NJNG appreciate the opportunity to submit these comments and look forward to continued collaboration with the BPU and all stakeholders to support the State's energy efficiency and clean energy goals and ensure that the benefits associated with AMI are realized by all New Jersey utility customers.

The Companies respectfully requests that all future communications related to this matter be addressed to the following individuals: Deborah Franco, Vice President, Rates, Regulatory Affairs & Sustainability (dfranco@sjindustries.com), Dominick DiRocco, Vice President, External Affairs (ddirocco@sjindustries.com), Kyle Nolan, Vice President, Innovation & Business Improvement (knolan@sjindustries.com), Andrew McNally, Director, Government Relations (amcnally@sjindustries.com), Mark Kahrer, Vice President, Regulatory Affairs (mkahrer@njng.com), Andrew Dembia, Regulatory Affairs Counsel (adembia@njng.com) and Scott Edgerton, Director, Energy Delivery Support (sedgerton@njng.com).

Respectfully submitted,

A handwritten signature in black ink that reads "Deborah M. Franco".

Deborah M. Franco
VP, Rates, Regulatory & Sustainability
SJ Industries

A handwritten signature in blue ink that reads "Andrew K. Dembia".

Andrew K. Dembia
Regulatory Affairs Counsel
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