



June 16, 2011

The Honorable Lee Solomon
President
NJ Board of Public Utilities
44 So. Clinton Ave., 7th Floor
Trenton, NJ 08625

**Re: IN THE MATTER OF THE BOARD'S INVESTIGATION OF CAPACITY PROCUREMENT AND TRANSMISSION
PLANNING - DOCKET NO. EO11050309**

Dear President Solomon:

The Chemistry Council of New Jersey (CCNJ) is the leading trade association representing more than 75 manufacturers in the business of chemistry, providing more than 63,000 high paying jobs in New Jersey.

CCNJ strongly supports the Long-Term Capacity Agreement Pilot Program established by S-2381, signed into law by Governor Christie, and support any effort by the NJ BPU and the state to increase capacity within the state of New Jersey.

The business of chemistry in New Jersey continues to be negatively impacted by the high cost of electricity in our state. Recent numbers from the US Energy Information Administration indicate industrial electricity rates in NJ are now the 6th highest in the nation, 76 percent above the national average. New Jersey's high electricity rates, coupled with 21-26% in added surcharges on ratepayer bills, continue to put our members at a competitive disadvantage.

The chemistry industry, an energy intensive industry, needs access to cheap and reliable electricity, and therefore the Chemistry Council of New Jersey supports new base-load generation in the state and an upgrade to the state's transmission infrastructure.

Opponents of the LCAP program have said that it will "turn back the clock on years of efforts to open electrical power markets to more competition;" if this is the case, why has no new base load generation been built in New Jersey in decades, and why does New Jersey still have some of the highest electricity rates in the nation.

The LCAP program is addressing the failure of the PJM reliability pricing model (RPM) to incentivize new electricity generation in the state. Every year, ratepayers pay up to \$1.9 billion in RPM surcharges, and have seen no return on their investment from this program. The program has failed, and New Jersey has been forced to act on its own to help bring new generation to the state, while increasing reliability and decreasing congestion.



The members of the Chemistry Council of New Jersey can no longer afford the high energy rates in this state. New efficient energy generation and an upgraded power grid can help increase reliability, enhance energy competition and ultimately drive down electricity rates. A reliable flow of electricity is critically important. If that reliability is threatened, businesses will suffer and investors are likely to flee the region for safer havens.

Understanding that the Federal Energy Regulatory Commission has restricted the state's new power plant options, and has only recently agreed to reconsider the state's 2000 megawatt LCAP project, the Council would also support the state in the creation of a public power authority to help resolve the state's shortage of power plants, improve the energy infrastructure and introduce competition to existing power generators. A public power authority, acting on behalf of ratepayers rather than stockholders, can work to lower costs in our dysfunctional energy markets.

While increased capacity is important, our aging energy power infrastructure is of importance as well. A healthy power grid is necessary to ensure the reliability of the electric system and to keep our lights on. Numerous generating plants have also retired in recent years, at the same time that demand for power has drastically increased.

PJM in 2007 reported an immediate need for 4000 megawatts of new generation, the amount of power needed to power about 4 million homes, and \$600-700 million in electricity transmission lines upgrades. PJM concludes that if nothing is done, our entire state risks blackouts that could begin next year.

All of this makes for an even tighter supply of electricity, once again benefiting those few power companies who control most of the power plants. It is clear that the state must take bold steps on behalf of energy consumers.

A public power authority is not a new idea. New York State's Public Power Authority has for decades served to increase reliability and spur economic development through the generation and sale of low cost power.

In New Jersey, a power authority would enhance our energy infrastructure by fostering long-term, integrated planning of the state's generation, transmission, energy efficiency, demand response, and renewable energy requirements.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Hal Bozarth". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Hal Bozarth
Executive Director

Cc: BPU Commissioners, BPU Secretary, Media