

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

NEW JERSEY BOARD OF PUBLIC UTILITIES

ENERGY MASTER PLAN STAKEHOLDER
PANEL DISCUSSION: ENERGY,
ENVIRONMENT AND ECONOMIC
DEVELOPMENT

SEPTEMBER 22, 2010 BORDENTOWN, NEW JERSEY

B E F O R E: LEE A. SOLOMON, President

BOB MARTIN, Commissioner, BPU

CAREN S. FRANZINI, CEO NJEDA

J. H. BUEHRER & ASSOCIATES
2295 Big Enough Way
Toms River, New Jersey 08755
732)557-4755

1
2

I N D E X

SPEAKERS: PAGE NO.

	9. 22. 10 Transcripts		
3	FRANKLIN NEUBAUER	18	
	MICHAEL FLETT	24, 71	
4	SARA BLUHM		27, 109
	JASON KLIWINSKI	28, 248,	58, 109
5	MURIEL LAWRENCE	33, 49	
	BILL WALSKI		35, 109
6	JERRY LANGE		36
	LYLE RAWLINGS	40, 95	
7	LISA CHUBB		44
	MIKE EGERTON	46	
8	PAMELA FRANK	47	
	MIKE MCGUINNESS	54	
9	AARON BREIDENBAUGH	54, 87	
	KEVIN PFLUG		56
10	TERRENCE SOBOLEWSKI		60
	CLARKE BRUNO	62	
11	DAVE LEWIS		65
	GERALD FOLEY	66	
12	GERRY SUNDERMEIR	68	
	DAVE SPECCA	68	
13	PAUL KYDD	70, 96	
	PAUL FLANAGAN	73	
14	JOHN SEKER		76
	BOB MARSHALL	81	
15	ANNMARIE PERECCHIO	84	
	STEVE HAMBRI C	86	
16	DAVE PRINGLE	106	
	MATT ELLIOTT	98	
17	EVAN VOGEL		113
18			
19			
20			
21			
22			
23			
24			
25			

1

2

3

4

5

6

7

PRESIDENT SOLOMON: Good morning,
everybody. Thank you for coming.

This is our second of three stakeholder
meetings in preparation for a review of or an
amendment to the Energy Master Plan, not a complete
rewrite but to try to bring it in line.

9.22.10 Transcripts

8 What the Governor asked us to do some
9 months can ago is to consider the Master Plan in
10 light of the special economic conditions.

11 I have to say one special thank you before
12 I start introducing you up here, Dave Specca makes
13 some of the best coffee of anybody in the State of
14 New Jersey, and this is his facility and he has
15 allowed us to use it. Thank you for the coffee, or
16 this might not have started at all.

17 I think most of you have been handed the
18 agenda for today and it gives you a brief statement
19 of the overview. If you don't have it in your hands
20 let me read to you what we are attempting to
21 accomplish here today.

22 Our overview is this: The building blocks
23 of a diverse and secure energy future have to
24 balance three critical elements, reliability, safety
25 and affordability. The Energy Master Plan

4

1 stakeholder process and discussions are on a variety
2 of areas.

3 Today it is energy, environment and
4 economic development. We will discuss the balances
5 of these critical elements today. Stakeholders, you
6 all will have the opportunity to weigh in on how
7 those elements should affect the framework and
8 assumptions in the 2010 Energy Master Plan.

9 To my left, you all know who is to my
10 left, this is Bob Martin, he is the Commissioner of
11 the DEP. He is here so when things don't turn out

9.22.10 Transcripts

12 the way we want them to I have someone else to
13 blame, and I'm here because when things don't turn
14 out the way he wants them to he has someone else to
15 blame.

16 Caren Franzini, who is head of the
17 Economic Development Authority in the State of New
18 Jersey, she currently is, and we expect that to be
19 even more of an important element as we go forward
20 and consider economic development as a key aspect of
21 our Energy Master Plan and energy development in the
22 State of New Jersey.

23 We also have Bob Marshall who is with the
24 Governor's Counsel's Office here on behalf of the
25 Governor's office, and Trish Caliguire who is with

5

1 the Policy Office of the Governor. They work very
2 closely with the Governor and we all work very
3 closely with them, so we understand what some of the
4 policy goals of the Administration are and, frankly,
5 they understand what our policy goals are as well. So
6 far we have been lucky that they are relatively in
7 sync.

8 And we have the DEP Assistant Commissioner
9 Nancy, here, I know I saw Nancy when I walked in
10 and I want to thank her for being here as well.

11 The Bloustein School, is Frank here? He is
12 not here. Frank Felder has been instrumental in
13 putting together some of the computer models and
14 information upon which we are relying on assessing
15 the Master Plan and planning for the future.

16 And let me just also tell you that you can

9.22.10 Transcripts

17 submit if you have written comments for
18 consideration to the following website:
19 Empadmin@njcleanenergy.com.

20 One more time, empadmin@njcleanenergy.com.
21 If you don't get a chance to discuss what you want
22 to discuss and you have some thoughts you want to
23 submit that to the E-mail address and it will be
24 reviewed and considered.

25 Let me just tally up generally some of the

6

1 things that have come into play up until now. I am
2 not going to talk about specific policies because we
3 are not at that stage yet. There have been a lot of
4 questions asked about what we plan to do about
5 various aspects of the Energy Master Plan, from RPS
6 to clean energy, renewables, geothermal, CHP, and
7 there has been a lot of speculation about what they,
8 people, think and what the public thinks we can do
9 or will do. That creates some uncertainty out there
10 and I understand the impact it can have on the
11 market. That's part of the reason we are moving as
12 quickly as we can to give as much information as we
13 possibly can in a relatively short period of time.

14 We are trying to look at the Energy Master
15 Plan and energy production and use in the State of
16 New Jersey and its impact on costs, economic
17 development, the environment, and cost and economic
18 development affects jobs, the ability of residents
19 to afford to live here and the impact that it has on
20 the exodus of jobs and, frankly, residents and

21 taxpayers and ratepayers of the State of New Jersey,
22 and try to construct an environmental framework in
23 New Jersey consistent with what the Governor has
24 asked us to do and what he has been trying to do,
25 for New Jersey to become a more welcoming and

7

1 friendly place for business, for residents, for
2 people to live and to work, where jobs are available
3 and as to the cost of living.

4 And we have an impact on everything, we
5 have an impact on real estate taxes and the cost of
6 living in New Jersey and we by our regulations and
7 rules do present several roadblocks to business and
8 economic development.

9 Looking at all those factors, are there
10 ways that things can be changed to promote economic
11 development, or can we use what we already have,
12 policies, programs and subsidies that we already
13 provide, can we use them in a way that will in fact
14 enhance economic development?

15 And it is not simply a matter of saying
16 that when we subsidize something there will be more
17 production of it' I understand that. There will be
18 jobs related to that production, but maybe that's
19 not enough. Maybe the subsidy has to provide an
20 environment in which business can work and operate
21 and employ people and develop more freely, more
22 economically in the State of New Jersey so we can be
23 cost competitive with our neighboring states which,
24 frankly, we are not right now.

25 Those are some of the things we are

1 considering and looking at and hoping that you can
2 help us with as to how do we do those things.

3 One thing I will tell you and I have told
4 everybody else in private meetings, and I have met
5 an awful a lot of you privately to discuss issues
6 concerning the State, we do not want to do anything
7 to destroy an industry, cottage or not, in the State
8 of New Jersey. We don't want to destroy things that
9 have been accomplished here. And we certainly would
10 want to be sensitive to the environment and
11 environmental considerations, but the things that we
12 can do or changes that we can make if we take what
13 we have accomplished today and utilize it in a way
14 to actually promote business, not discourage
15 business. I think there are ways we can do that,
16 but I think the experts that can tell us how are
17 here or on our panel.

18 With that, do you want to say anything,
19 Bob?

20 MR. MARTIN: Thank you, Lee, thank all of
21 you for being here today.

22 Today I am wearing two hats. One hat is
23 as Commissioner of the DEP looking at how we focus
24 on the environmental issues around renewable energy
25 and all of the energy needs of the State, so I

1 consider that's my key role, to provide that input
2 and directions as to that role.

9.22.10 Transcripts

3 The second hat is my background in energy,
4 twenty-five years working in energy, the utility
5 industry, I understand that well and I understand a
6 lot of the levers that we pull and how we can work
7 with all of the pieces, and I have had that
8 experience.

9 The Governor is clearly very committed to
10 renewable energy and as to the current bill that
11 passed for offshore wind to continue to drive that
12 part of the industry, we are going to drive that
13 very hard.

14 As Lee mentioned, the combination of that
15 industry tied to jobs is extremely important. All
16 of you know that with that legislation we have to
17 make sure that we tie those pieces together, that we
18 have got to have the economic return on that, that
19 the investments we make in clean energy in the State
20 long-term and renewable energy have got to have the
21 economic return that comes with that at the end of
22 the day.

23 From an environmental point of view we
24 know what the benefits are and we want to make sure
25 we continue to get those benefits for the

10

1 environment, but we need to continue to push for
2 renewables, that's one of the top priorities the
3 Governor has given me, looking at renewable wind and
4 other areas, specifically solar, which we continue
5 to push on that front, but we have to drive down the
6 cost of that, all of you know that the price on
7 solar has to come down to be a viable option and a

9.22.10 Transcripts

8 very big industry in the State, we recognize that;
9 that's part of our portfolio package going forward.

10 We are looking at other things around
11 renewable energy. We have put on the back-burner
12 biomass and geothermal, those are the kind of things
13 I think we need to talk for about as we move
14 forward.

15 Again, other areas we are continuing to
16 make sure that we have staked out within the Energy
17 Master Plan are clearly natural gas, that's going to
18 be a long-term player in the State, I think that
19 needs to be a key component as we look to replace
20 the coal plants and other plants, looking for other
21 energy needs of the State going forward, whether
22 it's cogen facilities and continued uses of power
23 plants across the State, I think that natural gas
24 needs to be a key component going forward.

25 There is going to be lot more natural gas

11

1 coming on-line including Marcellus Shale, but again,
2 we are battling issues on that front to make sure we
3 protect the waters of the Delaware River and
4 Delaware River Basin. Right now from the New Jersey
5 point of view we will only do that provided we have
6 the viable environmental protection in place for the
7 State going forward, but looking forward, the
8 natural gas prices, it is a long-term play and an
9 important play in the economy of the State of New
10 Jersey, and I believe it is an important play from
11 the environmental point of view when you start

9.22.10 Transcripts

12 replacing some of the plants and if you start
13 looking at the viability of other energy needs going
14 forward in the major areas that we need to continue
15 to focus upon.

16 And I am looking forward to as we shape
17 the overall Energy Master Plan, we clearly need to
18 address nuclear power. That was sidestepped the
19 last time in the Energy Master Plan. I think it
20 needs to be discussed and discussed as to how we go
21 forward. The Governor has not given a clear
22 direction on that yet or asked us to give him a
23 direction on that. He has asked for information and
24 for us to discuss that, but part of the
25 recommendation will have to be discussion on power

12

1 in the State in the future, given that fifty percent
2 right now of our energy needs is provided by nuclear
3 power. That has to be addressed going forward.

4 We need to shape out I think even further
5 energy efficiency, I think the Energy Master Plan
6 talked quite a bit about that last time, I think
7 they are clearly action items that drive not just
8 residential but for most parts of the State
9 extremely heavily on energy efficiency and on the
10 energy demand management side going forward.

11 We need to focus on cogen facilities. I
12 think we need to look at long-term energy costs
13 going forward, there has to be a priority how we are
14 driving that down.

15 As to the energy costs, as President
16 Solomon laid out quite a few times, we need to look

9.22.10 Transcripts

17 at all of the components that make up the energy
18 charges on the bills, not just the commodity charge
19 itself, it's the other items that you see on your
20 bill or in most cases you don't see on your bill, it
21 is just lumped in at the end of the day.

22 I think these are the kind of charges that
23 present challenging questions. Where does that money
24 come from, should those charges be on there, and
25 long-term what do we do with that money? Obviously

13

1 clean energy is a component of that.

2 The last area that I think we need to make
3 sure we incorporate in the Energy Master Plan is
4 transportation. I think it needs to be a component
5 that shows up in anything from electric vehicles to
6 gas vehicles and other areas we need to be
7 addressing long-term. I mean that not just from an
8 energy point of view, but also from an environmental
9 point of view. We still exceed air quality on ozone
10 and particulates in the State and long-term we need
11 to address that from an environmental point of view
12 so I am very keen that those components end up in
13 here.

14 Finally, and I was disappointed in the
15 last Energy Master Plan, I think the economics and
16 finances were not in that plan, I think we
17 sidestepped the real cost of renewable energy and
18 all other energy costs in the State. I don't think
19 we did our homework on it last time. We need to be
20 very, very clear and up front about the cost of

21 renewable energy and make sure we make a conscious
22 decision. Right now we are making a conscious
23 decision to invest in renewable energy, and we
24 should, but we have to make sure there is an open
25 dialogue out there on it and that we are making

14

1 clear, conscious decisions on it, not just let it
2 happen.

3 PRESIDENT SOLOMON: Thank you.

4 I want to mention that I neglected to
5 mention that Joe Fiordaliso, one of our
6 Commissioners, and Jeanne Fox, former President and
7 one of our Commissioners are also here to observe.

8 Caren, is there anything you would like to
9 say?

10 MS. FRANZINI: Just two minutes.

11 It is interesting to have this Panel up
12 here because most people would not have imagined the
13 three of us sitting together, but everything that
14 Lee and Bob talked about enhancing the Energy Master
15 Plan.

16 Looking at it, we would like to be a part
17 of the puzzle, and everything we are talking about
18 is how do we create that? We say we are going to do
19 those things and enhance our economy by lowering the
20 cost of energy for businesses today in the State of
21 New Jersey, which is critical, but at the same time
22 how do we also create businesses that are feeding
23 into the chain?

24 What the Governor talked about, and a
25 great example of that, having a one hundred million

1 dollar tax benefit that you give to--the key to that
2 bill was how to create the manufacturing jobs in
3 order to bring the wind industry in here to New
4 Jersey and tie it together.

5 The supply chain is critical. The large
6 corporations in our State have to be capable of
7 being stable organizations and reduce energy costs
8 and also to purchase locally. The transportation
9 costs will be lower if they are buying component
10 parts locally.

11 What we need to do from our piece of the
12 puzzle is determine how do we insure that we find
13 new ways to enhance our energy efficiency in New
14 Jersey, how do we insure that we create new
15 businesses here in our State and we create the jobs
16 that go with it?

17 The Governor is talking about the State of
18 New Jersey's economy. We are doing it both from an
19 energy point of view and a jobs point of view as
20 well.

21 So our piece of the puzzle that we are
22 part of is to insure that we are creating the right
23 financing tools to incentivise businesses to stay
24 here and to attract new ones.

25 The Lieutenant Governor is in charge of

1 something called Partnership for Action which is all
2 about, what the Governor has asked her to do is to

3 retain and attract jobs in New Jersey. So we are
4 working with the Commissioner, with Michelle
5 Circurca (phonetic), and the BPU on keeping
6 businesses here and assuring that we are helping you
7 to also attract a supply chain.

8 So people in the audience, how can we
9 attract other other people to do business here in
10 the State of New Jersey?

11 PRESIDENT SOLOMON: Thank you, Caren.

12 We are going to begin, obviously the title
13 for this discussion is about energy, environment
14 and economic development.

15 One of the things, the key component of
16 that and something that the BPU is directly involved
17 in is an outgrowth of the Energy Master Plan,
18 actually it preceeded that but grew with the Energy
19 Master Plan, and that is our Office of Clean Energy.

20 One of the things you want to consider,
21 think and talk about is how to make our Clean Energy
22 Program self-sustaining. There has been a lot of
23 talk, you have heard talk from me, from Mike and
24 other Commissioners from going from a rebate based
25 program to some other kind of a program so

17

1 eventually the SBC perhaps could be phased out
2 because it would be self-renewing over time, I'm not
3 saying that would happen tomorrow but that would be
4 one way to bring down energy costs, so our first
5 topic for consideration would be how our policies
6 can promote self-financing and a renewable
7 sustainable funding source for clean energy rather

9.22.10 Transcripts

8 than requiring that ratepayers continue to fund our
9 clean energy programs.

10 I will throw out one idea, this is not new
11 to any of you who ever heard me speak before, but
12 clean energy realizes through the Societal Benefit
13 Charge about three hundred million dollars a year.

14 Rather than use, perhaps a portion of that
15 will always be used for rebates and indirect
16 subsidies, but rather than consider it primarily for
17 that purpose could we construct a program where
18 clean energy provides, say, some kind of a loan,
19 could be no interest, could be a small rate of
20 interest, could be no money up front or some amount
21 of money up front, but construct a loan program so
22 that over time as the loans are repaid the fund
23 would be self-sustaining and renewing, and we would
24 be looking at larger programs, larger incentives,
25 larger projects, rather than discrete rebates and

18

1 discrete payments.

2 By the way, that kind of a concept, that
3 is not written in stone, that's just an idea thrown
4 out there. I would be curious what the reaction is,
5 what the pros and cons are.

6 It doesn't mean that a rebate program
7 doesn't exist, it certainly would be an opportunity
8 for any retail entity to seek a loan to provide
9 rebates and that way finance the cost of the rebate
10 over a long period of time, improving their bottom
11 line by also creating an incentive to bring in

9.22.10 Transcripts

12 customers to buy energy reducing products or the
13 kind of products that would satisfy the requirements
14 of the loan programs, so it doesn't mean rebate
15 doesn't exist, it just means we won't be writing the
16 check. That was one thought.

17 I would open the floor for any other
18 comments or questions regarding these proposals.

19 Yes, sir. Please state your name and who
20 you represent.

21 MR. NEUBAUER: Franklin Neubauer with Care
22 Metrics Counseling.

23 It seems to me that the first topic is
24 based on a false impression, if you just substitute
25 the word "dirty" energy for "clean" energy in the

19

1 topic and how do you finance that without requiring
2 ratepayers to fund it.

3 You are asking for an inherent, what is
4 inherently impossible, that is, we are not going to
5 fund nuclear power or coal or other types of
6 generation, but you want to fund that through
7 ratepayers or through rate base, but not clean
8 energy, which will have a lower levelized cost.

9 So the discussion of cost issues which
10 people have raised, they are legitimate concerns
11 because if you look at the levelized cost, which is
12 supposed to be an all-inclusive measure of the cost
13 of these different resources, then efficiency is
14 going to come out less expensive, so why not fund
15 it through the rate base because we will be paying
16 for more expensive dirty power through the rate

9.22.10 Transcripts

17 base?

18 PRESIDENT SOLOMON: Are you talking
19 specifically about energy efficiency, or renewable
20 energy?

21 MR. NEUBAUER: I'm talking about energy
22 efficiency.

23 It seems to me that the first topic is
24 putting clean energy on an uneven playing field with
25 conventional power because conventional power is

20

1 funded through the ratepayers.

2 PRESIDENT SOLOMON: All right, any other
3 thoughts?

4 Yes, sir, your name, and if you could
5 spell it?

6 MR. HOEY: Bill Hoey, H-O-E-Y,
7 I'm the President of New Jersey Solar Power.

8 It seems to me that if you are talking
9 about a loan or loan guarantee you are going to run
10 into the same problem we have with the rebate
11 program and where there is a huge amount of outside
12 capital required for the SRECs.

13 In essence, grid power is going to be
14 reached as to solar within the next three to five
15 years. What we need is a production based incentive
16 that is a more open market system than what we have
17 today.

18 Let's take what has been successful to an
19 extent and modify it so it is more open to smaller
20 businesses in New Jersey.

9.22.10 Transcripts

21 Right now large businesses take advantage
22 of the marketplace because they have a bit of a
23 competitive advantage. I can't go, for example, to
24 Constellation Energy and get a direct contract
25 today, but much larger out-of-state entities can.

21

1 So there needs to be a little bit more of
2 a level playing field within the marketplace and do
3 that within the marketplace, to make it
4 transparent similar to the way commodities are
5 traded on an open exchange and really make it a true
6 market based approach and really get a much more
7 open market and create a lot more jobs inside the
8 State of New Jersey and actually control the costs.

9 The cost of the SRECs today are too high
10 to the ratepayers, no doubt about it. But because
11 of the way that the game is played by the financial
12 markets, you know, we are not set up properly.

13 I have made suggestions as to this, I
14 have actually spoken to the company that's in charge
15 of doing this for the Federal government, for fixing
16 the derivatives market, and they are putting
17 together a trading mechanism which allows the
18 marketplace to see all of the SRECs and see all of
19 the derivatives so that we know what's out there in
20 the marketplace, and that's what blew up the
21 derivative market.

22 And quite frankly, the SREC market is
23 scheduled to blow up in the next two to three years
24 because there is going to be an overgrown situation,
25 there are a lot of things happening inside the

1 marketplace and outside of the marketplace, it's a
2 Wild West out there and we really have to take
3 control of it.

4 What we need is to have a production
5 based incentive that we control, that is the
6 differential that needs until it reaches parity,
7 we don't need to subsidize solar, rather we need to
8 subsidize it for the next three to five years and
9 then reach parity and then basically reduce the
10 price in the long-term to the ratepayers.

11 The actual cost of solar is coming down,
12 it's come down dramatically within the last two
13 years. We are getting there and it is exciting
14 because when we compare ourselves to nuclear power,
15 with the subsidies that come in from the Federal
16 government and elsewhere, we are actually at parity,
17 so the bottom line is that we're there.

18 The State of New Jersey has really created
19 one of the best markets in the country, everybody is
20 coming here.

21 COMMISSIONER MARTIN: They are coming here
22 because they are making a ton of money, at seven
23 hundred an SREC, yeah, everybody is going to be
24 coming here.

25 Specifically, how do you deal with the

1 open market piece of this thing, you mentioned that
2 word; do you have a specific recommendation on a

3 model that works right now --

4 MR. HOEY: Yes, the company we are working
5 with Net Worth Services.

6 COMMISSIONER MARTIN: Net Worth Services?

7 MR. HOEY: Net Worth Services.

8 What they are able to do is, any
9 marketplace, unless you can see all of the open
10 positions, there is no market, so unless you have a
11 million shares of stock or a million SRECs out
12 there that you can see what they're really bought
13 and sold for, that you can see and I can see, you
14 really don't have a market.

15 What I am suggesting is that we take a few
16 bucks of the ratepayers' dollars and set up a true
17 trading system that allows us to see those SRECs,
18 where they are, who is trading them, what they are
19 being traded at, the BPU can then regulate them so
20 that they will know where the positions are and
21 what's going on, the ratepayers are paying for it
22 anyway.

23 COMMISSIONER MARTIN: I would love for
24 you to get us some details on that because I think
25 what you are saying makes sense.

24

1 MR. HOEY: It is relatively simple, and
2 that would be good use of the ratepayers' money, to
3 really set up a trading system that allows people to
4 go in there and buy and sell and in essence it's
5 regulated.

6 This is exactly what the SEC realized,
7 that if we can't see it we can't regulate it, and we

9.22.10 Transcripts

8 have got to do it with the SREC market.

9 MR. SOLOMON: I don't see loans in
10 competition with SRECs, they are totally separate
11 things that do different things, and they don't
12 even have the same impact.

13 You are basically suggesting what a lot of
14 people have already, a lot of the people in this
15 room, creating a trading floor, a commodities market
16 where people go, they see it on the board, what's
17 the value, who is trading, how many are out there,
18 and just by its openness put some downward pressure
19 on the price of SRECs.

20 Thank you.

21 Yes, sir?

22 MR. FLETT: My name is Michael Flett, I'm
23 the President of Flett Exchange.

24 In 2007 I opened up a competitive market
25 solar exchange. I'm a member of the New York

25

1 Mercantile Exchange. If you have SRECs to sell, it's
2 competitive and transparent, you call me, I would
3 love to work with you.

4 PRESIDENT SOLOMON: We would like to
5 hear more about what you do. I don't know if there
6 is something that you can report to us by E-mail,
7 you can send it directly to my E-mail address, if
8 you can give us some more information about that.

9 The key is making sure everybody knows
10 about it and that there is a central clearing house,
11 I think that's what you're suggesting, wherever it

12 is and whatever it is, so that people know what is
13 out there, know how much it is worth and know how it
14 is being valued and can make some reasonable
15 judgments about what they should pay for it.

16 MR. FLETT: And one thing I would like to
17 point out is that when you look at values of SRECs,
18 you have what an SREC is worth today and what it is
19 worth five years from now, and I think that there is
20 a communication problem right now. If we look at
21 SRECs and how expensive they are right now, however,
22 if you look four or five years from now the price of
23 SRECs may be two hundred and fifty dollars.

24 PRESIDENT SOLOMON: That's the
25 prediction.

26

1 MR. FLETT: That's where it's trading.

2 PRESIDENT SOLOMON: The five year?

3 MR. FLETT: The five year right now is
4 trading at three eighty to four twenty, so for
5 developers right now in New Jersey they can sell
6 five years forward at that price, and it's being
7 done.

8 I think that one thing we have to realize,
9 is that we have a successful market in solar right
10 now, it might look like the prices are high, but
11 those high prices are designed to attract more
12 competition into New Jersey.

13 And I will tell you one thing: If there
14 are any investors that are looking at this
15 marketplace, they want to look at you and what is
16 going on up here because they are investing for the

9.22.10 Transcripts

17 Long-term.

18 I say this, let the market go where it is
19 because we have a lot of development going on in New
20 Jersey.

21 PRESIDENT SOLOMON: Is your exchange
22 solely New Jersey RECs, or are you dealing with a
23 nationwide system?

24 MR. FLETT: We have, our biggest market is
25 New Jersey solar, we have markets in New Jersey,

27

1 Pennsylvania, wherever there is an SREC market, but
2 New Jersey by far is the most liquid market.

3 PRESIDENT SOLOMON: And the methodology
4 for the market is the same regardless of where it is
5 being traded?

6 MR. FLETT: Yes.

7 PRESIDENT SOLOMON: Send us the
8 information.

9 Yes, ma'am?

10 MS. BLUHM: Sara Bluhm, Assistant
11 Vice-President, NJBIA.

12 I think as we are looking forward it may
13 an idea to consider to transition in that many of
14 our commercial and industrial customers have
15 facilities to renovate and upgrade and I think that
16 a key component here is that we start looking at
17 ways that they can do one stop shopping if you are
18 applying for a loan to save time, that would be
19 helpful, one stop permitting.

20 PRESIDENT SOLOMON: I'll support that

21 statement.

22 MS. FRANZINI: We have a long-standing
23 history of having the DEP and EPA run financing
24 programs together, so I think that there are some
25 great models to look at.

28

1 COMMISSIONER MARTIN: As to one stop
2 permitting, not just in my department but also, of
3 course, the Lieutenant Governor is coordinating all
4 the departments across the State government now, so
5 more so than ever we can make that happen.

6 MR. KLIWINSKI: My name is Jason
7 Kliwinski. I am the President of the American
8 Institute of Architects in New Jersey, I am also
9 Director of Sustainable Design, the Spiezle Group--

10 PRESIDENT SOLOMON: Spiezle?

11 MR. KLIWINSKI: Spiezle.

12 I'm an architect by trade, we happen to
13 do a lot of solar, and there are a few things that
14 concern me. I have participated in renewable energy
15 committee meetings.

16 The first one is the RECs themselves. The
17 REC market in New Jersey is very good, there are
18 other platforms out there as well, PJM Sage. The
19 thing that seems to be driving the price of RECs is
20 that, number 1, you can only trade RECs from New
21 Jersey so you have created an insulated market,
22 which is really the main thing that is driving the
23 price of RECs as high as they are because you have
24 created an artificial market.

25 If you look at Pennsylvania, New York and
Page 24

1 other states that have a REC program, their RECs are
2 around three fifty to five hundred because they can
3 trade regionally, I don't know if that's a good
4 thing or a bad thing for us in New Jersey because we
5 have a very young market, but I think that is one of
6 the things that is causing this artificial REC
7 price.

8 I don't think you can just go wholesale
9 and say we are going to move to a market based
10 approach here, particularly for residential and
11 particularly for public projects.

12 The issue with those projects is one of
13 economy of scale, that they are going to be lagging
14 in terms of affordability. We know the situation
15 with our public schools and our municipalities, they
16 don't have the capital to do those things, and if
17 they go the PPA route they really need other
18 long-term benefits, so it's not something that you
19 want to encourage or force them into, which is
20 something that is happening in the market, they are
21 being left to fend for themselves.

22 My third point is, why do we allow the
23 utility companies to pass the cost of solar on to
24 the ratepayers? Again, aren't we all paying
25 the Societal Benefits Charge? It is double-dipping

1 by the utility companies and it should not be
2 allowed.

3 A GENTLEMAN: The gist of your question
4 seems to be how can we take some of the money we are
5 paying out here in the form of rebates and use it in
6 a way that will be self-replenishing, it's not
7 exactly a loan approach but something that we were
8 taking about, we have been talking about it for the
9 last couple of years, and our focus is primarily on
10 energy efficiency.

11 There is a very robust market in PJM for
12 demand-response as well as energy efficiency, and
13 to a certain extent you have a large source of
14 market revenues that are there to keep the thing
15 going once you get it started, but the problem is
16 overcoming the initial hurdles, getting customers
17 enabled and enrolled into programs.

18 Once they are in then you have this other
19 source of revenue, so of course everybody in New
20 Jersey and PJM is contributing into that.

21 So some of the issues that we were
22 talking about over the last couple of years are
23 things I think you would like to see brought back.

24 Some of the suggestions were, there was an
25 incentive that was being paid out for new

31

1 demand-response to be brought into New Jersey
2 because folks like us doing business throughout PJM
3 focus on New Jersey, Pennsylvania has some very
4 aggressive goals, but, of course, we can't focus
5 everywhere, but having the demand-response brought
6 into New Jersey has the effect of, first of all, we
7 employ New Jerseyans to install the stuff, but also

9.22.10 Transcripts

8 it has the effect of reducing capacity prices in
9 those New Jersey zones in PJM.

10 And so I think we were really on the verge
11 of going forward with that, and then some changes
12 happened in the State House.

13 So now I think it has been set back, but
14 we would like to see some of those things brought
15 back up to the surface and being reconsidered.

16 There were some other more aggressive
17 proposals along the lines of pointing to the
18 Northeast. In New York City, Con-Edison obviously
19 has very high capacity prices so the Public Service
20 Commission asked Con-Ed to come forward with some
21 proposals to do more in demand-response and
22 relative to energy efficiency, in the
23 demand-response part to bring more demand-response
24 in because it would have the effect of reducing the
25 prices for the ratepayers there.

32

1 In fact, It would reduce the prices by a
2 lot more than what they are actually now paying for
3 it. That's more along the lines of an ongoing
4 subsidy, but it is one that is sort of paid for by a
5 reduction in market prices.

6 But just in a general sense, what I was
7 getting at were proposals to help enable customers
8 to bring them into the program initially, which is
9 certainly what we have to do, we get them one year
10 payments, and it only applies to new customers, but
11 you can also do an ongoing program, the intent of

12 which is to reduce demand.

13 PRESIDENT SOLOMON: How is that self-
14 sustaining because the subsidies would be paid in
15 year 1 to get them into the program and then I guess
16 their saving would be the incentive for them to
17 continue in the program?

18 A GENTLEMAN: The revenues, exactly, the
19 revenues that they get they can now sell into PJM as
20 a resource.

21 PRESIDENT SOLOMON: So it's the initial
22 investment?

23 A GENTLEMAN: It's the initial investment.
24 The other one is more of an ongoing thing,
25 it is just that the benefits outweigh the cost, so

33

1 In that sense you can say it is self-financing but
2 there still is going to be a line item somewhere
3 that will offset it.

4 PRESIDENT SOLOMON: The same system could
5 be used, that incentive system could be used to
6 devise new generation also, couldn't it?

7 A GENTLEMAN: Sure, but we have a lot of
8 generation.

9 PRESIDENT SOLOMON: There are some
10 people that think that and there are some people
11 that don't.

12 Thank you.

13 Go ahead.

14 MS. LAWRENCE: I would like to touch on
15 something that the gentleman said earlier and that
16 is it has to do with the availability of funds prior

9.22.10 Transcripts

17 to a project being placed in service.

18 A lot of rebates and incentives that are
19 established--

20 PRESIDENT SOLOMON: Could you give us
21 your name?

22 MS. LAWRENCE: Muriel Mitchell Lawrence,
23 managing member of Inside Out Green.

24 I think there is, I have been working with
25 non-profits because they have put in place a

34

1 community bank for projects, and the problem,
2 particularly for the small businesses that you
3 mentioned, is that the up-front capital just wasn't
4 available for the production, that is a high
5 requirement, so there are customers out there, as
6 everybody is saying, I hear every day people saying,
7 "I wish I could put solar in my house, I wish I
8 could afford to, " but the problem is small
9 homeowners and small businesses don't have the
10 capital to work with.

11 Because of the credit market the home-
12 owners and small business owners and some of the
13 even mid-sized business owners don't have access to
14 the capital to do the front-end financing.

15 The other advantage that I think it would
16 have is it would have a much shorter payout period.
17 If you just finance the construction and the
18 production then you know then that money is coming
19 back into the pool quicker than if you are doing a
20 long-term financing.

21 But I think that it has been a very
22 important function to have the resources available
23 up-front.

24 Because the small businesses usually have
25 better access to marketing and because they are in a

35

1 position to help follow up with the customers and
2 giving them the access to the rebates, which is not
3 a small matter, I think if there was more incentive
4 and more available capital for the production phase
5 and people would get locked in, you would have that
6 money to go back into the operation and you don't
7 have to rely on ratepayers.

8 MS. FRANZINI: Are you suggesting that the
9 financing up front would then be repaid back over
10 time?

11 MS. LAWRENCE: No, because the--Well,
12 construction funds, once--most of the time once a
13 project is placed in service it can pay for itself,
14 if the short-term capital, which is what we have
15 been working with and that's where we have drawn the
16 most interest because that gets paid off once the
17 project is placed in service and some of the rebates
18 are available to the consumer.

19 MR. WALSKI : Bill Wal ski , PSE&G.

20 If Staff hasn't looked at it, I would
21 suggest that you take a look at a report by the
22 National Organization of State Energy Officials.

23 I think it is a good summary of what is
24 going on nationally and how other states are
25 capitalizing these funds and it speaks about some of

1 the drawbacks of revolving loan funds.

2 A lot of states over the years have some
3 revolving loan funds for renewable energy. They are
4 capitalizing it and then looking for private funds
5 to supplement it as well.

6 Most of them are smaller in number, in the
7 tens of millions as opposed to hundreds of millions
8 of dollars.

9 One of the concerns that New Jersey would
10 have to square itself with is that we have such a
11 tradition of significant expenditures, in the
12 hundred million dollar range, and how long it will
13 take on a typical revolving loan fund basis to keep
14 that level of funding in the marketplace for all of
15 the programs that we want to continue.

16 With respect to the comment earlier about
17 double-dipping utilities, I certainly will have an
18 off-line discussion, but if you look at the PS
19 program, it all flows back to the customers.

20 PRESIDENT SOLOMON: You can take some
21 time after the meeting.

22 MR. LANGE: Jerry Lange of Maser
23 Consulting. I also am on the Environmental
24 Committees for both the New Jersey Builders
25 Association and the International Council of

1 Shopping Centers.

2 One of the things that the Commissioner

3 said earlier was looking at expanding some of the
4 things that are included in the Master Plan such as
5 transportation.

6 And I wonder on the line of sustainability
7 if it wouldn't be appropriate to add land use or
8 land use elements to the Plan so that projects that
9 are building in the right locations according to
10 State plans of higher densities, which are
11 inherently more energy efficient, projects that are
12 built with energy efficiency that are above and
13 beyond the Codes--

14 PRESIDENT SOLOMON: Have you been talking
15 to Commissioner Fox?

16 COMMISSIONER FOX: We don't know each
17 other. He thought I picked you up.

18 PRESIDENT SOLOMON: I'm kidding, it's
19 an inside joke. Continue.

20 MR. LANGE: In addition to renewable
21 generation, perhaps there could be incentives in
22 terms of density bonuses or something else along
23 that line for projects that are building in the
24 right places with the right efficiencies and
25 renewable generation; That would be a very

38

1 sustainable way, encouraging both growth in the
2 right places as well as renewable energy resources.

3 COMMISSIONER MARTIN: From the State
4 planning point of view, we are currently working on
5 laying out the new State plan long-term, It is
6 going to take some time before we get to that point,
7 but the focus of where we are going with the new

9.22.10 Transcripts

8 State plan will be built upon where we want to grow
9 economically in this State, that is going to be the
10 key key, not so much where we want housing, where we
11 want people to live, it's where do we want to build
12 businesses in the State long-term, whether it is the
13 pharmaceutical industry, whether it is the energy
14 industry, whether it's the resort industry,
15 whether it's the financial services industry, where
16 do we want to build those things out in the State
17 going forward, and then wrap all of the other things
18 around that, whether it is energy, whether it's
19 quality management plans, water supply plans, DOT,
20 transportation plans, all those plans we are talking
21 about are longer term.

22 So where you are going is the right answer
23 but it's going to take some time to get there until
24 we get the broader plan into place and then the
25 rest of this will plug into that, so you are on the

39

1 right track but I just don't know from the timing
2 standpoint how it is going to work.

3 PRESIDENT SOLOMON: Getting back to that,
4 we don't necessarily as an entity, and I joked with
5 Commissioner Fox, but there was that debate on our
6 Board about whether we should be promoting those
7 kinds of policies at the BPU or whether that is more
8 properly a policy decision made at the legislative
9 and gubernatorial level and would be executed by DEP
10 and other entities, not necessarily us.

11 But what if the subsidy was not based upon

9.22.10 Transcripts

12 geography but based upon function; by that I mean,
13 if the goal is to--and we were actually kicking it
14 around yesterday at a meeting--if the goal is to
15 promote business development, economic development
16 and jobs in the State of New Jersey, is there a way
17 to construct, fashion or utilize our subsidies, one
18 of which is SRECs, to stimulate business growth and
19 development and jobs; in other words, it is a
20 subsidy, solar is cheap to operate once it is put
21 in, businesses can realize substantial energy
22 savings and also acquire that subsidy over time.

23 I would think it would make doing business
24 in New Jersey cheaper and easier than in other
25 states.

40

1 Would it make sense to gear SRECs toward
2 that, that is, business growth, business development
3 and jobs, rather than geography?

4 Now, it might limit access to those
5 subsidies, but is that a better way to handle it?

6 And looking at the job side, it would
7 still provide opportunities for contractors,
8 electricians, the people that build them, install
9 them, they would still be out there and it would
10 still be getting done, but they would be geared
11 toward offsetting energy costs of doing business in
12 the State of New Jersey.

13 Is that a possible alternative?

14 I know that there are people that won't
15 like it, but is that an alternative, is that a
16 possibility, or did I not make myself clear enough

9.22.10 Transcripts

17 for anybody to answer that question?

18 MR. RAWLINGS: Lyle Rawlings, Mid-Atlantic
19 Solar Energy Industries Association.

20 I certainly appreciate that question.
21 That's, of course, uppermost in our minds: How does
22 the SREC program support businesses in New Jersey,
23 our home-grown New Jersey businesses and New Jersey
24 jobs?

25 And perhaps we wouldn't say that's an

41

1 alternative. The solar industry in New Jersey grew
2 up on the rebate program and it actually did a
3 fantastic job of building a brand-new industrial
4 sector, three hundred businesses and several
5 thousands of jobs in just eight years; that's an
6 unparalleled success story.

7 And it did it while creating a great deal
8 of diversity in that business environment, a lot of
9 small businesses, a lot of medium and large
10 businesses.

11 So that actually sets a pretty high bar
12 for what the SREC program needs to do. I think it
13 is doable. We found that it is really a struggle to
14 get all of the policy-makers in New Jersey
15 government to really embrace that as a goal and to
16 do what is necessary to continue that great trend.

17 COMMISSIONER MARTIN: I'm sorry, Lyle,
18 what aren't we doing?

19 MR. RAWLINGS: As we move, as we must, from
20 a rebate based program of incentives to an SREC

9.22.10 Transcripts

21 based program of incentives or something similar to
22 SRECs, are we going to lose that deliberate policy
23 framework that encouraged this diverse business eco
24 system and provided specific support for small
25 businesses and job creation?

42

1 If it might cost a little bit more than
2 other parts of the program that didn't have that
3 kind of job creation and small business creation.

4 So we are not sure that the commitment is
5 there as we move into the SREC programs to design
6 the SREC programs in such a way so that they will
7 continue to support small business and job creation.
8 There are ideas as to the ways to do it but they
9 really take effort.

10 PRESIDENT SOLOMON: The suggestion is
11 not that the SRECs replace rebates, it is that the
12 Clean Energy Program, the SRECs and the clean
13 energy funding and the SBC are two different
14 things, that the clean energy funding be utilized
15 to create a renewing revolving fund, rather than
16 straight rebates, part of it, all of it or none of
17 it, I mean that's kind of the thing right now.

18 I'm not, I don't know if anyone is
19 envisioning replacing rebates or anything like that.
20 It's just what are the things that businesses need
21 and people need to develop these projects, and can
22 it work with a loan based program rather than a
23 rebate based program as a way of eventually
24 reducing or eliminating the SBC because clean energy
25 would be a self-funding revolving account; that's

1 kind of what we're looking at.

2 MS. FRANZINI: We are not even suggesting
3 that we are looking into one or the other. There
4 are various component parts, and how do we take
5 different slices of what is needed and then create
6 the financing tool to work that makes economic sense
7 so that this program is sustainable.

8 Right now utility costs, if you talk to
9 small businesses, utility costs are definitely an
10 issue with Societal Benefit Charges that increases
11 the cost.

12 So if there is a plan that we can get
13 ideas on on the various elements to make a
14 sustainable fund and eventually lower the SBC,
15 that's the goal, not a wholesale replacement.

16 MR. RAWLINGS: I want to answer both of
17 those questions.

18 Realistically, we are moving away from
19 rebates rapidly and toward SRECs. The figures that
20 you have published in the Energy Master Plan
21 documents show that SRECs, solar RECs are currently
22 about half a percent of a typical bill, that's good
23 news, and the SBC is a much larger percent.

24 I think that's why we have this motivation
25 to move toward SRECs, because the up-front cost is

1 a lot less.

2 To go back to the first topic of

9.22.10 Transcripts

3 conversation, can we do it through a revolving loan
4 fund, I think we have to be realistic about the
5 fact that green energy does cost more than brown
6 energy and if you are just simply competing on price
7 that there needs to be an incentive to get over
8 that.

9 The revolving loan fund by itself is not
10 going to work because people can get loans now,
11 there isn't a lack of capital.

12 The problem is that there is a delta in
13 cost that we need to overcome by incentives, but to
14 President Solomon's point about should we focus it
15 on creating economic growth and jobs, that's
16 absolutely where we are, and there are policies
17 that can be included in the design of SRECs that can
18 make that happen.

19 PRESIDENT SOLOMON: Thank you.

20 Yes, ma'am?

21 MS. CHUBB: Lisa Chubb.

22 PRESIDENT SOLOMON: Speak up, we can't
23 hear you.

24 MS. CHUBB: Lisa Chubb, and the company I
25 work for is Thermaseal Inductor, a small

45

1 manufacturing company.

2 We are currently in the decision-making
3 process, should we invest in solar. It is very
4 important at this time that we decide because we are
5 going to invest in equipment which is going to
6 consume a lot of electricity. We have been talking
7 to bankers.

9.22.10 Transcripts

8 The whole thrust of our decision-making
9 is the uncertainty of the SRECs and what the
10 decision-makers are going to do with respect to
11 price.

12 We are trying to look forward and we do
13 need to decide, but I would like to convey to you
14 that the price of SRECs remains high for us to shop,
15 and with the uncertainty involved in these
16 discussions and where the market will be moving,
17 and I am sure there are a lot of companies like
18 ours, small and medium sized companies.

19 MS. FRANZINI: We are working with some
20 manufacturing companies that are purchasing
21 equipment as well as installers as to the issuance
22 of bonds and financing.

23 MS. CHUBB: The issue that the banks have is
24 what is going to happen in the future and the
25 collateral.

46

1 MS. FRANZINI: We have to look at the
2 whole picture.

3 MS. CHUBB: It's hard for us to make a
4 decision.

5 MR. EGERTON: Mike Egerton, with the New
6 Jersey State Chamber of Commerce.

7 Whatever is ultimately decided going
8 forward, you know, the network of the Local Regional
9 Chambers of Commerce, the Counties Economic
10 Development Corporations, one of which I used to
11 work for up in Union County, Small Business

9.22.10 Transcripts

12 Development Centers, it is really critically
13 important, as the previous speaker said, about the
14 liquidity of the market, there is still a lot of
15 uncertainty there.

16 Whatever we do develop, the cabinet
17 should get together to make sure there is a
18 centralized focus of feeding this to organizations
19 such as ours, especially on the local level, as to
20 what's out there and what is available.

21 PRESIDENT SOLOMON: Communications is a
22 big deal and that's why Greg Reiner is here. He
23 will be responsible for making sure that everybody
24 in the world knows what we are doing.

25 Yes, Ma'am?

47

1 MS. FRANK: Pamela Frank of Sun Farm
2 Network.

3 It is great to see the three of you up
4 there together, it gives me a lot of encouragement
5 about, you know, how we are addressing our energy
6 needs and doing so in low carbon based descending
7 generation and creating jobs, and so it is really a
8 great dialogue to have.

9 And really the discussion today, and there
10 has been a lot of conversation about SRECs and
11 solar --

12 PRESIDENT SOLOMON: We didn't get to
13 topic 2 yet, we will in a second, I know.

14 MS. FRANK: A comment or two:

15 The SREC experience has been interesting
16 and it may offer a different type of a model moving

9.22.10 Transcripts

17 forward for different types of technology.

18 I think we all agree that we need some
19 form of incentive to enhance the structure, and
20 we'll call that the SRECs, and that production
21 based incentive seems to be a good form and
22 acceptable from a policy standpoint for a buy-down
23 or to have rebates, value paid for value received.

24 Then the question is, what form, how are
25 you going to address the long-term risks and

48

1 uncertainties about the price of that commodity over
2 time, which gets to trying to create certainty maybe
3 through long-term contracting mechanisms, some of
4 which we have seen in solar, but they may offer good
5 lessons and models for other technologies, in other
6 words, create those technologies that may be
7 technology specific, and then create long-term
8 contracting that addresses the risks and
9 uncertainties and driving the cost of capital down.

10 I think ultimately the question is, what
11 does it take to build a project today? Ultimately
12 for solar or any other technology you have to
13 address the risks and get the cost of capital down.

14 The answer really is cheap debt, and the
15 State has some tools to be able to address that.

16 PRESIDENT SOLOMON: I do want to move on
17 to the second topic.

18 Is there something new that you want to
19 introduce as to this?

20 Yes, sir?

21 MR. KLIWINSKI: I just want to actually go
22 back to your original question about, do we frame
23 our master planning from an economic perspective as
24 opposed to an energy perspective?

25 PRESIDENT SOLOMON: Or both.

49

1 MR. KLIWINSKI: Or both.

2 And really, that's the most important
3 question going forward. You need all three legs,
4 the economic piece, the energy piece and the
5 environmental piece, and you can't take one of those
6 and put it above the other.

7 There needs to be in my opinion an
8 overarching sustainability of the Master Plan. I
9 think you need a framework first that has all three
10 of those legs as components, and then you will have
11 the economic piece, the energy piece and the
12 environmental piece all working in tandem.

13 The problem is, we don't have any role
14 in this State to agree on regarding sustainability,
15 what is sustainable in New Jersey; that question
16 hasn't been answered yet. I think that's what your
17 Master Plan needs to be and then we will be able to
18 nail down the rest quite naturally.

19 MS. LAWRENCE: in the concept which you
20 were looking to establish through information
21 technology infrastructure there was a great deal of
22 dependence on consultants and people who were more
23 in the packaging business than anything else.

24 I think that the public policy has not
25 allowed for the coordinator, so to speak, to be

1 involved, and so there isn't an ability on the part
2 of the consumers to be able to connect with private
3 sector planning, with markets, I mean capital that
4 would ease the burden of the ratepayers.

5 I think if there was more of a willingness
6 to allow for a broker, so to speak, to be involved
7 and to provide incentives for users, end-users, to
8 take advantage of someone else being involved then
9 there would be less of a dependence on the public
10 sector for the services that are provided.

11 I know that the Environmental Protection
12 Agency put out an RFP for REC funding last year that
13 was over-subscribed, but the requirement was that
14 the entity that was the successful recipient of the
15 grant had to use the services of consultants in
16 order to implement whatever plan or strategy that
17 they had developed.

18 And I think that that was a very positive
19 statement from a public policy standpoint because
20 it was good for the economy because it required the
21 creation of jobs, and I think that is a very
22 important signal to send to the customers because
23 that, I mean that's the only way that you are going
24 to get rebate standards.

25 COMMISSIONER MARTIN: Talking about

1 energy and the investment in energy, one of the
2 models we already have already in this State is

9.22.10 Transcripts

3 probably one of the most successful programs, the
4 Environmental Infrastructure Trust, right now that
5 is a program that's out there where we put anywhere
6 from two hundred million in last year and with
7 Sierra money that's almost seven hundred and fifty
8 million dollars on the street to restructure
9 projects.

10 Granted that part of that money originates
11 from the Federal government, but it's a revolving
12 fund over the years; money goes in, money comes out.

13 It may be more than difficult to do for
14 residential or small businesses, but for medium
15 sized businesses and large businesses it is giving
16 the most bang for your buck, I mean there may be a
17 model or there may be two models, one for kind of
18 residential and small businesses and one for kind
19 of medium and large businesses.

20 New Jersey has done that extremely well.
21 Again, I admire that program, it has been in place
22 for quite some time in New Jersey, and that might be
23 something we might want to model when we start
24 talking about clean energy in the future because it
25 does provide some serious capital out there and it

52

1 is a revolving fund, it does need some Federal
2 involvement for some of the initial capitalization,
3 but it may be something we should look at for our
4 purposes.

5 MS. FRANZINI: It is for residential, it
6 is for small businesses and it is revolving, there
7 is some grant money up front but then the revolving

9.22.10 Transcripts

8 fund part of it, as well as a clean energy
9 manufacturing fund.

10 So I think there are slices of the program
11 that we should think about.

12 PRESIDENT SOLOMON: Let me just drop
13 down a little bit. Some of this is being talked
14 about in this discussion, actually we have been able
15 to move across topics, one of the things we wanted
16 to talk about and consider, and I guess some of the
17 discussion is evidence of that, is that our focus
18 has been on solar in the State of New Jersey; the
19 programs that we have been talking about, the REC
20 programs, the rebate programs, the loan programs,
21 have all been directed at solar, and solar is clean,
22 renewable energy.

23 It may be more costly at the present time,
24 the hope is over time it will become more
25 competitive, but right now that is what we are

53

1 subsidi zing and subsidi zing in a much bigger way
2 than we are other sources of renewable and/or clean
3 energy.

4 So the questi on becomes, shoul d we be
5 looking at clean energy and energy effi ciency as
6 one big program and instead of directing subsidi es,
7 whether they be RECs--and this gets back to a
8 questi on or comment earlier--instead of sayi ng we
9 are going to encourage solar by provi ding these
10 subsidi es for solar we shoul d be sayi ng or shoul d
11 we be sayi ng that we are going to encourage energy

9.22.10 Transcripts

12 efficiency, clean energy and renewable energy in the
13 same way since they achieve a similar goal, and that
14 instead of having an SREC for solar and no REC for
15 wind we will have a REC, a certificate; for every
16 megawatt saved and every megawatt produced by clean
17 and renewable energy you get a REC.

18 By the way, I am just throwing that out
19 there, I am not a market expert, and anything that
20 is created would have to be configured in such a way
21 that it has a positive impact on New Jersey and not
22 a negative impact.

23 I throw that out: Should we be
24 incentivising energy efficiency, energy savings,
25 other renewables, other clean energy, in the same

54

1 way that we incentivise solar, and how do we go
2 about doing that, rather than deciding we are going
3 to be number one in solar should we be encouraging
4 all geothermal, biomass, CHP, energy efficiency,
5 demand reduction programs, should we be
6 incentivising them to the same extent, and let the
7 marketplace decide where the money should be spent
8 and who the winners and losers are?

9 MR. MCGUINNESS: Mike McGuinness.

10 Absolutely, I think you will get the most
11 bang for the buck, if they reduce their energy load
12 by a certain percent, rather than investing all of
13 the money in solar technology.

14 PRESIDENT SOLOMON: Yes, sir?

15 MR. BREIDENBAUGH: Aaron Breidenbaugh,
16 Enernoc.

9.22.10 Transcripts

17 At at the last colloquy we had you
18 suggested or there was colloquy about what type of
19 generation we should spend money on, and the
20 response I will give you now is you should spend the
21 money on what will best achieve our goals at the
22 lowest price. And as to the goals, it sounds like
23 home grown is important, renewables is important,
24 creating jobs is important.

25 I mean It is up to you folks to decide

55

1 what the political priorities are, and then I think
2 us and the market, you know, will know what that is
3 and we will bring you the solutions, and then you
4 should choose from among those solutions.

5 I think there is a lot of merit to market
6 based approaches, and among other things, REC based
7 schemes, you get into questions of what is
8 renewable, what is waste energy, some people think
9 one way and some the other about that.

10 I would urge you to focus not just on
11 kilowatt hours, obviously that has a lot to do with
12 carbon production, but also kilowatts, demand, can
13 we build a plan based on demand and one based on
14 kilowatt hours? I think you need to focus on both.
15 A lot of REC marketing focuses only on kilowatt
16 hours. You may get a lot of focus on energy
17 efficiency but maybe not so much on demand
18 reduction. I think you need to think about both of
19 those pieces.

20 Fundamentally I think that a market

21 based approach is the way to go place the approval?

22 Some of us may be perplexed about why New
23 Jersey is trying to pursue the single most expensive
24 way of reducing those things, presumably there were
25 good policy reasons for doing that, but I think to

56

1 the extent that you have the political flexibility
2 and you are not mandated to just look at solar then
3 you should--.

4 PRESIDENT SOLOMON: The Legislature
5 hasn't acted yet.

6 Yes, sir?

7 MR. PFLUG: My name is Kevin Pflug, I'm
8 an attorney.

9 I have a question and a comment.

10 You mentioned that New Jersey residents
11 and businesses are leaving New Jersey because of
12 energy prices.

13 PRESIDENT SOLOMON: I don't remember
14 saying exactly that. I remember saying we are
15 trying to keep business here and grow business here
16 and make us more competitive.

17 Statistically, we have lost population
18 base rate over the last several years as well as
19 tax--

20 MR. PFLUG: Can you name a single large
21 corporation that has gone on record saying that it
22 would not support funding for renewable energy--

23 THE COURT: You know what: if you have
24 questions for me I will be happy to answer them
25 afterward.

1 Right now I want public comments and their
2 input.

3 If you disagree with any of the ideas or
4 policies, tell us now. I am not here to respond to
5 questions like that. I will be happy to talk to you
6 afterwards if you need specific information.

7 What's your comment?

8 MR. PFLUG: Here is my comment.

9 With all due respect, President Solomon,
10 it seems to me you are out of touch with the New
11 Jersey business community who overwhelmingly support
12 policies that encourage reducing the use of fossil
13 fuels.

14 PRESIDENT SOLOMON: I'm sorry, did I say
15 something to discourage our reducing our use of
16 fossil fuels? I mean I don't remember saying that.

17 MR. PFLUG: By supporting policies.

18 PRESIDENT SOLOMON: What policies?

19 One of the things I want to get clear, if
20 there is rhetoric that you want to throw out there,
21 throw it out there, I am sitting here telling you,
22 I thought I said it at the beginning, we haven't
23 made any decisions. These are questions and ideas
24 we have thrown out. They all should be on the
25 table.

1 If you have any disagreement, let's hear
2 it now, tell us what your disagreement is, tell us

3 what it's about.

4 If you are here to make a political
5 rhetorical statement, please don't waste our time.

6 Yes, sir?

7 MR. KLIWINSKI: The question of
8 incentivising energy efficiency and renewables,
9 putting them on the same bar, so to speak, when it
10 comes to a REC I think is a dangerous idea. You can
11 incentivise both.

12 I have been involved in the Clean Energy
13 Program since it started, and the Energy Efficiency
14 Committee and the Renewable Energy Committee work
15 very hard to incentivise those.

16 There is a definite synergy between energy
17 efficiency and renewables. The first thing we tell
18 our clients as architects is, before you put solar
19 on your building you should be looking at reducing
20 the demand of your building to make sure that solar
21 will work for you.

22 One of the things I think that we do
23 need to look at is educating folks on the synergy
24 between the two.

25 I don't think you can put an energy

59

1 efficiency project from a REC standpoint on the
2 same platform as solar because there are two
3 different levels of importance on those things.

4 Reducing demand is not the same thing as
5 putting clean energy into production. Producing
6 clean energy has a much bigger momentum with longer
7 term effects than just doing energy efficiency.

9.22.10 Transcripts

8 By doing both, which is really what you
9 want to get to, you need to educate people as to
10 the synergy of both, but they still need to be
11 separate in terms of the programs and how they
12 work. They are both equally important.

13 MS. FRANZINI: If you are supporting both,
14 why can't you-- if you are supporting both why do
15 they need to be separate RECs, couldn't you have the
16 same product and weigh one more than the other, you
17 could value the SREC differently.

18 MR. KLIWINSKI: Absolutely, you could;
19 that's my point, they are not the same value. You
20 can recreate a framework that allows both to
21 function in the market, but I don't believe they are
22 the same value.

23 If you do them synergistically obviously
24 you are going to get a bigger impact from both
25 rather than doing one or the other.

60

1 Some of our clients have done energy
2 efficiency and then gone back and done solar, and
3 they have saved a third of the cost of solar because
4 the building is that much more efficient.

5 And the same thing goes for energy
6 efficiency programs in the State, the efficiency
7 programs right now focus on lower energy
8 consumption and they are incentivizing lighting and
9 they are incentivizing mechanical systems, and
10 recently within a year they started incentivizing
11 them based on performance, but just by putting

12 solar on a building, you don't want to put in an
13 inefficient boiler in a bad building.

14 The goal has to be established first here
15 and how that will drive this. You need both, but I
16 don't want to see the renewable portfolio standard
17 satisfied just on energy efficiency.

18 PRESIDENT SOLOMON: Yes, sir?

19 MR. SOBOLEWSKI: My name is Terrence
20 Sobolewski with SunPower Corporation Systems.

21 First of all, I would agree with the
22 comment made earlier that the discussion has tended
23 to focus on solar.

24 THE COURT: I'm shocked.

25 MR. SOBOLEWSKI: But I think it is worth

61

1 pointing out, the funding does support quite a
2 diversity of technologies and programs. Off the
3 top of my head, I think that solar is about a third
4 of the Clean Energy Program, but clearly there are
5 other programs and incentives out there, and it is
6 important to remember that we are already supporting
7 those various technologies.

8 With regard to the comment that the
9 synergy of these technologies should not be lost, I
10 worry that in the mechanism for establishing a
11 competitive basis for these we may miss a State-wide
12 benefit as a result of that, and I think that a
13 particular degree of attention needs to be paid to
14 the competition between the two.

15 We have already heard a few comments about
16 kilowatt capacity versus kilowatt hours, is it

9.22.10 Transcripts

17 kilowatt hours of energy, or is it broader economic
18 data?

19 At the end of the day that's the hardest
20 thing, you can do the REC and value one piece of
21 that but if you do that on that basis it may not
22 take into consideration the broader economic
23 relevancies.

24 PRESIDENT SOLOMON: Do you have any
25 answers for us?

62

1 Yes, sir?

2 MR. BRUNO: Clarke Bruno, Auberic
3 Transmission, in Boston.

4 PRESIDENT SOLOMON: Boston, talk to Mr.
5 Martin.

6 MR. BRUNO: We have projects in the
7 Northeast and Mid-Atlantic.

8 In a former life I was paying a good bit
9 of attention to a provision in a bill before
10 Congress which I think is useful for our State here
11 when you start thinking about structuring some kind
12 of a model. It was originally called the Green
13 Bank and in the final version of the bill is called
14 the Clean Energy Deployment Administration, the
15 acronym is CEDA.

16 That has three components that I think
17 recommend it to policy-makers. First, it was
18 technology neutral, that is, it would provide loan
19 guarantees and other financing for renewables across
20 the spectrum as well as energy efficiency

21 technologies, neutral for consideration.

22 Second, it did not contribute to the
23 bureaucracy, it was financed with ten million
24 dollars initially, it will be set up inside but
25 independent of the Department of Energy.

63

1 Third, it was going to sunset after five
2 or ten years, so the idea was it wasn't going to
3 contribute to the bureaucracy, it would accomplish
4 that mission and go away.

5 So these features I think are attractive
6 features, I would prefer a loan guarantee, I think
7 you get a much bigger bang for the buck over the
8 life of whatever institution you set up.

9 Secondly, I was going to speak a little
10 bit about the competition, I was going to comment
11 about the competition of clean energy efficiency and
12 renewables. I spent a good deal of time over the
13 last few months seeing what is going on in
14 Massachusetts, and the same debate of how much we
15 invest in solar in New Jersey they are having in
16 Massachusetts.

17 And I think going forward the
18 policy-makers here should be very careful about
19 betting on a technology. I think the way around
20 that is pay-back periods, that is, you try to create
21 greater incentives for the projects that have a
22 shorter pay-back period.

23 And number 2 is we are in a recession. I
24 don't know how many people in this room have been
25 unemployed in the last year, I have, and I'm lucky,

1 I come from a comfortable middle class, I can rely
2 on other people, if we remain in a recession I think
3 it is incumbent upon us as policy-makers to take the
4 charge of job creation extremely seriously, and
5 that is through a technology neutral way of job
6 creation and pay-back periods as to evaluating a
7 project.

8 Finally, I encourage a little bit more
9 attention outside of the traditional spectrum of
10 wind on the one hand and solar on the other.

11 If you go up the highway a little bit and
12 you go to Princeton University, they don't have a
13 single solar panel and they don't have a single wind
14 turbine.

15 Energy efficiency and renewables, their
16 goal at the University, they are trying to become
17 carbon neutral I think by 2025, they are doing it
18 almost entirely through efficiencies in generation
19 and through efficient building design, retrofits.

20 And while all those things aren't as
21 attractive and they don't fit as nicely on an annual
22 report as solar or wind, I think they have enormous
23 financial impact, they have enormous energy impact
24 and they have enormous environmental impact.

25 PRESIDENT SOLOMON: We have been to

1 Princeton, they are trying to explain to me how it
2 all works, and it is very very interesting and I

3 appreciate everything that you just said.

4 If you have specific information about the
5 Federal program, the CEDA program, can you just make
6 sure that we have your card? You have got our
7 website, and send us some of the information that
8 you have. If you could give my communications rep a
9 card?

10 MR. LEWIS: I'm Dave Lewis with PSEG.

11 As we discussed competition, the
12 head-to-head competition for clean energy sources
13 will be an interesting one. I think when we talk
14 about that we should take a look at job creation
15 and the economic benefits as well as environmental
16 benefits.

17 When we talk about clean energy we are
18 talking about renewable energy; what is the impact
19 on the environment in New Jersey?

20 When we look at this from the perspective
21 of what is the dollar spent and what are the
22 environmental and economic benefits I think it would
23 be a good idea if we set up those attributes.

24 PRESIDENT SOLOMON: We are trying to do
25 that, we are trying to provide for those as well as

66

1 we can.

2 MR. FOLEY: Gerald Foley.

3 Basically, I think a lot of the things we
4 talked about, certainly there are different methods
5 for different technologies depending on what, as
6 was just mentioned, what plans do we fashion at the
7 time.

9.22.10 Transcripts

8 So relating back to just by sequence,
9 solar clearly is dispatched during the day,
10 permanent demand reduction from building energy
11 efficiency comes off the base load, there is a big
12 difference. You have to recognize goals and I think
13 policies, job creation, et cetera.

14 PRESIDENT SOLOMON: Do you have any
15 suggestion as to how--

16 MR. FOLEY: I do, I certainly have plenty
17 of more detailed suggestions.

18 PRESIDENT SOLOMON: I have seen some of
19 them.

20 MR. FOLEY: Yesterday I was at a hearing
21 for Assembly bill 2529, which is essentially the
22 Legislature setting up exactly what we are talking
23 about here.

24 There are three proposed buckets, as I
25 understand it. If you want to go from Class I

67

1 renewables to Class I alternate energy would you
2 still be essentially solar or wind.

3 Class II, I am not sure of the variations,
4 they are still under discussion, they are creating a
5 new energy efficiency REC.

6 I put in an objection because they are
7 actually missing a combined heat and power REC and I
8 think you possibly need four different RECs.

9 So recognizing the different attributes
10 and different focuses, I think we need to work in
11 lockstep with the Assembly. If they are going to

12 create three buckets and we are talking about four--

13 PRESIDENT SOLOMON: We are trying to work
14 with the Assembly.

15 MR. FOLEY I know, we all feel that way.

16 This is a really important bill, in my
17 view, they are pushing, these gentlemen, I don't
18 know, the DEP in determining what is an acceptable
19 alternate technology, we need to develop the
20 metrics, as we go forward I think if there are some
21 changes appropriate let's get it in there, let's get
22 it into the legislation.

23 PRESIDENT SOLOMON: We do have Staff
24 working on that and communicating with the Assembly.

25 Yes, sir?

68

1 MR. SUNDERMEIR: Gerry Sundermeir from
2 Bayshore Recycling.

3 I want to offer a voice for the neutral
4 approach on behalf of biomass and its industry.

5 Our company is very involved in developing
6 biomass fuel technology. At this point it has a
7 very significant potential, there are 5.5 million
8 tons of available material, and really the field is
9 in such an infantile phase; right now it's in its
10 development.

11 We really need a more level field to
12 better see the evolution of these technologies and
13 the very substantial renewable and sustainable
14 potential that they have.

15 PRESIDENT SOLOMON: Thank you.

16 Yes, sir?

9.22.10 Transcripts

17 MR. SPECCA: Dave Specca, Assistant
18 Director, Environmental Energy--

19 PRESIDENT SOLOMON: Is there any more
20 coffee?

21 MR. SPECCA: I'll get you some.

22 Actually one thing I want to bring out,
23 if you look at the 2008 Energy Master Plan it was
24 focused on electricity.

25 I heard Commissioner Martin market talk

69

1 about this Energy Master Plan to perhaps include
2 transportation

3 I think having someone maybe on the Panel
4 that represents the Department of Transportation is
5 important.

6 COMMISSIONER MARTIN: He's busy fixing the
7 Turnpike.

8 MR. SPECCA: Some of these clean energy
9 technologies could perhaps provide better economic
10 benefits to the State and perhaps a cleaner
11 environment if they are looked at as transportation
12 fuel, and to that extent the Energy Master Plan
13 could really include transportation as part of the
14 energy component.

15 PRESIDENT SOLOMON: They do fuel the
16 trash trucks right here, do they not?

17 MR. SPECCA: That's part of an experiment,
18 yes, to use the landfill gas to run the trash
19 trucks.

20 There are a lot of technologies that

21 probably now with incentives it would be economical
22 to start that could use some of this land mass to
23 provide some of the electricity and transportation
24 needs.

25 PRESIDENT SOLOMON: We do have a lot of

70

1 Landfills.

2 Thank you.

3 Yes, sir?

4 MR. KYDD: Paul Kydd, I run a company
5 called Partnership 1.

6 We are developing technology that converts
7 vans to hybrids, and our problem with \$2.30 gas is
8 that it is very hard to justify suggesting to
9 somebody converting their vans to a hybrid.
10 However, if it is tied in with the solar project,
11 then it makes a lot more sense.

12 In line with your comment about how can
13 you get a sort of double bang for the buck for your
14 existing subsidies and RECs, solar RECs, it makes
15 good sense in this kind of context; you get the
16 advantage that you are promoting solar, you also
17 get the advantage that you are promoting the
18 conversion of the transportation sector.

19 If this is successful and you do get a lot
20 of vehicles out there with batteries, you now have
21 electric storage which is distributed, and in the
22 context of a renewable energy system with off-shore
23 wind and other things that we store from a utility
24 system point of view you are really getting a triple
25 bang for the buck because you are helping to foster

1 distributive storage, which makes the whole utility
2 system more efficient, and it has a lot of value.

3 The problem is that it is a very
4 difficult situation with all these other players and
5 you folks regulating the utilities, but my point is
6 that the existing solar incentives can have a double
7 or triple effect as we bring the transportation
8 system into the picture.

9 PRESIDENT SOLOMON: Thank you.

10 Yes, sir?

11 MR. FLETT: Michael Flett of Flett
12 Exchange, an environmental exchange, brokerage and
13 consulting firm.

14 I just want to bring up one thing. When I
15 hear about head-to-head competition I think about
16 what we are asking in New Jersey is for long-term
17 investment in our energy infrastructure.

18 I know that the people I talk to, my
19 clients who are investing in solar in New Jersey,
20 they want to know as to their investment that the
21 framework behind it is going to stay stable at least
22 until they get their money back and get a half-way
23 decent return.

24 As to competition, the fear of my clients
25 is, "I just invested in solar three months ago and

1 all of a sudden they are putting me on parity with
2 wind."

9.22.10 Transcripts

3 I think long-term we will get lower costs
4 with more investments as long as we know that there
5 is certainty and the policies are going to stay
6 consistent over time.

7 With solar right now, there are a lot of
8 people investing. I think we should take that model
9 and instead of saying head-to-head competition and
10 putting everything on a normal playing field we
11 should look at what we want to push, that is,
12 combining heat and power, energy efficiency.

13 Solar RECs are pushing investment in New
14 Jersey, and that will become cheaper as long as
15 there is certainty from government.

16 If you take that model for the RECs or
17 energy efficiency and there is regulatory certainty
18 so that, " If I invest this year it is certain that
19 I will get my money back, " I think you will be
20 surprised at how much investment you will have in
21 New Jersey.

22 I think what we are really talking about
23 here is a portfolio approach, and it's not unusual
24 in a portfolio approach to have a certain fraction
25 that is a high high cost, high return measure and

73

1 medium and lower cost measures, and I think that's
2 the policy that New Jersey has been pursuing up
3 until now.

4 With solar, of course, it's a high cost
5 measure, solar is higher cost than other renewables
6 right now, and certainly a higher cost than energy
7 efficiency, but we are investing in the future, and

9.22.10 Transcripts

8 also it has special benefits in terms of lowering
9 the cost of heat and power, taking pressure off the
10 grid and it tends to create jobs and economic
11 growth creation; that's part of the portfolio.

12 I think that you are right in saying
13 should we weigh in more on, say, cheaper measures?

14 Yes.

15 And more of the medium cost measures; the
16 cheapest measure is energy efficiency, so should we
17 weigh in more on that? Yes.

18 And other renewables that have less cost
19 than solar, so do we do more of those than of solar?

20 Yes.

21 Solar is a small fraction of our portfolio
22 and perhaps in the near-term it will remain so, but
23 it certainly should remain part of that portfolio.

24 MR. FLANAGAN: Paul Flanagan, Rate Counsel.

25 Our position is that basically all of

74

1 these should be looked at based on cost benefits
2 analysis.

3 I think to try to compare them, there are
4 other factors, we need to take into account timing,
5 solar is better in the summertime, and some of the
6 other things, we may get more benefit from energy
7 efficiency, societal benefits, all those things we
8 can look at.

9 So our general position is that there are
10 other issues, other analyses that need to be done
11 and then look at what other factors are involved,

9.22.10 Transcripts

12 for example, jobs and some other external factors.

13 One of the difficulties in trying to put
14 some of those things on the same scale is you can
15 calculate demand-response and how do you get some of
16 the money back, we can calculate that, but some of
17 the other things are difficult to model.

18 COMMISSIONER MARTIN: Just one note as to
19 that: Obviously it's a very difficult challenge,
20 all of the things we talk about, the need to take
21 the environment into consideration, and when we
22 start talking about cost benefit analysis, one of
23 the things that we are trying to look at is to
24 factor in what is the benefit, societal benefit, if
25 you will, of the environment, what is the

75

1 environmental cost of things.

2 We still exceed on an ozone basis right
3 now continuously and air quality in New Jersey.

4 Those are things that are quality of life
5 issues and translate into things like asthma and
6 deaths.

7 Long-term we need to factor these into the
8 equation and determine. Some are easily measurable,
9 but these are factors that come into play that we do
10 need to measure.

11 MR. FLANAGAN: I agree.

12 I think we also get into some
13 philosophical policy considerations. for example, I
14 think that's one of the problems, in looking at a
15 number of components if we try to look at it from a
16 cost benefit analysis, if you look at it from a

9.22.10 Transcripts

17 purely monetary basis and you say that is an
18 objective standard, then you get the other things,
19 policies on solar, questions of what are you going
20 to do with nuclear fuel products, things like that.
21 Those are the different policy issues that you need
22 to consider.

23 PRESIDENT SOLOMON: Thank you.

24 Yes, sir?

25 MR. SEKER: John Seker, Competitive Power

76

1 Ventures.

2 First as to the RPS program, we look at
3 the projections presented last year about the sixty
4 eight thousand megawatt hours are expected to be
5 consumed by New Jersey looking at 2020 and 2025, and
6 we have a twenty five or thirty percent target for
7 RPS.

8 One of the topics that came up today is
9 the difference in character between energy and
10 demand.

11 As the RPS total of the supply chain
12 increases, there is going to be a lot more
13 volatility as to the character of the energy. That
14 character, for example, some of the wind resources
15 can vary by as much as seventy percent, and that is
16 going to impose some requirements, technical
17 requirements on the grid, for example, when the wind
18 doesn't blow.

19 California has just published a paper in
20 July that says, given our thirty-three percent

9.22.10 Transcripts

21 target we now have to think about another two or
22 three thousand megawatts that will be required to
23 complement our RPS requirements.

24 I think that's a very important
25 consideration that we need to take a look at. RPS

77

1 is great, but we have to look at what will it do as
2 to the grid.

3 Basically what they said is, we will have
4 to balance the grid with additional resources,
5 cycle it up and down the line more, and shut it on
6 and off a lot more, which as everybody knows
7 creates some environmental concerns as well.

8 Relating to the growth that we are looking
9 at, the question is should there be some new
10 generation to incentivise the complement of growth
11 in RPS? I would advocate that we should.

12 The other observation I would like to make
13 is, if you look at the last capacity auction from
14 PJM, essentially New Jersey had a couple of regions
15 that were congested and as a result of that ended up
16 paying higher costs than the rest of PJM as a
17 result of congestion and lack of local power.

18 Now, if we can develop power plants in
19 those regions that would relieve congestion, we all
20 know it will bring down the price for the entire
21 region, so investment that might get a subsidy from
22 the State would in fact be sustainable because you
23 are going to reduce the overall cost in that region.

24 Incentives, we talk about the
25 right incentives, I would advocate for looking at

1 projects that are located in regions and say maybe
2 on this brown field site we could advocate for some
3 projects.

4 COMMISSIONER MARTIN: That's a good
5 point. Lee and I talked about strategically
6 building generation in the State where we need to
7 improve the region, so we are right on target on
8 that point.

9 PRESIDENT SOLOMON: We are, actually
10 Staff has been meeting with PJM to talk about some
11 of these very issues, the congestion costs that New
12 Jersey pays, which are far higher than what they pay
13 right across the river, two to three times higher,
14 and how do we deal with that and how do we bring
15 energy costs down in New Jersey and the things that
16 we can do and things that we can incentivise to
17 bring costs down.

18 The other interesting point is , and this
19 is an indirect result of some of the subsidies that
20 we offer, the fluctuation in energy flowing into the
21 grid through our distribution system creates a lot
22 of issues in areas where the distribution system is
23 weak, particularly in South Jersey, and if some of
24 the renewables that are now being incentivized and
25 proposed to be built in areas like south Jersey go

1 on-line, we don't have the infrastructure, the
2 distribution infrastructure to handle it.

3 The last thing, one of our
4 responsibilities is reliability of energy and
5 security of the system, it's going to evaporate into
6 sadness, I mean if lights will go out, things will
7 burn up, eventually the transmission system will be
8 affected. That's another issue we are trying to
9 grapple with.

10 Are we incentivising a system that
11 ultimately potentially will destroy the
12 infrastructure or, frankly, is going to be halted
13 anyway because of the threat that it represents in
14 the distribution and transmission system.

15 MS. FRANZINI: How do we look at one of
16 the elements of the infrastructure support our
17 energy needs and how do you finance homeowners
18 putting in solar?

19 PRESIDENT SOLOMON: Trust is one aspect.
20 We have the ability in our system, and I really, I
21 don't want to scare the heck out of Rate Counsel, I
22 would love the chance to sit down with Stephanie and
23 you to talk about this, but we do need to upgrade
24 our distribution system, and it's much more risky in
25 the southern part of the State where the potential

80

1 for big solar is much greater than in the northern
2 part of the State.

3 How do we upgrade our distribution system
4 down here and how do we send the signal to those
5 that will upgrade distribution, typically the
6 utilities, that they can begin doing that, they can
7 put shovels in the ground, they can put electricians

9.22.10 Transcripts

8 and steel workers and whatever to work, to do this
9 work; how do we do that and how do we create a
10 system and environment in which they will do that?

11 And, frankly, if we let it go to the point
12 where things start burning up or being threatened,
13 the cost is going to be incurred and it is going to
14 be dumped on the ratepayers in a very short-term and
15 there is going to be a sticker shock to the
16 ratepayers at that point in time.

17 So that when we are thinking about all of
18 the other stuff that goes into the Master Plan, we
19 are also talking about that, new generation in that
20 distribution system.

21 MR. SEKER: With respect to the
22 distribution system, if you have new projects that
23 enter the PJM queue, those projects do go through a
24 fairly lengthy process where PJM essentially tells
25 you what the operating costs are for the

81

1 infrastructure.

2 A lot of that stuff trickles down to
3 distribution systems and transmission lines that PJM
4 regulates.

5 You can actually get power purchase
6 agreements in a way that incentivise projects to
7 meet certain criteria, they might be slightly more
8 expensive but certainly they would provide
9 security, so that might be something nice to sort
10 of balance out long-term costs, but those additional
11 costs would in fact pay back for themselves.

9.22.10 Transcripts

12 Fifty percent of our total retail bill is
13 comprised of wholesale, so if you knock that price
14 down a few percent--

15 COMMISSIONER MARTIN: Absolutely right.

16 PRESIDENT SOLOMON: Make sure you E-mail
17 us your information.

18 If anybody wants to make sure that we
19 have your identifying information, if you would
20 leave us a card before you leave so our Staff can
21 get in touch with you, we would appreciate it.

22 Yes, sir?

23 MR. MARSHALL: Bob Marshall, New Jersey
24 Energy Coalition.

25 I would applaud the strategic aspect of

82

1 siting generation particularly in those places where
2 the Allen Keys (phonetic) are most expensive, and
3 I would add that the siting authority and
4 streamlining of the process to do that is critical
5 as part of this plan.

6 I know that we all know how everything
7 goes through a State, Federal, local channel to get
8 approved, but even solar projects in South Jersey,
9 the larger ones have the whole land use element.
10 That is something that has to be addressed so that
11 in fact if you do decide on strategic generation, it
12 happens in a way that takes into account that it
13 takes time.

14 PRESIDENT SOLOMON: Let me just see if
15 there is anybody who hasn't been called on yet.

16 Yes, sir?

9.22.10 Transcripts

17 MR. AMANN: Bill Amann, Chairman of the
18 Building Council, New Jersey Chapter.

19 I think this is a very fine discussion and
20 very timely and a lot of good things have been
21 talked about already.

22 There are a couple of things that haven't
23 been mentioned though, SmartGrid. We have to do it
24 right, it's not easy to implement so we need to get
25 out ahead of that on a plan.

83

1 Water efficiency, we have water issues,
2 and I know you want to keep the Energy Master Plan
3 under some sort of scope, but they go hand-in-hand.

4 PRESIDENT SOLOMON: You are talking
5 about hydro, I'm curious.

6 MR. MARSHALL: In the programs that we
7 have running through the Office of Clean Energy,
8 weatherization, more energy efficiency programs,
9 there is nothing in there that addresses indoor air
10 quality, and there are things you can do in
11 implementing those programs, using
12 formaldehyde-free products that make sense.

13 PRESIDENT SOLOMON: Is there anybody who
14 hasn't been called on yet?

15 A LADY: I would just like to urge you to
16 address the energy efficiency components a great
17 deal more than they has been. It's not as sexy as
18 solar, but buildings last a long, long time.

19 Actually in the Energy Master Plan there
20 is an excellent report about energy efficiency.

21 Updating these buildings, it will take a
22 lot of jobs to do that so this would be a way to get
23 quickly a lot of people on the ground doing that
24 work.

25 And also such things as upgrading the

84

1 building standards for New Jersey, getting the
2 Legislature to require public buildings to meet new
3 standards, to not let anything being built that is
4 not energy efficient.

5 Getting this up to snuff is extremely
6 important. That's the least expensive alternative,
7 so I hope that you will really work on how to make
8 that happen.

9 Thank you.

10 Yes, ma'am?

11 MS. PERECCHIO: Annmarie Peregchio, New
12 Jersey Natural Gas.

13 I think to try to answer your question,
14 you really have to go back and consider what drives
15 down costs and an analysis was done as to should we
16 have energy efficiency credits, should there be an
17 energy efficiency portfolio standard? I think
18 the fundamental question is to find out why that
19 might be cheaper and it comes, and if so it comes
20 back to the portfolio in terms of saying that maybe
21 it is cheaper in certain markets.

22 It is simply more challenging on the
23 energy efficiency side than on the renewable side
24 because on the renewable side you have a meter to
25 have a measure of actually is generated as opposed

1 to what isn't generated and consumed. In that case
2 if it isn't consumed, we have a performance basis
3 going on right now in the the Pay for Performance
4 Plan on the clean energy side, it's much more
5 challenging and its very costly.

6 So it may make sense to have elements of
7 really lar project, but we have to figure out would
8 it be cheaper, and if so for what markets, or will
9 it drive up costs and is it contrary to what we are
10 trying to do?

11 PRESIDENT SOLOMON: We are doing that
12 analysi s.

13 MS. PERECCHIO: One other piece that we
14 need to carve out is serving the low income segment
15 because that's obviously very important for our
16 society, but the other piece is the way that the
17 Comfort Partners Program, the Clean Energy Program
18 affect the other sections of bills. We are paying
19 up to eighteen hundred dollars a year to subsidize
20 those bills. We are paying as much as that year
21 after year after year, versus the Energy Efficiency
22 Program and reducing and eliminating that.

23 PRESIDENT SOLOMON: Thank you.

24 Yes, sir?

25 MR. HAMBRI C: My name is Steve Hambri c, I

1 am wi th OPower.

2 I want to give a big plug on behalf of

3 the Energy Efficiency Program.

4 I think one of the great things about the
5 work we do is, number 1, it's a one year payback, so
6 that it puts money back in people's pockets.

7 We can serve hundreds of thousands of
8 customers and we can target the low income and the
9 elderly and we can put money right back in their
10 pockets now when they are hurting.

11 PRESIDENT SOLOMON: Thank you.

12 Yes, sir?

13 MR. ROSENBERG: Bob Rosenberg from Ray
14 Angelini.

15 I heard a lot of great ideas here today
16 and a lot about interesting programs and the synergy
17 between all these different programs, but I think
18 the one reason we are all here ties in to the SRECs
19 and what is driving our market right now.

20 And I think the uncertainty of what
21 happens after 2016 is going to slow a lot of
22 investors. I think all of that money, all of those
23 programs that the people are looking at as to SREC
24 funds will drive all of these other suggestions
25 today.

87

1 I would like to encourage that some
2 consideration, real consideration be given to
3 establishing what those rates are after 2016, even
4 if it is in blocks of two years at a time, five
5 years at a time would be great, and I think that the
6 investors that we have, the people that are looking
7 at us from outside of the area, all these other

9.22.10 Transcripts

8 programs that you then start to introduce, people
9 will stay with us, they will stay focused and I
10 think that this group will grow to two or three
11 times.

12 PRESIDENT SOLOMON: Thank you.

13 Yes, sir?

14 MR. BREIDENBAUGH: Aaron Breidenbaugh.

15 I just want to say that I agree with
16 everything that the previous gentleman was saying
17 with regard to capacity and PJM.

18 I would just say that the exact same
19 benefits can be received by investing in
20 demand-response, and that I guarantee, absolutely
21 guarantee that you can do it significantly cheaper
22 with demand-response than you can with building
23 power plants.

24 I spent ten years working for independent
25 power producers in New York and I know all of the

88

1 arguments. These plants employ a few people but
2 they employ a lot when you build them.

3 The young lady sitting next to me was
4 talking about who installs the energy efficiency
5 measures, who installs demand-response projects? It
6 is people who do this work.

7 And also we spent a lot of time throughout
8 the day talking about new jobs, and I think we need
9 to remember that a job retained is at least as
10 important as a new job.

11 PRESIDENT SOLOMON: We get that.

12 MR. BREIDENBAUGH: So all of the energy
13 efficiency and demand-response, those revenues go to
14 the customers, it helps keep them in business, and
15 these installers, the people that go out and do this
16 stuff.

17 I just want to make sure when we are
18 talking about jobs, it's not jobs like--

19 PRESIDENT SOLOMON: We are trying to
20 keep what we have here and make it grow. The
21 Governor is very sensitive to ratepayers and
22 taxpayers leaving the State and jobs and job
23 opportunities not coming to New Jersey and going to
24 Pennsylvania or Virginia, so we get that.

25 MR. BREIDENBAUGH: Just real quicky, you

89

1 had mentioned about distribution networks and some
2 of the challenges there, it won't solve the
3 problem, but Con-Edison, they had some issues with
4 some of their networks.

5 PRESIDENT SOLOMON: Have you been
6 involved?

7 MR. BREIDENBAUGH: And one of the responses
8 was, the Commission told them to develop a very
9 targeted network based demand-response program with
10 a number of changes.

11 That doesn't permanently solve the
12 problem, but it allows them to sort of better stage
13 out the substations, so I think it is a part of the
14 solution even there.

15 And in terms of what is the status of the
16 resources, kilowatt hours used, all of these

9.22.10 Transcripts

17 metrics, energy efficiency, demand-response, are
18 right up there.

19 PRESIDENT SOLOMON: Thank you.

20 Yes, sir?

21 MR. KLIWINSKI: I want to go back to the
22 issue earlier in the discussion about how you weigh
23 the environmental factors, the social factors of
24 various technologies.

25 Someone said we should invest in a

90

1 technology which has a shorter payback. One of the
2 things we have done in developing a carbon neutral
3 environment for universities and municipalities in
4 New Jersey, the City of Trenton, Rider, and as
5 part of those projects the analysis of the
6 technology is really a portfolio, let's say, it is
7 not all renewables, it's not all energy efficiency
8 it is not all energy generation, it can only be a
9 thoughtful combination of these technologies which
10 gets us to our end goal, which is a sustainable
11 carbon-free state. I assume that's everyone's end
12 goal; that's a big assumption on my part.

13 Underneath all those things there are
14 economic drivers that will make that happen and
15 what we want to do is we want to link it, which
16 hasn't been done well enough in the past, I agree,
17 but this dialogue from my point of view in
18 evaluating which technologies we invest in and how
19 much we invest in new technologies using something
20 like a triple bottom-line analysis, makes a lot of

21 sense, and I would be happy to share the tool that
22 we have developed as part of this because Rider and
23 the City of Trenton are not going to invest in
24 something long-term, and we are talking about
25 fifteen, twenty years out there, that doesn't have

91

1 an analysis on not just one benefit, but the
2 biggest bang for the buck which is when you can
3 improve the health of the people working in the
4 buildings and you put people back to work and reduce
5 the consumption of energy.

6 PRESIDENT SOLOMON: If you can get that
7 to us. You can always E-mail me directly and I will
8 give it out to Staff and Caren.

9 MR. KLIWINSKI: It's a different tool
10 than has been done with the Energy Efficiency
11 Program, because a lot of things like windows,
12 insulation, don't fit a short-term payback for a
13 while.

14 But when you look at them in a triple
15 bottom-line analysis they are phenomenal.

16 PRESIDENT SOLOMON: We would really like
17 to see that, if you can get that to us.

18 MR. KLIWINSKI: Another, and the last
19 comment, in terms of subsidies and incentives, we
20 pay a lot of attention to focusing on incentivizing
21 the renewables market. At some point we need to
22 take a look at all of the subsidies that the
23 conventional market has gotten for such a long time
24 and really create a fair platform in the
25 marketplace, and some of that is Federal, I don't

1 want to--.

2 PRESIDENT SOLOMON: Most all of it is
3 Federal.

4 MR. KLIWINSKI: There are some things
5 Federally that New Jersey can focus on that can help
6 level the playing field.

7 PRESIDENT SOLOMON: I would like to
8 take a five minute break and then we can continue to
9 talk about some of the Federal things that we can do
10 and can't do, there are some certain things that
11 have existed over long periods of time, we have to
12 to be careful that what we do doesn't drive up
13 energy costs in New Jersey, again, to make us less
14 competitive than we are.

15 MS. LAWRENCE: I've heard it over the
16 years and I know that it bothers me, traditional
17 fuels and traditional generation have always enjoyed
18 some sort of help, but I think today when we have
19 a very specific set of challenges for the 21st
20 century, like reliability, like low carbon, like we
21 want jobs, jobs that stay in New Jersey, that can
22 come to market quickly, and we put some value on
23 distributive generation with transportation and the
24 electrification and transportation, and keep that
25 all out with the renewable portfolio approach, and

1 that is complex and difficult to be able to value
2 each of those technologies with all of the various

9.22.10 Transcripts

3 attributes they are going to bring to the table, as
4 we discussed here, given those challenges and the
5 goals of what we want to see in New Jersey, it leads
6 us toward certain technologies.

7 And I think we can start and be strategic
8 about it, but it is not just solar, It is really
9 about other generation.

10 From a lot of what I am hearing here today
11 I think a portfolio approach is absolutely
12 necessary.

13 (Short recess.)

14 PRESIDENT SOLOMON: I don't know whether
15 this is a new topic or we have already covered it,
16 if anybody has any additional thoughts of how we can
17 insure that New Jersey get the benefits of its
18 economic policies?

19 It may require conditions or limitations
20 but the jobs that we create and the incentives that
21 we provide we want to go to New Jersey business, New
22 Jersey industry, New Jersey workers.

23 Any additional thoughts about that?

24 And we do have some commerce clause
25 limitations, I understand, that may affect the

94

1 ultimate outcome, but we do have some discretion and
2 flexibility in fashioning incentives and in
3 fashioning even the accessibility to SRECs or RECs
4 to be conditioned upon a positive impact on
5 business, jobs, labor, industry in New Jersey.

6 Any other thoughts that we have not
7 covered?

9.22.10 Transcripts

8 And the last topic really, and we have
9 delved into it, there may be some other thoughts
10 about it, is national policy: Are there things that
11 we can do to affect what is going on globally, are
12 there things that we obviously can't do, and are
13 some of the policies energy policies that we are
14 promoting putting us at an economic disadvantage
15 because they are really national policies, and if
16 there is not a coherent national policy New Jersey
17 is now at an economic disadvantage?

18 Those are the last couple of areas. I
19 know Caren and Bob have to leave at noon. I can
20 stay a little while after that, but they are really
21 the important people.

22 MR. RAWLINGS: Lyle Rawlings, Advances
23 Solar Products.

24 From the solar energy point of view, one
25 immediate answer is to the extent that the State can

95

1 contact its Federal representatives--

2 PRESIDENT SOLOMON: They usually contact
3 us.

4 MR. RAWLINGS: They should, absolutely.

5 And a very high priority should be to
6 extend the Federal grants for renewables; that's the
7 highest priority.

8 PRESIDENT SOLOMON: I believe that that
9 is supported by our local, our New Jersey
10 delegation, but I will certainly follow up with that
11 and make sure, but I believe it is. .

9.22.10 Transcripts

12 I know that there are discussions on a
13 regular basis between the Governor's office and our
14 New Jersey delegation, so my understanding is that
15 that is supported by the New Jersey delegation.

16 Anything we can do to push that, we will.

17 MR. RAWLINGS: I would also suggest a
18 liaison between the New Jersey government and the
19 governments in Europe who are, unfortunately, still
20 ahead of us in terms of both policy and volume of
21 renewables, and talking to each other I think would
22 create a rich exchange of ideas.

23 PRESIDENT SOLOMON: Thank you.

24 Anything else?

25 Yes, sir?

96

1 MR. KYDD: Paul Kydd, Partnership 1
2 Just to elaborate a little bit about what
3 I said before about energy storage and the SmartGrid
4 and what we call vehicles, we have a lot of
5 opportunities to create value by combining battery
6 electric storage and electric power particularly in
7 the environment of a lot of renewables and
8 distribution problems, and anything that you can do
9 to promote this 21st century electric grid and its
10 evolution and implementation is going to be helpful
11 in promoting vehicles and helpful to the State and
12 to the point that New Jersey maybe could establish a
13 reputation, as you have with solar, as being
14 leaders.

15 We need that because New Jersey is a very
16 hostile place to start a new business compared to

9.22.10 Transcripts

17 any other state.

18 MR. MARTIN: On the national front, one
19 of the things we have talked about in the past, I
20 think we can do better is that relationship with PJM
21 and with FERC.

22 To me on the national scale the power has
23 shifted in a lot of ways, we know that the shift
24 has occurred. There are a lot of things that we
25 just can't control anymore from a New Jersey point

97

1 of view.

2 We think we can make decisions but at the
3 end of the day, guess what, FERC and PJM supersede
4 a lot of those kinds of things that we thought we
5 had the power to control as we used to have, and
6 there are a lot of good reasons for that.

7 So when we start talking about reliability
8 on the national scale and all of the rest that's
9 required, I think that is important but I think how
10 we play into that is a key factor and how we
11 influence that is a key factor.

12 I think not just on a national policy
13 scale in dealing with Congress and the President and
14 all the rest of that, I think it is dealing with the
15 regulators and being able to provide a New Jersey
16 point of view of what is in the best interests of
17 New Jersey, I don't know that we have done that
18 effectively enough on all levels, even in terms of
19 environmentally I don't think we've done it well
20 enough either.

21 PRESIDENT SOLOMON: Bob and I have
22 talked about all of this at length and it's one of
23 the points in the transition report.

24 Ken Sheehan, our Chief Counsel, is in the
25 process of establishing a unit within Legal that

98

1 will handle FERC, PJM and will manage Federal
2 issues. We do have a new counsel, Andrew Dembia,
3 who will head up that group and he is already
4 fairly immersed in it.

5 It is true, a lot of what we do and want
6 to do is affected, impacted and even controlled by
7 what is happening Federally, we by virtue of our
8 positions as Commissions are on a number of
9 different national committees that meet regularly
10 and they decide, frankly, the fate of New Jersey's
11 transmission costs and transmission in New Jersey
12 that will in some respects benefit us but also may
13 be to the benefit of other jurisdictions, and we are
14 working through that right now, just so that you
15 know.

16 Bob is right, we have talked about it, the
17 transition report does discuss it, and I think
18 everybody needs to understand and does understand
19 the impact that Federal policy has on what we do and
20 the extent to which it may control what we do.

21 MR. ELLIOTT: I'm Matt Elliott with
22 Environment New Jersey.

23 One of the biggest barriers in New Jersey
24 to off-shore wind power is essentially you can
25 build a coal-fired power plant, a nuclear power

1 plant faster than an off-shore wind farm in New
2 Jersey.

3 MR. MARTIN: My Assistant Commissioner had
4 to leave, Michelle Circurca (phonetic), she was
5 here, she is in charge of economic growth and green
6 energy.

7 Pretty much most of her time right now is
8 focused on that issue very specifically, of trying
9 to make sure that we continue to move both working
10 with you and also working with the Federal
11 government on it, that's her job and we make sure
12 that we keep pushing on that front.

13 Unfortunately, the same guys that we are
14 dealing with at MMS are the ones that brought you
15 the Gulf oil spill, they are kind of distracted in
16 whatever they are called, the DOEF or whatever the
17 acronym is.

18 But the answer is, yes, that is a high
19 priority, that is essentially why we set up that
20 separate division within DEP to focus on economic
21 growth and green energy; one of the primary drivers
22 for that was because of off-shore wind.

23 MR. SEKER: John Seker with Competitive
24 Power Ventures..

25 Something we didn't really talk about that

1 might influence us as to the demand for more power
2 is the electrification of cars, and since this is a

3 Long-term plan we need to think about technology
4 changes and how that might impact where we are going
5 with the plan.

6 New Jersey compared to the other states
7 out there, we are very densely populated and we will
8 need more cars that are electrified with much more
9 distributive generation and as we get more into
10 that we are going to need to have more home grown
11 generation to support that. I think we need to keep
12 an eye on that legislation, Federal legislation, the
13 impact on New Jersey will be much more than, say,
14 on Nebraska.

15 PRESIDENT SOLOMON: There are
16 infrastructure periods that will have to be made
17 just because of the draw of the electric cars that
18 are put on the system, especially if they are hooked
19 up residentially.

20 We don't have the infrastructure to handle
21 that and we don't want the cars getting charged up
22 and the lights going out, so we are discussing that,
23 we will probably want to discuss that as to the
24 Energy Master Plan, at least touch upon it.

25 MR. MARTIN: The Governor is supportive of

101

1 that whole initiative, looking at the
2 infrastructure of electric diesels. Japan can
3 build as many electric diesels as they want, but at
4 the end of the day the infrastructure to support it,
5 if we don't build to assume it, that's critical, so
6 that's what we're looking at long-term. That's
7 going to be a long-term objective, to try to figure

9.22.10 Transcripts

8 out how we make that work.

9 A GENTLEMAN: In terms of the Federal side
10 of things, and you might have alluded to it before,
11 as to the extent to which things which PJM and FERC
12 impacts us and we have very little control over, I
13 would encourage you to look in the direction of
14 getting more involved in the PJM takeover processes.

15 We have two or three people more or less
16 full-time trying to pay attention to it all and it
17 is very difficult, there is a lot of stuff going on,
18 and you find out about it probably after it has
19 happened.

20 Just the capacity factor alone has a huge
21 impact. And with all of the changes,
22 electrification of cars, SmartGrids, all of those
23 things, so that would be one of the
24 recommendations, maybe to try to step up the
25 resources involved there and maybe take affirmative

102

1 steps, you have to be actively involved in it,
2 otherwise it could kind of walk right by New Jersey.

3 The other one I have is really more of a
4 question: What is the State's policy with respect to
5 global warming, that is like a big issue, that and
6 some of the other environmental issues as changes
7 occur.

8 Those are the kinds of things, if they do
9 happen they will be real game changers for all of
10 us. There are some people that don't think that we
11 should really do anything about it, I just don't

9.22.10 Transcripts

12 know.

13 What is the position of the new
14 administration as to that? Because it goes to the
15 question, do you do something, if you believe that
16 it is real and that things are going to happen, do
17 you need to do something? It may not happen in this
18 administration, but somewhere down the road we are
19 going to face some major consequences if we take a
20 no regret strategy.

21 PRESIDENT SOLOMON: That's a policy
22 decision that the Legislature and the Governor will
23 have to give us some direction on. Our own
24 individual views, I don't think they really matter.

25 In terms of policy going forward,

103

1 incentivising energy that is clean and low carbon or
2 no carbon is a big part of what we are trying to do.

3 If we are on the wrong track, someone will
4 usually make it very clear to us that we are on the
5 wrong track.

6 I think that we are on the right track,
7 but in terms of an overall policy that's going to
8 be put out there, that's really what the
9 policy-makers do.

10 But that's one of our goals in the Master
11 Plan, to set out a program that is low or no
12 carbon, and then if we find out we are going in the
13 wrong direction we may have to change course
14 somewhat; I don't think we are.

15 COMMISSIONER MARTIN: I think we do have to
16 try to address it in the plan itself, the Energy

9.22.10 Transcripts

17 Master Plan.

18 A GENTLEMAN: One other thing.

19 To the extent that we talk about a power
20 grid in New York and New England and the scene in
21 New Jersey and New York--

22 PRESIDENT SOLOMON: There will always be
23 a scene between New Jersey and New York.

24 A GENTLEMAN: But to the extent that you
25 can square it with the policy objectives that you

104

1 want to meet in terms of technologies, broader is
2 better to the extent that you can allow it
3 consistent with the broader regional market, whether
4 it's the RECs or power is generally better, it is
5 generally going to be more efficient, it's
6 generally going to lower the overall cost of
7 compliance.

8 The problem is that each thing has its own
9 goals, and so far we haven't been able to do that
10 really anywhere.

11 PRESIDENT SOLOMON: There may
12 ultimately be. One of the things that we are
13 somewhat beholden to, we develop State policies that
14 we think are appropriate environmental policies,
15 even cooperating with other States, we are a member
16 of RGGI States, but there is no national policy on
17 greenhouse gases.

18 So while there is a good regional program,
19 we are at an economic disadvantage because of the
20 cost of RGGI to States that aren't, participants

21 that aren't members, and that seems to be unfair.

22 So if the national policy is that there
23 will be no policy, okay, now we know the battle we
24 have to fight because it's State by State and we go
25 our way, but it puts us at a competitive

105

1 disadvantage when we engage in policies that are not
2 national policies as to environment and it ends up
3 putting us at an economic disadvantage.

4 I am not advocating for a Federal standard
5 or suggesting that they should get involved, but we
6 talk about security, there ought to be some security
7 in knowing what direction we are going and what we
8 need to do ourselves and what we shouldn't be doing.
9 And right now we are somewhat at a competitive
10 disadvantage because that doesn't exist.

11 A GENTLEMAN: The Energy Master Plan is
12 essentially using viable market solutions to achieve
13 certain environmental goals.

14 How do you make sure that environmental
15 benefits and regulations are built into the plan so
16 that they don't, aren't sacrificed to achieving
17 certain goals; for example, does the cost benefit
18 analysis sometimes trump the environmental benefits?

19 How do we make sure that those basic
20 environmental standards that we have in the State
21 are important, remain important parts of the Plan?

22 PRESIDENT SOLOMON: I think that's what
23 this process is all about. I don't have that
24 answer, I don't know what that balancing test is,
25 but that's what this is all about, to hear from

1 people with knowledge and experience, to try to
2 balance all of the information and all that you are
3 telling us coupled with whatever statistical
4 information we can get from the scientists and
5 engineers and economists that we work with, and then
6 policy decisions are made.

7 The answer is as of today there is no
8 answer; that's why we are here, that's why you are
9 here.

10 MR. PRINGLE: Dave Pringle, New Jersey
11 Environmental Federation.

12 Will there be some kind of cost benefit
13 analysis comparing all of the alternatives?

14 We already have the scientists that tell
15 you that if you have this feature on a coal
16 smokestack it will save this amount of future lives;
17 is that being factored in?

18 COMMISSIONER MARTIN: Dave, the answer to
19 your inquiry is, yes, when we are talking about the
20 cost benefit analysis overall we are also going to
21 be looking at the environmental, what are the other
22 factors that play into that equation, so it is not
23 just cold economic dollars and what is the price of
24 electricity versus the modes of producing it, but it
25 is also at the same time looking at what is the

1 impact?

2 Again, we exceed the ozone standards and

3 we exceed the particulate standards in the State and
4 we need to factor those into not just the straight
5 cost benefits but that has to play into the overall
6 public health benefits equation.

7 MR. PRINGLE: I understand that it can
8 very easily get into fear-mongoring and what is the
9 value of a life.

10 PRESIDENT SOLOMON: Is that a debate
11 that I want to have today?

12 MR. PRINGLE: Will the results of this be
13 available and made public before the BPU makes a
14 decision?

15 PRESIDENT SOLOMON: Whatever we issue,
16 whatever recommendation we make will be public and
17 the supporting documentation I guess will be made
18 available through the Bloustein School, as far as
19 the economic analysis.

20 MR. PRINGLE: Will they be publicly
21 available before the Board makes any decisions or
22 recommendations?

23 PRESIDENT SOLOMON: You know, you are
24 asking about that balancing test; yeah, I would
25 assume that whatever goes into this is going to be

108

1 available publicly, but a lot of what you are asking
2 is the subject of debate, and this is the debate,
3 this is the discussion.

4 When there is a report and when there is
5 a, like the prior Master Plan, the basis in the
6 conclusion will be stated in the report.

7 Are you going to see everything that we

9.22.10 Transcripts

8 put on paper? Probably not, but the support for the
9 conclusions will be in the report.

10 What's it going to look like, what's it
11 going to say? I don't know yet.

12 COMMISSIONER MARTIN: To be very clear,
13 though, I think unlike the last Energy Master Plan,
14 we will do it with the numbers and the calculations
15 of what went in there, the basis for some of it. I
16 don't think they reached out for that last time.

17 Thank you.

18 Yes, ma'am?

19 MS. BLUHM: Sara Bluhm, Vice-President for
20 Energy and Federal, NJBIA.

21 NJBIA feels that we are disadvantaged in
22 terms of participating in RGGI when not all of our
23 neighboring States are.

24 So we would favor that if there is a
25 national policy that the State would also include

109

1 plans that are in accordance with it as regional or
2 State policy as well so we don't have to do two or
3 three times the same thing.

4 PRESIDENT SOLOMON: You know, that
5 requires legislative action.

6 MS. BLUHM: I know.

7 I think we are in favor of having State
8 policies that aren't necessarily going to be Federal
9 policies.

10 MR. WALSKI: Bill Waliski, PSE&G.

11 What we are hearing today are a lot of

9.22.10 Transcripts

12 questions and the solutions are going to take some
13 time to develop.

14 On the national front, PSE&G clearly
15 supports the national policy on carbon, and until we
16 can impose on the Federal government that that needs
17 to be happening there are some choices we need to
18 make.

19 What I am hearing today, the idea of there
20 being RECs and funding and loan options, if New
21 Jersey is to continue to be a leader on the
22 environmental front and have those RECs that are a
23 little more stringent than other parts of the
24 country, to the extent that you can have a REC
25 program or any other program available to help folks

110

1 who want to come here through any process that we
2 can devise to the extent that you can use some of
3 the State's resources to help those folks offset
4 the cost, the additional cost to come here.

5 PRESIDENT SOLOMON: Bob has to go, he
6 has a commitment.

7 If there are other comments or questions,
8 I can stay for a few more minutes and we can hear
9 whatever. If there is something new that needs to
10 be covered or suggestions that somebody has, I would
11 really like to hear your suggestions, if not we will
12 adjourn.

13

14 MR. HOEY: Bill Hoey, New Jersey Solar
15 Power.

16 Just a suggestion. What we are hearing as

9.22.10 Transcripts

17 to small businesses, it is very important to
18 understand that seventy percent of the jobs are
19 created by small businesses and those companies that
20 are hurting the most in the State are in that
21 category.

22 As the rebate program has been virtually
23 shut down, the small businesses doing solar have
24 stopped; they have no alternative.

25 There are some financing mechanism

111

1 programs, but the small guys that were trying to get
2 interested in them, they stopped, they are dead in
3 the water, they have been hit the hardest.

4 The larger businesses are able to trade
5 RECs.

6 I think we need to keep an eye on all the
7 RECs, get them all in one place so we know where
8 they are going, segment them by business scales so
9 that we make sure that the small businesses can
10 start up, like we did seven years ago.

11 Small businesses have small projects. We
12 don't want to shut down their market, so we have to
13 have a certain number of small solar systems, a
14 certain number of mid-sized solar systems, a
15 certain number of small residential systems, and
16 there is no mechanism now for doing that, there is
17 no gatekeeper.

18 There has got to be a gatekeeper somewhere
19 to say, "Here is how we are going to handle the
20 marketplace, here's what it is going to look like."

21 PRESIDENT SOLOMON: If there is economic
22 development, we talk about distribution, it's not
23 directly related to clean energy, improving the
24 infrastructure is going to result in a considerable
25 number of jobs for electrical workers, steel

112

1 workers, cement finishers, whether it be for pipes
2 in the ground for water, gas or electrical conduit.
3 That will have a positive impact.

4 So the laborers, the workers, how little
5 business is affected, I guess it's creating an
6 opportunity for them to work in an environment,
7 solar, whatever the other renewable programs are, to
8 go in and work in that area and make a living.

9 How you do that, how you get there, that's
10 we are kicking around.

11 MR. HOEY: Talking about a portfolio of
12 energy market, we have to think about what we want
13 it to look like, if we are just doing big large
14 systems you are really not getting the best economic
15 benefit.

16 MR. KLIWINSKI: I think the basic problems
17 and environmental challenges that New Jersey faces
18 on energy are from the same sources and we have to
19 be advocates regarding that whether before Congress
20 or the EPA, but we just can't continue to wait for
21 the Feds to act, we need to be aggressive in the
22 future.

23 PRESIDENT SOLOMON: Thank you.

24 Yes, sir?

25 MR. VOGEL: Evan Vogel, Petra Solar.

1 The static modeling that we have seen so
2 far I think was an excellent national job. I think
3 there is a level of complexity just on the static
4 model which needs to be added, there are certain
5 technologies that have secondary benefits besides
6 generation, and I think those things need to be
7 added not just for the economic value but for the
8 benefit of the grid throughout the States.

9 There are many factors that need to be
10 considered, but that's just a static model.

11 On top of that, we would encourage that
12 the dynamic model take into account the the price of
13 carbon, that should affect economic decisions.

14 Having companies come into the State and
15 those things happen, they fundamentally change the
16 prudence of their investment.

17 I think the static model and then the
18 dynamic model can provide the best answer to the
19 parties involved in the Energy Master Plan.

20 MR. SPECCA: The Energy Master Plan should
21 be able to assist start-up businesses and innovators
22 in the State. We have a lot of folks who are laid
23 off from their current jobs who are forced to move
24 out of the State who have some really good ideas but
25 they don't have the start-up dollars. They would

1 need something like cost sharing programs, they
2 don't have the resources to put their ideas

9.22.10 Transcripts

3 together, so that the Energy Master Plan perhaps
4 could assist companies like that to be able to get
5 them to stay in New Jersey and develop their
6 technologies for energy efficiency and renewable
7 energy programs.

8 PRESIDENT SOLOMON: The Clean Energy
9 Program presents that opportunity, it is a funding
10 system. How do we do that, how do we get there?

11 I mentioned earlier the idea of no
12 interest loans, you know, the things that we could
13 do to alleviate them, the cooperation to provide
14 that other piece where they are not pulling money
15 out of their own pockets and they start repaying
16 when they are up and running. We do have a couple
17 of grant programs, there are one or two Federally
18 funded, that enable us to help them get started.
19 There may be some other things that we can do, and
20 we are looking at that. I'm sure that that will be
21 part of the implicit information in the Energy
22 Master Plan and the explicit information whenever
23 the Clean Energy Program looks like it is going
24 forward.

25 I just want to remind everybody that if

115

1 you have anything, if you go back and you think, " I
2 wish I had said this, " send us an E-mail, I will
3 say it one more time, empadm1n@njcleanenergy.com.

4 If you have any comments you want to
5 submit, we will get them in and we will put them
6 together with the transcript and we will all have a
7 chance to review them.

9.22.10 Transcripts

8 Also, we are having a meeting in Committee
9 Room 11 in the Statehouse, a large Committee Room,
10 it's the last planned stakeholder meeting and it
11 will be starting at nine o'clock, and we want to
12 hear about proposed changes to the Master Plan and
13 the outlook going forward, it is kind of a much more
14 global look at things, and anything that anybody can
15 think of, suggestions, comments, anything we haven't
16 covered, we want to hear it, you know, where should
17 we be going forward, what should we be encouraging.
18 Hopefully, It is only a couple of days away but we
19 will have a chance to assimilate some of what was
20 discussed here.

21 The quicker you can get the information to
22 us and E-mail us with anything that you have so we
23 can look at it, the better off we will be and the
24 more likely that it will go into what is considered
25 at the next meeting.

116

1 There is always the opportunity or option
2 of holding an additional stakeholder meeting, but we
3 are bumping up against time in the sense that we
4 promised the Governor some kind of a report by the
5 end of the year.

6 So if necessary, if there are some good
7 ideas that warrant further discussion, we will hold
8 another stakeholder meeting.

9 And then there is the question, is there
10 any objection to releasing to anybody requesting it
11 a list of participants today, any objection to that?

17
18
19
20
21
22
23
24
25

118

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

C E R T I F I C A T E

I, William Sokol, Certified Shorthand Reporter of the State of New Jersey, License No. 30X100030700, and Notary Public of the State of New Jersey, do hereby certify that the foregoing is a verbatim record of the testimony provided under oath before any Court, Referee, Commission or other body created by statute of the State of New Jersey.

I am not related to any parties involved in this action; I have no financial interest nor am I related to an agent of or employed by anyone with a financial interest in the outcome in which this transcript was taken; and furthermore, that I am not a relative or employee of any attorney or counsel employed by the parties hereto or financially interested in the action.

21 9.22.10 Transcripts
22 WILLIAM SOKOL
23 Certified Shorthand Reporter
24 and Notary Public
25