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**To:** Chairman Smith, Vice Chairwoman Greenstein and Members of the Senate Environment and Energy Committee

**From:** Raymond Cantor, Deputy Chief Government Affairs Officer  
New Jersey Business and Industry Association

**Date:** November 20, 2023

**Re:** NJBIA Testimony on Senate Bill No. 2978

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On behalf of the New Jersey Business & Industry Association, the state's largest business association, I am testifying to express significant concerns with Senate Bill No. 2978, which would seek to establish a 100% clean energy standard for the generation of electricity by 2035.

NJBIA represents both large and small businesses. Our members include the state's public utilities, producers of renewable energy, including many wind and solar developers, as well as those engaged in fossil fuel production. Significantly, our members include many manufacturers who rely on an abundant and affordable energy supply to operate their businesses. In fact, all our members, as well as every person in this state, rely on electricity to exist in our modern economy. Because energy and electricity are so intertwined with our economic success and prosperity, NJBIA has a keen interest in this bill.

At the outset, we do not believe that such a significant piece of legislation that seeks to set clean energy targets for the next decade, targets we believe to be unrealistic and potentially harmful, should be acted upon in lame duck. We have been told that if this bill is released by the committee today it will be second referenced. We are appreciative of that additional process, but we would urge this committee not to release this bill today for the reasons below.

We will start with some basic premises. It must be a fundamental principle of energy policy that energy be both affordable and reliable. We are concerned that this bill does not adequately adhere to these principles as the end result will be more expensive energy for our residents and businesses without any significant benefit to our environment.

I think we have all learned some lessons over the last few weeks with the cancellation of the Ørsted projects in New Jersey. We have also learned a lot from the experiences of other states and nations, in particular Germany, where unrealistic clean energy mandates have deindustrialized major sectors of their economy while increasing carbon emissions through the burning of more wood and coal.

The lesson that should be learned is that government mandates, no matter how well intentioned, cannot overcome economic realities and realities on the ground. Rather than advancing another unachievable mandate, a mandate that will have real-world, negative consequences, we should take time to better plan, allow technologies to emerge, and allow the marketplace, not government, to select our energy mix of the future. Clean sources of energy will be our future, the question is not if, but how and when. But a government mandate may actually be counterproductive by retarding innovation and spending money in unproductive ways.

We have several concerns with the proposed draft. We appreciate that the system being created under the proposed draft is comprehensive and works “on paper.” The real world, however, is far more complex and our realities work against the scheme envisioned. The bill would require the BPU to adopt rules and regulations to establish a clean energy standard. It will have the Board study upstream and downstream carbon emissions of sources. It will have to establish a certification process for clean energy facilities, a retirement system for existing sources, and many other regulatory components necessary to make this work.

While the BPU and the Administration will never say it is too much or they can't do it, the fact of the matter is that the BPU has already been given too much to do and they can't get their existing work done. Sometimes it is best to do fewer things and make it work than to continue to pile on more workload.

The impact of this legislation will be to move solar and wind projects to other states and have New Jersey ratepayers pay for those projects. This is not good public policy, and it is not good for New Jersey workers or for the economy.

Moreover, this bill will not reduce one molecule of carbon. Existing fossil fuel plants in New Jersey or throughout the PJM Interconnection will continue to operate and sell power into the grid, power that will be used by New Jersey consumers. The “clean” power built in other states will never reach New Jersey, nor will the economic benefits.

Of course, the cost of energy will go up as it always does when the state enacts mandates on markets. New Jersey residents and businesses already pay the 11<sup>th</sup> highest electricity rates in the nation, and they will no doubt go higher as the energy transition progresses. We do not know what the total cost of that transition will be - although we have been asking - and we do not know what the cost of this bill will be. Cost matters. Affordability matters.

As we think about a warming planet, it is essential that electricity prices remain affordable so our lower-income residents can afford to use their air conditioning. Electricity prices also matter for businesses, especially energy intensive ones. Prices matter to our disadvantaged communities struggling to survive week-to-week and to our small businesses still struggling to recover from pandemic lockdowns.

It is also essential that we maintain a reliable grid, something that will be more challenging as we incorporate more intermittent sources of energy into it. These challenges can be met, but they are best met through market expectations and forces, and not through government mandates.

For the past 150 years our planet has increased its population from 1 billion people to 8 billion people. We have managed to feed those people, have the highest standards of living in human history, more than doubled our life expectancy, nearly eliminated deaths from natural disasters, and removed billions of people from abject poverty because we have a robust and affordable energy system largely free from government regulatory prescription.

In short, the market works. And it will work to deliver an energy transition to a decarbonized economy. But only if we allow it to work. We fear that artificial mandates on clean energy percentages are unrealistic time frames will only waste resources while accomplishing little.

We ask that this bill be held and that we work to encourage innovation, plan better, and work to invest in our basic infrastructure needs. That will be the clearest path to a decarbonized economy.