
Public Hearing

before

SENATE ENVIRONMENT AND ENERGY COMMITTEE

ASSEMBLY ENVIRONMENT AND SOLID WASTE COMMITTEE

"Testimony from invited guests and the public on the 2011 Draft Energy Master Plan"

LOCATION: Toms River Town Hall
Toms River, New Jersey

DATE: August 18, 2011
10:00 a.m.

MEMBERS OF COMMITTEES PRESENT:

Senator Bob Smith, Chair
Senator Robert M. Gordon, Vice Chair
Senator Christopher "Kip" Bateman
Senator Jennifer Beck

Assemblyman John F. McKeon, Chair
Assemblyman Daniel R. Benson
Assemblywoman Pamela R. Lampitt
Assemblyman Charles S. Mainor
Assemblywoman Connie Wagner
Assemblyman Scott Rudder



ALSO PRESENT:

Judith L. Horowitz
Amy Denholtz
Carrie Anne Calvo-Hahn
Office of Legislative Services
Committee Aides

Kevil Duhon
Senate Majority
Mishael Azam
Assembly Majority
Committee Aides

Christina Gordillo
Senate Republican
Thea M. Sheridan
Assembly Republican
Committee Aides

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SENATOR BOB SMITH, (Chair): Could everybody take a seat please?

MAYOR THOMAS F. KELAHER: (speaking away from microphone) Good morning, everybody.

In case you don't know me, I'm Tom Kelaher. I'm the Mayor of Toms River, and I just wanted to be here this morning to welcome everybody. I'm here to thank you for coming.

You know, energy is an important issue in our society. It affects all of our residents, as well as our businesses. And there are some right answers, and there are some not-so-right answers. And it's important for the Committee here behind me that they have an opportunity to hear your input.

And I want to thank all of you for being here to listen. And I hope you all learn something from this. So thank you all, and welcome to Toms River.

SENATOR SMITH: Mayor Kelaher, thank you so much for your welcome. Toms River has been our host for a number of years now, and it is a wonderful venue, not only in a beautiful community and a shore setting, but you've always been very kind to us and your town has been very kind to us. And if you're not careful, we're going to come back. (laughter)

Thank you, Mayor.

MAYOR KELAHER: You're always welcome.

Thank you.

SENATOR SMITH: We appreciate your welcome.

Good morning, everyone. My name is Bob Smith, and I chair the Senate Energy and Environment Committee -- the Environment and

Energy Committee. Seated to my right is Chairman John McKeon, who chairs the Assembly Environment Committee. And we are back. As I said to the Mayor, this is just a wonderful venue. We love to be down here.

I think we also-- One of the reasons we do this is so that we let the residents of the shore communities know that we love you dearly. A lot of times when we only have hearings in Trenton, people have a tendency to think of their government as being far away. We really do think the Jersey Shore is the jewel of New Jersey, and it's one of the great reasons that we love to come here.

Now, we have a great turnout today. Chairman McKeon and I would agree that it's just a little smaller than it was last year. (laughter) Last year we had about 450 people here when we were talking about the Barnegat Bay. That was after two years of hearings in a row. And I think Chairman McKeon and I are happy to report that we made some success, some progress. (applause) We did get the strongest fertilizer bill in American passed which, hopefully, over time will reduce nitrogen content in the Bay. We did get the soil standards bill passed and put into law. We did get the bill that requires the DOT to adjust its capital construction program so that the State of New Jersey starts to clean up its stormwater basins.

We were not so successful at the stormwater utilities bill. That's been vetoed. And we weren't as successful as we'd like to be on the TMDL bill, total maximum daily load bill, which I think, ultimately, will be responsible for cleaning up the Bay.

But we made progress. After two years, I think all the members in both committees can feel very proud that they worked hard on that

legislation and that the Governor has signed another piece of legislation. And hopefully, with time, we're going to see a positive impact on the Bay.

Today our hearing is on the Energy Master Plan. You'd say, "What are you doing with the Energy Master Plan in Toms River? Shouldn't you be having that in some other place?" And the answer is no. The Energy Master Plan tremendously affects the shore. It absolutely has a huge impact on it. It's going to affect your air quality, it's going to affect the cost of your air conditioning. I just got my bill; not so happy. It affects all aspects of your life.

Now, John and I are basically here to listen. We'd like to know whether you think this Master Plan, as proposed, needs to be changed; whether there are deficiencies in it, whether it's good as is; any suggestions you may have. And we're going to certainly pass that on to the rest of State government.

Let me introduce my side: Senator Bob Gordon.

Bob, if you would, raise your hand. Bob, if you had anything you wanted to say, you're more than welcome to.

SENATOR GORDON: No, I'm here to listen and learn.

SENATOR SMITH: All right. And we also have Senator Beck and Senator Bateman in transit, so they will be here shortly.

Let me turn the meeting over to Assemblyman John McKeon to take the Assembly side of this.

ASSEMBLYMAN JOHN F. McKEON, (Chair): Thank you.

And it's my honor and privilege, again, to be here at our annual summer hearing. And as much as it's always a very collegial setting, and one that we all appreciate being around each other at this great time of

year-- We have a great track record of success, of these hearings through the years being a wellspring of some very significant legislation, going back to several constitutional amendments affecting open space and other components of life here and throughout our state.

It is -- understanding the time of year it is -- as people are heading back to college and getting ready to go back to school, and hopefully resting before the craziness of September comes back-- My colleagues on this panel have always been amazing about giving their time toward the responsibilities that we're privileged to have.

So I'd like to introduce them and ask them each to say a few words relative to how their summer is, and what they expect and hope for from today's hearing.

So I'm going to start to my immediate right with Assemblyman Dan Benson from Mercer County.

ASSEMBLYMAN BENSON: Great. Thank you very much. It's a pleasure to be here. I want to thank the Chairman for allowing me to be a substitute today. As they know, this is an interest -- an issue that I have much interest in, given my background. And I'm just looking forward to hearing the testimony of our -- the people who have come out here today.

Thank you.

ASSEMBLYMAN McKEON: Assemblywoman Connie Wagner, from Bergen County, has been a tireless advocate for all that goes in and around hydraulic fracking, and looking to make certain that that environmental catastrophe doesn't occur. When she returns to the

Legislature next session, I'm very hopeful that whoever the Speaker may be will have the wisdom to place her permanently on this Committee.

Connie.

ASSEMBLYWOMAN WAGNER: Well, thank you very much. I'd like to permanently be on this Committee. I'd like to permanently be back there in the Assembly as well. (laughter)

But, listen, I would like to thank the Mayor for opening up this meeting to his wonderful borough hall. For me, it's my first time in Toms River. And I like the complex; I like what I'm seeing. I've had the opportunity, many times, to testify before the Environmental Committee and also to serve as a substitute on the Committee, and I've learned much. And I hope that, today, I will continue to learn. And it is my belief that I'm looking for a balance, a balance in our energy plan so that, yes, we can create jobs; yes, we can provide for fuel that is affordable for all of us; and yet, at the same time, remain committed to our environment, and to our health, and to the quality of our drinking water. These are all very, very important, and we can't have one without the other. So I look forward to hearing the competing viewpoints today.

Thank you very much.

ASSEMBLYMAN McKEON: Assemblywoman Pam Lampitt is now--

As scary as it sounds, Pam, you're a real veteran of the Legislature -- I guess to the extent of the turnover that we see -- and are highly respected by all colleagues, and particularly by those in the environmental community for all of your fine work on this Committee and beyond.

So, Pam, from Camden, please say a few words.

ASSEMBLYWOMAN LAMPITT: Well, thank you, Chairman McKeon; and thank you, Chairman Senator Smith, for hosting these. My first Toms River event was last year. Obviously, the significance of the importance of the issue that we spoke about last year was grave and important. But the issues today are equally as grave and important.

I find our biggest challenge right now is that-- Sorry for the analogy, but with the flip of a switch we expect energy. But with the flip of a switch -- we can't switch an energy master plan in four years and think that we're going to be able to have a long-term -- positive effect for the people of New Jersey. It's something more than longer than four years, and we need to remain committed to a long-term energy master plan. And I believe the significance of the changes that have been made to the Energy Master Plan warranted a meeting of this sort of magnitude, because of that flip of that switch has really changed the dynamics of the solar wind and energy matrix that we have come to know and support here in New Jersey. So I feel the value of the importance of being able to, as we all say, sit back and listen; learn a little bit more; hear about what you, the experts, have to say about these issues so that we can formulate some sort of direction, hopefully moving forward.

Thank you.

ASSEMBLYMAN McKEON: Assemblyman Charlie Mainor is from Hudson County and called -- is on his way and deferred to our schedules in proceeding forward, but he will be here shortly.

And finally on the Assembly side, Assemblyman Scott Rudder is a friend and a valued member of this Committee over the past two years -- from Burlington County, Medford.

Scott, welcome and please--

ASSEMBLYMAN RUDDER: Thank you, Chairman.

And to Assemblywoman Wagner, I thought you were on the Committee. (laughter) You attend so many hearings, so I was not surprised to see you.

It's great to be here, it's a privilege to be here. I'm relatively new to the Assembly, and this will be my first energy master plan that I will deal with as a legislator. So I'm very eager to hear both sides of the issue and dive deep into it.

Thank you very much.

SENATOR SMITH: And we have Senator Bateman -- "Kip" Bateman -- from Somerset County just arriving.

Kip, anything you want to say by way of a hello or whatever?

SENATOR BATEMAN: Yes.

Mr. Chairman, thank you. It's a pleasure to be here.

I see Senator Beck just joined us also.

I'm anxious to hear the people's testimony on this very important issue.

I appreciate you conducting this hearing -- you and John -- this morning, because I think it's very, very important.

Thank you.

SENATOR SMITH: And also Senator Jen Beck has just arrived.

Senator Beck, is there anything you'd like to say?

SENATOR BECK: Chairman, it's good to see you. It's good to see so many people turning out. Mapping out the future for energy for this state is obviously a critical issue, so I'm pleased that we've convened today.

And, Chairman McKeon, it's always good to see you.

I look forward to hearing from everybody. Thank you.

SENATOR SMITH: Good.

Chairman McKeon.

ASSEMBLYMAN McKEON: My Senate colleagues, it feels like we're getting the band together, although the three of you were demoted to the upper house, if you will. It's always wonderful to be together where we all started together some years ago.

I can't get rid of Codey. He's killing me. (laughter) Another four years.

In all sincerity, McKeon in two minutes or less on the Energy Master Plan -- and I'm going to look at things a little differently as to what I'm hoping to hear from you. Starting of which, the Chairman, President Lee Solomon, reached out -- of BPU. BPU has a meeting today that conflicts with this one in Trenton, or he would have been here to testify along with their staff. As you know, on a parallel track, as is their responsibility, they've been taking testimony. I think they have a third or fourth hearing that's coming up in Bordentown; but certainly in Newark and in Trenton -- have done so and will continue that responsibility as far as any changes that they might recommend.

Chairman Solomon had indicated that if we had a continuation of these hearings today, which we may, we'll welcome them for their input

and thoughts. Obviously, our imprimatur here, or our role, is different than that of BPU. Ours is to legislate. And thus I think, ultimately, my goal today is to hear from all of you related to -- resulting in potential legislation culminating in changes, if you will, to -- or perhaps ratification of components of the Energy Master Plan that's now proposed by the Administration.

Just a couple things I want to hear about -- Assemblywoman Lampitt touched on it -- number one is consistency. As a Mayor for a number of years, all the development community wanted out of us wasn't, "Let us just do what we want." Maybe they did -- but when it came to it, they wanted consistency. They said, "Tell us what the rules are and we'll deal with them. Don't continue to change them." And to me, toward the end of the Corzine Administration, we finally came up with what I think was a wise Energy Master Plan. And then a new Governor is elected. And then for a year-and-a-half nothing happens, and it's in a state of flux. And now we go in a diametrically different route. Oh, and by the way, there's a gubernatorial election a year-and-a-half from now. That's not a good thing relative to the goals we should be setting and how we're going to get there; the signals that we send to industry -- the green industry -- as to what they should do and where they should be investing. I'd like to hear your views, to all of those who are going to testify about that issue.

Secondly, I want to hear about the change of our ratable -- our renewable portfolio -- lowering that bar from 30 percent to 22.5 percent, and what effect you think that will have on a going-forward basis.

Thirdly, I'd like to hear about the SRECs and the current plan to take away the ability for the ratepayer -- the individual ratepayer to avail

themselves; away from that, and the plan to move that just toward those in business.

Next, I want to hear about the Societal Benefits piece and the plan to pull away from Societal Benefits as it's relooked at, I guess, in 2012 by BPU; and what you think the effect will be as in the last seven years -- monies directly from that have led to 26,000 green jobs.

And finally, transportation: as it relates to that being a very important composite of where we're going over the next generation, and how this plan deals or doesn't deal with that component of what it should be looking to.

So with that, I want you to do all of that within, hopefully, five minutes of testimony. We have-- Probably almost everybody that you see here -- it's not an overflowing crowd of 400, but I think all of you have signed up to speak. So we're going to try to keep that, to the best we can, to five minutes. There are several individuals we're going to call first. And then in the piles that we have noted here of *in-favor*, *against*, and kind of *neutral*, we'll call them in that order -- you know, rotating order -- on a going-forward basis.

So let us start with -- and our pleasure to say hello to Stefanie Brand.

Stefanie, I'm looking -- there you are -- the Director of the New Jersey Division of Rate Counsel. Stefanie, thank you for being here.

S T E F A N I E A. B R A N D, E S Q.: Thank you very much.

ASSEMBLYMAN McKEON: And you can take more than five minutes.

MS. BRAND: Okay.

I'm not sure which microphone I should use. I just want to make sure you can all hear me.

Good morning. My name is Stefanie Brand, and I'm the Director of the Division of Rate Counsel.

I'd like to thank Chairman McKeon and Chairman Smith for the opportunity to testify today.

For those of you who don't know us, the Division of Rate Counsel is charged with representing the interest of consumers of energy: residential, business, small business, industrial customers, municipal customers. We represent all consumers, not individual consumers, and we look at their interests as a whole in setting energy, and telecommunications, and water policy. We've been an active stakeholder and a participant in all the hearings that have gone on to date, and obviously the Energy Master Plan is of particular interest to our office and to the people we represent.

I want to make a few comments here today. It's a long document. There are a lot of things I could talk about. I could go on for a very long time. I understand, though, that there are a lot of other people who want to speak, so I will try to stay fairly brief.

I'd like to start off by noting how important this process is. The Energy Master Plan gets reviewed every three years. And when you're dealing with an industry like this that changes, frankly, every three years or even more frequently than that, it's really important that we do take a look at our policies and make sure that we stay on track.

I know sometimes it can be a bit painful, but this type of debate, I believe, leads to better policy. And I'm glad to see that you're

having this hearing today; and I'm glad to see the number of people who have come out for all of the hearings on this matter.

I would like to stress, obviously, my most important point, which is that it's essential that we find a way to balance the need to improve our resource mix, and improve energy efficiency as well, with the cost of such initiatives. We can't close Oyster Creek if we don't replace that capacity. We can't eliminate our reliance on out-of-state coal plants if we don't replace that capacity. And we can't replace that base load capacity simply with solar, wind, and energy efficiency. We should do as much of that as we possibly can, but we also need to provide for people who need to turn on the switch, need that air conditioning, and need base load energy.

For this reason I very much support the statute that was passed by the Legislature last year, commonly known as the LCAPP statute, which was designed to encourage new generation in the State of New Jersey. It will allow us to replace Oyster Creek, it will allow us to reduce our reliance on out-of-state coal. But it will do so without bankrupting our citizens, and ensuring reliability for everyone.

I'd like to point out that recently PJM has withdrawn its contract for -- to keep an old plant in Hudson County running, which it had-- We have been paying to keep this old, inefficient plant running for a while because we needed it for reliability. And PJM recently withdrew that, and I believe it's because of the LCAPP program. And I believe that already that statute has brought \$59 million worth of savings for ratepayers.

So we do need a resource mix that will both moderate prices and reduce our reliance on carbon-producing sources. We do need, as the EMP calls for, a continuation of the promotion of off-shore wind; we need

to promote energy efficiency and demand response; and we need to continue our success in promoting solar and other renewables. But they are not enough for us to reliability meet our load. They are intermittent sources that do not get a full capacity credit from PJM, and they are helpful in reducing peak but we still need those base load sources. So we do need the LCAPP statute, and I would urge everyone to continue with that process, and I very much support it.

With respect to energy efficiency, I'd like to point out that calling for cost-effectiveness, as the EMP does, is not something new. Well-run, energy efficiency programs are cost-effective, and they should have no difficulty meeting that standard. In fact, for the last several years, Rate Counsel, in negotiations for -- when petitions are filed with the BPU for energy efficiency programs, we have insisted that cost-benefit analyses be run and that the programs pass those tests in order to get funded by ratepayers. And good programs -- good energy efficiency programs don't have trouble meeting those tests.

I do want to clarify a couple of things that I've heard about the energy efficiency portion of the EMP. One of those is that it's only going to be available to commercial customers, and I don't see that anywhere in the plan, and I don't believe that is the plan; and also, that it pulls back on the energy efficiency portfolio standard, but we don't actually have one yet. There is a statute that allows BPU to develop one, but it's actually a difficult thing to develop because of who you put the obligations on and various other policy problems with it. So we don't yet have such a standard. So I just wanted to make that clarification -- that there is no pull-back on any energy efficiency portfolio standard, because we don't actually

have one yet. And also, the plan continues to allow energy efficiency programs to be available to residential customers.

I also-- In terms of converting the Clean Energy Fund to a loan program for businesses -- I also don't believe that's true. I believe all the programs will continue to be available to all customers. There is a discussion of maximizing the cost-effectiveness. And in certain circumstances, that might mean larger projects will be able to show cost-effectiveness better. But there is nothing that calls for residential ratepayers to pay into the SBC and not be able to take money out of that. If it was, I would not be able to support it. But it's not in there.

I do support the efforts to spend the SBC money more wisely. The fact is, we do waste money in the way that we spend that SBC. There are currently efforts ongoing to look at how that money is administered by the Office of Clean Energy. I think we can save money in those respects. I think we can look at whether or not the incentives we're providing to the recipients of the energy efficiency programs are such that they might be willing to pay back some of it. They're getting the most savings from these programs, and they may well still participate even if there is some form of revolving loan fund going back. And I think that's worth looking at, because if we can reduce the SBC without eliminating the programs, that's the benefit to everyone. Because the customers who pay the SBC are paying high prices. They would like to see their prices lowered as much as possible. And if we can accomplish these programs effectively at a lower cost, we need to look at that, and I think we can.

With respect to solar, I have to say that I don't believe the sky is falling -- no pun intended -- with the recent changes in the SREC

markets. Actually, I think because we have seen an increase in the number of solar projects that are being built, and we've seen costs dropping in the solar -- the cost of these solar projects dropping, what we've been seeing is the market the Board and the Legislature were trying to create working. Prices are falling because we're seeing solar get built. Prices are falling because the cost of building these programs is falling. Prices are falling because there is competition in the industry. And it is actually what we were trying to do. When we talk about consistency, the goal-- I think it was in 2007 -- at the end of 2007 -- that the State embarked on moving the solar industry from a rebate program to a market program. The goal was to create a competitive market, and we have done that. And I think it's important to look at this industry. It's been a tremendous success, and we should be patting ourselves on the back, not complaining about the drop in prices.

I also think that means this is the right time to look at which programs are working best and which programs aren't working. I think, in answer to your question, Chairman McKeon, that the debate over the 30 percent versus 22.5 percent goal for 10 years from now-- It's a little bit of a red herring. I think-- I hope we make 35 percent, I hope we make even more. And I think that as the solar industry develops, as prices keep dropping due to technological innovations, we will hopefully have even more. We'll reach grid parity, and we'll have even more. I don't think the focus should be on that. I think the focus should be on where we spend our money now to get there.

ASSEMBLYMAN McKEON: Then your view is that that goal, as had been anticipated, is realistic?

MS. BRAND: I don't know, because I don't know what kind of technological innovations I'm going to see in the next 10 years. I keep hearing that we're going to reach grid parity so that solar is going to cost the same as other forms of energy, and I really hope that happens. And if that happens, yes, then I think that's doable. If it doesn't happen, I don't know. But I think that there is no way to know that. And so the only way to spur that type of innovation is to spur competition now. And so we need to look at how we do that. And I think we need to be honest with ourselves and acknowledge that right now solar isn't competitive without some form of ratepayer subsidy. It's not going to pass a cost-benefit analysis. And we support it anyway because the goal is that by giving a ratepayer subsidy now, it will get to the point where it is cost-effective, and it will get to the point where it will be at grid parity.

This means letting that market work. What I would suggest most strenuously is that we stay the course when it comes to our solar policy, that we don't try now to undermine that market by setting minimum SREC values, or limiting the number of projects that can get SRECs, or somehow manipulating the market in a way that removes that level of competition. I think we need to let the markets work. We need to continue to see how this is going. I think it's been a success, and I think we should stay that course.

I also support focusing on brownfields, landfills, and municipal buildings. And that's because -- acknowledging that it's not going to pass a cost-benefit analysis. At the very least I'd like to see other societal benefits arise out of this. And I think when you're building on brownfields, when you're finding a way for municipalities to lower their property taxes, you

will at least be getting other societal benefits in addition to all the other benefits of solar that we all recognize.

I do, however, agree with the EMP's discouragement of large solar arrays on preserved farmland. I don't think that's the goal of preserving the farmland, and I think we need to protect our open space and not have these huge solar arrays on open space.

Finally, I'd like to say a word about some provisions at the end of the EMP regarding submetering, advanced meters, and dynamic pricing. On a residential level, I think we have to tread very, very carefully with these types of programs. For submetering, which is when a landlord will divide up the bill amongst its tenants, we need to ensure that the submetering requires the landlord to pursue every available means of energy efficiency before they're allowed to submeter. The theory behind submetering is that you need the tenants to know what they're using because then they'll conserve. But the same applies to the landlord. And so a tenant is not going to replace the windows, the tenant is not going to replace the boiler. You need to make sure the landlord replaces the windows and the boiler before the tenant will be asked to pay for that. And then, hopefully, they will conserve and turn out the lights when they leave the room. But the bigger ticket items are on the landlord side, and those have to occur before you allow the risk to be transferred to the tenants.

With respect to advanced meters, at this point the cost of the meter doesn't pay for itself with residential customers. It costs more to buy the meter than it saves in electricity from a residential user's perspective. Also, if they're put in on a broad scale, you have a lot of stranded costs that ratepayers will have to pay for, because you're replacing meters that are still

within their useful life. And I think that's a cost that ratepayers should not have to bear. And I would also have to note that when it comes to advanced meters, much of the cost savings that you get are actually lost jobs, because these meters allow the utilities to shut people off or to read meters without meter readers, and that's a large part of the cost savings that you get.

And finally, with respect to time-of-use pricing, the consequences for the elderly, and families with small children, and people on medical equipment really are quite significant. And so when you're looking at those types of programs on a residential basis, you have to take that into account, and you have to make sure that the people who are unable to turn off their electricity or turn off whatever they're using in the middle of the day are not unduly punished.

That's all I have. I'm very happy to answer any questions anyone else may have for me.

SENATOR SMITH: Thank you for your comments. I thought they were most informative.

If anybody has an extreme need to ask a question, you're welcome to do so. (laughter)

Senator Gordon.

SENATOR GORDON: Not a question, just, I think, a confirmation of what you're saying. I should say, to preface my remarks, in the interest of full disclosure, I'm in the business of developing solar projects. And I can tell you that just within the last year, the quotations I get for installing a lot of solar power has just dropped precipitously. The market is working.

I also just got an e-mail today from someone who got a proposal from me, and the message is, "Given the precipitous drop in SRECs, we've decided we're not going ahead with these projects." I suspect it's because these projects were too small and the cost benefit just wasn't there to justify it. But I think in the case of larger projects -- even with a dropping SREC market, I think the more important projects will get done. So I really think the State has been a leader in leaving the rebate approach and relying on the market approach to try to achieve these goals.

MS. BRAND: I very much agree.

SENATOR SMITH: Thank you, Senator Gordon.

Thank you, Stefanie, for coming today.

MS. BRAND: Thank you very much.

SENATOR SMITH: Our next speaker will be Jeff Tittel from the New Jersey Sierra Club, opposed to the Energy Master Plan.

J E F F T I T T E L: Thank you.

And I appreciate the ability to go early. I've had to wait through two hearings and was the last person called, so I had to wait about nine hours to speak.

UNIDENTIFIED MEMBER OF COMMITTEE: I think they decided they wanted to do that.

SENATOR SMITH: It's biblical. The last shall be first.

ASSEMBLYWOMAN LAMPITT: You're going to give us nine hours of testimony now? (laughter)

MR. TITTEL: And so I thank you. And 41 Sierra Club members did not get a chance to testify in Newark, and about 25 in Trenton, and that's one of the reasons why hopefully there will be another

hearing for people to be able to testify. And that's why I think that this hearing is so important -- for the Legislature to hear from citizens, activists, and interested parties in planning our energy future. I also believe that it's very appropriate for this Committee -- this Joint Committee to be here and do that, because this Committee has had a history -- whether it's on Barnegat Bay, or open space, or so many other issues -- to come here and other places to listen to the public and then come up with a series of legislative solutions. And I think that is really critical for moving the State of New Jersey forward.

I look at this Energy Master Plan very differently than some from the Administration, like Stefanie Brand. I look at it and see our future being robbed. It would be like saying when you look around New Jersey-- And New Jersey has always been the innovation state -- whether it's Thomas Edison inventing the light bulb, or Arno Penzias inventing the transistor -- technology and science, in grabbing the future, has always moved New Jersey forward economically as well as environmentally. And when I look at this plan, I see in it -- saying to someone like Thomas Edison, "Well, you know, that light bulb is kind of an interesting concept, but we're not sure if it's really going to work. We really should invest more in whale oil and kerosene lamps." And I think that is the problem that I see in this plan -- that it doesn't look to the future, it looks to the past. In fact, going from 30 percent down to 22.5 percent -- that 22.5 percent was originally done by BPU under Governor Codey in 2006, based on the previous 1996 Energy Master Plan. An energy master plan is like your master plan for your town. You pass a plan, you grab your vision for the town, you get your community involved, and then you implement the

zoning to move the town forward. It's the same thing here. The Energy Master Plan should be the future, and then you implement it. And when I hear President Solomon say, "Well, the RPS is 22, why should we have an energy master plan that goes beyond that?" he's got it backwards. And I think that is one of the real problems. And the 30 percent is not just a goal, and it's not just doable, but going back to 22.5 percent undercuts all the programs that we have in place to provide incentives or to provide for any type of movement to move the state forward. It takes us backwards. And the reason it does is because when you set a goal lower, that's the goal people are going to meet. When you make it higher, people are going to aim for that. So even though they say, "Well, you can go beyond it," we won't. If you grab the future, you have to move forward, not go backward.

And when you look at what's happening in the state -- and I will just give you a couple of numbers so you can get an understanding. The Energy Master Plan calls for 3,000 megawatts of off-shore wind. I think that's a very doable number. I thought it was a very doable number in 2008. In fact, there are 2,500 megawatts of wind already being proposed at the BPU. But if you look at the Federal government -- BOEMRE, which replaced Mineral Management Service -- there's over 11,000 megawatts being proposed for off our coast. Not all of them will be built and some of them are in the same location, but the point is it's not only doable, we could probably exceed it.

When you look at solar -- and solar, in the old Energy Master Plan, was about 10 percent of our future power -- we did 40 megawatts the other month. We're on target to exceed that goal that was set under the 30 percent. In fact, we're above where we were supposed to be on the steps

getting there. And one of the things you should look at is raising those steps, because we're actually exceeding, right now, the steps we had put into place back when we did the original Energy Master Plan and the Solar Advancement Act. So we're there.

And I think it's also important to be here because the coast is critical for our economy and tourism -- and sea level rise, and storm surges, and all those other things directly affect our coast, and adding more carbon to our atmosphere is one of the largest contributors to it. So I think having an energy master plan that's progressive and moves the state forward is also a way to protect our environment. But in New Jersey, I think it's intertwined dramatically with our economy. There are over 26,000 jobs in New Jersey directly related to clean energy: 5,000 in solar alone, 200 companies. New Jersey is in the top 10 in research and development, and venture capital, and jobs when it comes to clean energy. And this Energy Master Plan hurts our economy as much as it will hurt our environment. And that's the shame of it, because we really have the ability to go forward and to promote more jobs here.

One of the areas that I'm really dismayed about is transportation. There's a company in New Jersey -- NRG. They just signed a contract in Texas to put plug-ins for cars throughout the state of Texas. Why aren't they doing it in New Jersey, and why isn't our Energy Master Plan calling for that, and low-carbon fuels, and a whole range of other things? And more transit -- not raising transit fare but to actually encourage more transit?

When I look at this plan I see a lot of empty promises. And going back to the Societal Benefits Charge and why it's important is

because the funds that come in there really are an incubator to create a lot of other jobs and a lot of other investment. When you give out rebates -- and this plan goes against rebates. In fact, in some places, they kind of call it, like, a *redistribution of wealth*. When you do rebates, whether it's for appliances, whether it's for solar, for every dollar someone gets in a rebate, they put up \$2 in private capital, and then you get taxes from that additional investment and that, in turn, helps pay for these programs. So we see it as something that moves the state forward. And if they really are concerned about additional costs to consumers, there are other areas that the BPU should be delving into, like stranded assets and the Nuclear Plant Closure Fund. You have plants that are making money, but yet the ratepayers are paying to close those plants and paying to build those plants. It doesn't make sense when those plants are profitable.

We look at this plan overall and we see a future where we have to make that decision. And that's going to be your job to help make that decision -- whether we're going to have off-shore oil or off-shore wind, whether we're going to have fracking in Pennsylvania versus solar in New Jersey, whether we're going to have energy efficiency or out-of-state coal. Because that's really what this comes down to. When you pull back those goals and you pull back those programs, that's the outcome. Instead of that money staying in New Jersey, building solar here and manufacturing wind here, we'll be sending that money to Houston to big oil and big gas, or we'll be sending that money to Pennsylvania coal utilities and mountaintop miners, and that's the difference. And that's what the difference is when you pull back from 30 percent to 22 percent -- that extra energy that we have to produce in New Jersey is either going to come from wind, and solar,

and energy efficiency, or it's going to come from out-of-state coal and out-of-state gas. And then we get the fracking issue and the impact on the Delaware River, and our drinking water, and all those other side issues that come from that. And that's why it's really critical for this Committee to take a look at--

And I want to just-- And I know I'm taking a little longer, but when you read the plan, it gets rid of the goal of reducing peak demand by 5,700 megawatts by 2020, and it cuts from 20 percent down to 17 percent our efficiency goal. So it does do those things.

I also wanted to make sure that you get an understanding that this Legislature has the right and the duty-- And one of the things I think you should be looking at is to pass legislation to make 30 percent a reality, to pass legislation to dedicate the Societal Benefits Charge so it cannot get robbed by any governor -- and I don't care -- Governor Corzine took money, Governor Christie took money. Those moneys should be dedicated so it does not get stolen by a treasurer looking to balance the budget. Because it's too important for our economy and our environment for that money to go out there and actually do its job in promoting wind, solar, and energy efficiency. And I think that's really critical.

A revolving loan fund will not work. Most people will not take that type of money. We have it in a lot of other program areas, and it doesn't work. And we'll have -- we're actually putting in as our comments some national studies that show how revolving loan funds do not work and how rebates do work. And that will be part of our comments to the Administration.

And finally, there's a list of bills -- and I won't go through all of them, because I have written testimony that goes through this and some other things for the Committee. But besides the things that I just mentioned, there are a list of bills, like PACE, which passed the Senate. It helps provide financing for homeowners. There's a bill in to help cut -- to allow for smaller SRECs to help individual homeowners be able to get SRECs. There's the behind-the-meter ability that Senator Smith has been pushing to allow for solar and other things to go beyond just one meter -- but to go back and connect multiple farms.

There are a lot of things that are already in the hopper. There are about a dozen very important bills -- whether it's helping give businesses a tax incentive to do green design, to helping municipalities do solar. There is a really good list of bills that you already have that I think -- and some of them have already passed one house -- to really try to move on in this session, because I think it will really help move New Jersey forward in clean energy.

And I just wanted to wrap up and say that I really believe New Jersey is at a very important place, and New Jersey has been a national leader in solar because of the work of this Legislature and many administrations. And we have the ability now to move the State forward to provide green jobs, a growing economy while protecting our environment. And I think that is really something that is a win, win, win for the people of New Jersey. And this Energy Master Plan -- or you can call it the *EMP* -- it's sort of the *EMPTY*. It's sort of empty when it comes to that promise of fulfilling the future of New Jersey.

Thank you.

SENATOR BATEMAN: Jeff, do you have a written statement.

MR. TITTEL: Yes.

SENATOR BATEMAN: Okay.

MR. TITTEL: And I also e-mailed it, but I will make sure I hand it in with some other things.

SENATOR BATEMAN: We didn't get it.

ASSEMBLYMAN McKEON: Senator Beck.

(audience applauds)

All applause will be saved for the Legislature. Thank you.

(laughter)

MR. TITTEL: And Committee Chairs in particular, right?

SENATOR BECK: We forgot to mention that in our opening statement.

Jeff, I appreciate your testimony. I just question your criticism, though, because in the United States of America, 22.5 percent still makes New Jersey the 7th highest standard in the nation. And those states that are in front of us have mostly hydroelectric power which we don't have access to. For example, New York state has a better standard, a higher standard, but that's because they have Niagara Falls. So 22.5 is an extremely aggressive standard still. And one of the reasons that I understand it was revisited is because there are questions about our ability to even meet 22.5, let alone 30.

PJM, when they view solar and wind -- which they are very supportive -- they note that solar is actually productive only 13 percent of the time, and wind only 37 -- 34 percent of the time.

MR. TITTEL: Yes, and that's a false number.

SENATOR BECK: And we have -- all of us up here have been voting for, vocally supporting renewable energy and will continue to do so. But there is also a responsibility for us to be realistic in setting goals that can be met, because we can't prepare the state for the next decade and not have a base load that supports the need. And we know solar and wind are great renewable energies, but they're not particularly reliable, and that is a challenge. And one of the other issues we have with the off-shore -- which we all voted for, and supported, and we want to see developed -- is that when those off-shore farms get developed, the transmission lines come in through the Barrier Islands and potentially right through Stone Harbor. So it is not without challenges that we approach all of these things.

And it's not to say that we shouldn't do them, but we have to be realistic in our assessment of what we can actually hope to realize in terms of energy to support the needs of this state.

And I think the Energy Master Plan may not be perfect, it probably needs some tweaking, and that's the purpose of this hearing. But at the same time, we should not overstate and position ourselves for development of energy when we're not sure it can be met; and secondarily, when we're not sure that it's completely reliable and that it is a source that, in the future, we can absolutely rely on.

So I don't totally agree with your remarks. I appreciate-- And I have been extremely supportive of solar, and wind, and many of the renewable efforts we have. But 22.5 percent is an extremely aggressive standard in the United States of America. And we will continue to push for renewables. Not just myself, but I think all of us up here feel passionately about that.

MR. TITTEL: Through the Chair, I'd like to respond. I think, first and foremost, we're number two in solar, and we shouldn't go to number eight. Secondly, there are other states that have a more robust plans based on solar. California does, Arizona does, so does Hawaii. And I believe 22 percent is lower than 7th, from the data that I have from the Sierra Club from all the state directors that I work with.

SENATOR BECK: Then we must have different data.

MR. TITTEL: Twenty-two percent puts us down around 15 or 16, from our numbers.

SENATOR BECK: I don't think that's accurate.

MR. TITTEL: Because there's been a lot of movement. Hawaii is going to 35 percent solar. So I don't know if that's picked up in there. So there is one example. Arizona is going over 20 percent solar itself, and so is California. Maine has a higher-- I can go down the list. Most of the--

SENATOR SMITH: You know what? Why don't you supply the Committee with a list.

MR. TITTEL: But the other point I wanted to get at is that the PJM -- who we think is one of those shadow, quasi-government, quasi-private agencies -- has been one of the biggest problems we have on energy in the first place. And we challenge their numbers. And I think you'll hear people from the solar industry challenge them even more so. Solar is about 20 percent efficient today, and is getting more efficient, and getting cheaper. There's a project going in California where it's cheaper to build a solar array than actually building a coal power plant. And we're seeing those prices drop dramatically. And of course the main part about solar is to knock off peak.

The LCAPP bill, whether you support it or not, is on hold because (indiscernible) believes it violates competition. So I don't know where that's going.

When you look at cost-per-megawatt, nuclear power, which this plan promotes, is actually the most expensive way in the world to boil water. And there's a recent power plant killed in Maryland because, to do 1,500 megawatts, that plant was going to cost \$20 billion after they put in the lines. That was too expensive. And when you look at cost-per-kilowatt, you could do three times that in off-shore wind for half the money. So there is a lot of potential out there. And I think what we need is a plan that is going to have the vision to push the future, just like in New Jersey we pushed the technology like the light bulb and like the transistor. New Jersey also invented the VCR. We didn't develop it, and so it went over to Asia, and all those plants in New Jersey that could have made the VCR didn't make them. And I think that's the point. We're going to be investing in this country and in this state in energy, and we have choices to make. And if we decide to invest in power lines to Pennsylvania that cut through the Highlands and look ugly, and bring in coal power, or gas lines that bring in fracking from Pennsylvania, that's going to undercut our energy future and undercut that investment in New Jersey. And if we don't have the progressive plan that moves forward, those companies -- where we're in the top 10 -- they're going to go to Maryland, because Governor O'Malley will want them, and they're going to go to Massachusetts because Deval Patrick will want them. And that's the choice. We have to send a very clear message.

And the whole thing that Assemblyman McKeon said about assurances-- We have to give the clean energy companies and the companies that invest in them that assurance that New Jersey is going to be a place for them to do business and that we're going to look to the future. Otherwise, they're going to take their money, and they're going to take their jobs, and they're going to take their -- and go somewhere else. And that's really where I see the concern.

SENATOR BECK: Well, I have to say, I think you mischaracterize a little bit, because this document is extremely supportive of renewable energy throughout. I mean, it states over and over again-- And whether-- If solar is 20 percent efficient, that means it's 80 percent not efficient. So the point I'm trying to make is not that there is opposition in any way to renewables. But as a body -- as a governing body, we need to be realistic about our reliance and how much we should rely, and think through all of that and just-- I mean, I'm not sure the folks in the Barrier Islands want transmission lines through them. So we might be building an off-shore facility and then have difficulty getting the transmission lines in. So we just need to be realistic. I feel that this document has been very supportive of renewables, and this Governor has been.

SENATOR SMITH: Senator, let me stop you there, and let me take the prerogative of the Chair. We only have 77 more witnesses to come forward today. So we're going to try not to do everything as point-counterpoint. And we want to listen to everybody who took the time to come down today. And the great news is, this is America, and we don't all have to agree on everything. (laughter)

Thank you, Mr. Tittel.

ASSEMBLYMAN McKEON: Mr. Tittel, it's good to see that the fact that you're a brand new grandfather has not tempered your enthusiasm for debate.

MR. TITTEL: Hey, now I'm fighting for someone else. It's more important than me.

ASSEMBLYMAN McKEON: Rick Thigpen, from PSEG.

Rick, we'll give you a tiny bit of latitude.

But after this, for everybody, we're going to keep to that strict five-minute rule, absent questions that might come.

R I C K T H I G P E N: Good morning, Mr. Chairman -- Chairman McKeon, Chairman Smith, members of the Committee.

It's certainly a pleasure to be here.

My name is Rick Thigpen. I'm the Vice President for State Governmental Affairs from Public Service Enterprise Group. I'm here testifying in support of the Energy Master Plan.

Public Service certainly recognizes the important role that the Administration sets (*sic*) in setting energy policy, obviously in consultation with the Legislature. And we are very committed to being a key partner in building a clean energy future in New Jersey. And to be sustainable, it's going to have to be economically viable. We believe that Public Service has been here for 100; we'll be here for another 100 years; and we'll be one of the key partners that you will find to help you implement the public policies that you choose to adopt.

I wanted to go back to something Jeff said -- many things. You know, Thomas Edison didn't just invent the light bulb. Down in Menlo Park -- in order to make that light bulb commercially viable, he invented the

central power stations and distribution system as well. And it was in Roselle, New Jersey, that the first overhead distribution system in the United States of America was unraveled. And so energy has been a key part of our economic development from the very beginning of this business. And we hope to be a key part of making it happen for New Jersey in the 21st century.

And the Energy Master Plan does a very important job of recognizing the important role that energy has in the future economic development of our state. And in the Energy Master Plan, I want to refer to some language that I think is very important. By connecting energy to the economy, efforts to promote economic development will include increasing in-state energy production; improving grid reliability; and recognizing the economic, environmental, and societal benefits of energy efficiency, energy conservation, and the creation of clean energy jobs.

Public Service supports those goals and wants to be a partner to you and the State government in helping implement them in a way that's going to create jobs for people in New Jersey and wealth to the people in New Jersey, frankly.

Goal number one is driving down the cost of energy for all customers. Obviously, a very important goal to ensure the energy -- I'm sorry, to ensure the economic competitiveness of our state. I will certainly observe that one of the ways to make our state economically competitive is also to have other states observe the environmental standards that we observe here in New Jersey that do add cost to energy production. As Jeff mentioned, I think it's very important to protect our environment. I think we all agree on that. And not allowing other states to do it and gain a

competitive advantage -- not (*sic*) allowing other states to ignore those standards and gain a competitive advantage is not good for any of us here in New Jersey. It's a job that we should tackle together.

Promoting a diverse portfolio of new, clean, in-state generation: While there have been some who have taken those words to implement a policy we have some differences with, there is no question that a diverse portfolio of clean, in-state generation is a very important goal. I will observe that New Jersey, right now, consumes half of its energy from nuclear power, which does a major contribution to reducing the carbon footprint of our state. And that's a challenge we're going to continue to take up in the future.

Rewarding energy efficiency and energy conservation: Well, there's nothing clearer to us than our customers and the public want more energy efficiency and want more commitment to conservation. And I will add that universal access to energy efficiency is a challenge which I think is incumbent upon all of our leaders in the state. There is no energy policy that will not be improved by making energy efficiency a part of it, and there is no wisdom in leaving out those who cannot afford to pay for it themselves from energy efficiency. They still consume energy. We all know that energy prices are a problem. And protecting our environment is something that we should not sacrifice to make it more affordable, if we can do that by having those who have less money consume less energy. And you know the largest consumer of electricity in most people's homes is the hot water heater. It's a silent user of electricity that frequently, in older houses, is old and consumes a lot of electricity. And if it can be financed properly and replaced, we'll be doing ourselves a major favor.

Maintaining support for the renewable energy portfolio standards: We've heard much debate about it. Public Service is a solar company. We are committed, if the State is committed, to off-shore wind, and we're going to help the State implement its public policies. We have a solar-for-all program right now that has installed over 50 megawatts of solar and is still growing. And I heard the debate before -- there is no question that renewable energy is going to be a key part of our economic future. It's going to be necessary. And bringing that cost down in policies-- To thoughtfully bring that cost down, so that we can do with solar in the 21st century what we did with central station power and the light bulb in the 19th century in our state, will do us all a major service.

So having said that, Public Service Enterprise Group has been in New Jersey since 1903. We employ over 10,000 people in this state. We are one of the state's hugest investors in terms of buying from businesses in our state. And we hope to continue that in the future. We are looking to be a participant in this debate and help you appreciate the needs of making energy policy economically viable if it's going to be sustainable. We are going to do our best to stay out of the middle of some of the more contentious elements of it, and hopefully be a partner to help you all resolve differences and move forward to do what the public has been crystal clear with us they want in New Jersey -- two things. They want clean energy, and they want conservation.

Having said that, we believe that the Energy Master Plan does help focus our state on the importance of energy and the importance of making it economically viable. And we hope that the implementation will

take into account some of the realities -- some of the economic realities that exist out there.

Thank you very much.

SENATOR SMITH: Thank you, Rick.

ASSEMBLYMAN McKEON: Thanks, Rick.

SENATOR SMITH: Senator Gordon has a quick question.

SENATOR GORDON: Thank you for being here, Rick.

I want to take advantage of your presence here to pose a question. Public Service, from my understanding, has been responsible for installing all of these small solar panels on utility poles by the thousands. And I am amazed at how much--

MR. THIGPEN: Over 100,000 so far.

SENATOR GORDON: I'm sorry?

MR. THIGPEN: Over 100,000 in and around New Jersey.

SENATOR GORDON: I haven't gotten 100,000 pieces of mail yet, but I am amazed at the volume of e-mails and letters I get about this program. My constituents seem to think this is something the Legislature did.

The stories that I'm hearing is that this is a venture developed by some retired Public Service executives who saw an opportunity to make some money from the ratepayer. And what they're suggesting is that these panels really aren't producing very much power. And my understanding of solar is that whenever there is any kind of shade across a solar array, the whole array shuts down. Well, I drive around and I'm looking at all of these panels, and I see shade on a lot of them.

My question is this: Have you-- Do you have any data on the power that these panels are producing, and the contribution they're making to our power production, and anything about the economics of this so that I and other legislators, presumably, can respond to the volume of correspondence we get?

MR. THIGPEN: Absolutely, Senator. I'm going to have to send you more detailed information, but I want to say a couple of things very briefly.

First off, if the sun is not shining, solar panels don't work. Second off, the capacity factor is something that has been a-- Quality control has been very careful. We don't put panels on every pole. And some people think that their utility poles were beautiful before those solar panels went on them. We have heard those complaints, and we are trying to deal with those as best we can. And so we only use poles with southern exposure that have sun for a reasonable portion of the day. I believe the number is 20 megawatts total for all the solar panels that we are installing across New Jersey. This is a program done in conjunction with the Board of Public Utilities. Our ratepayer advocate, who is here today, had her chance to have her say in this program. It is a-- It was an attempt to be an innovative program to decentralize power generation. You hear that talk about decentralizing power generation. And this is an attempt to do that.

We installed a more centralized, larger solar farm in Hamilton, and some people didn't like that either. They were afraid that the panels would reflect noise from the road, they were worried about its impact on the ground that the panels stood on. (microphone interference)

It's not me, Kevil. I didn't do it.

Yes, we are doing our best to try to help our state expand its use of solar energy, which we know is clean energy and is as affordable way as possible. The program is innovative. It is distributed around the state. It does go directly into the grid. It is going to produce about 20 megawatts when it's fully done. We have had complaints about the beauty of them. And I made that joke about people saying they're formally pretty utility poles have been made ugly. But it's an attempt to do something to meet the future.

We haven't found any way to generate electricity yet or to transmit it to people that hasn't had some type of complaint. All and all, this is about aesthetics. It's not too intrusive. And overall, considering we have 100,000 up, the number of complaints-- And Bergen County has been the place most active in complaining about it in the whole State of New Jersey. We've received a relatively modest number of complaints about it. But it's not a half-baked program. It's an attempt to try to bring our state into the future.

And we will send you much more information on the program so you'll hear everything about it.

SENATOR SMITH: To everybody, please.

MR. THIGPEN: Yes, sir.

SENATOR SMITH: Send the information to all members of both Committees.

MR. THIGPEN: Yes, sir.

SENATOR SMITH: Thank you.

MR. THIGPEN: Thank you very much.

SENATOR SMITH: Our next speaker will be Cindy Zipf from Clean Ocean Action, neither in favor nor opposed.

CINDY ZIPF: I'm sorry?

SENATOR SMITH: Neither in favor nor opposed.

MS. ZIPF: Neither, neither, both.

SENATOR SMITH: You're right. You didn't check either.

MS. ZIPF: Medium.

Thank you.

ASSEMBLYMAN McKEON: Hi, Cindy.

MS. ZIPF: Hi. How is everybody?

SENATOR SMITH: Good.

MS. ZIPF: It's great to be at the shore, right? Although there is a big algae bloom right off our coast right now -- massive algae bloom happening, which has a--

ASSEMBLYMAN McKEON: Way to ruin our weekends.
Thanks.

MS. ZIPF: Yes, I know.

Anyway, thank you.

My name is Cindy Zipf. I'm Executive Director of Clean Ocean Action, and I want to again thank you for the opportunity to testify on New Jersey's 2011 Draft Energy Master Plan.

But first, I want to just thank the work of this Joint Committee. It's impressive. And the bipartisan collaboration results in legislative leadership for positive environmental and economic progress. And the two Chairmen articulately reviewed those -- that great success most recently.

And we are very, very hopeful that we'll get some good work out of here to address some of these concerns that have been raised already.

For those of you who don't know, Clean Ocean Action is a coalition of 135 organizations ranging from garden clubs, to boards of realtors, fishing clubs, boating, divers, fish-huggers in general who are concerned about water quality at the Jersey Shore.

It is increasingly clear that our current energy trajectory is causing severe impacts to ocean water quality, from climate change, sea level rise, and ocean acidification, to fish kills, toxicity, and ecological collapse.

Shamefully, our species, for the most part, does not seem ready to admit, let alone limit, the energy use and abuse policies at the root of these problems. For example, President Obama has called for expedited off-shore exploration for oil and gas in the Mid-Atlantic region using seismic testing. This is not only going to harm fisheries and marine mammals, but is a fool's errand. If any substantial quantities of fossil fuels are found -- which is very unlikely -- we put our shore economy at grave risk, as evidenced by the BP Oil disaster in the Gulf of Mexico just last year. Protecting our clean coastal economy from risky energy ventures is why every governor of this state since Tom Kean has vehemently opposed off-shore drilling, as does Governor Christie, as did the Legislature in a joint resolution.

I'd like to add that recently Minerals Management service did a study. And from Maine to Florida, they calculated how much oil and gas was potentially available from Maine to Florida. And the estimates are about 208 days of oil at current consumption, and about 583 days of

natural gas. Somewhere -- at a fool's errand -- finding a needle in a haystack off our coast. It is not worth going after. And even if we did, the studies show that it would take up to 19 years to get to the pump and only save us \$0.03 at the pump. These are really not the directions we should be going.

Clearly, we need strong, wise, purposeful energy policies that put New Jersey at the national forefront of clean energy, which indeed, as has been testified, we are in general. But the Energy Master Plan is just one opportunity to reduce these impacts. The Legislature can and should pass laws to effectuate meaningful energy conservation policies. Indeed, Senator Smith, Assemblyman McKeon, and others have put forth many energy conservation and renewable energy initiatives with bipartisan support. And we would echo Chairman McKeon's need for a consistent, long-term energy master plan. The trick is to make it a good one and one that -- and what do we mean by good?

So we have a couple of thoughts to add in general for the Energy Master Plan today, and we will be submitting detailed comments as well. But first and foremost, a clean energy -- a clean and green energy policy must establish an energy hierarchy -- a clear statement of preferred sources of energy with incentives to achieve those top choices. And we need truly clean, not the clean coal options that have been talked about.

The top choice, economically and environmentally, is for the cleanest, greenest energy of all -- is the energy we never use. Energy conservation is always discussed, but it never reaches its full potential. A New Jersey study by KEMA, Inc. in 2005 estimated that if New Jersey implemented energy conservation measure, we could save energy

equivalents of up to 8-12 mid-sized power plants. That energy is worth fighting for. It is the cheapest, long-term option for our energy future and has been proven to create the most jobs per dollar invested. And yet it is still only par with other aspects of the Energy Master Plan policies instead of at the fore.

Next, of course, is renewable energy. And Clean Ocean Action strongly supports the need to incentivize and set high targets for renewables. New Jersey's leadership is commendable, but more can be done. (microphone interference)

The wind, my goodness. (laughter)

Off-shore wind is well underway. In fact, the New Jersey Shore has the largest off-shore wind area officially open for business in the nation. New Jersey needs to ensure that the development of this over 400-square-mile section of our ocean is done properly and that the ecosystem is protected, and that New Jersey is first to benefit from the energy. A proposed underwater transmission line would connect New Jersey wind area -- with over a thousand megawatt potential -- to the electrical grids of New York, Delaware, Virginia, and Maryland, diluting the power these projects would bring to New Jersey ratepayers. New Jersey will be taking all the economic and environmental risk, but other states will be reaping the benefits. This must be addressed.

Third, there must be a clear State ban on liquefied natural gas facilities. Clean Ocean Action appreciates the Senate Environment and Energy Committee passing a resolution rejecting LNG. And Governor Christie's opposition to LNG is clear. But that must be stated in the Energy Master Plan. LNG proposals have been thwarted for now, but they will be

back. LNG is expensive, dirty, and threatens our national energy security. Through these ports-- Though these ports are billed as import facilities, port after port around the nation is converting to exporting our American-produced domestic natural gas to European and Asian markets. New Jersey must not become the spigot through which the U.S.'s domestic energy supply will be sold. The potential for exporting our domestic natural gas is real, and would make it more financially profitable to build more pipelines through our state to get the shale gases to the LNG vessels waiting to take the gas overseas. Clean Ocean Action supports our colleagues' well-publicized concerns about unregulated discharges of fracking fluids into surface and drinking waters, and supports mandatory fracking fluid disclosures. Clean Ocean Action also commends the bill that would ban hydrofracking in New Jersey passed by the Legislature, and urges the Governor's signature.

Fourth, on oil and gas development: We also need to include that ban for off-shore oil and gas development off the Jersey Shore in the Energy Master Plan.

And finally, the Governor's Energy Master Plan states that no new coal will be allowed in New Jersey. This is a laudable goal and should be augmented by legislative action to ensure that future administrations are held to this logical, appropriate, and economically beneficial decision. Additionally, the State's energy plan should not differentiate between coal and coal plants that have fancy pipes, expensive smoke stack add-ons, or funky razzle-dazzle. For example, PurGen, with the wacky off-shore carbon injection plan, is a coal project and must be prohibited.

Thank you for the opportunity to speak to you today.

ASSEMBLYMAN McKEON: Thank you very, very much.

Any questions? (no response)

Seeing none, Scott Ross, New Jersey Petroleum Council.

And we're going to stick to the five-minute rule now, and we'll give you the one-minute warning, so to speak.

S C O T T R O S S: I may only need the one minute.

ASSEMBLYMAN McKEON: Scott, that includes travel time, so hurry up. (laughter)

MR. ROSS: All right, I'll hustle.

I'm going to be very brief today.

Good morning, Senator Smith, Assemblyman McKeon, members of the Committee.

My name is Scott Ross, Associate Director of the New Jersey Petroleum Council.

The New Jersey Petroleum Council commends the Administration for providing a balanced Energy Master Plan which recognizes and balances base load needs of industry and manufacturing in the state, as well as the energy needs of its citizens.

Developing renewable energy is laudable. In fact, the oil and natural gas industry has invested more than \$58 billion from the year 2000 to 2008 in low- and no-carbon technologies, which is more than either the government or the rest of the private sector combined. But renewables on a scale to run New Jersey's economy and support current living standards is a ways off. According to the U.S. Department of Energy's Director of Advanced Research Projects, the technologies that are required to make us secure do not quite exist today.

However, that being said, we should continue to strive toward a larger renewable portfolio but not sacrifice reliability in the process, as has been discussed by prior speakers. And all of the above approach to an energy policy will provide the security, reliability, and efficiencies that the state deserves.

Our member companies understand that renewables hold great promise for the future, and will continue to develop these technologies. As was said earlier, too, by Stefanie Brand -- with the closing of one of New Jersey's nuclear facilities by the end of this decade, New Jersey residents and businesses will need to replace this energy generation. The 2011 EMP is a responsible roadmap to addressing these needs.

And that's all I have today.

SENATOR SMITH: Thank you, sir.

MR. ROSS: I told you, short and sweet.

SENATOR SMITH: Short and sweet.

Thank you, sir.

MR. ROSS: Keep the line moving.

SENATOR SMITH: Our next speaker will be Janet Tauro, New Jersey Environmental Federation, who is also a Brick resident.

Ms. Tauro.

JANET TAURO: Yes, thank you very much.

My name is Janet Tauro. I have the honor to serve on the Board of Directors of the New Jersey Environmental Federation. I'm also a founding member of GRAMMES, Grandmothers, Mothers, and More for Energy Safety. I live in Brick.

Thank you very much for this hearing. Thank you for the opportunity to be here.

We've been attending the Energy Master Plan hearings -- the BPU Energy Master Plan hearings, and one thing that -- well several things that really shouted out -- and that is the potential and -- the real potential and the reality of how renewables, and wind, and conservation can be at the forefront of meeting New Jersey's energy demands. And so I'm sure that you will all look at the testimony that was given to the BPU, because there were so many solar people there and so many wind people there who really can do this. But in conjunction with that were-- I was amazed at the amount of ordinary citizens who got to those meetings. And those meetings were really kind of difficult to get to. I mean, you had to go to Trenton, you had to go to Newark, you had to go down to Stockton. So for ordinary mothers to have to get babysitters to go to those hearings, for people to have to take off from work to go to those hearings-- You had ordinary citizens there, and they were begging for vision, and for leadership, and for this state to be a leader in green renewable technology. They were asking for the vision. Because if you make that your vision-- Like Jeff Tittel said, if you make it your goal, you will get there and you will go beyond it. You're planning for the future. And you know what? What the citizens were saying goes right along with what Cindy Zipf was saying -- a hierarchy of where you want your energy to come from. So make it your priority, and you will be able to get there.

There was resounding citizen -- not corporate -- citizen opposition to fracking, to nuclear. I want to leave this with you today, if I could. Am I allowed to give you--

ASSEMBLYMAN McKEON: Sure.

MS. TAURO: This is actually a report from the NRC, the Nuclear Regulatory Commission. And I think it's so important for this group to see it, because it talks about the problems that we do have at our plants here in New Jersey -- actually, all boiling water reactors -- and the problem of corrosion and the problem of inaccessible parts of those plants that can't be looked at, and the degrading conditions and how that negatively affects safe aging management. So this is a very important document, and I'd like to leave that with you today.

I'm not going to go into facts and figures, because really that's for others to give you. But I will leave you with this thought: Look at Japan. There are 54 nuclear reactors; 16 are in operation today. They said, "We can't, we can't, we can't live without nuclear." Well, today, actually what's happening is that those energy needs are being met through their wind and through conservation. And so, yes, it can be done. And let's just look at the way we're sitting here today. This is a very lovely room, and we're all very comfortable. But I shouldn't have to wear a sweater. And actually you gentlemen shouldn't be comfortable wearing your suit jackets. We could turn that air conditioning down. We don't need all the lights. Energy conservation.

Thank you very much.

SENATOR SMITH: Thank you.

ASSEMBLYMAN McKEON: Thank you very, very much.

Ralph Orlando, NAIOP.

UNIDENTIFIED SPEAKER FROM AUDIENCE:
Assemblyman, he's on his way.

ASSEMBLYMAN McKEON: He is. Okay.

Mike Egenton.

I don't know if I saw-- There's Mike. He's all the way in the back.

MR. TITTEL: He's in the back sleeping.

ASSEMBLYMAN McKEON: We usually call Mike last. This is-- (laughter)

MICHAEL EGENTON: I know. This is a privilege.

Thank you, Chairman McKeon, Chairman Smith, members of the Committee.

I handed out written testimony, so I will refrain from reading that. I will just summarize very quickly.

Energy is the lifeblood of the economy. A reliable, safe, and reasonably priced, environmentally sound energy supply is essential for New Jersey's economic progress. In that regard, the State Chamber supports the goals outlined in the Draft Energy Master Plan. We've characterized it to date as a business-friendly EMP that is realistically achievable.

It's interesting. I was just getting breaking news this morning about the fluctuation of the stock market and the dip it's been taking with fears of a global recession. I think everything in context that we discuss here today -- energy and beyond -- has to look at the bigger picture and what impact it has on economic forces.

The Chamber supports a balanced approach toward achieving the goals as set by the Energy Master Plan. It 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. We believe that competitive,

wholesale, retail energy markets continue to deliver benefits to the state; and that a well-structured, competitive market will provide the best pathway to reaching the state's goals.

With that in mind, I just wanted to briefly highlight some of the areas that are important to our members. With regard to in-state generation, the BPU has raised concerns regarding the reliability of our electricity supply. We would suggest that PJM, the BPU, and the energy industry providers, and various stakeholders work together to analyze and review long-term costs, impact on future investment, and the possibility of any unintended consequences.

We recognize that electric transmission resources are essential to maintain the reliability, efficiency, and safety of the electric system. That's why early on we were very supportive of the Susquehanna-Roseland transmission upgrade. Obviously, we depend on some of the major utilities and what they provide here. But with their infrastructure, we have to make sure that we keep them whole and, in the outlying years, provide them with the resources that they need to upgrade their lines, making sure that we have the energy delivered that's needed.

With regard to nuclear power, this Committee knows that it is a source of low-cost, clear, carbon-free base load electric generation in the state. You all know about the retirement of Oyster Creek in 2019. So the planning has to start now. We have to find ways to make investment in new nuclear energy feasible. And it is especially important to the business community. New construction of a new reactor will gain approximately 4,000 peak construction jobs and create 400 to 700 permanent jobs.

The State Chamber is ready and willing to work with the State and energy industry to encourage and facilitate a new nuclear generating capacity facility.

With regard to natural gas, it is economically efficient, and it is considered a clean, safe, and reliable source of energy. Natural gas is used for heating, cooling, and several other industry uses. There are many benefits with pursuing natural gas -- reduce air emissions, a source for transportation fuel, and the pricing. The Draft EMP also encourages local natural gas distribution companies to update and expand their distribution system. This will allow businesses and residents to take advantage of high efficiency natural gas appliances that can reduce energy costs and improve the air we breathe.

With regard to energy efficiency, we recognize the importance of this. In previous years our organization -- the State, rather -- has focused energy efficiency programs and funding on residential. We would welcome the development of additional efficiency programs aimed at commercial and industrial customers that could also help deliver benefits.

ASSEMBLYMAN McKEON: Michael, one minute, just to let you know.

MR. EGENTON: Yes.

ASSEMBLYMAN McKEON: One more minute.

MR. EGENTON: Oh, one more minute. Okay.

In closing, on the energy efficiency side of the equation, in order to walk the walk, we would encourage that the State and local government lead by example and pursue efforts to reduce energy demand in government buildings.

We support solar and wind as laid out in the EMP -- supporting the objectives of building solar developments on landfills, brownfields, warehouses, and government facilities. We advocate energy from waste, which is a proven technology that converts municipal solid waste into base load energy. We support biomass as a renewable, low-carbon, sustainable fuel.

And finally, Chairmen and members of the Committee, with regard to transportation, we would highly encourage the State to pursue fuel cell technology and work with our fine academic institutions here in New Jersey to make fuel cell technology a reality and another viable option to our energy demands.

We appreciate the opportunity to comment and respectfully request that our views be given proper consideration.

Thank you.

ASSEMBLYMAN McKEON: Michael, thank you very much.

Any questions? (no response)

Seeing none, Matt Elliott, New Jersey Environmental (*sic*).

Thank you, again, Mike.

M A T T E L L I O T T: Thank you, Chairman Smith, Chairman McKeon, members of the Committees.

It's great to be here today. And I want to thank you all for taking this issue so seriously.

I think that we have to keep in mind that this is a 10-year energy plan for the state that then will ultimately impact our energy future for decades to come. So our concern has been-- From the Administration and from a lot of people throughout the hearings, and so on during this

process, we've heard a lot about the cost of energy today, and we've heard about the impact of rates today. We really need to keep in mind that this is much more about our future, it's much more about how we're going to impact our energy future over the next number of decades.

We have to think hard about how this is going to impact our environment over the coming decades, how it's going to impact the 8 million people in New Jersey who breathe the air and drink the water -- all of which is impacted by our energy choices.

I think it's important because New Jersey does have some of the worst air pollution in the entire country. As compared with most other states, we will be impacted much more heavily by global warming. Every corner of our state will be impacted by global warming, especially the Jersey Shore, as you've heard, which will be impacted by rising sea levels, an increase in the frequency in storm events, all of which will impact the ecology here and, in addition, our \$30 billion tourism economy.

Given all of that, and given the magnitude of the problems that we're trying to solve, we do feel like this plan needs to be as ambitious and as bold as possible. And we unfortunately feel that it isn't. We don't feel that it's adequate to address the real challenges that are before us. It certainly does scale back our goals on renewable energy. There is no clear plan or clear strategy here to reduce statewide demand through efficiency. And as has been noted, there are no plans that significantly reduce emissions from the transportation sector, which is, hands down, the biggest source of air pollution in New Jersey.

I want to make just a couple points in terms of where we see shortfalls and what our recommendations are. In the interest of time, we

will provide detailed written testimony, so I will just hit some of the highlights.

In terms of renewable energy, the plan, as has been noted, reduces our goal significantly on renewable energy, and this is a problem for a couple of reasons. Number one: Renewable energy has been one of the bright spots in the economy. And even at the depths of the recession we saw renewable energy companies growing, and expanding, and putting people to work in New Jersey.

Number two: There have been a number of studies that have shown that New Jersey does have the ability and that it is realistic to source 30 percent of our electricity from renewable energy by the year 2020. And I'm happy to provide those studies with my testimony. It's not liberal, left wing, tree-hugging groups. It is very respectable groups that are saying 30 percent is totally achievable.

SENATOR SMITH: That's not what we want. We want liberal-- (laughter)

MR. ELLIOTT: Oh, you want-- Well, I will write that report then and provide it.

And then in addition, we are seeing other states move forward. So a number of states like California, Colorado, our neighbor New York have all recently increased their renewable portfolio standard to at least 30 percent by 2020; some even more. Certainly California and New York are much bigger than New Jersey. And if they can do it, why can't we?

Number two on energy efficiency: Again, in this plan there is no real kind of strategy, no concrete plan to reduce demands throughout the state. And as Cindy Zipf and others noted, efficiency is, hands down,

our cheapest and cleanest energy resource. We need policies in place that put energy -- that require efficiency first. So it would require that in the State of New Jersey we're getting all cost-effective energy efficiency before we turn to building new generation plants or new transmission projects. And we need a policy that puts energy efficiency on the market just like we did with renewable energies. We need an efficiency portfolio standard just like our renewable portfolio standard that provides real incentives to people who do efficiency, and are able to get credits and get the full value of the efficiency that they built.

In terms of transportation: Again, it's the biggest source of emissions in New Jersey, hands down. And there is no plan in this plan to tackle those emissions.

SENATOR SMITH: And 40 percent of the consumption.

MR. ELLIOTT: Exactly, that's right.

SENATOR SMITH: And the Sergeant-at-Arms is telling me you're at the one-minute warning.

MR. ELLIOTT: Oh, I'm at one minute? Okay.

And then I think a big thing that's missing here too is the Regional Greenhouse Gas Initiative. This plan plans for our pull-out from the Regional Greenhouse Gas Initiative which-- Let's be honest, that is our only tool now to directly reduce carbon dioxide emissions from power plants. So we have to have a plan that keeps us in the program and, in fact, commits to working with other states to make it even stronger in future years.

And then finally, to wrap up, I think the tone of this whole plan is way off. It rails against incentives for renewable energy and efficiency

while at the same time promoting untold billions of dollars of new subsidies for fossil fuels and nuclear, which have enjoyed subsidies for decades. And I think that is backwards, and we really have to change the tone of the plan and make sure we're putting efficiency and clean energy first.

SENATOR SMITH: Thank you, Matt.

MR. ELLIOTT: Thank you.

SENATOR SMITH: Mr. Elvin Montero, Chemistry Industry (*sic*) Council, in favor.

Mr. Montero.

E L V I N M O N T E R O: Chairman Smith, McKeon, distinguished members of the Committee, I'm Elvin Montero, Director of Communications and Issues Management for the Chemistry Council of New Jersey.

As you know, I represent 70 manufacturers throughout the state who are large energy users -- an industry that employs 55,000 people, worth -- and creates about \$20 billion into the economy. We talk about jobs, but for every one job that we create in our industry, economists tell us that we -- that five jobs are created within the state.

Recently, we surveyed our members who want to do business in New Jersey. And we asked them to rank what issues mattered to them. And consistently for the last four years, the cost of regulatory compliance and energy are the top two issues.

Chairmen, members of the Committee, we need access to affordable, reliable, and safe energy to help stimulate economic development and investment within our sector.

There was talk about how New Jersey is the innovation state. Well, we consider ourselves an innovation industry. But we can't function here if our energy prices continue to rise. We have the seventh highest -- the sixth highest industrial rates in the country -- 74 percent above the national average. Manufacturers, to manufacture, need access to cheap, reliable sources of energy. If we continue to rise, manufacturing will continue to leave the state, and innovation will leave the state.

And that is why we applaud the Governor's Energy Master Plan, because we feel that it is more realistic -- it has realistic goals versus the Corzine Administration's EMP -- and that they don't cater to any one constituent group or energy generation solution. It provides a diversified portfolio and, I believe, is sensitive to the electricity rates consumers will ultimately pay, and directs the State to consider all energy generation, not just one, or a particular-- And finally, we are considering cogeneration plants and nuclear.

This is certainly encouraging, and we recognize this as-- We believe that we need new base load generation. We were one of the few organizations -- trade associations that actually supported the long-term capacity agreement pilot program. We believe the pilot program was addressing the failure of the PJM to incentivize new generation. So we believe, and we're glad to see in this plan, that base load generation is finally being considered.

In terms of natural gas: Our ability to create and retain jobs -- both in New Jersey and across the United States -- depends on a stable supply and competitive pricing of natural gas. And we fully support the safe and environmentally sound development of natural gas resources. We

are glad that we see, in the Energy Master Plan, discussion about the expansion of the gas pipeline.

The access to vast new supplies of American natural gas from shale deposits is one of the most exciting domestic energy developments in decades, particularly for the business of chemistry. We use natural gas to create products. These products help us live healthier and safer lives. These products are baby shampoo, to lighter automobile parts, to parts that go into solar panels.

The business of chemistry is at the heart of manufacturing. Access to shale gas has the potential to dramatically boost New Jersey's competitiveness and help meet our nation's and State's goals for increased exports and new jobs.

In terms of alternative energy: We certainly support it, but we believe it's part of the overall mix. No one solution can meet our environmental goals. We need to look at everything. We are an industry that creates a lot of the innovation and products, and going to solar panels and to wind to make them more efficient. But we don't support-- But what we don't support is the funding models that have been afforded certain alternative energy solutions, guaranteeing a high rate of return at the expense of ratepayers. Ratepayers, be they industrial, residential, or commercial, simply can't afford to subsidize alternative energy at the rate the State has been to date. And that's why we support that in the EMP -- that they look at and they have the guiding principle to look at cost-effective alternative energy generation options that demonstrate a net benefit to ratepayers. So even though we have all the colorful quotes in the media and this morning, we don't believe the EMP bans alternative energy.

It simply sets a more realistic target for alternative energy generation, and sets up a mechanism to examine the existing clean energy programs and how it has benefited the state not only environmentally but economically.

ASSEMBLYMAN McKEON: Elvin.

MR. MONTERO: Sure.

Case in point: About 95 percent of the money for clean energy was spent just on solar. So solar was chosen as the winner, and I don't think the State should be there.

To quote Jimmy McMillan, the electricity rates are just "too damn high" in the state. And in order to stay here, we need to do something. And I believe this Energy Master Plan does it. It looks at the environmental concerns that everyone has been addressing, but it's more realistic. And the New Jersey Legislature needs to do all it can to help support its implementation, because it is an environmentally conscience initiative that can ultimately reduce electricity rates, revitalize New Jersey's economy, and secure our energy future.

ASSEMBLYMAN McKEON: Thank you, Elvin.

I think the Assemblyman might have a question for you.

MR. MONTERO: Sure.

ASSEMBLYMAN BENSON: Just a quick question. How much of the expense of New Jersey's electricity prices is due to actually either congestion or peaking price as opposed to the call for base generation? And do you have a policy on those costs? You spoke about base generation, so that's why I--

MR. MONTERO: Right. Well PJM was supposed to incentivize generation in our state. It hasn't happened. That's why we

looked at the LCAPP situation. And we didn't see any evidence that was-- And because of the congestion-- I mean there are a lot of factors. But anything that supports base load generation in our state, hopefully -- we believe will ultimately reduce rates for our members and for all generation.

I don't know the numbers. I will have to look that up.

ASSEMBLYMAN BENSON: But do you guys recognize that the high cost of peaking plants and the cost of energy at peak periods of time contributes to the high cost in New Jersey?

MR. MONTERO: Absolutely. That's why we-- But these new generation plants, I understand, are to displace some of those peaking plants. That's why base load is (indiscernible).

ASSEMBLYMAN McKEON: Thank you.

Any other questions? (no response)

Thank you very much, Elvin.

Seeing none, Kim (*sic*) Madaras. Where's Kim? I saw her before.

SENATOR GORDON: Kat.

ASSEMBLYMAN McKEON: Kat.

Kat, how could I say Kim?

K A T M A D A R A S: I've been called a lot worse. Don't worry. (laughter)

Good morning to the Committee members and the Chairmen.

ASSEMBLYMAN McKEON: Good morning, Kat.

MS. MADARAS: My name is Kat Madaras. I am with the Fuel Merchants Association of New Jersey. And in the interest of time, a detailed testimony has been given out to all of you.

ASSEMBLYMAN McKEON: Thank you for that.

MS. MADARAS: You're welcome.

I want to start out by recognizing and thanking Senator Beck for recognizing that renewables are only part -- that should only be part of the Energy Master Plan. And I also want to recognize PSEG and the New Jersey Chamber for commenting that the State needs a diverse portfolio of clean energy sources in the state.

FMA's objection to the current draft of the Energy Master Plan is that they tout that it is fair and equitable. But they blatantly dismiss home heating oil and biofuels. Throughout the Energy Master Plan, the BPU is favoring one fossil fuel: natural gas; and actively opposing heating oil customers' equipment in the inclusion of the Societal Benefit Charge.

I must let you know that the Energy Information Agency stated 83 percent of our current energy usage in the nation is fossil fuels. And in 25 years, that will only decrease by 6 percent. But the current Energy Master Plan that we are looking at with this draft is only, again, focusing on one fossil fuel: natural gas. It takes all the other fossil fuels back five steps. And this is a double standard.

And I do want to read one quote that was stated by the BPU at the Assembly Telecommunications and Utilities Committee hearing recently. In direct response to an Assembly member's question: "Is it fair to not allow home heating oil consumers access to the SBC?" the BPU stated, and I quote, "To the extent that they are paying an SBC on the electric side of what they're doing, they should be able to benefit from the electric SBC. To have the SBC from the electric go toward gas is something that we need to do more investigation. But at this point it seems to be, as

currently prepared -- does not seem to be quite as fair because of the input and output of the funds.”

From the BPU’s testimony in the Assembly Telecommunications and Utilities Committee hearing they made it blatantly clear that they have a double standard at play. Currently the BPU will allow SBC funds to be used if heating oil customers want to convert to natural gas. But they will not allow the same customer to use the SBC funds to upgrade their heating oil equipment. I must repeat, this is a double standard.

In closing I just want to make three more comments. NESCAUM, which is the clean air association of the northeast states, has stated, “The current, properly adjusted oil burners produce particulate matter emissions equivalent of that of the natural gas.”

I just want to finally say that-- Is it fair for the Energy Master Plan and the BPU to allow heating oil customers to only use SBC money to convert to another energy source? And is it fair for the Energy Master Plan to promote and redefine natural gas a renewable fuel?

I want to thank you for the time. And I want to remind you that this plan should be stripped of all double standards and favoritism.

Thank you.

ASSEMBLYMAN McKEON: Thank you, Kat.

Any questions? (no response)

Kevin Lynott, Elizabethtown Gas.

Hello, Kevin.

KEVIN LYNOTT: Good morning, and thank you.

I'm Kevin Lynott, Director of Government Relations for Elizabethtown Gas. I appreciate the opportunity to speak with you this morning.

One of our-- Our main priority at Elizabethtown Gas is the safe and reliable delivery of natural gas for our customers. For the past few years, we have been implementing programs that upgrade our infrastructure to allow us to enhance deliverability options and help our customers take advantage of high-efficiency, natural gas appliances. The Energy Master Plan continues that.

Natural gas can help New Jersey significantly reduce its carbon emissions, a goal that was established in the Global Warming Response Act. Natural gas is 50 percent cleaner than coal, 30 percent cleaner than oil. And the direct use of natural gas in a home results in consumption that is 28 percent less than a similar home that uses all electric appliances.

The Energy Master Plan recognizes this and supports the development of pipeline infrastructure that allows New Jersey to take advantage of natural gas sources of energy in three ways: the implementation of -- the replacement of gasoline and diesel fuel with clean-burning natural gas, the development of in-state electric power generation that uses natural gas, the increased utilization of natural gas by residents and businesses to reduce the costs as well as their carbon footprint.

The new discovery of domestic sources of natural gas has helped reduce costs to our customers. Since 2008, our costs of natural gas has dropped by nearly 50 percent. The Energy Master Plan lays out a strategic vision for New Jersey citizens to take advantage of the economic and environmental benefits of natural gas.

The Navigant Consulting group was commissioned by America's Natural Gas Alliance to analyze the impact of natural gas prices on New Jersey consumers. The overall conclusion of this report was that New Jersey consumers are saving in excess of \$1.2 billion a year as a result of the sustained decline in natural gas prices.

I appreciate the opportunity to speak with you today.

Do you have any questions?

ASSEMBLYMAN McKEON: Kevin, thank you. And we appreciate you being a continuing resource.

Any questions?

I know Connie is just waiting. Don't do it Connie. (laughter)

ASSEMBLYWOMAN WAGNER: Can I just say one thing?

ASSEMBLYMAN McKEON: I'm teasing.

MR. LYNOTT: I didn't mention the "F" word here today.
(laughter)

ASSEMBLYWOMAN WAGNER: Listen, Kevin, I like you; first of all, on papers I think you're pretty balanced and you're level-headed. And I watch all the commercials on TV, and I don't hear that word either.

I just need to be -- as does everybody else -- that it is safe. And I don't know if you can answer this question, but I thought I read a little -- two or three sentences in an article in my newspaper that acknowledge that the Governor of Pennsylvania was returning fees to some communities where there were abandoned drilling sites, as well as damage to the community. So I'm thinking to myself, "Wow, the Governor does realize -- of Pennsylvania -- that there has been some damage done." And I would welcome this technology if I knew it was safe.

Are you moving in the direction of figuring out how to do this process without using the chemicals or damage to the communities? And this was an *Associated Press* article that I think I read.

MR. LYNOTT: I should have read the article. I did see the headline.

There have been three recent developments that are heading in the right direction. One, the Department of Energy released a 90-day report that looked at some issues involving natural gas drilling, and they made 100 recommendations. And those recommendations seemed to be a very strong emphasis to get on the bandwagon to improve these developments -- the environmental issues.

The state of New York released their draft regulations. And, again, there's an improvement on what has been taking place.

The Delaware River Basin Commission, in September, is going to release their recommendations -- their regulations. That also seems to be -- that will -- heading in the direction for improving environmental safeguards.

Improvements had to be made, and improvements have been made. There has been some damage in Pennsylvania to some communities. If you don't drill a well through the water aquifer properly, and you don't seal it and cement it, you could have a problem. And those have gotten a lot of press. But it's not the norm, and it's not the way the industry wants to go and is heading. So I think there's improvements that are going to be made to drilling and hydrofracking in natural gas. And I think everyone recognizes that you have to do this safely. And as someone else mentioned,

you can't do it and destroy the environment, because then you just have more problems. So I think it can develop and will develop.

SENATOR SMITH: Senator Gordon, for a really short question.

SENATOR GORDON: Yes, very briefly. I think all of us here on this panel recognize that our job is to make policy choices between competing goals. I think the fact that we have the equivalent of two Saudi Arabias in natural gas supplies in domestic sources is a wonderful thing, given the fact that the alternative is relying on unstable sources of energy in places where we don't have a lot of friends. But I think if we're going to exploit those sources, we need to do everything we can to try to reduce the risk of despoliation the environment and the kinds of things we have seen.

You mentioned that the Delaware River Basin Commission is about to issue its regulations. This is the agency that is at the forefront of protecting New Jersey against any problems that would be related to fracking. I would respectfully suggest to this Joint Committee that we consider hearing testimony from representatives in the DRBC to learn about what they're proposing and to share our thoughts with them.

SENATOR SMITH: Thank you for your comments.

Thank you.

Dave Pringle, New Jersey Environmental Federation, opposed.

Mr. Pringle.

DAVID PRINGLE: Thank you, Mr. Chairman.

Again, I'm David Pringle, Campaign Director for the New Jersey Environmental Federation, and I want to thank you for your continued leadership on so many issues and having this hearing today.

It's coming at a key time and in a key location, with the Draft Energy Master Plan toward the end of public comment. In addition to the economic, we have environmental crises that this plan is very related to. And this plan has the ability to make things better or make things worse. And unfortunately it's our position that this plan, in its current form, makes things worse.

The hearings on the plan to date have been a farce by the BPU. They've been-- Environmental advocates have been put at the end and have been prevented from testifying. And the questions from the Board, when they have been paying attention, have been relatively hostile to environmental advocates and quite friendly to representatives of industry. So we thank this Committee for having a much more balanced and appropriate forum. And we hope this will move things in a better direction.

Having a green economy, investing in green energy isn't just the right thing to do for the environment, it's the right thing to do for the economy. And it's especially important for a place like Toms River, given sea level rise, given the nitrification of Barnegat Bay. As great as the fertilizer bill is in reducing nitrogen inputs to the Bay, coal fire power plants and natural gas plants are a significant -- the air (indiscernible) issue from them is a significant contributor to Barnegat Bay, and the Energy Master Plan is the appropriate vehicle to deal with that problem. And, again, the plan falls short in that regard.

In addition, there's a whole smattering of fossil fuel projects that greatly threaten the shore. It's easy for folks to oppose off-shore oil drilling. It's less easy on liquid natural gas and the hydrofracking that, in addition to threatening New Jersey's drinking water, can also -- those LNG

ports can very easily export natural gas, not just import it from places like Libya.

And then finally, we have a coal fire power plant proposed in Linden that would -- propose to sequester carbon dioxide in a pipeline off of the Jersey Shore, creating all kinds of additional risks. So for all of those reasons, it's imperative that we have a very strong, forward-thinking, forward-leading plan. The 2008 plan was such a plan. That's why Governor Christie endorsed it in 2009. He praised Governor Corzine for developing that plan at that time. It's also why Governor Christie, as a candidate, criticized Governor Corzine for not being much more aggressive in implementing that plan. And at the same time, he pledged to be that aggressive implementer of the 2008 plan as Governor. And this plan rolls back, instead of moves forward, that plan. And if it becomes adopted it will be a broken promise instead of a fulfilling of a commitment.

And I want to go into detail about several places where this is a roll back, the most egregious of which is a 25 percent roll back in renewable standard. Thirty percent to 22.5 percent is a 25 percent cut. It is doable. The Governor talked about it being pie-in-the-sky when he announced the plan. Yet a new nuke plant, which is much more pie-in-the-sky, isn't suggested. So there is a double standard going on here. Very bipartisan, non-radical groups have said -- like the American Security Project that has retired Army generals, and admirals, and Governor Whitman on its board, had said New Jersey can get to 31 percent.

We can do it. If we can set goals for going to the moon and getting it done, you have to be aspirational. You can't set the bar too high, but you can't set it too low. And we're already on track. We're going to

blow-- Unless we screw up, we're going to blow 22.5 percent out of the water. That's a done deal. We shouldn't be setting goals too low like that.

Second, the energy efficiency standard-- The plan rolls back energy efficiency. If this is about saving money, the best way to save money on your electric rates is to use less electricity. That's what energy efficiency is all about. Study after study has demonstrated a three to one return on investment when you invest in energy efficiency, and the turnaround is very quick -- two to five years. Yet this plan cuts funding to energy efficiency and reduces the goals from 20 to 17 percent.

There are laudable parts of the plan. The Governor's opposition to liquid natural gas is laudable. Unfortunately, the Feds are looking to roll that back, so we need to stay on top of that. We're pleased the Governor talks about no new coal. But frankly, other than the Linden plant, new coal really isn't in the future. We'd rather there be a no new coal policy than new coal, but we're not really getting a lot out of that. What really matters is the existing coal plants and the dirty *peakers*. And there's an implied support for doing that in this plan, but there's nothing concrete. They say that's the goal. We're going to put in four new natural gas plants relying on hydrofracking, but there isn't the similar commitment to get rid of those dirty coal-fired power plants. I don't know what our position would be if there was a trade like that, but that's not even on the table, so it's not worth discussing other than highlighting its lacking.

Nuclear power: This plan allows -- opens the door for another nuclear plant. The best case scenario: billions of dollars 20 years from now. Nuclear power takes too long and is too expensive to be part of the solution

in New Jersey, separate from any other issue. And it diverts from the real solutions transitioning to a truly clean, green economy.

The opening of this plan suggests the definition of *clean* should include nuclear and coal -- excuse me, nuclear and natural gas. Hydrofracking isn't clean. Clean natural gas isn't clean, it's just less dirty than the alternatives. Radioactive waste, tritium leaks, storage for tens of thousands of years does not make nuclear power clean. It is moving in the wrong direction to say so.

This plan opens the door for new garbage incineration. I thought we killed that one in part with a referendum in Monmouth County back in 1991, and many other places in Mercer County in 1994. We need to invest in our natural resources. Burning stuff is not using natural resources wisely, especially when there are alternatives. It's cheaper to not produce garbage, to recycle, to reuse, to compost, just as it's cheaper to conserve and to be more efficient, and invest in wind, and solar, the like -- and the appropriate types of biomass like switchgrass.

ASSEMBLYMAN McKEON: David.

MR. PRINGLE: Let me wrap up.

And I think I've given the Chairman this book, and I will not-- Janet can give me the gentleman's name. But there is a well-respected, internationally renowned Ph.D. who has laid out a concrete plan on how we can be nuclear and carbon-free by 2050. The only thing lacking in getting there is the will. The ability to get there is there if we provide the appropriate leadership. So I would suggest to you that we need to be setting the bar high; we need to be realistic, but we can't be aggressive

enough. This plan is not only not aggressive enough, it rolls things backwards.

Thank you. (applause)

SENATOR SMITH: Senator Gordon, for a really brief question.

SENATOR GORDON: Just regarding the waste energy issue: I think it's important to recognize that there have been major strides in the technology of producing fuels from waste. And I'm not talking about just the technologies that compact and withdraw the water. There are technologies out there in plants that are up and running, and you can visit, that can take ordinary municipal solid waste and produce a fuel that has the energy equivalent of coal and is a perfect substitute for it. But it removes all the mercury, removes all the heavy metals, removes all the sulfur. It has an emission profile unlike anything seen before. And there really could be a new leader of waste energy.

And I think we shouldn't be shutting the door on that. I think it could be a major boon for our country if we do that. I think certainly New Jersey could become the Saudi Arabia of waste energy, certainly. (laughter) And I don't think-- I think we need to keep our options open there.

SENATOR SMITH: Thank you.

ASSEMBLYMAN McKEON: I'll let you comment back, but most significantly is one of those plants is in Italy -- Florence. And next year--

SENATOR GORDON: And Canada.

ASSEMBLYMAN McKEON: Well, I would rather to go Italy. And I'm thinking next year we'll reconvene in Palermo. (laughter)

Pam will be happy. Finally I made Pam happy.

ASSEMBLYWOMAN LAMPITT: Our carbon footprint though, not good.

MR. PRINGLE: Basic physics teaches us that elements don't disappear. Mercury, lead, arsenic are elements. You can't get rid of them. The only question is: How well are they controlled? In bedrock, buried in the ground where they always have been for the last million years, is the best -- or billion years -- is the place for them. I have no confidence that-- How bad it will be is debatable. But you're mobilizing some of the most toxic things out there when you're doing that. You're also now creating less incentive to not produce the pollution in the first place. Conservation efficiency is always better. Had we continued on the track we were in the 1990s, when we were going to 60, 65 percent recycling-- When source reduction was still basically at zero and composting was at zero, within a matter of 10 years we could have shut down all of our incinerators, not sent any trash out of state, and be sending less trash to our in-state landfills. So you need to look at the whole lifecycle. And when you do that, waste to energy is an oxymoron, and it's PR for some folks who want to make money off of it, as opposed to looking at the whole lifecycle of all the pollution. What's the best way to invest? What's the best way to utilize our natural resources and minimize the pollution?

ASSEMBLYMAN McKEON: Okay, thank you.

SENATOR SMITH: Thank you.

Senator Beck, for a tiny, tiny question.

SENATOR BECK: I'll be really, really fast. First, I want to say that I am happy to make a call to our BPU president to touch base about-- I've heard several complaints about how the hearings are being conducted, and I don't think that's appropriate. Everybody, obviously, deserves their turn whether you agree with them or not. So I'm sorry to hear that you have the impression--

MR. PRINGLE: A hearing has been added for the 24th in Trenton.

SENATOR BECK: Okay.

Second, have you-- In light of Senator Gordon's comments, have you personally visited one of these plants that you're coming to this conclusion already? Is that why you feel so strongly? Have you actually--

MR. PRINGLE: I haven't personally visited them, and I don't need to. I can look at the literature, and the literature is quite clear that the alternatives are preferable. Producing less trash--

SENATOR BECK: Dave, I appreciate it. I'm just saying, my instinct with all issues is that we take the time to do the homework before we come to our conclusion, particularly if it's a new technology. I'm just suggesting that we may want to do a little bit more investigation before we reach a conclusion.

MR. PRINGLE: I'm not saying, "Don't investigate it." But it shouldn't be put in the same terms as solar and wind. At one point, nuclear power was going to be so cheap we weren't going to meter it. That worked out well.

SENATOR SMITH: FYI, I'm not going to be a referee and jump between two people when they start to hit each other. So I think we're done on this issue.

SENATOR BECK: Right.

MR. PRINGLE: Thank you.

SENATOR SMITH: Let me ask Ralph Orlando, from NAIOP, to come forward.

Mr. Orlando.

RALPH J. ORLANDO: Thank you, Chairman Smith and other members of the commission. Thank you for this opportunity to speak this morning.

I am representing the association of NAIOP, N-A-I-O-P, New Jersey. We are a commercial real estate development association. The members of NAIOP either manage or own approximately 300 million square feet of commercial space, building space, in New Jersey.

I am the Co-Chair of the Energy Master Plan Task Force, which we've had in existence at NAIOP for a number of years. And we take a keen interest in the development of the Energy Master Plan for New Jersey. We do endorse the development of the master plan. We believe it's good for the state, and we also believe it's good for our industry.

The Task Force, along with NAIOP, is in the preparation of a report which will be delivered to this commission on or about August 25. We are just finishing up our detailed report. We support the plan. We believe there are a lot of good aspects of the plan. However, I would like to, this morning, just take a few minutes and just bullet some items that we

will give you details on that we believe are important aspects to help improve the report and improve the plan.

The first item is that the cost-benefit analysis of solar -- which primarily was based on information on or before 2008 -- we believe is not appropriate in this day and age. Technology has advanced. The efficiency of solar is much greater than it was at that time, and we believe that the cost-benefit analysis can be improved. We will be providing some data that will justify that. We do support the solar industry. We believe it's a benefit for the State of New Jersey.

We believe that the solar alternative compliance payment needs to be better defined. In our experience, because we deal every day with the financial industry-- We don't believe any substantial money will come into this marketplace unless the SREC -- there's a certainty of SREC cost. One aspect could be putting a floor on the SREC market. Anything to stabilize the market we believe is a good thing, and it should be well presented in the plan that way.

We support virtual net metering. We believe virtual net metering will be a benefit which would allow for multiple parties to allow -- take advantage of the solar metering within the plan.

We also support community net metering. We believe that some pilot projects that we will provide will show some data that will support that, and it will help to encourage and expand the solar use in large commercial establishments where there are a number of flat roofs -- that we could help the solar industry expand.

In addition to that, we believe that a very important aspect of the master plan should be to encourage the use of pilot studies. These pilot

studies, we believe, will be able to help define criteria for the energy market to move forward. We have done this in other areas, and these pilot studies, we think, are very important.

Another aspect -- and we feel very strongly on this -- is that the master plan focuses a great deal on new development, new office space, new construction. The reality is that in the next -- immediate future there is not going to be a lot of brand new office construction or industrial construction in the state. And a great deal of the existing buildings-- We can create a substantial amount of energy efficiency if we encourage a better efficient use of the existing buildings. So we would suggest that the Energy Master Plan focus more on retrofits, modernizations, upgrades of existing buildings. And we will have some suggestions on how that should be encourage.

ASSEMBLYMAN McKEON: Ralph, one-minute warning.

MR. ORLANDO: Yes.

We believe also that the SREC market should be expanded to data centers up to 69,000 kv. That will encourage data center expansion in New Jersey.

And one last item we believe is important is the encouragement of solar use on brownfields sites. We do support that. However, there is a dichotomy of the regulations of brownfields sites allowing for this type of use efficiently, and we believe the regulations have to be straightened out so that they can be properly encouraged to be constructed on brownfields sites.

That's the extent of my comments. And, again, the report will be delivered to the commission.

ASSEMBLYMAN McKEON: Ralph, thank you very much.

Anybody have any questions? (no response)

SENATOR SMITH: A lot of good ideas. Thank you.

ASSEMBLYMAN McKEON: And we'll look forward to that report. Thanks for the hard work on it.

MR. ORLANDO: You're quite welcome.

ASSEMBLYMAN McKEON: Amy Hansen, from New Jersey Conservation.

Where is Amy?

A M Y H A N S E N: Good afternoon, Chairmen and Committee members.

Thank you so much for holding this hearing. It's really an important issue -- energy. And as other people have said, it affects all of our lives. And what we do today makes a huge difference in years to come for our children as well.

As you said, I'm Amy Hansen, New Jersey Conservation Foundation. We are a 50-year-old conservation organization that has worked to preserve, and continues to work to preserve, and steward lands and natural resources throughout our state. These include ecologically important and sensitive lands that provide clean drinking water; recreational opportunities; wildlife habitat; and historical, scenic, and cultural landscapes.

The Wilderness Society recently published a very pertinent paper to our work entitled "Energy Efficiency: Saving Energy Saves Land." The paper refers to the huge potential of energy reduction achievable by efficiency measures; and talks about the state of California, which sets a great example of decreasing energy usage by implementing a comprehensive

approach that includes efficiency standards for buildings, appliances, and automobiles; research and development on innovative technology, investment incentives; and more.

The Wilderness Society's paper states, "Between 1975 and 2004, California's building and appliance standards, as well as its efficiency education and incentive programs, replaced the need to build the equivalent of 24 additional 500-megawatt power plants." If the entire United States were to harness the power of energy efficiency demonstrated in California, it would reduce our per capita demand for electricity by 40 percent and save thousands of acres from energy sprawl.

This means a lot for land steward organizations such as ours, of course. But imagine the positive impact on the bottom line for businesses and residents if the entire State of New Jersey took on such an energy efficiency challenge. As the 2011 Energy Master Plan notes, "Decreasing energy costs will reduce the overall cost of doing business in New Jersey, leaving revenue for expansion, job growth, and job retention." California's energy efficiency programs enabled households to redirect \$56 billion in expenditures toward other goods and services, creating about 1.5 million full-time jobs with a total payroll of \$45 billion. Any money spent on energy efficiency and use reduction programs in New Jersey provides multiple benefits in returns for everyone, including those not receiving the incentives directly. Think reduced greenhouse gas emission and lessened climate change impacts, pollution that causes asthma, and even lowered energy costs.

The New Jersey Conservation Foundation is concerned that the 2011 Energy Master Plan draft takes a step backwards in helping New

Jersey meet very necessary goals of cutting our state's energy usage while lessening the pressure on open space, farmland, and natural resources from new energy transmission and generation.

Decreased energy usage can alleviate grid congestion and decrease the need for new transmission lines that further energy sprawl. We urge the Administration to require utility companies implement transmission upgrades using new technologies such as higher voltage cable, instead of large expansions that come with large negative impacts on the environment. This will also save ratepayers money.

The plan promotes the heavy use of natural gas while questioning the costs of critical programs for energy efficiency which, in the long run, pay for themselves and reduce pollution. Energy efficiency should be New Jersey's first choice of fuel, and the Energy Master Plan must support a strong goal with clear direction on how to reduce our state's energy demand by at least 20 percent, if not more, by 2020. There are many groups that can provide assistance on specific programs, including the American Council on Energy Efficiency and the Northeast Energy Efficiency Partnerships, as needed.

We support the plan's initiative to incentivize solar energy installations on brownfields and landfills, and recommend that these be located near existing infrastructure. We are also pleased that the Christie Administration does not support the use of ratepayer subsidies to turn productive farmland into industrial solar facilities.

ASSEMBLYMAN McKEON: Amy, we just want to give you the one-minute warning.

MS. HANSEN: Thank you.

We also must preserve the Societal Benefits Charge and permanently dedicate all of its funds to clean energy programs. And we appreciate the Legislature's work to make that happen.

We appreciate the mention of smart grid technologies and energy storage in the plan, but urge the Administration to go further and commit research funds toward these important programs. And we're concerned that the plan would support the use of natural gas from our sell of shale, touting cost benefits; while the clear benefits of energy efficiency incentives and innovative technologies -- that help us keep our air clean, protect clean water supplies, and uphold our children's health -- far outweigh any costs of energy efficiency programs to ratepayers, while the threats and harm to our water supply and the environment from hydrofracking cannot be overestimated.

In closing, we want to see New Jersey in a leadership role, with a strong commitment to a visionary energy master plan that would help us meet aggressive energy efficiency and conservation goals, greenhouse gas emission reduction targets, and move us toward a healthy energy future for us all, including future generations.

Thank you.

SENATOR SMITH: Thank you.

ASSEMBLYMAN McKEON: Thank you very, very much.

Any questions for Ms. Hansen? (no response)

Seeing none, Sara Bluhm, NJBIA.

Sara, I promise not to be mean to you today.

ASSEMBLYWOMAN LAMPITT: I told him to say that.

S A R A B L U H M: Thank you.

Good afternoon, members of the Committee.

I'm Sara Bluhm with the New Jersey Business and Industry Association. We represent over 22,000 businesses in the state. And we're happy to be here today to support the plan.

One of the things that we look at with this is that one of the number one goals with the plan is: How can we lower energy costs? And commercial and industrial ratepayers consume 64 percent of the electricity in the state.

And, Senator Smith, going back to an earlier conversation we had had in another committee, about how much of your electric bill is from State-imposed, government overall surcharges and such. Rutgers actually did crunch the numbers and found that 27 percent is the portion of the bill for commercial and industrial customers. So we've been looking at ways that we can lower some of those costs, but also how we could, overall, lower the cost of energy.

So as Assemblyman Benson had said, capacity cost, the commodity. What are we doing for generation within the state? And we're looking at this plan as giving us another vehicle to help lower those costs going forward.

And Assemblyman McKeon brought up the Societal Benefits Charge. I don't know how many of you are aware, but it actually has six different components to it, and the Clean Energy Fund is only one of those components, so-- Such as nuclear decommissioning costs -- that's one of the components of the SBC. And I think we're looking at this from looking at all aspects of how we can lower cost. What do we need to still be funding? What are potentials that we could get rid of? And I think

actually back in deregulation, one of the things we did was, nuclear decommissioning was for the utility owned generation. And during deregulation, we made our utilities divest generation. So I think the only plant that we're still responsible for is Three Mile Island in Pennsylvania. But the other plants we've collected money for, they have their funds. And looking at things like that and saying, "Do we still need to be charging ratepayers for these funds, or is there enough money in them already?"

And I think that's kind of the approach that we're taking at this. For example, the TEFA surcharge, which passed in this budget to begin its phaseout in January of 2012 and to be eliminated by 2014 -- that's going to be a 4 percent reduction in electric bills. So what other ways can we move forward to help the New Jersey ratepayers lower their cost? And I think that's really what we're looking at. And what other innovative approaches can we do? So if we're going to encourage combined heat and power, what could the State also be doing at PJM to encourage CHP to be recognized as capacity into the market? That could help us with our capacity costs as well.

We've talked a little bit about energy efficiency today too. And if you look back at the clean energy reports, time and time again commercial and industrial customers receive less funding for energy efficiency, but produce higher rates of return when you invest in energy efficiency in them. So I think, again, it's one of those types of things of, "Let's look at where our congestion is, what we can do to help alleviate that." But if we're interested in energy efficiency, let's look at investing more money there to get the better return.

And so our organization is in favor of moving more money over to commercial and industrial for energy efficiency, because it gets you the bigger return on it. And if we continue to invest more in our industrial facilities, we'll be able to lower our overall consumption which, again -- overall will help the grid, both in capacity prices, in our supply, and where we're going with our future.

So with that, we look at this plan as being realistic to help us achieve those goals, but also realistic in terms of addressing multiple problems within our energy pricing scheme. And so I think that we really do want to work with the Legislature, but also with the BPU, at finding some of these solutions and seeing where else we can go back and reexamine. How many manufactured gas plants do we still have in the state that need to be remediated, and how can we look at that charge? Where else can we look at investing in new technologies, and how can that help the state grow as well? We're redeveloping Fort Monmouth. Perhaps that's where we develop green technology.

And so looking at all that, we think that this plan is a good start to get us on track and help lower energy costs which, in result, will help lower the cost of business and bring more jobs to New Jersey.

And I thank you for your time.

ASSEMBLYMAN McKEON: Sara, thank you. I know Assemblyman Benson has a brief question.

ASSEMBLYMAN BENSON: Just real quick. We talked about capacity issues. Do you feel that the EMP, as it's currently written, targets that issue geographically, and speaks about the need for geographically targeting some of these resources where there is congestion or where there is

actually higher demand that causes some of these increased costs for all ratepayers?

MS. BLUHM: Well, I think it looks at generation in a couple different aspects. There is still the goal for combined heat and power, which I think is one of your best ways to target for regional congestion and getting capacity. So if we're developing on Doremus Avenue in Newark, we've got a great industrial base there. But Newark is very congested as well.

I think in terms of looking at some of your large scale renewables, where can we be putting them-- Again, are we putting them on the rooftops of Exit 8A, or are we putting them in Salem County? Again, I think that's why we do need to show that--

ASSEMBLYMAN BENSON: So does the EMP speak to that now, or do you think it doesn't and it should?

MS. BLUHM: I think it has a variety of attacks on capacity, and we probably could, through further discussions, be showing ways that we could be targeting in certain areas. I know in clean energy funding, there's been some discussions of having a sliding scale based on where capacity needs (indiscernible). And that's something that we can continue to discuss.

ASSEMBLYMAN BENSON: Good. Thank you.

ASSEMBLYMAN McKEON: Thank you.

Any other questions for Sara? (no response)

Seeing none, Sara, thank you for your testimony as always.

Frank Neubauer, from Core Metrics.

Frank.

F R A N K L I N N E U B A U E R: I'm Franklin Neubauer of Core Metrics. For six years my job was to project the consequences of energy planning decisions by Bonneville Power Administration. Using DOE models, I projected conservation policy impacts for many scenarios, working with utility experts. My statement deals with energy efficiency, major ways the plan is incomplete, and some impacts that can be foreseen. I've provided a written statement already.

The draft lacks sufficient information for readers to understand changes to energy efficiency Goals 1 and 2 of the 2008 EMP. Clear goals are needed to ensure progress. The Administration must issue a clear, long-term energy savings goal, either reaffirming the 2008 goal, or fine-tune it based on new load forecast data. The draft plan does revise the peak load reduction goal, but the calculations aren't shown. These two goals are related, but readers can't tell how.

The corresponding graphs, Figures 11 and 10, are confusing, with impacts that appear much larger than the numbers. Readers will see the gap between forecasts and goals and will draw wrong conclusions. I'm available to explain these problems further.

The demand growth target of minus 0.8 percent sounds reassuring, but it provides no information about how aggressive energy efficiency is.

In 2009, clean energy programs saved less than 1 percent of New Jersey's annual electric energy consumption. That's where we are now, less than 1 percent. Because ratepayer funds were diverted in 2010, the pace of savings slowed. That pace will slow even more due to withdrawal from RGGI and because ARRA funding ends. Instead of accelerating energy

efficiency to meet the challenge, Administration decisions undercut long-term energy plans. If trends persist, we will be saving energy at a rate less than 1 percent in 2014 and unable to meet the old 20 percent energy reduction goal, failing to gain benefits for New Jersey households and businesses projected in a 2009 study at \$16.8 billion.

Because we have goals, cutting energy efficiency budgets does not cut program costs but postpones costs for the next administration to deal with. What's worse, cutting budgets for so-called *lost opportunity programs* will lead to bigger budget needs in future years, as described in my EMP comments of September 28. Past cuts have been very counterproductive.

Energy efficiency addresses many problems facing New Jersey. It is essential to any greenhouse gas strategy, it's extremely job intensive, avoids generation siting and related risks, avoids commodity costs and volatility, and eases transmission constraints into the state.

A green portfolio ought to include a high proportion of energy savings because it's the cheapest and most environmentally friendly resource. But the plan lacks basic data on conservation supply to inform readers how much energy efficiency programs can save and what market segments savings will come from. The plan lacks clear commitments to pursue energy efficiency throughout New Jersey's buildings, industry, and transportation sectors. It settles for making State buildings more energy efficient, which is a small fraction of New Jersey's potential savings. These omissions signal an Administration unprepared to accelerate toward strong goals. Policymakers need to be more visionary, harnessing the steps taken by previous administrations.

I believe the 2008 energy efficiency goals may still be achievable for New Jersey provided that funding, the commitment, and priorities are supportive. That belief is helped by the in-depth 2009 study of goals by Northeast Energy Efficiency Partnerships, which led a team of experts to make strategic recommendations to the BPU.

Expertise can help New Jersey avoid mistakes in its programs. In that spirit, I've found research on the performance of residential sector programs that don't rely on traditional rebates, but instead rely on loans and financing to promote energy efficiency in homes. Since the Board seems inclined to switch over to revolving loan programs, my observations are timely.

In research for California Institute for Energy and Environment, a 2009 study of over 150 programs across the U.S. found many limitations to residential financing programs. The biggest problem: their typical impact is tiny. Quoting from the report, "Most of the programs reached less than 0.1 percent of their potential customers." But low participation is just one of the documented problems.

So a switch from traditional rebates to just loans in the residential sector would be a losing proposition for consumers and a losing proposition for clean energy. However, it would be a winning proposition for banks. Then consider the economy. Household mortgage debt is holding back economic recovery, but loans programs ask households to struggle under more debt.

When considering such a drastic change in programs--

ASSEMBLYMAN McKEON: Frank, I don't want to interrupt you -- and we have your written report. You have just about a minute.

MR. NEUBAUER: Okay.

What will happen to the funding previously allocated to residential programs? Consumers won't see that funding again. Clean energy funding has been diverted too many times to think otherwise. Switching to loans will fail to serve New Jersey homes. I hope the BPU will stick with effective programs rather than invite certain failure. Program designs need to be practical so that programs can serve all customers, not just a few, which is why I'm skeptical of loan programs.

In conclusion, a truly green future for New Jersey requires aggressively ramping up energy efficiency efforts no later than 2012. Budgets for 2012 are being developed now. For actions to be consistent with its green rhetoric, the Administration must find ways to do that and to achieve a much higher savings rate by 2014. There are many resources to assist New Jersey in that effort.

And if there is time, I have priorities that would be important in achieving those goals that I'd like to cover.

It seems the Administration has chosen to take a very narrow cost--

ASSEMBLYMAN McKEON: Frank, I'm going to give you just one minute to wrap up, okay?

MR. NEUBAUER: Okay.

We have to look at the broadest possible measure of cost -- that is bills rather than rates -- if we're going to achieve energy efficiency goals. It is important to treat energy efficiency as a resource, something like an energy efficiency portfolio standard, requiring that efficiency be looked at first.

The Board seems to have adopted this penny-wise, pound-foolish mentality about some resources, squeezing down on energy efficiency but, at the same time, suggesting the possible need for nuclear power in the future. It's important to value expertise over ideology. And in my view, the emphasis on loan programs that pay back an unreasonable portion of the investment are putting ideology ahead of expertise and experience in the field of energy efficiency programs. And it's important to avoid self-defeating decisions. And I would put RGGI in that category if you're looking at achieving clean energy goals.

That concludes what I had planned to comment on.

ASSEMBLYMAN McKEON: Thank you very much for your testimony.

Any members wish to question this individual? (no response)

Thank you, again. It was very comprehensive, and we appreciate that report.

Tom Fote, from the Jersey Coast Anglers.

This is a good day to catch some striped bass, right, with the rain?

T O M F O T E: Yes.

My name is Tom Fote. I represent the Jersey Coast Anglers Association, also the New Jersey State Federation of Sportsmen's, and also New Jersey Outdoor Alliance. When you work for free, they always volunteer you. (laughter)

Those three organizations are three environmental organizations that actually hunt and fish and depend on renewable resources. I was trying to think-- It's unusual for me to be sitting at this

table testifying on noncontroversial things, since I'm usually doing traps off the reef or salt water registry.

It was also interesting to sit and realize that when I look at Jeff Tittel, Dave Pringle, Cindy Zipf, Frank, and myself, we're all on the same page on a lot of these items. We haven't been there sometimes in the past when we came together, especially on hunting and fishing issues.

I also want to thank you for coming to my home. It makes me only have to drive five minutes, or actually could walk.

ASSEMBLYMAN McKEON: Tom, your five minutes is almost up here. (laughter)

MR. FOTE: Oh, okay. Then I'm just going to tell a story -- two stories -- quick stories. One is, when I look at what we can-- I always use the story about -- when people say *anti-fishing*, I basically point out the fact that Jesus Christ, when he wanted to feed the masses, he fed them loaves and fishes. And then I relate the story now that if Jesus Christ was here giving out -- in Toms River -- free loaves and fishes, he would look around the room and say, "You're pregnant, you can't have any; you're young, you can't have any," because of the contamination we get in the waters of New Jersey from coal fire plants. I mean, talk about mercury contamination. Every one of our lakes, every one of our streams in New Jersey has an advisory on it. Where does that come from? That comes from coal fire plants and other forms of fossil fuel.

When I look at what goes on in other areas, we sit there-- It's not only mercury, it's PCBs, it's everything else we generate. And that was also with the incinerators. I understand that's gone.

We need to basically look at the vision. And I look at us as leaders. You're sitting here -- up there. People have elected you. You're supposed to be showing vision, not saying reality. We should be looking to what we can do for the future. And 30 percent is realistic. I mean, I look at my own electric bill. A couple of years ago I was paying about \$2,200 a year on electricity. My bill for this year is probably about \$200, and most of that was last month because I had the air conditioner on because I was hot. I basically had it running. Solar panels did that. I signed up for a program-- When it was the 50 percent rebate-- I didn't get 50 percent because I waited long and it was 40 percent. And I said, "I'm going to do that." And basically now I'm looking at low electric bills, I'm looking at now producing it. And basically, I'm probably only using 5 percent electricity from the grid any more, and I'm producing the other 95 percent, which is really amazing.

I was going through my dad's things the other day, trying to look at his old coins. And I found a New York City token -- the \$0.15 kind. Now, I've gone-- I sat at a meeting yesterday for nine hours on fisheries. I sat at a meeting two weeks ago for four days -- 9 to 12 hours a day -- on fisheries, trying -- as the Governor's appointee, trying to figure out how we get fish to the state. Both of those meetings I had to drive to -- one was in D.C. -- because it was the most efficient way and the cheapest way for me to travel. When I grew up in Brooklyn, the most efficient way to travel was-- I didn't have a driver's license until after I got out of the service. I retired as an Army captain and couldn't drive a car because I lived in Brooklyn with basic transport.

So when we look at energy efficiency, we need to look at vehicles. Now I have two-- As a matter of fact, the car I drove with my wife down there was a Prius, so I went back and forth on one tank of gas when a Prius is not a big tank. So that's what we should be looking at.

That's all the energy things coming in. And I know I'm in the way of dinner or lunch, so I'm going to be quick.

Thank you all for being here.

ASSEMBLYMAN McKEON: Tom, thank you.

I have put together -- they were dog-eared, but you're welcome to testify separately -- I don't know if that meant you were going to be together. Lyle Rawlings and Dennis Wilson.

L Y L E R A W L I N G S: Thank you Chairman McKeon, and thank you Senator Smith for holding this very important hearing. We're glad you're doing this.

My name is Lyle Rawlings. I'm the Vice President of the Mid-Atlantic Solar Energy Industries Association. I'm also President and CEO of Advanced Solar Products in Flemington, New Jersey. And I'm an engineer with 35 years of experience in energy research.

D E N N I S W I L S O N: My name is Dennis Wilson. I'm the President of the Mid-Atlantic Solar Energy Association. And I've spent the last 30 years developing solar thermal cogeneration, large-scale energy efficiency programs here in New Jersey and New York. And in this decade, solar electric systems since 2003.

MR. RAWLINGS: We're here because the solar industry sees a deepening crisis for our industry in New Jersey, a crisis that's been brought on by some flaws in the New Jersey solar energy policy. And as a result of

those flaws-- And we think there are corrections for those flaws. We see that there are thousands of jobs in jeopardy right now. And it's a crisis that's developing right now.

But first, there is a lot of good news to talk about too. The cost of solar energy has been coming down tremendously over the last three years, including some substantial drops just in the last few months. The cost of a solar panel has come down by two-thirds just in the last three years. So the cost of solar is much, much more affordable than it was just a short time ago. And as a matter of fact, the cost of electricity since EDECA was passed has gone up by about 30 to 35 percent. This year, the cumulative cost of all the solar that we've built this year is 1 percent -- 1 percent, the cost of all the solar we've built. And that's 2 billion of investment that has been brought into this state, including a substantial amount of Federal dollars.

Going forward, the RPS solar goals will result in about \$500 million per year over the next few years of investment in New Jersey. And that includes over 200 million of Federal dollars being injected into this state. So that's all good economic news.

And the best part is, we believe -- we estimate that we've created over 5,000 jobs in New Jersey. And it's not just jobs in the solar industry. There are a lot of allied industries like banking and finance, insurance. Many of the large engineering firms in this state are now occupied in solar energy; many of the large architectural firms. So many sectors of our economy have been deeply engaged in the solar industry, creating jobs.

But unfortunately I had to give instructions to my management team this week to begin focusing on other states because of the deepening crisis -- the crash in the solar industry in New Jersey.

Now, we believe that there are three measures that can be taken that can correct this, and they must be taken very quickly to prevent a crash in our industry. And we heard in the Energy Master Plan hearings -- and I was at all three of them -- time and time again, President Solomon said, "The Legislature must tell us what to do." And last week we heard from the BPU board staff, at the renewable committee meeting, "The Legislature needs to tell us what to do."

Unfortunately, we realize the Legislature is not in session, and we urge you to make this a very high priority in whatever sessions are left this year, because our industry does need help. These 5,000 jobs are in danger of being lost, and we need to do something.

Now, at these Energy Master Plan hearings, like Ms. Tauro, I also heard an outpouring of support from ordinary citizens who were all coming up and saying, "Please do more. Be more visionary. Do more solar. Do more renewable energy in general." I did not see one person come to a hearing and say, "I don't think I can really afford to do more solar," or, "It costs too much for me." They're all bringing the message, "Please do more."

I have a report, which I brought some copies of and I'm going to hand it to you, by a former chancellor of Duke University and professor of economics -- a study he's done that says that the cost-per-kilowatt hour of solar has now crossed and is now cheaper than nuclear. That was done last year. And since then, the cost of solar has dropped tremendously. And, of course, the cost of nuclear is only going up. So we can do this. There are

some quick fixes that the solar energy needs in order to survive, and we urge you to take it very seriously.

MR. WILSON: And those fixes -- now that solar costs have come down so much -- would mean that we could accelerate the pace of the RPS while having virtually no rate impact if those initiatives are combined with more energy efficiency aggressive programs.

When the RPS schedule was put in place, it was when SREC prices were much higher and when solar costs were much higher. Well, SREC prices are down very low, and they can stay down lower because solar costs have come down so tremendously. So we can achieve a lot more solar penetration with much less rate impact than was predicted when those plans for the RPS ramp-up were put in place. So we can accelerate the RPS with minimal rate impact.

And just to go back a few years, Lyle reminded us that electric rates escalated over the last six years more than 30 percent. And that was due to fossil fuel price volatility. They have come down a couple of percent this year, just because gas is down. But we're far higher, and the State remains subject to this high volatility on fossil fuel prices. And coal costs are going up as well, just because of the environmental impact.

But we're not getting all the benefit of solar that we could. Right now we have two real markets trying to compete for the same space in the solar industry. We have the net-metered industry, which means that the customer gets a lot of the benefit, although the state overall gets the benefit of reduced demand and thus less capacity required. But we're not getting the benefit of the bargain that we could, that other countries are getting, like Germany, Italy, Spain, France, and so on, where they contract

for solar power to be delivered at fixed prices for 20 years. Now, that adds stability to the electric cost mix no matter where it is. But we don't have any mechanism in place to do that. We have a BGS process that's three years -- contracts. So the sellers for electricity don't want to enter into long-term contracts to buy electric capacity because there's no way to get it into the mix. We need to address this. And whether that capacity is on rooftops, brownfields, or other locations -- parking lots as well -- we could secure a lot of solar capacity -- have a very moderating effect on our cost long-term by getting that electricity into the mix under 20-year, fixed-price contracts. That's how most of the solar in the world is being introduced into the mix. So we're missing out on that. And we need a legislative mechanism that can get that capacity into our energy mix long-term, because it's very cost-effective and it's going to stabilize prices long-term.

I want to take just a minute to talk about energy efficiency, because I spent 10 years in that industry as well. We're missing the boat on energy efficiency. Time and again it's -- 20 percent is easily achievable if you put in place the mechanisms to acquire it. Well, the SBC is not adequate. It's not enough money, and it's really prescriptive measures, and the budget goes up or down, or it's taken for other purposes. We need an energy efficiency marketplace where you can acquire as much energy efficiency as is cost-effective. A huge amount -- hundreds of megawatts have been acquired in other states at prices that are equivalent to \$0.05 or less under a 10-year contract. That's cheaper than any new capacity or energy that you could get, no matter what source. We need a free, open market for that capacity and energy on the energy-efficiency side. And if

you marry that with renewables, you're going to have virtually no rate impact over the next 10 years.

But we're missing the boat. We don't have adequate resources in the SBC. And we don't have adequate vision to put this in place. It was in one of the bills -- 2529 -- to create an energy efficiency certificate that was tradable. But we need long-term contracts as well for that -- so the capital, and the expertise, and the horsepower of energy efficiency companies can grow rapidly here in New Jersey. That's one of the other things we need.

We also need load shift. Right now we're paying a lot into PJM because of our peak loads. It's not just insufficient base load capacity. If we actually shifted air conditioning loads -- and there's 1,000 to 2,000 megawatts of potential to off-peak hours -- that helps us with PJM costs, and it helps us with our grid, and you can actually target that at the areas of congestion. We don't have any targeted efforts in the Energy Master Plan. Con Ed has been doing targeted DSM now for the last six years, achieving hundreds of megawatts in the areas where they agree needs the most help. Why isn't that in our energy plan?

So combining these efforts: aggressive energy efficiency far beyond what can be done with the SBC, more procurement of solar on the long-term contracts so it stabilizes energy rates in New Jersey. And you combine the two and there is virtually no rate impact.

So we do have jobs at stake. We need an acceleration of the RPS.

Now, we're happy to agree to that acceleration if it's got some linkage so that it doesn't adversely affect rates by pushing us and pushing SREC costs back up more than they need to be.

And so we do have a lot of suggestions. You'll see them in writing.

ASSEMBLYMAN McKEON: We gave you more than five each. But you're, at least in my view, and I'm sure everybody's, your testimony is actually very compelling. I'm certain we want to make certain that we have your written report in writing. And then maybe we can do some personal follow-up afterward.

MR. RAWLINGS: Sure. We'd like to.

MR. WILSON: Thank you.

ASSEMBLYMAN McKEON: And Dan has one quick question.

ASSEMBLYMAN BENSON: Just correct me if I'm wrong, but wasn't the solar carve-out accelerated once before when we went from the original adoption.

MR. WILSON: Yes, a slight amount.

MR. RAWLINGS: In A-3520, it was. And there was a lot of discussion, as Senator Smith has told us, about making it go further than it actually did. That's when solar prices were very high. And solar costs more than it should have over the last few years. There were flaws in the policy design that created prices that were far too high over the past few years. And those same flaws are now crashing our market now. So we shouldn't have a boom or bust cycle where, during the boom we're paying far too

much, and during the bust businesses fail. We've got to find a steady, sustained growth. And that's what our suggestions are meant to address.

ASSEMBLYMAN BENSON: And how much are we dependent on what happens at the Federal level with their incentives?

MR. RAWLINGS: There's definitely some dependence on that as well. But we have the National Solar Industry Association that will address that. But the State incentives are actually the most important driver.

ASSEMBLYMAN BENSON: That's all I want to know.

Thanks.

ASSEMBLYMAN McKEON: We appreciate it.

Anyone else? (no response)

Thank you, both, for your testimony.

SENATOR SMITH: Mike Pisauero, New Jersey Environmental Lobby.

If anybody is planning, we're down to the last few witnesses, so we should hopefully be wrapped up by 1:15.

M I C H A E L L. P I S A U R O J R., E S Q.: Thank you very much for giving me the opportunity to speak.

My name is Mike Pisauero, and I represent the New Jersey Environmental Lobby.

The New Jersey Environmental Lobby is an environmental organization, from 1969, comprised of individuals, businesses, and other environmental organizations.

Assemblywoman Lampitt, I think you hit the nail on the head when we started this hearing. We can't change course. Business and

industry have constantly wanted certainty. Three years ago we set a course. That course was supposed to be a 10-year plan with tweaks being made every three years. Reducing the RPS goals so significantly is not a tweak, it is an about-face. We can't do that.

New Jersey is number two in the country for solar energy. It's probably actually number one when you take a look at square footage comparing us to California. We're a much smaller state, but yet we're right behind them. We have encouraged an industry to grow. If we want to continue to grow our economy, as the country and the world is moving toward a sustainable energy, a green economy, we have to send the right signals. And while President Solomon said he fully expects us to reach that 30 percent -- and he said that at at least two of the hearings. If we don't set the goal at 30 percent, we're never going to reach it. And if he expects us to be able to reach that goal of 30 percent, then let's say that goal is reachable and we can do it.

Every time we switch goals, every time we switch tracks, business and industry are going, "What are we going to do here? Are we going to invest in New Jersey, or are we going to go somewhere else where we can rely on a long-term plan?"

Thirty percent is doable; it is not pie-in-the-sky. Maine, according to their website, already reached 50 percent of their energy from renewable goals. Only 18 percent of that is from hydro. And we do have some hydro available, but most of that is -- the rest of that is from solar, wind, and other renewable sources. We have a much better off-shore wind resource. We have the technology. We have a company in Pennington, New Jersey, that is on the forefront of tidal power. So we have the

resources, both from a natural resource perspective, but also from a technological, and manpower, and patent resources to really be a leader. And by saying there are goals of 30 percent renewable energy, we are saying to the world, we're saying to businesses, "Come to New Jersey, invest in New Jersey, and you will get paid."

So as I mentioned, Maine has 50 percent already from renewable. California has set it at 33 percent; Illinois, 25. Germany already gets 16 percent of its energy from renewable energy sources and has announced the goal this year of getting 100 percent of its energy from renewable sources by 2050. These are countries and these are states that are leading. We can help lead or we can sort of follow the pack.

The Energy Master Plan says natural gas and nuclear power is renewable. It's not a renewable. They may be cleaner and they may be part of our energy mix. But to say that they are clean is sort of to redefine terms. I know lawyers always like to redefine terms, but that doesn't work.

Energy efficiency: Business and Industry came up and testified it was a good thing. And in the past they have said for every dollar that is invested in energy and efficiency to their members, members receive \$11 in benefits. That's a true cost benefit. That is a true savings that that business, that industry can then reinvest into the state in capital improvements, new employees.

ASSEMBLYMAN McKEON: Michael, I don't want to stop you at such an important point, but you have about one minute.

MR. PISAURO: I'll talk much faster. (laughter)

So can we-- And I would also suggest to you that we need to have safe, cheap, reliable energy. We're not going to be able to build the

plants fast enough to meet our energy demand, but we can reduce our energy demand and meet our needs. Also, renewable energy systems, solar panels can go onto rooftops and parking lots much faster than we can build a traditional energy source. So we can get that energy now and not have to spend years going through permits and planning.

And one last thing: Renewable energy, from 1998 to 2007, grew at a faster rate -- 9.1 percent in the country, as opposed to, I think it was, 3 percent for traditional jobs. It also, as you heard before -- but all studies have shown -- it weathered the recession much better. So if we want to help spur the economy, we can go back to the old ways, or we can go to the ways that are actually improving the environment and our economy.

So with that, and in knowledge of the time, I will cut my comments short. And I want to thank you guys very much for having this important hearing and for being leaders. The BPU doesn't want to lead, so the Legislature is going to have to.

Thank you.

ASSEMBLYMAN McKEON: Thank you, Michael, very much, as always.

Any questions for the witness? (no response)

Seeing none, Michael Flett and Frank Robinson, New Jersey Energy Coalition, signed up together.

F R A N K R O B I N S O N: Good afternoon.

We appreciate you saving the best for last.

SENATOR SMITH: Second to last.

ASSEMBLYMAN McKEON: Not quite last. (laughter)

MR. ROBINSON: In all seriousness, thank you, Mr. Chairman, members of the Joint Committee. Thank you for having us today.

My name is Frank Robinson, with Robinson Capital Partners. This is my colleague Michael Flett of the Flett Exchange. And we're both here on behalf of the New Jersey Renewable Energy Coalition, which is a group of private equity institutions and individuals, as well as energy professionals, looking out for the industry.

As President of Robinson Capital Partners, I represent an investment into over 80 megawatts of both behind-the-meter and in-front-of-the-meter solar projects throughout New Jersey, as well as additional investments in anaerobic digestion, wind, and other clean technologies.

I want to begin by speaking about the economics of the current solar industry in New Jersey. Prices have come down. There's nothing new about that. We've seen prices over \$6 a watt to build out. Prices are down in the \$3.50 range. If we look at the current market and said it's 400 megawatts here in New Jersey, at \$3.50 to build out, we're looking at a minimum of a \$1.4 billion industry today to get to what is our RPS, our 5,000 megawatts that we need to get to by 2026. We have 4,600 more megawatts to build out. Using that same \$3.50 per megawatt -- per watt to build out, we're looking at easily \$15 billion needed to be invested into this marketplace.

Now, the \$1.4 billion or \$2 billion -- there's different numbers out there. But the couple billion dollars invested in this space so far has been invested with very rich SRECS and very strong Federal incentives.

That market is no longer around. We need to do something, and we're in support of legislative efforts to get this market back to where it needs to be.

As far as our analysis of the Energy Master Plan, we feel the data used to support theories and impacts are dated. The costs and the economics in the Energy Master Plan are not congruent with the current marketplace. In addition to misconstrued costs, we feel the benefits of solar have either been ignored or strongly deemphasized in the Energy Master Plan.

As for the SREC program, which is the engine driving the investments into this state, it simply is not too expensive. The impact on the ratepayer is miscalculated in the Energy Master Plan. As the future analysis of the SREC program and the Energy Master Plan assumes that a spot market price at 75 percent of the SACP-- Currently, the spot market is trading between 25 and 30 percent of the SACP, which suggests that the Energy Master Plan's impact on ratepayers -- in the Energy Master Plan is 2.5 to 3 percent -- 300 percent overestimated. So the ratepayers are not at all at an impact the way the Energy Master Plan dictates.

We believe that there needs to be an adjustment, via legislation, and we're very strongly in support of S-2371, and we need that to get the market back up. Where the market has gone, there's no reason for it to go back up without legislative support.

The benefits of solar I just want to touch on real quick. Obviously, 26,000 jobs is an extremely supportive number. We have reduced costs as far as the build-out for these solar projects. But what has not reduced in costs for these projects is the upgrade to the New Jersey energy infrastructure, which is 100 percent the burden of these project

costs. So New Jersey's energy infrastructure is being upgraded on these project costs. The SREC is what is helping that investment. We also are reducing the net import. We import, right now in New Jersey, 30 percent of our electricity. Less than 1.5 percent currently comes from renewable energies. We can definitely support not only behind-the-meter but in-front-of-the-meter large-scale projects.

In summary, the New Jersey Renewable Energy Coalition thinks the Energy Master Plan definitely has room for improvement. We'd like to lend our assistance in creating policy to help rejuvenate what has been a thriving industry.

I'm going to turn it over to Michael to talk about the SREC program.

Thank you.

MICHAEL FLETT: Thank you, Frank.

My name is Michael Flett. I run the Flett Exchange. It's a marketplace for solar credits. It's been up and running 24 hours a day, seven days a week since 2007. About 3,000 of the 10,000 installations in New Jersey sell their credits on my marketplace. Energy companies that have an RPS to satisfy, which is anybody who sells electricity in New Jersey -- they come to my marketplace to help them procure SRECs.

Since this is a -- we're coming here together to talk about the Energy Master Plan, there are two points I'd like to make about the Energy Master Plan, and then to follow up with what the solar industry needs from the Legislature in the short-term to keep things on track.

First of all, the Energy Master Plan overestimates the cost of solar. I can go specifically and say Figure 39, on Page 91, and whatnot.

But I'm sure you didn't sit down and read it. And if you ever got to the part about SRECs, you would have just said, "Oh my God. I don't even want to read that." It just went over your head. But it's overestimating of how much it's going to cost.

I will give you one example. They say in the Energy Master Plan that in 2015 it's going to cost \$525 million for solar credits in the state. If I work that backwards, the energy companies are required to buy 965,000 SRECs. That equates to a \$544 SREC. Energy Year '15 SRECs -- the current market right now is about \$150. And even if I wanted to give the Energy Master Plan the benefit of the doubt and roll it back to about February, which is where they -- the last figures they had -- let's say it was just \$300 for energy or 15 SRECs. That \$525 million cost is really somewhere between \$168 million and \$280 million. So the Energy Master Plan overestimates how expensive solar is. I just wanted you to keep that in mind.

And what Lyle and Dennis brought up here, as well, is very important. Now the solar industry in New Jersey has to look to the Legislature to adjust policy and run with the punches. In New Jersey, we've benefited from legislation -- Federal legislation -- 100 percent bonus depreciation. That is, New Jersey had the best place to invest. And when the 100 percent bonus depreciation came through -- the flood of interest to invest in a mature marketplace like New Jersey is here. So what's happened is, in June, 40 megawatts went in. To get to the State mandated goals, we only need 8 megawatts a month. So we have 40 megawatts of interest in New Jersey.

And so Senate Bill 2371 by Senator Bob Smith addresses this. And what it is, it increases the amount of solar that is required in Energy Year '15. This is very important. Without that, the solar industry in New Jersey will have to stop for 1.5 to 2.5 years. Just to get back on track, every single truck that's driving around the state and putting solar on houses, or schools, or wherever will have to go do something else unless this bill addresses this benefit that New Jersey had, from the 100 percent bonus depreciation to a lot of other external factors.

So for the New Jersey Renewable Energy Coalition, and my 3,000 customers that have invested in New Jersey, and also-- The end goal here is to get 5 gigawatts of solar in New Jersey. We're only at 399.5 megawatts. We're only 8 percent of the way there. It's math off the top of my head. By going and supporting this bill, you say to future investors in New Jersey that New Jersey is serious and it can roll with the punches.

Thank you very much.

ASSEMBLYMAN McKEON: Thank you very much for your learned testimony, both of you. And we will be following up.

MR. ROBINSON: Thank you.

ASSEMBLYMAN McKEON: We have Paula Gotsch, Grandmothers for Making Energy Safer. Am I saying that correct?

P A U L A G O T S C H: No, it's Grandmothers, Mothers, and More for Energy Safety.

SENATOR SMITH: GRAMMES.

ASSEMBLYMAN McKEON: GRAMMES.

MS. GOTSCH: Grandmothers, Mothers, and More for Energy Safety.

And you know, since we're all tired and hungry, and our eyes are glazing over, I'm going to make this extemporaneous and shorter, and get my comments in later. But I will say a couple of things.

I want to verify what Ms. Janet Tauro and Lyle Rawling said about the Master Plan hearings. I went to the Newark one, and I went to the one in Stockton. And if you want the consent of the governed, as those who are governing-- You should have seen the support for any speaker who got up and said solar, renewable, no nuclear, no fracking. They all got applause. The standard people who got up and said, "The plan is great. Keep nuclear in there" -- it was silence, dead silence. Ninety-five percent of the people in those rooms -- and I'm talking 400 people in Newark and close to that down in Stockton -- I didn't go to Trenton. The people are behind renewables. Solar and wind -- these are our folk heroes. We love these people. This is the way New Jersey wants to go.

Now, I'm just going to briefly say something that I said that got applause down in Stockton. It's called *let's look at the pie-in-the-sky factor*. And we're told we're pie-in-the-sky. In the last 30 years, which -- GRAMMES collectively has been involved with energy for 30 years. Renewable energy advocates and producers were forecasting the continuing lowering of prices and rapid development. Well, how did that turn out? In the last 21 months, wind has 9,400 megawatts installed. That was last year. So that's 9,000 watt -- nuclear plants -- that would be replacing.

We just heard the cost of solar has dropped two-thirds and that it's rapidly developing. It just needs the support that we should be giving it. And what about energy efficiency? Wow, LED lights. Wow, they're making a big difference, right?

So let's go to the nuclear industry. What were they saying back 30 years ago? A thousand new nuclear plants by 2000. How did that go? None, no nuclear plants, zilch, zero.

Now, what did we get from the nuclear industry for their pie-in-the-sky? It resulted in radiation in the sky, on land, in water, and it now turns out -- detected in children's urine in Japan -- radiation -- deadly radiation. The nuclear industry has brought us nothing but catastrophe. The people don't want it anymore, and we want to go to real, safe, clean energy. We don't want fracking.

You don't have to be timid with this, guys and women. You don't have to be timid with this. We are behind you.

Thank you very much for your time.

ASSEMBLYMAN McKEON: Thank you very much for your testimony.

We were going to give Willie deCamp the clean-up position, but he's absented himself.

In that honor, we'll go to Jeff Brown of Brick.

J E F F R E Y B R O W N: Ladies and gentlemen of the panel, thank you very much.

Like Paula, I will try to abbreviate my remarks. I would like to say that I began by approving some of the stuff in the Energy Master Plan. Of course, the goal to set forth a foundation of change that modernizes the generation resource mix in New Jersey and promotes fuel substitution in a way that saves money, stimulates the economy, assures reliability, and protects the environment-- I think protecting public health and well-being should be added to this list, by the way. But then I would add that the

draft EMP seriously fails to achieve this objective by its explicit support for additional atomic power stations in the state.

As nuclear plants in New Jersey age and are decommissioned, the Christie Administration supports the construction of new nuclear base load generation; and the delineation of lessons learned from New Jersey, U.S., and global nuclear experiences.

This statement reveals a very dubious assumption -- namely, that the lessons learned from these nuclear experiences will be how to solve recalcitrant problems that have defied solutions for more than 50 years. Perhaps a tweak here, a tweak there.

I believe the rational lesson that we learn from these experiences is that nuclear fission is no way to boil water. There are more wholesome alternatives in terms of sources and energy systems to be developed, expanded, and transitioned to.

The draft states, "Clean energy may encompass natural gas plants and nuclear power -- both licensed extended units and, conceivably, new nuclear." And it also states, "Nuclear generation can provide a reliable source of inexpensive generation without air emissions." But wishful thinking doesn't make it so.

The catastrophe at the Fukushima Daiichi atomic plants should make it clear to everyone that no amount of semantic manipulation can make nuclear power clean. Hundreds of square miles have been contaminated with deadly radiation. Rice fields are contaminated, cattle are contaminated, tons of ocean water are contaminated, innumerable fish and edible seaweed are contaminated. The food chain is contaminated. People of all ages are contaminated.

In addition, you know very well about Oyster Creek's tritium leaks and Salem's tritium leaks as well. There are regular emissions going on from all nuclear power plants. As a matter of fact, a 1993 Brookhaven Lab study reported that Oyster Creek had the second highest airborne radioactive emissions of any atomic power plant in the country. So how can an official State document pretend to call nuclear clean and emissions-free? Just because radiation is invisible and not defined by dark particulates doesn't mean it isn't real. Pretending that atomic power is clean and free of emissions is Orwellian double-speak and has no place in New Jersey's Energy Master Plan.

On Page 74, the draft states, "The only carbon-free technologies are renewables and nuclear power. Atomic power is not carbon-free." This is particularly apparent when considering the possible construction of a new generating station.

Benjamin Sovacool is an assistant professor and research fellow at the National University of Singapore. In a 2008 paper published in the journal *Energy Policy* entitled, "Valuing the greenhouse gas emissions from nuclear power: A critical survey," he reported that atomic power emits 66.08 grams of CO² equivalent per kilowatt hour of generation. And then he breaks it down by the fuel cycle of a frontend cycle, construction, operation, backend of the cycle, and decommissioning. Atomic power, especially a new generation station that must be built from scratch, should not be referred to as *carbon-free*.

The longevity of atomic power's lethal, unresolved waste issues compromises the ability of future generations to meet their needs, and thus contradicts the central defining tenet of sustainable development, which

was originally defined as development that meets the needs of the present without compromising the ability of future generations to meet their needs. We do have the technical capability to transition to a sustainable energy future without more atomic power stations. Dr. Arjun Makhijani's study, which Dave Pringle was referencing, actually -- "Carbon-Free and Nuclear-Free: A Roadmap for U.S. Energy Policy" -- is just one of several studies that demonstrate this encouraging possibility. And as has been mentioned, other countries are starting to show the way. The majority of Japanese citizens no longer support nuclear power. And of course Germany is the world's 4th largest economy, and they are phasing out their 17 nuclear plants by 2022. I was particularly interested in an article that noted that Chancellor Merkel holds a Ph.D. in physics and changed her mind. Italy and Switzerland have followed suit. I strongly urge the New Jersey Senate and Assembly to learn this lesson from the Fukushima disaster, and pursue a no nukes New Jersey strategy toward a sustainable energy future.

Thank you.

ASSEMBLYMAN McKEON: Thank you.

Just as it relates to witnesses, number one, we thank everyone; and, again, reiterate our thanks to Mayor Kelaher for his hospitality, as well as all of the wonderful people here in Toms River, not to mention our security and official time keeper.

Thank you very much, Paul.

As it relates to giving all of our colleagues a chance to say a word or two in conclusion, would you like to start with your panel?

SENATOR SMITH: And I will try to be brief.

I thought the hearing was very, very valuable today, because I think it emphasizes some of the ways in which our state's Energy Master Plan needs significant improvement. One of the major things that we heard today was that our changing the goal from 30 to 22.5 sent the wrong signal to the alternative energy industry, and I think that's true. Whether we can make the 30 or we can't make the 30, it was the right goal. Cutting back sends a very negative signal to all of us. And I hate for the United States of America, and New Jersey in particular, to be 4th class citizens when it comes to energy alternatives and efficiency. We as a country, and we as a state, are way behind other places like China and Europe when we try to talk about jumping to cleaner sources of energy, and still being dependent on foreign sources of oil. We really can do better.

We also-- I think almost every member of this panel voted on the Global Warming Response Act for our state, which says that we're trying to make an 80 percent reduction in carbon emissions by 2050. We all voted for it. I don't know anybody who didn't vote for it. We're not going to get there unless we find ways to increase our alternative energy sources.

I think one of the things that was mentioned again today -- it's a terrible mistake for us to be pulling the plug on the Regional Greenhouse Gas Initiative. That was about to provide us all with the tools to spur the alternative energy industry. And I'm hoping the Governor is going to reconsider that decision. There's really no discussion of RGGI in the Master Plan, but there should be.

One of the major defects that I think came out today is the real lack of addressing what is 40 percent of the energy consumption in this

state, and that's transportation. There is just no mention of it and how we're going to reduce our energy footprint when it comes to transportation.

I think one of the other valid criticisms today was that we need a real plan for energy efficiency. The cheapest kilowatt hour BTU that we can save is the one that we conserve. And we really need a much more aggressive program in New Jersey to do that.

The other comments that were made that struck home with me today was that we have this Societal Benefits program, but the money gets stolen. And it's not to pick on Governor Christie or Governor Corzine. All governors are crooks when it comes to balancing their budgets. (laughter) But the right thing to do is to make that Societal Benefits program constitutionally dedicated so that we really see the money used for the purposes intended.

I think, also, one of the things that struck me -- and it wasn't all that explicit but it's implied-- We really need a new energy paradigm. We need to unlock the energy opportunities that we have. For example, we have hundreds of millions of square feet of warehouse roofs. Those roofs should be covered with solar panels. (applause) We could be a major source of solar energy, not just for our state, but for the rest of the Northeast.

And the last comment that I thought was right on target -- but I'm not doing it because I'm trying to be anything other than humble -- the renewable portfolio standard in 2371. We really need to advance it so that this industry that is now the second best in the United States continues to be vibrant and alive. So hopefully we can get S-2371 passed on the Assembly side. I think we have it through the Senate. It's now over on the

Assembly side, and John said he's going to make it his crusade to get it done on the Assembly side.

In any case, it was a very productive hearing. We thank everybody for coming.

And that's all I have, Chairman.

ASSEMBLYMAN McKEON: Senators?

SENATOR BATEMAN: Mr. Chairman, thank you.

I thank all of you for taking time out of your busy schedules to come this morning. I think this is also very productive. And I think it's very important that much of the testimony we heard today -- the individuals in particular in the solar industry -- follow up, because I think there are ways that we can, as legislators, tweak some of the legislation that we've passed in the past to try to make that more affordable. And a greater portion of our energy needs to come, I think, from the renewables. There's no question about it -- in particular, solar. And I've been fortunate enough to sponsor several bills with Senator Smith. And I think we're just starting to go in that direction. Obviously any input -- and I know that some of you indicated that you will follow up with some suggestions. I welcome that, because obviously there's nothing more important than a clean environment. And I think the only way we're going to get there is if we all work together with all the stakeholders. So I welcome your input.

And, again, I thank you all for coming out.

SENATOR SMITH: Senator Beck.

SENATOR BECK: Just to concur, I really did learn a lot, both from the testimony that was submitted-- There was a lot written here that

we were absorbing as we were also listening. And so I thought it was a very valuable conversation.

I am interested in some of the information that sort of conflicts with other data that I have been given about our ability to reach the 22.5. I've been told on many occasions that that is a stretch for us, that that's a tough standard to meet. And if that's not the case, I certainly would like more information about that. I have been working on this Committee for four years now and am very supportive of wind and solar, and I joined our Chairman in sponsoring a number of those bills, and I'm happy to continue to do so. But I also think there has to be a recognition of both the advantages of solar and also some of the things that make it difficult to use, particularly whether the number is 20 percent reliable, 13 percent reliable. We still have an issue with the fact that it's not a constant source of energy, so we have to be cognizant of that as we're mapping out our plan.

By and large, I think this document is a good document. Everything can always use tweaking and improvement. But I certainly learned a lot today from all those who took the time to testify. And I thank you for coming here, in the midst of your summer, to educate us.

ASSEMBLYMAN McKEON: My colleagues, we can start in reverse order with Scott.

ASSEMBLYMAN RUDDER: Oh, that was me the whole time.
(laughter) (referring to PA microphone) Sorry about that.

Thank you, Chairmen.

Today was a great education for me. It was good to hear multiple views, multiple positions on alternative renewable energy solutions, the Energy Master Plan, where we're going, where we should be.

The one thing I thought I was going to hear more of, particularly from the solar and wind industry, is the challenge I think Senator Beck addressed a little bit with regards to the reliability -- the constant part. And that, to me, is energy storage. And I'm not sure where that would fall into the overall strategy. But if you have solar, it's not going to work all the time; if you have wind, it's not going to work all the time. But you can have that excess capacity stored. And I think a significant amount of investment should be put into that technology. (applause) Because I think that's going to be part of the long-term solution.

In the interim though, we have other resources. And I think there needs to be the balance. And so if we are going to-- I think there always needs to be a balance, because if we just, all of a sudden, change our direction and we just force everybody to, from a societal change perspective -- and we're going to force people to do this and force people to do that, we're going to drive up cost, drive out business. And so as we go through the next 20 years, 30 years, 50 years, there needs to be a balanced approach. And energy storage to get to that end goal is a huge part of that. And I would like to see more conversation on that as we move forward.

And, again, I thank everybody for all your different positions.

ASSEMBLYMAN McKEON: Assemblyman.

ASSEMBLYMAN MAINOR: Thank you, sir.

I just want to say, first and foremost, I thank you all for coming out. And it's forums like this here that bring about the information that we need.

I've learned so much today by hearing the pros and cons, and now it's making me rethink a lot of things that I had made a decision on.

But I thank you so much for coming out, because I got a chance to hear another side of what we need to do. And again, it's forums like this here-- And I noticed that what we're trying to do is-- We have an end goal, and everybody wants the same thing. It's just a different way that we want to go about it.

But more so, rather than repeating what my colleagues have said, I appreciate you coming out and sharing your views. And I thank you for the education that I received today.

Thank you.

ASSEMBLYMAN McKEON: Assemblywoman.

ASSEMBLYWOMAN LAMPITT: Thank you.

I, too, thank everybody for coming out. And I concur wholeheartedly with Senator Smith's recap of today and the learned process that we have gone through.

I do think, listening, that there is more to learn, specifically about solar and-- What I find interesting is that probably 30 years ago, sitting in a room like this, we would not be talking about solar energy. It probably wasn't even in the Webster's Dictionary. But here we are spending most of our day talking about solar energy.

And I think the solar industry itself should be teaching us a little bit more about the efficiencies of the solar panels themselves, the storage ability, and the great strides that you have taken in the solar industry. And I think that we need to learn a little bit more about that so that we can understand better the reliability factor. And we know that you've made great strides. And I think that maybe in today's context of conversation, that's where maybe a dearth of -- the knowledge base was not

really shared. And so I would like a little bit more information about that as well.

And, you know, I tend to not always say this in public, but I agree with Assemblyman Rudder, (laughter) (Chair bangs gavel) and the fact that it's not just about the reliability of solar. We spent a lot of time today talking about it. But it is the reliability of the diverse nature of the resources that we do have of energy, be it liquid natural gas, be it natural gas, be it nuclear, whatever it is. It's the responsible use. And we need to talk about the responsible use and the responsible production of this energy.

What I learned a few years ago, and probably is today, is that New Jersey depends 51 percent on nuclear -- 51 percent still on nuclear. You can't walk away from it. What we need to do is talk about the responsible energy production, responsible use of these energies.

And just in closing, one of the things I spoke about with Chairman McKeon was -- because I've been on the Environment Committee now for, I don't know, a few years -- when you talk about energy, when you talk about production, when you talk about the end use, we also talk about waste. And we probably should spend a hearing talking about waste and talking about things like cups, and napkins, and the recycling effort. We did capture a little bit about it today. But the bottom line is that we need to be a much more educated society about the recapturing of our resources and how best to do so. So I'm encouraging the Chairman to actually hold a hearing, coming up, in reference to recycling so we can be better educated.

Thank you all very much.

ASSEMBLYMAN McKEON: Dan.

ASSEMBLYMAN BENSON: Thank you very much.

First, I'd like to, again, thank both the Chairmen for inviting me to be here. I'd like to thank everyone who testified. I think it was very illuminating on the issues that we face and some of the changes that need to be made to the EMP.

I'd like to echo what Chairman Smith said about the importance of transportation being considered.

I'd also like to add that we can't underestimate the importance of good land-use policy in reducing the cost of energy and reducing energy use in New Jersey.

But my main concern is on the solar side, since that's been such a great success story in New Jersey, and I'd like to see it continued. We've designed a very carefully crafted market for solar. That market requires stability in its structure and rule. The alternative compliance payment and the RPS, especially solar carve-out, are the two pillars of that structure. Sharp changes can have irrevocable negative consequences on solar's growth and its continued success. So it's something I think we have to address.

My hope is that as we tweak and change the EMP based on today's testimony. The need for longer-term timeframes for both the ACP and the solar carve-out would solve much of the uncertainty created in the current EMP.

In addition, if we care most about price, as the Governor has mentioned, and the cost of energy, the focus has to be on distributed generation -- where we have transmission congestion and generation targeted to reduce reliance on expensive and dirty peaking power plants. I

think solar is well-poised to meet both of these goals. And, of course, the number one goal today in New Jersey is jobs.

So with that, Chairman--

ASSEMBLYMAN McKEON: Thank you.

And I'll get to bat clean-up. I just wanted to acknowledge, of course, Assemblywoman Wagner and Senator Gordon, who absented themselves but were an important part of today's discussion, and always are relative to their input in these important areas.

I mean, I guess in general, beyond the thanks of being here in Toms River, I just think it's so emblematic, as it relates to -- if you look at the panel here -- that we really come from just about every part of the state, whether it's North, Mid, or South, and from different parties. With something as important as energy policy, there is never more of an issue that we need to work together on, taking away regional differences, certainly taking away partisan policy differences, and try to get to the right place.

And so with that, I want to tell you I want to be the "energy advocate in chief." I want to take bold steps to support the solar industry, bold steps to support clean energy jobs, and bold steps to bolster renewable energy. Now, it's not me who said that, but that was candidate Christie, as a part of his 88-point plan just about a year-and-a-half ago. And I think, under any objective standard, when you look at the testimony that you heard today relative to where this policy is going, those laudable goals that were set forth by the Governor a year-and-a-half ago aren't the direction that we're moving in.

Now, I'm not here -- believe me -- to trash the Governor. Just the opposite. But I hope that working with both parties -- with the great advocates that Senators Bateman and Beck are, and Assemblyman Rudder -- to be able to compromise and to move forward in a way that we craft a better energy policy to meet the things that I know, in his heart, he really expected to want to do when he ran and became Governor of this state.

I'm concerned just by, frankly, the attitude I'm hearing at the BPU hearings alone, relative to how persons who have an alternate view are being treated -- that that's not the direction it's going to go in. But I'm really going to call upon the Governor, in the spirit of cooperation, to work with this Legislature. Senator Smith, and I, and all of our colleagues will be moving forward in the very near future with pieces of legislation that will focus and adjust the Administration's plan. And, most importantly, to bring a long-term, stable environment so those in the environmental community, those in the business community, we in the State can know where we're going for the long-term, as opposed to with the tides of political whims as they change from year to year.

So with that, my last word is my respect and admiration for Senator Smith, who has been an amazing role model for this whole state and Committee--

SENATOR SMITH: Back at you, John.

ASSEMBLYMAN McKEON: --and as a legislator, as we all move collectively forward to do better for our state.

SENATOR SMITH: Adjourned.

(HEARING CONCLUDED)