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Re: *IMO The Implementation of Executive Order 317 Requiring the Development of Natural Gas Utility Emission Reduction Plans*, BPU Dkt. No. GO23020020099 - Comments on the Aug. 2-3, 2023, Future of the Gas Utility Technical Conference

Dear Secretary Golden:

I am submitting these comments on behalf of the New Jersey Business & Industry Association (NJBIA). NJBIA is the state's largest association representing the interests of the business community.

Our membership includes all the state's natural gas utilities, many producers of natural gas and other fossil fuels, and electric generating units who use many sources of energy to produce electricity. Our membership also includes many of the state's wind energy companies and those looking to be awarded future leases, and those seeking to support the industry through transmission development or manufacturing. Solar developers and installers are also members of NJBIA, as are many technology companies looking for ways to promote means to reduce carbon emissions from all sectors of the economy. Our membership is not only on the energy supply side, but also on the consumption side as well. Our members, especially in the manufacturing world, are major consumers of energy to run their businesses.

Thus, NJBIA has a keen interest in energy policy and the future of energy production, distribution, and consumption in the state. Given the diversity of our membership and the various interests they represent, NJBIA sees itself in the role of a pragmatic advocate. We support energy policies that maximize human well-being and economic progress while recognizing environmental considerations and the ultimate goal of decarbonizing our economy as much as practical and in a realistic manner.

Throughout the last several years, when the last Energy Master Plan was developed and multiple energy related policies have been put forth by the Board of Public Utilities, the Department of Environmental Protection, and other agents of the Murphy administration, NJBIA has been consistent in its messaging and policy direction. All energy policies must, first and foremost, be grounded on the need for energy to be affordable, reliable, and

abundant. Without these guardrails on our energy policies, New Jersey's economy and citizenry will suffer. We will be less prosperous, less resilient, and more vulnerable to extreme weather events and changes to our climate.

I will not detail the benefits of energy to our society. We have done so in other submissions to this body. Suffice it to say that the foundation of our modern economic life that has lifted billions of people out of poverty, extended life, and provided us with the conveniences and lifestyle we live, is based on the fact we have had affordable, reliable, and abundant energy sources. A quick comparison to other parts of the world without these energy sources clearly shows the benefits we enjoy.

While we are not suggesting that the administration or the BPU through these proceedings are intending to abandon these fundamental energy goals, we fear that policies that are being pursued, especially in expedited timeframes, will lead to unintended consequences and harm. Pursuing 100% electrification policies in our building and transportation sectors, without first adequately planning for that transition and considering all consequences and alternatives, will inevitably harm our state, perhaps significantly and irreversibly. We are also aware of advocates who are pushing for policies that will have these dire consequences. They are pursuing de-industrialization and policies that are not human-centered. Those policies should be rejected.

We are aware of submissions being made to the Board from our major gas public utilities and are supportive of the concerns raised and recommendations offered. The following are our general comments on this process and potential policy outcomes.

Process: We appreciate the Board holding the two-day technical conference on Aug. 2 and 3. Given the many priorities we have; we were only able to attend part of the conference but have been reading accounts of the panels and presentations. If this conference were to lead to further conferences, discussions, and stakeholder meetings, we would be fully in support of that effort. Given the changes and challenges that the energy industry, and especially the natural gas utility industry, are facing amid policies promoting decarbonization, it is imperative that the Board fully consider all implications, policies, and potential outcomes from these initiatives and the market direction of the energy sector.

However, if this conference was held to serve as the only vehicle for a set of policy recommendations that may be implemented, then we would argue that it was woefully inadequate. The conference itself did not draw all the relevant parties for its entire stretch. That is to be expected given the timing of a two-day conference during the summer vacation months. The panels themselves were able to raise issues and concerns, but not to establish workable policies. They just touched the surface of a very important and complex subject matter. It was a good opening, not a conclusion.

The ability to comment is also useful, but not determinative. What is needed is a long-term, flexible process that considers emerging technologies and economic conditions, which provides for a mechanism to consider all views on the policy options, and that allows for an exchange of ideas. Any attempt to try to rush through a set of policy options will be doomed to failure. These issues are too complex and too important.

General Policy Considerations: NJBIA is generally supportive of efforts to decarbonize the state's economy. The question is how, how fast, and at what cost? As we stated above, any effort to decarbonize must be rooted in policies that maintain energy affordability, reliability, and abundance. We are concerned

that policies are being put forth that set artificial deadlines for carbon reduction goals. Having to meet artificial deadlines by 2030, 2035, or even 2050 will force the expenditure of funds on existing technologies and will force out innovation and technological advances because all the resources will already have been expended previously.

Rather than pursue this path, the BPU and this administration should embrace low-hanging decarbonization fruit by allowing and incentivizing technologies that can be employed today that will reduce carbon emissions at affordable prices. As technology advances and costs lower, the market will accelerate emission reductions. Government incentives can be used to promote innovation and early adoption. Government should not, however, impose mandates and choose the technological winners and losers.

Our modern energy sector has developed over the last 150 plus years due to market forces and investments of hundreds of billions if not trillions of dollars. It was an efficient and effective system, although, admittedly, with lessons learned along the way. It was the lessons learned from the burning of fossil fuels that has led to better regulatory controls and technology breakthroughs.

Today, New Jersey's energy sector is a model for the nation, if not the world. If the entire country emulated our energy sector, we would be substantially on our way to reducing carbon and other emissions. If the world followed New Jersey's path, over a billion more people would be taken out of poverty and the world would be a more prosperous place. It is a bit arrogant, and foolhardy, to presume that a bunch of well-meaning policy experts and even highly paid consultants can dictate the transformation of an energy sector that was formed over a century based on market decisions by billions of people. As technology adequately advances, pollutants and carbon will be reduced to acceptable levels. Government can incentivize and set a policy direction, but the actual implementation must be done by market forces.

We should not negate the benefits of energy produced by carbon at the same time we seek to eliminate carbon emissions. An energy transition is not simple, not without cost, and not without consequence. It is not a matter of having the will to make changes or merely flipping a switch. There are real consequences for the policies we pursue today, consequences that go far beyond the minimal carbon reductions gained and the negligible impacts these policies will have on the world's climate.

We would be much more successful in our policy objectives if we stopped framing them in absolutes with artificial deadlines. I am reminded of other areas of environmental regulation where policies to regulate pollution discharges were very successful and at relatively low costs because they first sought to apply known technologies that removed most pollutants. However, it was those last percentages of pollutant removal that were found to be the most expensive and the least necessary to remove. By setting goals of 100% clean energy or net zero, we are failing to learn the lessons of our environmental accomplishments. Setting goals somewhere less than 100% would likely result in more practical and affordable policies and have larger public and political acceptance. Even the state's Global Warming Response Act sets carbon reduction goals at only 80% of 2006 levels by 2050. But policies that insist on 100% accomplishment, especially at unrealistic, accelerated timeframes, are doomed to failure. At worst, those policies will cause energy to be unaffordable, unreliable, and not available when needed.

Specific Policy Considerations: While EO 317 does not call for the abandonment of natural gas or its infrastructure, many advocates are making that argument. The Energy Master Plan itself is based on a nearly 100% electrification policy and the abandonment of natural gas as an energy source. The arguments against

the continued use of natural gas do not seem to be supported by BPU President Fiordaliso who has talked about the need to maintain natural gas beyond 2050 and Environmental Commissioner LaTourette, who has made similar statements about the need for natural gas. We appreciate their realistic policy pronouncements.

Even if natural gas usage is reduced, we should embrace the possibility of maintaining the billions of dollars of infrastructure already in the ground and already paid for by ratepayers. New and emerging technologies could leverage these existing resources while lowering or eliminating carbon emissions.

Renewable natural gas is an existing technology that can be ramped up and used to lower the carbon intensity of natural gas and even result in a net zero application. Green hydrogen, as well as blue hydrogen, are being developed and may be widely commercially deployed within the next decade or so. This technology can either totally eliminate carbon emissions (*e.g.*, green) or substantially reduce carbon emissions (*e.g.*, blue). Again, we should not eliminate carbon reduction technologies because they do not meet 100% of an ideological goal. We should also not abandon existing infrastructure to pursue an ideological goal of eliminating the use of natural gas in favor of a 100% electrification policy. The state should be technologically neutral as we pursue carbon reduction.

Using our existing natural gas infrastructure will save billions, if not trillions, of infrastructure costs by the avoidance of building electrical generation and distribution systems necessary to meet an electrical load the EMP predicts will be two- or three-times current generation. Unless we can meet that additional generation load with zero-emission sources, it will be met by the PJM grid, which emits more net carbon than New Jersey sources and is still powered by both oil and coal. Given the geographic reach of the fourteen jurisdictions that comprise the PJM Interconnection, and the differing politics that exist, there is no guarantee that the carbon intensity of the PJM will be lower than that of existing natural gas systems, much less a decarbonized natural gas system. We should not be betting our energy future on systems we cannot control.

Usage of the natural gas system will also allow consumers to retain their existing appliances, both heating and their gas stoves. Consumers will also not be forced to pay for upgrades to their homes that electrification may require, such as increasing electrical service and upgrading wiring. Avoiding these consumer costs will substantially enhance consumer acceptance of decarbonization policies.

Carbon capture and storage is also an emerging technology that can be employed in appropriate circumstances and where necessary. This technology can be employed to make many facilities carbon neutral or free. However, as with other technologies, our policies should not be so far out in front where it precludes their development and deployment.

Conclusion: NJBIA appreciates the ability to comment on this important initiative and we look forward to continued engagement. We encourage the BPU to set affordability, reliability, and abundance as absolute guardrails on energy or carbon reduction policy it pursues. We urge the BPU not to be limited by 100% carbon reduction goals or artificial deadlines that will squeeze out technological developments and new discoveries. We request that the BPU not limit the type of technology that can reduce carbon emissions but allow technology and the market to help find the solutions to our policy goals. Finally, we remind the BPU of the benefits we all enjoy from our modern economy, and economy born from energy.