



10 W Lafayette Street
Trenton, NJ 08608-
2002

609-393-7707
www.njbia.org

Michele N. Siekerka,
Esq.
President and CEO

Christine Buteas
Chief Government
Affairs Officer

Raymond Cantor
Vice President

Christopher Emigholz
Vice President

Alexis Bailey
Director of
Government Affairs

Kyle Sullender
Director of Economic
Policy Research

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Dear Senate Environment & Energy Committee:

On behalf of the New Jersey Business and Industry Association, the largest association representing businesses in the Garden State, I am submitting this letter to the Senate Environment and Energy Committee to help it in its task of developing energy and other policies to address our climate change concerns.

While we appreciate the fact that the Senate Environment and Energy Committee has taken on the task of hearing testimony to mitigate the impacts of climate change, we are discouraged that no representative from the business community has been asked to testify.

The New Jersey Business & Industry Association has a keen interest in energy policy in this state and our efforts to mitigate climate change and respond to its effects. For those reasons, we are providing you with our thoughts and policy recommendations. We would welcome the opportunity to testify before the committee and further explore these policy options.

As will be explained in this memo, we recommend that New Jersey's energy policy be founded on six foundational principles:

- Reducing carbon emissions as much and as quickly as practicable based on the best interests of the people living in this state and our economic needs;
- Ensuring that energy is both affordable and reliable;
- Technological advances should be pursued as a key component of the state Energy Master Plan;
- No major changes in energy sources should be mandated until affordable and reliable alternatives are readily available to replace those sources, and the infrastructure is in place or planned to be in place when those sources are activated;
- We should continue to pursue established clean energy options, including wind, solar, and nuclear power; and
- Multiple energy options should be available to ensure the continuous availability of energy in varied forms, in sufficient quantities, and at affordable prices.

In addition, beyond efforts to mitigate climate change by reducing carbon emissions, we recognize that extreme weather events have and always will be part of living in a coastal state. Therefore, we should emphasize efforts through building standards, enhanced infrastructure, and other resiliency measures. This memo will not detail these measures, but we favor the use of sound science to predict future climate impacts and the protection of our citizens and infrastructure rather than a general policy of retreat.

As background, NJBIA has an interest in ensuring that New Jersey's economy is robust and competitive. This holds true for our energy sector. Our members are the consumers of energy, from the largest manufacturers to Main Street businesses. Our members are also impacted by

the capital and other physical costs associated with a change in energy policy, from building retrofits to the purchase of electric or zero-emission vehicles, to implementing new ways of doing business.

But our members also include those companies who supply energy. We represent solar developers, wind, and transmission companies, electric and gas public utilities, inventors, and developers of new technologies, as well as many of the trade unions who support these industries.

I mention the breadth of our membership and their various interests to highlight that our position is not just to keep to the status quo or to say “no” to needed change. It is to ensure that energy and climate policy are reflective of the range of these interests and is based on sound science and economic realities, not merely ideological soundbites and calls for drastic action. It is because we represent all sides of the energy issue that we are keenly focused on what the science actually says, what the risks are and are not, and the impacts of the decisions we make.

We also want to identify that while we are aware of the statutory obligation to reduce carbon emissions by 80% from 2006 levels by 2050, and that activists and others are calling for even more rapid decarbonization, our policy recommendations are not rooted in artificial deadlines for actions. Rather, they are based on what is in the best overall interests of the citizens of New Jersey. We fully agree on the need to deeply decarbonize our economy and to achieve a net zero, or lower, carbon policy but we believe the science shows we do not have to rush to take actions that may preclude the use of more effective technologies. We are happy to discuss the science and risks in as much detail as you want.

It is in light of the above that we offer the following policy recommendations:

- Decarbonization – Given the impact of greenhouse gases on the climate, it is imperative that we reduce the release of carbon dioxide and other greenhouse gases from our energy system. However, we also recognize that energy from carbon sources has been the foundation of our energy system, our economy, and our standard of living and it represents over 100 years of capital investment and technological development. Therefore, any policy changes to eliminate carbon sources of energy should recognize the impacts of these policy changes and how they would affect people living in this state, as well as the ability to do business. **No decarbonization policy should be put in place until a full economic impact assessment, including a ratepayer analysis, is conducted.** Our policies should emphasize what we can readily achieve now in an affordable and reliable manner and delay other efforts until the technology or other cost-containment measures allow for such adoption. We reject the use of a “social cost of carbon” cost-benefit analysis as not rooted in firm science and ignoring the true impacts of various carbon reduction policies.
- Affordability and Reliability - The Energy Master Plan should be based on two essential policies. Energy, in all its applications (*e.g.*, transportation, building and industrial) must be both affordable and reliable. Affordability means that the low-income or average resident, as well as business, can afford to use the energy it needs considering the other costs of living and doing business in New Jersey. While climate advocates, and the Energy Master Plan, will often use the term “least cost,” this does not denote affordability as “least cost” is in relation to other considered options. It does not mean a person or business can afford it. Reliability is essential for the functioning of an energy system and, thus, our economy and quality of life.

Both affordability and reliability have been central tenets of New Jersey's energy policies in the past, but have recently deprioritized in favor of decarbonization policies.

- Emphasis on Technology – While intermittent sources of energy need to be part of our energy future, renewables alone cannot replace carbon sources of fuel and still meet the goals of affordability and reliability. We will need new technologies, some of which may not even be known, in order to meet our net zero emissions goals. Technologies such as hydrogen, next generation nuclear, RNG, wave energy, fusion, geothermal, microgrids, and others should be fully vetted and discussed in our Energy Master Plan. If any of these technologies will be realistically available in the relatively near future, we should not adopt policies that force the adoption of other existing, less effective, technologies that will preclude innovation.
- Sound Planning – Current energy policy and practice in New Jersey is pushing decarbonization, primarily through an emphasis on intermittent sources of electricity generation and through the electrification of our building and transportation sectors. Putting aside whether these policies can be achieved in a manner that meets our affordability and reliability goals, the implementation of these policy initiatives have not considered the need of increased electrical generation and the transmission systems necessary to support them. We have been putting the cart before the horse. We need to ensure that, before we adopt electrification policies, we have plans for the in-state generation of those sources, or that out-of-state generation is both realistic and cleaner (the PJM grid currently emits more carbon than New Jersey sources). We must also ensure that the grid is able to handle potentially dispersed and significantly increased generation sources. We also note that academic studies, such as Princeton University's Net-Zero America Project, state that we need to continue to use natural gas generation through 2040 and then rely on our gas infrastructure to transport cleaner sources of energy.
- Established Clean Energy Sources – New Jersey already has substantial sources of clean energy, and more is rapidly coming on board. Our three remaining nuclear power plants provide roughly 40% of electric generation in the state. Our solar industry supplies another 6% and is growing. Our offshore wind industry has already been approved for 3700 MW with a total goal of 7500 MW. Numerous bids have already been submitted for the transmission projects to build out the offshore wind generation. Together, the continuation and expansion of these sources of power, represent a substantial sum of our total electricity energy needs although we recognize that those needs may significantly grow in the future depending on state and federal electrification policies. These industries should be supported, eliminating unnecessary regulatory burdens, and establishing process for their development in a cost and time-effective manner. However, these industries should be maintained and grown within the parameters of our other energy policies.
- Energy Security – It has been a tenet of energy policy, until recently, that an energy system provides for a range of energy options and sources so that consumers are protected from sharp price increases and disruption should one energy market be disrupted. We are seeing this play out in real time in Europe, which stopped fracking for natural gas and began to close nuclear power plants only to become dependent on natural gas from Russia. New Jersey's energy consumption policies should embrace an "all of the above" approach to protect against market and other potential disruptions. As a practical matter, intermittent sources of energy production require stable sources of energy that can be switched on as-needed

basis. While batteries may provide short term back-up power, at a high cost, there is no belief that batteries can be a longer-term substitute for reliable base power generation. Thus, we should not be so swift to decommission our natural gas electric generation plants or abandon our gas pipeline infrastructure.

We welcome the opportunity to present this information to the committee as it continues its investigation into climate mitigation policies. Converting our entire energy system in a matter of decades is complex, costly, and uncertain. So are the issues surrounding climate change. The complexity and the concerns necessitate a comprehensive analysis of energy systems and a careful and measured approach. But this conversion is necessary, the only question is how and over what period of time. We look forward to engaging the committee in this discussion.

A handwritten signature in black ink, appearing to read "Ray. Cantor", with a long horizontal stroke extending to the right.

Raymond Cantor
Vice President Government Affairs
New Jersey Business & Industry Association
(609) 433-4931