

Price per unit no greater than 5% ...by 2020?

Objective: *Price per unit no greater than 5% of regional average (PADD IB-NY, NJ, DE, PA, MD, DC) by 2020.*

Comment: PHI/ACE believes that this BPU objective will be one of the outputs of the EMP model along with environmental and other economic variables. To that end, this objective seems pre-mature. Moreover there are existing contracts and rate components that keep New Jersey prices higher than the regional average. The Governor's vision for energy efficiency and renewable programs, which are more costly than coal generation facilities used by other states in the region, will make New Jersey prices that much higher by comparison.

Strategy: ACE will partner with CEEEP and other reputable modeling organizations to develop a solid and reliable model for the EMP. Allow each utility to perform an IRP that will meet the Governor's vision and integrate it with the CEEEP modeling process. Cost comparison with other states should be done on an 'apples-to-apples' basis (e.g., consider the impact of existing NUG contracts).

Responsible Party: NJ BPU, Utilities and CEEEP.

Timeline of Action: Gain consensus on modeling parameters and potential nationally recognized consultants early in 2007. Complete breakdown of New Jersey rate components for comparison with other states should be completed early in 2007. Complete modeling, obtain price output and compare with other state before the plan is release in October 2007.

Strategy Outcome: More practical and actionable plan; Realistic pricing targets and total costing

Implementation Cost: Individual utility IRP modeling and the overall state-wide modeling by CEEEP

Funding Sources: Private Sector Funds Public Sector Funds Consumer/ratepayer Funds

Indicators: Level of collaboration between BPU, CEEEP and the Utilities; Existence of an easy to maintain and operate NJEMP model for tracking actual versus targeted objectives.

A. Current State of Indicator: Low collaboration between BPU, CEEEP and Utilities; Considering model development

B. Indicator Projection to 2020: High Collaboration between BPU, CEEEP and Utilities; Fully reliable NJEMP model.