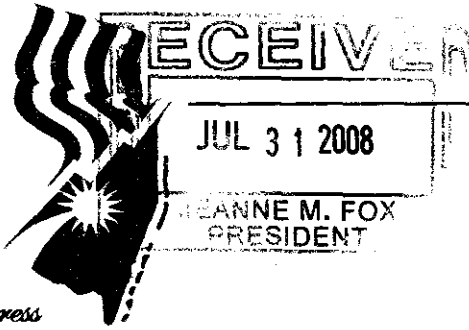


**SOUTHERN
NEW JERSEY
DEVELOPMENT COUNCIL**

South Jersey's Voice for Progress



*Tom Viviano, Chairman
Marlene Z. Asselta, President*

July 23, 2008

Hon. Jeanne M. Fox
President
NJ Board of Public Utilities
2 Gateway Center
8th Floor
Newark, NJ 08201

In response to the Governor's Energy Master Plan, the Southern New Jersey Development Council would like to offer the following remarks.

The **Southern New Jersey Development Council** recognizes that with each passing day it is becoming harder to ignore the role that energy plays in New Jersey's economy and environment. We applaud the efforts of your office in its work with moving New Jersey toward future energy and economic sustainability.

For your convenience, we are attaching our position paper to be entered into the record.

Highlights of our position include the following:

Increasing Diversification:

SNJDC recognizes that we are approaching a post-peak oil era, during which the State of New Jersey must diversify its energy resources to include more renewable energy coupled with and expansion of energy generated from other sources.

Stabilization of Pricing:

In order to remain economically viable, Southern New Jersey, and the state as a whole, must develop investment tools and mechanisms that will, at the very least, keep rates stable and at best, decrease rates. These incentives should come from all levels of government but be included in the state's revisions of the Energy Master Plan as fixtures to accomplish Governor Corzine's goals for the reduction of energy by 2020.

Decreasing Consumption:

In addition to diversifying energy sources, SNJDC feels that the reduction of demand is crucial to adopting any long-term energy plan, particularly the demand of fossil fuels.

Infrastructure Siting Process

The increasing demand for electricity resulting from population growth and increasing per capita consumption has put increasing pressure on the transmission system. In order to remedy this situation, utilities must be given the liberty to expand and enhance the existing transmission systems.

Energy Policy Jurisdiction

In a previous administration, the state's energy policy planning function was transferred from NJDEP to the BPU. The primary function of the BPU is the regulation of public utilities. This creates a situation where BPU has a dual and conflicting role, both setting policy for utilities and then regulating them.

We thank you for the opportunity to present this.

Sincerely,

Marlene Z. Asselta
Marlene Z. Asselta
President, SNJDC

Southern New Jersey Development Council's Position on Energy

The **Southern New Jersey Development Council** recognizes that in order for South Jersey to prosper and maintain its reputation as a region friendly to business, the State of New Jersey must adopt energy policies that help to foster sustainable growth, maintain energy-supply-chain consistency, and maintain constant prices for energy. The following points and recommendations will help to achieve that goal in a fashion that is amicable to businesses in South Jersey and leaves South Jersey's business-friendly reputation untainted.

Increasing Diversification:

SNJDC recognizes that we are approaching a post-peak oil era, during which the State of New Jersey must diversify its energy sources to include more renewable energy coupled with an expansion of energy generated from other sources.

- We support the construction of BP America's Liquefied Natural Gas (LNG) plant in Logan Township, NJ. The facility will afford the region a reliable and long-term source of natural gas.
- **SNJDC** feels increasing the role of renewable sources of energy, such as photovoltaic and wind energy, in the region's energy mix provides long-term solutions and will help to control pricing and supply in the absence of petroleum-based sources.
 - Providing the necessary framework, including the provision of pilot programs for offshore wind turbines and continuing and expanding incentives for solar programs are strong tools by which to increase New Jersey's utilization of renewable energy sources.

Stabilization of Pricing:

In order to remain economically viable, Southern New Jersey, and the state as a whole, must develop investment tools and mechanisms that will, at the very least, keep rates stable and at best, decrease rates. These incentives should come from all levels of government but be included in the state's revisions of the Energy Master Plan as fixtures to accomplish Governor Corzine's goals for the reduction of energy by 2020.

- Utility shareholders are reluctant to invest if fair and reasonable returns are not guaranteed.
- Businesses and residences cannot afford dramatic increases in rates.
- In order to keep New Jersey a competitive attractor of new business and maintain its ability to retain business, rates must not increase or become out of line with other states in the region.
 - This becomes difficult to accomplish when states such as Pennsylvania have invested largely in cheap, easily obtainable sources of energy such as coal whereas New Jersey's investments have been in cleaner but more expensive forms of energy.
 - The Energy Master Plan must strike a balance among environmental concerns, safety, and reliability while maintaining a commitment to competitive and fair pricing. In order to effectively implement the governor's strategy, efforts must be made to protect the utility shareholders' investments in clean energy. As clean energy is typically more expensive to produce, energy providers must be given the opportunity to provide clean energy options to the ratepayer at the same, or nearly the same, cost as other providers.

Decreasing Consumption:

Southern New Jersey Development Council's Position on Energy (continued)

In addition to diversifying energy sources, **SNJDC** feels that the reduction of demand is crucial to adopting any long-term energy plan, particularly the demand of fossil fuels. This demand can be combated in several ways:

- Expand the South Jersey Light Rail Project through Gloucester County, and ideally through Cumberland County. Construction of this commuter light rail system will provide motorists traveling to destinations such as Camden and Philadelphia an alternative to automobiles, helping to reduce the consumption of gasoline.
- Investments in new technologies must be a vital part of New Jersey's Energy Master Plan. This includes providing incentives for the installation of intelligent thermostats, smart metering, and other pilot programs with appropriate incentives for utilities to be full participants.
- This also includes promoting the construction of energy efficient, or "green" buildings. These buildings help to significantly lower energy demand, and reduce greenhouse gases.

Infrastructure Siting Process

The increasing demand for electricity resulting from population growth and increasing per capita consumption has put increasing pressure on the transmission system. In order to remedy this situation, utilities must be given the liberty to expand and enhance the existing transmission systems.

- The need for new facilities in a particular area must first be recognized through a planning process that establishes the need several years in advance by forecasting and modeling current and future electric usage patterns.
- The siting and construction of new electrical transmission and substation infrastructure facilities continues to become an increasingly difficult task to complete in New Jersey.
- Federal, state and local governments must work with New Jersey's utilities to develop an expedited siting and permitting process for critical infrastructure projects in New Jersey.

Energy Policy Jurisdiction

In a previous administration, the state's energy policy planning function was transferred from NJDEP to the BPU. The primary function of the BPU is the regulation of public utilities. This creates a situation where BPU has a dual and conflicting role, both setting policy for utilities and then regulating them.

- Analyzing and setting policy for these essential energy commodities is even farther afield from BPU's core mission.
- New Jersey's energy analysis and policy-making functions should be separated from the BPU, leaving that agency to concentrate on the regulation of public utilities.
- The Governor should create a cabinet level Department of Energy to perform analysis and determine energy policy.