*Revised March 11, 2022

State of New Jersey
Governor Philip D. Murphy
Lt. Governor Sheila Y. Oliver

Board of Public Utilities
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President

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Dianne Solomon
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Commissioners

NOTICE[1]

STAKEHOLDER MEETINGS AND ADDITIONAL INFORMATION

IN THE MATTER OF RATEPAYER IMPACT STUDY OF THE NEW JERSEY ENERGY MASTER PLAN

Docket No. EO22030130

Pursuant to the Open Public Meetings Act, N.J.S.A. 10:4-6 et seq., the New Jersey Board of Public Utilities ("NJBPU" or "Board") hereby gives notice of a virtual Stakeholder Meeting to solicit input from the public and interested parties on modeling and analysis for a Ratepayer Impact Study ("Study") of clean energy policies presented in the most recent Energy Master Plan ("EMP"). The focus of this meeting is to solicit public input on the Study design and input assumptions.

New Jersey is pursuing a number of clean energy policies to decarbonize its economy, many of which were discussed in the EMP. While the EMP evaluated various pathways for decarbonization and their respective energy system costs, it did not evaluate the net cost of these individual programs to customers. This Study is aimed at understanding the impact of the EMP on customers' energy bills through a comprehensive analysis of rate impacts and overall energy burden as of 2030.

To inform Staff's EMP Ratepayer Impact Study in an open and transparent process, Board Staff ("Staff"), in conjunction with its consultant, The Brattle Group ("Brattle"), will gather public comment from stakeholders during the virtual Stakeholder Meeting described below, as well as in written comments following the meeting regardless of whether a commenter participated in the meeting.

Meeting Date	Agenda Focus	Registration Link
March 25, 2022 *9:30 a.m. to 12:30 p.m. EDT	**Walkthrough of the proposed Study design, focusing on key assumptions underlying the Study, and reviewing Study timeline and deliverables.**	https://us06web.zoom.us/webinar/register/WN_iLgpiiZpSkqa0GZyRTAI-Q During this meeting, Brattle will provide a detailed walkthrough of the proposed Study design. The walkthrough will include a description of the three main Study cases, as well as various sensitivities designed to explore the costs of various approaches to meeting the EMP's clean energy targets. Stakeholders will be invited to comment on the proposed Study design and key assumptions, either orally or in writing.

[1] Not a paid legal advertisement.

Please note that in the interest of public health and safety, meetings will be conducted via webinar. You must register for the meeting before attending. Please register at least 48 hours prior to the scheduled date.

After registration, you will receive a confirmation email containing information about joining the webinar and information about checking your system requirements in advance of the meeting. Stakeholders should check their access devices in advance of the meeting to ensure that they will properly connect to the meeting. Any interested person who would like to speak at the Stakeholder Meeting should indicate so on the webinar registration page. This meeting will be recorded and the recording will be made publicly available on the Board's website.

Background on the EMP and the Ratepayer Impact Study:

In 2018, Governor Phil Murphy signed Executive Order 28, which, among other things, directed the Board to complete an EMP that would provide a comprehensive blueprint to achieve 100% clean energy by 2050.[2] Released on January 27, 2020, the EMP established a set of goals to put New Jersey on a pathway to achieving the State's clean energy goals, and expanded upon previous versions to consider the complete energy system in New Jersey, including electricity generation, transportation, and buildings. Additionally, the EMP incorporated mandates from the Clean Energy Act of 2018,[3] the Zero Emission Vehicle Memorandum of Understanding,[4] and the Global Warming Response Act of 2009[5] to reduce greenhouse gas ("GHG") emissions 80% relative to 2006 levels by 2050.

As part of the EMP, the Board developed an Integrated Energy Plan ("IEP"), a long-term forecasting model, to better inform the strategies set forth in the EMP. The IEP analysis focused on total energy system costs and benefits to develop the least-cost pathways to achieve State goals but did not provide insight into the specific rate impacts that these policies would have on New Jersey ratepayers.

The Board has engaged Brattle to assist Staff in estimating the cost to electric and natural gas retail customers resulting from implementing various elements of the State's clean energy goals incorporated in the EMP. Additionally, the EMP Ratepayer Impact Study will evaluate the rate impacts of legally binding policies that have been enacted since then, including requirements of the Solar Act of 2021;[6] Governor Murphy's Executive Order No. 92, which increased New Jersey's offshore wind targets to 7,500 MW by 2035;[7] Executive Order No. 274, which directed the State to reduce GHG emissions to 50% below 2006 levels by 2030;[8] the Board's energy efficiency orders; and other comparable requirements related to electric vehicles ("EVs") and other programs.

Through this analysis, Brattle will assist Staff in modeling the complicated interplay between New Jersey's various clean energy programs and their impact on electric and natural gas customers in the residential and small and large commercial and industrial ("C&I") rate classes.

High-level Approach of the EMP Ratepayer Impact Study:

The EMP Ratepayer Impact Study will use existing clean energy programs and objectives from the most recent EMP to inform a comprehensive model of consumer costs and overall consumer energy burden across the State of New Jersey. The Study is designed to provide relevant information to regulators and New Jersey consumers, including the following:

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[2] Exec. Order No. 28 (May 23, 2018), 50 N.J.R. 1394(b) (June 18, 2018).
[3] Clean Energy Act of 2018, N.J.S.A. 48:3-87, et al. (2018).
[4] Zero Emission Vehicle Memorandum of Understanding (signed by Gov. Murphy, June 30, 2020), available at: https://www.state.nj.us/dep/ages/docs/mhdv-zev-mou-20200714.pdf.
[5] Global Warming Response Act of 2009, N.J.S.A 26:2C-37, et seq. (2009).
[6] L. 2021, c. 169 (signed July 9, 2021).
[7] Exec. Order No 92 (November 19, 2019).
[8] Exec. Order No.274 (November 10, 2021).

- Gross costs of EMP program implementation in 2030;
- Reductions to energy consumption driven by **increased efficiency**;
- **Shifts in energy consumption** in heating and transportation towards increased electricity usage;
- **Changes to electricity and natural gas rates** that will occur as program, variable, and embedded system costs are applied across changing electricity and gas volumes; and
- **Shifts in energy burden** from gasoline toward electricity consumption, alongside advances in EV adoption and heating electrification.

Modeling Overview in the EMP Ratepayer Impact Study:

As currently envisioned, the EMP Ratepayer Impact Study will include a comprehensive analysis of energy burden for residential and C&I customers, for both electricity and natural gas service. The Study anticipates analyzing expected ratepayer impacts in 2030 under the following scenarios:

- **Current Policy Pathway Case**: looks at the total rate impacts of clean energy programs currently enshrined in New Jersey policies.

- **EMP Achievement Case:** looks at the total rate impacts of clean energy programs that would be necessary to meet the EMP's Least-Cost Pathway[9] scenario, which is designed to result in 100% clean energy by 2050.

- **Ambitious Pathway Case:** evaluates relative rate impacts associated with earlier achievement of 100% clean energy in 2035 from 2050.

The Study will include a sensitivity designed to explore the costs and benefits of specific key elements within the overall EMP. The sensitivity analysis will examine the change to emissions and total consumer energy burden that would be estimated under alternative study assumptions, such as higher levels of EV adoption, building electrification, energy efficiency, and other key study assumptions.

For each case and sensitivity, the "Costs in Scope" include electricity and natural gas customer bills, gasoline or EV charging costs, changes in transmission and distribution costs, and other costs directly related to meeting the State's clean energy targets. The Study does not expect to evaluate taxpayer-funded programs (unless those programs offset the costs of the above), private consumer costs of purchasing EVs, private companies' costs (other than those paid as C&I electric and natural gas bills), or bussing/public transport costs.

Stakeholders are invited to provide feedback on the proposed cases and sensitivities orally at this Stakeholder Meeting and in written comments.

Primary Questions for Analysis in the EMP Ratepayer Impact Study:

The EMP Ratepayer Impact Study is intended to provide guidance on the real-world costs and benefits associated with meeting New Jersey's clean energy targets. The Study intends to answer the following Primary Questions:

[9] The EMP included an IEP which analyzed a number of different policy scenarios, including Pathways 1 – 7. The EMP Ratepayer Impact Study is focused on Scenario 2, which was identified as the "Least-Cost" scenario for reaching 100% clean energy by 2050, adjusted to account for changes in market conditions that have occurred since the EMP was issued.

- What is the **expected total consumer energy burden of achieving the Current Policy Pathway as of 2030**, considering direct costs of existing clean energy programs and associated **changes to electricity and natural gas rates** to recover these costs?
- What are the **economic benefits and savings** to consumers from the EMP Achievement Case, such as through reduced gasoline, natural gas, and electricity consumption?
- What are the **net consumer costs** of the EMP Achievement Case, when considering consumers' total energy burden for all primary uses of energy (electricity, natural gas, and gasoline)?
- How would consumer total energy burden be affected under **alternative pathways to meet the State's solar targets** post 2027? How will acceleration of targets for **electrification, efficiency, and electric vehicle** achievement affect total consumer energy burden?
- What **shifts should be anticipated in the total energy burden**, such as reductions in natural gas and gasoline consumption (replaced by increases in electricity consumption as many services electrify)?
- How might **each customer segment be impacted** by the EMP Achievement Case? Are low-income or any other customer segments at risk of disproportionate impacts associated with the incidence, timing, or details of any elements within the EMP?
- What are the incremental impacts of the Ambitious Pathway Case, relative to the Current Policy Pathway or the EMP Achievement Case?

Presentation of Study Results: Total Energy Burden by Customer Segment:

- Primary Study results will show the annual expenses by customer for utility costs and gasoline-powered vehicles or EVs, obtained for different customer profiles, by class, and by utility for each case.
- Figure 1 demonstrates how the annual costs will be visualized. Note that this particular chart is only for demonstration purposes and does not indicate any results. Two customer profiles (electrified and non-electrified) are used to illustrate energy burden on different customer types:

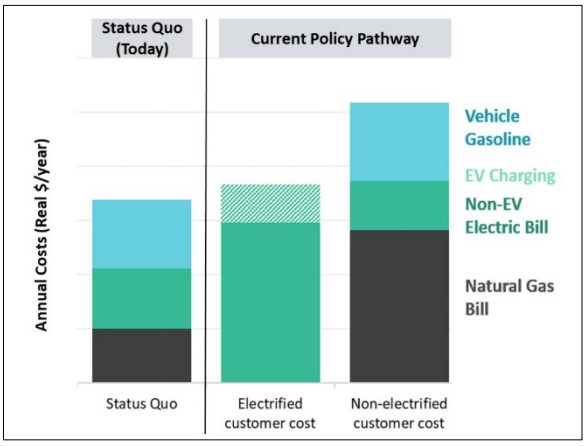

FIGURE 1: Illustration of Residential Customer Total Annual Energy Burden

Stakeholder Process:

Staff welcomes stakeholder input on the various Study design criteria and assumptions that will be discussed in detail at this Stakeholder Meeting. Stakeholders are invited to provide brief oral comments at the meeting or provide more detailed written feedback by the comment deadline below. In particular, Staff anticipates exploring the following questions with Stakeholders:

1. How to ensure that the proposed Study design uses the best available data and provides meaningful and accurate cost estimates.

2. Whether the Primary Questions for Analysis addressed above will provide the appropriate level of information to guide future clean energy policy development in New Jersey.

3. How to quantify rate impacts and energy burdens for different customer segments.

4. What the biggest uncertainties could be in quantifying the costs of the three pathways identified in the Study and how to address those uncertainties in a productive manner? In particular:

    a. How should the Study address various sensitivities for electrifying the transportation and building sectors?

    b. How should the Study evaluate various pathways for New Jersey's solar program in the post-2027 timeframe?

5. How should customer benefits, including environmental co-benefits, be addressed in the Study?

Comments:

The deadline for comments on this matter is 5:00 p.m. on April 8, 2022. Please submit comments directly to the specific docket listed above using the Board's Public Document Search tool. Comments are considered "public documents" for purposes of the State's Open Public Records Act and any confidential information should be submitted in accordance with the procedures set forth in N.J.A.C. 14:1-12.3.

Written comments may also be submitted to:

Secretary of the Board
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, NJ 08625-0350
Email: board.secretary@bpu.nj.gov

Aida Camacho-Welch
Secretary of the Board

Dated: March 9, 2022