



July 28, 2023

VIA ELECTRONIC MAIL

Sherri L. Golden, RMC
Secretary of the Board
44 South Clinton Ave.
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**Re: IN THE MATTER OF THE IMPLEMENTATION OF EXECUTIVE ORDER 317 REQUIRING
THE DEVELOPMENT OF NATURAL GAS UTILITY PLANS
Docket No. GO23020099-**

Dear Secretary Golden:

Advanced Energy United (“United”) submits for filing the below/attached comments in response to the notice of Technical Conference in the matter of the Implementation of Executive Order 317 Requiring the Development of Natural Gas Utility Emissions Reduction Plans.

Respectfully submitted,
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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

In The Matter of The Implementation of Executive)
Order 317 Requiring the Development of Natural) Docket No. GO23020099
Gas Utility Emissions Reduction Plans)

June 27, 2023

Comments of Advanced Energy United making recommendations for future technical conferences and working sessions related to Executive Order 317

I. Introduction:

Advanced Energy United (“United”) is an industry association that educates and advocates for policies that allow our member companies to compete to repower our economy with 100% clean, reliable, and affordable energy. We represent over 100 businesses working across the energy sector, including large-scale and distributed renewables, geothermal, energy storage, energy efficiency, software and service providers, transmission and distribution developers, electric vehicle manufacturers, fleet operators, charging infrastructure providers, and more. Our Advanced Energy Buyers Group also represents large energy users looking to repower their operations with clean energy and transportation.

The decarbonization of the natural gas sector represents one of the most difficult challenges of our time, but a confluence of trends has already begun to reshape our home and business fuel needs. These include: **1) global market conditions** (e.g. natural gas price volatility and rising energy burdens coupled with increasing gas system investments, liquefied natural gas export patterns); **2) technological innovations** (e.g. advances in cold climate heat pump technologies); **3) changing customer preferences and behaviors** (e.g. the ability to more precisely manage energy demand); and **4) federal, state, county, and local policies** (e.g., the Inflation Reduction Act and state greenhouse gas reduction targets). This, in turn, has major implications for our infrastructure needs on both the gas and electric systems.



These trends all foretell some level of decrease in gas utility customer count and gas throughput over the next several decades. At the same time, gas utilities are still investing in their pipeline systems, built to last half a century or more, using a business-as-usual approach. As such, we have entered a new era of heightened risk, for which customers currently bear the burden. Without near-term course corrections, rates could increase significantly over the next several decades, most negatively affecting those with low- or fixed-incomes, and renters with little control over their own living environments.

While the solutions to this challenge are still being defined, it is important to have early conversations about strategies, and identify key decision points, to manage that risk in a way that encourages emissions reductions, just and reasonable rates, system safety, and system reliability. We also know that the gas system and the electric system's interactions have not yet been fully explored, with untapped opportunities to leverage electric system solutions, tools, processes, and lessons learned to both address gas system needs in the place of otherwise risky investments and improve the electric grid's resilience and efficiency.

Therefore, we commend Governor Murphy and the Board of Public Utilities for their proactive approach to the future of gas in New Jersey. Their first technical workshop, scheduled for August 2-3rd, already aligns with several United priority topics. These include:

1. Clean heating strategies for residential, commercial, and industrial customers to meet 100% clean energy;
2. An evaluation of potential rate impacts from a reduction in natural gas throughput;
3. Reevaluating incentives, such as line extension and appliance incentives, to expand gas infrastructure; and
4. Exploring the workforce transition.

In these comments, we offer several additional topics (and rationale) for the Board's consideration for future technical conferences and working sessions related to the implementation of Executive Order 317.



II. Additional topics to consider for panels for future technical workshops

1. The creation of a regular, transparent, and robust long-term gas utility infrastructure investment planning process that supports future clean heating strategies and leverages market-driven Non-Pipeline Alternative (NPA) solicitations¹

Purpose: To explore least-risk, least-regrets planning that accounts for policy (e.g., clean heat standards), market, and customer changes with granular load forecasting and analyses of alternatives to traditional investments to uncover innovative gas and electric system solutions that may lower ratepayer costs. These may include electrification, thermal energy networks, and investments that provide improved insights into gas consumption, especially to enhance public safety and customer programs, like gas demand response.

This work requires an examination of the filings and planning processes in which gas utilities in NJ already engage, how gas plans can support and interact with state and local policies, and a survey of best practices developing in states like Colorado and New York.

2. Technical innovations in both gas and electric sector products and services

Purpose: To surface and discuss new market products (including air- and ground-source heat pumps for various home configurations and climates, gas demand response and enabling technologies, energy efficiency services and programs, and electric appliances with built-in batteries) to more fully understand consumer choices and market tools at the state's disposal. This discussion could also uncover complementary actions that, when paired, can be leveraged to achieve multiple state goals and enhance affordability, resilience, and grid efficiency.

3. Interdependencies between the electric and gas sectors, and the benefits and challenges of integrated gas and electric system planning

Purpose: To make intentional progress towards a framework capable of optimizing investments and resources, including renewable natural gas and hydrogen, across the energy economy and

¹ More information available here: [https://info.advancedenergyunited.org/hubfs/2023%20Reports/ONE%20PAGER%20Non-Pipeline%20Alternatives%20\(NPAs\)%20by%20Advanced%20Energy%20United.pdf](https://info.advancedenergyunited.org/hubfs/2023%20Reports/ONE%20PAGER%20Non-Pipeline%20Alternatives%20(NPAs)%20by%20Advanced%20Energy%20United.pdf)



across utilities, and the creation of near-term frameworks for the evaluation of new resources in the absence of such capabilities.²

4. Planning for new loads on the electric distribution system

Purpose: To explore how distributed energy resource, demand response, and energy efficiency programs can minimize costs to upgrade the grid, to address distributed resource interconnection challenges before they harm the customer experience, and to consider where investments can serve both transportation *and* building electrifications together.

5. An exploration of financial and ratemaking tools to minimize rate impacts and stranded asset risk, such as securitization and accelerated depreciation

Purpose: To prepare to minimize stranded asset risk and energy transition costs on vulnerable customers, including fixed-income and low-and moderate-income residents, while keeping gas utilities financially healthy during the transition.

6. Reevaluating incentives to expand gas infrastructure, Part 2

Purpose: To reevaluate policies more implicitly embedded in the utility business model (e.g., capex incentives, throughput incentives, fuel pass-throughs, cost recovery strategies) that encourage gas system expansion.

7. An exploration of new/evolved business models for gas utilities

Purpose: To explore new opportunities for gas utilities as providers of heat and energy, such as thermal energy networks and alternative fuel distributors for industrial end-uses.

8. Strategic ways to deploy incentives from the Inflation Reduction Act

Purpose: To maximize efficiency upgrades and investments that support grid efficiency and equity by directing incentives, from funds including the Home Owner Managing Energy Savings

² Example evaluation framework for renewable natural gas and hydrogen available here: [https://info.advancedenergyunited.org/hubfs/2023%20Reports/ONE%20PAGER%20Evaluating%20Renewable%20Natural%20Gas%20\(RNG\)%20and%20Hydrogen%20Proposals%20by%20Advanced%20Energy%20United%20and%20Strategen.pdf](https://info.advancedenergyunited.org/hubfs/2023%20Reports/ONE%20PAGER%20Evaluating%20Renewable%20Natural%20Gas%20(RNG)%20and%20Hydrogen%20Proposals%20by%20Advanced%20Energy%20United%20and%20Strategen.pdf)



(“HOMES”) Rebate Program and the High-Efficiency Electric Home Rebate (“HEEHRA”) Program, to vulnerable populations.

9. The evolution of electric and gas rates in response to new home energy usage patterns

Purpose: To consider how to incorporate principles of cost causality and equity into gas service rates to protect vulnerable customers from upwardly spiraling bills, and into electric rates to facilitate efficient and cost-effective electrification and peak load management.

III. Conclusion

We appreciate the opportunity to provide input on the potential technical conferences and workshops and look forward to our continued involvement in this important proceeding. Please do not hesitate to reach out with any questions.

