

Comments on BPU Technical Conference on EO 274
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Based on statements and arguments during the 8/2 and 8/3 BPU technical conference on EO 274, the NJBPU should immediately take four crucial steps:

1. **Enact a moratorium** (or utilize another mechanism to achieve the same results) **on all new fossil fuel and/or RNG infrastructures** in order to protect ratepayers, protect the environment including air quality, prevent an increase in GHG emissions and improve NJ's ability to meet its Clean Energy Act objectives. Without such a moratorium NJ is only making it more difficult to ultimately achieve its clean energy and overall GHG goals.
2. **Enact a moratorium on new gas hookups** for new buildings and major retrofits or at least promote a policy that encourages and supports municipalities' efforts to pass such ordinances.
3. Commission a study of the issues and arguments surrounding RNG in order to make policy based on facts and science. See specific arguments supporting this action below.
4. Based on the outcome of an objective study of RNG, the BPU should take a position on RNG to prevent any uneconomic or harmful climate and environmental industry investments and provide clarity to the industry, the legislature and NJ residents in order to facilitate an orderly and low cost transition to truly clean renewable energy. BPU should prohibit any gas distribution company (GDC) ratepayer cost recovery from any RNG investments that are harmful and uneconomic.

Statements from speakers at the hearing supporting the above conclusions and recommendations include the following:

One overall conclusion stated by a number of panelists at the conference is that this transition is very complex and will not be solved in the near future and needs much more study. In fact, the existence of the conference itself demonstrated that **NJ has no detailed, implementable plan to achieve its long-term GHG reduction goals (50% by 2035 and 80% by 2050) or its goal of 100% clean energy by 2035.** This is not an easy task and, based on progress to date in NJ, it may take years to create this plan. At the same time there was recognition that the status quo in which new gas projects are being proposed and built is making this problem more intractable and ultimately, more costly. Therefore, near term actions must prioritize preventing making this situation worse. **Time is not on our side. A moratorium is the only logical action under these circumstances.** (Note, this is not saying that developing and implementing a plan to address climate goals needs to take years. It can undoubtedly be done in a much shorter timeframe, but NJ has shown no ability to do so and it would be foolish to forgo a moratorium by assuming NJ will greatly speed up this process).

However, hope springs eternal and given the current state of climate change, I encourage the BPU to **speed up the process to create such a plan** along with its partner, NJDEP. Evidence of a real plan (as opposed to the existing EMP and GWRA 80x50 report) would be a document that includes:

- **Specific interim annual milestones for GHG reductions** and clean energy adoption in each of the seven industry sectors identified in the EMP and GWRA 80x50 report between now and 2050.

- Specific interim annual milestones in as detailed a manner as necessary for every objective in every program to measure and demonstrate progress (e.g., annual emissions reductions goals by utility, annual installations of heat pumps, annual sales of EVs, annual tons of carbon sequestration, etc.).
- A plan to **speed up measurement of GHG emissions to near real time**. Currently, this process takes over three years which means it is impossible to ever have timely status and any necessary course corrections will be delayed by three years. Even if NJ were to reduce GHG emissions by 50% by 2030 it won't know if it did until 2033. Current satellite sensing technology can provide this data on a monthly basis and must be adopted.
- **Specific changes in laws and regulations** needed to achieve these goals at specific points in time and a detailed plan (including dates and resources) to achieve each of these.
- **Specific changes in existing programs and/or implementation of new programs** needed in each industry sector at specific points in time.
- **Budget and manpower resources needed by year for accomplishing the above in each industry sector.**
- **Management structure** required to accomplish these goals covering the inputs, outputs and roles needed from all departments in the administration.
- Planning documents such as successive versions of the EMP that do not contain suggestions and recommendations – only action plans.

The conference exposed the major differences in long term views between environmental/ratepayer advocates and the utility/fossil fuel industry in terms of gas industry future. One group predicts an economic implosion due to customer migration to electric appliances while the other foresees a rosy future and is operating as if they are “here to stay.” Utility investors, for example, don't see climate risks as being acute and think the transition away from gas will be a lengthy process. **These rosy forecasts are based entirely on the ability of the GDCs to use RNG/H₂** to replace fossil gas (and achieve a degree of decarbonization by recycling carbon but not reducing total atmospheric levels) and the assumption that there is significant unmet customer demand for gas. GDCs are working on the assumption that they will at least be allowed to replace fossil gas with RNG at the GDCs' discretion, if not also subsidized by the State to make it competitive with fossil gas. They are pouring money into demonstration projects in this technology and they argued for more “robust investment.” The longer this situation exists the harder it will be to stop the use of RNG. In order to manage this situation, the BPU must:

- Demonstrate it has **objectively determined the most likely parameters surrounding the use of RNG** (cost, availability, air pollution, climate impacts, etc.).
- Develop a **firm BPU position on RNG availability**. Claims for RNG's ability to replace fossil gas from conference participants varied from 7% to 100% and BPU must establish its own position on this important parameter just as it did with the London Economics study on the need for gas in NJ over the next decade.
- Determine the **risk of locking in a fuel technology that cannot meet long-term goals** and also prevents adoption of truly renewable energy technology (by partially decarbonizing pipelines but continuing to need fossil gas), leading to a dirty-fuel dead end, rather than facilitating increased use of clean, truly renewable energy technologies. Some conference participants acknowledged that RNG may not be able to meet all of NJ's gas need in the future but argued that implementing RNG now would be a good first step and that some as-yet-undetermined technology would

be able to address the remaining gas usage. This is a tremendous risk as once large investments in RNG are made they will be almost impossible to replace and costs for any future technologies cannot be predicted. It has taken decades for solar and storage technologies to finally get to the point where they are highly competitive with fossil fuels. BPU must take advantage of this accomplishment and not simply hope for some other technology to appear that has better economics.

- Determine the implications for achieving 100% clean energy by 2035 if the GDCs are allowed to utilize RNG – **burning RNG is as bad for air pollution as burning fossil gas.**
- Identify the **total social costs of RNG** including the short and long term costs of climate change (damages and infrastructure adaptations), impacts on physical health and health care costs (including insurance), which have never been fully determined. In order to be fair and equitable, the BPU should mandate that such costs be included and considered in all industry investments going forward.
- Determine the **implications of RNG on climate** (RNG may reduce GHG inventory emissions but does not reduce total atmospheric carbon. This can only be achieved with true renewable energy technologies such as solar and wind).
- Demonstrate the **potential to reduce gas usage (and future demand) through such means as non-pipeline alternatives** (NPAs, which include energy efficiency improvements, demand response programs, targeted electrification, and innovative rate designs) as well as ratepayer cost benefits from such means. (While there was discussion of these approaches there were no firm forecasts of possible implementation and economic results, thus allowing the GDCs to continue to predict growth in gas demand).
- **Identify funding mechanisms to help transition buildings to non-gas appliances** and demonstrate their feasibility. One possible solution is to use the annual savings from appliances such as heat pumps (for space heating/cooling, hot water and clothes drying) as the means to pay for these appliances over a period of years. The gas industry is doing its best today to frighten customers into thinking this transition is financially prohibitive when it can be managed. (As opposed to the costs of unmitigated climate change, which cannot be managed).
- **Before allowing its use, prove that any specific form of RNG is safe, economical, reasonably available, non-polluting, will not prevent reductions in total atmospheric GHGs and will not result in a dead end that will prevent a full transition to true clean renewable forms of energy.** For example, hydrogen, green or otherwise, cannot totally replace methane for running gas appliances. Burning hydrogen, which also produces high levels of NOx, would require total replacement of the appliances and the supporting gas network. At best green hydrogen could “decarbonize” a small percent of the methane in today’s gas network. But this would quickly become a dead end and is not a path to any future decarbonization or transition to true renewable energy.

RNG industry advocates used the term ‘decarbonization’ but never explained how RNG accomplishes this leaving it as a fait accompli argument, when, in fact, it has a major flaw. The industry argues that because RNG is produced by decay of products that were created by absorbing carbon from the atmosphere, releasing this carbon back to the atmosphere only results in a closed loop cycle that does not increase total atmospheric GHGs. While this may be true to some degree (although it is not an intra-state self-contained cycle), the true solution to climate change demands two actions:

1. Reduction/elimination of GHG emissions to stop increasing the levels of GHG in the atmosphere
2. **Reducing the currently harmful levels of GHGs in the atmosphere.**

Even if the world stopped emitting all fossil-based GHGs today, it would continue to warm because the existing CO₂ in the atmosphere will remain for hundreds of years and will continue to trap heat **and increase global warming**. RNG perpetuates this problem because it prevents reductions in atmospheric GHG by constantly replacing them. It also prevents more rapid adoption of true clean renewable solutions such as wind and solar. Those technologies actually reduce total atmospheric GHGs by not releasing carbon that has been sequestered.

There was discussion at the conference around the question of whether the future of gas should be determined by competition and technology agnosticism or by legislation and regulation. While free markets are powerful drivers of growth and strong economies, they also produce economic collapses and do not assure use of the best long-term technologies for climate because they ignore all non-direct costs (this assertion is self proving – look at weather records and the current state of climate change). A totally free market would leave NJ struggling with a large base of highly polluting technology with a cost base that cannot be amortized and cannot be migrated to a clean solution. I am not arguing against competition but it should be **competition amongst providers of the BPU's preferred technologies, not amongst providers of beneficial and harmful technologies. Subsidies should be used to support the most efficient, cleanest and most climate friendly technologies**, not as proposed in NJ Assembly bill A577 (and its Senate version S1366) which directs the BPU to establish a program to encourage the procurement of RNG and investment in new RNG infrastructure by gas public utilities with virtually unlimited cost recovery at the expense of New Jersey ratepayers.

BPU must weigh in on issues such as new gas hookups. Heat pump appliances including space heating/cooling, water heating and clothes drying and other electric appliances such as induction stoves have eliminated the need for gas hookups and made electric appliances much more efficient and cost effective. Every new gas hookup worsens New Jersey's GHG problems, air quality problems, clean energy problems and the potential for stranded investments problem. Each one means adding new gas appliances that could last for decades and will create inertia against electrification. Building owners who initially install eclectic appliances will not need incentives to do this later and will not politically oppose such State policies. In addition to NY State, 76 US cities have placed restrictions on natural gas. This approach has been proven to be technically and financially feasible. It only requires political will.

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