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September 6, 2023

VIA ELECTRONIC MAIL

Honorable Sherri L. Golden
Secretary
State of New Jersey
Board of Public Utilities
Post Office Box 350
Trenton, New Jersey 08625-0350

Re: I/M/O the Implementation of Executive Order 317 Requiring the
Development of Natural Gas Utility Plans
Docket No. GO23020099

Dear Secretary Golden:

I enclose Rockland Electric Company's brief comments in response to the Notice of Technical Conference, dated July 27, 2023, issued by the New Jersey Board of Public Utilities in the above-referenced proceeding. Please note that Rockland Electric Company is making this filing solely in electronic form pursuant to the Board's directive in its Emergency Order dated March 19, 2020, in BPU Docket No. EO20030254.

Please contact me if you have any questions regarding this filing.

Very truly yours,

/s/ John L. Carley

John L. Carley
Associate General Counsel

**In the Matter of the Implementation of Executive Order 317
Requiring the Development of Natural Gas Utility Plans
Docket No. GO23020099**

Rockland Electric Company (“RECO” or the “Company”) submits these brief comments in response to the Notice of Technical Conference, dated July 27, 2023, issued by the New Jersey Board of Public Utilities (“NJBPU”) in the above-referenced proceeding (“the Proceeding”).

INTRODUCTION

RECO wholly supports New Jersey's vision for a clean energy future and the importance of reducing greenhouse gas emissions. The Company recognizes that the NJBPU is exploring ways to decarbonize New Jersey’s natural gas distribution systems. Although focused on the State’s gas system, these changes will also have significant impacts on the State’s electric system. Indeed, one of the primary requirements identified in initiating this proceeding is that NJBPU give consideration to *“Electric grid readiness to handle electrification of building heating and cooling, as well as transportation, including recommendations for shifting investment funding from natural gas to electric system infrastructure upgrades.”*¹

As a result, the Company is actively engaging in the Proceeding to advocate for policies that make progress towards the State's 2030 greenhouse gas emissions goals, prepare the electric system for a clean energy future, and mitigate risks to the electric system driven by natural gas decarbonization. In pursuing these policies, the NJBPU should: (i) explore multiple pathways toward a clean energy future thereby gaining experience with different clean energy technologies, (ii) open channels for a collaborative planning across stakeholder groups and resources (*i.e.*, gas and electric), and, most importantly, (iii) allow for proactive investments to the electric system to account for these plans. Investing in the electric system will add value today while preparing for a future increasingly reliant on electric distribution companies (“EDCs”) as an energy provider.

¹ https://publicaccess.bpu.state.nj.us/DocumentHandler.ashx?document_id=1309134

RECOMMENDATIONS

While the State's vision for the future is clear and defined through goals of the Energy Master Plan and related Executive Orders, the exact path to achieve the goals is still unknown. Many pilots are being designed and implemented that evaluate various approaches to facilitate a viable transition. It is critical that the Company, and New Jersey as a whole, consider the successes and failures of these pilots at the local, regional, and national level. The Company, specifically, will share the experience of its New York parent company, Orange and Rockland Utilities, Inc. ("O&R"). Potential technologies being explored include Non-Pipe Alternatives and Utility Thermal Energy Networks, both of which O&R is piloting in New York. Smart energy technologies, too, that limit the impact of increased electric system load on the system peak, can be useful tools in managing growth of the electric system. Establishing an environment that encourages exploration at this early stage in the transition is critical to identifying the right approaches before over-committing to a particular set of long-term solutions.

Beyond testing innovative solutions and approaches, the Company agrees with the Governor's Executive Order's reference to additional considerations related to the decarbonization of the gas system. As utilization of the gas system declines, multiple risks and impacts to the gas and electric system business model arise. Decarbonization will put increased reliance on the State's electric system. Layered across all this is the impact to disadvantaged communities ("DACs"), and the need to provide benefits to DACs and avoid further overburdening DACs.

To account for this transition, the Company supports increased collaboration in gas system planning across electric-only, gas-only, and integrated utilities. Developing a mechanism to balance the allocation of investments, costs, and benefits across a mixed service territory is a new challenge for the industry. Increased stakeholder engagement will facilitate further considerations of business model implications and to consider solutions that protect customers, the energy workforce, and the prosperity of New Jersey.

To the extent that electrification drives the transition, the Company will be responsible for delivering more value to customers as their reliance on electricity increases. As identified above, these end uses primarily consist of electrified

transportation and heating, which translates to additional capacity requirements for the electric system. Again, although the specific details of the transition are unclear, some key takeaways are currently apparent, particularly in light of the experience of O&R in New York. O&R has explored the impacts of the clean energy transition extensively, particularly as part of its periodic Long-Range Plan (“LRP”). The LRP estimates consistently increase in the expected electric load and electric system peaks resulting from the clean energy transition. Many factors have driven these increases, including new laws, policies, and funding supporting clean energy investment across the Country and in the State. With similar clean energy goals being pursued in New Jersey, the Company understands it must prepare now for the future. This includes investments into all facets of the electric distribution system. For instance, the State’s EDCs will need to increase investments to upgrade transmission lines to manage greater load, utilize Advanced Metering Infrastructure and other real-time monitoring and control systems to detect and resolve outages more quickly, enhance infrastructure protection through undergrounding, improve resiliency with higher design standards, and optimize vegetation management. These investments will allow the Company to provide benefits to its customers while leveraging its core capability of operating and maintaining a safe, reliable electric system. Making investments now to expand and reinforce electric system infrastructure is a proactive approach that, while requiring significant upfront investment, can benefit customers today and provide additional benefits in the near- and long-term.

CONCLUSION

As the clean energy transition in New Jersey moves forward, it is critical that electric system reliability remain the top priority. Testing of new technologies must be encouraged to determine optimal approaches, collaborative planning must be taken to address the needs of both the gas and electric system, and proactive electric system investments must be made – in alignment with the NJBPU – to deliver value now in preparing for the future.

Again, the Company supports the clean energy future in New Jersey and is prepared to build an electric system capable of continuing to provide safe, reliable energy

to its customers during this transition. The Company looks forward to engaging with and supporting the NJBPU throughout this process.

September 6, 2023