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N.J. revising its energy policy



Written by

[Bob Jordan](#) | Statehouse Bureau

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TRENTON —

New Jersey is overhauling its energy policy for the second time in three years as states make more-frequent rewrites to keep up with technology changes and ideological shifts.

Northeast states have been responding lately to the abundance of natural gas drawn from the Pennsylvania section of the Marcellus Shale, a geologic formation in the Appalachian basin. It has dropped gas prices to a third of 2008 peaks.

“Shale gas is a game-changer,” said David Solan, director of the Energy Policy Institute at Boise State University. “New Jersey is not alone in contemplating new ways to approach energy issues and strike a different balance in how to incorporate cleaner renewable energy such as solar into future plans.”

New York, where the most recent energy plans were filed in 2002 and 2009, has a new state law requiring plans every two years.

Pennsylvania puts out energy development plans every three years but in July added a special Marcellus Shale Advisory Commission report with recommendations on how regulators should respond to the increased drilling, by use of the controversial fracking process, in gas-rich parts of the state.

There’s been sharpened energy focus in other regions as well, said Stacy Paradis, deputy director of the 13-state Midwest Energy Efficiency Alliance, with policy changes in the works under new governors in Ohio, Michigan and Iowa, she said.

“There’s increased awareness at the citizen level and new governors want to put their energy policies in place, especially when there’s a change of party,” Paradis said.

New Jersey Republican Gov. Chris Christie, who took office in January 2010, has proposed changes embraced by the business community and welcomed by conservatives after years of progressive energy policy under Democratic governors.

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His ideas would be implemented by regulators at the state Board of Public Utilities, which sets financial incentives, rebates, subsidies and rates to promote or encourage actions by consumers and the four electric distribution companies doing business in the state -- Jersey Central Power & Light, Public Service Electric & Gas Co., Atlantic City Electric and Rockland Electric Co.

For instance, the number of solar installations has grown to over 10,000 (only California has more), but the Christie administration's 141-page draft energy master plan says the program is overfeeding on subsidies paid by electric ratepayers.

The BPU can impact the solar program by scaling back surcharges on home bills or wiping out rebates for smaller solar projects installed by homeowners.

Christie says large-scale solar arrays sited at brownfields and landfills might provide better cost-efficiencies, allowing his administration to "continue to promote and expand the state's solar industry, a critical element of our long-term energy strategy," he said.

The plan leaves room for the possibility of building a new nuclear plant and also lays out a path to develop wind power.

Other highlights: Christie says he wants to reward energy efficiency and says it's time to make advances with fuel cell technology (combining hydrogen and oxygen in an

electrochemical reaction), smart grids (which utilities say will allow them to add in intermittent power from wind and solar sources), and smart meters (intended to reduce power demand during peak periods).

Christie's blueprint would replace rules produced in 2008 during the term of Democratic Gov. Jon S. Corzine. Christie took office in January 2010. The state's prior energy policy rewrite was in 1995.

The BPU is holding public hearings on the changes and a final version of the policy will be published in the fall. At the first hearing in Newark, Ellie Gruber, representing the League of Women Voters, said relying too heavily on natural gas is risky, with the low cost outweighed by drilling risks.

"No source of energy exists without costs," Gruber said.

Solan of Boise State University said there are typically both market and political

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considerations inherent in energy policy at the state level.

“But I don’t think it makes any sense to rewrite an energy policy sooner than every five years, so people and agencies enough time to implement the guidelines,” he added. “You don’t want to be switching things every year, which makes it little more than a bureaucratic exercise.”

The Shale gas is drawn largely through fracking, or hydraulic fracturing drilling, controversial because of health and environmental concerns.

New Jersey isn’t seen as a future site of large-scale fracking, but a symbolic bill sponsored by Democrats to permanently prohibit fracking has received full legislative approval. Christie hasn’t signaled whether he will sign the measure.

Fracking involves injecting water, chemicals and sand deep underground to break up rock formations and release natural gas.

Christie’s draft energy master plan notes that New Jersey has one of the highest concentrations of natural gas use in the U. S., with 2.9 million gas customers in the state, 90 percent of which are residential.

“The pipelines that serve New Jersey benefit from increased production by the Marcellus Shale region. Existing pipeline connections allow for the transportation of shale gas from Marcellus in addition to conventional production from the Gulf Coast. Shale gas is expected to increase

substantially in the decade ahead, and may continue to capture increased market share for decades,” the plan says.

Dena Mottola Jaborska, head of Environment New Jersey, said the document is an endorsement of fracking.

“I think this plan creates more problems than it solves,” Mottola Jaborska said.

Others say betting on natural gas will pay off.

“The supply of natural gas can last us for decades if not hundreds of years and is a very good and reliable source of energy,” said Steve Lonagan, a two-time candidate for the Republican gubernatorial nomination and the state director of Americans for Prosperity, a libertarian advocacy group.

Lonagan said the health and environmental concerns over fracking are overstated.

“It keeps the money and jobs in this region,

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rather than taking countless millions of dollars to subsidize windmills and solar panels,” Lonegan said.

Jeff Tittel of the New Jersey Sierra Club said fracking “requires mixing millions of gallons of water with toxic substances and pumping the water underground to release natural gas. Fracking is polluting communities across the United States and is now threatening our own water supply in the Delaware River Basin with drilling potentially beginning as early as October this year. New Jersey currently is not threatened with fracking, but with Utica Shale and other deposits New Jersey we will be at risk once the Marcellus Shale gets depleted.”

Christie said a prime objective of his draft energy plan is to reduce consumer costs. New Jersey's electric ratepayers pay the fourth-highest retail power rates in the United States.

“Considering our state has some of the highest energy rates in the nation, reducing these rates and making them comparable to costs in other regions and states are important steps in facilitating economic growth and lowering the cost of living for New Jerseyans,” Christie said.

But Tittel claims the “real reason” for the plan rewrite “is for the governor to rescind the parts of the 2008 plan he doesn't like and parts the conservative crowd he's playing to doesn't like. Rolling it back makes his national audience happy.”

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The Board of Public Utilities will conduct a public hearing on the draft energy master plan Aug. 11 at Stockton State College from 1 p.m. to 5 p.m. The BPU will accept written comments through Aug. 25.

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