



Commerce and Industry Association of New Jersey

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TO: President Fox, and Board of Public Utilities Commissioners  
FROM: Paul Tyahla, Vice President, Government Affairs and Communications  
DATE: July 25, 2008  
SUBJECT: CIANJ Comments on the Draft Energy Master Plan

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Thank you for considering the Commerce and Industry Association of New Jersey's commentary on New Jersey's proposed Energy Master Plan (EMP). Commercial and industrial uses account for nearly two-thirds of energy used in the state. CIANJ's corporate members represent a range of companies from Fortune 500 firms to sole proprietorships. Collectively, they represent one of the largest ratepayer bases in the state and individually each of them is impacted by energy prices and our state's energy future.

We praise Governor Corzine, his administration, the BPU and all individuals involved in drafting the Energy Master Plan. The five major goals of the plan are:

- Maximize conservation and efficiency
- Reduce peak electric demand
- Develop low carbon-emitting power plants
- Invest in clean energy technologies to spur economic growth while simultaneously managing our energy challenges
- Meet 22.5% of the State's energy needs through renewable resources

We share the goals of the EMP authors to shape New Jersey's energy future in a way that is sustainable and beneficial to New Jerseyans present and future. We also believe there is no single solution to the state's increasingly complex energy challenges, and that the state must leverage currently available technology to reach its emission reduction goals.

To that end, there are several points articulated within the plan that CIANJ believes should be given greater emphasis:

### **Nuclear Energy**

There is one technologically available source of electricity that can generate a significant portion of our base load while producing virtually zero greenhouse gas emissions – nuclear energy. On a per capita basis, New Jersey is one of the ten lowest emitting states, and this is directly related to nuclear energy's share of electricity generated in the state. More than half of the state's electricity is already derived from nuclear plants

New technologies such as wind and solar offer exciting possibilities, but they are not yet sufficient for a base load. Nuclear energy can be utilized in New Jersey in the same way it is already done in Europe with a continued safety record that matches other energy sources.

Unfortunately, the Draft EMP only briefly mentions an enhanced nuclear infrastructure as a means to an increased base load. Nuclear energy must comprise a significant share of our energy portfolio if we are to recognize energy realities while meeting emission reduction goals. A report conducted by Polestar Applied Technology<sup>1</sup> found it would be impossible to reach these goals without nuclear energy. Furthermore, CIANJ suggests the EMP express a commitment to keeping current plants in operation. A truly comprehensive Plan will address both the supply and the demand side of the energy equation. Nuclear power offers the best possibility of sufficiently increasing supply to meet our needs.

### **Liquefied Natural Gas**

Continuing with technologically available base load suppliers, CIANJ supports a greater emphasis on Liquefied Natural Gas (LNG) and an active role by the State in approving new terminals. LNG's worldwide supply is comparatively greater than other fossil fuels and it is cleaner than those competitors. Transporting natural gas in a liquefied form is by far the most efficient means of transportation and requires the least amount of energy. Furthermore, because of the more localized nature of natural gas pricing, states increasing supply can have a real and more immediate impact on consumer prices.

The Northeast's change of seasons results in demand spikes and accompanying supply challenges. The large percentage of LNG transported from the Gulf of Mexico combined with our growing demand will result in chokepoints, and New Jersey must allow facilities to be constructed locally. The current draft of the EMP gives only brief mention of LNG as a means of boosting our energy supply.

Specifically, CIANJ supports the construction of the Crown Landing Terminal, which could supply enough natural gas to power up to five million homes and connect three major pipelines in the Northeast. In addition to boosting supply and delivery efficiencies, the Crown Landing terminal will provide economic development opportunities to build and operate the terminal for its projected fifty years of service.

### **Energy from Waste**

The renewable energy goals of the draft EMP are aggressive and rely on technologies not yet mature enough to reach them. CIANJ suggests a greater emphasis should be placed on energy-from-waste (EfW) as a means of producing 22.5% of the of the state's energy needs via renewable sources.

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<sup>1</sup> Polestar Applied Technology, Inc. (September 2007). *Reducing CO2 Emission in New Jersey: The Imperative of Nuclear Power.*

New Jersey currently benefits from five EfW facilities, which are highly efficient, clean, and already generate up to one-fifth of New Jersey's renewable electricity. CIANJ believes EfW should be given greater priority in the plan. This can be accomplished by making EfW eligible for greenhouse gas credits. Furthermore, the state should include EfW in Tier 1 of the renewable portfolio standard.

### **Transmission and Modernization of Plants**

New renewable energy sources and increased LNG and nuclear capabilities will require new transmission infrastructure. The benefits of bolstering transmission infrastructure can only be maximized if done in conjunction with neighboring states. Completion of the Mid-Atlantic Power Pathway (MAPP) will provide some of the necessary infrastructure to complement clean energy generators. New Jersey should use the MAPP to improve electric flow, ensure a long-term delivery mechanism and help ensure peak demand loads are met.

Many existing fossil fuel plants will be retired during the life of this EMP. As they close, New Jersey's energy challenges will only be exacerbated with the unavoidable demand increases in the region. Therefore, the State should work with, and provide incentives for, utilities to replace existing boilers with modern, more efficient systems. Replacing these systems will have the simultaneous benefit of increasing supply efficiency while reducing carbon emissions from existing fossil fuel plants. The State should also provide incentives for utilities to include renewable energy sources as part of their portfolio on existing fossil fuel sites.

### **Conclusion**

Thank you for considering CIANJ's insights regarding the Draft Energy Master Plan. All of our futures will be impacted by how we meet our current and future energy challenges. While this plan has set ambitious goals regarding CO2 reduction and renewable energy, it relies on technologies not yet invented. CIANJ stresses the importance of using currently available non or low emission sources to achieve the reduction goals – specifically increasing our nuclear infrastructure and opening our State to LNG terminals.

As always, CIANJ looks forward to working with the Administration and the Board on all issues related to energy and economic development. Thank you for your consideration.