



Michael J. Renna
President and CEO

1 S. Jersey Plaza
Folsom, NJ 08037
T: 609.561.9000

June 12, 2024

VIA BPU PUBLIC DOCUMENT SEARCH PORTAL

Sherri Golden
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue
Trenton, New Jersey 08625

Re: ***I/M/O the 2024 New Jersey Energy Master Plan, BPU Docket No. QO24020126
SJI's Comments on the 2024 Energy Master Plan***

Dear Secretary Golden:

Please accept the following comments on behalf of South Jersey Industries ("SJI") in response to the Board of Public Utilities' ("BPU") request for feedback regarding the 2024 New Jersey Energy Master Plan ("EMP").

SJI is an energy services holding company headquartered in Folsom, New Jersey. SJI operates two natural gas utilities in the State, South Jersey Gas ("SJG") and Elizabethtown Gas ("ETG"). Together, SJG and ETG deliver safe, reliable, and affordable natural gas to over 730,000 customers in New Jersey. SJI also has businesses focused on renewable energy and decarbonization, including but not limited to solar, fuel cell, renewable natural gas ("RNG"), and hydrogen development.

SJI directly employs over 1,200 people, the vast majority of whom are New Jersey residents. In addition, SJI has a large number of contractors, whose employees include members of organized labor such as pipefitters, electricians, laborers, and operating engineers. Our family of employees, contractors and trades personnel continuously operate, maintain, and upgrade billions of dollars' worth of existing gas infrastructure in the State, serving as an engine for our State's economy. Although SJI has expanded its reach beyond New Jersey through investments by its non-utility businesses (particularly related to RNG), SJI is and will remain a New Jersey-based company with a New Jersey focus.

SJI is committed to supporting the State's clean energy goals, and in so doing, the Company is pursuing its own goal of achieving carbon neutral operations by 2040. We have begun to implement a range of strategies to achieve this goal, including vigorous leak reduction measures, converting our facilities to solar power, utilizing low-carbon transportation fuels, the development and deployment RNG and hydrogen, and robust energy efficiency ("EE") programs.

SJI's gas utilities and various other businesses are key players in the State's clean energy efforts and will continue to be integral components of the renewable energy transition. As the State proceeds with issuing a new 2024 EMP, it should be mindful of how New Jerseyans consume energy

today, and resist unrealistic, unpopular, and counterproductive calls to restrict access to gas service. As the 2019 EMP points out, nearly 75% of New Jerseyans rely on natural gas for heating and cooking, such that our State has among the highest penetration rates for natural gas in the country. Furthermore, the demand for gas service remains robust, with thousands joining our utilities' systems every year, many of whom are switching *from electric heat to gas*.

Mandates that limit natural gas usage in favor of electric not only run contrary to Governor Murphy's no mandate pledge made in February 2023 ("No one is coming for anyone's gas stove . . . No one is being forced to do anything in any way."), but have also been ruled legally invalid. See Calif. Rest. Ass'n. v. City of Berkeley, 89 F.4th 1094 (9th Cir. 2024). Such mandates would also come at a tremendous cost, and would produce adverse environmental impacts, given that 60% of the State's electricity comes from carbon-producing sources. Accordingly, and as set forth in more detail below, we urge the State to lean into the gas system as a means of affordably achieving New Jersey's decarbonization goals.

SJI appreciates the opportunity to provide these written comments related to the forthcoming 2024 EMP. Consistent with the notices issued by BPU as part of this stakeholder process, we address each strategy of the 2019 EMP below. We further refer you to the verbal comments made by SJI representatives at the hearings of May 20 and May 22, 2024.

A. Strategy 1: Reduce Energy Consumption and Emissions from Transportation

Regarding Strategy 1, the 2019 EMP states that the transportation sector is responsible for 42% of New Jersey's net greenhouse gas emissions, accounting for the largest single source of all emissions. Accordingly, the 2024 EMP should similarly maintain a focus on combatting emissions from the transportation sector.

While electric vehicles ("EVs") will play a pivotal role in reducing emissions, vehicles powered by compressed natural gas ("CNG") and hydrogen can also significantly reduce emissions in the transportation sector. This is especially true for heavy-duty vehicles because there are currently no viable heavy-duty electric vehicle options on the market today. To fill this gap, the next iteration of the EMP should embrace CNG- and hydrogen-powered vehicles as a way of reducing emissions from the transportation sector.

Heavy-duty vehicles are not a minor portion of the vehicle market when it comes to emissions. Although these vehicles only account for 7% of all vehicles on American roadways, heavy-duty vehicles account for 50% of all smog-precursor emissions and 20% of all transportation related greenhouse gas emissions in the transportation sector. When considering the emissions produced to supply electricity from the current electric grid to New Jersey, near-zero emission natural gas trucks are at least five times cleaner than EVs of comparable size and function. Accordingly, the 2024 EMP should reach beyond EVs to reduce emissions from the transportation sector as a whole.

Medium- and heavy-duty vehicles require more energy and faster charging times than what electric charging can currently provide. Compressed gas fuels offer quicker refuel times and greater

range for vehicles that tow or move heavy loads. One way that CNG-fueled vehicles have been embraced in other jurisdictions is through Low-Carbon Fuel Standards (“LCFS”), which recognize the value of RNG and hydrogen in transportation applications. Presently pending in the New Jersey Legislature is a bill (S-2425 / A-3645) that would establish a technology-neutral, LCFS in the State. The 2024 EMP should call for a technology neutral LCFS for New Jersey as a means of reducing emissions from the transportation sector.

In contrast to the EV market, there are many commercially available options for CNG/RNG heavy-duty vehicles today. According to the 2023 New Jersey Clean Cities Coalition Annual Report, alternative fuel projects displaced more than 10 million gasoline gallon equivalents in the State in 2022, and CNG vehicles made up 82% of the reduction, while EVs made up only 3.2%. Of the 24,161 tons of greenhouse gas emissions reduced in 2022 by Alternative Fuel Projects, 41% of that figure was attributable to CNG, while only 14% was the result of electric (with the remainder coming from the following sources: 22% biodiesel, 12% hybrid, 4.6% plug-in hybrid, 4.5% gasoline/ethanol mix, and 2% propane).

SJI’s utilities currently operate about 250 CNG vehicles, serving to replace gasoline- and diesel-powered vehicles. What’s more, our CNG vehicles are powered almost entirely by RNG. By using RNG to power our CNG vehicles, the carbon intensity score for our CNG fleet is approximately 50% of what it would be if we were still using gas or diesel. In the near future, we also foresee zero-emission hydrogen vehicles becoming available, helping to further reduce emissions from the transportation sector.

In summary, SJI urges the State to ensure that the 2024 EMP recognizes that EVs are not a complete solution for reducing transportation emissions, in part due to the absence of commercially viable options for medium- and heavy-duty vehicles. Because there are no single, simple solutions to reducing transportation-related emissions (or emissions from any sector for that matter), the 2024 EMP should embrace CNG and hydrogen vehicles as part of its strategy.

B. Strategy 2: Accelerate Deployment of Renewable Energy and DER

SJI fully supports the acceleration of renewable energy and DER. Indeed, SJI has established on-site, net-metered solar arrays at its facilities, including at SJI’s corporate headquarters in Folsom, and at our Elizabethtown Gas headquarters in Union. Furthermore, SJI has developed other solar projects, including a seven-megawatt, grid-connected solar project in Burlington County.

Since the issuance of the 2019 EMP, the State has witnessed challenges in growing renewable electricity. Interconnecting new solar facilities remains challenging in many parts of the State. Ørsted, whose proposed Ocean Wind Project was to produce 1,100 MW of electricity beginning this year, abruptly halted its efforts in 2023, despite robust support from the State. Growing electric storage in the way envisioned by the 2019 EMP and the 2018 Clean Energy Act remains aspirational. And across PJM, older, fossil-powered generation facilities are retiring more quickly than new renewable electric generation facilities are coming online. At the same time, the demand for energy continues to grow exponentially, driven, in part, by the proliferation of data centers to support AI growth.

The next iteration of the EMP should confront these experiences and propose methods for ensuring that renewable electricity and DER can prosper in the State going forward. Indeed, most, if not all, of the other strategies within the 2019 EMP necessarily depend on Strategy 2. Most notably, carbon-emitting electric generation undermines the benefits of a move towards EVs, as well as any electrification policy for buildings (as addressed in more detail in Section D, below).

Strategy 2 of the 2019 EMP provides that the State should “maximize the use of source separated organic waste for energy production and encourage anaerobic digestion for electricity production or natural gas pipeline injections.” SJI agrees, and respectfully submits that this aspect of the 2019 EMP warrants further expansion in the 2024 EMP. Existing waste and agriculture facilities produce methane, which generally escapes into the atmosphere and contributes to climate change. RNG technology allows for the capture of this gas and the repurposing of it for use in the natural gas distribution system. The benefits from RNG include reducing the need for geologic gas and interstate pipelines, since RNG can be homegrown within the State. Further, when used in the gas distribution system, RNG will lower emissions from buildings, allow customers to continue to use their gas appliances, avoid the costly build out of new electric infrastructure, and relieve burdens on our electric system that threaten reliability.

Our enthusiasm for RNG is in part driven by our own successes in developing RNG resources both in New Jersey and beyond. In Linden, New Jersey, SJI has begun construction of the largest food waste-to-RNG project in the country. Using anaerobic digestion technology, the Linden facility will take in organic food waste from across New Jersey and New York City, diverting it from landfills consistent with New Jersey’s food waste law (P.L.2020, c.24). Once operational in 2026, the facility will convert up to 1,475 tons of food waste to produce up to 3,383 MMBTU worth of RNG per day, and the RNG so produced will be injected directly into the ETG gas distribution system (offsetting the need to import geologic gas from out of state). Environmentally, we anticipate this project will offset emissions equivalent to the consumption of about 30,000 gallons of gasoline each day. When working at full capacity, SJI anticipates that the project will avoid an estimated 120,000 metric tons of CO₂ emissions annually. Economically, Linden Renewable Energy project is producing hundreds of union construction jobs, and additional jobs to operate it once construction is complete.

SJI has further invested in RNG by partnering with the Atlantic County Utility Authority to create an RNG facility at a solid waste landfill in Egg Harbor Township. The Atlantic RNG facility will capture biogas, made up of methane from the landfill, which will be upgraded to meet the required quality standards for distribution in the gas system.

Beyond the State’s borders, SJI has seven large dairy RNG projects already in operation, and another three scheduled to begin production this summer. Our largest eight projects will begin producing RNG within the next six to nine months, and we have a pipeline of dozens of additional projects under development. Once online, SJI’s dairy portfolio will provide a benefit equivalent to eliminating the emissions associated with 560 million miles driven by passenger vehicles every year.

SJI’s commitment to renewables is consistent with our efforts to develop hydrogen. Since the State’s 2019 EMP was issued, hydrogen technology has advanced by leaps and bounds. Later

in 2024, our company will begin producing hydrogen, powered by a solar array, in Gloucester County. We will start blending that hydrogen into the SJG distribution system, offsetting geologic natural gas use, all in a way that allows SJG customers to continue to use their existing gas appliances.

Because hydrogen can be produced via renewable electricity, it can serve as a driver for the growth of carbon-free power in our State. Importantly, hydrogen can also provide a storage solution for intermittent renewable electricity sources like wind and solar. Hydrogen can preserve excess renewable energy for when it is needed and serve as a means to avoid supplying the electric grid with excess capacity. As such, hydrogen can work alongside wind and solar to enhance the benefits of renewable electric, thereby resulting in a win-win for the environment and our economy.

The federal government has embraced RNG and hydrogen. First, the federal Bipartisan Infrastructure Law allocated \$8 billion for the development of hydrogen hubs, and one of those awards went to a hub that includes South Jersey. Second, the Inflation Reduction Act provides tax credits for the development of both RNG and hydrogen projects. In addition, other states have embraced RNG, with California requiring a specified percentage of RNG to be flowing through their pipes by 2030, and Oregon enacting a law that embraces the development of RNG production facilities by natural gas utilities.

Historically, all of the natural gas used in New Jersey has been imported from out-of-state. By investing in RNG and hydrogen technologies, New Jersey can foster domestic fuel production and create a significant number of jobs. It will also help reduce emissions and contribute to achieving the State's climate goals.

At SJI, we envision a future where New Jersey residents transition to fuels like RNG and hydrogen but continue to use their gas appliances, thereby reaping the benefits of the natural gas infrastructure they have invested billions in to date, with RNG and hydrogen being critical components of the gas stream. Therefore, the 2024 EMP should embrace RNG and hydrogen, for both their environmental and economic benefits. With the right support from the State, we can foster a homegrown energy production industry here in New Jersey, create new jobs, all while combatting climate change.

C. Strategy 3: Maximize Energy Efficiency and Reduce Peak Demand

SJI supports the State's EE goals and is committed to achieving the energy consumption reduction targets set forth in the 2018 Clean Energy Act. SJI is not in the geologic gas production business nor does it earn revenue from the sale of natural gas commodities. Accordingly, helping our utility customers to reduce their gas consumption fits neatly within our business model.

SJI's utilities have actively promoted EE measures and have helped customers reduce gas consumption, save on their energy bills, all while lowering emissions. To date, SJG and ETG have invested \$273 million in EE measures, reducing lifetime gas consumption by 41 million dekatherms, and preventing 2.4 million tons of lifetime CO₂ emissions. That said, SJG and ETG are by no means done with these EE efforts, with the utilities' next suite of EE programs presently pending approval by BPU.

The focus of the 2024 EMP regarding EE should continue to be on reducing overall energy demand, including gas demand. This means continuing to incentivize customers to use more efficient gas appliances, rather than excluding them. In this regard, a recent experience involving a rule proposal offered by the United States Environmental Protection Agency (“EPA”) is instructive. Originally, EPA sought to establish an EE standard that would have eliminated a great many gas stoves from the marketplace. Earlier this year, the EPA published a final rule wherein nearly all gas stoves on the market were deemed to comply (and significantly more electric induction stoves were not). In the spirit of “meeting customers where they are” (a common phrase used in the EE context), the State should avoid excluding gas appliances from EE incentives. Indeed, this approach is the best way to fulfill the Legislature’s EE mandate as laid out in the Clean Energy Act, which is to reduce both electric and gas demand.

D. Strategy 4: Reduce Energy Use and Emissions from the Building Sector

Regarding building decarbonization, the 2024 EMP should fully embrace the deployment of RNG and hydrogen in the building sector (see Section B, above). Further, the 2024 EMP should recognize the vital importance the gas distribution system will play in reducing emissions.

Building decarbonization is not the same as building electrification. A rush to widespread electrification that displaces natural gas service will strain the State’s limited resources and will run at odds with our environmental and economic goals. At present, 60% of our electric power is produced via fossil fuels, including coal plants within PJM. As a result, it is presently twice as carbon intensive to heat a given space with electric than it is with geologic natural gas, even before the deployment of RNG and hydrogen are considered.

Achieving a clean electric grid is among the goals that the State has, and it is one that SJI supports (see Section B, above). A carbon-free electric grid, however, is going to require a massive build out of electric generation, transmission, and distribution infrastructure. One study has concluded that moving *just 60%* of residential gas customers to electric, in an environment where new generation is supplied by renewables, would conservatively cost \$1.2 *trillion* nationally (and this estimate excludes various other costs, like electric distribution system upgrades). See https://www.aga.org/wp-content/uploads/2018/07/aga_study_on_residential_electrification.pdf, at 38. Even assuming New Jersey could muster the resources for its share of this colossal investment, doing so will take a considerable length of time, and will likely be subject to various setbacks (see Section B, above).

Given the magnitude of the State’s laudable clean energy goals, it cannot afford to exclude technologies like RNG and hydrogen from its plans and should instead embrace an all-of-the-above approach that includes these resources. This is especially true given projected increases in electric demand resulting from the growth of data centers, for use in various applications including artificial intelligence (“AI”). The Electric Power Research Institute projects that data centers alone may consume nine percent of *all* domestic electricity production by 2030, with single facilities requesting as much power as would be needed by *800,000 homes*. See <https://restservice.epri.com/publicdownload/000000003002028905/0/Product>, at 1. Especially given Governor Murphy’s vision for New Jersey to become an AI hub, as laid out within his 2024

State of the State address, meeting the power needs of AI and other data centers alone is going to be an enormous challenge. Refusing to leverage the \$17 billion worth of gas infrastructure that has been bought and paid for by gas customers throughout the decades, in favor of heaping even greater burdens on the electric system through widespread electrification, is not a policy destined for success. This is particularly true because RNG, hydrogen, and other technological advancements (from advanced leak detection to modern pipe technology) provide a pathway for emission reductions via the gas system.

At present, New Jersey customers exhibit a strong preference for natural gas. This is reflected in the 73% of State residents who rely on gas already, as well as the fact that thousands of new customers join the gas system every year. Indeed, about 20% of SJG's new customers in recent years have migrated away from electric to gas. There are a number of reasons for this preference, but among them are affordability and reliability. Currently, natural gas is over three times more affordable than electricity and significantly more affordable than all other major sources of residential energy for the same amount of energy delivered. Regarding reliability, only 1 out of 650 gas customers experience an unplanned gas outage per year, while *1 out of 1* electric customers, on average, experience an unplanned electric outage annually. See <https://playbook.aga.org/reliable/>. To be sure, the electric grid is a modern marvel, a triumph of human ingenuity, investment, and labor. That said, like anything else, it has its limits, and therefore, our energy policy should avoid pushing it beyond its capabilities.

Cost considerations regarding electrification should be carefully approached by the State, as recent history demonstrates the pitfalls associated with electrification cost calculations. In 2021, the New Jersey Department of Environmental Protection ("NJDEP") proposed a rule that would have prohibited fossil-powered boilers in favor of electric alternatives. SJI pointed out that the proposal, had it gone into effect, would have produced 50% more emissions, given the electric system's reliance on carbon-emitting generation. Most striking, however, was the contrast between NJDEP's initial cost estimate versus its later, revised estimate. At the outset, the department projected that the operational costs of electric alternatives to fossil-powered boilers would be 4.2 to 4.9 *percent* higher (to say nothing about equipment costs). To its credit, the department subsequently corrected its estimate, concluding that the operational costs would actually be 4.2 to 4.9 *times* higher, and subsequently withdrew its rule proposal. Given this sizable error by a State agency of the costs of an electrification policy, in one relatively small segment of the market, widespread electrification costs must be carefully studied and understood.

In summary, the gas system complements the electric system by helping to meet the energy needs of New Jersey, including the nearly two-thirds of New Jersey residents that rely on it, and more still that are joining it every year. With soaring demand for electricity on the horizon, an electric grid that is 60% reliant on carbon-emitting generation, and a cold weather climate, the 2024 EMP should reject calls for widespread electrification as a means of decarbonizing buildings. Instead, the 2024 EMP should embrace the existing, affordable, reliable, and ever-improving gas system, and new technologies like RNG and hydrogen, as a pathway to decarbonizing buildings.

E. Strategy 5: Decarbonizing and Modernizing New Jersey’s Energy System

Regarding Strategy 5, hydrogen and RNG will help decarbonize the gas grid, as mentioned above. By maintaining our gas infrastructure, we will reduce burdens on our electric system, and avoid costly buildouts of new electric generation and transmission assets. Furthermore, vigorously maintaining our gas infrastructure will help our utilities reduce wasted energy and methane leaks, thus further controlling emissions.

Consistent with Goal 5.4.4 of the 2019 EMP, leak reduction strategies that include the replacement of vintage, at-risk pipe materials with modern plastics have led to significant emissions reductions and will continue to do so into the future. SJG’s leak reduction efforts have reduced emissions from our mains and service lines by 70% from 2006 to 2023. ETG reduced its corresponding emissions by 74% over that same period. Through robust infrastructure replacement programs at our utilities (see Section G, below), our total combined miles of main have increased by 18% from 2006 to 2023, but the CO₂-equivalent emissions from these mains and associated services have been reduced by 68% (as compared to the current EMP baseline year of 2006). To be sure, these upgrades also make the gas system even more resilient. And because RNG is chemically identical to geologic gas, these new pipes can certainly carry RNG, but importantly, are also better for distributing greater amounts of hydrogen to customers.

As the 2019 EMP acknowledges, modernizing the gas system need not only be accomplished through pipe replacement efforts and through the deployment of RNG and hydrogen. As noted in Section C, above, SJI’s utilities’ EE efforts to date have saved 41 million dekatherms of gas, with further reductions to come through the utilities’ next tranche of programs. Advanced Metering Infrastructure for gas utilities stands to improve meter reading accuracy, enhance customer experience, and increase reliability of gas service.

Turning to the electric grid, the 2019 EMP expresses concern over increased electric rates owing to transmission assets, but at the same time calls for electrification, and investments needed to accommodate that proposal. As mentioned above, widespread electrification will require an enormous investment in transmission infrastructure, especially as baseload power sources retire at a rate faster than renewables can replace. In addition to transmission assets, investment in renewable generation, and distribution upgrades, will push electric rates higher, not to mention consumer equipment costs. As set forth in Section D, above, the costs of such a transformation will be astronomical. Accordingly, the 2024 EMP should fully address these costs and challenges.

F. Strategy 6: Support Community Energy Planning and Action in Low- and Moderate-Income and Environmental Justice Communities

SJI applauds the State for its focus on low- and moderate income (“LMI”) and environmental justice (“EJ”) communities within the 2019 EMP. Among the approaches highlighted within Strategy 6 of the 2019 EMP were the acceleration of community solar projects, incentives for rooftop solar, and the development of clean energy workforce and training programs. SJI supports building upon these efforts within the 2024 EMP.

Ensuring that LMI and EJ communities receive the benefits of clean energy requires an intentional approach that focuses on these communities in particular. As the 2019 EMP points out, members of these communities are often less likely to avail themselves of incentives to lower bills or improve air quality and are often more vulnerable to extreme weather events. Of course, members of LMI communities often spend a larger share of their incomes on utility bills, such that it is appropriate to ensure that the State’s energy policies do not foist new burdens on those with the least ability to pay.

SJI’s utilities partner with providers to promote financial assistance for those in need, with our Customer Outreach Team advocating for customer support programs including: Low-Income Home Energy Assistance Program (“LIHEAP”), Payment Assistance for Gas and Electric (“PAGE”), the Comfort Partners Program, and NJ SHARES, as well as other grants and relief funds administered by our State and federal agencies. In 2023, these programs provided 47,576 eligible households in our utilities’ two service territories with more than \$34 million in relief. These programs provide utility bill relief for our customers—keeping them connected to natural gas service to support their heating, hot water, and cooking needs. Furthermore, SJI provides \$500,000 annually in additional funding to NJSHARES, funding that is not earmarked for payment of ETG or SJG bills. Additionally, SJI has long had a robust charitable giving and community support program, in excess of \$1 million per year, much of which is directed towards EJ and SJI communities.

The 2024 EMP should confront how certain other strategies within the EMP have the potential to negatively affect LMI and EJ communities and propose ways to mitigate these impacts. Regarding Strategy 4 (building electrification), natural gas remains much cheaper than electricity when it comes to the amount of energy delivered. Gas service is generally available in the State’s urban centers, where many LMI and EJ communities are located. As such, a great many customers in these communities rely on natural gas and cannot easily switch away from gas to electric (even if they desired to do so), due in large part to the costs involved. These costs include not just utility bills, but also equipment costs. In 2023, air-source heat pumps cost approximately \$16,000 nationwide, after incentives, an estimate that excludes other costs like electric upgrades, duct work, insulation/weatherization, etc. See <https://www.energysage.com/heat-pumps/costs-and-benefits-air-source-heat-pumps/#heat-pump-costs-by-state>. LMI utility customers cannot be expected to afford such costs, even with generous incentives.

The 2024 EMP should also consider how the buildout of renewable electric generation, and attendant transmission and distribution costs, will increase electric rates for LMI consumers, especially under an electrification scenario. New Jersey is already a high-cost state, and an electrification policy that relies on carbon-free generation (*i.e.*, the only version of an electrification policy that can truly decarbonize buildings), stands to make energy unaffordable, for LMI customers in particular, due to the massive investment required for electric infrastructure. What’s more, all customers will pay more, even if they remain on the gas system, since their rates for electric service will climb regardless of their choice. Making matters worse, for those who remain on gas (and especially LMI customers), electrification stands to prevent growth of the gas customer base, requiring those that remain to pay more to maintain the existing gas system, resulting in an artificial increase in gas bills, as well as electric. Finally, because energy is required to produce or move

goods and services, *everything* (not just energy bills) can be expected to cost more, harming LMI communities the most.

A just, orderly, and equitable transition to a low-to-zero carbon economy requires a careful and thorough examination of costs, especially for those in LMI and EJ communities. SJI urges the State to consider these impacts and meaningfully address them within the context of ensuring that LMI and EJ communities are not harmed by other strategies within the forthcoming EMP.

G. Strategy 7: Expand the Clean Energy Innovation Economy

Strategy 7 of the 2019 EMP seeks to support the growth of clean energy industries through workforce training, clean energy finance solutions, and investments in research and development programs. SJI recognizes and supports the economic growth benefits that clean energy development and deployment can provide and supports the EMP's plan to expand the clean energy innovation economy in New Jersey.

At SJI, we have a Company goal of achieving 100% carbon neutral operations by 2040 and achieving a 70% reduction of operational emissions and consumption by 2030. Among the ways we intend to achieve these goals is through in-state investments in RNG, including the Linden food waste-to-RNG facility, the Atlantic RNG Project in Egg Harbor Township, and the Gloucester County hydrogen project (see Section B). Furthermore, SJI has invested in solar, using it to power its corporate headquarters in Folsom, ETG's headquarters in Union, as well as a seven-megawatt facility in Burlington County. These in-state projects are in addition to the dozens of dairy RNG projects SJI is spearheading across the country (see Section B), two fuel cell projects in New York, as well as a 5.66 MW solar and 5.2 MW battery storage facility in Massachusetts.

That said, SJI's commitment to reducing emissions also extends to aggressive infrastructure upgrades and replacement programs at SJI's utilities. In June 2022, SJG secured BPU's approval of a \$200 million, five-year Infrastructure Investment Program ("IIP"). Under this program, now underway, SJG is replacing approximately 250 miles of at-risk facilities (including vintage steel and plastic mains and related services) and will install excess flow valves on new service lines. Similarly, ETG is in the final year of its own five-year IIP, pursuant to which ETG is replacing vintage mains and related services. Additionally, under SJG's Accelerated Infrastructure Replacement Programs ("AIRP") and Storm Hardening and Reliability Program ("SHARP"), SJG replaced nearly 900 miles of aging main and restored nearly 50,000 services, while also increasing service reliability through critical secondary feeds to the barrier islands

Furthermore, in 2021, SJG began operation of its New Century Pump Station, a \$69 million facility created to regulate consistent pressure throughout the SJG distribution system. The pump station helps prevent gas supply interruptions caused by extreme weather, peak-demand events, man-made disruptions, or other issues that may affect interstate pipelines. This project alone has led to the creation of approximately 275 jobs, and will soon be complemented by an electrolyzer, which will produce hydrogen from solar, and deliver it to the SJG distribution system.

H. Conclusion

SJI appreciates the opportunity to participate in the 2024 EMP stakeholder process and to provide verbal comments at the prior hearings as well as these written comments. SJI supports the State's efforts to achieve a clean energy future but recommends a balanced approach that recognizes the inherent value of the gas system, upon which nearly three-quarters of New Jerseyans currently rely, and the myriad of ways that the gas system can help to deliver a clean energy future for our State.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Renna', with a stylized flourish extending to the right.

Michael J. Renna
President & CEO
South Jersey Industries