



New Jersey Chamber of Commerce
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Via Email (board.secretary@bpu.nj.gov)
Sherri L. Golden, Board Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, NJ 08625-0350

**Re: Dkt. No. QO24020126
I/M/O The New Jersey Energy Master Plan
Response to Request for Information**

Dear Secretary Golden:

The New Jersey State Chamber of Commerce (“State Chamber”) is pleased to submit these comments and information in response to the New Jersey Board of Public Utilities (“NJBP”) Request for Information (“RFI”) regarding the Board’s inquiry on the 2024 update to the New Jersey Energy Master Plan (“EMP”).

Since 1911, the New Jersey State Chamber of Commerce (“State Chamber”) has been recognized as the most respected, prestigious, bi-partisan and well-connected business association in New Jersey. With a broad-based membership ranging from the Fortune 500 companies to small proprietorships, representing every corner of the state and every industry, our members provide jobs for over a million people in New Jersey. We continue to work toward streamlining the regulatory process while striving to maintain the economic vitality of our members and the quality of life that makes New Jersey unique.

Energy is the lifeblood of the economy. Reliable, safe, reasonably-priced and environmentally sound energy supply is essential for New Jersey’s economic progress and future.

The State Chamber supports a balanced approach toward achieving the EMP goals that doesn’t depend or rely on one method, one technology, one fuel source, or overburden one segment of the economy or group of energy consumers.

The reliability and resilience of our energy, along with our transportation systems, are key to our businesses and their operations in the State. We support continued efforts in strengthening, modernizing and updating our aging power grid. We recognize the need for such investments and like any other long-term solution, the management and financing of such investments require thoughtful but structured, more predictable deliberation.

The New Jersey business community – both our industrial and commercial members – have worked diligently over the past several decades to make the necessary investments in both state-of-the-art air pollution control equipment and technology and energy efficiency. Control technologies such as selective catalytic reduction, scrubbers, carbon injection and baghouses have been installed on power plants and other industries resulting in a reduction in energy consumption and greenhouse gas emissions.

The State Chamber will take the opportunity to highlight some of the specific energy sectors our organization believes must be “on the table” as the State of New Jersey prepares for the energy needs of the business community and residents in the outlying years:

GRID INFRASTRUCTURE IMPROVEMENTS

The State Chamber recognizes that electric transmission resources are essential to maintain the reliability, efficiency, and safety of the electric system. Transmission additions and upgrades are also elements of a balanced approach to meeting the needs of energy consumers. The ability to move power throughout the State and the region and to resolve congestion on the system that affects reliability and increases costs remains an important goal. New transmission construction also is an economic driver in its own right that will create jobs directly and through associated economic activity.

Concerns about the current infrastructure grid have become front-and-center as a result of the push to electrify transportation and the building heating. The NJBPU knows all too well that as the use of electric cars have expanded, the need to have electricity transmitted and distributed to a wider range of locations in the state has increased substantially. Convenience store chains have expanded the construction of electric vehicle (EV) charging stations, in some cases having over a dozen charging stations in one location. While the expansion of EVs is a good thing for our environment, it has been apparent that the local grids have become severely stressed to capacity requiring upgrades.

The expansion of solar generation in New Jersey, particularly grid-supply solar projects, and the Governor’s agenda to expand more community solar projects, has caused interconnection delays in certain areas of the state. While there appear to be several causes to this problem, the lack of capacity along the transmission grid is one of these causes.

In order to maintain grid reliability and increase grid capacity, New Jersey’s utilities, especially their electric distribution companies (EDCs), should continue making substantial investments in modernizing their grids to support this increased deployment and ensure the continued safe and reliable operation of their systems. The State Chamber encourages the BPU to work closely with the State’s utilities and other stakeholders to fully utilize the accelerated recovery mechanism for infrastructure investments that are in place, and identify alternative regulatory mechanisms, to incentivize the substantial investment in the utilities’ systems that will be necessary to meet the State’s clean energy goals.

Additionally, we recognize the importance of modernizing the overall utility infrastructure, including upgrading and replacing leaking gas pipelines.

NATURAL GAS

In this time of transition to a reduced carbon footprint, New Jersey must continue to cultivate a natural-gas friendly environment. Natural gas is economically efficient and is a clean, safe, and reliable source of energy. Our natural gas infrastructure is vital for a strong economy and the reliability of the state’s power grid. Our utilities have made significant investments in improving old pipes to reduce the fugitive emission of natural gas, and are anxious to invest capital to enhance the infrastructure and reliability. That needs to be supported as a vital step towards achieving the goals of the EMP.

When it comes to affordability, natural gas is a proven reliable fuel source that can actually lower costs for families and businesses -- it is a proven cost-effective resource that provides fuel diversity. Recognizing the availability of low-cost natural gas and the primacy of gas use in home heating, it would be imprudent to neglect the state’s gas delivery infrastructure.

Additionally, natural gas is improving air quality in our state. Natural gas produces nearly a third less carbon dioxide than coal and almost half less than oil when burned. Natural gas also emits little to no sulfur and runs more efficiently than other fuels.

In that regard, perhaps one of the biggest investments that both the private sector and our natural gas utilities have undertaken is the development of renewable natural gas (RNG). We have seen the recent development of two primary sources of RNG: food waste, and landfill gas. Regarding food waste, in 2020, Governor Murphy signed A-2371 requiring large food generators to source separate and recycle food waste. There has been significant development of RNG facilities that utilize food waste to manufacture clean, pipeline grade RNG. While we still await regulations implementing this law, we have seen facilities developed to develop food waste-to-RNG production. Similarly, the methane gases that result from decomposing waste in landfills has now become a source of pipeline grade RNG; there have been several projects that have been developed or are in the preliminary stages of development. In each case, the RNG reduces New Jersey's carbon footprint and provides much needed natural gas.

The State Chamber supports a green economy and reducing emissions. We believe the natural gas system can do that through continued investment in infrastructure, as well as investing in RNG and hydrogen. These alternative, low-to-zero carbon fuels will reduce emissions and will create jobs and an energy production industry in the state that doesn't currently exist. The EMP should encourage the development of clean fuels in New Jersey.

The State Chamber supports the State's desire to achieve a clean energy future but cautions against policies that stand to harm the New Jersey economy without tangible environmental benefits. In particular, the State Chamber recommends that the State avoid pursuing widespread electrification to the exclusion of natural gas service. Nearly 75% of New Jerseyans rely on natural gas, and it represents a source of safe, affordable, and reliable energy for our businesses. Ratepayers, including businesses, have invested billions in the gas system over many decades, and this infrastructure can help to decarbonize buildings, and our economy by carrying clean fuels like renewable natural gas and hydrogen. Furthermore, unlike traditional natural gas, these clean fuels can (and already are) being produced here within the State, creating jobs and contributing to State's economy.

Calls to abandon this reliable energy source in favor of electric should be rejected. At present, our electric grid remains heavily reliant on carbon-emitting power generation, and requires significant transmission and distribution upgrades to better accommodate existing demand, not to mention the expected growth in electric demand owing to EV deployment and data center development. As power plants in New Jersey have shut down, the fact of the matter is that the State has now become more dependent on out-of-state generation, notably generation in Pennsylvania. The fact that Pennsylvania has rejected participation in the Regional Greenhouse Gas Initiative (RGGI) means that Pennsylvania power plants have a distinct price advantage over New Jersey power plants. As the Board is well aware, these power plants to the west still utilize coal as well as less controlled technologies. In contrast, while New Jersey's fleet is cleaner, it has to compete with these out-of-state and dirtier power sources. Continued development of natural gas in New Jersey, particular in the areas of RNG and hydrogen, allow us to continue the safe and reliable provision of heat until the region, and indeed the United States, ultimately is able to convert to cleaner fuels.

Working together, the electric and gas systems can continue to supply our State's businesses with the energy they need, while they continue to improve in a way that reduces emissions.

NUCLEAR

Nuclear energy has been a powering source for the United States for over 60 years. Nuclear energy protects air quality by producing massive amounts of emission free, and in particular carbon-free electricity. Nuclear energy continues to generate energy when the wind isn't blowing and the sun isn't shining. New Jersey needs to support

and continue to invest in our operating nuclear generating stations in Salem County (Salem and Hope Creek Generating Stations).

SMALL MODULAR REACTORS (SMR)

The emerging SMR market has gained momentum in recent years. SMRs are nuclear reactors that are “small” (300 megawatts of electrical power or less), can be largely assembled in a centralized facility, and would be installed in a modular fashion at power generation sites. Their lower initial capital investment, enhanced efficiency, reduced carbon emissions, versatility and scalability make them a valuable addition to the energy mix. Small nuclear reactors should be considered as a potential component in our pursuit of a renewable energy future.

WIND

The State Chamber recognizes that New Jersey has great offshore wind potential. We support offshore wind in New Jersey and the building of a new, clean energy industry that will spur significant economic growth in the Garden State. We need to increase renewable energy sources to meet our growing energy demands, and offshore wind is the most significant opportunity to do this on the East Coast while creating thousands of jobs and billions of dollars of economic activity.

Transmission investment will also be crucial as the next step in delivering offshore wind energy to New Jersey demand centers and ensuring a reliable electric grid in New Jersey. We support the BPU in their current use of PJM’s State Agreement Approach for transmission development.

As the longest serving member of the New Jersey Clean Air Council at the New Jersey Department of Environmental Protection, our association recognizes the environmental benefits of offshore wind energy in improving air quality and creating a clean energy future for our residents and businesses.

SOLAR

New Jersey is a leader in the solar industry, ranking eighth for total installed solar capacity nationwide. The State Chamber supports solar incentives like tax exemptions, net metering and the federal solar tax credit. Additionally, the State Chamber supports solar development at sites such as landfills, brownfields, warehouses, and government facilities that provide potential for larger installations, improve economies of scale, and that would return unproductive or underutilized sites to societal use.

However, as outlined above, the continued success of New Jersey’s solar industry is predicated upon electric grid infrastructure that can support the expanded development of solar energy.

ENERGY EFFICIENCY

The State Chamber recognizes the importance of energy efficiency to achieving business and environmental goals. For businesses, using energy more efficiently saves money, reduces operating costs, increases competitiveness, and promotes job retention and creation. The State Chamber would welcome development of additional efficiency programs aimed at commercial and industrial customers.

We also encourage State and local governments to lead by example and pursue efforts to reduce energy demand in government buildings.

The EMP should remain aligned with the 2021 Clean Energy Act provisions around energy efficiency and continue to prioritize energy efficiency measures for both gas and electric customers and equipment in order to meet emission reduction targets. New Jersey should remain open to new end-use technologies, and support

innovative utility energy-efficiency programs on both the gas and electric system, especially hybrid heat, networked geothermal, and demand response.

New Jersey's utilities have realistic, achievable strategies to bring cost-effective emissions reductions to our state, including through energy efficiency, low- and zero-carbon fuels, hybrid heat, and the significant potential for carbon capture and other breakthroughs.

New Jersey must continue to explore renewable natural gas, green hydrogen, hybrid heat, geothermal heat and wastewater-to-hydrogen projects.

HYDROGEN and FUEL CELL TECHNOLOGY

As New Jersey companies continue to focus on their decarbonization efforts and make progress toward achieving their emissions reduction commitments, the State should be open to incentivizing industry to transition parts of their operations to incorporate hydrogen and fuel cell technologies.

The State Chamber encourages the State to continue their work with and support the research of New Jersey's academic institutions to pursue making hydrogen and fuel cell technology another viable option to our energy demands.

ARTIFICIAL INTELLIGENCE (AI)

Artificial Intelligence (AI) has made significant strides in recent years, revolutionizing human-machine interactions and enabling complex tasks. However, as AI's capabilities expand, so does its energy consumption. Demand for electricity is going to soar in the coming years, notably from data centers. If New Jersey is going to be a leader in AI, it will need data centers -- which require vast amounts of new sources of electricity. The future of AI hinges on finding sustainable solutions for its energy needs and the State will need to take a proactive approach by supporting more power generation amid growing demand.

FISCAL IMPACT

With all of these proposals, the State Chamber strongly encourages the NJBPU to analyze and review the cost to implement these projects and the impact – pro or con – to the State's economy. The NJBPU needs to continue their due diligence process to safeguard the interests of ratepayers, making sure that we avoid any undue economic burdens.

The State Chamber appreciates the opportunity to provide input and respectfully requests that our views be given proper consideration.

Sincerely,



Michael A. Egerton
Executive Vice President
Government Relations