Agenda Date: 6/29/22
Agenda Item: 9A

STATE OF NEW JERSEY

Board of Public Utilities
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		OFFICE OF THE EXECUTIVE DIRECTOR
IN THE MATTER OF THE EXPLORATION OF GAS CAPACITY AND RELATED ISSUES	)	DECISION AND ORDER
	)	
	)	DOCKET NO. GO19070846
	)	
	)	DOCKET NO. GO20010033

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Matthew M. Weisman, Esq., PSEG Services Corporation, on behalf of Public Service Electric and Gas Company
Deborah M. Franco, Esq., South Jersey Gas Company and Elizabethtown Gas Company
Andrew Dembia, Esq., New Jersey Natural Gas Company

BY THE BOARD:

I. BACKGROUND

By Order dated February 27, 2019, the New Jersey Board of Public Utilities ("Board") directed Board Staff ("Staff") to initiate a stakeholder process to explore whether there is sufficient gas capacity to meet New Jersey's customers' needs, prospectively.[1] As a result of the stakeholder process, the Board received reports with conflicting conclusions. Specifically, New Jersey Natural Gas Company ("NJNG") filed a report by Levitan & Associates, Inc. ("Levitan Report") concluding that New Jersey's gas distribution companies ("GDCs") will be short of design requirements by 2022/2023; however, the Environmental Defense Fund and the New Jersey Conservation Fund (collectively "EDF/NJCF") filed an affidavit from Greg Lander, President of Skipping Stone ("Lander Affidavit"), concluding that a shortfall does not exist, and New Jersey has access to a large amount of transportation capacity.

[1] In re the Petition of the Retail Energy Supply Association to Reopen the Provision of Basic Gas Supply Service Pursuant to The Electric Discount And Energy Competition Act N.J.S.A. 48:3-49 et seq., and Establish Gas Capacity Procurement Programs, BPU Docket No. GO17121241, Order dated February 27, 2019. See also https://www.bpu.state.nj.us/bpu/agenda/2019calendar/approved/20191220.html starting at 1:40.15 mark.

Accordingly, on May 20, 2020, the Board approved a scope of work and a Request for Quotation ("RFQ") to solicit a consultant to determine if New Jersey has adequate natural gas capacity through 2030[2]. As provided in the RFQ, the consultant's main tasks were as follows:

- Performing the infrastructure, demand, contracts, market and other analysis and research set forth in the scope of work;
- Reviewing the Levitan Report and the Lander Affidavit;
- Assisting Staff in assessing the risk of a shortfall in natural gas capacity in the medium term, considering the normal factors but also considering the effects of energy efficiency ("EE") and conservation expected as the New Jersey 2019 Energy Master Plan ("EMP") is implemented; and
- Identifying and assessing non-pipes solutions that are best applicable to New Jersey's needs and any potential capacity issues.

On November 18, 2020, the Board selected London Economics International ("LEI") as its independent consultant. On December 15, 2021, the Board released LEI's report entitled, "Final Report: Analysis of Natural Gas Capacity to Serve New Jersey Firm Customers" ("LEI Report") for public comment, a copy of which is attached hereto as Appendix A.

II. THE LEI REPORT AND STAKEHOLDER PROCESS

A. LEI Report Findings

Demand Through 2030

As part of the engagement to determine if the State has adequate natural gas capacity through 2030, LEI reviewed the following:

- Gas transmission and delivery infrastructure and projections of peak and design day demand;
- The market structure of natural gas, including contracting options and the profile of interruptible customers;
- Gas demand outlooks and development of demand forecasts through 2030.

LEI modeled 10 scenarios divided into two (2) "Sets." Set One utilized the overall GDC projections of 1.02% combined annual growth rate ("CAGR") in design day firm demand, and Set Two utilized the GDCs' historical growth rate of 0.95% based upon the coldest days of the year.

[2] In re the Exploration of Gas Capacity and Related Issues, BPU Docket No. GO19070846, Order dated May 20, 2020.

Scenario	CAGR Growth (2020 – 2030)
Set One	
GDC outlook (meet Board targets to an unknown degree)	1.02%
GDC outlook and current Board EE targets	0.87%
GDC outlooks and Maximum Achievable Potential EE	0.81%
GDC outlook and ½ IEP* Least Cost Scenario	-0.20%
GDC outlooks and IEP Least Cost Scenario	-1.42%
Set Two	
Historical Trend	0.95%
Historical Trend and current Board EE Targets	0.80%
Historical Trend and Maximum Achievable Potential EE	0.74%
Historical Trend and ½ IEP Least Cost Scenario	-0.27%
Historical Trend and IEP Least Cost Scenario	-1.49%

*Integrated Energy Plan ("IEP")

LEI concluded that, over the next decade, the only scenario in both sets where design day firm demand decreases involves the switching of natural gas customers to electrification of space and water heating.

LEI modeled the second scenario under Set Two (the historical trend CAGR along with the Board mandated EE targets) to assess if there will be a shortfall risk in gas supply between now and 2030. This scenario assumed growth over the next decade without any meaningful electrification. Using this scenario, LEI concluded that the State would not face a supply shortfall under most situations.

Under the high probability outcomes, a normal winter day or a historical peak day, LEI concluded that the State would possess abundant capacity for natural gas. Specifically, on a normal winter day there would be a surplus of 3,196 thousand dekatherms per day ("MDth/d") available, and on a historical peak day there would be a surplus of 1,776 MDth/d available.

Under the low probability scenario of a winter design day, which is the standard that the gas capacity system is built to supply to ensure reliability, LEI concluded that there would be a surplus of 274 MDth/d. This is not a trivial volume, and according to LEI amounts to about the whole of Elizabethtown Gas' firm gas demand on the coldest winter days of the past five years.

LEI determined the only potential gas supply shortfall was found during a very rare a "1-in-90 design day" and/or a "perfect storm." According to LEI, a 1-in-90 design day is a 24-hour period in which the temperature is colder than every day, except one in 90 years. During a 1-in-90 design day, LEI concluded that there would be a shortfall of 153 MDth/d. A "perfect storm" occurs when there is an outage on a transcontinental pipeline during a design day. During a perfect storm scenario modeled as occurring during the 2026/2027 winter season, LEI predicted a shortfall of 525 MDth/d.

Conditions (2029/2030)	**Total Firm Demand** (MDth/D)	**Surplus or Shortfall** (MDth/D)
High probability, low impact		
Normal Winter Day	2,547	3,196
Historical Peak	3,967	1,776
Low probability, moderate impact		
Winter Design Day	5,469	274
Low probability, severe impact		
1-in-90 Design Day	5,896	-153
"Perfect Storm" (2026/2027)	5,321	-525

Review of Previously Filed Reports

LEI performed an extensive review of the Levitan Report and the Lander Affidavit. LEI determined that both made key errors in their assumptions.

According to LEI, the Levitan Report erroneously took the GDCs' design day forecasts at face value, and assumed that zero capacity with delivery points downstream of the State would be available on a design day. LEI also noted that the Levitan Report did not examine the drivers of firm demand.

LEI did not agree with the Lander Affidavit taking a market perspective, rather than a reliability perspective, and the Affidavit's focus on historical peak instead of a design day. LEI concluded that the Lander Affidavit also made unrealistic assumptions about the amount of capacity available to the State, particularly during a design day when demand would increase not only in New Jersey, but also throughout the entire northeast region.

Non-Pipeline Alternatives

LEI identified eight (8) non-pipeline alternatives ("NPAs") that the State could consider to address any potential capacity shortfall.

The first four (4) NPAs would reduce the overall demand for natural gas in the State, and as such, are classified as "demand side." They include:

1. Energy Efficiency: EE reduces energy demand by using less energy to produce the same result. On June 10, 2020, the Board established preliminary EE targets for the GDCs through the 2025-2026 Energy Year.[3]

2. Voluntary Demand Response Program: Demand Response ("DR") incentivizes customers to reduce demand under certain circumstances, such as during peak demand.

3. Direct Load Control: Direct Load Control involves the installation of smart thermostats and smart meters across the State, and allowing the GDCs to lower customer thermostat

[3] In re the Implementation of P.L. 2018, c. 17, Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket Nos. QO1901040, QO19060748 & QO17091004, Order dated June 10, 2020.

settings to reduce usage at certain times. LEI suggested that the GDCs could offer rebates for smart thermostats in exchange for opting into the program.

4. Building Electrification: LEI's demand scenarios indicated that achieving even half of the IEP's recommended building electrification through 2030 would address any shortfall. And further, building electrification would significantly reduce demand by switching customers off of natural gas.

The remaining NPAs are supply-side, and according to LEI can complement the overall supply of natural gas to help satisfy demand for gas, and be utilized during supply constraint.

5. Renewable Natural Gas: Renewable Natural Gas ("RNG") is a "form of methane usable as fuel that comes from organic sources such as landfill waste, sludge, agricultural residue, and food waste."[4] RNG is a pipeline-quality fuel that is interchangeable with conventional natural gas and can be utilized as an alternative fuel source on supply-constrained days.

6. Green Hydrogen: Green hydrogen is produced via electrolysis, whereby renewable electricity is used to split water into oxygen and hydrogen. However, unlike RNG, hydrogen is not fully interchangeable with conventional natural gas and must be blended before being injected into the natural gas pipeline system. Green hydrogen can also be utilized as an alternative fuel source on supply-constrained days.

7. Liquefied Natural Gas / Compressed Natural Gas: Liquefied Natural Gas ("LNG") and Compressed Natural Gas ("CNG") can bypass pipeline constraints to increase gas supply and ensure reliable service is maintained for customers during peak demand periods. These resources can be brought on-system as needed to address system constrains.

8. Advanced Leak Detection: Advanced leak detection pinpoints hard-to-find leaks, reducing overall system leaks and the amount of lost and unaccounted for ("LAUF") gas.

Best Practices and Playbook

The LEI Report contains extensive recommendations for actions to be utilized during a capacity related emergency. These best practices are based upon: (i) lessons learned from other jurisdictions; and (ii) New Jersey's current best practices thereby building upon processes already in place.

LEI further recommended a Playbook designed to address three (3) potential levels of a supply shortfall or emergency event, specifically:

- Elevated (Yellow) Alert: During potential Winter Design Day conditions, where, while no shortfall of supply is necessarily predicted, customers would be encouraged to conserve gas;

- Critical (Orange) Alert: Potential 1-in-90 Design Day conditions. This situation could result in the need for minimal direct load control (1-3 degrees on average for all firm customers) to address a shortfall; and

[4] See LEI Report, page 65.

- Emergency (Red) Alert: A Red Alert is a condition which involves the need for substantial direct load control, such as a Perfect Storm. Direct load control would be evoked, and effective coordination by the BPU may minimize the impact on customers. The Governor's Office and others would be involved in communications.

B. Stakeholder Process

After proper notice, a stakeholder meeting was held on January 25, 2022, during which the following oral comments were received:

- The New Jersey Division of Rate Counsel ("Rate Counsel") agreed with the findings of the LEI Report and that GDCs should include NPAs in their resource planning process. Specifically, Rate Counsel advocated that on-system peaking be included as an NPA, and that any NPA implemented should be done so based on evidence that it is both viable and cost-effective.

- Several groups, including the New Jersey Energy Coalition, South Jersey Gas Company ("SJG"), and NJNG stated that the Board must do due diligence before making any changes, and must help ensure adequate capacity and supply for firm customers.

- The New Jersey Utilities Association ("NJUA") stressed the importance maintaining adequate access to natural gas and called into question the findings of the LEI Report, noting that much of the information was not made publicly available.

- The GDCs advocated for the NPAs, including supply-side solutions such as RNG, LNG, and Green Hydrogen.

- Environmental Groups including Clean Water Action, Food and Water Watch, the EDF, Vote Solar, the NJCF, and Natural Resources Defense Council ("NRDC") agreed with the LEI's findings in general. Many of these groups also advocated for demand-side NPAs, such as EE, but against many of the supply side NPAs.

- Generally, speakers were supportive of including a Playbook, and recommended that it should be GDC specific.

- Marathon Energy commented that the Board should implement a capacity release program for third party supplier ("TPS") companies.

- Affordable Energy for NJ called into the question the cost of the NPAs, and stated that more cost data should be available before they are pursued.

The Board also accepted written comments through February 8, 2022. Below is a summary of the comments received.

Consumer Energy Alliance ("CEA")

CEA explained that 75% of New Jersey households rely on natural gas for their space heating. CEA highlighted many of the benefits of natural gas, and expressed concerns with building electrification, noting that the cost per household could exceed $20,000. Lastly, CEA argued that

the LEI Report mistakenly labeled technologies such as RNG and blended hydrogen as less feasible than they currently are.

Teamster's National Pipeline Labor Management Corporation Trust ("LMCT")

LMCT commented on the safety training utilized by the labor force that works on installing pipelines, and requested that the Board require new pipeline construction to utilize Project Labor Agreements.

Sabin Center / EDF / NJCF

These entities submitted joint comments recommending that the Board: 1) require approval prior to a GDC signing Firm Transportation contracts that are five (5) years or greater; 2) create a robust gas supply planning process, including a biennial gas supply planning docket requiring the GDCs to set out a portfolio of NPAs, specify actions to prevent a gas supply shortfall, and demonstrate consistency with State laws requiring greenhouse gas emission reductions; 3) define a design day that is predicated on objective, measurable, and transparent weather conditions; and 4) provide for stakeholder participation in the GDCs' planning analyses and process as full parties.

Pinelands Preservation Alliance ("PPA")

PPA requested that the Board adopt a transparent, recurring, stakeholder process to determine both capacity and demand for natural gas throughout the state. They noted the substantial issues with the Southern Reliability Link project as support for their position.

Rate Counsel

Rate Counsel found LEI's conclusions to be reasonable, and that a mid-term forecast horizon of at least 10 years was appropriate. However, Rate Counsel noted that LEI did not include all currently available gas supply resources, nor those that have a high probability of being brought online. Regarding NPA's, Rate Counsel noted that while the GDCs should incorporate NPAs into their planning, the costs and benefits should be evaluated, and NPAs should be implemented based upon evidence of viability and cost-effectiveness. Rate Counsel stated it supports the GDCs' continued efforts to plan for emergencies in cooperation with the Board, and agreed that many of the additional measures and practices including the Best Practices and Playbook should be considered. However, Rate Counsel disagreed with LEI's recommendation that the Board consider amending its Infrastructure Investment and Recovery regulations to include a "premium for resiliency attributes associated with infrastructure improvements." Rate Counsel contended that use of an Infrastructure Investment Program ("IIP") might result in building unnecessary infrastructure, thereby precluding the use of more cost-effective NPAs. Rate Counsel also requested that New Jersey's climate change goals be considered by the GDCs in their plans.

Independent Energy Producers of New Jersey ("IEPNJ")

IEPNJ requested that the Board review the LEI Report to ensure that there will be adequate capacity and supplies to serve, not only firm residential and commercial natural gas load, but also New Jersey electric generators ("EGUs"). IEPNJ contended that LEI assumed that EGUs are on interruptible supply tariffs when they are actually served under both firm and interruptible contracts from GDCs and TPSs. Without adequate gas supplies, EGU's cannot provide capacity to PJM reliably. IEPNJ stated that considering the State's EMP electrification goals to transition from

natural gas to electric heat, the EGUs will play an increasingly critical role in serving residential and commercial heating loads.

BlocPower

BlocPower commented that building electrification is the only way that design day demand will decrease through 2030. EE and distributed energy incentives/programs are complimentary to this effort. BlocPower stated that delivered fuel customers should be prioritized first for electrification, and that incentives should account not just for the natural gas supply savings associated with electrification, but also savings resulting from avoided gas infrastructure investment. According to BlocPower, electrification incentives should be comprehensive, and the Board should require that NPAs include a focus on equitable program delivery and distribution of benefits. As such, BlocPower argued that the Board should require, rather than recommend, that GDCs invest in demand-side NPAs, with programs commencing as soon as possible.

Dandelion Energy ("Dandelion")

Dandelion commented that there is significant potential in New Jersey for Geothermal Heat Pumps ("GHPs"), and that GHPs are the most efficient, reliable, and lowest carbon approach to building electrification. Dandelion explained that GHPs transfer heat between the building and the ground, which remains a constant 55 degrees Fahrenheit year-round. It suggested that New Jersey follow its neighboring states, including the "Clean Heat" program in New York, which offers per-ton incentives for GHPs. Dandelion agreed with LEI's recommendation that the State stop incentivizing switching from delivered fuel to natural gas, and instead, incentivize fuel switching to electricity.

Public Service Electric and Gas Company ("PSE&G")

PSE&G argued that both LEI's conclusions regarding the sufficiency of natural gas capacity to meet future peak day demands, and LEI's one-size fits all approach to the State's GDCs, are incorrect. PSE&G contended that LEI ignored that the sendout per heating degree day ("HDD") ratios vary significantly across days, making LEI's analysis invalid. PSE&G further questioned LEI's contention of a "fitted" line of data points given the normal non-linear growth in the all of the drivers of gas demand. PSE&G agreed that NPAs can be a reliable complement to traditional gas pipeline capacity. PSE&G explained that it has demand-side programs including its Clean Energy Future programs, which advance EE and vehicle electrification, modernizing its gas pipeline system, and advanced leak detection. PSE&G stated it is also pursuing supply-side solutions that support a net zero carbon future, including renewable natural gas and certified natural gas. PSE&G commented that it is also considering introducing RNG. The company presently uses LNG to meet peak loads but further noted that LNG and CNG trucking have challenges. PSE&G commented that maintaining firm capacity to serve TPS load would unfairly burden PSE&G's basic gas supply service customers to the benefit of the TPSs. As such, PSE&G argued that the responsibility to acquire firm pipeline capacity for TPS load should be borne by TPS customers. Also, in implementing the IIP rule, PSE&G agreed that the Board should include "a premium for resiliency attributes associated with infrastructure improvements." PSE&G pointed out that while some of the impacts of a gas outage are quantifiable in monetary terms, other impacts reflect broad, social impacts tied to convenience, personal safety, pain and suffering, security and other less tangible, but very real, values to the customer. PSE&G agreed with LEI that "New Jersey has had experience with natural disasters and may already have a clear system of accountability in place." Thus, PSE&G agreed with LEI's suggestions regarding "a worst-case

emergency plan." However, PSE&G noted that some of LEI's recommendations, including statewide coordinators, fail to account for the complexities of PSE&G's gas delivery system.

NJNG

NJNG commented that capacity planning is the single most important tool to protect customers from outages, and the responsibility for planning for capacity resources must remain with each GDC. NJNG agreed that there is a need for non-pipeline solutions, citing its SAVEGREEN Program and NJNG's Green Hydrogen plant. NJNG also commented that DR and Direct Load Control have many complexities, and there is not a strong body of work documenting the results. NJNG disagreed with LEI regarding downstream capacity, arguing that there is no basis for assuming that capacity dedicated to New York and New England will be available to New Jersey. NJNG also contended that LEI improperly concluded that NJNG's design day forecast does not correctly reflect future EE impacts. NJNG further disagreed with LEI's analysis of scenarios for a "perfect storm," arguing that it is a system-wide broad brush analysis that may not accurately reflect the likelihood of a supply disruption for NJNG. However, NJNG supported developing a formal plan to address reliability responses and stated it is prepared to work with the Board's Division of Reliability and Security to develop comprehensive actions in advance of emergency situations.

SJG and Elizabethtown Gas Company ("ETG")

SJG and ETG (collectively, "SJI Utilities") submitted joint comments that argued LEI overstated the sufficiency of capacity. Specifically, SJI Utilities provided that LEI's framework for forecasting design day growth relied on a very limited data set, which, by itself, may lead to a sizeable forecast error. SJI Utilities contended that a much more robust forecast would be produced by forecasting demand using Forecast ProTM or a similar modelling system, and combining the customer and use per customer forecasts for each of the rate classes to produce sendout by rate class. SJI Utilities stated that LEI improperly concluded that SJG's and ETG's design day forecasts do not correctly reflect future energy efficiency impacts. Additionally, SJI Utilities stated that, when examining available supplies, the LEI assessment did not properly consider the future supply resources of SJG. SJG and ETG argued that LEI mistakenly reported storage capacity on Transco for SJG assets used in the capacity evaluation, that, as shown, is a combination of South Jersey Resources Group and SJG contracted maximum storage volume. Like NJNG, SJI Utilities contended that LEI's analysis of a "perfect storm" is a system-wide broad-brush analysis that may not accurately reflect the likelihood of a supply disruption, especially during a stress event such as a design day. However, SJI Utilities supported non-pipeline solutions that are supported by smart technology, but cautioned that these solutions cannot and should not, serve as a full substitute for pipeline capacity. SJI Utilities agreed with the demand side solutions that can help offset the need for incremental pipeline capacity like energy efficiency and demand response programs, including the addition of smart meters and Advanced Metering Infrastructure. The Companies also commented that while peak demand programs will certainly help strengthen reliability of the natural gas system, they will not be an entire substitute for capacity. SJI Utilities supported supply side solutions like an expansion of current on-system peaking services through LNG projects and the addition of RNG. Like NJNG, SJI utilities agreed that there is value in establishing best practices and a Playbook for responding to emergencies, but that Playbook must incorporate GDC specific practices.

Energy Plus Solutions ("EPS")

EPS expressed concern over the lack of supply diversity. EPS argued that, post-Super Storm Sandy, more people and/or businesses began to install natural gas powered back-up generators. According to EPS, those generators will be rendered useless as the EMP results emerge. EPS noted that commercial office businesses that host critical services use a backup electricity service that is often natural gas or diesel fuel powered. EPS contended that the practical reality of a grid with renewable supply capacity is it will materially degrade energy supply reliability.

Marathon Energy ("Marathon")

Although supportive of the Board's efforts to ensure adequate natural gas capacity, Marathon reiterated its position that a mandatory capacity release program would rectify any faults in the planning process while supporting a competitive retail choice market. Marathon explained that the GDCs would administer the program "by releasing a slice of the system to TPSs based upon their customer contribution to system design needs." Marathon also recommended that the Board reject any proposals that assigned the cost of incremental capacity to TPS customers.

NRG Energy Inc. ("NRG")

NRG argued that the LEI Report is flawed and missing data. NRG claimed that unlikely weather outcomes, an upstream pipeline integrity issue, and/or cyberattacks are, contrary to the LEI Report, the "new normal," and a combination of NPAs are not the solution to those issues, but rather, only a partial solution. NRG further argued that the leaks should first be fixed as that will provide a 30% reduction of emissions. NRG recommended the Board look closely at what was done in other states. NRG commented that, "[I]f GDCs provided a well-run capacity release program, in the event of a TPS default, both the capacity and customers of the TPS would go back to the GDC, ensuring that adequate capacity exists."

Google LLC ("Google")

Google, the maker of Nest devices, supported the increased adoption of NPAs. Google commented that smart connected thermostats ("SCTs"), like those manufactured by Google, help customers reduce their energy consumption, which can assist the GDCs to achieve EE and peak demand reduction goals. Google stated that SCTs have an ability to drive immediate residential load reductions, and studies of SCTs across the country have affirmed their ability to reduce heating and cooling demand.

NJUA

NJUA commented that adequate access to a sufficient supply of low-cost natural gas is crucial to meet New Jersey's home heating demand, and that, "it is critical that we avoid hindering or jeopardizing service reliability." NJUA explained that the GDCs have many sustainability-oriented solutions, including significant EE programs, and developing next-generation supply sources like hydrogen and RNG, must be part of the long-term solution. NJUA noted its reservations regarding the accuracy of the LEI Report, but commented that, "the utilities are focused on working through this to ensure we reach a feasible solution."

III. DISCUSSION AND FINDINGS

After extensive review of the LEI Report, the findings therein, and all comments received, both written and provided at the Stakeholder Meeting on January 25, 2022, the Board **HEREBY ACCEPTS** LEI's key finding that, through 2030, New Jersey's firm gas capacity can meet firm demand under 1) normal winter weather conditions, 2) in cases of colder-than-normal weather on a scale experienced in the past, and 3) in the case of a design day.

Additionally, the Board **HEREBY ORDERS** the Division of Reliability and Security to develop a Best Practices Guide and Playbook, with input and participation from the GDCs. The Best Practices Guide and Playbook should allow the State and GDCs to prepare for, and adequately respond to, scenarios of extreme weather and the possibility of a large gas supply disruption, or capacity shortfall.

The Board **HEREBY DIRECTS** the GDCs to consider the NPAs identified in the LEI Report as part of their ongoing efforts to ensure sufficient gas capacity. This consideration shall include evaluating NPAs, both currently and as technology develops, to determine if the NPAs are cost effective and appropriate for their respective distribution systems.

And finally, the Board takes note that in addition to the analysis concerning New Jersey's mid-term 2030 capacity forecast, LEI's market structure review of the regional interstate pipeline system provides valuable insight for the Board and other State policymakers tasked with implementing Governor Murphy's goal of 100% clean energy by 2050.

The LEI Report provides a number of overarching key findings concerning the flexibility of transportation supply options of the regional interstate pipeline system. Foremost is LEI's finding that, under most demand scenarios, barring a major catastrophic event impacting one (1) or more primary paths on a major interstate pipeline, New Jersey is well positioned with available interstate supply beyond 2030. LEI's analysis details the complexity and flexibility of the extensive bidirectional interstate pipeline infrastructure with numerous receipt and delivery points capable of supporting the State's GDCs in both the near-term and long-term outlook, assuming even marginal success is achieved in meeting long-term EE and peak demand reduction targets.

As such, and on balance, LEI's analysis supports the argument against the need for additional interstate pipeline capacity, including projects like PennEast.[5] Additionally, LEI's analysis reaffirms the need for greater scrutiny consistent with the recent policy changes taking place at the Federal Energy Regulatory Commission ("FERC") as the agency attempts to overhaul its existing pipeline project analysis.[6] Therefore, the findings and analysis in the LEI Report support the Board's aggressive policy approach to reduce the State's overall reliance on fossil fuels, and achieve Governor Murphy's goal of 100% clean energy by 2050.

[5] See LEI Report at p. 110.

[6] See *Certification of New Interstate Natural Gas Facilities,* 178 FERC ¶ 61, 107 (2022) (on February 18, 2022, FERC issued an Updated Policy Statement describing how FERC will determine if a new interstate natural gas project is required under Section 7 of the Natural Gas Act; See also *Consideration of Greenhouse Gas Emissions in Natural Gas Infrastructure Project Reviews,* 178 FERC ¶ 61, 108 (2022) (on February 18, 2022, FERC issued an interim policy statement regarding how FERC will assess natural gas infrastructure projects' impact on climate change).

This Order shall be effective June 29, 2022.

DATED: June 29, 2022

BOARD OF PUBLIC UTILITIES
BY:

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COMMISSIONER

ATTEST:

CARMEN D. DIAZ
ACTING SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER OF THE EXPLORATION OF GAS CAPACITY AND RELATED ISSUES

DOCKET NOS. GO19070846 and GO20010033

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