STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
TRENTON, NEW JERSEY

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IN THE MATTER OF THE PUBLIC HEARING

NEW JERSEY ENERGY MASTER PLAN
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BEFORE: PRESIDENT LEE A. SOLOMON

TRANSCRIPT of the stenographic notes of the proceedings in the above-entitled matter, as taken by and before Lorin Thompson, a Shorthand Reporter and Notary Public of the State of New Jersey, held at the Statehouse Annex, 125 West State Street, Committee Room 6, Trenton, New Jersey, on Wednesday, August 3, 2011, at 1:00 p.m.

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I N D E X

STATEMENT PAGE

I N D E X C O N T I N U E D:

PRESIDENT SOLOMON: All right, everybody, we're going to get started since we are almost on time which is somewhat unusual for me. I know there are lots of people that aren't even here yet because they know I don't usually get to start on time. We're usually on Solomon time, as opposed to BPU time.

Having said that, we're going to get started.

Are there enough seats?

There's not enough seats.

There may be some over here. I would invite

you to sit up here, but I'm probably violating some law by doing that.

Good afternoon.

We're here today to take comments on New Jersey's Draft Energy Master Plan. It was released by the Governor on June 7th of 2011. This is the second of three hearings that we will host.

The 2011 Draft Energy Master Plan is a strategic vision for the use, management, and development of energy in New Jersey over the next decade. The specific recommendations in this 2011 plan focus on both initiatives and mechanisms which sets forth energy policy to drive the State's economy forward but do not lose site of environmental protection

imperatives.

Let me just mention to you also that this is a revisiting of the previously drafted master plan. The master plan of necessity is a living document. It is by statute required to be revisited every three years and rewritten every ten. And I simply remind everybody of that because economic conditions change, technology changes, and there may be things that evolve in the future, as they have in the past, requiring us to revisit this.

Efforts to promote economic development will include increasing in-State energy production, improving grid reliability, and recognizing the economic, environmental, and social benefits of energy efficiency, energy conservation, and the creation of clean energy jobs.

The plan contains five overarching goals:

Drive down the cost of energy for all customers. That's the first goal. New Jersey's energy prices are among the highest in the nation. And I remind you that energy costs are generally always virtually the second highest expense of any business enterprise in the State of New Jersey behind only labor. For New Jersey's economy to grow, energy costs must be comparable to costs throughout the region. Ideally,

these costs should be much closer to U.S. averages.

The second goal is to promote a diverse portfolio of new, clean, in-State generation. Developing efficient in-State generation while leveraging New Jersey's infrastructure will lessen our dependence on imported oil, protect the State's environment, help grow the State's economy, and lower energy rates. Energy diversity is essential. Concentrating on New Jersey's energy future in any one form of energy is ill-advised. Picking winners and losers should not be the State of New Jersey's job, but formulating incentives to foster the entry of both conventional and renewable technologies is required when market-based incentives are not sufficient.

Third: Reward energy efficiency and energy conservation and reduce peak demand. The best way to lowering individual energy bills and collective energy rates is to use less energy. Reducing energy costs through conservation, energy efficiency, and demand response programs lowers the cost of doing business in

the State, enhances economic development, and advances the State's environmental goals.

Fourth: Capitalize on emerging technologies for transportation and power production. New Jersey should continue to encourage the creation and expansion

of clean energy solutions while taking full advantage of New Jersey's vast energy and intellectual infrastructure to support these technologies.

And, fifth and last, to maintain support for new, renewable energy portfolio standard of 22 and a half percent of energy from renewable sources by 2021. This is the floor set by the Solar Advancement Act.

And I may as well mention now, it's always been our position, my position, frankly, that policy is supposed to be set by those elected by the public to set policy, namely, our legislature and our Governor, not by bureaucrats, such as us, who are appointed or hired to carry out that policy, but I'll be happy to listen to anybody who differs from that assessment and would prefer to have the unelected bureaucrats to make all the policy decisions rather than the elected officials.

New Jersey remains committed to meeting the legislative targets for renewable energy production. To achieve these targets, New Jersey must utilize flexible and cost-effective mechanisms that exploit the State's indigenous renewable resources.

Following the public hearing and comment process, the Energy Master Plan will be finalized. Implementation of the plan will require the support and cooperation of all State agencies, together with energy

developers and suppliers, utilities, power plant owners, PJM, our grid operator, the Federal Energy Regulatory Commission, and all levels of government and ratepayers.

The Board of Public Utilities has served as the lead agency implementing the agency -- as an implement -- lead implementing agency for this plan. In doing so the BPU will, among other things, coordinate with appropriate State agencies, energy providers, and other stakeholders, track and report on progress and develop or modify existing and future programs that support the goals in the plan.

Before we hear from you, let me give you a couple of our expectations for the hearing. As you can tell, we have quite a few people that want to speak, many of whom, I believe far in excess of 50 have already registered to speak. If you have not done so already, please sign in the back of the room and place yourself on the speaker's list. I think the table is over there somewhere, but I can't see it from here.

To provide an opportunity for all, I'll ask you to limit your remarks as much as possible. I did a little math, and if math was my forte, I probably wouldn't have been a lawyer, but it was less than four minutes a speaker if everybody speaks. Our intention is to have everybody speak so please use that as your

guide, especially if you're in a group. Because if you can defer or refer to other speakers, that will be

helpful and give somebody perhaps a little more time. But it's a little more -- it's under four minutes per speaker to get everybody in. Keeping within the time limit will help ensure that everyone has an opportunity to speak today.

We have a stenographer, as you can see, so we will have a complete transcript of everything we've said here today, even in the statements I make, which I'm sure I'll read about. I ask that you speak slowly so that she can record your comments. It's very distressing when the court reporter falls over because she's stressed and overtaxed and it usually delays the proceeding.

In addition, please print your name clearly on the sign-in sheet if you haven't already done so.

When you come up and testify, state your name when you begin to speak, and spell it if you could, who you're representing, if you're representing an organization or an entity.

All speakers and attendees are welcome to submit more detailed written comments. Comments are due to the Board by August 25th. That means that if there's something you don't get the say or cut your comments

short or if I cut you short, you can submit it in writing. We will have time and will read everything that is submitted to us.

Instructions for submitting your written comments are on the Energy Master Plan's web page which is at www.state.nj.us/emp/. EMP for Energy Master Plan. Pretty clever.

For participants planning to attend more than one hearing, I ask that you limit your comments to only one hearing. If you spoke at our previous hearing up North, please supplement those comments in writing rather than taking up time here today. Once your comments are on the record, there is no reason to repeat them. If comments made by a previous speaker today reflect those that you plan to make, please indicate that so you can keep your comments short.

We are here to listen. No decisions will be made at this or any of the other public hearings. We will keep questions to a minimum, unless I really get carried away, limited to only those required for purposes of clarification and will come only from board staff or the hearing officer, which means me, although from time to time the commissioners will have the opportunity to speak to ask a question and I reserve the right to tell them no.

We will post all comments made at the hearing and those we receive in writing to the Energy Master Plan website. Once again that address is www.state.nj.us/emp/.

We have one more public hearing which will be August 11th from 1:00 p.m. to 5:00 p.m. at Stockton College Student Center.

Again, written comments should be submitted on or before August 25th of 2011. Following the deadline of August 25th, BPU staff will review all comments received and the process of revising the draft

plan will begin. We do not yet have a deadline to announce regarding when the Energy Master Plan will be finalized. We will need time to see the full extent of the comments and have internal discussions. Once we have done that, we will provide a time frame for finalizing the plan.

And let me just suggest that the comments that are very important to us -- all comments are important, but the comments that will clearly have an impact are those that relate to inaccuracies, incorrections or corrections needed to the master plan, rather than philosophy. And, frankly, why, what the basis is, and what, in fact, those changes should be. If it is a statistic, a number, a fact, give us the

correction so that we can investigate, analyze, refer to experts, and make a decision. It would be very important, frankly, that is what I'm hoping most these hearings will do, enable us to understand any inaccuracies or corrections or things that require additional information or thought.

Now, the first three speakers we have are members -- Greg is raising his hand. Usually, he's just giving me this, which means stop.

There were a number of assembly people that signed up. I only currently see Assemblyman DeAngelo.

Come on up, Assemblyman, if you would.

I know they have various matters they are attending to in the Statehouse as we speak so I plan on calling them first.

Apparently, you're the only one here.

Obviously, the others heard that I'm often late.

So Assemblyman I ask you to identify yourself for the record.

ASSEMBLYMAN DeANGELO: Sure.

Wayne DeAngelo, State Assembly, District 14.

Good afternoon, everyone.

Thank you for this opportunity to speak before you here today.

During the course of these public hearings

and other reviews of the Draft Energy Master Plan, we need to ask a couple questions about potential for job growth. As someone who has not only had the honor to serve in the State Legislature, I have also spent my entire professional career in the trenches of the energy industry as a union electrician. So I watched closely at this Energy Master Plan come to fruition.

Much of what you will likely hear during these public hearings will be about the impact on the industry, the impact on the environment, and the impact on the energy cost paid by consumers. All of these are important concerns to take into consideration, but in my estimation you need to look at this plan, to the length of the impact, and emphasis on job creation.

The Energy Master Plan's executive summary lays out five specific goals to the plan. None of the goals listed is job creation and new and emerging renewable energy industries. I find that deeply troubling given the economic condition of our State and the high unemployment rate that we continue to face.

This plan is not just about how we intend to use and distribute energy in the coming years. It needs to be a catalyst to keep our State as part of the task force economic recovery for our State. Since our State Energy Master Plan provides a blueprint for the future

intention to develop energy sources and conserve existing energy resources, this document needs to provide a thoughtful road map toward extensive job creation and connected industries.

The growing renewable energy industry supports the countless building and construction trade sectors that can be the backbone of developing new facilities. By committing to growth in the energy industry, we can put thousands of middle class men and women back to work, particularly in trades that can have upwards of 25 percent unemployment. The plan does not seem to list the number of jobs ultimately provided by the embracing individual new, renewable energy industries.

It is critical that we know what the job impact of this plan will be before it is set in stone as a permanent working guide. Job creation estimates tied to the plan's goal for each renewable energy field would help decision-makers determine how to prioritize incentive programs for emerging industries.

New Jersey is a center for creating solar energy projects in our State is one of the reasons why we are a national and international leader in solar energy, number two in our country and seventh in the world. And how, when we look around our State and see

so many projects ready to go, such as two massive projects, one in East Windsor and another West Windsor, Mercer County; noting the completion of a 5 megawatt project attached to Hamilton and the starting of an 8.8 megawatt project in Hamilton as well.

I am concerned that while we sit here today and consider the Energy Master Plan, we are considering rolling back benefits for solar energy creation. Doing so will destroy these projects, thereby, hindering the creation of thousands of jobs for working class men and women.

Again, the master plan talks about solar installation to provide economic and environmental benefits, but we need to start stressing the job creating potential of these projects. We are on the bridge of stopping large scale projects before they can even start. Just as New Jersey is known for being a catalyst for thousands of jobs in the pharmaceutical, ranging from researcher to sales associates to business personnel, we can make New Jersey the center of renewable energy when it comes to the thought of an applicable job. The job created by one major solar installation can run a gamut of professions.

I am also concerned about how the state plans to handle the impact of thousands of lost jobs

when Oyster Creek nuclear plant closes in 2019 without another nuclear facility reopening in its place. We are

going to have hundreds of highly skilled professionals out of work and looking for new jobs in order to put food on their tables. We cannot sit by and wait until 2019 is upon us. We need to start thinking about creating alternative job opportunities now.

The master plan also talks about adding energy efficiency goals and New Jersey building codes. I believe that again changes to the State's guiding documents must be done with job creation goals in mind. And any changes must be done with the full participation of the experts in the building trades industry to ensure that the energy efficiency guidelines set forth are realistic.

Finally, the program discusses the increase of education and outreach to consumers about the importance of energy efficiency. Why not enlist the support of men and women whose jobs are directly linked to renewable energy markets to spread the word. The State needs to partner with the corporate entities who have financial stake in the renewable energy market, but also with those men and women who have a financial stake in their paychecks connected to these industries.

Thank you very much for the opportunity to

speak to you today and hope that you consider the revision of the draft plan to take a more specific look at job creation and plan adoption.

I know one of the speakers coming up shortly after me is Ed Grant, the business manager of the International Brotherhood of Electrical Workers, Local 351. He will discuss with you specifically the

job creation as before.

Thank you.

PRESIDENT SOLOMON: Thank you, Assemblyman.

I know Commissioner Asselta had a question.

COMMISSIONER ASSELTA: Assemblyman, a little bit of elaboration on the nuclear issue, how many jobs and also the spike in solar in the last year or two, just some kind of --

ASSEMBLYMAN DeANGELO: Sure. Absolutely.

Looking at the plant, Oyster Creek -- and right now there's hundreds of men and women that are working there on a day-to-day basis. When that's decommissioned in 2019, we're not only going to be losing the upwards of 600 megawatts worth of energy generation, but those individuals, men and women, that are specifically trained to work in nuclear power plants or powerhouses in general will be at a loss of jobs. It takes much longer in order to start and have a new nuke

plant put forth.

I know some of the energy needs in New Jersey and I know that we generate approximately 80 percent of our electrical needs. So as we're going forth and talking about partnerships with energy efficiencies to reduce that burden, but we're going to be losing in a couple of years a large generator.

Solar has been a life-saving resource in the past five years. Right now I can speak from my individual local, Local 269, we have approximately -- we had approximately 25 percent unemployment. And during

the summer months, that's unheard of. We've experienced this unemployment in construction in general, you know, 25 to 30 percent for the past couple of years when the State average is slightly under 10 percent. But these jobs, they last anywhere from five to six months, depending on the size of the project, have given hope to hundreds of families in the greater Mercer County area, statewide thousands.

You know, whether it's construction in general, it's just based on short-term type of work. It's not jobs where you're consistently there. We go job to job and these jobs give families hope.

PRESIDENT SOLOMON: I don't want to interrupt, but that's kind of what we don't -- that's

not a reflection, you answered the question -- is to get into that kind of back and forth. It doesn't necessarily directly relate to the master plan.

The only comments I would make is I would take a hard look under Section 7 which talks about innovative technologies and businesses and how we like to take advantage of it, and there are a number of sections, I'm not going to cite them, but right at the very beginning, the second paragraph of the first page it talks about job growth.

So there's a fair discussion of it and there's even a footnote that talks about what to do potentially for Oyster Creek because that is a concern of jobs and the energy supply.

So there is a discussion of those things and maybe there needs to be more specificity and we can

certainly take a look at that.

And I do appreciate your comments.

ASSEMBLYMAN DeANGELO: Thank you very much.

PRESIDENT SOLOMON: Thank you.

ASSEMBLYMAN DeANGELO: Have a great afternoon.

PRESIDENT SOLOMON: You too.

Michael Egenton, New Jersey State Chamber of Commerce.

MR. EGENTON: Michael Egenton, E-g-e-n-t-o-n, Senior Vice President, New Jersey State Chamber of Commerce.

Thank you President Solomon and fellow BPU Commissioners for allowing us the opportunity to provide our input on the Energy Master Plan.

I'm Michael Egenton, Senior VP, Government Relations for the State Chamber.

Since 1911 the State Chamber has been recognized as the independent voice of business in New Jersey. We have a broad based membership --

PRESIDENT SOLOMON: Take your time.

MR. EGENTON: Okay.

We have a broad based membership ranging from the Fortune 500 companies to the small proprietorships, the mom and pops, representing every corner of the State and every industry. We continue to work towards streamlining the regulatory process while striving to maintain the economic vitality of our members and the quality of life that makes New Jersey

unique.

Energy is the lifeblood of the economy. Reliable, safe, reasonably priced, and environmentally sound energy supply is essential for New Jersey's economic progress. In that regard the State Chamber

supports the goals outlined in the Draft Energy Master Plan, a business friendly EMP that is realistically achievable.

The EMP sets very reasonable and attainable goals in its blueprint for New Jersey's energy future.

The five major goals set out in the draft plan are: It promotes a diverse portfolio of new, clean in-State generation; starts the process of stabilizing energy costs for all customers; rewards energy efficiency and energy conservation in reducing peak energy demand; fosters emerging technologies for transportation and power production; supports New Jersey's renewable energy portfolio standard by producing 22.5 percent of energy from renewable sources.

State chamber supports a balanced approach towards achieving these goals that doesn't depend or rely on one method, one technology, one fuel source, or overburden one segment of the economy or a group of energy consumers.

The State Chamber also believes that competitive wholesale and retail energy markets continue to deliver benefits to the state and that well-structured competitive markets will provide the best pathways to reaching the State's goals.

With that in mind, I want to take the

opportunity to briefly to highlight some of the specific energy sectors our organization believes must be on the table as the State of New Jersey prepares for energy needs of business communities and residents in outlying years.

With regard to in-State generation, the BPU has raised concerns regarding the reliability of our electric supply. We would suggest PJM, the BPU, and the energy providers and stakeholders work together to analyze and review long-term costs, impact on future investment, and the possibility of any unintended consequences.

State chamber recognized that electric transmission resources are essential to maintain the reliability, efficiency, and safety of the electric system. Transmission additions and upgrades are also elements of a balanced approach to meeting the needs of energy consumers. The ability to move power throughout the state and the region and to resolve congestion on the system that effects reliability and increases cost remains an important goal.

New transmission construction also is an economic driver in its own rights that will create jobs directly and through associated economic activities.

That is why the State Chamber has actively

supported the Susquehanna/Roseland transmission upgrade because it's so critical to the future success of our

economy and the energy needs of our systems.

With regard to nuclear, nuclear power is the most vital source of low-cost, clean, carbon free, baseload electric generation in the State. With the retirement of Oyster Creak in 2019, the plan for supplementing that lost energy source needs to start now. We are pleased that the draft EMP recognizes the benefits of nuclear power and acknowledges the importance of developing new nuclear generating capacity in New Jersey.

New construction and a new reactor will gain approximately 4000 peak construction jobs and create 400 to 700 permanent jobs. The State Chamber is ready and willing to work with the State and the energy industry to encourage and facilitate new nuclear generating capacity.

With regard to natural gas, it is economically efficient and considered a clean, safe, and reliable source of energy. Natural gas is used for heating, cooling, and several other industry uses. The Draft EMP recognizes the important contributions the increase use of natural gas can bring to New Jersey residents and businesses.

Fortunately, shale gas discoveries throughout the United States have enabled developers to bring significant new domestic natural gas supplies to consumers.

This will help our state in four ways:

Electric generation: New Jersey is short on electric generation capacity. The draft EMP supports

the development of 1500 megawatts of gas-fired CHP.

Reduced air emissions: Natural gas is 50 percent cleaner than coal, 30 percent cleaner than oil, and direct use of natural gas in a home results in energy consumption that is 28 percent less than a similar home with all electric appliances.

Transportation fuel: Increased development of natural gas resources will open the door to the utilization of natural gas as a transportation fuel, especially in fleet vehicles.

And, finally, price: In the last four years the cost of natural gas has come down as much as 50 percent. And just as importantly, increase of supply of domestically produced natural gas will keep prices stable.

The draft EMP also encourages local natural gas distribution companies to update and expand their distribution systems. This will allow businesses and

residents to take advantage of high efficiency natural gas appliances that can reduce energy costs and improve the air we breathe.

With regard to energy efficiency, the State Chamber recognizes the importance of energy efficiency to achieving business and environmental goals. For businesses, using energy more efficiently saves money, reduces operating costs, increases competitiveness, and promotes job retention and creation.

In previous years the State has focused energy efficiency programs and funding on residential

customers. The State Chamber would respectfully welcome development of additional energy efficiency programs aimed at commercial and industrial customers that could help deliver the benefits we mention.

Also, in order to walk the walk, state and local government must lead by example and pursue efforts to reduce energy demand in buildings.

Solar and wind: Solar energy is clean, renewable, and sustainable and should represent a significant portion of the State's renewable portfolio.

Our State now has 10,086 solar rays installed adding more than 40 megawatts of energy capacity to the state's 380 plus megawatt total.

The State Chamber also supports the Draft

EMP objectives to encourage solar development at sites such as landfills, brownfields, warehouses, and government facilities that provide potential for larger installations, improved economies of scale, that return unproductive or underutilized sites to societal use.

While there are no guaranteed assurances that the State can rely on the availability of both solar and wind, the State needs to enhance our baseload capacity as a backup. We understand that several developers have expressed interest in building wind farms off the coast of New Jersey. The State Chamber believes the State should utilize their economic development team to attract offshore wind manufacturers to the State.

While we also recognize that New Jersey has great offshore wind potential, the State must undergo an

extensive analysis and evaluate the economic benefits.

We support the BPU's due diligence process to safeguard the interest of ratepayers, making sure that we avoid any undue economic burdens. We would also further suggest that the State engage our local and regional chambers of commerce, particularly the ones along the New Jersey coastal areas when such projects are under consideration.

A few words on energy from waste. It's a

proven technology that converts municipal solid waste into baseload energy. Energy from waste facilities are highly efficient and clean power plants that utilize municipal solid waste as fuel, rather than landfilling waste and mining coal, oil, or natural gas. There are currently 86 such energy from waste facilities operating in the United States, including five in New Jersey with a combined capacity of 173 megawatts.

The State Chamber strongly agrees with the Draft EMP which advocates for the expansion of energy from waste industry. We applaud the plan's advocacy of utilizing solid waste as a resource in energy from waste facilities and the State should include energy from waste in Tier 1 of the renewable portfolio standards.

PRESIDENT SOLOMON: Mr. Egenton, we are way over.

MR. EGENTON: I'll wrap up. Just less than two minutes.

Biomass is a renewable low carbon sustainable fuel that generates lower levels of

atmospheric pollutants. We obviously advocate an increase in the use of biomass. Same with fuel technology. It's the only -- the only by-product from fuel cell technology is water. We encourage the State to work with our fine academic institutions in pursuing

fuel cell technology as another viable option.

Finally, Mr. President, just a few very brief words on the Governor's decision to withdraw from RGGI, the Regional Greenhouse Gas Initiative.

We agree with the Governor's decision. While we recognize that there have been reduced emissions in recent years, it has been attributed not necessarily to RGGI, but to reductions in energy use which came from the downturn in the economy and increased --

PRESIDENT SOLOMON: I'm not sure that's in the master plan, RGGI.

MR. EGENTON: Yes.

PRESIDENT SOLOMON: So maybe we can skip over that.

MR. EGENTON: All right.

PRESIDENT SOLOMON: For the last few words.

MR. EGENTON: Right. Last few words.

Obviously, we've laid out a pretty diversified portfolio. We applaud the efforts of the BPU including a lot of everything that should be on the table.

We look forward to the continuation in this process, and thank you very much.

PRESIDENT SOLOMON: You're very welcome.

And I especially need to do that because when I cut short somebody who has more criticism of what we did, I want you to remember that I cut short Mr. Egenton.

Thank you very much.

MR. EGENTON: Thank you, sir.

PRESIDENT SOLOMON: Don Lynch.

Good afternoon.

MR. LYNCH: Good afternoon.

My name is Don Lynch, President of Jersey Central Power and Light.

President Solomon, Commissioners, JCP&L appreciates the opportunity to provide comments today on the New Jersey Energy Master Plan draft.

The document's breath of scope is a testament to the thoughtful hours committed by the Board of Public Utilities and to the staff to the development of this plan which really establishes a direction for the State's energy policy for the next ten years.

JCP&L supports the high level goals of the EMP. The company believes that the 2011 iteration of the plan generally lays out an approach that strikes an appropriate balance among the sometimes competing objectives of lower costs, economic growth, energy independence, and environmental protection.

The company agrees with the plan's underlying principle that renewable or energy efficiency

programs or projects should be expected to produce net benefits that will outweigh the costs of the initiatives. Indeed, the application of properly structured cost-effectiveness test will help New Jersey achieve the plan's stated objective of reducing costs to utility customers, while maintaining strong delivery infrastructure. Such an approach will enable the State to pursue its clean energy initiatives through sustainable and affordable programs without imposing excessive or unnecessary costs on consumers.

JCP&L also supports competitive wholesale energy and retail electric markets. The company believes that these markets are functioning properly and are lined with the EMP objective to lower energy costs to consumers.

In particular, the basic generation service, BGS auction, are designed -- as designed has produced beneficial results for customers who do not chose an alternative electric supplier. The company believes that unfettered competition and the efficient functioning of the market should ultimately determine winners and losers within the marketplace.

In addition, JCP&L supports the concept of

the energy efficiency utility or EEU to deliver energy efficiency programs that have been thoughtfully considered and carefully implemented. Efficiencies can be gained through statewide implementation and coordination which likely would result in lower program costs to consumers.

JCP&L also urges that over the longer term

consideration be given to implement more stringent building codes which could provide an alternative to program subsidies by means of increasing the adoption rates for energy efficient technologies.

Further, the company encourages the BPU to consider extending the expiring market manager contracts for energy efficiency programs to provide continuity during the transition to the EEU model.

With respect to smart grid implementation or advanced meter infrastructure, or AMI, JCP&L urges a cautious approach. JCP&L's integrated distributed energy resource or IDER demonstration project done in conjunction with the Department of Energy and with the support of the BPU and rate counsel is an example of such a cautious approach and will enable us to learn how smart grid projects can be used to improve our energy usage.

Consistent with the goals of the EMP,

additional investments should be pursued judiciously, only after an appropriate cost-effectiveness analysis. We also can learn a great deal from initiatives in other states, and those lessons can help us maximize the benefits and efficient deployment of those technologies.

The EMP directly points out there are numerous challenges and barriers to smart meter implementation, including the increased expense and lack of a standardized communication platform. We must move forward cautiously and consider the overall value of these projects. To the extent smart grid and AMI

projects are undertaken, utilities should be able to fully recover the associated capital and operating costs as they are incurred.

Consistent with the EMP, JCP&L recognizes the importance of managing peak load and supports cost-effective demand response programs, such as JCP&L's previously mentioned IDER program.

The company has registered approximately 22,000 customers with a demonstrated demand reduction capability of approximately 27 megawatts through July 2011. This capability is expected to have a positive impact on capacity and energy prices which should benefit all customers, regardless of whether they participate in the IDER program, primarily due to

anticipated lower BGS costs. In addition, New Jersey's utilities benefit from better load management during periods of high demand.

Turning to the topic of distributed electric generation, with a proliferation of this technology, the electric grid is being used in ways which was not initially designed nor intended. For example, distributed generation resources often increase investments required to maintain the reliability and stability of the electric grid.

Therefore, JCP&L believes that it would be inappropriate to adopt proposals for community and aggregate net metering, especially virtual net metering for distributed generation without appropriately compensating the distribution utility for its cost to maintain and upgrade distribution circuits that serve

these behind-the-meter projects. Adoption of these proposals would spread the cost of these projects over all customers, even though it's not directly benefitting from these initiatives, resulting in the improper shifting of costs for participants and nonparticipants.

The EMP should equitably promote the expansion of electric transmission and natural gas transmission. JCP&L supports the expansion and reenforcements of the gas pipeline system to make

natural gas available in areas where it was previously inaccessible and to the extent it lessens New Jersey's reliance on foreign oil as a transportation fuel.

At the same time it should be recognized that the expansion and reenforcement of the transmission grid will enhance reliability and will likely help reduce regional congestion which could also benefit consumers in the form of lower prices. Likewise, improvements to the distribution and subtransmission systems also will help reduce congestion on a localized basis while providing energy savings to reduction in market loses.

In closing, JCP&L believes that the Draft EMP generally strikes a reasonable balance between maintaining New Jersey's position as a leader in clean energy and moderating costs to consumers. The EMP also capitalizes on the intrinsic opportunities for economic development through the State. As such, the Draft EMP provides a fundamentally sound platform that we can build on to achieve the State's goal for energy, the

environment, and the economy over the next decade.

Thank you, again, President Solomon, for your consideration of Jersey Central's perspective on this important issue.

PRESIDENT SOLOMON: Thank you.

Farley Hunter.

Farley Hunter.

Good afternoon.

MR. HUNTER: Good afternoon.

My name is Farley Hunter. I'm the Chairperson for the New Jersey Large Energy Users Coalition. I'd like to give our comments for the Energy Master Plan.

New Jersey Large Users Coalition congratulates the administration on developing a realistic plan that addresses this State's energy needs. This plan reflects the fundamental understanding that energy policy has a direct impact on economic development jobs and the cost of operating a business in New Jersey. Realization of the New Jersey energy plan will drive reduced cost to consumers, increase efficiency and promote solutions that make sense in a standard cost-benefit analysis.

The State's greenhouse gas reduction goals are best met through energy efficiency projects. Studies, along with our own member's experience, affirm that energy efficiency projects are more cost-effective than renewable power generation providing greenhouse house gas reductions. That said, some large using intensive industries, manufacturing process like still

making have exhausted available technologies that achieve cost-effective reductions in consumption. These customers should not be subsidizing other projects through utility providers. This results in a consumption tax, not an incentive to improve.

New Jersey Large Energy User Coalition supports the administration's efforts and generation in the State, along with the necessary transmission infrastructure to alleviate high marginal pricing and to ensure adequate electric supplies.

The Board of Public Utilities recently approved a large energy user self-funded pilot to foster greater participation in the Clean Energy Program by large energy users. The pilot development --

PRESIDENT SOLOMON: I don't mean to interrupt you but, Greg, could you ask the people outside to keep it down?

Go ahead. I'm sorry.

MR. HUNTER: No problem.

The pilot development reflects the sector's ability to leverage this inherent expertise in delivering energy efficiency and it should be expanded into a formal program.

The Clean Energy Program proportion of the societal benefits charge should be converted to a

self-sustained revolving fund. The current approach represents a multimillion dollar hidden tax on large

business. Funding solar through the sale of solar renewable energy certificates has brought New Jersey into the forefront of solar nationwide.

Look at the significant number of systems installed since the State's decision to go to SREC only. This is private equity at work. The current solar alternatives compliance payment was set too high and provides greater economic return for solar PV projects than was originally intended. Gracious incentives are inadvertently causing consumption of developable land for solar PV generation when solar panel placement should only occur in or on otherwise stranded resources, such as roof tops, parking areas, and brownfields.

A conservative approach should be used in setting the SACP going forward as it can go up, but it can't go down. The cost approach -- sorry -- the cost of SRECs is passed along to the consumers, particularly large energy using companies. There needs to be limits placed on this negative financial impact and inadvertent consumption of otherwise developable land.

Co-generation provides higher efficiency than electricity from the grid as the ways it is used locally. The New Jersey Energy Master Plan should

recognize the strategic value of promoting the installation of new generation capacity within the State as good for the environment and good for the electric grid reliability. Co-generation provides significant greenhouse gas reductions relative to conventional remotely electricity production and distribution and does so more economically than solar PV and wind.

The current trends in the design of customer rates recovers the fixed cost of renewable electric supply, demand response, and energy efficiency on a variable kilowatt hour. That's kWh. This is unfair to commercial and industrial customers, inconsistent with historical regulatory practice, and is unnecessarily eroding New Jersey's competitiveness.

New Jersey Large User Coalition recommends fixed costs to the electric supply infrastructure -- that is, generation, transmission, and distribution -- should be charged to customers based on each customer's contribution to the system peak demand. This coincidence peak allocation principle rewards customers who consume less power during high peak periods, especially hot summer days, and provides a strong incentive to business customers to shift consumption away from these peak periods. Capacity charges are already assessed in this manner.

In closing, we recognize that the State of New Jersey has the sixth highest electric cost in the country. We appreciate that the New Jersey Energy Master Plan intends to evaluate and rationalize all aspects of energy policy. This should improve our record going forward and will make the State more business friendly by lowering our direct cost while preserving system reliability.

PRESIDENT SOLOMON: Thank you.

I just have one quick question.

MR. HUNTER: Certainly.

PRESIDENT SOLOMON: When you say that the generation transmission distribution costs should be based upon peak demand or basically energy used at peak times, is that possible without going to a realtime pricing system or would it require that?

MR. HUNTER: I don't believe it would require a realtime pricing system currently. The capacity charges are assessed in this manner: They look at the five peak periods of the last year and then they, based on some calculations, provide each ratepayer with the cost of that capacity so it doesn't require us being realtime focus.

PRESIDENT SOLOMON: The fixed cost for generation transmission distribution would be based upon

that same calculation.

MR. HUNTER: Yes. Exactly.

PRESIDENT SOLOMON: Okay. Thank you.

MR. HUNTER: Thank you.

PRESIDENT SOLOMON: Thomas Kiley.

I don't see anybody.

Thomas Kiley here?

Robert Mitchell.

MR. MITCHELL: Good afternoon.

My name is Bob Mitchell. I'm the CEO of the Atlantic Wind Connection.

Many of you know of this wind program proposal as the Google project. Google is, in fact, an investor in the project. It is a proposal to build a subsea cable project to support offshore wind over a 10-year period. It's a private sector proposal. It is

not seeking government subsidies from the State or from the federal government.

It is intended eventually to support as much as 7000 megawatts of offshore wind. It is intended to have the first leg of this five leg development to be in the Delaware/New Jersey area. It has significant benefits. And if we had a half an hour, I would be happy to go through all of that.

PRESIDENT SOLOMON: See if you can shorten

it to about three or four minutes.

MR. MITCHELL: I'm going to. And I congratulate you for moving that along and doing that with humor.

I will say that as an independent transmission developer across the nation dealt with many states, I don't know of any state that has devoted the amount of attention that you folks have to a master plan. I really congratulate all of you for doing that.

PJM is recognized in the master plan as playing an essential role. I suggest that it's appropriate to even highlight a greater role for them. They play a critical role in deciding what is going to be the transmission solutions in New Jersey.

And, currently, PJM is looking at massive development of off -- excuse me -- of onshore wind in the Midwest. And that is not a positive thing for New Jersey and other East Coast states. What it means is that -- the plan is that considerable thousands of megawatts would be moved from the Midwest to New Jersey

and that you would be paying for it, but you would not get the benefits of the economic development associated with that.

I would like to point out that PJM is being extremely sensitive to this issue and supportive of

looking at an offshore wind backbone project. So it's not met with criticism, but it is the reality that only a couple of offshore wind developers have filed for interconnection requests and that is the kind of thing PJM has to be based on their decisions.

I think that it is not out of order for us to invite you and others in New Jersey to think about expressing to PJM your support for offshore wind. The goal of getting a few thousand megawatts off the coast of New Jersey and to examine whether or not the Atlantic Wind Connection, the backbone transmission project, is, in fact, the most effective way to deliver that wind.

Our analysis shows that for the first leg to support up to 2,000 megawatts of offshore wind. The cost for radio lines where each individual wind farm would build their own lines would be about 1.7 billion construction cost. The backbone for the first leg would be 1.6. So essentially it's an apples-to-apples comparison.

But then you have to look at what are the benefits that come. And we've heard previous speakers, and I'm sure others that will follow, talk about reliability. And because the backbone is connected to the grid as a network -- as part of the network system, it provides considerable additional reliability.

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And we have to look at the overall cost, my last comments. We have to look at the overall costs.

Yes, offshore wind is expensive. One of the more expensive. But you have to look not only at the top line, but the bottom line. Because of offshore wind and the accompaniment of the backbone transmission line, there will be significant other benefits, $17 billion of LMP savings, some twelve thousand billion of -- not thousand -- 12 billion -- make sure you correct that -- $12 billion of production costs savings assuming that PJM allows that.

And so if you think about the fact that ratepayers in New Jersey are from one year to another paying as much as a billion to $2 billion in congestion costs, that's a hidden tax on everybody, and if you improve the transmission and reduce the congestion, such as what the Atlantic Wind Connection project would do, you then bring that cost down.

So you have to factor in all of these costs. I know that you are doing that. I would love to talk more, but I want to respect your request to move along quickly.

PRESIDENT SOLOMON: Thank you very much, Mr. Mitchell. I only have one question. Has your company and/or others who you mentioned, including PJM,

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but I'm thinking mostly of Atlantic City Electric and the other EDCs, taken a look at the impact that the

offshore wind and transmission lines would have on distribution and what, if any, cost there would be to the distribution upgrades, you know, building those?

MR. MITCHELL: That's one of the advantages of the backbone because we're using DC technology which allows us to go longer distances. And, in fact, last Friday at a town hall meeting in Monmouth County -- we have had four such meetings along the coast in the last few weeks -- one wind developer said that they've been amazed at the cost for the individual wind farm to connect to shore; that, in fact, they may have to use DC technology. And so they're really hoping that we will move forward with our plan so that they can plug their wind farm into the backbone, which, in turn, to answer your question, allows us to go deeper inland to where the grid is stronger.

So the kinds of upgrades that you might experience along the coast where the grid is weaker will be considerably less.

PRESIDENT SOLOMON: Thank you.

MR. MITCHELL: Thank you.

Elvin Montero.

Good afternoon.

MR. MONTERO: Good afternoon.

Elvin Montero, M-o-n-t-e-r-o, representing the Chemistry Council of New Jersey.

Thank you, President Solomon, other Board Commissioners for this opportunity to comment on the Energy Master Plan. We'll be submitting more detailed comments at a later date.

The Council applauds Governor Christie and this plan which puts forward realistic goals that do not cater to any one general group or energy generation solution. We're also glad that the plan promotes a diversified energy portfolio that will be sensitive to the electricity rates consumers will ultimately pay and directs the State to consider all energy generation solutions, such as nuclear and co-generation to help bring down the energy costs while meeting the state's environmental goals.

We are encouraged by the administration's recognition for the need for new baseload power plants to update the State's ageing generation supply.

Speaking of capacity, while not a popular decision, the council is one of the few trade associations that supported the long-term capacity agreement pilot program because we too realized that the pilot program was addressing the failure of the PJM

reliability pricing model to incentivize new electricity generation in the State. We are hopeful that this Energy Master Plan will help to get this project online soon.

Our members need access to affordable, reliable, and safe energy to help stimulate economic development and investment within our sector. The industry contributes 27 billion to the State's economy and directly employs more than 55,000 individuals. Our industry also provides jobs indirectly. Economists tell us that for every one chemical industry job in New

Jersey a total of five jobs are created within the State.

Just this past month a membership survey conducted during the months of June and July of this year revealed for the fourth consecutive year, unanimously, our members ranked the cost of regulatory compliance and energy costs as the top two issues of concern facing their companies in New Jersey.

One can understand why, as mentioned earlier, since New Jersey's costs of energy costs rank as the sixth highest in the nation and for our large industrial -- energy industrial pairs energy costs are 74 percent higher than the national average.

For some, energy intensive products, energy

for both fuel and power needs and feed stock account for up to 85 percent of total production costs. Because energy is a vital component of the industry's cost structure, higher energy prices can have substantial impact. There's no surprise then that the high cost of energy in New Jersey puts our industry at a competitive disadvantage and has driven thousands of jobs to our neighboring states and across the world. Considering that just ten years ago, the chemistry industry directly employed more than 100,000 people in this state. While I realize New Jersey's high cost of energy is not the only contributing factor leading to this decline, it certainly is a major one.

We certainly support our last address to the Energy Master Plan: The safe expansion of the natural gas pipeline system. My members are experiencing a

manufacturing renaissance due to the access to cheaper natural gas, making their products competitive in the world markets. We fully support the administration's proposal to expand New Jersey's natural gas pipeline system to help support the industry and greater population as a whole.

Our ability to create and retain jobs, both in New Jersey and across the United States depends on a stable supply and a competitive price of natural gas and

we fully support the safe and environmentally sound development of natural gas resources.

Just as important as our electricity needs, natural gas is used as a raw material building block to feed stock to create products that make people's lives healthier, safer and more sustainable. I'm talking about products like baby shampoo, lighter automobile parts, solar panel, clothes, cosmetics, and medicine.

Manufacturing companies that utilize natural gas are leading economic recovery throughout the country. I do caution the State, however, as company's announce exciting new investments and expansion and power generators begin a large scale shift to natural gas, New Jersey must be sure not to make imposed market distorting incentives to pursue policies that could threaten the reliability of these supplies by pursuing policies that expand safe access to domestic energy resources and at the same time encourage fuel diversity and efficiency. I believe the State understands that we cannot rely on just one energy generation source to keep

our lights on in the State.

The council supports alternative energy generation solutions. In fact, our members make many of the products that go into solar panels and wind turbines. But what we don't support is the funding

models that have afforded certain alternative energy solutions guarantying a high rate of return at the expense of ratepayers.

We can't afford this: Alternative energy solutions that cost three to four times more than conventional sources of energy generation. The State needs to fully implement the EMP's guideline -- guiding principles to look at cost-effective alternative energy generation options that demonstrate a net benefit to ratepayers, while protecting the environment.

Any funding mechanism must keep the ratepayer in mind and the potential to cost reductions due to the advancement of technologies because they must be taken into consideration so ratepayers receive the benefits of lower costs and investors are not guaranteed a rate for an expended period of time at the expense of ratepayers.

Some have said that the EMP does not do enough to push for solar and wind energy generation. We think that the EMP is smart: To examine the existing programs and how it has benefitted the State, not only environmentally but economically as well.

Certainly, returns for investment firms advantaging these technologies, guaranteeing them a rate of return close 15 to 20 percent.

Energy policy that rely only on one source of generation will drive up New Jersey's already high electricity rates. The balance of those to be put forth in this Draft Energy Master Plan is refreshing and coincides with our industry's advocacy efforts to promote an adverse portfolio to conventional and economically feasible renewable technologies that will help address our supply issues and ultimately bring down electricity rates in the State.

We commend the administration for promoting a level playing field for all energy sources and technologies by proposing an Energy Master Plan that does not artificially distort markets that have the ability to function on their own.

Supporting investment in large scale renewable projects that do require significant subsidies to remain feasible is a direction the State should be heading and the council whose members have historically paid the disproportionate amounts of these subsidies is glad that the State is finally recognizing the added burden these unnecessary subsidies are placing on ratepayers.

The Energy Master Plan addresses energy efficiency and other infrastructure upgrade. I did not mention earlier, we certainly encourage the promotion of

energy efficiency in New Jersey. We are an industry that has been regularly engaged in this practice and

with much success.

I must caution the State, however, to be mindful that -- of this in setting aggressive standards until technology can meet the needs of our efficiency goals, the industry is limited to energy efficiency generation currently available and more aggressive measures may lead to further erosion of New Jersey's manufacturing job base.

In terms of energy infrastructure, we certainly support upgrading our transmission system. In fact, we are on the record supporting the Susquehanna/Roseland power line project.

The State should give consideration to upgrade that will take advantage of technological advances so that we can more efficiently move electricity throughout the State which can have an impact on pricing and in doing so lower our prices.

Finally, as you examine New Jersey's policy which adds surcharges to our already high electricity rates, be mindful of large energy users like the members that I represent. They pay a disproportionate amount into various funds, like the societal benefits fund.

As you look at the different policies and

surcharges, try to make them more equitable. We feel that it is only right that the share made by large industrial users be directed into programs that will help these ratepayers implement more energy efficient technologies that will help New Jersey achieve it's lower carbon energy goals.

The Draft Energy Master Plan has a potential

to significantly improve energy utilization throughout the State. It promotes the interest of payers of all sizes, encourages energy diversity, and ensures protecting the environment, and fosters innovation and economic growth. The proactive approach being exhibited by the BPU and demonstrated in this Energy Master Plan is refreshing and welcomed.

We look forward to working with you to help share, shape, and implement policies that will reduce our energy rates while protecting the environment.

Thank you.

PRESIDENT SOLOMON: Thank you, Mr. Montero.

MR. MONTERO: Thank you.

PRESIDENT SOLOMON: Sara Bluhm.

Good afternoon.

MS. BLUHM: Good afternoon, Sara Bluhm, B-l-u-h-m, and I'm with the New Jersey Business Industry Association, and you hear from me quite often.

PRESIDENT SOLOMON: I've never seen you before in my life.

MS. BLUHM: NJBIA represents over 22,000 companies in state and we were very glad to see that the number one goal in this was reducing energy costs for consumers. For many years now, we've been coming before you and looking at ways that we can reduce our energy costs.

NJBIA has been around over a hundred years and we started out as a manufacturers association and over the hundred years we have changed as has industry

in New Jersey. But one thing that has remained has been energy costs have remained as part of the cost of doing business here in the State.

And I think today you've heard from some of my other colleagues, business associations, at what the cost of energy does for companies that want to be in our State and how we need reliable, affordable power. So we were very glad to see within the plan ways that we're going to be looking at, what does power cost, what are the different programs we're going to have in place, and how are we going to try to reduce some of these costs overall.

As you've seen from some of the analysis done from Rutgers, 27 percent of the electric bills for

commercial/industrial is government imposed policy. We have been working at lowering some of those charges and we were very happy to see the retail margin charge disappear. TEFA hopefully will be gone by 2013. And we've seen some other reduced charges there as well, RGGI by the end of the year we expect as well.

So if we can bring that 27 percent down, then we can help free up capital in other parts of the business. And whether it is investing in energy efficiency projects or renewables or just paying bills, period, we are looking at ways that we can continue to reduce those costs, whether it's through the societal benefits charges or other things.

We were excited to see within the plan that we are going to have increased supply of natural gas, looking at biomass and other things. Our companies are

looking at cutting edge technology in ways that they can work with a variety source of fuels and technologies to meet the increasing energy needs within our state.

But one of the other very important things for us was having the net economics benefits tests. And this has been coming up in many different policies and seeing that within the plan so that we can figure out where we're getting the best bang for our buck, what should we invest in, and what should we be putting on

the backs of ratepayers.

We look forward to working with you on many of these different policies, but we are very happy to support the goals of the Energy Master Plan as they provide a realistic path for our future and lower costs to consumers.

Thank you.

PRESIDENT SOLOMON: Thank you, Ms. Bluhm.

Thank you.

Joanne Pannone.

Joanne Pannone.

You're not Joanne Pannone.

Your name, sir.

MR. FLUCK: George Fluck.

PRESIDENT SOLOMON: George Fluck.

Are you signed up, sir?

MR. FLUCK: Yeah, I'm signed up and I have a statement.

PRESIDENT SOLOMON: You're in here somewhere. I want to make sure I don't call you later.

MR. FLUCK: George Fluck, F-l-u-c-k.

PRESIDENT SOLOMON: You are speaking for Ms. Pannone.

MR. FLUCK: I'm going to read her statement.

She writes: Joanne Pannone is from

Robbinsville, New Jersey.

Governor Christie has hurt me financially as he took BPU money that was used for grants, people installing solar panels and geothermal heating and air-conditioning systems. I am one of those people who had started my geothermal project and then could not get the funding. Now I'm looking at solar panels with the cost of outreach without a government grant.

My home which was heated by oil is now environmentally better and cleaner for New Jersey only if I can get off the dirty grid.

Neptune, New Jersey, has a perfect example of a green school which should serve as a model for all of us: Solar power, geothermal, high VAC, and even a green sewerage disposal system.

While I am committed to greener living, I believe that we should be responsible for taking part in cleaning up our environment to protect our health and the health of future generations. We should reduce the pollution that threatens our future.

The Star-Ledger magazine has an article this month about childhood cancers. States that each year a child with cancer diagnosis is delivered to more than 10,000 families across the country with 250 of them in New Jersey. From miners who suffer from blank lung and

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other work-related ailments to minors -- to the minors, our children who contact asthma and cancer are genetic malfunctions from our polluted environment.

I have been to other hearings where people testified about how the acid rain has ruined fishing streams and athletes lungs born from the air. The weather channel now reports bad air days and warns people to avoid being outside when the pollution caused by the use of fossil fuels. The earth was not polluted until man started burning coal, gas, and oil.

We cannot in good conscious ruin the next generation's future by not starting now by eliminating coal-burning generating plants. We must develop wind, solar, and other renewable sources of power which will eliminate these pollutions and related health problems and create a fast growing global market for energy efficient equipment and renewable fuels. Reduce the pollution that threatens our future now. Tomorrow is too late.

Thank you.

PRESIDENT SOLOMON: Thank you, sir.

Fred DeSanti.

Fred, would you mind waiting for one second, I see the assemblyman just walked in.

There's a lot of people here that want to

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heckle you so I thought I'd bring you up first before they do.

How are you?

ASSEMBLYMAN CHIVUKULA: I'm doing well. Thank you. And I just wanted to -- I didn't know I would get called so fast.

PRESIDENT SOLOMON: I appreciate all the times you called me first at your committee hearings so here you are.

ASSEMBLYMAN CHIVUKULA: Thank you very much, President Solomon and Commissioner Jeanne Fox and Commissioner Asselta and Joe Fiordaliso and I see we have Rhea.

I just want to thank you for this opportunity to testify on the Energy Master Plan 2011.

I commend the Board of Public Utilities --

PRESIDENT SOLOMON: Make sure you speak slowly so the court reporter can get everything down. You didn't have a chance to hear my cautionary instructions. But if she loses it, we lose it too so take your time.

ASSEMBLYMAN CHIVUKULA: Too fast, eh?

PRESIDENT SOLOMON: A little bit.

ASSEMBLYMAN CHIVUKULA: I started thanking President Solomon.

PRESIDENT SOLOMON: You can say that again, slower.

ASSEMBLYMAN CHIVUKULA: I commend the Board of Public Utilities for reviewing the Energy Master Plan 2008 and developing the plan for New Jersey to address the energy needs for the next ten years and beyond.

Let me ask you why do you want to backtrack

from progress? Why are we turning away from success?

New Jersey is poised to surpass many of the goals for clean energy in the original Energy Master Plan of 2008. We are powering a robust clean energy economy and reducing global warming pollution. Our growth in solar is a shining example of the success of the Energy Master Plan.

As a result of accuracy of targets, we have crossed that threshold of 10,000 solar installations. By developing a plan for 3000 megawatts of offshore wind by 2020, we will have the capacity to power more than 1 million homes to clean energy.

So societal benefit charges have been instrumental in crediting a very successful clean energy program and energy efficiency programs. We must convert that -- converting that into a loan program does injustice to the ratepayers. By incentivizing for energy efficiency, we have converted significant savings

to residential and industrial ratepayers.

As reported by a recent study by the Brooklyn Institute, more than 26,114 clean jobs were generated between 2003 and 2010 at an annual growth of 4.6 percent. The current number of clean jobs in New Jersey is 94,241 statewide which is 2.4 percent of the total employment field.

As I note the key differences between 2008 Energy Master Plan and 2011 EMP, I am concerned about lowering the renewable energy portfolio standard. The RPS from 2008 EMP goal of 30 percent total generation by

2020 to 22.5 percent of total generation by 2021. We have to be aggressive in setting our goals high and strive towards them rather than giving up and lowering the goals. Energy issues is not just cost dependent, it also should take into at account our national security.

We should restrain our thirst for foreign oil and invest in alternate sources which are less dependent on foreign sources. I think that we must have an adequate supply of energy sources considering each source has an important role, but the portfolio should be a mix of renewables and baseload generation.

We cannot product knowledge that solar industry in New Jersey has taken off and has created hundreds of clean energy jobs. The Solar Energy

Advancement and Fair Computation Act required that the BPU would set up solar alternative compliance payments beyond 2016, but the Board's inaction in this matter has created tremendous uncertainty in the solar marketplace.

The EMP only recommends solar programs such as solar alternative compliance payments and solar renewable energy certificate to ensure cost-effectiveness and de-emphasizes the power derived from renewable energy sources. Therefore, the administration's EMP does not show commitment to renewable energy.

The importance of solar generation capacity in the New Jersey cannot be understated. It has played and continues to play an increasingly important role in New Jersey's power market. As said, reliable, clean resources committed within peak hours; hence, it should

be highly valued.

Reducing the SACP with the lower one-time step down in 2017 and maintaining, if not increasing, and certainly not decreasing. And the current solar renewable portfolio standard would help maintain the goal for projectory of an important new industry that has brought capital and jobs to the State and help avoid the boom-and-bust cycle that would derail the tremendous achievements made by the State to date.

As noted in the EMP, energy efficiency and conservation are quite important to the energy policy. We should always take advantage of smart grid technologies to achieve energy efficiency which would also develop the need for infrastructure needed for electric vehicles, in addition to natural gas vehicles.

As part of the consumer education, we need to address dynamic pricing in an attempt to share off the peak load requirements.

The Energy Master Plan is working and has helped us become a leader in clean energy and directs us toward a responsible energy future.

We must reduce our dependence on fossil fuels. Why do we want to backtrack progress? Why do we want to turn away from success?

By pulling back from our investment from clean energy economy, we are sending the wrong signal to the financial marketplace, including those across the boarder. Business needs certainty and changing the course destabilizes business investments. We must stay

the course.

In conclusion, we should go forward in our approach toward a sustainable energy policy that combines clean energy sources, along with less polluting baseload and new generation sources to meet New Jersey's

energy demand.

Dismantling an energy infrastructure set forth in the Energy Master Plan and vast landmark initiatives like regional greenhouse initiative, the Global Warming Response Act, and measures like offshore wind and economic development and solar renewable energy certificates can lead to a flawed policy. It is tantamount to the reckless endangerment of a responsible energy future of our State, which, today, we are a national leader.

Thank you very much, President Solomon and the Commissioners.

PRESIDENT SOLOMON: Thank you.

Just a couple, when I read this and you read anything over and over and over, sometimes it does not become clear what inferences may be drawn.

Is there anything in the master plan at all that reduces the solar targets?

ASSEMBLYMAN CHIVUKULA: It does not reduce the targets, but what it does, one of the requirements as we pass the legislation as part of the statute, we define the SACP payments which is a cap.

PRESIDENT SOLOMON: Speak slowly so she can get it all.

It's really a very simple question. I got

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the impression of what you're saying that we reduce the solar targets. I don't remember saying to that effect.

ASSEMBLYMAN CHIVUKULA: What happens is the SACP is a cap.

PRESIDENT SOLOMON: I have questions about that. Let me get to that again.

ASSEMBLYMAN CHIVUKULA: Okay. So that finished that part.

PRESIDENT SOLOMON: I might ask you about the SACP and then go into that as much as you want.

Is there any relationship as of today between the SACP and even the schedule proposed in the master plan, which is there, it needs to be decided by the Board, and what current spot market and even long-term contracts are for SREC prices?

Because I did check yesterday and I think that the -- well, the prices are substantially lower than the SACP which is a ceiling.

ASSEMBLYMAN CHIVUKULA: You made my point basically that the SACP is meant to be a cap not to drive the highest price. When statements are made saying that the cost of our highest SACP SREC prices are high and we need to do something about it, those types of statements sends mixed signals to the financial marketplace; and, thereby, even though it has not

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reduced the targets for the SRECs in terms of gigawatt hours, what we need to produce, the financial markets

they can be wacky. They react to a lot of things. And so especially when it comes from the administration and the Governor himself says, okay, I want to come out of RGGI, I want to do this, I want all of these expenses -- those types of statements, even though they don't mean harm, they do a lot more damage.

PRESIDENT SOLOMON: I was just curious because I know that the current spot prices are hundreds of dollars less than the SACP that exists and the SACP that is suggested in the master plan. So I understand what you're saying. I talk to the markets every day.

My impression, frankly, was that the uncertainty in the markets is being driven by a fear that the bottom, not the top, would drop out of the SREC market because we're meeting our targets, we're getting these, and it has absolutely zero, nothing at all, and I'm sure there are financial people that will be testifying, and please correct me if I'm wrong, nothing to do currently with either the SACP or the proposal in the master plan.

Now that's a different issue that they're concerned about. You may want to deal with in the legislature, but I'll tell you what I said to everybody

here so you're not caught unaware. The 22.5 is the number that was set by the legislature and I may be wrong --

ASSEMBLYMAN CHIVUKULA: That's correct.

PRESIDENT SOLOMON: I'm not wrong about that. But I may be wrong that policy should be set by the people elected by the public to set policy, and at

the risk of offending the other commissioners and staff, bureaucrats should carry out that policy.

And so I have always been and publicly been reluctant to set policy that really is in the hands of people like you. There have been years since the Solar Advancement Act and the 22.5 percent standard for all renewables was set as a floor, not a celling. We may bypass it. And the legislature and the prior Governor did nothing to change it.

But I suggest, just a suggestion, that if the legislature thinks that what we said in the master plan which is what the legislature said in statute is too low as a floor, they should change it. And believe me, we'll act on it.

I think, Assemblyman, you'd agree, I'm pretty darn good at pushing policy that the legislature gives us. Just look at LCAPP, even when the whole world is out to have my head.

ASSEMBLYMAN CHIVUKULA: I think it is not you and us or I. It's us working together. What is in the best interests of the State of New Jersey. What can we do. How can we advance policy.

So what's happened is the policy from 2008, which is not even three years, August of 2008 policy, it's only three years, we haven't given that an opportunity to really work and reinventing.

And, yes, I do understand the Energy Master Plan. It's just a plan. It has to be substantiated in the legislation which we are in the process of doing.

But really what I urge you is that we have to work together and together we can send the right signals that we are working together to set the right policy for the State of New Jersey. I think actually by lowering it in the sense that we could have said that this is the statutory environment.

PRESIDENT SOLOMON: We did say it's the statutory and, frankly, we did say that we didn't think the 30 percent as a floor was attainable but believe me if there is a rationale, not that the legislature needs one, but if there is a rationale for 30 percent and a methodology to get there, then the public, everybody would support the 30 percent, whether there's a rationale or not, if the legislature passes it and

Governor signs it or does sign it, we'll work to carry it out. We'll do what we can.

But I was just pointing out and my whole point was, as we said in the master plan, the statutory target is a floor -- we may hit 30, we may hit 50 -- is the 22 and a half, and I am reluctant because I have too much respect for the legislative branch I serve with the assembly to say we can usurp their authority and set policy. We didn't get elected to do any of that.

Now let's talk about that. We'll meet and discuss it. But I encourage the legislature and all elected officials to do what they're elected to do and we'll do what we were appointed to do which is to carry out the policy.

ASSEMBLYMAN CHIVUKULA: I appreciate your candor and working together. I think --

PRESIDENT SOLOMON: I have one last question.

And we have no intention of lowering -- and I don't think we did lower anything dealing with solar targets. Where in the master plan does it talk about lowering or eliminating subsidies?

You're not the only one who said it to us. I heard about it.

ASSEMBLYMAN CHIVUKULA: In the language you

say a lot of things by not saying it. But that's the beauty of it. I mastered that because of my legislative background.

PRESIDENT SOLOMON: I thought the master plan said a lot about taking the money that we gather and using it effectively to get more energy efficiency, more renewables, more, more, more, not less, less, less.

And I can tell you and I'm not suggesting we can do it now, it's a hundred and some-odd pages, I think I've read it a hundred times. If you go through it and you find places where you think we're suggesting lowering those subsidies, I'd be happy to look at it and work with our commissioners to try and fix it.

My argument would be -- and I could be wrong and I would be honored to be correct -- that we are actually talking about putting more money where our mouth is; in other words, getting dollars to effectively result in more renewables, more clean energy, more energy efficiency, more demand response, and in a way that is more attractive to business, industry,

government, and the public. That is what I'm representing to everybody and what is on the record. I think that is what the master plan says.

Any suggestions or corrections you or any other legislator has, please get it to me and we will

work on it collectively.

ASSEMBLYMAN CHIVUKULA: Yes, definitely. I think that is great that you are open. You are reassuring the people who are here listening and reading that you are not -- your intention is not to lower but to go forward.

PRESIDENT SOLOMON: Not only is it not our intention, I don't think it says it anywhere in the plan and it certainly doesn't usurp legislative authority which, Assemblyman, I have too much respect to you and the body to ever do that, as much as you may want me to.

ASSEMBLYMAN CHIVUKULA: Thank you so much.

Any other questions?

PRESIDENT SOLOMON: I'm not letting them ask questions.

ASSEMBLYMAN CHIVUKULA: Thank you for your time.

PRESIDENT SOLOMON: Thank you.

Fred DeSanti.

MR. DeSANTI: Thank you, President Solomon.

I appreciate deferring to the Assemblyman.

Good call.

I would just spend a second to introduce Jeff Milanaik. Jeff is the President of Heller Industrial Parks. He's going to be speaking for the

first time on behalf of the New Jersey Solar Energy Coalition. This is the formal statement.

And thank you very much for your time.

Jeff.

PRESIDENT SOLOMON: Could you spell your last name?

MR. MILANAIK: Jeff Milanaik, M-i-l-a-n-a-i-k.

In an effort to consolidate the statements that's why we agreed to get together. I do have a card in there somewhere so if you would like to pull that.

There you go. Thank you.

President Solomon, Commissioners, and members of the New Jersey Energy Master Plan review commission, my name is Jeff Milanaik, President of Heller Industrial Parks of Edison, New Jersey, today representing for the first time in public forum the New Jersey Solar Energy Coalition. Our coalition, cleverly comprised of 17 diverse member companies, is constituted of solar integrators or developers, solar financial services firms, solar manufacturing firms, solar legal and accounting services firms, solar engineering services firms, and real estate investment and development corporations, such as mine, that have come together to support the goals of sustainable solar

energy development in New Jersey in a way that is consistent in most areas which what has been articulated

in your draft plan.

The overarching goal of our coalition is to ensure that the public policy framework that supports New Jersey's solar industry will sustainably carry us through our ultimate goal of achieving the level of solar capacity envisioned under the currently statutorily mandated renewable portfolio standard through 2026.

We believe that goal of creating 5000 megawatts of solar capacity within the next 15 years represents a most significant dedication to solar energy, and one that can be attained if, and only if, the ratepayers of New Jersey can be provided with the values from their investment that they deserve, developed at a growth rate that they can afford.

New Jersey's continuing leadership and success in the deployment in solar energy can only be achieved through thoughtful policy leadership that balances the costs and benefits of solar energy. We need to recognize that our desire to create renewable energy resources obtain the benefits of distributed generation, economic development, job creation, and lower energy costs for New Jersey consumers of this

technology and, of course, the intended reductions in carbon can only be achieved and sustained if the rate of development of these resources can be matched or public support structure and does not outrun our ability to finance it.

We are, therefore, in agreement with the Draft Energy Master Plan's findings and recommendations

in the following areas:

We believe that the current statutorily defined renewable portfolio standard is achievable. It is very aggressive but also realistic in terms of its free market approach in managing the development of the marketplace over an extended period.

We also believe that the free market system as currently constituted should stand without modification or alteration, except as we will narrowly suggest for 2013 in order that the financial markets become more confident in the permanent nature of this public policy and that is beyond the reach of any attempt to manipulate either the short- or long-term markets for solar renewable energy credits in New Jersey.

Since 2007 the marketplace has enjoyed the specific incentives needed to spur the development of solar energy in New Jersey that is now taking place.

Our industry has now ensured supply and demand is coming into balance in accord with the RPS market design. And while we would not say that we welcome the resulting lower market prices, we recognize that they are a necessary element to a sustainable long-term future for our industry.

Further, we agree with the fundamental principles expressed within the Draft Energy Master Plan document that solar energy generation must produce more for New Jersey ratepayers than just the single attribute of carbon reduction. Residences, commercial and

industrial buildings across the State should also reap the financial benefits that solar energy should deliver, discounted and predictable energy prices, either through self-use of the energy created or through power purchase agreements that reflect below market cost structures. We agree that these benefits are essential in balancing in helping New Jersey's economy in a sustainable way.

To that end, we also agree that grid-based solar projects should be limited to either landfill or brownfield projects in accordance the policies articulated in the Draft Energy Master Plan. Grid-based projects, particularly those in excess of 10 megawatt have the ability to imperil the solar energy renewable credit marketplace and potentially derail far higher

quality projects that create the additional congestion relieving benefits of distributed generation, as well as aforementioned lower cost energy opportunity for New Jersey residents and businesses.

We believe that 82529 now awaiting legislative concurrence with the Governor's recommendations represents an important opportunity to provide the Board of Public Utilities in conjunction with the Department of Environmental Protection with the oversight mechanisms necessary to protect the long-term sustainability interests of solar policy in the State of New Jersey. Simply stated, without this oversight regulation, we are very concerned that the future of the solar renewable energy credit marketplace is in jeopardy.

As you know, the senate has already passed a

piece of legislation that will create demand injection in 2013 of several hundred megawatts from the back end of the renewable portfolio standard to absorb some of the projected overbill that might otherwise eviscerate the market for a second consecutive year in 2013.

While we do not endorse any intervention artificially propping the prices, we do think that two consecutive years of surplus SRECs in 2012 and 2013 might result in business continuity issues on an

industry-wide basis that deserve appropriate consideration. We hope that the Board will actively consider these issues to properly balance the long-term goals we all hope to achieve.

The master plan also proposes to reduce the solar alternative compliance payment schedule beginning in 2013 first by 20 percent, and then by 2.54 percent per year to continue the current annual detriment. While we do not understand this logic based upon your correct assumption that the capital cost of solar installations has come down considerably since 2007 when the SACP was first structured, we would, however, offer the following for your consideration.

First, as we apposited, the spot market in 2012 and 2013 will be sharply reduced by current levels by market forces that we are now seeing taking effect.

Secondly, it now appears very likely that the 30 percent investment tax credit, now cash, will revert back to a tax credit in January of 2012 resulting from the current federal mandate to cut expenses and

programs.

This change to the Federal 1603 program will also very likely have a considerable dampening effect on project financials going forward. Of even greater concern, the Federal 1603 ITC is currently scheduled to

completely expire in 2017. The first year of the extended SACP schedule and may not be extended even as a credit at the current level. We recommend, therefore, that these elements be appropriately factored together with a proposed 20 percent reduction in the compliance payment schedule.

We would ask that you consider these elements in your deliberation, along with the fact that equity component of financing is becoming somewhat more expensive as lower prices increase investor perceptions of risk.

We believe that while it is true that the capital costs of these projects is significantly lower than they were when the original schedule was advised, competing factors that very likely might result in a severely depressed marketplace should be appropriately valued as you consider the development of the statutorily mandated schedule through 2026.

We would hasten to add that the confidence of the marketplace would be bolstered immediately by early action in developing the remaining compliance payment schedule.

Utility loan and tenure auction programs have also become important tools that have helped settle the market and provided opportunities for projects

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requiring greater financial certainty. We think the Board is on the right track with that initiative and hope to see these programs continue as appropriate to market needs in the future.

We will also provide in writing a supplemental filing containing additional economic analysis relating to the cost of solar generation in order to provide additional sensitivity to your analysis as it relates to solar energy values in terms of distributed generation resource, replacement for fossil based peak generation, and mid-merit load generation. This information is intended to offer a somewhat wide range of assumption that can be appropriately factored into the overall economic evaluation.

In the interest of your time we are limiting our comments today to those related to solar energy and the draft energy master plan's impact on our industry going forward.

We would reiterate our support for the overarching goals developed within the document and our general support for all of the other items discussed throughout the document. We believe that careful review, thoughtful approach, and appropriate concern for the balancing of all interests in advancing New Jersey's energy policy goals have given us all an opportunity to

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reflect upon the long-term interest of our industry. And perhaps most importantly job creation and job

retention at this critical period.

On behalf of the New Jersey Solar Energy Coalition, we very much appreciate the time and consideration of our comments and look forward to working with you in the future toward achieving these goals. Thank you much for your time and attention.

PRESIDENT SOLOMON: Thank you, Mr. Milanaik.

MR. MILANAIK: Thank you.

PRESIDENT SOLOMON: Evelyn Liebman.

Good afternoon.

MS. LIEBMAN: Good afternoon, President Solomon and members of the Board. My name is Evelyn Liebman and I'm the Associate State Director for AARP.

On behalf of AARP's 1.3 million members, we appreciate the opportunity to testify today on New Jersey's 2011 Draft Energy Master Plan.

We will be submitting more detailed written comments. And so in the interests of time I'll limit my comments today of several areas of particular concern to consumers.

AARP is the only national advocacy organization working at both the federal level and in the states to advance energy affordability and consumer

protection from unfair utility policies and rate increases.

We strongly believe that all consumers must be able to rely on essential utility services that are available and affordable to all houses. As you know, rising home energy prices are squeezing household budgets, especially for those with low and fixed

incomes.

As you've heard many times today, New Jersey's energy prices are among the highest in the nation. Today's escalating energy prices are adding to growing economic hardships faced by many older Americans who are especially vulnerable as energy prices continue rising in part because they already spend a far greater proportion of their income on home energy costs than younger households.

Research shows that when energy prices increase, households headed by older adults often keep their homes at unsafe temperatures or skim on paying for other necessities. We, therefore, wholeheartedly agree with the first of the Draft Energy Master Plan's overarching goals which is to drive down the cost of energy for all consumers.

We at AARP are proud to have played a key role in establishing New Jersey's universal service

program, or USF, a model affordability program that serves more than 150,000 New Jersey electric and gas utility customers. New Jersey's USF program and policy adheres to the proposition that affordability means all consumers should be able to purchase a level of service that meets their daily needs at an affordable price such that no one should have to forego other basics, including medicine and food.

We continue to work with policymakers throughout participation of BPU's universal service fund working group and are in strong support of the potential

energy affordability programs for New Jersey's low income families.

The need for New Jersey's USF program and LIHEAP is particularly evidenced during difficult economic times. Indeed throughout the U.S. the effects of historically high energy prices and increase in price volatility are taking a toll on millions of utility customers driving up the number of past due home energy bills of the amounts owed and placing many households at risk of disconnection. Thus, we urge policymakers to continue to support and improve New Jersey's USF program and to maintain its funding through the societal benefits charge.

In terms of smart meters the Draft EMP

proposes to expand implementation of smart meters and gradually expose customers with lower energy demands who wish to take advantage of dynamic pricing, to encourage wiser energy use, and reduce retail prices for all residents. While there's a widespread consensus that the distribution and transmission systems for vital electricity services needs to be modernized and upgraded, the so-called from smart grid benefits must be carefully proven out in review of the merits of any smart grid proposal.

In particular, smart meter adoption is not risk free. Stranded costs, those related to premature abandonment of the existing metering systems, unrealized consumer benefits, and the potential for pricing proposals that may be harmful to some consumers, if not all customers, as well as the potential for increased

disconnections if consumer protections are not maintained or enhanced are a few of the problems that must be addressed.

In our view these concerns must be considered in the evaluation of the smart grid policies and smart metering initiatives in particular. As with the Draft EMP emphasis on strong cost benefit analysis and other areas, we recommend the administration recognize and incorporate the privacy of robust benefit

cost analysis from the consumer perspective with respect to smart meter policies and promote key consumer protections to accompanying smart metering proposals.

We recommend specifically that smart meter proposals must be cost-effective and utilities must share the risks associated with these new technologies and the benefits used to justify the investments.

Time of use or dynamic pricing must not be mandatory. Consumers should be allowed to opt in to additional dynamic pricing options that are, in fact, found to be cost beneficial and for which consumers will realize benefit.

We ask that you, as regulators, assess alternatives to smart meters to reach the same load management goals, particularly rebate programs, direct load control programs, energy efficiency, and weatherization programs.

Utilities themselves should be required to evaluate the least cost means of achieving a reasonable level of peak reduction and usage reduction overall in

any smart metering proposal.

Smart meter investment should not in any way result in reduced levels of consumer protection, especially related to the implementation of remote disconnection and traditional billing and dispute rights

must be retained.

An important area as we are learning is privacy and cyber security concerns must be addressed prior to any smart meter rollout. Utilities and other policymakers should include comprehensive consumer education and bill protection programs and any evaluation of implementation of the smart meter proposals.

And, finally, investments in smart grid need to be verifiable, they need to be transparent, and the utilities need to be held accountable for the cost they want customers to pay and the benefits they promise to deliver. All costs should be reasonable and all costs should be prudent.

Finally, the draft EMP states that the benefits associated with better transparency and knowledge of energy use points to the need to work with multifamily residential building owners and tenants on submetering. Here, too, there are important consumer protections and rate impacts that policymakers must address. The essence of submetering is simply a shift from the owner to the tenant to the cost of the electricity. From the policy perspective, however, giving tenants the electric bills when they neither own nor control the fundamental factors driving consumption

is, in fact, questionable. It diminishes incentives for owners to replace their inefficient appliances, fixtures, and controls, or to improve thermal efficiency of the structure itself, for example, without any insulation. And we have not found any reliable evidence that shifting bills to tenants results in lower usage, even though submetering is often claimed to be justified on this basis.

So these are just several of the consumer protection areas that AARP is concerned with.

We'd like to thank you very much for considering our comments and we look forward to working with all parties in the development of the final plan.

PRESIDENT SOLOMON: Thank you.

Suzanne Patnaude.

Suzanne.

I'm sorry.

MS. PATNAUDE: President Solomon, Commissioner Fox, Commissioner Fiordaliso, and Commissioner Asselta, as well as Mr. Sheen, Mr. Jackson, and Ms. Brekke, thank you for the opportunity to comment today on the proposed 2011 New Jersey Energy Master Plan.

My name is Suzanne Patnaude and I am the Director of Government Relations for Solyndra, LLC.

Solyndra is an American manufacturer of cylindrical solar panels. Solyndra's unique solar

panels were invented in America, designed in America, and are manufactured in American, using American minerals and components and an American workforce.

This is an ongoing challenge considering the support our Chinese competitors are given by their government. Just yesterday I read that they now developed a solar system for yaks in China in order to stimulate solar business. I don't know what yaks are going to do with the power, but they're generating.

Solyndra has met this challenge by reducing its cost by 30 percent in 2010 and anticipates a cost reduction of 30 percent again this year, as well as ramping up our sales efforts in the United States. Solyndra employs over a thousand people in the United States.

In 2010 Solyndra purchased equipment manufactured in 16 states, including 5 million in New Jersey alone, as well as 150 million in materials from 12 additional states.

Solyndra has contributed $2 million in construction work in New Jersey last year.

I would like to address the following points in the 2011 Draft Energy Master Plan.

Setting the alternative compliance payment for 2017 to 2026; utilizing a mix of energy sources, including installation of solar on commercial buildings and government buildings, brownfields, and landfills; a new nuclear plant; combined cycle and natural gas generation of electricity; and increased use of combined heat and power.

I see you rubbing your eyes. This is very short and large print.

PRESIDENT SOLOMON: I was in a chlorinated swimming pool this morning.

MS. PATNAUDE: As well as using a market-based approach for all energy sources; and setting the floor for renewable energy targets at 22.5 percent by 2021.

First, the SACP: New Jersey became a leader in renewable energy by having a strong renewable portfolio standard with the solar electric set aside that helped create demand and investment in the industry. The SREC financing model has provided for long-term contracting to drive investment. In 2007 the State BPU issued its market transition order which advanced the solar alternative compliance payment schedule helping to drive investment. The market transition order has worked.

As evidenced by the SREC trading market for the last few years, SREC prices are driven by market forces, rather than a high ACP. Solyndra appreciates the administration's continued support for solar, as well as its focus on the benefits that solar provides for New Jersey. To that end, the Draft EMP should continue to pursue the goals outlined in the 2007 market transition order, as well as the goals of the Solar Advancement and Fair Competition Act of 2010.

The 2007 market transition order is working. Solar REC prices have not been driven by high SACP

prices; rather they have been market-driven, as was the hoped for result. With the current supply of SRECs as of June of this year, NJ SREC prices for the 2012 spot market were posted at $274.46, even though the SACP for Energy year 2011 is $675 and 658 for Energy Year 2012.

Next I'd like to address the continuing use of differentiated energy sources in New Jersey which New Jersey has long relied on. Anticipating increased energy consumption, continued use of a variety of sources, with less reliance on coal-peaking plants is a thoughtful approach for the State's future.

The solar industry has grown into a solid contributor for the New Jersey economy in it's manufacturing, sales, employment. And energy

production. Solar promotes reduced congestion charges, as well as deferred transmission and distribution investments.

The administration's focus on solar installations for the commercial and industrial sectors is key to the State's objectives of reducing energy costs and keeping businesses in New Jersey, as well as meeting its environmental goals.

Using a market-based approach to the Energy Master Plan is a considerate -- sorry.

The Energy Master Plan promotes a market-based approach when considering support for all energy sources. With that in mind, it's important to note that all energy sources come with cost. If incentives and long-term contracting are deemed necessary to promote new nuclear, gas-fired electric

generation, or combined heat and power, it follows that the nascent renewable energy industries would benefit from those as well. On a national level, energy subsidies cost about 20 million annually. Fifteen percent of the number is invested in ethanol subsidies, hydropower accounts for 10 percent, and fossil fuels receive 70 percent, with renewables accounting for the remaining 5 percent. These numbers do not take into account the cost for promoting nuclear. The cost for

research and development for nuclear waste disposal, siting studies, and new technologies is estimated at between 1 and 2 million a year.

Finally, the Energy Master Plan goals for renewable energy by 2021. I was very pleased to hear you say last week that the floor will be 22.5 percent rather than the goal, and I hope that we will continue to work toward the 30 percent goal.

Finally, I appreciate the administration's continued support for solar, as well as the willingness of all administration officials to meet with all members of the energy community.

Thank you.

PRESIDENT SOLOMON: Thank you.

Steve Hambric.

Mr. Hambric.

Good afternoon.

MR. KAPSIS: Good afternoon.

Steve is sitting back there. I'm Jim Kapsis from the same --

PRESIDENT SOLOMON: His company.

MR. KAPSIS: Yes. From Opower.

And the last name is K-a-p-s-i-s.

President Solomon and Commissioners, thank you for the opportunity to be here today to comment on

the Energy Master Plan.

My name is Jim Kapsis. I represent Opower. We are an information enabled energy efficiency software company. We are operating at 24 states, including here in New Jersey and the United Kingdom. By providing customers with better information on their energy use and personalized energy saving advice, Opower motivates customers to use less energy and to save money on their bills.

Partnering with almost 60 utilities, including New Jersey Natural, we will deliver personalized home energy reports, all printed by the way here in New Jersey, to 10 million residential customers this year through the mail, that's the mail version, e-mail, website, through phone calls and through text messaging. Through this multichannel engagement, we consistently get up to 85 percent engagement with customers to save an average of 2 to 3 percent on their energy bill and increase the rate of participation in other energy efficiency programs by up to 60 percent. And at the cost of 3 to 5 cents per kilowatt hour, the Opower program is one of the most cost-effective in the market.

By the end of next year, we will have saved enough energy to take a hundred thousand off the grid

and will have saved a hundred billion dollars in energy bills for households throughout the U.S. These savings are proven and verified. They're consistent across all demographics, including low income, renters, and senior citizens.

I'd like to turn to the Energy Master Plan. It certainly has some very good comments on energy efficiency. For example, basically calling it the most effective way to reduce energy costs is to use less and certainly Opower could not agree more and appreciate the State and Governor recognizing that in this plan.

However, new policies are needed to create additional energy efficiency investments here in New Jersey. For example, to date New Jersey does lag behind other states throughout the country in realizing the potential of behavior-based or information-based efficiency programs.

To give you an example, in Massachusetts our company alone is helping to achieve 24 percent of the residential energy efficiency goal in the State and a number of other utilities, individual utilities, in other states that are using behavior-based or information-based program to achieve upwards of 23 percent of the annual efficiency target at a very cost-effective price to the ratepayers.

Why is behavioral efficiency or information-based efficiency so important and where does

it fit in. We'll talk briefly about that. I'm going to ask a question, sort of rhetorical. I think we all know the answer. What is changing your thermostat, turning out the lights, and buying an energy efficiency appliance all have in common? We all have to actually make a decision and make an action that we otherwise would not have taken in order to see that resulting reduction in energy use, whether it's on a daily basis from your thermostat or turning off our lights or whether it's a one-time investment in an appliance which hopefully will give you benefit through its lifetime.

If you wanted to note something very good about the master plan which is its focus on cost-effectiveness and on recognizing the tool or resource cost tests as the best way to determine whether efficiency investments are returning sufficiently to ratepayers. The TRC used in more than a dozen states as the primary test of cost-effectiveness of efficiency programs, and New Jersey is very smart to add itself to the list. By employing this test for New Jersey will send a clear signal to the market that only cost-effective efficiency programs will be approved.

Second, I want to comment briefly on the

language in the report on customer education and outreach. This is a critical piece and I don't think it's been mentioned yet today. As a company that has expertise in human behavior, we certainly understand how difficult it is to actually get people to do things. And we also understand that energy efficiency technologies over the lifetime of their use really are

only as efficient as the people who are using them. And so we have to find ways not only to engage customers on an one-off basis through an advertising campaign or a town hall meeting, not to say that those don't have a role, but we need ongoing engagement with customers to help them better manage their energy use. And I would, on behalf of Opower, suggest that maybe some more detail in the plan about how the State plans to measure, frankly, and verify the results of such engagement with customers. And I would encourage the State to consider information-based or behavioral approaches as one part of the engagement strategy to help customers understand and better use energy and to save money.

Finally, I do want to just point out that New Jersey for all the very good things the State is doing on efficiency renewables, it is still behind when it comes to establishing an energy efficiency resource standard. There are more than 20 states that have

established such a standard, including neighboring New York, Pennsylvania, and Maryland. And New Jersey certainly has it -- it is my understanding the authority to do so and has chosen not to date. In our view in the market in working with states that have such a standard it really does create the type of market that I think New Jersey aspires to with energy efficiency.

So we would recommend a mandatory year rest with annual evaluations of program performance using the TRC test which you rightfully pointed out which is an appropriate test for measuring energy efficiency. And

we believe that will create a robust market for efficiency here in the State.

In conclusion, just again to highlight, we would love to see more behavioral approaches in the State, at least acknowledgement in the master plan. And if we're not the only companies doing that, there are other companies engaging in that market. That the TRC test remain very strongly sort of identified as the test of record in New Jersey and that customer education and engagement be held to account for delivery of measurable and verifiable results in terms of saving people money and saving them energy.

Thank you so much for your consideration and time and hope to see you all again soon.

PRESIDENT SOLOMON: Thank you, Mr. Kapsis.

Ed Baumann. Good afternoon.

MR. BAUMANN: Good afternoon.

My name is Ed Baumann, B-a-u-m-a-n-n.

President Solomon, it's my hope that you'd be as wise as King Solomon.

PRESIDENT SOLOMON: I'm not even close even though we are distantly related.

MR. BAUMANN: I'm not one of the suits as you can probably tell; but if I thought I could get up here sooner, I would have wore a suit. I also promise not to read a prepared statement and put you all to sleep.

I am a Home Performance expert and working in the Home Performance with ENERGY STAR program.

This program that the State subsidized is

one of the best programs this state has ever put forward. It addresses many of the concerns of the master energy plan, particularly number three, awarding energy efficiency and energy conservation and reduced peak demand.

I wanted to let you know some of the benefits of this program because they're not always as obvious as they seem. First, it increases U.S. manufacturing because a large majority of the equipment

that we're putting in people's houses is manufactured here in the United States. I assume that solar stuff from America is from the United States, but I remind you also that Mexico is in America, as is Canada by the way.

It also lowers the overseas oil dependency because we have a lot of heat and fuel oil in New Jersey and we have a lot of people converting over to natural gas which is much more efficient and saves the residents of New Jersey money on utility bills.

We're pouring money into the New Jersey economy because the State is subsidizing work being done in homes of citizens who live here New Jersey. We're lowering greenhouse gases by increasing efficiency of heating equipment and eliminating the fuel oil heating here in New Jersey. We're also building local, small businesses.

The people doing this work in this state under this program are the small businesses, the mom and pop operations, the people who live and work here in New Jersey. This is not companies coming into this state.

It is not work sought out to companies outside of the State. We're creating jobs here in New Jersey.

Everyone of the companies who are working within this program have grown over the last two years and have had to hire more people, people here in New

Jersey. We're lowering utility bills of citizens of New Jersey, residents, voters. The people, by the way, who are paying that societal benefit fund on their utility bills every month.

Now, it's great to add windmills and commercial solar, all of this stuff; but me, in my house, in Flemington, New Jersey, I don't do any of that, but this program does effect me. It effects everyone who owns a home in the State of New Jersey which is probably a large majority of people in this room, including you folks up here, is we're going to lower utility bills for all of these people.

We're financing these home improvements. We're helping these people do the improvements that normally they wouldn't be able to afford to do, they wouldn't do. I'm working in houses that are over 200 years old. These houses don't have any insulation in them. Some of them have heaters that are 65 percent efficiency. Now, I'm no mathematician but that sounds like a lot of heat going out the chimney. We're making these homes more comfortable at the same time that we're making them more efficient.

Now, I realize this doesn't weigh into the Energy Master Plan. But if you don't have a house, I'm sure you know somebody who has a house that the third

floor, you know, where Becky's bedroom is and it's always cold in the winter time or hot in the summer time or how about that room over the garage, you know, the one that's never comfortable or the one at the end of the house that's so far away from the heater.

PRESIDENT SOLOMON: I don't want to interrupt you when you're on a roll because you're clearly on a roll. You are preaching a little bit to the choir. But if you can confine the comments to the master plan so we know either what to keep, what to get rid of, or what to change. So far you want us to keep the Home Performance.

MR. BAUMANN: It's not keeping it is the problem. I don't see it going anywhere. The problem is the emphasis is moving away from the consumers, the homeowners, money has been taken out of this program since its inception.

Where the master plan needs to change are new goals set. It's important to address the commercial side and government buildings and so forth, but we need to set goals on the residential side. These are people that live here. These are people that vote for these officials. These are the people that are paying for all of this stuff through our taxes and our societal benefit funds. We need to make provisions so that the money

that you are paying through the societal benefits fund is not robbed every year by the Governor to pay the

State electric bill. That's ridiculous that the program has to stop in the middle to be reevaluated and the funding has to be changed.

I have people today who call me up to do a home energy audit in their home that actually -- how long do I have to do this because they know the money is going to be taken away and that is ridiculous. This is a program that is proven. It's in your master plan. It says it's proven. It says it changes energy efficiency. It's addressing many many of the goals in your program. It's important. It needs to be emphasized.

What we see, we in this field, is the emphasis moving away from the boots on the ground, people working to save energy in New Jersey, people that pay the bills, the homeowners. And that's really the point I want to get across to the Board today.

And I thank you for your time.

PRESIDENT SOLOMON: Thank you.

I just want to mention, my understanding is -- and again I could be wrong, but I will check it when we leave here today -- is that money was not ever taken out of the program. The program was so popular and successful that the money allocated in the budget

was used quicker than expected and that resulted in the changes. So we didn't actually decrease the amount. I think it may have actually been increased. But I don't know if Mike Winka is here. I think it was actually increased.

On the other hand, we will have the opportunity with the clean energy fund to allocate

revenue for all kinds of purposes, including programs that will support residential energy uses just so you know.

MR. BAUMANN: Thank you.

PRESIDENT SOLOMON: Thank you.

Tom Pollock representing Trinity.

MR. MERRICK: Ed Merrick representing Trinity.

PRESIDENT SOLOMON: Ed Merrick.

MR. MERRICK: Tom Pollock is not here today.

PRESIDENT SOLOMON: All right. I got you.

MR. MERRICK: I have Fred DeSanti is going to be up here today.

PRESIDENT SOLOMON: Fred is like the bodyguard. He stands there.

MR. MERRICK: My name is Ed Merrick. I'm the Vice President of Trinity Solar.

President Solomon, Commissioners, and

members of the New Jersey Energy Master Plan review commission, I appreciate all the effort done in developing this plan. Thank you for your leadership. And it is an important document that will guide energy policy and how energy is used and perceived in New Jersey.

I have about another two, three pages, but I'll skip that.

Many of you are familiar with Trinity Solar, but for those who are not, let me briefly tell you who we are. Trinity Solar is a family-owned business

operating in New Jersey since 1994. In 2004 we entered the solar industry. In 2007 we officially changed the name to Trinity Solar. And today, just seven short years later, we are the largest installer in New Jersey by a factor of two in terms of total projects in solar.

According to information provided by the BPU Clean Energy Program, we have installed more systems than the next three top solar installers combined. In terms of megawatts deployed we rank second with nearly 25 megawatts installed, only behind SunPower, an international solar company that is traded on the NASDAQ and has a market cap of 1.9 billion.

Today we employ over 350 New Jersey citizens, ten times more than the 35 we employed in

2007. Trinity Solar is the living, breathing example of which you, as policymakers, set out to achieve: A company that operates across a broad spectrum of customers, residential, commercial, and nonprofits; a company that is homegrown, developing permanent jobs in the State; a company that has given back to the community we live in through fundraiser donations such as one we held just last week where we raised $30,000 for the local food bank; a company that contracts directly with local New Jersey based companies, like Big Splash Graphics -- they do all of our trucks. That's a plug for them; Viewer Ford; or even our local food market, Twin Ponds.

Through our success, we've been able to help these companies be successful, or at least be able to weather one of the worst recessions we've seen in

decades.

We have become when New Jersey wanted and it decided to promote solar, employing several hundred New Jersey residents, either directly or indirectly, and serving multiple customer segments, residential, commercial, and nonprofits.

Today we wanted to provide a few comments on the Draft EMP and, hopefully, bring to light a few of the inaccuracies and misconceptions that we believe

exist with within the EMP, as well as the general public when it comes to solar energy, particularly, solar energy for homeowners and families. We also wish to respectfully outline a few recommendations on additional actions our State government can pursue to improve the use of our limited energy resources.

First, let's turn our attention to the misconception that solar is for the wealthy, as espoused in hearings in Newark last week. All of that may have been true in the past, solar for homeowners is no longer out of reach for a lot of New Jersey families. With merely 2,300 homeowners with Trinity Solar systems on their roofs, we know who our customers are and you can believe us when we tell you they are not just the wealthy. In fact, the truth of the matter is that the wealthy typically don't buy solar for a simple reason, they don't need it. They can afford their energy bills. In addition, many times their roofs are so elaborate that you can't fit a solar system on it anyway.

We can point to the -- the families that do

need the savings are the ones going solar. Some are preparing for a future on fixed incomes. We can point to 300 retirees that now have solar because of us, as well as the nearly 250 military service families that have gotten solar with the Trinity Solar systems. These

people have gone to solar so they can cut their electric bill, redirect the savings to paying their mortgage, their healthcare costs or college tuition for their children. Of course, some other people do buy solar. They're certainly middle class, average New Jersey homeowners.

With the introduction of power purchase agreements, PPAs, into the residential segment, now homeowners can buy solar for less than a thousand dollars and get a reduction on their electric bill. At least in New Jersey solar is not restricted to the rich and the wealthy. Thanks to you and your policies it's for everyone.

We at Trinity believe solar for homeowners is an important and critical part of any solar program instituted by a government. We're not alone in this belief. Solar City and Google City and SunPower and Sun Run and U.S. Bank Corp., and even Sun Edison, Inc., and EMC, a few of the largest companies in the solar industry are either focused on residential or moving that way.

The residential segment is an important part of the overall solar market that drives many of the benefits you see. It's more effective than any other segment in creating permanent New Jersey based jobs. It

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allows a majority of the public to participate in solar rather than simply the large corporations. It provides the bridge for small solar installation companies to grow in the commercial segment, as case in point for 2007 Trinity predominantly installed residential systems. Today half our business is from the commercial segment and we are one of the top commercial installers in the State. Most of our commercial projects come from people to whom we sold residential systems.

All of the costs for residential systems are slightly higher than commercial systems. The cost difference isn't as high as shown in the EMP. We will provide comments in writing as to why this is the case.

Next let me turn my attention to the benefits of distributed generation associated with residential solar specifically. Distributed generation benefits or public utility infrastructure are maximized with the use of residential solar applications. These benefits save utility customers by significantly reducing the thermal damages to utility plants resulting from high currents during the peak demand periods. Substation transformers and switch gear are operated at lower temperatures and pass lower electric currents when distributed residential products operate to reduce demand during these periods.

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Over time this means that utility substation and switching station infrastructure will typically last

longer and operate more reliably reducing outages during peak periods. Underground cable is typically employed at the head of the distribution service can enjoy a far greater life without interpretation -- I'm sorry -- interruption also has a direct result of residential distributed generation.

The same benefits do not generally apply with grid based interconnected solar applications. In this case, particularly in the solar installations exceeding 10 megawatts in size, the distribution circuits cannot themselves handle this point source of generation injection and reduce current flows to the substation level -- substation level do not occur.

Additionally, utility interconnections are far easier to accommodate and far less costly than the residential applications. From the perspective of utility operations, residential solar installations minimize circuit disruption from voltage bumps that occur when passing clouds can interrupt the continuity of the generation.

Similar to water hammer and domestic piping systems, larger commercial and grid based solar rays can create serious voltage swings impacting other customers

on the circuit. Without mitigation these projects can result in service quality issues to other customers on the circuit. Distributed generation represents an important area of value creations and residential applications maximize those value to the benefit of ratepayers because investment in utility infrastructure and operation is maximized.

As for recommendations, we believe that the administration should continue to support distributed generation net metered projects, especially residential. Now that residential rebates are eliminated -- by the way, Trinity was one of the first to recommend that they be eliminated -- we would expect that this should not be an issue as it pertains to residential as an SREC. An SREC is an SREC, whether it comes from a home, a church, or synagogue or commercial building.

With regard to the policy direction and recommendations that were made in the EMP, we have a couple of additional statements. One is with regard to reducing the SACP. At Trinity we do not support reducing the SACP. We believe it is the stick to ensure that LSEs win toward long-term contracts. If you reduce the SACP cap, one, there's less incentive to issue long-term contracts by LSEs. Two, it demonstrates the stakeholder -- to all stakeholders that the

administration will and can move the yardstick with the stroke of a pen.

This creates uncertainty in the minds of those financing these projects, which are skeptical of solar. It's still relatively new and, therefore, raises the financing costs. We need stability and certainty. The Solar Advancement Act is working which is just to be left alone to work as intended.

We support a cost benefit test as long as the test is fair, unbiased, and has an open public debate of the results prior to the implementation of any

findings. Given our job growth, the distributed benefits of net metering systems and the current projected future cost of solar, we believe solar would fair well.

We do not support the notion that brownfields and landfills are well-suited for development. Conceptually it sounds like a good idea. In practice we believe it presents some challenges.

Many of these projects will be higher in costs due to the requirements of prevailing wage and will be many grid connected systems, thus losing the benefit of net metered systems. Although it is land, a thorough analysis should be conducted before supporting such projects.

We do agree that productive farmlands should not be turned into solar fields. These projects are no other than the developers. They do not promote long-term job growth and do not provide distributed generation benefits I spoke about earlier.

Lastly, although the EMP states a difference, it is unclear why or how behind-the-meter commercial projects are any different than behind-the-meter residential projects. They both will produce SRECs.

In fact, residential projects due to higher tilt angling will produce more SRECs on the system than commercial buildings with flat roofs. A thorough analysis of the benefits of residential solar systems should be conducted, equally the cost side of the equation should also be assessed. As many of the

increased costs come from local ordinances or municipal permitting in interconnection requirements.

The administration can help lower some of those costs by supporting bills that will lessen the paperwork and red tape that is required today to be a solar installer.

We believe the administration should not continue to allow regulated utilities to compete for SRECs against nonregulated entities. We believe that

the Solar 4 All program should not be renewed. It was a one-time program meant to bridge New Jersey from a low supply of SRECs to where we are today. We are on course to meet the RPS. Such programs as for the Solar 4 All program are no longer needed.

However, we do support the continuation of SREC-based financing programs. We believe additional emphasis should be placed on energy efficiency. It goes hand in hand with solar and we were just getting our team off the ground when energy efficiency funding was pulled.

Just as a matter of note, we have about 20 to 25 salespeople in people's homes every day, we're talking about solar, but also we're talking about energy efficiency. Rather than fund energy efficiency through some sort of rebate or other financing mechanism, there are other signals that can be used to incentivize demand and peak production. One such signal would be through the structure of electric rates.

Currently, there are no disincentives to

using excess power. The cost for each kilowatt hour is the same whether one uses 5000 kilowatt hours or 15,000 kilowatt hours. An inverted tiered block structure for electric users paying more when they cross certain rate tiers could make sense.

We've seen it work in other states and suggest that at least an analysis of the viability of such a structure be evaluated.

Lastly -- and I probably said lastly about seven times now.

PRESIDENT SOLOMON: And I think you're about 15 minutes. That means that there are about eight people that will not get to speak today. This is the guy you can blame just so you know.

MR. MERRICK: It has been suggested that the format of the BGS auction and inclusion of SRECs in the auction presents barriers to understanding the true cost of SRECs.

PRESIDENT SOLOMON: Slow down. She can't take that.

Just give us the fixed amount. We understand realtime pricing and the tier. We understand that.

MR. MERRICK: Going on to the BGSS auction, my one comment is that just looking at unbundling that from SRECs.

Thank you for the opportunity to speak.

PRESIDENT SOLOMON: Sorry to cut you off. If people when they speak, if they can give us the proposals. I think we understand most of them. If we

don't and need your support for it, we'll ask you. And this is not a criticism because I understand everybody has something they want to explain so we understand it. I think we understand it. If we don't, we'll tell you. If you can condense what you have to say to here are the suggestions and here is why, we may get everybody in today. Otherwise, people will not be speaking.

Thank you very much.

And thank you, Fred.

I'm going to allow Commissioner Fiordaliso to take over here. I have to do one thing outside for two seconds so I will be back.

COMMISSIONER FIORDALISO: Our next speaker is Andrew Young.

MR. YOUNG: Good afternoon.

My name is Andrew Young and I work for Salmon Ventures, Limited. We are have a nationally recognized consulting firm based in Millburn, New Jersey. And I want to thank you for allowing us the opportunity to present comments on the 2011 Draft New Jersey Energy Master Plan.

Salmon Ventures represent clients from all segments of the energy picture from generation and distribution companies down to small businesses that provide energy consulting and install energy efficiency

equipment in both commercial and government facilities.

As a matter of policy, Salmon Ventures

supports the five overarching goals of the EMP. We specifically support the development and utilization of new technologies and regulations that help consumers reduce their energy usage. The old adage that the best kilowatt is one that isn't produced is true.

Smart meters, incentive rates, dynamic pricing, innovative technologies, and consumer education should be the cornerstones of the EMP.

Salmon Ventures believes that the development of new rate structures and methodologies are required to enable customers to save money and energy without negative effects on utility cost recovery. The administration of energy efficiency programs funded by ratepayers should be performed by the electric and gas utilities even their natural link to the end use customer.

Cost of administration should be minimized, our rates, balanced with requirements for lowering energy usage. We support measurable targets for energy efficiency and clear accountability for achieving those reductions. We would urge the administration and the BPU to determine what delivery mechanisms and incentives are best for achieving the goals set out in the EMP for

achieving energy efficiency.

That's all I have today and thank you for the opportunity.

COMMISSIONER FIORDALISO: Sam Wolfe.

MR. WOLFE: Thank you, Commissioners, members of the panel for the opportunity to testify today.

My name is Sam Wolfe, W-o-l-f-e, and I'm Managing Director for Legal and Regulatory Affairs at Viridity Energy.

THE COURT REPORTER: Could you hold on?

COMMISSIONER FIORDALISO: Can you ask those people to close that door?

Sorry, Sam.

MR. WOLFE: And I apologize, Viridity is V-i-r-i-d-i-t-y, Energy.

Viridity helps large electricity customers maximize the revenues they can earn from the PJM wholesale electricity markets.

I would like to testify briefly and focusing on one particular point of the proposed EMP which is in Section 7.3. There's a suggestion of reevaluating what the State does to support energy efficiency and demand response and specifically poses the question whether PJM wholesale market already provides an adequate

compensation to ensure the success of these programs.

What I'd like to do is suggest that a different question will shed a whole lot more light on what the State needs to be doing going forward with respect to demand response. And the question is whether additional demand response can provide greater savings to New Jersey electricity customers which we're already seeing from demand response.

Just to put a marker down here to the kind of money we're talking about. The LCAPP projects savings of about $1.8 billion over 15 years starting in

2015. I would like to compare that with what demand response did in various markets very recently. In the 2013/2014 base residual auction for capacity at PJM, the market monitor compared what the results of that auction would have been in New Jersey and elsewhere in the region had demand response and energy efficiency not been present.

So the actual clearing price for Eastern MACC region would have been about $390 in the absence of demand response. The actual clearing price with several thousand megawatts of demand response present was about $245 in New Jersey. Let me translate that. The total cost had there been no demand response present would have been about $3 billion for that one year for New

Jersey electricity customers. With demand response in the market, the total cost was about $1.9 billion. So we're talking about a $1.1 billion savings in one year.

So the first subquestion is whether demand response with increased support can provide greater savings for New Jersey customers on capacity. The same question comes up in the energy market. And I think everybody has heard this story about when PJM hit its peak in August of 2006, PJM paid about $5 million to support demand response during a one-year period -- I'm sorry -- a one-week period.

During that same week as a result of the presence of demand response, it was about $650 million of savings to end use customers. So the $5 million cost of the program and $650 million in savings. So the same kind of question needs to be asked whether additional

support for demand response can provide additional savings for customers in the energy market as well as capacity market.

The last point is on reliability and here is look to a different state that's similar to New Jersey and that's Maryland. About three years ago when Maryland saw that there were major transmission projects that were likely to be delayed, the Maryland Commission took action and directed electric utilities in the state

to procure several hundred megawatts in demand response capability and that was seen as filling the gap and ensuring reliability while those transmission lines were being delayed.

So, again, the question which needs to be asked is: Can additional demand response in the market help to ensure reliability to a greater degree than we're already seeing?

So and, again, looking to the Maryland model, whether it should be considered to have utilities in New Jersey procuring solar energy demand response to make up for the delays in transmission lines and also to achieve the savings that we talked about in the energy and capacity markets.

Thank you very much for the opportunity to testify.

COMMISSIONER FIORDALISO: Thank you, Sam.

Fred Zalcman.

MR. ZALCMAN: Good afternoon, Commissioner Fiordaliso and the other members of the Energy Master

Plan committee.

My name is Fred Zalcman, and I'm testifying today on behalf of Sun Edison, one of the nation's leading solar energy developers. We've been an active participant in the New Jersey solar market since its

launch nearly a decade ago and abiding interest in its continued growth and progress toward self-sustainability. Sun Edison currently owns and operates a fleet of nearly a hundred solar generating systems across the State totalling 13 megawatts in capacity. Much of the design, engineering, and construction management for Sun Edison systems throughout the Mid-Atlantic region is done out of Pennsauken regional office.

We very much appreciate the careful thought and analysis underlying the Draft Energy Master Plan, as well as the significant challenges facing the Christie Administration as it seeks to optimize the State's energy portfolio to meet long-term economic and environmental objectives.

My testimony today focuses on five specific policy areas that will enable the state to meet aggressive annual targets for solar energy generation at the lowest possible cost and broadest distribution of benefits to ratepayers. We stand ready to assist the BPU and other relevant state agencies in the pursuit of these policies.

First, as has been eluded to already by several speakers, our primary recommendation is for the Board to establish a 15 year solar alternative

compliance payment schedule that encourages load serving entities to enter into long-term SREC contracts. As has already been mentioned, the Solar Advancement Act obligates the Board to set a 15 year SACP schedule. Unfortunately, that schedule has been allowed to lapse such that market participants now have visibility only through 2016.

This regulatory uncertainty has frustrated long-term SREC contracting insofar as LSEs are reluctant to enter into contracts that may be out of the money once future SACP prices are set. This wait-and-see approach, while clearly prudent from the LSE's perspective, has resulted in an unhealthy overreliance on the speculative and high priced spot compliance market.

Moreover, the solar alternative compliance payment schedule must be carefully set to provide the economic viability of New Jersey solar projects. While solar PV is a declining cost industry well on its way to achieving grid parody in several important U.S. electricity markets, we would counsel against using the more dramatic solar cost reduction seen over the last two years as a basis for setting a long-term SACP.

In a nutshell, solar module costs are driven by market dynamics in the global marketplace. Over the

last two years we've seen something like a 40 percent drop in solar module costs and that's really a result of

the convergence of two factors. First, new solar module production capacity is coming online precisely at the moment when major incentive markets, particularly in the European union have been retrenching their programs. So that's resulted in a global oversupply of capacity, significant in price drops. And while that certainly advantage downstream developers like Sun Edison and the customers we serve, again that short-term phenomenon really shouldn't serve as the basis for setting the SACP.

Our concern is that if the Board institutes too precipitous a drop based on the short-term cost reduction, the New Jersey market could well stall as a solar market, again comes into the balance and the SACP outpaces true solar cost reductions. And payment of the SACP once again becomes the least cost strategy for load serving entities.

Our core recommendation in this area, therefore, is that the Board should maintain the current two and a half percent annual rate of decline through 2025. If the Board adopts a one-time adjustment to capture a more recent decline in module costs, this true-up cannot exceed 4 and a half percent.

Second and relatedly, the EMP should broaden its support for local energy self-determination through long-term contracting. The EMP advances the LCAPP as the necessary market support mechanism to provide independent power producers with long-term revenue certainty and stability they require to secure project finance for new in-state gas-fired combined cycle

generation assets.

Although not discussed in the EMP, the EDC SREC finance program fulfills much the same purpose for solar resource development by securitizing the SREC revenues associated with customer sited solar projects. This program is proven instrumental in facilitating the achievement of New Jersey's annual solar goals while driving down the overall cost of compliance.

Further, the program has really eased reliance on the spot market for the purchase of SRECs. As evidenced by the most recent auction, participation in the program continues to increase with over four times the amount of capacity bid as available, even as the weighted average market and clearing price for SRECs continues to drop.

Now, while the fate of LCAPP remains uncertain, the EDC SREC finance program lies squarely within the BPU's policymaking discretion.

Unfortunately, without further Board action this successful program will expire at the end of 2011. Sun Edison respectfully urges the Board to take prompt action to extend and expand this initiative.

Thirdly, New Jersey's interconnection standards must be updated to accommodate the future deployment of in-State distributed generation sources. New Jersey's current interconnection rules were instituted nearly a decade ago when for all practical purposes solar PV and other forms of distributed generation were in their infancy.

Although these rules have served the State well as witnessed by the explosive growth and ubiquity of these systems across the State, it's equally clear that they must be modernized to reflect the current state of technology and the accumulated experience for interconnecting and safely operating these systems in conjunction with the local grid.

Moreover, these rules reflect a level of conservatism acceptable at a time when DG Systems numbered in the single digits but that now represent an impediment as these in-State resources acquired to become a significant part of the State's overall resource mix.

Now, there are a number of changes, specific

changes to the Board's interconnection rules that can and should be pursued through the BPU's ongoing net metering and interconnection stakeholder process and we're certainly happy to work with Board staff and other stakeholders to pursue these changes.

Fourth, the EMP should address equity concerns by enabling more New Jerseyans to directly reap the benefits of stable priced solar PV. While acknowledging the attractiveness of PV to the customer host, the Draft EMP laments the potential for cross-subsidization by nonparticipating customers.

Now, in our view the EMP's claims of cross-subsidization are grossly exaggerated. And as a comprehensive cost-benefit analysis will demonstrate, these may be nonexistent to the extent market price oppression effects and other wholesale effects and other

avoided costs are fully accounted for in the analysis. However, to the extent any residual cost-ship does occur, this can be mitigated through actions already drafted in the -- already recommended, rather, in the Draft EMP.

Rather than by constraining future solar goals, just to cite one example, Sun Edison supports the draft EMP's call for community renewables. A community renewables initiative wherein consumers acquire a

fractional interest in the centralized solar facility will enable scores of New Jersey consumers who may otherwise lack the capital or access to sunlight to directly benefit from this clean, abundant, stable source resource.

And, lastly, the State should address a range of local permitting barriers that inhibit the widespread deployment of PV. Local planning and code officials certainly play an important role in ensuring the solar installations comport with the community's aesthetic standards and safety concerns. Nonetheless, all too often our industry encounters local municipal ordinances which overreach in their regulation of PV placements. And, further, we often encounter local permitting processes that are onerous and antiquated and result in unnecessary time and cost in the permitting and inspection process. And, certainly, this isn't unique to New Jersey. A recent report concludes that a local permitting and inspection adds about 50 cents a watt or $2,500 to the average U.S. residential system.

Now, in the interest of time I won't go into all the specifics but suffice it to say that again there are several constructive steps that the state can take to address this issue. We encourage State agencies, such as the Board of Public Utilities through its

Division of Economic Development and Energy Policy and the Department of Community Affairs to work with local officials and other stakeholders to address these barriers.

Thank you for your attention and I appreciate your consideration on these matters.

PRESIDENT SOLOMON: Thank you.

Christopher Brown.

Christopher Brown.

Erich DeGesero.

MR. DeGESERO: Good afternoon.

Erich DeGesero, D-e-G-e-s-e-r-o.

Good afternoon, President Solomon and Commissioners. My name is Erich DeGesero. I am the Executive Vice President of the Fuel Merchants Association of New Jersey. We represent small business owners in New Jersey who distribute home heating oil, gasoline, diesel fuel, and also provide home comfort services, such as central heating and air-conditioning, installation and service, as well as a number of them participate under the BPU or through the BPU's Office of Clean Energy, Home Performance with ENERGY STAR program.

To say we are disappointed with Draft EMP is an understatement. Our disappointment is not that policymakers are looking to incentivize solar and wind

and encourage energy conservation. We recognize there is a role for renewables to play in the energy mix as our members have been selling energy conservation for the better part of 40 years.

Unfortunately, this proposal fails to recognize the role that our members play in the energy mix. While much public policy, both at the federal and state level, is directed towards renewable fuel, the energy information administration estimates that the year 2035, 78 percent of our nation's primary energy needs will continue to be meet by fossil fuels -- coal, oil, and gas. While this document seeks to redefine renewables to include natural gas, it cannot change the fact that natural gas continues to be a fossil fuel.

Our industry has worked with policymakers at both the state and federal level to not only to improve the formulation of our fuel to make it more environmentally friendly, but also dramatically increase efficiency and performance of our equipment to reduce annual fuel consumption.

Unfortunately, the Draft EMP refuses to recognize any of these improvements and is content in consigning what our members sell and, unfortunately, our members themselves to extinction. Simply put, this Draft EMP favors one fossil fuel, natural gas, over all

the others.

There are two primary reasons the Draft EMP

raises relative to fossil fuels our members sell as opposed to those that the document endorses. One is those fossil fuels our member sells are not environmentally benign and, two, is that they're more expensive.

Specifically on page 115 of the draft it states: Since publication of the 2008 EMP, natural gas has become a more attractive energy source, largely due to lower commodity cost and fewer emissions of pollutants.

Relative the pollutants, our industry has made dramatic progress in reducing the two largest sources of emission release based deficiency relative to our other primary fossil fuel competitor, natural gas.

The first is relative to particulate emissions. This point has been amplified or has been codified, I should say, by the in U.S. EPA in their publication AP42, 4th Edition.

This point was also amplified the Northeastern States for Coordinated Air Use Management, NESCAUM, that's the air regulators in the northeast, who stated, quote, properly adjusted oil burners now use particulate matter emissions --

PRESIDENT SOLOMON: When you're reading, you're going to have to every third word stop. Okay.

I just don't -- I'm worried. I kept her going and didn't take any breaks. Usually we'll take a 10- or 15-minute break. So unless you and everybody else slows down when they speak, we're going to start taking breaks and that will cut a lot of them.

Okay. Thank you.

MR. DeGESERO: I apologize and I promise I will absolutely speak slow.

Properly adjusted oil burners now produce particulate matter emissions that are similar to natural gas burners. Additionally, the other issue that we have is relative to sulfur in that our industry actually took the lead in championing the reduction of sulfur in the content of heating oil and supported the DEP's proposal which was adopted last year which reduced sulfur content in heating oil.

Relative to greenhouse gas emissions, our industry has also worked to include renewable component in heating oil renewable fuel. We successfully worked to have the definition of the heating oil and diesel fuel amended by ASTM, the American Society for Testing and Materials, to include a renewable component. The importance of that is that existing fuels and existing

vehicles can run on fuel that now has up to a 5 percent biofuel blend in it.

We are also working to develop the next generation of biofuel to find out how much higher we can go in the formulation of the renewable component in utilizing the existing infrastructure that is out there. All new heating systems are biofuel compatible.

Much attention is also focused over the years on some greenhouse gases, such as carbon dioxide which is the primary greenhouse gas component in heating oil; but far less attention is paid to methane which is

a primary component of natural gas. We have now begun to see that the State department and ICCC are recognizing that methane is on a 20-year horizon actually a much greater concern than is carbon dioxide.

Once the life cycle greenhouse gas emissions of heating oil and natural gas are taken into account at the point in the future that we are working towards where heating oil has a 20 percent renewable component, the greenhouse gas footprint of heating oil will be less than that of natural gas. At 10 percent we're tied and at 20 percent we are less.

The Draft EMP also discusses the advantage of biofuels for diesel for mass transit. Why not incorporate it into home heating oil as the 2008 draft

did when it required a biofuel component. Additionally, New York City is requiring such a component beginning in 2012.

Finally, relative to climate change, a recent study Robert Haworth published in Climate Change Letters in March of 20, 2011, finds that methane emissions from the hydraulic fracturing of shale gas contributes at least 20 percent more, if not double, to greenhouse gas emissions than does burning coal. So we think that relative to environmental emissions, whether it be traditional pollutants or it be greenhouse gas, we have a pretty good story to tell.

Relative to motor fuels, the draft seems disappointed that it can't more easily displace gasoline and diesel with motor fuels. Why is the State dismissing the biofuels as the draft does because there

may not be a subsidy in the near future for biofuel but is quick to support state and regional incentives for CNG vehicles, although the draft does not specify what those incentives should be.

We would encourage there to be a look at natural gas to liquid technologies which would allow for the utilization of the existing fueling infrastructure and also commend the Board for recognition that alternative fuels enjoy statutory advantage relative to

the motor fuel tax and the greater utilization and encouragement will put even greater pressures on the transportation trust funds funding source that is there currently.

Relative to pricing, the Draft EMP states that as a justification for its endorsement of natural gas as a fossil fuel of choice, it uses reasoning that natural gas would be less expensive than oil using such objective metrics as conventional wisdom and fundamental dynamics which portend a wide price differential going forward. This is the same conventional wisdom which driven by experts, like Aubrey McClendon, the CEO of which Chesapeake Energy, and Alan Greenspan portended natural gas today would be $10 a decatherm and we would need to be importing LNG to meet our needs.

Admittedly, predicting the future is a difficult task and there is a long-term -- and if there are a long-term sustained dislocation between fossil fuel competitors, the market will figure it out. It should not be the role of this Energy Master Plan to

decree which fossil fuel wins and which fossil fuel loses.

The heating oil industry has also sold energy efficiency for decades. The average home that used to consume about 1400 gallons a year, now consumes

less than 900. And with the advance of new fuels, specifically reducing sulfur, we can expect that consumption to be cut by more than a third again. Unfortunately, the direct inclusion of heating oil equipment upgrade in the existing Clean Energy Program has been opposed by the Board.

The FMA believes that any change in the delivery in energy efficiency measures must include all fuels, regardless of the ownership of the entity which is supplying the BTUs. Furthermore, any transition in the delivery of energy efficiency programs cannot disadvantage the small business HVAC contractors who provide the services to homeowners and businesses.

In conclusion, FMA urges the draft not be adopted, rather it be revisited to recognize the contribution of all fossil fuel forms of energy and need of diversity of energy supplies in the State.

Thank you.

PRESIDENT SOLOMON: Thank you.

Katie Bolcar.

MS. BOLCAR: I asked to have them take it off.

PRESIDENT SOLOMON: I'm sorry. What?

MS. BOLCAR: I asked for my name to be removed last week.

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PRESIDENT SOLOMON: Okay. Never mind. I'll take it out.

Dante DiPirro.

PRESIDENT SOLOMON: Make sure you both identify yourselves.

MR. DI PIRRO: Dante Di Pirro, D-a-n-t-e, D-i, capital P, i-r-r-o.

MR. FLEISCHER: Howard Fleischer, H-o-w-a-r-d, F-l-e-i-s-c-h-e-r.

MR. DI PIRRO: President Solomon, Commissioners, members of the panel, thank you for the opportunity to comment --

PRESIDENT SOLOMON: Speak slowly. Okay?

MR. DI PIRRO: Yes. Right.

Thank you for the opportunity to provide comments on the Energy Master Plan. I'm an attorney in private practice. I have approximately 20 years of experience in the energy and environmental fields; first, with the State of New Jersey in various capacities and currently in the solar industry where I have written and negotiated about 20 megawatts of new solar construction.

With me is Howard Fleischer.

MR. FLEISCHER: I have been in the solar industry for seven years and managing partner of

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NJSREC.COM which is one of the largest aggregators in New Jersey with 1600 customers. I'm a former

environmental commission chairman in a local municipality. This is my 40th year as a business person in New Jersey.

MR. DI PIRRO: And today we wanted to address the members of panel about the solar industry and specifically about the SREC market.

We have a short PowerPoint.

But the SREC is very important, as all of you know, to New Jersey because it's the primary incentive now for the solar industry. We're all aware that it's an emerging market and we've experienced at some points what we think is unnecessarily high SREC prices.

Even now, of course, we're experiencing a significant decline in those prices. High prices place unnecessary costs on ratepayers which is a problem and at the same time it puts the solar industry green jobs and the economy at risk to kill the proverbial golden goose who's laying all those golden eggs in an economy that otherwise is experiencing a lot of difficulty here in New Jersey.

The low prices are also a big problem. They create uncertainty on the part of New Jersey owners,

businesses who are trying to put solar onto their facilities and that risk is stalling our green economy and risking the prestige of New Jersey as a leader in renewables.

The proposal we want to present today is for market tuning. Now market tuning would not pick winners and losers and it would not be a governmental control

over the market. But what it would do is establish market parameters so the market runs efficiently and it then could then run and let it run within an established market trading range. We point out that tuning is not uncommon. It's something that, for example, the fed does when it intervenes with the money supply.

In sum, our tuning has three essential elements: To establish an SREC at floor price; to establish an SREC ceiling price; and to establish a mechanism that would cap the number of projects that can be constructed and provide a fair method to improve a project in the event of a glut of applications.

And we have two graphs that we would like to walk you through to explain the details of that.

MR. FLEISCHER: Before I go through the graphs, I just want to mention that SREC pricing in New Jersey was in the mid 600s about a month and a half ago. This morning it was below $200. That is at the utility

level.

The upper line on our graph shows the existing SACPs and using a 2 and a half percent per year reduction in what the SACP would be out to 2026. We think that those SACPs are too high and not necessary to sustain solar in New Jersey.

The second line which starts at $500 in the year 2013, this plan starts at the year 2013, is reduced to about $15 a year for the year 2026. We're suggesting that those be the SACPs adopted.

There is a floor price which is -- starts at

$200 and goes down $5 a year. And let me just emphasize that these are suggested parameters. This is a spreadsheet. This can be raised up; this can go down according to the needs. This is a guideline. So I'm sure there are plenty of folks that have opinions on both sides of this.

Essentially, what we want to do is propose a trading range. That's the market. That is the market we would work within. If we are to establish a trading range, we also need to take care of a couple of other items. And one is that we have to have a mechanism that if the solar SREC price goes down towards the floor, there's a mechanism to increase the RPS so we can build more solar in New Jersey because it's not going to cost

us any more money to do so.

And the second chart shows the following: Basically the bottom line on the chart shows what these numbers would be under the current bill. That is 8352O. The second line is a 20 percent suggested increase in the RPS when the trading price is $50 above the floor for a determined period of time. The upper line is when the trading price is at the floor for a sustained period of time. It's a 50 percent increase in the RPS now. We have nothing against further increases in RPS, but these are suggested guidelines.

In order to implement this and to be fair to all the folks involved, you need to cap the amount of solar being built. So we're suggesting that that cap be done in a lottery format. That is based on the market segments that exist now according to historical data.

So all of the market segments that we all feel are important in New Jersey are taken care of, we would suggest that 20 percent extra projects get accepted because there is a washout rate so that can always be adjusted in the subsequent period; that projects be given a six-month time to start construction and have six to 12 months after that to complete construction.

MR. DI PIRRO: And to wrap up, we wanted to

address quickly the goals of the EMP and also the interests of stakeholders and how those would be effected by this kind of proposals.

In terms of the goals of the EMP this would drive down the cost of energy, promote clean in-State generation, promotes meeting and, in fact, expanding the RPS if the price is approaching the floor which stimulates the economy for our green jobs to keep and attract businesses which we know is a priority, and for jobs, to keep thousands of green jobs that have been created through the wise previous policies of advancing solar in the State.

And, finally, everyone has a stake in these issues and we wanted to speak just briefly to those folks, ratepayer's significant concern. This kind of reduction in the SACP would decrease rates which would be an important achievement. Green jobs in the economy, we mentioned for certainty in financing would allow our business owners in the state to know that they could afford to put solar on their building because they know

what the cost is, they know how they'd be able to sell their SRECs going forward.

The LSEs are important in the process. They're the ones who pay for SRECs. They would enjoy the reduction in the SACP and they'd have benefit of the

cap that Howard described.

And we can't forget municipalities and schools. They have bonded significant solar projects. They are absolutely required to make their bond payments and we need to sure up the SREC market so they will have that stream of income and we don't disadvantage our municipalities and schools in these tough economic times.

And the same, of course, is true for the businesses and residences. Those folks might have done a solar construction project by taking a loan out, but those loan payments to them are equally important. We hope these things will help you get into the master plan and provide a mechanism to give a strong and viable market.

MR. FLEISCHER: And we're available to discuss it with you.

PRESIDENT SOLOMON: Thank you very much.

Roman Soiko.

MR. SOIKO: Thank you, President Solomon.

PRESIDENT SOLOMON: Make sure you take your time, the court reporter's got to take it down.

MR. SOIKO: We need to be aware of the crisis facing New Jersey, in United States of America, North America, and the world. The threat that is

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hanging over the entirety of humanity has manifested itself in severe weather episodes over the last decade.

PRESIDENT SOLOMON: I don't know if you want to give her your written statement or you want to go on. And if you're going to go on, it's going to be taken down stenographically, you have to take your time and make sure you speak up.

MR. SOIKO: Okay.

PRESIDENT SOLOMON: Take your time.

MR. SOIKO: Hurricanes Katrina and Wilma, the flooding in Australia and Pakistan, the forest fires in Russia, and only recently one of the hottest summers in New Jersey for years. These are not isolated events. These events directly correlate to global warming, anthropogenic global warming. To deny the obvious is tantamount to denying the Holocaust and in many cases the comparisons can be similar.

Instead of Zyklon B, we have used another chemical, chlorofluorocarbons that emanate from our dirty energy which powers our state economy. New Jersey is considered by the Environmental Protection Agency as one the dirtiest states in the country and we lead the way in Superfund sites with 1,091. This is unacceptable.

Now you attempt to derail the program of

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action which will ensure New Jersey does not renege on its obligations on clean energy. Clean energy and the

green economy is of paramount importance for a multitude of reasons. They are:

One. Clean energy provides an environment which is protected. We've seen the disaster in Gulf of Mexico and Fukushima. This cannot happen in New Jersey.

Two. It creates employment. The green economy could be the states' new renaissance in one of the worst economies in 80 years.

Three. It lowers the cost of business. My energy in my house is generated by solar and the bills I pay have reduced dramatically. Generation based on solar energy is cheap, limitless, and free. Indeed, solar energy is the original source of energy in the universe.

Four. Tourism. Many tourists who want to see the future will want to come to New Jersey to see the future development.

Five. Possible source of budget balancing. We all know the budget is in crisis which we know that you, as Governor Chris Christie, have spent time addressing. This is commendable. Perhaps if New Jersey had enough clean energy, it could export it to neighboring states, such as Pennsylvania, New York, and

Delaware.

Clean energy is needed more than ever. Why in the days of then gas prices have hit $147 per barrel and now are dancing around $100 per barrel are you cutting back? As a consequence of high fuel prices, inflation has soared destroying the State's economy. Clean energy will be a source of lower transport costs.

Since transport costs are cheaper, prices will fall, and inflation will be controlled.

New Jersey has much capacity for clean energy. We have 127 miles of coastline which could generate wave energy and our wind from the Atlantic is also strong. We are the second leading state of solar power. And considering the recent climate we have been having, generating solar power will be easy.

Hydroelectric power is also a possibility as we are a state that is surrounded by water.

What I do not understand is why you want to set the state back to the Industrial Revolution? Peak oil has come and gone which eliminates this as a cheap source of energy. Coal is being extracted to its bare bones and is the usual suspect in many mental illnesses in children and adults. Natural gas prices have soared as well. You speak of fiscal responsibility. How is cutting on clean energy fiscally responsible?

You want to provide a better state. We all do. And we at the Sierra Club believe that the environment is one of New Jersey's greatest assets and let it work in our favor in creating energy not for a 21st Century economy, not a 19th Century economy.

Thank you.

PRESIDENT SOLOMON: Thank you.

We have 39 people who are here to speak. There's no way we're even going to come close to that number.

What I would do is we'll run for another

hour, a little over an hour. And then we're going to schedule another hearing for Trenton.

So if anybody who feels they prefer not to speak today, come back at a later day. Let Greg know. But we'll go for about another hour. At the rate we're going, we'll probably hit 12 to 15 of these speakers.

Marta Loc.

Good evening.

MS. LOC: Good afternoon.

My name is Marta, M-a-r-t-a, and last name Loc, L-o-c. And I will be speaking on behalf of Princeton Power Systems. And in light of the some of lengthier testimony, I am going to try to make mine very brief, sweet, and direct.

So without further adieu, I will continue my testimony.

As a result of the debt ceiling increase in recent enactments to fuel economy extenders, we believe it is the imperative that we re-examine and embrace electric vehicles, plug-in hybrid electric vehicles, and highway electrification.

As a way of background, fuel economic standards for passenger cars have remained the same since 1985. After a fuel standard examination, we have taken unprecedented steps to increase fuel efficiency, reduce pollution.

New Jersey should not stray from our nation's goals, but disregarding electric and plug-in hybrid vehicles is a significant addition to the Energy Master Plan. In order to achieve the 54.5 miles per

gallon standard by 2025, the public will notice a significant increase in both electric vehicles and plug-in hybrid electric vehicles in the market and on the road itself.

The high infrastructure and smart grid integration supporting these vehicles is crucial for the already ageing and stressed electric grid.

New Jersey is a leader in green technology and renewable generation. We continue to focus and stay

on target for 30 percent integration of renewables. Let's maintain our leadership role by equally incorporating smart grid technology and establishing an electrification infrastructure to support the nation's goal while achieving the 54.5 miles per gallon.

This Energy Master Plan is the State's responsibility to foster growth in clean technology and manufacturing so please let's continue to do that.

Thank you.

PRESIDENT SOLOMON: We're going to take five minutes.

(A short recess is taken.)

PRESIDENT SOLOMON: We're going to get started again.

The next speaker is Paul Lipkin.

Paul Lipkin, are you here?

Ralph Orlando.

Mr. Orlando, come on up. Everybody else be seated.

MR. ORLANDO: Thank you, President Solomon

and Commissioners. My name is Ralph Orlando, O-r-l-a-n-d-o. I'm here on behalf of New Jersey NAIOP, N-A-I-O-P. NAIOP is a commercial real estate development association with members that represent, either own or manage a 300 million square feet of space,

commercial space in the State of New Jersey.

I'm just going to just give you some bullet points with response to the Energy Master Plan and a written report from NAIOP will be presented to the commission.

My first comment is that NAIOP very much endorses the plan and many of the aspects of the plan so we commend the commission for your efforts.

First comment is concerning the solar analysis and the cost basis that was presented in the plan. We believe that, as we understand it, a lot of the data was based on 2008 data. We believe that it is outdated at this point and that the technology and some of the current cost information which I think should be considered with regard to reevaluation of that and possibly a different conclusion may be reached from those updated information as you would receive. And we would be happy to provide some of that to you.

PRESIDENT SOLOMON: If you have updated information, I'm sure we have access to it, but anything that you have that you would like us to look at and perhaps relying on, could we get that?

MR. ORLANDO: We will get that to you, sir. Thank you.

We also -- just a comment that I think the

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solar alternate -- alternative compliance payment matter needs to be better defined. We believe that no new capital and no new substantial capital is going to come into the marketplace without SREC certainty. And I know that's been discussed a lot this evening so I'll just make that comment and again some data will be provided to the commission.

Virtual net metering, we have a comment on that which is currently energy may be sold only to one party off a meter, a problem for multi-tenant buildings for both commercial, as well as residential facilities. Virtual net metering would allow multiple tenants to benefit from the marketplace and we believe that should be provided as well.

Community net metering, a comment on that. Pilot projects should be done to obtain data needed to determine best practices to accomplish community net metering across large industrial and mixed use parks. And also it would be beneficial for residential development as well.

Pilots, we believe that very strongly support the establishment of pilot programs in order to develop the defined energy policies that you're presenting in the plan, those have been very successful in the development of other energy plans throughout the

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country and we would like to see pilot programs established and we're going to recommend some to the

commission.

With regard to existing buildings, the Energy Master Plan seems to focus rather strenuously on the new construction. As we see it, New Jersey new construction will be very limited in the foreseeable future. We would like to recommend that the Energy Master Plan relook at the importance and the energy efficiency that you'd be gaining from, especially on a short-term basis, achieving these efficiencies on existing building. We suggest that policies and provisions be provided for retrofits, modernizations, and upgrades. And caps should be eliminated, for instance, on items such as efficiency on improvements to lighting, just one, and we will present some others to the commission for consideration.

With regard to expanded SRECs, we would recommend that they be allowed for data centers up to 69 kV and also SRECs should be allowed for behind-the-meter.

The brownfields, we do support the development of brownfields for solar using brownfield sites for solar and we commend the commission for suggesting that and stressing that. However, in our

experience there is some dichotomy with regulations that we will present to the commission that do make it difficult to provide the amount of solar we will need on these brownfield sites. So we would like to encourage that it does take place but will provide some information that help ensure that does get accomplished as planned.

So I thank you very much for this time this afternoon.

PRESIDENT SOLOMON: Thank you. That was very helpful, and I look forward to getting your information.

Michael Flett.

I also have Frank Robinson with him.

Is that right?

MR. ROBINSON: Yes.

Good afternoon.

We want to thank you all for having us and giving us the opportunity to testify in front of you today. I'm Frank Robinson with Robinson Capital Partners.

Here's my colleague, Michael Flett, Flett Exchange.

We are appearing before you today on behalf of the New Jersey Renewable Energy Coalition which is a

coalition of renewable energy private equity investors and energy professionals committed to supporting policy that will maintain and sustain a healthy renewable energy in New Jersey.

As President of Robinson Capital Partners, we currently have over 80 megawatts of both net metered and solar farms in production throughout New Jersey, with additional investments in biomass and anaerobic digestion, new wind technology, and other clean tech investments.

President Solomon we're privileged to be

before you today to comment on the Governor's draft Energy Master plan. Along with the Governor, we're concerned with maintaining a sustainable, vibrant, and healthy solar energy industry in New Jersey.

We do have, however, serious concerns with the policy direction that the Energy Master Plan is recommending for solar and other renewable energy sources.

My colleague Michael Flett is an expert on the SREC market and can comment on market changes that we recommend.

First, I'd like to talk about the Energy Master Plan analysis on solar energy and stated solar energy in New Jersey. I'll begin by speaking to the

economics of this industry currently and whether or not New Jersey is poised to reach an ultimate RPS. Calculations indicate an RPS goal of 5000 megawatts in the State of New Jersey by the year 2020 -- 2026. Excuse me.

For ease of discussion purposes today, we'll round the current New Jersey marketplace to 400 megawatts of both residential and commercial --

THE COURT REPORTER: You're getting faster. You were good in the beginning.

PRESIDENT SOLOMON: Take your time.

MR. ROBINSON: For ease of discussion purposes today, let's round the New Jersey current marketplace to 400 megawatts of both residential and commercial solar projects. Over the past couple years, the prices to install a project have dropped

considerably.

So based on our 400 megawatts, if we use a current price per kilowatt to develop these projects at $3.50, we are talking about an industry that represents a minimum of $1.4 billion invested throughout New Jersey. That money was invested in a market with stable and high valued SRECs, coupled with strong federal incentives. It's been a vibrant market to say the least, but the industry has changed and volatile and

there's extreme skepticism about the incentives and perhaps most important there's no clear direction as to where these incentives end up. So if we're at a minimum, $1.4 billion industry today, we can assume using the same valuation that we have a minimum of $15 billion remaining to hit that RPS as far as a capital infusion into this marketplace.

Michael and I represent the equity and debt market that are bullish on investing in this market. Our concern is that the current market volatility is not conducive to supporting the nearly $15 billion worth of investment to get to our RPS.

As for analysis in the Energy Master Plan, we do appreciate the efforts of the Board, but we would like to express some of the data and concerns on the data that don't necessarily support the theories and the impacts that have been represented.

The cost in economics in the Energy Master Plan are not congruent with current market. Over the last 15 months, costs for procurement and construction

have dropped nearly 40 percent. What has not dropped in the New Jersey Energy -- is the New Jersey energy infrastructure upgrades that are a hundred percent the responsibility of the project.

The Energy Master Plan failed to quantify

the benefit to New Jersey's energy infrastructure upgrades via solar incentives, first, essentially implementing a tax that would accomplish the same. Those same incentives -- statewide incentives that upgrade our infrastructure, attract investment in projects which have resulted in an estimated 20,000 plus jobs in this industry.

Most of those jobs have been created during the recession which has kept many New Jersey families in the State. I can tell you that I sit on the Board of Directors for the New Jersey Builders Association and many of the people that are skilled and nonskilled workers that lost jobs in that association and that industry have moved to the solar industry.

In addition to a thriving job market and significant investment into New Jersey's energy infrastructure, our industry is reducing the net energy imports for New Jersey. New Jersey currently imports 30 percent of our energy from surrounding states. Our current solar production accounts for less than 2 percent of our total energy use in the State.

I mentioned that New Jersey is a net importer of energy because it's relevant in terms of utility scale projects and their significance to our State reaching the ultimate RPS.

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The Energy Master Plan addresses solar farms by suggesting that brownfield and landfill sites be the target for future development. While we support that, we express our concern that environmental issues and costs, such as remediation will deter these projects from ever being completed. These costs will create an adverse reaction to the falling price points that we have seen in developing projects and certainly not sustainable with the falling SREC market.

It's clear in the Energy Master Plan that the administration is supportive of net metered projects and we appreciate and share that support. In fact, we would like to take the net metered projects one step further than traditional behind-the-meter and propose that third party providers be able to sell across in the event of bankruptcy or business closure.

I can tell you on daily basis one of my largest sticking points in negotiating net metered contracts is what happens when a tenant closes its operations, it can be a dramatic shift in the financials of the project.

With New Jersey being a net importer of energy, we know that the solar energy produced in this state will be used and stay in this state.

In summary, I think -- we think the Draft

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Energy Master Plan has room for improvement and we're lending our assistance in creating policy that will

rejuvenate what has been a thriving industry back to prosperity.

For more on the SREC market, here is Michael Flett.

Thank you.

MR. FLETT: Good afternoon.

My name is Michael Flett. I run the Flett Exchange which is an Internet based exchange to provide a transparency and liquidity to the New Jersey SREC market. Over 3,000 New Jersey solar installations used my exchange to sell their SRECs. We've been operational 24/7 since 2007. Many of the energy companies using the exchange to procure SRECs to satisfy their RPS standard.

The SREC market in New Jersey is responsible for most of the success of the solar industry in New Jersey. It sets New Jersey apart from every other state and is bringing the capital needed to develop solar in New Jersey. It is competitive in nature, thus over time it will bring the most competitive price to the ratepayer.

The development of solar in New Jersey has just exceeded the State mandates for the first time.

I will speak to the current state of the

SREC market in a few moments.

I would like to point out two areas in the Energy Master Plan related to SRECs which are incorrect. In both of these, I'll cite them specifically, they overestimate the cost of solar in the past and also in the future. Figure 39 on page 91 of the EMP shows historical number of SRECs traded and the SREC prices as

documented by the CEP.

The EMP concludes from this data that in, quotes, Steady appreciation in SREC prices runs counter to the substantial solar technology progress that has been sustained in the U.S. and New Jersey.

This conclusion is false and the data is misleading. The reality is exactly the opposite. SREC prices in the spot market have declined from an all-time high of $694.70 on August 4th of 2009 to a settlement of $655 on February of 2011 which matches the data used in the Energy Master Plan. This is a 6 percent decline in the price, while Figure 39 in the EMP shows an increase from five to $600 or 28 percent increase.

The data should be replaced by the actual spot price of SRECs, not the volume weighted average price as reported by the CEP which is not correct.

The conclusion should read that spot SREC prices in New Jersey have declined during the past two

years based on a declining SACP schedule and the volume of SRECs for compliance by LSEs have grown substantially.

Paragraph 2 on page 94 states that the total annual estimated SREC costs in 2015 will be $525 million. This estimate is absolutely wrong. It's way too high. Based on the state mandates for solar in Energy Year 15, there are 965,000 SRECs required. Backing out the EMP estimate implied SREC price is $544. The price for Energy Year 2015 SRECs in February when EMP was written was $300. The current price for Energy

Year 15 SRECs is about 175. Based on the reality of these prices which are real and trading, they are not estimates written by economists. The real cost is between 168 and $289 million, not the $525 million which is stated in the EMP. The EMP overstates costs by 180 to 310 percent.

I'm going to skip and close quicker and I apologize for taking so long.

PRESIDENT SOLOMON: Just don't speak too fast.

MR. FLETT: It was going a lot quicker when I was driving down the Turnpike.

I'm going to skip a bunch of this. There's a lot of stuff we already know.

One thing as from the New Jersey Renewable Energy Coalition suggests the following:

One. We agree with the EMP that the current high SACP out to 2016 should be reevaluated. Solar costs have decreased significantly since the original SACP was set. It is apparent that a $600 SREC is not needed to support solar development nor is that higher price needed as an incentive for energy companies to purchase SRECs.

Aside from the EMP, it's more of a legislative issue, but S2371 should be supported. Without the increase in the RPS, the overflow of Energy Year 2012 SRECs will flood the market and shirk off installations to one and a half to two and a half years. The infrastructure in solar installation firms and the jobs associated with them will disappear overnight if

this is not done.

Business owners who have invested in solar to lower price -- invested in solar with these lower SREC prices will be hurt.

And the third thing that the EMP does not identify the full net benefits realized by solar installed in New Jersey. All references to SREC identified them as costs and do not identify the benefits realized by the initial investment and

subsequent SREC income.

At Flett Exchange, we mail checks to almost a thousand families, businesses, towns, and municipalities each month. Not only do these participants invest upfront money which create jobs in New Jersey, but the income generated from SRECs most likely go directly back into the State's economy, from paying down their systems, and any potential gains will most likely go towards operating expenses, especially in towns and municipalities.

I appreciate the opportunity to speak on behalf of the New Jersey Renewable Energy Coalition.

PRESIDENT SOLOMON: You said increasing -- you're talking about increasing the solar carve-out in the RPS so then the target will then create more of a demand. Is that correct?

MR. FLETT: S2371 we have to buy 442,000 SRECS this year. Instead of going to 596, it could go to 772. It will soak up this extra amount that, what I see, is we have a lot of incentive that came from the

bonus appreciation so the investment got lumpy. We got a lot of people to invest in New Jersey's infrastructure and what we're looking for is more legislation for some proactive legislation which is 2371.

PRESIDENT SOLOMON: Do you have any analysis

of what would be the economic impact; that is, where our SRECs are likely to go and what would be the cost to ratepayers? Is that done anywhere? Do you have it anywhere? We have our economist and we have some analysis.

MR. FLETT: I get that question all the time. Everybody is calling me, they're like, Mike, where are my SRECs? I said they're $200 and bid has gone to 20. Well, what is going to happen?

If 2371 passes, maybe they'll be more than 350 again. You're never going to see a $600 SREC again.

That is where in conjunction with the Energy Master Plan rolling back the SACP I think all you have to do is the math, whatever the lower SACP, compared to the current one, and that is what the ratepayer will potentially save if we ever go short again.

PRESIDENT SOLOMON: You're not suggesting setting the SACP -- setting the SACP the legislature needs to set a floor that would be an option. The other option is simply raise the target in the solar market.

MR. ROBINSON: That is the short-term answer.

PRESIDENT SOLOMON: The floor or is it the carve-out?

MR. ROBINSON: I would say the carve-out.

Both are needed.

PRESIDENT SOLOMON: Thank you.

MR. FLETT: Thank you for the opportunity.

MR. ROBINSON: Thank you.

PRESIDENT SOLOMON: Scott Yappen.

MR. YAPPEN: Should I say good evening yet?

PRESIDENT SOLOMON: Oh, yeah, you can.

MR. YAPPEN: My name is Scott Yappen, Y-a-p-p-e-n. I'm a Texan so I should be slow enough for you. And I work with Veolia Energy North America.

Good afternoon. Veolia Energy North America, as many of you know, owns and operates distributed energy and a co-generation plant right here in Trenton and has been a supplier of heating and cooling in the many state buildings in the capital district for roughly 25 years. We also produce electric power in our facility which is sold at wholesale to PJM interconnection. While many know what a co-generation facility is, it is simultaneous power and thermal energy from a single fuel input.

The Veolia Trenton facility takes its technology one step further with the simultaneous induction of three products: Power, heating, and cooling from single fuel input, what we call tri-generation, and our corporate name was TriGen.

The typical mix of stand-alone electric generating stations includes a range of efficient

generators and less efficient generators considered to be on the margin. On average this utility electric supply system has not been able to rise above an energy efficiency of roughly 33 percent since the 1960s, with two-thirds of the energy being wasted up the stack in form of wastewater, etcetera.

Co-generation and tri-generation systems have efficiencies that approach 80 percent. By more than doubling the efficiency of the traditional power generators, these co-generation systems, what many now refer to as combined heat and power, or CHP, effectively cut greenhouse gas emissions in half. And as the authors of 2011 Draft New Jersey Energy Master Plan recognize CHP is among the most effective ways to improve energy efficiency and reduce our greenhouse gas emissions with the least long-term cost impacts.

Thus, we particularly apply the number of things from the EMP. First, the administration's commitment to develop 1500 megawatts of new distributed generation and CHP resources where net economic, environmental benefits can be demonstrated, as we know there will be. The administration's awareness to CHP development will require support from state incentives,

including loans and loan guarantees, including streamlining permitting processes. The administration's appreciation for the unique beneficial relationship between district energy systems and CHP systems with district energy systems providing the heat sync for the thermal energy output of the CHP facility.

We would urge the administration to be open

to the possibility that a greater share of the plan's 1500 megawatts of CHP might be sited on direct energy systems and not restrict these systems to only 100 megawatts out of plan's 1500 megawatts.

And we applaud the administration's plan to lead by example with an initiative to increase the energy efficiency of state-owned and/or operated buildings through energy conservation improvement, including, in particular, combined heat and power.

Globally, Veolia operates over 800 district energy networks like Trenton. Additionally, we operate 5000 megawatts of co-generation at hundreds of sites worldwide which are fuelled by a variety of fossils and renewable fuels, such as wood and biomass. We also operate geothermal landfill gas, solar, and other energy supply platforms worldwide.

I mention all of this to make a point that we understand that energy will and should come from many

different sources in New Jersey. The Governor made it clear that natural gas will be a significant source. Given this, we should utilize natural gas for its ability to generate electricity and thermal energy can be maximized, in essence to maximize energy efficiency.

The CHP cuts emissions in half and is given more and more attention. For example, the only example I'll give today because of the time limitations is the Massachusetts Green Community Act to pass upon your radar. It was signed into law in 2008 which included new alternative energy portfolio standard. Similar to

the renewable portfolio standard mandating that utilities purchase a fixed percentage of their power from energy efficiency technologies specifically including CHP.

The alternative energy portfolio standard provides financial incentives for CHP, via alternative compliance payments paid by electric generators. It's been an important driver in Massachusetts to stimulate the CHP projects to date and fundamentally different from what we have here in New Jersey from in the past.

This program also provides incentives for existing electric only power plants to add useful thermal load or for thermal only plants to add electric generation.

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So just to get to the recommendations that we have, both financial and technical. As I mentioned, the CHP portfolio standard, similar to the SREC program, it could be a legislatively binding portfolio standard for CHP to be instituted by the legislative branch in New Jersey and to be administered by the executive branch. As mentioned, an example of this that worked in State of Massachusetts. That's the long-term financial incentive. Short-term, loans and grants and more to the pay for performance grant, $450 per kW for co-generation.

Those are drastically needed projects as we develop them. End users can't make the decision to move forward because of the feasibility studies and the all money that it costs just to get it off the ground. So that we have some assurances and they need to be

concrete and not something that can be taken away as they have in the past.

We need to also investigate gas utility tariffs, the cost of distributing gas for CHP specifically. In the past there have been special rates for gas, the use of private electric distribution wires, electric utility interconnection standards, electric utility standby rates, and other hurdles that may be impediments to successful use of CHP.

As mentioned, we also need to streamline the permit process for construction, air permits, etcetera, because that's one of the longest lead item of any CHP project in general to get off the ground.

So the next few years will be very challenging to the State and the nation as we struggle to meet what many see as competing missions, mainly that of joining the world community and fighting global warming and a critical battle to get the economy growing again and most importantly to put people back to work which is what CHP really does, it distributes generation spotted all over New Jersey. If you can imagine people operating plants, people construction plants, those are really valuable to putting people to work.

So the Christie Administration should be commended for its strong commitment to energy efficiency and CHP in particular. Veolia commends the authors of this 2011 draft for the forward-thinking approach to our fight for energy independence. This plan once approved will help New Jersey and the nation to take a step

forward in our efforts to economically reduce greenhouse gas emissions in this country.

Thank you for your opportunity to address you this afternoon and you will have our comments distributed electronically.

PRESIDENT SOLOMON: Thank you very much.

Jeff Tittle.

Is he outside?

I know he's here.

Drew Cannon.

Drew Cannon.

There is Mr. Tittle.

Good evening.

MR. TITTLE: Sorry. I was out in the hall.

Jeff Tittle, Director of New Jersey Sierra Club, speaking on behalf of the New Jersey Chapter of the Sierra Club, and I'm the only person who is allowed to do so. We have members and others, but they do not speak for their chapter or the club directly.

I just wanted to start out and say that sitting this through this process between the two hearings, I've heard a lot of very interesting and compelling testimony and a lot of facts that seem to be at odds with major portion of the Energy Master Plan that really question a lot of the basis of the plan itself from a lot of different experts on how the solar program works or should work, the fundamentals of funding.

So I think that this will hopefully open up staff and board members to really think about trying to

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work more on this plan because it is a draft and I think there are a lot of areas that need improvement and need work. And there are some positive areas too. I happen to be a believer in combined heat and power. It's an important way of moving us forward. It's an excellent gap situation where we actually help businesses, but we also can provide power for those times when the renewable energy or winter peak times to really help move this forward as we wait and develop more renewable energy.

And where I do have my concern is that we have to look at this Energy Master Plan as part of our future. It's almost like you have a master plan for zoning and then you do your zoning later. And I think what we're doing by going back to the RPS is we're taking the vision of the master plan and we're going to the old zoning, instead of moving the RPS forward based on the master plan. I'm not saying that current elements in place. There are many areas that need improvement and updating.

But the one thing I think we have all seen has been this robust outpouring of this process within New Jersey in new technology. New Jersey is in the top ten in green jobs. We're in the top ten in research and development. We're in the top ten in venture capital.

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So what we have in place is working and maybe fixing the places that may need to be made better, but we shouldn't

make a fundamental change that goes in the wrong direction. And I think about where we are --

PRESIDENT SOLOMON: I don't mean to interrupt you because I know this has come up and I've seen it before. What fundamental change are you exactly talking about?

MR. TITTLE: Well, I think we should be moving the RPS toward 30 percent and increasing the steps in solar versus moving the Energy Master Plan back towards the RPS. I think that's the fundamental change that I see.

PRESIDENT SOLOMON: The only RPS that has ever been actual is the 22.5, and it's a floor, right, not a ceiling?

MR. TITTLE: But it also is tied to funding and how companies perceive investment here in New Jersey that if they believe --

PRESIDENT SOLOMON: I guess that's what I want to ask. What investment are you talking about? What companies are you talking about?

The solar is a piece of that and that's what we're hearing mostly about and what is -- I mean maybe I'm wrong, maybe you disagree, but I really do look to

the legislature and elected officials for guidelines for incenting this policy and they sort of did with the Solar Advancement Act. They set the total RPS at 22.5 and it was passed in '08 and became effective early in '09, even though the Board may have acted in '06 initially.

In light of that, I mean I guess and maybe

you may disagree, isn't that what we elect -- our elected officials to do, set these policies and then we adopt it?

MR. TITTLE: I think as a regulatory agency whose focus is on energy we should be setting the standards, just like the planning board passes the master plan for the town and then the town council sets the zoning to implement it.

So I think the legislature needs to conform to the Energy Master Plan in 2008, not take the Energy Master Plan back to the RPS. So I think you're right that the legislature has a role and responsibility.

PRESIDENT SOLOMON: In the sense that you're consistent, until the council adopts the ordinance the plan has no impact. Until there is some policy enactment, my position is the plan has no impact. However, if --

MR. TITTLE: I don't want to argue land use

law.

PRESIDENT SOLOMON: It may have changed in the many many decades since then.

However, if there is a rationale, is not the 22.5 percent one of the highest in the country?

MR. TITTLE: A lot of states are passing us.

PRESIDENT SOLOMON: Who?

MR. TITTLE: Rhode Island, Maine, California, Hawaii.

PRESIDENT SOLOMON: I know California did.

MR. TITTLE: All of the West Coast and most

of the East Coast states. Maine is 35 percent.

PRESIDENT SOLOMON: Two things I'd ask. By the way, some of these states have a fairly high RPS because they have hydro and they have other sources that we simply don't have. That aside, if you have that information, what are the states that passed this and what are the states relying on, that level of the kind of energy you think we have and we do have, let me know, number one.

And, number two, what is the rationale and basis for setting it at 30, because, as you said, this is a draft. And, frankly, that's an argument that I would say I'd probably address to Chairman Chivukula's committee and ask staff to have the hearings, set out

the support, and do what they think is right. But if it's something that ends up in our hands, there is some sense that we should set the policy, we'll have that discussion and debate internally. But I would love to get the information and see what it's based on that New Jersey should be at 30, not 22.5.

MR. TITTLE: I just want to say that you did set the policy when you raised it from 8 percent in '98 to 22.5 in 2006 --

PRESIDENT SOLOMON: The Board --

MR. TITTLE: And then the legislature followed afterwards so the Board did take the initiative first.

PRESIDENT SOLOMON: I agree. I agree they did that. I wasn't here then. I agree they did.

MR. TITTLE: I think that's part of your

role that you have a more defined role to really look at energy policy and where the State needs to go.

PRESIDENT SOLOMON: If that's your feeling, support it and give us the data and tell us what the data is based on because up till now we haven't gotten it. We have a lot of criticism, got a lot of comments, got some outrageous comments. We never got any support, documentation, analysis, anything other than hyperbole from, frankly, you or anybody else.

So by the way, I don't think you or any of the others would say I was never willing to listen. So let's cut the hyperbole and let's get the facts.

MR. TITTLE: There were studies that were done back then and there's also reports --

PRESIDENT SOLOMON: Give us your outlook is that 30 is the right target.

MR. TITTLE: It said that 30 was doable as a target and, quitely frankly, we may be able to go beyond that.

PRESIDENT SOLOMON: Hey, by the way, do you disagree that it's a floor not a ceiling?

MR. TITTLE: I agree with you as far as a matter of law but not a matter of how people view it.

PRESIDENT SOLOMON: That's fine and I get that.

Is it a floor or a ceiling?

MR. TITTLE: Well, I think it's a little bit of both because a lot of people who are looking at it, if we go beyond it, then they won't be able to get an

SREC or an OREC.

PRESIDENT SOLOMON: I can't help it if people don't know what they are talking about. I can't solve that problem. I can tell you as far as I know, it's a floor.

MR. TITTLE: I think if you look at the RPS if we go beyond it, but we may not get those funding programs to go beyond that.

PRESIDENT SOLOMON: You keep referring to the carve-outs which is statutorily mandated, and that's a whole different ball game.

MR. TITTLE: Correct. But I think that's what people look at.

PRESIDENT SOLOMON: I've heard this. I've never seen a substantiation. I've seen a lot of hyperbole. I saw it today. And my opinion is because I haven't seen anything other than that, hyperbole is outrageous and there's no place for it. It's part of what's wrong with government, not what's right with government.

But go ahead. Be happy to get that information if you have it.

MR. TITTLE: Sure, those reports and the other factors.

I wanted to go on to say that as you've seen we are meeting our goals and, quite frankly, I think for some people when we can do 40 megawatts in a month and that's only one month and that's for solar, it shows we can meet that kind of standard and we can actually get to where we want to go.

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PRESIDENT SOLOMON: Let me interrupt you.
MR. TITTLE: Sure.
PRESIDENT SOLOMON: By the way, that was hit after the master plan was put out.
MR. TITTLE: I know.
PRESIDENT SOLOMON: After this devastating number, this tragic reduction, which I would argue is not a reduction, was out there, and a couple months now.
MR. TITTLE: Someone could also argue that that's the benefit of the policies that are currently in place.
PRESIDENT SOLOMON: You can argue whatever you want.
MR. TITTLE: Today PSE&G announced they were cutting their renewable energy program by about 90 percent.
PRESIDENT SOLOMON: Do you know why?
MR. TITTLE: I'm not sure.
PRESIDENT SOLOMON: They're here. I'm sure they can tell you. Because I have a hunch, but I may not be able to discuss it because it's in progress, but I have a hunch I know and I got a hunch you're way off base.
MR. TITTLE: I can only go by the headline.
PRESIDENT SOLOMON: Well, you know what,

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maybe that's the problem. Sometimes headlines are misleading.

MR. TITTLE: And BlackBerries are dangerous.

PRESIDENT SOLOMON: And BlackBerries are dangerous. Once you hit the send button, you can't get it back.

Go ahead. I'm going to keep quiet.

MR. TITTLE: But the point I wanted to get at is we see in New Jersey both a combination of government intervention and market forces moving the State forward within clean energy and the point I was trying to make is that we did get the 40 megawatts in one month and we did 25 back in December. And I think there is demand in the State for renewable energy and a lot of public support so we need to make sure that the plan can capture the public support and the demand and not be used as a way to stifle it.

I also believe that when you look at wind, which I'm a very big believer in and I know the Governor is, that last time I looked there were about 2500 megawatts of offshore wind that were coming to the BPU for the OREC program or other things because the OREC program is only 1100. But then when you looked at BROEMRE is over 11,000 megawatts came in and I know a lot of it is for the same sites and not all of that is

viable, but I think shows that what's in the plan, the 3000 megawatts of offshore wind, unless the federal government continues to be a stumbling block, but they can change it. What's in the master plan I think is very doable, the 3000. I don't think 11,000, but 3000 I think will be very doable in the State.

We have also have seen other innovations

happening whether it's geothermal. Another area which was mentioned I happen to think that micro-hydro is something that we have really not done enough with. When I worked with the mayor of Los Angeles many years ago, they actually closed the sewer plant and rebuilt it in glass and they were running a 640 megawatt power plant off of the waste methane. There's a lot of potential out there.

And I think that's the point, we can't always capture everything, but we need a plan that will allow us to capture that vision that's out there and I think we need to look beyond our normal ways of doing things. Just fix power plants and power lines is not enough. Not only is distributed generation a good thing for New Jersey, but it puts jobs here, helps against blackouts and we're not sending our money out of state to coal plants in Pennsylvania or to the gas companies. So I think that has a real positive economic benefit,

but also a way of leading the State forward economically and environmentally. And so I think that the plan talked about it, but I think we need to do more.

And in our technical comments -- our technical comments will be pretty thick. So it will be less of what you hear today, but a lot more of the substance.

And the energy efficiency test is also very critical.

PRESIDENT SOLOMON: We are looking for something in that vein.

I read today that somebody said in the master plan that we were advocating sludge as a renewable and toxins as a renewable. Have you heard anything about that? And if anybody was concerned about that, it would be the Sierra Club.

MR. TITTLE: Yes, we are concerned.

PRESIDENT SOLOMON: You heard that?

MR. TITTLE: Not about the Energy Master Plan. My comments were about proposal by the Camden Municipal Utility Authority to develop that program.

PRESIDENT SOLOMON: Okay. But you're not suggesting and you don't agree that anything in this master plan could be inferred to promote or even suggest we should allow that. Frankly --

MR. TITTLE: Waste energy is --

PRESIDENT SOLOMON: I didn't say waste energy. I said sludge and toxins.

MR. TITTLE: Well, let me just finish.

Waste energy is allowed and some interpret that to be part of this company that's trying to do this project considers it waste energy. I do not and I'm glad to hear you at least.

PRESIDENT SOLOMON: One of the things that we could get is a suggestion or, you know, that that ambiguity is out there and maybe we ought to be clear about it. But you have heard that, but you're not arguing that the master plan suggests that.

MR. TITTLE: No. But there is a proposal to do that. And contracts -- and I know that from our long history that you were one of the leaders opposing

incineration.

PRESIDENT SOLOMON: While I still have air.

MR. TITTLE: When I was shy.

PRESIDENT SOLOMON: Even back then, Jeff, you were not shy.

MR. TITTLE: The other concern I wanted to raise and I know that there's a lot of different pieces that you have to look at, and I happen to be a strong believer that the societal benefits charge is worth

keeping. I think it would go to a revolving loan program. I know nothing has been set. That it may work for some companies or some businesses. But I think when I look at where we have revolving loans and I look at the infrastructure trust, you'll see the more wealthier suburbs taking advantage of it and the urban areas that have less money not taking advantage of it.

And so the concern I have is that I still believe that there are areas in the State where if we don't do rebates, we need something else to take their place. For instance, for small solar which I still think is important, large scale solar I think is wonderful. It can actually get the cost efficiency of scale competitive with some of the fossil fuels. But I think having people buy into solar by putting it on their homes or on their businesses, small businesses, is good for them, it's good for our economy, but it is also part of that volume to our overall energy program. So if we don't do rebates -- and I happen to think that rebates work because they get people to spend some type

of money that they wouldn't spend otherwise and for every dollar they get in rebates, they tend to put $2 in and that helps spur economy and you get taxes from that additional revenue that's being spent. I know personally that is why we bought a high energy efficient

hot water heater to get the extra money.

PRESIDENT SOLOMON: At the risk of putting the government down, for every dollar we send out for rebate, we spend about 10 processing it so just throwing it out there.

MR. TITTLE: I understand that and I think there are ways of trying to do it better and more efficiently. But there's also other areas that we might be able to come up with similar programs and I think some of the things missing in the plan should be looking at, if we're going to get rid of something, how can we replace it because there is a demand for residential solar and there are businesses that are doing very well with it.

One example would be something that we've worked on in about 30 states, it's called PACE, which is Property Assessment for Clean Energy. We have legislation that passed the senate. But those are the kinds of programs we need to look at to find out how can we replace something we may phase out. I happen to think rebates are a good thing; but if we're going to get rid of them, how can we then meet those types of program areas and make sure people will be able to participate.

I also think that we also have to, you know,

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be careful when we look at developing a plan that supports a lot of new transmission.

Concerns that I have --

PRESIDENT SOLOMON: Where?

MR. TITTLE: It talks about additional transmission in the plan.

PRESIDENT SOLOMON: Other than mentioning the fact that Susquehanna/Roseland is being delayed and that represents a reliability issue, point it out to me --

MR. TITTLE: I will.

PRESIDENT SOLOMON: -- advocating new transmission.

MR. TITTLE: It talks about reliability. But if you look at the latest filings on Susquehanna, the reliability issue is much less.

PRESIDENT SOLOMON: Let me tell you so you can hear it from me, the reliability issue relates to the need for new in-State distributed and mid-merit generation. Period.

MR. TITTLE: And I also will agree with, not so much the plan, but with statements that I'm also concerned that the reason projects like Roseland/Susquehanna are being promoted by certain entities so that we can take power from the Ridgefield

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generating station and run it to New York City.

PRESIDENT SOLOMON: That's a concern.

MR. TITTLE: And that's a very big concern for us as well. We are very troubled when the rate base of New Jersey builds a power plant and the owners of that plant can make more funding by then shifting that power and they get paid in two ways. They get paid for selling the power for a higher price over there, but then they get paid to build the power lines and they make a nice profit on the -- and I think there's something wrong in the system where we incentivize shipping power that was paid for by our rate base or built by our rate base and then replacement power of the rate base is paying for it, just like I have real problem with RMR and the Hudson generating station which I think cost -- and I could be wrong and you can correct me -- but some in the business community were concerned about RGGI which costs about $63 million. I believe the RMR on the Hudson generating station is about 58 or 59 million.

PRESIDENT SOLOMON: I think you're right. It may even be more.

MR. TITTLE: What?

PRESIDENT SOLOMON: It may even be more.

MR. TITTLE: It may even be more, but that's

what I could tell.

PRESIDENT SOLOMON: Commissioner Fox said 65.

MR. TITTLE: To me, we're saying we can't and that money is going out, whether you agree with or not, I'm not here to argue, that money is going to do efficiency and other things. This money is going -- and

I think that is that's wrong.

I also think that it's not really part of the Energy Master Plan, but there is a concern about cost in the State and I think that you should be revisiting the stranded assets. Many of those projects that are considered stranded assets are actually facilities that are making a very nice profit and maybe that money can be freed up for other things or just to lower the rates to the public.

So I know that you need to go and a lot more to speak, but I just want to leave you with this.

One of the great things about being where we are in Trenton is you can see the history of New Jersey. When you look out a block that way, you can see the river, you go that way, you can see the canal. And, you know, waterpower was the big thing in 1820 and canals were the way of moving goods and energy. And then you can go and look right down the road from here and the

first railroad in the country was built, the Amboy Railroad and it went down to Bordentown eventually. And steam power replaced water power. And then up the road a few miles a guy by the name of Thomas Edison had an idea for a light bulb. And a company here in Trenton call Roebling made the wire -- the copper wire that ended up sending the power all over the place.

And the point of all that is that New Jersey has always been an innovative state. We've always been a state that looked at science and technology and captured it, not only for the benefit of mankind, but

also to move our economy, whether it's the radio or television invented by Sarnoff or whether it was investing in the transistor at Bell Labs, we've created whole industries and whole economies by grasping the future. We need an Energy Master Plan that shares that vision that we're going to grab the future through new technologies, whether it's wave, wind, solar, micro-hydro, down the long list, geothermal, and that is where we should be because that is how we really grow our economy and protect our environment at the same time by looking towards the future and grabbing that future.

It would be as if you said to Thomas Edison, oh, a light bulb, we're not so sure about because of the infrastructure and we're not sure how it's going really

be reliable and maybe we should focus more on whale oil or kerosene lamps. I think that is this is that time for us so New Jersey can have a green economy, grow its economy in the right direction, save money for its ratepayers because down the road energy efficiency and renewable energy will be cheaper than building a lot of new facilities or power lines that come from out of state. And I think that future is in your hands and I hope you grab that future and go with it just as so many wonderful people in New Jersey have done it in the past.

PRESIDENT SOLOMON: Thank you, Mr. Tittle.

Ben Parvey is going to be our last speaker.

After that, we're gong to continue the hearing until another date. I think we're required to give at least three days notice. I'm sure it will be in this room in the Statehouse Annex. I would think it

would be in this room. But we'll continue it at that point and pick it back up as soon as we can get a room and a time and get the notice out.

Mr. Parvey, thank you. Thank you for waiting.

MR. PARVEY: Thank you, President Solomon, Commissioners, thank you for having me.

And to the very tired court reporter there, thank you for all your work today.

I just want to make a few quick points. I realize you want to wrap up and as the last person between you and the door, I'll make this brief and make my point quickly.

There are four main points I want to make. The first is when I last testified in front of you, we discussed SREC markets. I said then that many of the folks within the market, many of our competitors and other people within the industry might have a problem with me saying that SRECs do not have to be at the $600 level and now it's sort of a novel idea that now I hear other people signing up because they just want some sort of price protection.

We had said before the EDC program is very strong, the SREC based financing program. And I remember Commissioner Fox saying, well, why do you think it's undersubscribed, and I discussed then why I thought it was undersubscribed, because people, you know, probably wanted higher $600 SREC prices.

I heard finally the market has come to the

point of realizing that a stable long-term contract market is where it needs to be and it's helped a number of projects get done that we worked on, including, you know, from school districts in Ocean County to a affordable housing facility in Brick to a private school

in North Jersey and, you know, it's been a very effective program. So I want to reiterate that and say that I've heard other people mention it today and launch my support for the SREC based financing program, the EDC financing program.

A 10-year SREC based financing program allows projects to be financed and allows equity to see what their yields are going to be and allows debt to come into the transaction at that basic debt equity structure which is about 30 to 40 percent of debt annual equity, as well as the federal tax credit. So that's an effective structure.

Secondly, I want to talk about, you said a few times that the Board, the administration doesn't necessarily set the policy, that you wait for the legislature to set the policy.

I don't know that I fully agree with that because there are a lot of things in here that mention infrastructure and capital that's required for energy infrastructure, everything from nuclear to small scale solar. They all involve capital to be spent and deployed within the State to create jobs. And so the direction that's taken within this Energy Master Plan is a direction of an administration and an administration does set policy.

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And so for the last year or so the administration has said that they would like to see SREC prices come down. And the BPU and the Office of Clean Energy have provided a lot of economic analysis. I remember one chart that sort of showed where that price point should be without showing the price, but it showed a chart which is a block lower than it is, about half of what it is. We're now well below that half.

The reason I raise that in tieing into setting policy is the administration stands on this, and which is what I'll conclude with too, is that the only thing I see is on page 95 that mentions the impact of creation of jobs. We've seen tons of capital deployed in this state. We've seen tons of small businesses. When I testified last time, talked about my one-year-old son who is now one and a half and we now have another one-year-old, this is about real people and real jobs and real kids who live right down the street from you.

I left my firm in Pennsylvania. We have continued to hire and grow and we're doing all the right things. We're in EDA's waterfront technology center in Camden, creating jobs in Camden which certainly has been a priority of this state. And so a company that is growing in this economy is based in large part on those policies that were set forth in our address somewhat in

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this document.

So it is driving policy and the

administration's job -- any administration's job, even though you're a regulatory agency, you implement what this administration wants to see in terms of policy. The legislature then may actually implement the mechanisms by which to do it and which then tie into the regulations to carry that out. So it all is integrated and all works together.

And so cumulative economic growth and job creation should be heavily addressed.

PRESIDENT SOLOMON: Excuse me, sir. Somebody is speaking, could you keep your voice down?

MR. MACKIEL: I'm here 12 hours and you're ending the meeting at five something and you're not allowing me to speak when I had a presentation.

PRESIDENT SOLOMON: We're not ending the meeting, we're going to continue it --

MR. MACKIEL: Thank you.

PRESIDENT SOLOMON: -- we're going to continue it to another day.

If you could talk outside.

MR. MACKIEL: I've waited 12 hours, sir.

PRESIDENT SOLOMON: Could you wait outside?

Continue. I'm sorry.

MR. PARVEY: So anyway my point on that is simply that cumulative economic growth and job creation should be heavily addressed in the Energy Master Plan. I see it on page 95, talking about hundreds of millions and billions of dollars, capital being deployed and jobs being created, companies creating a burgeoning economy and a growth sector, it is heavily setting policies, not

simply facts, figures, and percentages of nuclear gas, elimination of coal, and RPS standards. So I do think it drives policy.

So to address the SREC market, in that I also want to say and the argument has regularly been made about the impact on the ratepayers and the impact of ratepayers was driving jobs out of New Jersey. I've heard that argument from the administration regularly.

However, I think Michael Flett who does a great job had mentioned something about the overestimation of costs. I think a similar argument I want to make to that is that if the SREC market is weighing heavily on ratepayers, ratepayers are also taxpayers in the state and citizens within school districts where we are helping implement power purchase agreements at 9 cent rates. So the energy spent for those districts and those municipalities are coming down significantly so cost to taxpayers are being reduced.

So while there may be an offset to some cost to ratepayers, there's also a reduction of governmental, municipal, MUA, hospital, and university energy costs by bridging in private capital to finance power purchase agreements and other energy efficiency upgrades.

The next point I want to make is the Energy Master Plan is quite positive in its understanding of the multiple sources of energy generation and demand reduction being part of our energy future. I just think we want to see that continue to be robust and we talk about being a state of energy innovation and creating

jobs we want to integrate, which Blue Sky Power does, energy infrastructure operations. We want to see solar, energy efficiency, co-generation all be advanced.

And I really commend the Board for advancing combined heat and power and co-generation and think that that really is integral. And if you can finance a co-generation or an energy efficiency project that stands on its own without tons of subsidy, you can also integrate a solar project and make it more economically viable.

So a lot of folks in the solar industry need to look at how they can collaborate with folks on demand reduction, demand response, energy efficiency, and co-generation so that we all work together to bring

prices down, but also to drive jobs and energy innovation.

The last point I want to make is on a separate point but ties it all together and that is to discuss the global economic recession and the general morass out there, locally, nationally, and regionally, and that is to say again that this document does impact. It does impact job growth. It does impact industries, whether you're talking large scale utilities or small contractors, like Ed who was sitting here and talking about his Home Performance company and he was definitely on a roll. And I think we want to encourage everything from those small companies to the large companies and that we want to guide job growth locally, regionally, and nationally. And that is setting policy, as is Assemblyman Chivukula and also the legislature

collaborating with you.

So thank you for this and I hope everyone will have a nice evening.

PRESIDENT SOLOMON: Thank you.

Sir, how long will you be?

MR. MACKIEL: I have a short statement.

MS. PELLEGRINO: I bet I will be even quicker than he will.

PRESIDENT SOLOMON: How quick will that be?

MS. PELLEGRINO: Like three minutes. You can time me.

PRESIDENT SOLOMON: I'll tell you what, let me get this gentleman and then we'll get you and then we're done no matter what. I don't care who it is. I don't care what they ask for.

Just don't speak to quickly so that the court reporter who was counting is on being out of here like 20 minutes ago.

MR. MACKIEL: I apologize if I made a stir, but it's important to me.

PRESIDENT SOLOMON: It's all right. Go ahead.

MR. MACKIEL: I'm making a statement --

PRESIDENT SOLOMON: Your name.

MR. MACKIEL: Vincent Mackiel.

I'm a ratepayer in New Jersey. I'm a resident of South Amboy. And I'm making a statement because I'm concerned having read the entire report that program seems to turn its back on really as a human

being, living and needing air and water to breathe.

I know Governor Christie this past week suffered an asthma attack or shortness of breath. I live in New Jersey. I live with the remnants of the oil and gas industry right in the community that I live in

South Amboy. Jersey Central, has their remnants of the oil -- I mean the energy industry. Its in need of asbestos cleanup. The Sun Oil on the Raritan Bay with the beauty of Staten Island and the environment with so much opportunity to create something different for the State exists on the waterfront, polluted, in need of cleanup.

I'm making this point because I believe that the current movement or the course that we should accept is the damage that some of these industries have caused to the State. And what is actually going to be the cost to do that for those particular industries. You shouldn't clutch at the past if you're just going to be passed by. As was said, some things in terms of other states already doing it.

The State of New Jersey is entrepreneurial in spirit should be more part of this plan I believe. The oil commission that put out a report this year stated that it was an industry-wide failure in what happened in the Gulf of Mexico. That applies to all the oil and gas industry, including New Jersey.

I'm asking this Board, BPU Board, who has an obligation and you've cited that as part of your executive report as being a major siren, I think you call it, that we should consider that you consider that.

What is this Board going to do to ensure that these pipelines that are cited in the various documentation that I read on the Internet, what is New Jersey, the BPU -- and I was going to attend the meeting in Edison when you had the meeting concerning the pipeline in the Raritan Bay.

My question is what is this Board for New Jersey going to do to ensure that these pipelines are safe? Not only in an environment that keeps them secure but what about the people that live around them. So I think it's very important.

I have a short while to go.

Why turn the State back into the past and use the same kinds of industry. We don't need any smokestacks in Linden, New Jersey, I believe. We don't need to go back with continual usage of properties for industries that already demonstrated that these -- these things are of the past. We don't need any more oil spills in Newark. We don't need any more -- one point I'd like to make, we don't need -- we have plenty of sand in South Amboy. Anything the Governor should be concerned about is diversifying the construction resources that the state is using. I think that's a definitive statement.

PRESIDENT SOLOMON: I'm just curious what is

it about the master plan that you want to --

MR. MACKIEL: The last point -- I think I

discussed a lot of the master plan.

The last point I wish to discuss is do not consider what I'm saying as an albatross. I read that in the statement that some people bringing up the renewable energies and the clean energies are creating some kind of albatross.

But consider this: The people and the Indians that took over the island in San Francisco established by doing that in 1969 that they were going to have lands to live on forever. Those -- that demonstration determined that they would have the Indian rights to their land. I'm saying, isn't it necessary for us to have less use of fossil fuels given all the disasters and the things we've experienced in last year, including internationally, isn't it important to develop energy independence, lower costs, and increase reliability because of lower demand and distributed resources.

I appreciate being able to state this. And I will mail or if you want it now a copy of the Nat. Institute of Health report on bad air quality, July 2011.

PRESIDENT SOLOMON: We have access to it.

MR. MACKIEL: And I'll probably send a cc to Governor Christie.

And my last question: Can he be a poster boy for better air quality in this State?

PRESIDENT SOLOMON: You have to ask the Governor.

MR. MACKIEL: I appreciate that and I

appreciate being able to make my statement. I think it's important.

PRESIDENT SOLOMON: Thank you.

Can you hand that up?

And we'll let the young lady speak. She's going to be brief.

MS. PELLEGRINO: You can time me because I have a confession to make, I haven't read your whole hundred plus or maybe is it 200 plus.

PRESIDENT SOLOMON: I have a hunch that others who spoke didn't read it either.

But go ahead.

Your name.

MS. PELLEGRINO: My name is Margo Pellegrino. Pellegrino like the water by Nestle. I'm an ocean activist. I do a lot of paddling all over the place. And last year I spent time on the West Coast and it was really interesting to sit in on a town hall

meeting and to hear this whole town abandon Oregon which doesn't get much sun but talking about solar. So I just thought that was interesting.

That's my son over there. He is 9. He's in 4H. My daughter is over there. She's 6 and she wants to be in 4H.

I don't know if you have had an opportunity to go to the Burlington County Farm Fair or any farm fair, but the kids are all working on sustainability issues, reduce, recycle, reuse -- actually, no, it's reduce, reuse, recycle -- last resort is recycle --

energy alternatives, etcetera.

We kind of owe it to our kids to really be going in the direction of alternative energy. To go from -- I don't know how you say it's not a reduction to go from 30 percent to 22.5 percent for alternative incentives, but I think that's a reduction, and that's not where we need to be headed. And we were unfortunately -- unfortunately ahead of us. We're going to either be paying now or we're going to be paying later when my kids are my age. It does not behoove us to go backwards.

As Jeff Tittle mentioned, this is an extremely innovative state. He forgot to mention that Medford is actually the home of the railroad nail that

goes into the tie. That was back in the day when Boz (phonetic) iron was how we got iron. And as you know things change. There's a bunch of ghost towns in South Jersey, but we have survived and we've lived and now we have adjusted to the times and we must adjust again.

So I really think you ought to put that back up to 30 percent. And as far as the other comment I have that is what I would change in the master. Put it back up to 30 percent. I would like it at 40 percent, but I know you guys aren't going to go with that.

Then the other thing is increase our energy demand reduction goals.

PRESIDENT SOLOMON: If can you give us a basis, we'll take a look at it. I'm sure the legislature will take a look at it also.

MS. PELLEGRINO: Maybe I'll do that.

PRESIDENT SOLOMON: Please.

MS. PELLEGRINO: Then increase our energy demand reduction goals. That's crucial.

And actually I have to tell you with the solar plan that you guys have had in place, it's been phenomenal. We get two dollar bills a month with our energy. We are energy misers to start with. But what was really kind of cool is I live in Medford Lake. Our log cabin has solar panels. Our next door neighbors who

have a brand new home that -- we are actually our neighbors energy offsets credits. We are very much miserly. They're not. And they found out how bad they are with their energy usage when they thought, wow, we want solar panels too. Our estimates and what we paid was 20,000. We had the 50 percent rebate. So we outlaid and got back 10,000.

So he thought that was a great idea. He looked into it for his home, his estimate was 300,000 based on his use. So now he got into conservation big time. So there you go, there's your education program all at once.

And that is what I have to say and said I'd keep it brief and I meant it. Thanks.

PRESIDENT SOLOMON: Thank you very much.

All right. We're going to continue the meeting at a later date. I want to thank you all for coming and waiting. Sorry we couldn't go on much longer.

(Proceedings concluded at 5:55 p.m.)

CERTIFICATE

I, Lorin Thompson, a Notary Public and Shorthand Reporter of the State of New Jersey, do hereby certify as follows:

I DO FURTHER CERTIFY that the foregoing is a true and accurate transcript of the testimony as taken stenographically by and before me at the time, place and on the date hereinbefore set forth.

I DO FURTHER CERTIFY that I am neither a relative nor employee nor attorney nor counsel of any of the parties to this action, and that I am neither a relative nor employee of such attorney or counsel, and that I am not financially interested in the action.

_____
Notary Public of the State of New Jersey
My commission expires July 26, 2016

Dated: August 3, 2011