



INDEPENDENT ENERGY PRODUCERS OF NEW JERSEY

ADAM KAUFMAN – EXECUTIVE DIRECTOR

WWW.IEPNJ.ORG

Comments of Behalf of the Independent Energy Producers of New Jersey

IN THE MATTER OF NATURAL GAS COMMODITY AND DELIVERY CAPACITIES IN THE STATE OF NEW JERSEY – INVESTIGATION OF THE CURRENT AND MID-TERM FUTURE SUPPLY AND DEMAND

Docket No. GO20010033

The Independent Energy Producers of New Jersey (IEPNJ) appreciate this opportunity to provide comments to the New Jersey Board of Public Utilities (BPU) on the London Economics International, LLC (LEI) Final Report: Analysis of Natural Gas Capacity to Serve New Jersey Firm Customers (LEI Report).

IEPNJ is a trade association that represents New Jersey's wholesale electric power generators. Members of IEPNJ are active participants in the region's wholesale power market and have a continuing interest in assuring adequate and reliable supplies of electricity to fuel the region's growth in an environmentally and economically sound manner. The efficient use of natural gas for energy, such as combined cycle electric generation and cogeneration, continues to be a reliable, economic, and environmentally acceptable fuel source – one that is needed to support New Jersey's transition to a fully clean energy future.

IEPNJ has long supported state policies that contribute to continued energy reliability for the State. Since 1992, IEPNJ has worked productively with stakeholders, including the BPU, the New Jersey Department of Environmental Protection (DEP), and state legislature to develop responsible environmental and economically sound energy policies.

Comments

IEPNJ respectfully submits these comments in relation to the LEI Report, which analyzes New Jersey's natural gas supply infrastructure and its adequacy to reliably serve New Jersey's firm supply customers through 2030.

The LEI Report concludes that, under a variety of modeling scenarios, there is a high probability that New Jersey has sufficient infrastructure for the state's natural gas distribution companies (GDCs) to reliably serve their respective winter design day peak demand through the end of this decade. However, based on our review, IEPNJ requests that the BPU review the LEI Report (and conduct further analysis as needed) in the context of assuring that there will be adequate natural gas capacity and supplies to serve not only firm residential and commercial natural gas load, but to assure that there is adequate supply and capacity to serve New Jersey Electric Generation Units (EGUs).

The assumptions in the analysis of the LEI Report should be reviewed to assure that they are capturing the full peak winter demand for natural gas. If it is materially understated (i.e., does not fully recognize the importance of natural gas supply for EGUs), the LEI Report and the BPU could incorrectly conclude that there will be adequate natural gas service through 2030.

The analysis assumes that electric power generators are largely on interruptible supply tariffs and their demand is not included in this "firm customer" reliability assessment. Further, the LEI Report notes that it does not have an accurate account of third-party supply firm natural gas capacity. New Jersey electric generators (EGUs) are served under a variety of natural gas contracts, both firm and interruptible, from local gas distribution companies as well as third-party suppliers.

This review should be considered in the context of two key issues related to electric generation supply and its nexus to natural gas supply. First, EGUs providing capacity

must operate in PJM under PJM's Capacity Performance paradigm which requires strong performance from EGUs to meet electric peak demands. Without adequate gas supplies, this reliability cannot be assured. Second, considering the State's EMP electrification goals to transition from natural gas to electric heat, New Jersey's electric generators will play an increasingly critical role in serving residential and commercial heating loads. It is imperative that the BPU consider natural gas demand from EGUs more explicitly in its determination in this matter. This will allow for a more comprehensive assessment of New Jersey's natural gas delivery infrastructure to assure adequate supply.

Thank you for the opportunity to share these comments.