



## Disputing the Future of New Jersey's Energy Policy

First open hearing on state's revised Energy Master Plan elicits divergent opinions, little by way of agreement

By **Tom Johnson**, July 27 in **Energy & Environment**



When it comes to supplying New Jersey's energy needs, there is no shortage of opinions or disagreements over how the state should proceed.

That was abundantly clear yesterday when the state Board of Public Utilities (BPU) opened up hearings on a draft Energy Master Plan, a proposal praised by some, criticized by others, and faulted for failing to address important areas by a few interest groups.

The hearing, the first of three scheduled by the agency on the plan unveiled by the Christie administration last month, will help shape energy policy in New Jersey in the future. How much it will shift the state's energy policies was among the many points of dispute.

New Jersey Division of Rate Counsel Stefanie Brand argued the plan represented "a natural progression" from a plan completed by the Corzine administration in 2008. "I don't see it as a radical change," said Brand, who noted it reflected, in part, the steep drop in natural gas prices since the prior plan was completed.

That view was disputed by clean energy advocates and other public interest groups.

"This draft takes a giant step backwards," said Ellie Gruber, representing the League of Women Voters, taking particular objection to the plan's first goal to drive down the costs of energy for all customers. "The first goal should be to encourage more energy efficiency, more conservation and more renewable resources."

That has been a repeated criticism of the plan, which suggests the state revise its goal of reducing energy consumption by 20 percent by 2020. By and large, most people in the industry agree, the cheapest way to lower energy costs is to not use the electricity or gas in the first place. Some critics of the plan worry that reducing, and possibly eliminating, a surcharge to finance energy efficiency programs will undercut efforts to curb energy consumption.

Gruber and environmentalists also took issue with the plan's goal to incent new power plant construction fired by natural gas, taking advantage of lower prices because of the discovery of massive reserves of the fuel in the Marcellus Shale deposits of Pennsylvania and New York.

But Ed Graham, chief executive officer and chairman of South Jersey Industries, who argued natural gas will

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play a leading role in the reduction of the greenhouse gas emissions that contribute to global climate change. He said Pennsylvania regulators will provide the required oversight over drilling operations for natural gas there, a practice that has caused concern among environmentalists who say it will harm the drinking water supplies of five million people in the region.

"Natural gas should be the centerpiece of the energy master plan," Graham said.

### **Utility Infrastructure**

Utility executives argued the plan properly promotes the development and modernization of their electric and gas infrastructure systems. Public Service Electric & Gas (PSE&G), the state's largest electric utility, said it anticipates spending more than \$3 billion over the next five years on its transmission system, an investment that will create hundreds of jobs, according to Anne Hoskins, senior vice president of Public Service Enterprise Group, the utility's parent.

Vincent Maione, president of Atlantic City Electric, told the agency that upgrades to the transmission system are necessary if the state is going to meet its aggressive offshore wind goals, which aim to develop more than 1,000 megawatts of generating capacity off the Jersey coast. He also said utilities ought to help the state meet its energy reduction goals, but only if the state approves new regulations allowing them to recover revenues lost by curbing how much electricity its customers use.

Dena Mottola Jaborska, executive director of Environment New Jersey, questioned how the plan will reduce energy costs to consumers. "Where's the analysis for all the pipelines and transmission lines that are supposed to be built?" she asked.

Others suggested that the state move cautiously in promoting offshore wind. Bob Marshall, representing the New Jersey Energy Coalition, said the economic costs associated with offshore wind as well as the intermittent nature of the energy source, ought to cause the state to look more carefully at its offshore wind goals.

### **The Solar Lobby**

New Jersey's solar industry lobbyists questioned some of the cost assumptions detailed in the Energy Master Plan, arguing that they are based on outdated information, which unfairly inflates the cost of solar power. BPU President Lee Solomon conceded the board may have to re-examine its data to ensure it is accurate.

Perhaps, more importantly, several solar lobbyists urged the agency to adopt a new schedule for Solar Alternative Compliance Payments, which energy suppliers have to pay if they are unable to buy the required number of solar renewable energy certificates in any given year. The so-called SRECs are earned by owners of solar systems for the electricity they produce.

In recent months, the solar industry has lobbied the agency to comply with a mandate to establish a 15-year schedule for the payments, which was supposed to have been done two years ago. With such a schedule, there is no compliance mechanism to force energy suppliers to buy the SRECs, according to Terry Sobolewski, business manager of SunPower.

"Why would anyone buy the SRECs if there is no compliance penalty?" he asked, in an interview after the hearing. "It drives compliance."

Solomon, during a break in the hearing, agreed. "That is something that we have to correct," the president said.