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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

-----X	:	TRANSCRIPT
IN THE MATTER OF THE	:	
2011 DRAFT ENERGY MASTER	:	OF
PLAN	:	
PUBLIC HEARING	:	PROCEEDINGS
-----X	:	

STATE HOUSE ANNEX  
125 West State Street  
Trenton, New Jersey

AUGUST 24, 2011  
1:25 P.M.

COMMISSIONERS PRESENT:

LEE SOLOMON, President  
JOSEPH FIORDALISO COMMISSIONER  
JEANNE FOX COMMISSIONER  
NICHOLAS ASSELTA COMMISSIONER  
RHEA BREKKE, Chief of Staff

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I N D E X

SPEAKERS FROM THE PUBLIC PAGE

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1 THE PRESIDENT: Good afternoon. I  
2 apologize for being late and I thank you,  
3 Commissioners. Great minds think alike.  
4 Commissioner Fiordaliso, Commissioner Fox,  
5 Commissioner Asselta, staff, sorry I'm late, but I  
6 don't move as quickly as I used to. Thank you all

7 for coming. Remember that there's a sign-up in the  
8 back. So if you have not signed up to speak, make  
9 sure you sign up so we can identify you. When you  
10 are called to speak, please take your time and speak  
11 slowly. Everything that you're saying is being  
12 taken down by a court reporter and she cannot take  
13 down what you're saying if you speak too quickly or  
14 you will completely exhaust you and her. She won't  
15 take anything down. So take your time, speak  
16 slowly, make sure you identify yourself and any  
17 group that you are representing. Please spell your  
18 name after you say it so that the court reporter can  
19 get it.

20 This is a continuation of our August  
21 3rd Energy Master Plan Public Hearing that we had  
22 right in this building right around downstairs, I  
23 guess in this building and a number of you had  
24 signed up at the prior meeting or the prior date,  
25 but did not get an opportunity to speak. I'll ask

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4

1 you to keep it brief, although it's not a large  
2 crowd yet. So we may be a little more liberal with  
3 time. However, please try not to simply repeat  
4 what's been said before. If you have something new  
5 please let us know. If you have written comments  
6 present them to the court reporter so that they  
7 could be on record and you can all review them and  
8 try to summarize them rather than simply read them,  
9 because we will be reading all the written comments

10 as well as the two transcripts before we come to any  
11 decisions about any modifying of the Master Plan.  
12 Even though keep in mind this is a draft plan and  
13 the reason for these meetings is to get public input  
14 that may assist us in amending or modifying. We are  
15 particularly interested in things that you feel are  
16 inaccuracies and is a substantive explanation as to  
17 why you think there is an inaccuracy, what you think  
18 the correct data or information should be, so that  
19 we have some basis to decide whether we were right,  
20 we were wrong or whether we simply misremembered or  
21 misstated.

22 So, first is Martin Kushler. Mr.  
23 Kushler, come on up. Good afternoon, Mr. Kushler.  
24 I apologize for being late, but please spell your  
25 name and take your time.

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1 MR. KUSHLER: Thank you, Mr.  
2 President, Members of the Board. Very pleased to be  
3 able to speak with you today on this important  
4 subject. My name is Martin Kushler, K-u-s-h-l-e-r.  
5 I am a senior fellow with the American Council For  
6 Energy Efficient Economy or ACEEE. I think all of  
7 you should have before you a copy of set of our  
8 point slides that I will be talking about here  
9 today. The second of those slides on the first page  
10 provides a little bit of information on my  
11 background. The only item that I'll mention is the  
12 third bullet point. It may be useful for you to

13 know that I spent ten years on staff at the Michigan  
14 Public Service Commission as the Supervisor of  
15 Evaluation. So I have a pretty good background and  
16 experience in utility.

17 THE PRESIDENT: Do you know  
18 Commissioner White?

19 MR. KUSHLER: Yes, certainly. I  
20 worked with Greg for many years.

21 THE PRESIDENT: Great guy.

22 MR. KUSHLER: I agree.

23 THE PRESIDENT: Very capable person  
24 as well.

25 MR. KUSHLER: I agree. I'll tell

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6

1 him you said so.

2 THE PRESIDENT: Please.

3 MR. KUSHLER: The title of my  
4 presentation is "Save Energy Efficiency as a utility  
5 system resource in New Jersey," and I use the term  
6 save intentionally because I am concerned from  
7 reading the Draft Plan that you may be at risk of  
8 losing energy efficiency as a resource in New  
9 Jersey, which I will explain in my remarks.

10 If you could turn to slide three on  
11 the second page, I'd like to start by noting some of  
12 the key components of the New Jersey 2011 Draft  
13 Energy Master Plan, which I found very positive and  
14 I think important for our discussion today.  
15 Quoting from the plan on page one, the Christie

16 Administration's strategic vision, "The  
17 Administration will manage energy in a manner which:  
18 saves money, stimulates the economy, creates jobs,  
19 protects the environment and mitigates long-term  
20 cumulative impacts." I don't think many in this  
21 room would argue that no other energy resource  
22 serves those objectives as well as energy  
23 efficiency.

24 Similarly, on the fourth slide again  
25 from page one of the Plan, five overarching goals

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1 are listed. First drive down the cost of energy for  
2 all customers. I would emphasize energy efficiency  
3 is the lowest cost energy resource by far, typically  
4 coming in about one-third the cost of new supply and  
5 later I'll show you some data on that. Second is to  
6 promote a diverse portfolio of new clean in-state  
7 generation. I think it's important to keep in mind  
8 that energy efficiency is, in fact, the cleanest  
9 resource. The cleanest kilowatts hours is one you  
10 never have to generate and it is one hundred percent  
11 in state. I understand that New Jersey imports  
12 something like 30 percent of electricity, obviously  
13 a major dollar drain there. I believe that's one  
14 reason people are talking about in summation it's  
15 mentioned in the Plan constructing natural gas in  
16 the state, but I also understand that New Jersey  
17 imports 100 percent of the natural gas that it  
18 burns. So simply building gas fire generation in

19 state doesn't entirely solve the energy import  
20 concern for the state, and I will emphasize in  
21 contrast all of the energy efficiency resources  
22 buying, if you will, from the homes and businesses  
23 and public buildings within the state. So 100  
24 percent domestic resource within the state, if you  
25 will.

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1 And finally, from the Plan on slide  
2 five some key quotes from that Draft Plan. Page 104  
3 "The most cost effective way to reduce energy costs  
4 is to use less."

5 Okay. Page 106 "The best way to  
6 lower individual energy bills and collective energy  
7 rates is to use less energy." And "energy  
8 efficiency measures implemented under the CEP Energy  
9 Efficiency Program between 2003 and 2010 saved  
10 approximately \$4.29 for every dollar invested in the  
11 C & I sectors, and \$1.80 for every dollar invested  
12 in the residential sector."

13 So slide six, I think we can all  
14 stipulate that the New Jersey 2011 Draft Energy  
15 Master Plan, one, recognizes that energy efficiency  
16 should be a high priority for the state. Two, has  
17 key goals that would be directly served by energy  
18 efficiency, and three, acknowledges that the current  
19 CEP Energy Efficiency Program has been very cost  
20 effective.

21 slide seven, but here's the problem.

22 The practical effect of the proposal in the 2011  
23 Draft Energy Master Plan to end the current SBC  
24 supported portfolio of energy efficiency programs  
25 and transition to some type of a self-sustaining

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9

1 revolving loan fund structure, the practical effect  
2 of that will be to decimate energy efficiency  
3 production in New Jersey.

4 The evidence in conclusion is pretty  
5 clear. The track record of state energy efficiency  
6 loan funds has been dismal. None of the top 25  
7 states in ACEEE's Energy Efficiency 'State  
8 Scorecard' relies entirely or even in substantial  
9 part on a loan program. Energy efficiency loan  
10 programs are universally plagued with very low  
11 participation. My organization is just about to  
12 release a white paper with our latest national  
13 review of loan programs. That is one of our key  
14 conclusions.

15 Slide nine, what I'd like to show  
16 you some specific examples from states.  
17 Side-to-side comparison, if you will, of loan  
18 program approach for efficiency versus utility  
19 energy efficiency as a resource approach. First is  
20 Ohio. When Ohio passed their structure legislation  
21 in '99 they wanted to use a revolving loan fund as  
22 their central policy for energy efficiency. The  
23 results were dismal. They began in 2000 and seven  
24 years worth of experience they only lent out 12



25 million dollars out of 80 million dollars available.

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1 In 2005, they had to shift the program to grants  
2 because consumers much preferred the receipt of  
3 grants to taking out a loan and had no savings data  
4 to report from their efforts. In contrast, Ohio, in  
5 2009, passed an energy efficiency portfolio standard  
6 and just two years they spent over 171 million  
7 dollars on energy efficiency programs in contrast to  
8 12 million dollars for loans after seven years and  
9 their report over a million megawatts hours of  
10 annual savings at a cost of about two cents per  
11 kilowatt hour.

12 A second example is Michigan brief  
13 on this, but again it's a pretty good side-to-side  
14 comparison. Michigan started a revolving loan fund  
15 in early 2010. They started energy efficiency  
16 portfolio standard in early 2009. One and a half  
17 years of experience with the loan fund, two years of  
18 experience with the utility energy efficiency  
19 programs. We have 400 loans versus tens of  
20 thousands of customers that have participated in  
21 utility programs, a total of 2.8 million dollars in  
22 loans versus 227 million dollars in energy  
23 efficiency programs, no savings data from a loan  
24 program over a million megawatt hours saved from  
25 utility energy efficiency programs, over two million

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1 Mcf of gas savings.

2                   Finally, for an example from the  
3 nearby State of New York, a very similar pattern  
4 results shown here from two different NYSERDA Loan  
5 Programs versus NYSERDA Energy Efficiency Programs,  
6 energy efficiency portfolio standard in New Jersey,  
7 New York. Eight years worth of loans average about  
8 900 a year versus tens of thousands of participants  
9 again in utility programs, a total of 56 million  
10 dollars in loans over the eight years, about seven  
11 million a year. Energy efficiency programs are  
12 investing 370 million dollars in energy efficiency  
13 per year. Energy savings 697 megawatt hours per  
14 year for loans, 471,000 megawatt hours per year for  
15 the energy efficiency programs. Again, a scale of  
16 about, you know, 20 to 50 to 100 times as much  
17 production from organized utility energy efficiency  
18 portfolio standard.

19                   There are many such examples, but  
20 here's the essential point, a revolving loan fund is  
21 a customer service for a certain niche of customers  
22 and certain types of measures. It is not a strategy  
23 for acquiring large scale energy efficiency as a  
24 utility system resource.

25                   slide 13, I just would like to spend

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1 a couple minutes explaining why a revolving loan  
2 fund has such a limited impact. To begin, there are

3 large segments of the energy efficiency universe  
4 where a revolving loan fund has no applicability.  
5 It really doesn't make sense for residential  
6 lighting, residential appliances, residential new  
7 construction. There's already fully adequate  
8 funding available for new construction. You don't  
9 need a revolving loan fund for all types of small  
10 scale commercial equipment purchases. Revolving  
11 loan fund makes no sense, similarly commercial new  
12 construction and most industrial applications. If  
13 all you have is a revolving loan fund you are  
14 essentially accomplishing nothing in those markets.

15 Moreover, slide 14 for market  
16 segments where a revolving loan fund might make  
17 sense, it only addresses one of the many well known  
18 barriers to energy efficiency. Those who do program  
19 evaluation in the field of energy efficiency are  
20 very familiar with these barriers. They include a  
21 lack of awareness of energy efficiency actions in  
22 general, a lack of specific information on energy  
23 efficiency savings opportunities and potential  
24 savings in particular homes and businesses, a lack  
25 of availability of the highest efficiency options in

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13

1 the local marketplace, lack of knowledge and  
2 experience of key market actors, vendors,  
3 contractors, architects and so forth, lack of trust  
4 and confidence in energy efficiency measure,  
5 contractor performance, strong aversion to the high

6 first cost of energy efficiency regarding, rather,  
7 have a loan. There's an aversion to the high cost,  
8 unrealistic requirement for fast payback periods,  
9 with famous landlord/tenant split incentive problem,  
10 the hassle factor of having to shop for, arrange and  
11 have the work done, and finally lack of access to  
12 capital. Simply providing a revolving loan fund  
13 only addresses the last of those ten barriers. In  
14 contrast, the well-designed suite of energy  
15 efficiency programs address all of those barriers.  
16 They are programs designed to address each of those  
17 and we have a good track record in addressing them.

18 So on slide 16, I summarize the key  
19 points I'd like to emphasize. Energy efficiency is  
20 a resource and the utility system should pay you to  
21 acquire it, just as it expects to pay for generation  
22 supplies. There is no free lunch whereby the energy  
23 efficiency resource can be acquired at no cost to  
24 ratepayers. Attempts by other states to acquire  
25 energy efficiency through self-sustaining revolving

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14

1 loan funds have clearly illustrated the inadequacy  
2 of that approach. And the SBC charge is fully  
3 justifiable because it acquires electric resources  
4 for the utility system that are far cheaper than any  
5 other sources of energy supply and sources which the  
6 system would have to procure in the absence of that  
7 energy efficiency.

8 slide 17, if we had time I could go  
Page 12

9 through an entire presentation on the economics of  
10 energy efficiency as a utility system resource. I  
11 would love to do that some day, but for today I'll  
12 just show this one slide. I'd like to use this one  
13 because it is produced not by an environmental or  
14 advocacy organization. This is produced by Lazard,  
15 which is the largest consulting firms to the  
16 international banking industry. This is the  
17 information they tell their clients about their  
18 relative costs of various energy supply sources.  
19 As you can see by far the cheapest source apply  
20 energy efficiency about three cents per kilowatt  
21 hour. What we have done at ACEEE is look at the 14  
22 major states around the country and it came in at  
23 2.5 cents per kilowatt hour. You can see the  
24 relative cost in the gravity and energy efficiency  
25 less than half to a third to a fourth the cost of

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15

1 these other sources.

2 So, in conclusion, if New Jersey  
3 wants energy efficiency to seriously contribute to  
4 the laudable goals that were outlined in the 2011  
5 Draft Energy Master Plan, it should maintain energy  
6 efficiency as a true utility system resource and use  
7 the SBC to fund a full suite of energy efficiency  
8 programs.

9 If the current 20 percent by 2020  
10 energy efficiency goal has to be modified and I  
11 agree at this point that's probably a little

12 aggressive, it should be replaced by realistic but  
13 still aggressive energy efficiency goal. We would  
14 suggest maybe 15 percent by 2020. Given the  
15 performance of the top states around the country, we  
16 feel that type of a goal for New Jersey would be  
17 achievable and would deliver significant benefits.  
18 Cancelling the SBC programs and switching to a  
19 revolving loan fund would essentially signal that  
20 New Jersey has abandoned serious pursuit of energy  
21 efficiency. I think that's a path that you would  
22 not want to go along. The consequences of that  
23 action would include literally billions of dollars  
24 in higher utility system costs to New Jersey  
25 ratepayers over this coming decade. You can do the

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16

1 math. If you look at the energy savings produced  
2 per dollar spent and what the projected budgets for  
3 these programs would be you could see literally  
4 billions of dollars of higher electric system costs  
5 if you don't use the energy efficiency, but finally,  
6 if you do like the idea of loans the concept of  
7 adding a loan fund to supplement SBC programs would  
8 be a reasonable strategy. Many states use loans as  
9 supplements to their core utility energy efficiency  
10 programs. It does address one of the various  
11 segments that consumers face. So adding a loan  
12 program to a good suite of energy efficiency  
13 portfolio standard programs would probably be a wise  
14 course.

15                   That's all I've prepared regarding  
16 the remarks that I have. I'd be happy to answer any  
17 questions.

18                   THE PRESIDENT: Just a couple. Are  
19 there any states that you're aware that have had  
20 successful energy efficiency loan programs? And I'm  
21 not talking about every penny they spend on clean  
22 energy efficiency, but that have a loan program even  
23 if it's a portion of their overall energy efficiency  
24 and clean energy program that has been successful?

25                   MR. KUSHLER: Yes. I think it will

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1 be coming out in the report probably early next  
2 month, that reviews loan programs around the country  
3 and there are examples. If you understand the  
4 limited objectives of the loan program, you're only  
5 going to reach certain types of markets, certain  
6 types of customers. We will be describing a number  
7 of case studies, examples of programs that are done  
8 well, you know, within that context.

9                   THE PRESIDENT: Did you do the -- I  
10 didn't. I guess you did, your entity do the  
11 analysis of the 25 successful top states. Oh, okay.  
12 You did?

13                   MR. KUSHLER: Yes.

14                   THE PRESIDENT: You did the  
15 analysis?

16                   MR. KUSHLER: We produced what we  
17 call a scorecard every year that ranks all the 50

18 states and dimension.

19 THE PRESIDENT: Where is your  
20 company based?

21 MR. KUSHLER: Washington, D.C. is  
22 the headquarters.

23 THE PRESIDENT: Where are you based?

24 MR. KUSHLER: I work out of  
25 Michigan.

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1 THE PRESIDENT: You came all the way  
2 to New Jersey to testify?

3 MR. KUSHLER: Yes.

4 THE PRESIDENT: How did you find  
5 your way to, what alerted you to this?

6 MR. KUSHLER: I was -- Steven Nadel,  
7 our Executive Director and I filed some written  
8 comments a couple of weeks ago and Commissioner Fox  
9 contacted us and said, would you have anything else  
10 to say if you had an opportunity to provide  
11 comments, and New Jersey is quite an important state  
12 on our radar screen. A lot of efficiency potential  
13 here and so we managed to figure out a way to come  
14 out and talk to you today.

15 THE PRESIDENT: The states that you,  
16 the analysis that you had loan programs were the  
17 programs all run by the states or government  
18 entities, utility commission, state government?

19 MR. KUSHLER: There's a mixture of  
20 that. In many cases it is run by some type of a



21 state entity. Sometimes they establish an  
22 independent entity, not official part of the state,  
23 and there are examples of utilities running loan  
24 programs. Probably the most, currently the one  
25 that's receiving the most attention is the on-bill

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19

1 financing where it's very convenient because  
2 customers can see their bills regularly anyway and  
3 so there are states now looking to take advantage of  
4 that. Still fairly early in the game, but people  
5 seem to think that will be the programming  
6 technique.

7 THE PRESIDENT: Are there any states  
8 that you're aware that have done a wholly privately  
9 run energy efficiency program that is essentially an  
10 RFP with a target that private companies would bid  
11 on or take segments to advertise, sell, develop and  
12 then implement the energy efficiency program?

13 MR. KUSHLER: I would say almost  
14 every state incorporates the private sector a great  
15 degree in their programs, because at the end of the  
16 day that's who has to do the work.

17 THE PRESIDENT: I'm aware of those.  
18 I'm aware of many of those programs and obviously  
19 you have a -- I know it's not going to do the  
20 contracting work. They all have to bring people in  
21 to do the work. Are there any actually that do not  
22 involve the state for any purpose other than meeting  
23 the target required by the RFP? In other words,

24 they essentially set it up.

25 MR. KUSHLER: There are a couple of

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1 states that have set up independent entities to  
2 essentially energy efficiency utility, if you will.

3 THE PRESIDENT: We've spoken with  
4 that. That's not what I'm talking about.

5 MR. KUSHLER: No. As far as turning  
6 it, bidding it out to the private sector the core  
7 problem is the economics of energy efficiency are  
8 very complex and not easy to run at street level.  
9 That's why we don't see private energy service  
10 companies flourishing and delivering large scale  
11 efficiency services to all types of customers.  
12 They've done a pretty good job of certain markets.  
13 We call them a mush market, municipal, hospitals,  
14 schools, but as far as delivering services to the  
15 residential customers it's just there is, there's  
16 very little example of success in that on a  
17 freestanding basis.

18 THE PRESIDENT: Among private  
19 entities.

20 MR. KUSHLER: Yes, yes. What you  
21 find is even the states that have set up independent  
22 entities to operate their energy efficiency  
23 utilities, they still fund those operations through  
24 utility charges, ratepayer charges. In other words,  
25 they're still buying a resource for the utility

1 system just like paying for electricity from a power  
2 plant. The economics are such that you people have  
3 talked about this, but it simply doesn't work to  
4 think that you can create a freestanding  
5 self-sustaining efficiency machine that's going to  
6 generate lots of efficiency because there's enough  
7 profit margin in it. Lot of it has to do with all  
8 the extensive barriers that I talked about. You  
9 know, we could -- I could talk for hours about the  
10 details of that if you'd like.

11 THE PRESIDENT: We've studied that  
12 issue for hours and haven't come up with a solution  
13 other than setting aside a pot of money that we  
14 don't have.

15 MR. KUSHLER: Yeah. I mean there's  
16 also almost realistic if you want utility scale  
17 efficiency, so you're saving half a percent or a  
18 percent, two percent a year enough to avoid  
19 substantial generation. You have to invest in that  
20 the way you would invest in any other resource.

21 THE PRESIDENT: Are there any of  
22 these programs that you're aware of that eliminate  
23 the need for a customer up front payment, in other  
24 words, essentially the loan program or the  
25 government program would pay for the entire project

1 from dollar one?

2 MR. KUSHLER: Yeah. There are  
3 certain market niches where that is particularly  
4 important. Small business comes to mind.

5 THE PRESIDENT: And residential.

6 MR. KUSHLER: And residential.  
7 Small business even tougher nut to crack actually,  
8 but usually the best programs have a combination of  
9 substantial rebate to address that first cost fear  
10 act the people see.

11 THE PRESIDENT: I'm saying is there  
12 anywhere you don't have -- I don't mean to interrupt  
13 you. Just are there any that don't have an upfront  
14 cost issue where you don't need the rebate to  
15 satisfy upfront cost, essentially it's a zero money  
16 down loan that you're aware of?

17 MR. KUSHLER: Not really. People  
18 have bought there's something called pays that was  
19 looked at a few years ago and the economics just  
20 don't pencil out on that.

21 THE PRESIDENT: What do you mean?

22 MR. KUSHLER: Margins on a  
23 residential retrofit are pretty long on payback.

24 THE PRESIDENT: Give me some ideas  
25 because I really am interested in the numbers, if

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23

1 you know.

2 MR. KUSHLER: Seven to 15 years for  
3 a major retrofit. If you try to load all the costs

4 of a program onto the cost that the customer faces,  
5 so there's no utility investment, there's no -- the  
6 loading all on the customer, that payback becomes 20  
7 or 30 years and you just can't attract  
8 participation. So the best programs combined some  
9 front end rebate to buy down the first cost and then  
10 attractive financing for the remainder and you can  
11 structure a program where the customer is not out of  
12 pocket on Day One, because they combine the rebate  
13 with a loan. That's important. There are some  
14 small business sector programs that do that. It is  
15 possible to work that out, but doing it all through  
16 a loan by itself, the numbers just don't work.

17 THE PRESIDENT: Is it possible to  
18 use, is it an option to use the revolving loan  
19 program, you know, 100 percent financing for  
20 commercial, industrial, you know, multi-family,  
21 those kinds of targets, offices and rebate plus loan  
22 for the residential? In other words, would that  
23 work at least for the larger customer?

24 MR. KUSHLER: No.

25 THE PRESIDENT: Would not. Why?

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1 MR. KUSHLER: For all of the  
2 barriers that I mentioned your multi-family owners,  
3 your commercial customers all face those same  
4 barriers. So it's very tough to get a commercial  
5 customer to go forward even if you pay a third of  
6 the cost.

7 THE PRESIDENT: I'm assuming because  
8 there are private companies, believe it or not, in  
9 New Jersey that are doing that right now making  
10 money and they are not depending on government  
11 loans.

12 MR. KUSHLER: Yeah. I know them  
13 very well. I know the market niches they work in  
14 and it's quite a constrained market niche. It's  
15 also a constrained set of measures. There are few  
16 fast payback items that you can structure a  
17 performance contract with provided front end  
18 financing as escrow, you know, not have to have a  
19 rebate, but it's a very limited market niche and  
20 it's a very limited set of measures. Yeah, I'm very  
21 familiar with the SREC market, how it operates.

22 THE PRESIDENT: Not just the SREC  
23 market, but okay. Okay. That's all the questions I  
24 have. Anybody else? Commissioner Fox.

25 COMMISSIONER FOX: Thank you for

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1 being here. Just two things. With the SREC market,  
2 what is that limited niche of measure? what can  
3 they do, what can't they do?

4 MR. KUSHLER: Well typically, for  
5 example, SRECs like to pursue lighting retrofits in  
6 the commercial market, because that's a pretty big  
7 payback. So you can structure a proposal to the  
8 business that will allow them to have some margin of  
9 savings from Day One, but you won't see them get

10 involved in things like HVAC retrofits, of any kind  
11 of big building shell retrofits, that sort of thing.  
12 There's a term of art that we use cream skimming  
13 which means you skim off the very high payback  
14 measures, but you aren't able to be comprehensive.  
15 That's one of the barriers involved with that  
16 market.

17 COMMISSIONER FOX: Change in  
18 subjects to the on-bill financing, which is the one  
19 you said customers would not, wouldn't have to put  
20 any upfront money. What states have started doing  
21 that and just very briefly how does that work?

22 MR. KUSHLER: I don't know of any  
23 state that has results in hand from that yet. I  
24 know that Oregon has been looking. Nobody is  
25 investigating it. Vermont will probably in a year

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1 or two have better data available on what the  
2 results of that have been. It gets a little tricky.  
3 Not every utility, in fact, most utilities don't,  
4 initially don't want to engage in that. So there's  
5 some persuasion involved.

6 COMMISSIONER FOX: How do utilities  
7 make money doing that?

8 MR. KUSHLER: That also varies  
9 depending on how the regulator do the programs.  
10 Some like to do it without taking any profit on  
11 their own and that's one of the barriers.

12 COMMISSIONER FOX: Thank you.

13 THE PRESIDENT: If you figure out  
14 how not to take that profit let us know. One of the  
15 problems we run into when we do that it increases  
16 the cost of capital for all the other projects and  
17 you end up hurting, not helping the ratepayers. So  
18 if you figure that out we'd love to hear it.

19 MR. KUSHLER: Yeah.

20 THE PRESIDENT: I'm sorry. Go  
21 ahead. Can I -- I don't have your report. I guess  
22 I could access it pretty easily. Can we get a copy  
23 of that and the report that's about to come out just  
24 so we could review it?

25 MR. KUSHLER: Sure, be happy to do

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1 that.

2 THE PRESIDENT: I'll make sure you  
3 have my E-mail address. You can look it up online.  
4 Obviously you got here. You know where we are. I  
5 appreciate it.

6 MR. KUSHLER: We can get that to  
7 you.

8 THE PRESIDENT: Anything else? I'll  
9 make sure I give your regards to Commissioner Smith  
10 if I see him or Chairman, Commissioner, if I see him  
11 before you. If you see him before me tell him I  
12 said hello.

13 MR. KUSHLER: Will do. Thank you.

14 THE PRESIDENT: Thank you. Sally  
15 Jane Gellert.



16 MS. GELLERT: Good afternoon.  
17 THE PRESIDENT: Hello. How are you?  
18 MS. GELLERT: Good. And you?  
19 THE PRESIDENT: Good.  
20 MS. GELLERT: My name is Sally Jane  
21 Gellert. I'm speaking here today on behalf of the  
22 Unitarian Universalist Legislative Ministry of New  
23 Jersey, Economic Justice Task Force, which I am the  
24 Chairman. I'm a lifelong resident of Bergen County,  
25 and I thank you for the opportunity to speak today

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1 about the draft of the 2011 Energy Master Plan.  
2 I will speak briefly reserving my  
3 more detailed comments to be submitted in writing.  
4 I was pleased to read the following statement in the  
5 New Jersey Master Plan. Coal is the major source of  
6 carbon dioxide emission and New Jersey will no  
7 longer accept coal as a new source of power in the  
8 state. This is very encouraging. I am interested  
9 to know just how that is interpreted. Does this  
10 mean that there will be no purchase again, that the  
11 proposed experimental clean coal plant that was  
12 proposed for the state designated environmental  
13 injustice in the community of Linden in Union County  
14 has been rejected?  
15 THE PRESIDENT: Do you want me to  
16 answer that?  
17 MS. GELLERT: Yes, please.  
18 THE PRESIDENT: That proposal has

19 been rejected.

20 MS. GELLERT: Thank you very much.

21 I am very pleased to hear that especially after  
22 having experienced yesterday's earthquake where  
23 we're all, you know, we didn't have a lot of damage  
24 here, but we're lucky it was far away. We also had  
25 an earthquake in December, as you know, and they

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1 were relatively mild, but they do raise the specter  
2 of what a pipeline of that length in the ocean would  
3 do, what problems it might cause if there were to be  
4 some sort of fracture and if there were to be  
5 carbon. We worry about that and the extra cost that  
6 it would involve, which would further call that plan  
7 into question economically.

8 I am also aware that there are some  
9 indications that climate changes occur may increase  
10 earthquake activity and hopefully that information  
11 will be considered as the plan gets finalized.

12 Okay. Now, okay. That plan has --  
13 now, you mentioned that plan has been rejected.  
14 Does that mean that any new coal plant in the state  
15 would also be rejected?

16 THE PRESIDENT: Yes.

17 MS. GELLERT: Okay. Good. Now, we  
18 also have concern about the dangers of attracting  
19 and the vast amount of water used and polluted in  
20 that process and I would be concerned about  
21 proliferation of natural gas plants. We do see a

22 proposal to build three new gas power plants in the  
23 draft proposal. I'm concerned that would be a step  
24 backward from fossil fuel and away from investing  
25 that money in alternative renewable fuels. If

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1 there's no coal plant in Linden, would there be some  
2 sort of alternative energy on that site, some sort  
3 of solar or whatever, that would not contribute  
4 particulates to an atmosphere that is already, you  
5 know, filled and asthma area?

6           The New Jersey Energy Master Plan is  
7 extremely important for New Jersey as it sets the  
8 stage and creates concrete goals for energy  
9 generation, transmission and consumption here. As  
10 an energy consumer, every New Jersey resident has a  
11 responsibility to use our resources wisely and to  
12 help shape public policy that will optimize benefits  
13 while reducing hazardous energy use. We owe it to  
14 each other to be sure that the burdens and benefits  
15 fall equally on all areas of the state. No single  
16 community or group of communities is left with the  
17 residual problems of generating other communities'  
18 energy. And the transportation of frank energy as  
19 it were from Pennsylvania into this state raises  
20 kind of the spectrum of some danger that we've  
21 overruled. Thank you for listening to me and I will  
22 be submitting further information in writing.

23           THE PRESIDENT: Thank you for your  
24 time. Any questions? Thank you very much.

25 082411\_Transcripts  
Steve Morgan. Steve Morgan.

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1 MR. MORGAN: Good afternoon,  
2 President Solomon and Commissioners.

3 THE PRESIDENT: Good afternoon.

4 MR. MORGAN: I'm Steve Morgan. I'm  
5 the CEO of American Clean Energy. I'm here today to  
6 summarize our detailed comments to the Draft EMP  
7 plan. Those detailed comments were previously  
8 submitted both electronically and in hard copy. I  
9 do have a limited number of hard copies with me  
10 today. I hope you've had a chance to review them or  
11 your staff. It's not my intent to repeat all of  
12 those here today, but to summarize just a few  
13 points. First one I commend the Christie  
14 Administration and the Board for taking up the  
15 timely review and amendment of this plan.  
16 Obviously a lot has changed since 2008 when we all  
17 got together and crafted the first Energy Master  
18 Plan and as the plan itself pointed out in several  
19 ways, we're at a critical crossroad for energy  
20 supply security, cost effectiveness and reliability  
21 not just in the state but in this nation.

22 American Clean Energy, LLC is a New  
23 Jersey based solar PV developer of net-metered solar  
24 projects for commercial, industrial and public  
25 sector customers. We believe that solar distributed

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1 generation when integrated with the interconnected  
2 grid and eventually coupled with widely distributed  
3 energy storage technologies has the ability to take  
4 the operation of the grid to the next level of  
5 reliability and make it viable for the coming  
6 century.

7                   That belief frankly is founded on  
8 over three decades of experience in the  
9 construction, maintenance and operation of the  
10 electric T & D infrastructure in this state and  
11 others.

12                   I want to focus on two areas which I  
13 touched on in my detailed comments for which I think  
14 are important. First I am mindful of the previous  
15 admonishment from the bench that BPU should not and  
16 does not intend to making policy from the, from the  
17 Board. wholeheartedly agree and endorse that. we  
18 do believe that it is appropriate for the  
19 administration and for the Board as a subunit of  
20 government to identify issues and propose policy  
21 initiatives to solve those problems and obviously  
22 that's what this body has done and continues to do  
23 and, in fact, we see examples of that in the Energy  
24 Master Plan.

25                   One case in point I would like to

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1 suggest to you that is not covered in the Energy  
2 Master Plan, but should be and will require a policy

3 initiative and most likely legislative activity, is  
4 the siting issues for critical energy  
5 infrastructure. We talk about the need to build and  
6 site power plants, in this case three gas-fired  
7 power plants in New Jersey as an example, but the  
8 reason for that, the underlying reasons that drive  
9 the need to do that have more to do with the  
10 congestion in the New Jersey zone than they do with  
11 the lack of generation. We can't attract that. The  
12 market forces won't work to attract that generation  
13 unless and until the siting concerns can be met and  
14 the economics can be covered. I think you have an  
15 opportunity to address at least the siting issue,  
16 and as the administration has already demonstrated,  
17 there is a pathway that can combine the forces of  
18 government to solve issues in the form of the  
19 economic development activities undertaken by the  
20 Christie Administration where you bring together the  
21 heads of critical departments and marshal the  
22 government to further development activity in the  
23 state. I would submit to you that the siting of  
24 critical energy infrastructure generation  
25 transmission distribution facilities as well as

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1 alternative energy facilities is well within your  
2 purview.

3 Now it is true that the Board has  
4 currently the authority to overrule local zoning and  
5 planning bodies, but as you know it is a lengthy,

6 costly and contentious process and one that's rarely  
7 invoked and we've had some recent examples of that.  
8 So, I would submit to you that there's opportunity  
9 to propose a policy initiative, legislative  
10 initiative to confer upon somebody in this state,  
11 state level planning a siting authority for critical  
12 energy infrastructure.

13 THE PRESIDENT: I'm recommending one  
14 of the other agencies in the state for that. I  
15 don't know how you feel about that. I haven't  
16 decided which one yet.

17 MR. MORGAN: Nobody wants it, but  
18 other states have done this. I think the model is  
19 well developed. I would submit to you that the  
20 economic development activities, you know, by the  
21 Christie Administration might be an example.

22 THE PRESIDENT: I'm actually  
23 kidding, because the Governor and Legislature will  
24 decide that. I probably have no say in it.

25 MR. MORGAN: So let me just suggest

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1 as one issue that you consider taking up that issue  
2 as a policy proposal.

3 My second point relates more to a  
4 belief about distributed energy resources. I think  
5 people miss the point, the fundamental value  
6 proposition for distributed generation and, again, I  
7 spent nearly 33 years in the traditional delivery  
8 business. I retired from that business in 2009

9 specifically to go into the solar distributed energy  
10 business in New Jersey, because I believe it is a  
11 solution to a problem that is faced not just by the  
12 EDCs in this state, but virtually every EDC in this  
13 country and it can only be resolved by distributing  
14 the resource, the generation resource on top of the  
15 load.

16 And I want to address what I think  
17 is at least my perception bias in the draft that  
18 the, particularly the solar distribution generation  
19 program under the current SREC program unfairly  
20 penalizes non-contributory participants. I can tell  
21 you from, I can tell you from personal experience as  
22 we pointed out in detailed comments and support by  
23 the relevant facts, that distributed generation  
24 particularly solar distributed generation can be a  
25 cost effective solution and it has not just

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1 attributes of generation. It has the attributes of  
2 distribution. So it avoids transmission generation  
3 and distribution infrastructure investments. It  
4 displaces the importation of generation during peak  
5 periods and if we think about the fact that we need  
6 about two gigawatts by 2020 of solar, just the solar  
7 set aside requirement and maybe almost five  
8 gigawatts by 2026. You look at the numbers.  
9 There's a sense that the SREC program has been too  
10 rich, and I would argue not rich enough. We have --  
11 we need 2.2 gigawatts by 2020. We have about 330 or



12 350 megawatts installed. Only half of that under  
13 the SREC program. That argues that the SREC program  
14 is not rich. Otherwise we'd be more than 13 percent  
15 done, but more importantly there's been a focus that  
16 the SACP declination schedule has been too high and  
17 while we support the proposal to step that down in  
18 2017, what is most important and what has been  
19 missing is the long-term declination schedule. We  
20 need to create certainty in that market. Certainty  
21 is the key here, not so much the level and as we've  
22 seen as a matter of fact, in recent SRECs, prior  
23 ones 2012 looked to be fully subscribed. We were in  
24 an oversupply situation. Those are exactly what one  
25 would expect. I will tell you, I've been saying

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1 this for two years, but for the economic recession  
2 we have already seen this happen and we fully expect  
3 and all of our plans are predicated on that, on the  
4 price of SREC to be volatile going forward to  
5 continue to oscillate over some trend line well  
6 below the SACP declination schedule. Those  
7 oscillations, I would presume to make this Board  
8 aware those oscillations can be driven as much by  
9 what our, what is said or not said as they can be by  
10 the supply situation. And I would just quote a  
11 recent Philadelphia Inquirer article where a BPU  
12 spokesperson said something to the effect that they  
13 don't expect the current lowest SREC prices to have  
14 any material effect on the market because most

15 people were in long-term contracts. I would submit  
16 to you that if the project is already built and  
17 contracted and the SRECs are already laid out on the  
18 long-term contract that might be one set of  
19 circumstances, but if you're talking about new  
20 projects where new investors, new money have to be  
21 brought to the table that clearly is not the case.  
22 And low SREC prices are definitely a deterrent  
23 people making that investment going forward. We  
24 need to be mindful that what we say and how we say  
25 it has an impact on that market and on that market

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1 volatility and that has a direct impact on what will  
2 or will not get built going forward. More important  
3 though, I think there is a bias in the draft plan  
4 that, that it doesn't fully understand the value of  
5 distributed generation resources, particularly solar  
6 distributed generation resources. I won't bore you  
7 with the details of that conversation now. It's  
8 laid out in my detailed comments along with  
9 supporting details, but we spend on average, I'm  
10 looking at the form, one data for 2010 for the EDCs  
11 in New Jersey. If you look at the book value of  
12 assets installed in New Jersey, it's about 1100  
13 bucks a KW. If we make the comparison between solar  
14 and generation or solar and delivery only, we would  
15 conclude, oh, it's solar is more expensive because  
16 that's what the numbers would tell you, but when we  
17 understand that solar distributed generation has the

18 attributes of generation and transmission and  
19 distribution and we compare the cost against all of  
20 those costs, then we would conclude something quite  
21 different. Remember also that we're comparing a one  
22 time expense in terms of the RPS solar requirement  
23 essentially a one time expense. Two, to perpetuate  
24 expenses in the State of New Jersey and as the chart  
25 in my detailed comments point out, those investments

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1 and plan in service are going up over time. They're  
2 not going down, and that will continue to be the  
3 case and the reason for that frankly again, based on  
4 my experience is because about the top ten percent  
5 of the peak demand in this state occurs for less  
6 than one percent of the hour served. Okay.  
7 Understand the economics. We're making an  
8 investment to serve that top ten percent of the peak  
9 that is only operational one percent of the year or  
10 less.

11 THE PRESIDENT: You're preaching to  
12 the choir on that.

13 MR. MORGAN: So when you look at --  
14 well, so the point is when you make an economic  
15 comparison and you do it, you know, on an  
16 apples-to-apples basis what you conclude is not only  
17 that solar distributed generation and really  
18 distribution generation in general where you have  
19 solar distributed generation in particular is the  
20 wise investment every time for the long term.

21                   So I just wanted to close by saying  
22                   that we appreciate the fact that the Draft Energy  
23                   Master Plan continues to support the renewable  
24                   portfolio standard, that it continues to understand  
25                   the importance of the solar set aside, and we will

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1                   spend as much time as necessary and make ourselves  
2                   available to talk to you and your staff as to the  
3                   relevant experience of both on the T & D side as  
4                   well as the solar distributed generation side. So,  
5                   thank you for your time.

6                   THE PRESIDENT: Thank you, Mr.  
7                   Morgan, and thank you for your written comments. I  
8                   think everybody up here and certainly all the staff  
9                   have read and I want to tell you that it was not the  
10                  intention of the Master Plan, I don't believe, to  
11                  create the impression that we were not sensitive to  
12                  and did not consider there to be value in  
13                  distributed generation including solar. I thought  
14                  it had expressed that fairly clearly in the solar  
15                  context. It may be one of the weaknesses that we  
16                  need to revisit so that everybody understands,  
17                  because we try to make it clear that the value of  
18                  distributed generation was to deal with our  
19                  reliability issues at peak times, which we know are  
20                  two percent or less of the times that we're using  
21                  the resource. It clearly has an impact on rates.  
22                  It drives the margins way up and, frankly, requires  
23                  that we allow facilities to run that I know the BPU

24 and our Governor and Administration would prefer not  
25 to see this growing. We're sensitive to it. It may

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1 be we weren't clear enough about it. We'll  
2 certainly take those comments to heart.

3 MR. MORGAN: Thank you. We hope  
4 that we've given you at least one example of how you  
5 might find a way to do it, a more balanced economic  
6 valuation of the alternatives, because we agree with  
7 you wholeheartedly that we need to look at cost on  
8 everything that we do and we think we can if we look  
9 at it rationally to make a comparison on a  
10 normalized basis that, in fact, would give us the  
11 right answers. So thank you very much.

12 THE PRESIDENT: Thank you.

13 Bruce Burcat. Yes, sir.

14 MR. BURCAT: Good afternoon, Mr.  
15 President, Members of the Board. My name is Bruce  
16 Burcat. It's spelled B-u-r-c-a-t. I am the  
17 Executive Director of the Mid-Atlantic Renewable  
18 Energy Coalition, in short MAREC.

19 I want to thank you for the  
20 opportunity that you have provided me to speak about  
21 the Draft Energy Master Plan on behalf of my  
22 organization. MAREC is a nonprofit organization  
23 that was formed to help advance the opportunities  
24 for renewable energy development primarily in the  
25 region where the Regional Transmission Organization,

1 PJM operates. MAREC's footprint includes New Jersey  
2 and eight other jurisdictions in the region.

3 Our membership consists of wind  
4 developers, wind turbine manufacturers, service  
5 companies and nonprofit organizations dedicated to  
6 the growth of renewable energy technologies to  
7 improve our environment, boost economic development  
8 in the region and diversify our electric generation  
9 portfolio, thereby enhancing energy security. The  
10 primary area of focus of MAREC is to work with state  
11 regulators and policymakers to develop rules and  
12 supportive policies for wind energy.

13 First, let me say that the Draft  
14 Energy Master Plan in many areas is a reasonable  
15 approach to energy planning, especially in light of  
16 economic realities. These realities include the  
17 fact that New Jersey residents pay some of the  
18 highest energy rates in the nation. The overriding  
19 theme of the Draft Energy Master Plan, I believe is  
20 that New Jersey ratepayers pay too much for their  
21 electricity and that all resource procurement and  
22 development, whether done to meet general  
23 electricity needs or to meet the RPS should be  
24 evaluated based on whether the procurement is cost  
25 effective. So, I want to emphasize that it is well

1 understood and sensible that the focus on cost  
2 effectiveness of New Jersey's energy options plays a  
3 significant role on the draft plan. However, the  
4 Draft Plan fails to consider a significant renewable  
5 energy resource, regional onshore wind energy, which  
6 would provide New Jersey ratepayers a cost effective  
7 opportunity to help meet the mandates of the  
8 Renewable Energy Portfolio Standard.

9 wind energy is a zero emitting  
10 renewable resource that is readily available to New  
11 Jersey through its participation in the PJM grid and  
12 markets. It is important to keep in mind that the  
13 State of New Jersey is part of a broad regional  
14 electricity market comprising over a dozen states  
15 and that solutions to the state's energy challenges  
16 must be viewed in this context. Whether purchased  
17 in the form of a renewable energy credit or as a  
18 bundled product of energy and RECs, electricity  
19 developed from wind generated by onshore wind farms  
20 presents a resource that should be seriously  
21 considered by the Draft Plan.

22 One of the things that we noticed is  
23 really this idea of developing homegrown, which is  
24 understandable resources within New Jersey.  
25 However, it's apparent that New Jersey is going to

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1 need outside resources to help meet the RPS standard  
2 that's in effect and there's really almost nothing  
3 as cost effective as onshore wind coming from within

4 the region.

5 From a price perspective it compares  
6 favorably to other energy resources when comparing  
7 new construction of these generating resources.  
8 Not only is wind energy cost effective, but policies  
9 supporting long-term contracts for wind energy help  
10 get these projects financed at reasonable rates and  
11 ensure price stability. This is because the  
12 resource itself is not subject to the price  
13 volatility like other traditional fossil fuel  
14 resources over the long term, such as coal and  
15 natural gas. In addition to the draft plan's  
16 support of offshore wind, we think it is important  
17 that onshore wind resources be considered as a  
18 significant resource in helping New Jersey meet its  
19 renewable portfolio standard.

20 Now we know that the existing Energy  
21 Master Plan, it's the one that's in effect at that  
22 time tasked the BPU staff to seek an increase in  
23 total renewable portfolio standard from 22.5 percent  
24 in 2021 to 30 percent by 2020. While we have  
25 serious reservations over the draft plan's proposal

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1 to drop the 30 percent requirement, there's no doubt  
2 that the RPS mandates if otherwise unchanged would  
3 still be meaningful.

4 That being said, it is distressing  
5 that the Draft Energy Master Plan appears to propose  
6 the inclusion of resources like waste-to-energy into



7 the Class I requirements of the RPS. While  
8 preferable to landfilling, waste energy is not  
9 renewable nor are its environmental impacts and  
10 benefits equal, or anywhere close for that matter,  
11 to those of renewable resources such as wind, solar  
12 and geothermal energy. Incentivizing waste energy  
13 as a Class II energy resource would be appropriate  
14 in that it encourages an alternative form of energy  
15 production that can have some environmental  
16 benefits, but it should not in any way be included  
17 in Class I to the detriment of true renewable energy  
18 resources.

19 The other major downside of this  
20 proposed change is that it will significantly erode  
21 the RPS. The RPS Class I requirements were meant to  
22 spur development of renewable energy technologies.  
23 Waste-to-energy is not a legitimate Class I  
24 resource. When an RPS standard is amended to move a  
25 non-renewable energy source, such as waste energy,

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1 into Class I, the incentives to produce clean and  
2 renewable technologies are weakened. So we strongly  
3 urge that the draft plan be revised to eliminate any  
4 proposals for re-categorizing any non-renewable  
5 resource to a Class I RPS qualifying resource.

6 This concludes my remarks. I just  
7 want to thank you again for the opportunity to be  
8 heard on the Draft Energy Master Plan.

9 THE PRESIDENT: Just a couple of

10 quick questions.

11 MR. BURCAT: Sure.

12 THE PRESIDENT: I'm assuming and I  
13 understand the potential necessity to import out of  
14 state renewables like wind and solar from elsewhere  
15 to meet our R-20s. What the Master Plan was  
16 speaking to availability of onshore wind in New  
17 Jersey and I think if it didn't, we'll clarify it.  
18 It said, I can look it up now, I don't feel like  
19 wasting your time, that the availability of that  
20 resource in New Jersey is either limited or  
21 non-existent. Now, we know it exists in some  
22 places. There is one or two locations down the  
23 shore. There's one or two locations in Salem  
24 County. There's one or two locations in way up  
25 north, I believe it's in the Highlands. So, there's

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1 not a whole lot of opportunity. I mean I think some  
2 of it is preserved, some of it is highland, some of  
3 it is in densely populated areas. So it's very  
4 limited. Are you aware of any other onshore wind  
5 opportunities in New Jersey? And I don't think, I  
6 hope at your suggestion, but also because we've  
7 heard that elsewhere, whether we are attempting to  
8 limit our access to onshore wind, or simply saying,  
9 listen, it's not a resource available in New Jersey  
10 and so we have to look at other opportunities? Is  
11 it available in New Jersey?

12 MR. BURCAT: Well --

13 THE PRESIDENT: I mean I'm not  
14 trying to trap you.

15 MR. BURCAT: My research actually  
16 goes back to the original or to the current Master  
17 Plan, which called, it talked about 200 megawatts of  
18 onshore wind within New Jersey. I agree. New  
19 Jersey does not have the best resources for onshore  
20 wind. So there is a limited resource. Even 200  
21 megawatts of onshore wind is not going to go a long  
22 way meeting your plan. That's why I think you're  
23 going to have to ignore, it is a problem. You're  
24 going to have to look at the regional onshore wind  
25 and the way the energy, Draft Energy Master Plan is

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1 prepared or drafted clearly suggests a very strong  
2 bias for not doing that and the advantage of this  
3 resource is that it's very cost effective in  
4 comparison to a lot of resources that you're looking  
5 at at the moment, and on top of it there aren't, do  
6 not appear from my review of the plan, we're sending  
7 more detailed comments tomorrow on this, but my  
8 review is that you're going to need even if you get  
9 the 1100 megawatts of offshore wind, which is I  
10 think, you know, we commend New Jersey for moving in  
11 that direction, you'll still have a significant  
12 issue of compliance without going significantly  
13 greater into or looking at other resources  
14 especially like offshore wind, which is prevalent.

15 And I did want to make one other

16 point that there are concerns and it's mentioned to  
17 a degree in the Draft Plan about the transmission  
18 infrastructure and some issues about that, but I  
19 have been part of the process and it's been going on  
20 PGA for quite some time now, to include renewables  
21 in this planning process. So they're looking at  
22 improving transmission and it's also part of order  
23 of 1000. So this a long-term plan. I think this is  
24 an area that's been glossed over. It needs  
25 significant discussion and discussion in the Energy

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1 Master Plan.  
2 THE PRESIDENT: Should we have  
3 concern that because, should we have concern -- the  
4 Legislature is clearly, Governor as well about the  
5 desire to see offshore wind developed as a renewable  
6 resource. Should we be concerned that significant  
7 importation of onshore wind, not just from  
8 Pennsylvania, but from the Midwest which appears to  
9 be a consideration of FERC and others including  
10 groups that I've participated in to try to raise my  
11 voice about that might not, in fact, displace  
12 offshore wind as an opportunity for New Jersey  
13 because there are those that argue, although I'm not  
14 sure that the cost of onshore wind combined with the  
15 cost of transmission is substantially cheaper. The  
16 Legislature and Governor have said we need to look  
17 at offshore wind and the economic benefit. will  
18 that be displaced if you --

19 MR. BURCAT: I don't think so, and  
20 the reason, main reason for it is you have a law  
21 that is talking about 1100 megawatts of offshore  
22 wind and so, and I think there's in the law it has a  
23 very detailed procedure for, you know, for  
24 potentially approving that.

25 THE PRESIDENT: Yes, there is.

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1 we're aware of it.

2 MR. BURCAT: So, I don't think it's  
3 going to be displaced at least in New Jersey. Other  
4 states that don't have such laws 1100 megawatts seem  
5 to be a realistic number at this point. So we're  
6 not thinking in those terms. We're also not  
7 proposing the Midwest. We're talking about the PJM  
8 wind and at the present there's been significant  
9 development in Pennsylvania, which is a good bit on  
10 the correct side or the better side of the  
11 constraint. So, you know, there are opportunities  
12 even with some of the transmission constraints out  
13 there there's significant opportunity, but we do  
14 think there can be improvement in the long run as  
15 well.

16 THE PRESIDENT: Should we be  
17 exploring and are you advocating that we explore any  
18 onshore opportunities in New Jersey?

19 MR. BURCAT: Yes, absolutely. I  
20 think everything should be explored and there is a  
21 reason why the previous plan up to 200 megawatts are

22 part of the plan. So there may not be commercial  
23 type projects because those usually are anywhere  
24 from 50 to 300 or 400 megawatt-sided plants, but  
25 they're smaller applications, you have one in New

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1 Jersey already, smaller applications that could add  
2 up to significant numbers if you build. If you look  
3 in that direction it's just not going, it's just not  
4 going to fill the void. That's why other onshore  
5 wind opportunities in the region are something you  
6 really need to look at.

7 THE PRESIDENT: Any other questions?

8 Thank you very much.

9 MR. BURCAT: Thank you.

10 Chris Tomasini.

11 MR. TOMASINI: Thank you, President  
12 Solomon and the Board of Commissioners. My name is  
13 Chris Tomasini, T-o-m-a-s-i-n-i. I am the Vice  
14 President of Market Development of Ice Energy.  
15 Thank you for the opportunity to provide input to  
16 the Draft Energy Master Plan. Ice Energy has been  
17 active in the New Jersey market for several years,  
18 is eager to expand our presence here providing both  
19 jobs and lower energy prices. We currently  
20 manufacture our equipment in New York State and  
21 would love the opportunity to shift those  
22 manufacturing jobs to New Jersey.

23 THE PRESIDENT: I'll let the  
24 Governor call you tonight.

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25 MR. TOMASINI: We applaud the fact

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1 that the current plan recognizes energy storage  
2 technology and feel that the Energy Master Plan  
3 should qualify energy shortage goals as a component  
4 of demand reduction goals.

5 For those of you who don't follow  
6 the technology closely, energy stored just benefits  
7 including relieving congestion without costly  
8 controversial generation or transmission  
9 expenditures and energy enhanced value of the  
10 intermittent resources like wind and solar. Energy  
11 storage reduces overall emission profile within the  
12 state by reducing the need for people to generate  
13 optimizing base low plants.

14 THE PRESIDENT: Make sure you take  
15 your time.

16 MR. TOMASINI: Sure. Energy storage  
17 improves load factor of the existing grids like all  
18 the industries, important capacity factor like we  
19 experience here in New Jersey, is the root cause of  
20 high costs. New Jersey loan factor is, capacity  
21 factor is one of the lowest in the U.S. Energy  
22 storage allows small businesses to participate in  
23 the low management programs. There are solutions in  
24 place for residential customers and for larger  
25 industries. Small businesses cannot or will not get

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1 involved in most low management programs. Ice  
2 Energy's focus on commercial businesses range from  
3 200,000 square feet that utilize rooftop cooling.  
4 Ice Energy has met with all the utilities in New  
5 Jersey, would like to see a regulatory framework of  
6 distributed storage working closely with First  
7 Energy, JCP&L and we installed Force Ice, which is  
8 the name of our technology, in the Township of  
9 Howell at a national office supply retailer. Four  
10 Ice barriers were installed and permanently reduced  
11 the store's peak load by 20 percent. Ice Energy has  
12 demonstrated its cost effectiveness using screening  
13 tools developed by the Centre For Energy and  
14 Environment at Rutgers University. Very few  
15 permanent load reduction technologies can meet these  
16 standards and all customer segments need to  
17 participate in load reduction if New Jersey hopes to  
18 achieve its 3600 megawatt load reduction goals  
19 identified in the EMP. Despite the economy, summer  
20 heat and low continues to take the grid to the  
21 breaking point, risking public safety and consumer  
22 confidence. We respectfully suggest that the policy  
23 needs to catch up to available cost effective  
24 technology such as distributed discharge. We will  
25 be submitting formal comments.

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1 THE PRESIDENT: Thank you. Any  
2 questions?



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Kate Sanford.

THE PRESIDENT: How are you?

MS. SANFORD: Good. Thank you.

President Solomon and Commissioners, I just wanted to thank you, first of all, for the opportunity to speak today. I appreciate it. My name is Kate Sanford and I'm the Director of Corporate Communications at JSH International. JSH International is actually part of the J.S. Hovnanian, as you know, group of companies, owned by Peter and Stephen Hovnanian.

I just wanted to take a quick moment to explain JSH International is actually a manufacturer of a line of organic products. We improve biological efficiency with these products in a variety of environments and our efforts are currently focused in the wastewater and energy industries as well as food services and septic industries and horticulture and agriculture industries.

I'm here today to make a few comments on our written submittal recently regarding the classification of renewable resources.

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According to the definition of Class I renewables in the Master Plan, anaerobic digestion is mentioned. However, sewage sludge has been significantly singled out to not qualify. By broadening the scope of the Class I renewables, the state would be able

6 to impact two or three probably of the overarching  
7 goals of the EMP stated in the beginning, such as  
8 diversifying portfolio of clean and state generation  
9 as well as promoting to improve energy efficiency at  
10 facilities that are often the most demanding energy  
11 function in a particular municipality. You may  
12 already know these kinds of information, but  
13 wastewater treatment accounts for 40 or 30 percent  
14 of the municipal and wastewater treatment plant  
15 energy costs are the second largest operations and  
16 maintenance expense after labor. Also, wastewater  
17 treatment plant operators could reduce energy  
18 consumptions by 25 percent by optimizing process  
19 efficiencies and greatly improving energy recovery  
20 with available technologies.

21 wastewater treatment plants bring a  
22 really unique opportunity to the table when it comes  
23 to renewable energy production. They are a steady  
24 supply of the resource. There's great potential  
25 with existing infrastructure that's already in

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1 place, yet only a handful of plants are utilizing  
2 the gas they generate as a normal part of the  
3 treatment process here in the State of New Jersey.  
4 According to a report by the EPA, CHP partnership  
5 about opportunities of bio-gas and CHP and  
6 wastewater treatment plants approximately 340  
7 megawatts of clean electricity could be generated  
8 nationally and offsetting 2.3 metric tons of carbon

9 dioxide emissions annually. That's equivalent to  
10 planting approximately 640,000 acres of forest or  
11 the emissions of approximately 430,000 cars. Now I  
12 know those are national statistics and, in fact,  
13 they are updating this report right now. They say  
14 they're expecting it to be released very shortly.  
15 So that may be beneficial for us to learn more. But  
16 in New Jersey, our company estimates that there  
17 could be about 50 anaerobic digestion systems here  
18 in New Jersey, yet it is our experience in the  
19 industry and not working in learning more and  
20 getting to know people that lead us to believe there  
21 are approximately only eight that utilize DHP, so a  
22 very small percentage. They capture the energy  
23 others are letting go to waste. Although the  
24 megawatts and carbon emissions I described earlier  
25 are on an annual or a national scale, we can see

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1 there's great opportunity just right here in New  
2 Jersey to take advantage of the many benefits this  
3 renewable resource can bring to the state. There's  
4 also the opportunity to reduce carbon emissions in  
5 the state as a result. Facilities that don't  
6 utilize the methane actually flare it off as I'm  
7 sure you're familiar with. When they flare, for  
8 every kilogram of methane flared 2.74 kilograms of  
9 carbon dioxide are produced. So, therefore 2.75  
10 more carbon dioxide is emitted every time they flare  
11 as compared to CO<sub>2</sub> is to go in there directly. So I

12 recommend to the committee to reconsider the  
13 definition of eligible resources in the renewables.  
14 In order to encourage and enable expansion of  
15 bio-gas utilization because there's such great  
16 opportunity here in the state that's currently going  
17 to waste, by incorporating sewage sludge some policy  
18 up towns facilitating the expansion of CHP in  
19 wastewater treatment plants would include financing  
20 development of new or expansion of existing digester  
21 in CHP systems, we often find that when we're doing  
22 business that many existing systems are just  
23 underutilized due to the repairs and maintenance  
24 issues, not having the funding to make those  
25 improvements. Therefore, letting a lot of gas just

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1 go to waste or it's due to further investment into  
2 some more capital equipment to utilize the extra gas  
3 that they are creating. So that's definitely one  
4 option that's out there.

5 To help expand this marketplace in  
6 renewable energy production here in the state you  
7 can also fund development and demonstrations  
8 technology that improve digester gas yields as well.  
9 So I just want to thank you very much for your time  
10 and the opportunity to comment today. I think they  
11 want to keep it short, but we think that's there  
12 great opportunity here just in the State of New  
13 Jersey. It's definitely underutilized at this  
14 point.

15 THE PRESIDENT: Thank you very much.  
16 Any questions?

17 COMMISSIONER FOX: I have one  
18 question. First of all, I have to say I'm not a  
19 technical person.

20 MS. SANFORD: That's okay. I'm not  
21 either, but I have technical people in case I need  
22 them.

23 COMMISSIONER FOX: Combined heat and  
24 power, I think traditionally is natural gas, steam,  
25 electricity, all that stuff?

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1 MS. SANFORD: Uh-huh.

2 COMMISSIONER FOX: How does solid  
3 waste or how does organic anaerobic bio-gas  
4 digestion fit into a combined heat power that's not  
5 traditional?

6 MS. SANFORD: Sure. The way that it  
7 works is that and I'll try to keep it very simple,  
8 but wastewater treatment has a number of options to  
9 process wastewater. One of them is processing the  
10 solid that is a result, those go into maybe not  
11 every place uses it. That's why I say we estimate  
12 about 50 here in New Jersey. They use a process  
13 called anaerobic digestion to handle it. When it  
14 goes into this anaerobic digestion it's a closed  
15 unit so that it captures and allow that time to  
16 process in there and make it more of a useful  
17 sludge. They call it sewage sludge considering what

18 I'm suggesting here today. During that natural  
19 process or that breakdown within that anaerobic  
20 digester methane gas is as a result of the process.  
21 These wastewater treatment plants are now capturing  
22 the gas that is created in these systems.

23 COMMISSIONER FOX: So you use a  
24 methane in place of a natural gas?

25 MS. SANFORD: Yes. Then they do the

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1 cleaning, et cetera through the system that they  
2 need to, it goes into CHP.

3 COMMISSIONER FOX: Then what happens  
4 with the remaining sludge?

5 MS. SANFORD: They still have, they  
6 do still need to handle applied for, for example, or  
7 they can, they have a number of options out there  
8 today something palleting.

9 COMMISSIONER FOX: I know about  
10 that. So really the difference really here --

11 MS. SANFORD: Methane gas is a fuel.

12 COMMISSIONER FOX: Methane gas in  
13 place of natural gas?

14 MS. SANFORD: Yes.

15 COMMISSIONER FOX: So my  
16 understanding with methane gas is that from sources  
17 like those is you don't have a consistency of  
18 product which then could be a problem when you're  
19 using it for, I guess in this case combining power?

20 MS. SANFORD: In our experience, in  
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21 the wastewater treatment industry in particular it's  
22 a pretty expected rate quality of the methane gas.  
23 It's something that we have found is expanding in  
24 the industry. People who don't have it are actually  
25 moving to it because they see that the type of gas

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1 that they generate is relatively consistent and  
2 could be a very reliable source for themselves.

3 COMMISSIONER FOX: Thank you.

4 MS. SANFORD: Uh-huh.

5 THE PRESIDENT: Mr. Asselta.

6 COMMISSIONER ASSELTA: Yes. I guess  
7 about a year ago I received a presentation based on  
8 this from your owner and boss, and I know K.  
9 Hovnanian and JSH. The question I have is  
10 considering their construction power over the years  
11 and the thousands of homes both divisions have built  
12 over the years, have they ever used this in an up  
13 highland situation in considering a lot of  
14 development sewer treatment option to them because  
15 they're so large?

16 MS. SANFORD: No. We have focused  
17 our efforts in particular on the very large public  
18 wastewater treatment plants because that is, if you  
19 will, the biggest opportunity for the whole country  
20 to go after at first.

21 COMMISSIONER ASSELTA: And you have  
22 the patent. Right?

23 MS. SANFORD: We do.

24 COMMISSIONER ASSELTA: JSH?

25 MS. SANFORD: We do. We have a

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1 patent on the process that creates our core product.  
2 As I said, we do a number of industries and we  
3 optimize that particular core product to these  
4 different applications, different industries. And  
5 this one in particular we do, to speak to your  
6 question a little bit more, we particularly target  
7 very large facilities five million gallons a day or  
8 higher and the reason why we actually believe we can  
9 bring that lower to be very honest, the EPA in their  
10 CHP work that they have done, CHP partnership they  
11 have calculated and estimated that the ideal plant  
12 size to move to CHP is in the four and a half, five  
13 million gallons a day to make the investment to a  
14 CHP. So, the little resources that you can actually  
15 get statistics on these things. It's amazing how,  
16 you know, available statistics are for these things.  
17 That's what they have, so we focus on that. So in  
18 instances where there's building involved your  
19 numbers are much lower in a smaller community, et  
20 cetera.

21 COMMISSIONER ASSELTA: Just one  
22 quick follow-up. Have you been successful in some  
23 of these sewage authorities in New Jersey at this  
24 point in time?

25 MS. SANFORD: Yes, we have.



1 COMMISSIONER ASSELTA: where?

2 MS. SANFORD: In particular, Landis  
3 Sewage Authority in Vineland, New Jersey has been  
4 using our product for a number of years. Last year  
5 in November of 2010, they were awarded an EPA CHP  
6 Energy Star Award for their efficiency of expertise  
7 leading the way with their CHP unit there on site.  
8 That's one example. We have a number of other  
9 projects here in the state that are either right now  
10 are wrapping up, so at this point I can't disclose  
11 their names.

12 COMMISSIONER ASSELTA: Thank you  
13 very much.

14 MS. SANFORD: We have done work with  
15 some places without CHP, but since our focus here is  
16 on renewable energy.

17 THE PRESIDENT: Commissioner Fox.

18 COMMISSIONER FOX: Do you know of  
19 any other states who use this for the Class I  
20 renewables?

21 MS. SANFORD: I'm sorry. I don't  
22 know the answer to that, but I'm happy to find out  
23 and E-mail it in.

24 COMMISSIONER FOX: Please do get it  
25 to our staff because I wouldn't mind having the

1 staff visit those sites.

2 MS. SANFORD: No problem.

3 THE PRESIDENT: Thank you very much.

4 Chris Sturm. Good afternoon.

5 MS. STURM: Good afternoon,

6 Commissioner Solomon and Members of the Board.

7 Thank you for allowing me to testify. I'm Chris

8 Sturm from New Jersey Future. We're a nonprofit,

9 non-partisan group that promotes smart growth. From

10 that perspective that we submitted detailed written

11 comments which I'll summarize today.

12 The first area that I want to talk

13 about is locating solar facilities. New Jersey

14 Future encourages increased reliance on renewable

15 energy sources including solar energy. Our state is

16 unquestionably a national leader in solar

17 installations, due in large part to subsidies that

18 make it economically feasible. The Draft Energy

19 Master Plan correctly noted that ratepayer subsidies

20 can be used to incentivize certain types of projects

21 that also advance other statewide goals.

22 We have two recommendations. First,

23 we'd like to see the Energy Master Plan recognize

24 that single-use solar facilities aren't necessarily

25 the highest or best use for every brownfield and

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1 landfill location in New Jersey. Some of those

2 happen to be in good locations for redevelopment and

3 installing solar there might impede those more

4 intensive uses of the site. So we recommend that  
5 before a solar installation is granted that the BPU  
6 require applications for solar incentives and ask  
7 whether or not it is in an approved redevelopment  
8 area with a redevelopment plan and if it is, that  
9 the municipality be consulted to make sure that the  
10 solar facility will not impede redevelopment in that  
11 location.

12 Our second recommendation is the  
13 Energy Master Plan should recognize and incentivize  
14 those types of solar facilities that are advancing  
15 other statewide policy objectives which include  
16 brownfield and landfills, but other impervious  
17 surfaces, such as rooftops and parking garages.  
18 These have few or no negative impacts on land  
19 preservation or redevelopment and other land use  
20 objectives. And we'd like to ask why not grant more  
21 generous incentives to encourage solar in those more  
22 advantageous locations.

23 I do want to just note that our  
24 research suggests that there's more than enough  
25 rooftop locations in New Jersey to accommodate the

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1 state's long-term goals for solar. We have a  
2 graduate intern who looked at this question from two  
3 perspectives. One is he estimated the total amount  
4 of square footage of rooftop that would be needed to  
5 meet the state's solar goals for 2026 and found  
6 those to be about 327 million square feet, which is

7 just a small fraction of the total amount of  
8 impervious surfaces in New Jersey, which is stated  
9 at 22 billion square feet.

10 The second approach looked at a  
11 national study that estimated the solar output  
12 capacity of our rooftops in residential and  
13 commercial buildings and found those to be 9000  
14 megawatts, which is more than double the state's  
15 solar goals for 2026. Now, admittedly both of these  
16 approaches apply assumptions across a broad area  
17 without detailed analysis, but they do suggest that  
18 the capacity of solar and rooftop should not be  
19 constrained for your set of policies.

20 The second topic area that I wanted  
21 to cover is energy use from the transportation  
22 sector. As you know, the transportation sector is  
23 the largest and fastest-growing consumer of  
24 electricity. However, the Draft Energy Master Plan  
25 scarcely mentions it. There are numerous studies

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1 that point out that clean energy and electric  
2 vehicles are not enough to rein in demand from the  
3 sector because of just an ongoing increase in the  
4 amount of driving in vehicle miles traveled. So any  
5 credible approach needs to address transportation  
6 demand.

7 Back in 2008, the Draft Energy  
8 Master Plan at that time delegated this topic to the  
9 state's global warming recommendations report at

10 DEP.

11 The DEP not only recognized the  
12 sizeable scale of this problem, but minced no words  
13 in pointing to the state's sprawling land use  
14 patterns as playing a key role in transportation  
15 demand and also greenhouse gas emissions. However,  
16 since its release in 2009, that plan has largely  
17 laid dormant. So what we have is a Draft Energy  
18 Master Plan that really doesn't address  
19 transportation at all and DEP's Global warming  
20 Response Act Recommendations Report, which it does  
21 pay a lot of attention to transportation, but is  
22 evidently being ignored by policymakers.

23 So our recommendation to you that  
24 through this process the state formally and  
25 comprehensively address energy use and greenhouse

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1 gas emission from the transportation sector, and we  
2 have a number of suggestions for how that can be  
3 done contact-wise.

4 The third and final area that I want  
5 to touch on just has to do with the state's  
6 commitment to a great economy and green future.  
7 With Governor Christie's announcement of the state's  
8 intention to withdraw from RGGI, we at New Jersey  
9 Future lamented the fact that it seemed to signal a  
10 shift away from earlier commitments to a green  
11 economy.

12 A number of provisions in the Draft

13 Energy Master Plan suggests a similar trend and so  
14 what we'd like to recommend is that you sort of  
15 proactively find other ways to commit to a green  
16 economy and to encourage more high quality, high  
17 paying jobs in this field. One approach and I  
18 recommend that it's not an easy approach, but would  
19 be to find ways to replace the funds that were  
20 generated or are being generated by RGGI and that  
21 have been dedicated to energy conservation, to  
22 encouraging increased use of renewables to helping  
23 municipalities plan for sustained land use and  
24 transportation projects. That kind of funding would  
25 not only reduce energy costs for all users, but

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1 would also help make our companies more effective.  
2 I thank you for your consideration.

3 THE PRESIDENT: Any suggestions  
4 about the source of those funds?

5 MS. STURM: That is a hard question.  
6 I mean we would, I, our recommendation would be to  
7 stay on RGGI.

8 THE PRESIDENT: I agree.

9 MS. STURM: Yeah.

10 THE PRESIDENT: Any ideas?

11 MS. STURM: That's, as you know,  
12 that's a difficult question. Our recommendation  
13 would be to stay on RGGI.

14 THE PRESIDENT: Okay. But assuming  
15 that's not going to happen, we're still bound by the

16 Global warming Response Act, which is still a law of  
17 the State of New Jersey, which is, I think it gave  
18 rise to RGGI. What would you do to increase the  
19 revenue available? I mean you don't have any idea?

20 MS. STURM: I'm sorry. I guess I'm  
21 not prepared.

22 THE PRESIDENT: If you come up with  
23 something let us know.

24 MS. STURM: Okay. Fair enough.

25 THE PRESIDENT: The suggestions of

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1 the transportation side, are they part of your  
2 written comments that we have?

3 MS. STURM: Yes. Well, we  
4 highlighted a number of items that were in the  
5 Global Warming Response Act Report.

6 THE PRESIDENT: I'm aware of that.  
7 And on the issue of brownfields and landfills, I'm  
8 not aware of what landfills that are being  
9 commercially developed. Maybe they are, but I  
10 thought maybe we weren't clear enough. Certainly  
11 I've said it probably one of the goals was to take  
12 otherwise undevelopable land and use it for solar  
13 like brownfield, landfills to the extent that it, a  
14 brownfield is developable and can have another  
15 benefit. I think municipalities obviously should go  
16 in that direction. So maybe we need to be clear  
17 about that one. We have consensus on the issue.

18 MS. STURM: The issue, I think it

19 really varies site by site. I think you're  
20 absolutely pointed in the right direction for solar  
21 because the cleanup as you have people living and  
22 working on them, but I think there are instances  
23 where it's a little easier in the short term to do  
24 solar which might preclude the more intensive use  
25 which would not be that far. That's why we

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1 recommend consultation with municipalities.

2 THE PRESIDENT: All right. Anything  
3 else? Thank you very much.

4 MS. STURM: Thank you.

5 THE PRESIDENT: Nicky Sheats. Good  
6 afternoon.

7 DR. SHEATS: Good afternoon. It's  
8 good here to hear my name. I've been here for over  
9 two days. Can I hand out copies to you?

10 THE PRESIDENT: Sure.

11 DR. SHEATS: Good afternoon. My  
12 name is Nicky Sheats, Dr. Sheats. I am Director of  
13 the Center for the Urban Environment of the John S.  
14 Watson Institute for Public Policy at the Thomas  
15 Edison State College. I'll try to talk slow. I  
16 talk very low.

17 THE PRESIDENT: I'll slow you down  
18 or the court reporter will start throwing that  
19 machine at you and it's very heavy.

20 DR. SHEATS: I'm the Director of the  
21 Center for the Urban Environment at the Thomas



22 Edison State College, but more importantly, I'm a  
23 member of the New Jersey Environmental Justice  
24 Alliance. In case you probably don't know about the  
25 Alliance, so let me say we are the only statewide

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1 environmental organization in New Jersey that  
2 focuses solely on the environmental justice issues.  
3 We're also the only statewide environmental  
4 organization in New Jersey in which both a majority  
5 of this membership and leaders are people of color.  
6 And I should note that I'll talk briefly about it  
7 later is that I think that's an important point.  
8 Because I've now been to three of the four hearings  
9 for international planning and I think I'm the first  
10 person to speak on behalf of the organization of  
11 this majority of the people of color, and I'm one of  
12 the few people of color to speak at all, but I think  
13 those are important points that I'll get back to.

14 In case you don't know what  
15 Environmental Justice Alliance do, we try to protect  
16 communities of color and low income neighbors by  
17 reducing excessive pollution and we also try to make  
18 sure that they are a part of any decisions that are  
19 made that affect them. So we do have concerns about  
20 the Energy Master Plan, some about what is in the  
21 plan and some about what is not in the plan.

22 Let me talk about three concerns  
23 that are in the plan and then give you a suggestion  
24 on what should be in the plan. One in the plan

25 suggests that in order to reach a goal aspiration of

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1 70 percent of our electricity generation from  
2 renewable or clean energy by 2050 and opposes  
3 nuclear energy and should be classified as clean  
4 energy. We disagree with this. The reasons very  
5 simple. Both of these when used for electric  
6 generation produce toxic by-products. We know  
7 natural gas is much cleaner than traditional coal  
8 companies, coal-fired power plants, but it still  
9 does produce some air pollution. Nuclear, I think  
10 we're all aware of toxic waste that comes from  
11 nuclear and still unresolved issue about where that  
12 waste is going to go to. So that's the first  
13 concern. We would oppose that.

14 We also think it really puts in  
15 jeopardy that goal, 'cause the purpose of the goal  
16 is to incentivize renewable energy and when you're  
17 starting to classify things that aren't renewable  
18 then it really starts to eliminate the goal.

19 Second at this time we don't agree  
20 with the suggestion from the plan that New Jersey  
21 sudden increase on reliance of natural gas plans for  
22 electrical generation. Two reasons said some of  
23 that before. We really have concerns that expanding  
24 natural gas use in New Jersey is going to harm  
25 communities on both ends of where natural gas is

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1 extracted and where it is used to generate  
2 electricity. This would involve our state in the  
3 very controversial issue of hydraulic fracturing  
4 which just has not been resolved. I'm not an expert  
5 on hydraulic fracturing or any for that matter, but  
6 I think, I think until we resolve those issues and  
7 try to understand if we're going to impose some very  
8 real cost on the communities where natural gas is  
9 extracted, we shouldn't be expanding on use of  
10 natural gas. I think the plan does not take into  
11 account the possible environmental costs of that own  
12 extraction and as environmentalists we're worried  
13 about all communities, not just those communities in  
14 New Jersey.

15 On the other end, we're concerned  
16 about where the natural gas will be turned to  
17 produce electricity and already we see that the plan  
18 mentions that one of the new natural gas plants  
19 being proposed would be sited in Newark. We have  
20 information that the plant probably will be sited in  
21 the Ironbound community of Newark. You heard from  
22 the Ironbound community corporation already. That  
23 is an environmental justice community. It has too  
24 many pollutant facilities already and so until the  
25 siting issues of this end of the use of natural gas

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1 are resolved we would oppose the expansion of  
2 natural gas.

3                   And one thing I handed to you was a  
4 figure from the, that uses DEP data and it shows  
5 that in New Jersey, unfortunately, and it's a  
6 classic environmental injustice issue,  
7 unfortunately, the amount of pollution in the  
8 neighborhood of knowledge is correlated with race  
9 and income. So if you look at the two areas, one  
10 represents race, one represents income. On the  
11 left-hand side is a score of cumulative impacts  
12 which loosely can be thought of the amount of  
13 pollution in the neighborhood. You'll see as the  
14 number of people of color in the neighborhood  
15 increases the amount of cumulative impacts in the  
16 neighborhood increases also. And as the number of  
17 lower income people in the neighborhood increases so  
18 does the pollution. And if you site natural gas  
19 plants or any kind of new electrical generated  
20 plants in New Jersey you're going to be perpetuating  
21 what is to us an obvious environmental injustice.

22                   Now, I should say that this  
23 relationship not only occurs in New Jersey. One  
24 thing to start the environmental injustice movement  
25 about 20 years ago where report of this happens

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1 nationally. We're also concerned with the  
2 suggestion that waste energy should be used, should  
3 be expanded. For most of the same reason as the  
4 natural gas plants, wasted energy will produce air  
5 pollution even though the plan says that their waste

6 energy will be, I think used latest technology and  
7 how strict the emission limit. There will still be  
8 emissions. Local residents and residents downwind  
9 of that will likely be harmed and again the issue of  
10 siting. There are two incinerators already in  
11 environmental injustice neighborhoods in New Jersey,  
12 one in the Ironbound section of Newark that I just  
13 mentioned. Another reason we don't want that to  
14 have a natural gas plant at the waterfront South  
15 community in Camden. So, again, we're worried that  
16 you'd be adding emissions to neighborhoods that  
17 already have too many pollutant facilities, have too  
18 much pollution.

19 But let me tell you one of our  
20 solutions. I just told you what we don't want. Let  
21 me tell you what we think is missing from the plan.  
22 We think the plan needs coherent urban energy plan.  
23 The way we produce the energy in the future, I think  
24 we all recognize this has a possibility of  
25 transforming our society and transforming New Jersey

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1 and we want to make sure that it is done the way  
2 that does not perpetuate any inequality in our  
3 society. In fact, we think it can be done in a way  
4 that actually starts to help push back on those  
5 inefficient qualities. We think that's why we need  
6 a coherent urban energy plan.

7 A few things that would include  
8 would be energy efficiency techniques and extensive

9 use of renewable energy, energy efficiency in urban  
10 areas, but we would say the focus of that needs to  
11 be in urban areas. That would do at least three  
12 things. It would reduce traditional air pollution  
13 that's been allowing to happen, so that would make  
14 the community healthier. We talk about the  
15 particulate matter, air pollution. Energy  
16 efficiency, renewable energy would decrease that, so  
17 it would make the community healthier. It would,  
18 climate change would provide jobs and other economic  
19 opportunities. And we do, we do talk about things  
20 beyond jobs, entrepreneurial opportunities and the  
21 chance for urban areas to be centers for research  
22 and development. We do recognize the job is key.  
23 So another thing we'd like to see urban plan to be  
24 some specific policy that make sure that urban  
25 residents get the fair share of jobs that are

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1 produced by renewable energy source, energy  
2 efficiency and the rest of our energy policy.  
3 One suggestion we have for creating  
4 this extensive use of energy efficiency in  
5 renewables in our cities are sustainable utilities.  
6 These are models where you create a nonprofit  
7 organization, they gave us capital so that the  
8 capital can be used to make renewables, energy  
9 efficiency economically accessible to urban  
10 residents, but it also does outreach and education  
11 and someone testified before me how key that is in

12 energy efficiency programs and we agree with that.  
13 Delaware already has sustainable utility on the  
14 state level. It can be done on the state level, on  
15 the city level, neighborhood level. We would really  
16 encourage that. I can hear you asking me, Mr.  
17 Solomon, President Solomon, how are you going to pay  
18 for it? We, you know, we --

19 THE PRESIDENT: That was my  
20 question.

21 DR. SHEATS: And I feel you on that  
22 one. What I refer to in my comments continue that  
23 it ultimately gets to the question where that's  
24 going to come from. I'm not a fiscal expert, but I  
25 think the Governor would have to raise money to

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1 invest in renewable energy efficiency 'cause it's  
2 hard to see how we're going to advance on that  
3 without government investment and particularly in  
4 our urban areas.

5 The last thing I mention the policy  
6 that should be part of a coherent urban energy  
7 policy society issue. We have to resolve the issue  
8 of keeping new energy plants away from communities  
9 that are already overburdened with pollution and  
10 make sure we make those, that we make those  
11 communities healthier, not unhealthy, not add to the  
12 disease in those communities through our energy  
13 plan. And I really think that if we did have  
14 sensitive use of renewables and energy efficiency in

15 urban areas, couple that with a siting policy, we  
16 would like actually start to address the issue that  
17 you see on the handout that I give reversing that  
18 relationship between race, income and pollution  
19 which I think we all, none of us want that. So  
20 energy policy can start to be a solution for that  
21 also.

22 I'll close by saying that, I think  
23 one reason certainly a complex problem, one reason  
24 you're not seeing more people of color here or more  
25 people of color come in and testify, you know, where

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1 is the NAACP, where black issues convention to  
2 mainstream organization in New Jersey that focus on  
3 policy issues. You know, one of the issues we have  
4 I understand why you do think we need to expand. I  
5 could spend my time to sit here and do it, but a lot  
6 of community residents cannot do that, but I think  
7 the larger issue is the plan does not speak to urban  
8 issues, does not speak to urban residents. It's not  
9 relevant for them. It's not sufficiently relevant  
10 for them to come out and spend time to testify or to  
11 put time into thinking about it. I think the plan  
12 focuses on delivering, consistently delivering  
13 energy at a lower price which you have to do, but I  
14 think that's not enough to get folks in urban  
15 societies excited about it, but I think some of the  
16 things I talked about if they started to see that  
17 the energy plan would not only lower the energy, but



18 start to transform economic environment, make  
19 communities healthier, they start to see that as  
20 part of the Energy Master Plan, then I think they  
21 will come to the table. They will give you  
22 suggestions. They will be energized and I think, of  
23 course, the more people you have that are energized  
24 you have a whole new population. You're reaching a  
25 whole new population in the urban areas that you

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1 have a better much chance of success speeding your  
2 plan. No, no. Thank you for your -- I hope it was  
3 worth the wait. Thank you.

4 THE PRESIDENT: I just have one. I  
5 mean has any consideration been given to -- by the  
6 way, you said one of the plans is proposed in the  
7 Ironbound section?

8 DR. SHEATS: Yes.

9 THE PRESIDENT: There is a permanent  
10 location for one of the successful LCAT bidders in  
11 the Newark area.

12 DR. SHEATS: Right.

13 THE PRESIDENT: I don't, maybe I'm  
14 not familiar with the city. I don't believe it's  
15 the Ironbound section or is it Ironbound?

16 DR. SHEATS: Yeah.

17 COMMISSIONER FIORDALISO: where  
18 exactly?

19 THE PRESIDENT: I'm not familiar  
20 enough with these areas.

21 COMMISSIONER FIORDALISO: Do you  
22 know where? Do you know where in the Ironbound?

23 DR. SHEATS: I can't tell you where  
24 in the Ironbound, but the Ironbound community is  
25 part of the Environmental Justice. They can

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1 certainly pinpoint it.

2 COMMISSIONER FIORDALISO: I didn't  
3 think it was the Ironbound. I was born and raised  
4 in the Ironbound, so I'm trying to --

5 DR. SHEATS: No. We started hearing  
6 that months ago. Hesa actually reached out to the  
7 community, Ironbound community, spoken to them about  
8 that.

9 THE PRESIDENT: Has any  
10 consideration been given to the plans and the  
11 facilities that would be displaced by a new combined  
12 cycle, recycle facility? In other words, what the  
13 net environmental impact would be? I mean there's  
14 some discussion of the LCAT report, but there's also  
15 analysis and some other information shall be  
16 forthcoming. Has any consideration been given to  
17 that? We have a number of even coal-fired plants,  
18 but oil fired and --

19 DR. SHEATS: Yup.

20 THE PRESIDENT: That theoretically  
21 would be displaced or ultimately closed while we  
22 attempt to ramp up and utilize renewables in a more  
23 effective way, basically storage becomes more

24 available. Has any consideration been given to that  
25 as a bridge?

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1 DR. SHEATS: Yeah. And that debate  
2 is going on in the environmental community, but in  
3 the Environmental Justice community which is a  
4 separate community, two issues or maybe three issues  
5 with just that one issue is just what you said  
6 theoretically. You know, if we and I in the report  
7 it said that you'll get a net reduction in  
8 pollution. We like to, like to have some kind of  
9 guarantee of that, because right now what we see is  
10 natural gas plant is added to what's already in  
11 these communities. So, we hear that, but it may  
12 displace pollution, but we don't see written  
13 anywhere any guarantee written in the law. That's  
14 one issue.

15 The other issue is that is there the  
16 Environmental Justice movement really talks about  
17 local effects and that's one of the issues we've had  
18 with the consideration in the mainstream movement  
19 about climatic change of effective capital trade,  
20 that if you put something in Ironbound overall in  
21 the region a part of the state you may have  
22 reduction of pollution, but what's going to happen  
23 to the local folks in the Ironbound? Are they going  
24 to suffer because of that? And then new wild card  
25 has been, has been fraction, the hydraulic fraction.

1 So any concern with what's happened on the  
2 extraction end? You know, what's natural gas going  
3 to do to those communities on the other end? So,  
4 it's complex and we do talk about it. We debate it.  
5 That's why I said, you know, we are currently  
6 opposed to this until a lot of this is resolved, and  
7 I think a debate, a real robust debate has to be  
8 around, will it be the proper bridge. You know, if  
9 we really did invest much more in renewables and  
10 energy efficiency in a very, you know, very  
11 extensive way and really made a commitment to it,  
12 could we do that. Some of the people think --

13 THE PRESIDENT: I think that debate  
14 is going on right now. This is only a small piece  
15 of it, but if it was demonstrated and concluded that  
16 there would be a net environmental benefit, not just  
17 location, but to the state and region you might  
18 change your position on gas-fired generation.

19 DR. SHEATS: We would certainly have  
20 to take another look at it. Then, I think the major  
21 issue would be what do we think, could we have a  
22 bridge of renewables. Then, I think I would shift  
23 to that debate. I think would go there and one  
24 point, I guess a major point I want to make to you  
25 we need to bring the urban areas into this. A lot

1 of debate is not taking place. Representatives from  
2 the inner city, representatives from people of color  
3 with people who have constituency with the low  
4 income communities.

5 THE PRESIDENT: Thank you. Any  
6 other questions? Thank you.

7 Stephanie Nelson.

8 MS. NELSON: Good afternoon. My  
9 name is Stephanie Nelson. I volunteer with the  
10 LaRouche Pac. I study physical economic science and  
11 I have a lot of issues with the EMP, but I'm going  
12 to focus on just two.

13 The first one is the very premise of  
14 the EMP, New Jersey's 2007 Global Warming Response  
15 Act. I was not a resident of New Jersey at the  
16 time, but I'm shocked that this kind of legislation  
17 found credence, because the idea of man-made climate  
18 change is a complete fraud. The argument that CO2  
19 is a cause of temperature and climate change on the  
20 planet is so unfounded that it would be laughable if  
21 the consequences of such an outlook weren't so  
22 genocidal.

23 Moving to incidental solar and wind  
24 energy and shutting down heavy industry will hardly  
25 even make a dent in the planet's total volume of

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1 CO2, but it will make it impossible to sustain the  
2 approximately seven billion people on the planet.  
3 East Anglia University, a top global warming

4 research center, has been caught lying and making up  
5 its data. Man-made global warming is a lie, pushed  
6 by individuals like Hans Joachim Schellnhuber in  
7 order to reduce the human population down to about  
8 one billion. The British Empire's Prince Phillip,  
9 founder of the world wildlife Fund, has offered to  
10 be reincarnated as a deadly virus in order to help  
11 achieve this. We're talking extermination beyond  
12 Hitler's wildest dreams, not millions of people, but  
13 billions.

14 Back to New Jersey. We're the  
15 Garden State. I would think that the people of New  
16 Jersey might have more respect for CO2, since it is  
17 plant food. If you want a green planet with lots of  
18 plant life you're going to need lots of CO2.

19 Now, the EMP and Global warming bill  
20 are riddled with all kinds of false assumptions, but  
21 I am going to take up the notion of efficiency.

22 If you look at the real progress of  
23 nature, and of the biosphere there seems to be in an  
24 environmentalist's terms, a lot of inefficiency.

25 Take the case of mammals who

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1 replaced reptiles as the dominant animal type  
2 several million years ago. Reptiles are like solar  
3 panels; they sit there, absorb energy from the sun.  
4 They don't do a lot. They don't consume much food,  
5 but mammals who were preferred by the biosphere,  
6 have to consume a magnitude more food to sustain the

7 same amount of bodily material or biomass as a  
8 reptile. For example, a lizard absorbing a certain  
9 amount of food, uses 85 to 90 percent of that for  
10 metabolism, leaving ten to fifteen percent for  
11 creating new biomass. That's not bad. Whereas a  
12 mammal of the same size and weight, say, a mouse for  
13 its absorbed food, 97 to 99 percent is used up in  
14 its metabolism and only one to three percent is left  
15 for the creation of new biomass. That seems pretty  
16 inefficient.

17 So over hundreds of millions of  
18 years of development, up from single-celled  
19 organisms, to soft bodied animals, through the  
20 development of skeletal, respiratory, nervous  
21 systems, from amphibians reptiles to mammals, as  
22 well as the more complex and energy dense plant life  
23 that has developed in order to sustain these more  
24 complex, energy dense animals, you see that these  
25 biosphere systems have become more energy intensive.

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1 Nature has chosen time and time again life forms  
2 that an environmentalist would consider wasteful and  
3 inefficient, aren't at all concerned with minimizing  
4 energy loss and actually need to consume more and  
5 more.

6 The human species, which is a  
7 qualitatively exceptional mammal, should do the  
8 same; not reduce its energy demand as the EMP  
9 prescribes, but create and consume more energy dense

10 resources, such as nuclear fission and fusion.  
11 That energy source could be used to drive the most  
12 intensive economic activity, such as high-speed  
13 rail, modern agriculture, and human space flight.

14 Since the EMP, conceived as it was,  
15 might as well draft a proposal for the whole  
16 biosphere to reverse back to the reptiles or maybe  
17 amphibians, or even back to single-celled organisms,  
18 this Board should throw all these hours and hours of  
19 hearings out the window, and go tell the New Jersey  
20 legislature to draft policy and legislation that's  
21 actually human.

22 THE PRESIDENT: Thank you. Any  
23 questions?

24 MS. NELSON: No questions about  
25 that?

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1 THE PRESIDENT: No. David Sims.

2 MR. SIMS: Good afternoon. First of  
3 all, I want to thank the Board for all the effort  
4 you're putting into these hearings. Secondly, I'm  
5 dead against nuclear myself. I am an installer of  
6 solar efficient. I've been working under the Public  
7 Utilities programs since 1994 and I certainly  
8 appreciate it and definitely drawing some  
9 conclusions from this stuff. You guys are doing a  
10 good job. So I'll start with that. Almost  
11 everything I was going to say has been said. I  
12 fully realize I'm speaking to the choir here. You



13 guys are trying to do the right thing and get this  
14 stuff straightened out.

15 One comment I would make to you,  
16 sir, is that regarding the source of funds. I live  
17 in a carbon negative home. For the last 15 years  
18 I've been putting in one technology after the next  
19 until we've got it to where we don't really use  
20 energy off the grid anymore. Our house is pretty  
21 much self-sufficient. My residential solar systems  
22 was that I took out a 30-year mortgage on my home  
23 and every single month the stuff puts out more  
24 energy than the incremental cost on the mortgage to  
25 get it. So, in effect I got all my systems for

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1 entirely free and I've got an income stream from  
2 them every month.

3 THE PRESIDENT: So you would  
4 disagree with Dr. Kushler who says a financing  
5 program, long-term inexpensive financing program  
6 could work even for residential?

7 MR. SIMS: I neither agree or  
8 disagree with Mr. Kushler. He obviously has put a  
9 huge amount of effort into his comments, I thought  
10 were excellent. Okay? The fact that loan programs  
11 are weak is something that I could address. It  
12 depends on how you do it. If you finance the stuff  
13 over 30 years or 15, for that matter, you got a  
14 totally winning modality for free energy and added  
15 income stream. So I can speak from personal

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experience on that one. Okay?

THE PRESIDENT: That's all I was wondering.

MR. SIMS: Yeah. I also think that a tiered billing system is something worth considering. The people who use more energy should really maybe bear the brunt of it a little bit. That tiered billing system is in use in California now and I think they're doing a great job of that one, and I don't pretend I'm any kind of a high

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level --

THE PRESIDENT: You thought California was doing a great job?

MR. SIMS: Well, I think the tiered billing portion of it. Okay? The state itself --

THE PRESIDENT: Okay.

MR. SIMS: I'm just saying the tiered bill thing is really worth some extra consideration.

THE PRESIDENT: Do you have any thoughts about a tiered billing system based on the quantity of use, a tiered billing system based on the time of use, so that there would be a different charge for peak use than would be for off-peak use?

MR. SIMS: I appreciate you asking me that question. I mean there is already demand charges of a pretty substantial amount, but the rougher those demand charges are the more likely the

19 large users, such as bowling centers and real energy  
20 intensive projects and manufacturing will actually  
21 focus on reducing their peak use. So solar, of  
22 course, addresses that pretty good and then all the  
23 energy that comes from solar is it's all peak use.  
24 It's all daytime energy. So solar is, impact on  
25 that is really worth considering.

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1 And again, I know I'm talking to the  
2 choir, but one real topic that I mean is worth  
3 considering is the amount of labor required for  
4 energy efficiency projects. We're in a real labor  
5 crisis right now in New Jersey. The amount of labor  
6 required for an energy efficiency project is, is  
7 huge. We do a lot of energy efficiency projects and  
8 our staff has just kept growing the entire time  
9 through these programs. The fact that many jobs are  
10 generated through the implementation of energy  
11 efficiency is a real, that's a real plus and I think  
12 that that's got to account for quite a bit also, the  
13 labor factor of the stuff.

14 Additionally, I think that the solar  
15 farms, the large ones that are going in, they're  
16 great for meeting the state's RPS, but they're  
17 swamping out this industry to the point where an  
18 already shy residential and small system. You know,  
19 clientele are really going to get hurt by the lack  
20 of an RPS, one, by the lack of a renewable energy  
21 credit. So I think it's very important that you

22 carefully consider that piece of the puzzle also and  
23 I can see from these hearings that you got lots of  
24 the pieces of the puzzle to consider. So I'm just  
25 trying to, you know, offer you my insights. Again,

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1 I'm dead set against the nuclear. I think that is  
2 just a totally unacceptable approach as do many of  
3 the countries of the world now after what happened  
4 in Fukushima. So as far as increasing our energy  
5 use as the LaRouche people use, it doesn't even make  
6 any sense to me. Just about everything I've got to  
7 say has really been said to death.

8 I mean one comment that I think is  
9 worth mentioning is about coal burning efficiency.  
10 I mean between the lion's loss from the coal burning  
11 plants --

12 THE PRESIDENT: Who said that?

13 MR. SIMS: Well, one comment that  
14 has been made is that solar is a very inefficient  
15 way to get energy. I want to comment that these  
16 solar conversion rate of panels is not even remotely  
17 related to the actual efficiency of solar, actually  
18 is used in one of the panels in the infrastructure  
19 exists and again, I know you guys are aware of that,  
20 but once you got it in, you're using the sun's  
21 energy, which is pretty much free fuel, no carbon  
22 load, no questionable problems whatsoever when you  
23 get to that point, but solar may actually be more  
24 efficient than coal burning right now because of the

25 lion's loss, the transmission, lion's allowance, the

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1 inefficiency of the coal burning plants themselves,  
2 new solar plants are approaching efficiency of and  
3 now I'm talking about solar conversion efficiency of  
4 over 16 percent. So, you know, I think the fact  
5 that you don't have to give any fuel to the process  
6 is really something worth considering.

7 Okay. Again, one real concern as a  
8 small installer of a family business, without the  
9 RPS support, the already confused residential  
10 customers don't have the final appreciation of the  
11 details of this that you folks have.

12 THE PRESIDENT: I hear you.  
13 Commissioner.

14 COMMISSIONER: She's killing me.

15 THE PRESIDENT: Has nothing to do  
16 with the Board of Public Utilities.

17 MR. SIMS: I've always believed the  
18 incentives were high enough throughout the program  
19 for people to consider them, but they couldn't get  
20 it. They don't understand about a 30-year mortgage  
21 makes it totally free, even a ten-year mortgage  
22 would do the trick. How do we get them to  
23 understand it? We've talked to so many people it's  
24 ridiculous over the last 15 years, and most of them  
25 just don't get it. They don't understand why they

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1 should air seal their house or why they should boost  
2 up their installation levels. When it comes to  
3 solar they're so confused. Why would I spend 45, 50  
4 to get a \$250 electric bill. They don't follow the  
5 analysis at all. So most of them just go, okay,  
6 interesting presentation. They walk on from there.  
7 I think that education of the population is  
8 something that you guys are trying to encourage and  
9 will continue to try to encourage, but there's still  
10 a lot of that, lot of that left to do. Just don't  
11 get it. Okay. Thank you very much.

12 THE PRESIDENT: Thank you. Any  
13 questions? Thank you, sir. I appreciate your time.  
14 David Pringle.

15 MR. PRINGLE: Thank you, Mr.  
16 President. David Pringle. I'm the campaign  
17 director for the New Jersey Environmental  
18 Federation. We are the Garden State Chapter of the  
19 Clean Water Action Group that works on water issues  
20 and water being universal, so it pretty much gets us  
21 involved in many policy issues and while I do have a  
22 science degree from Princeton, I'm not a  
23 practicing --

24 THE PRESIDENT: I won't hold that  
25 against you.

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1 MR. PRINGLE: That's alright. I am  
2 not a practicing professional scientist. I don't

3 pretend to be one. I don't play one on TV or in the  
4 public unlike a testifier a moment or two before.

5 For the record, she was not a  
6 federation plant to undermine the credibility of  
7 folks that oppose us on policy issues. However, I  
8 do have enough knowledge to apply to the  
9 overwhelming scientific consensus over 97 percent of  
10 professional climate scientists say climate change  
11 is real, that human actions and inactions are a  
12 major contributor and the consequences and stakes  
13 from that are very, very high. It's a matter of  
14 life and death and I don't say that lightly. Jobs,  
15 electricity prices, the economy, disease, extreme  
16 weather, you know, sea level rise, Newark Airport,  
17 Long Beach Island and Atlantic City are going to be  
18 under water in 100 years, unreasonable, not volatile  
19 estimate, but middle of the road if they don't  
20 dramatically change human action.

21 I know firsthand that's why Governor  
22 Christie made some campaign commitments and comments  
23 during the campaign in 2009. This is currently  
24 available on a web site <http://bit.ly/aJr7sG> and I  
25 quote. This was in, this was on his campaign web

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1 site, but it's not operative anymore but some folks,  
2 myself included, were wise enough to save that  
3 document. Anyway in quotes "While Jon Corzine  
4 signing the Global warming responsibility and  
5 updating New Jersey's Energy Master Plan as strong

6 goals contained therein are laudable, implementation  
7 here and a host of related issues is quite  
8 disappointing. In contrast, I am committed to  
9 actively pursuing these goals. My green energy plan  
10 is just a hint of the kind of change I'll bring,"  
11 and that quote includes a link to that green energy  
12 plan.

13                   The opening of the Energy Master  
14 Plan, the third and fourth of this Draft, the third  
15 and fourth sentence says, "The Administration will  
16 manage energy in a manner which saves money,  
17 stimulates the economy, creates jobs, protects the  
18 environment and mitigates long-term cumulative  
19 impacts. The specific recommendations in this 2011  
20 Energy Master Plan focus on both initiatives and  
21 mechanisms which set forth energy policy to drive  
22 the state's economy forward, but do not lose sight  
23 of the environmental protection imperatives."

24                   That said, while there are clearly  
25 some positive aspects to this draft, including the

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1 rejection of offshore natural gas and opposition to  
2 new coal, any reasonable measure of the sum changes  
3 in this plan is substantially weaker than the 2008  
4 that Governor Christie endorsed in 2009 and pledged  
5 to be a much more aggressive implementer than Jon  
6 Corzine was. It represents a 180 degree turn from  
7 that position just 20 months ago and fails to meet  
8 the stated goals of the Draft Plan in the couple



9 sentences I just read to you and I'd like to provide  
10 several examples of.

11 30 percent renewable by 2020. The  
12 Governor endorsed this in 2009. He said nothing  
13 about it being pie in the sky. What's changed in  
14 the 20 months since to suggest otherwise? Far from  
15 radical groups like the American Security Project,  
16 which is bipartisan. When you look up the make-up  
17 of its board it's a mainstream national security  
18 group whose board members include Christy Whitman  
19 and retired generals and admirals of many political  
20 persuasions has said New Jersey has yet the 31  
21 percent. It's not expensive. The Governor --  
22 comparatively the numbers contained in the 2011 plan  
23 alone talk about solar being so expensive. It's a  
24 dollar a month on our utility bill. The energy  
25 efficiency programs and RGGI are even less than

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1 that. People are not going to go broke because of  
2 two dollars on their monthly bill. Industry is not  
3 making a decision whether to stay in New Jersey or  
4 not or whether to move or not based on their  
5 equivalent of two dollars per month. There are  
6 major factors that go into their energy prices. You  
7 can say every dollar matters.

8 THE PRESIDENT: Are you saying that  
9 the average industrial commercial facility is  
10 looking at two dollars a month?

11 MR. PRINGLE: No. I'm saying

12 extrapolating, I don't have, didn't do the math of  
13 energy numbers, but I think they're equivalent of,  
14 you know, obviously a large company is a lot larger  
15 than a family of four, but extrapolating some  
16 equivalent to \$1.50 a month.

17 THE PRESIDENT: But you'd have a  
18 different view if those manufacturers and commercial  
19 industries were paying millions?

20 MR. PRINGLE: It depends on if it's,  
21 if it's excellent. Heck, no. It's comparative.  
22 How much are they comparing to what their net  
23 profits are and what are the overall impacts.  
24 That's one of the other major criticisms of this  
25 plan. It is very selective in what cost and

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1 benefits it chooses to include. If you factor in  
2 cancer and emphysema and asthma, you get very  
3 different answers when it comes to even natural gas  
4 let alone coal and it's great this plan says no more  
5 coal. However, there are policies contained in here  
6 that will mean more quote, "it's generated in  
7 Pennsylvania and imported through power lines."  
8 It's always very selective.

9 THE PRESIDENT: Back up 'cause you  
10 need to go slower for the court reporter, also for  
11 me. What policies incentive advises coal?

12 MR. PRINGLE: The BPU. This was  
13 a -- I forget my acronyms. I know this was  
14 something where the BPU agreed with us to oppose

15 PSE&G's request to sell power to New York City,  
16 which would mean they argue we therefore need to see  
17 subsequent increase in power lines.

18 THE PRESIDENT: I'm not sure that  
19 was the different issue about a transmission like I  
20 think from New Jersey to New York. We oppose it,  
21 but I don't think that has that's a FERC decision,  
22 not a BPU decision. We are trying to fight as hard  
23 as we can. Is there anything --

24 MR. PRINGLE: The fact that we're  
25 exporting power of New York City, one of the

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1 arguments for needing power lines we have these  
2 gaps. Having those gaps is if to the degree we have  
3 gaps we just wait by shipping our stuff to New York.

4 THE PRESIDENT: I'm just asking a  
5 question, really simple question. I know if you  
6 could back up a little bit, maybe slow down. You  
7 said things in the Master Plan are encouraging coal,  
8 not discouraging coal. What in the Master Plan are  
9 anything we've done encourages, not discourages  
10 coal? Because I think if I read the LCAT report,  
11 right and every other evidence I've ever seen that,  
12 for example, gas-fired generation would displace  
13 coal and having a net positive environmental impact.  
14 Is there anything in here that does the opposite,  
15 encourages coal?

16 MR. PRINGLE: By dropping from 30  
17 percent to 20 percent on renewable, by dropping from

18 20 to 17 percent on energy efficiency, by not  
19 aggressively having energy efficient policies  
20 contained therein, you're creating gaps and the  
21 easiest, fastest, cheapest way to close that gap is  
22 going to be coal from Pennsylvania.

23 THE PRESIDENT: Are any of those  
24 ceilings? Are they all floors that you're  
25 mentioning? In other words, we could hit 30, 40, 50

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1 if --

2 MR. PRINGLE: Sure. And there's  
3 also knowing, there's also knowing you could also go  
4 below 17. I mean these are goals. That's one of  
5 the arguments. That's one of our --

6 THE PRESIDENT: Slow down. Just  
7 really simple questions. Those goals that you're  
8 talking about, are they ceilings or floors? A floor  
9 is different than you can't go below a floor if you  
10 set it.

11 MR. PRINGLE: I would argue they are  
12 neither. They're goals. They're -- I don't believe  
13 even these numbers are strong enough to suggest  
14 they're the floor. We'd love for it to be a floor  
15 and we'd love for there to be a concerted effort to  
16 blow it out of the water, whether it was 22 and a  
17 half percent or 30 percent. So we don't see that,  
18 we don't see either in the red or in the substance  
19 packing up this plan a concerted effort to blow it  
20 out of the water.

21 THE PRESIDENT: Well, okay. So if  
22 we say specifically calling it a floor, you might  
23 have a different view. I mean, I think I've said  
24 that in all the public hearings, but maybe not.

25 MR. PRINGLE: What would I rather it

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1 be 22 and a half percent vague or clearly saying 22  
2 and a half percent is the floor. Yeah, I'd rather  
3 the latter, but I would suggest that that is a false  
4 choice and that we should be having more aggressive  
5 goal, have policies contained in here that were much  
6 more aggressive in getting there and going beyond  
7 it.

8 THE PRESIDENT: Go ahead. I'm  
9 sorry.

10 MR. PRINGLE: Going back to the 30  
11 percent and all of the costs and benefits, I think  
12 if you look at the cost benefit, didn't look at the  
13 jobs that are being created, solar market that's  
14 better on the offshore wind side through that  
15 legislation and that's certainly a positive folks  
16 are looking at.

17 The primary arguments I have heard  
18 against the changes that we would call a weakening  
19 from the 2008 plan, putting aside the fact that the  
20 Governor endorsed the 2008 plan, is economics and  
21 jobs and the like, and we don't see the economic  
22 analysis here that on solar in a New Jersey energy  
23 efficiency that recognizes the return on investment

24 the jobs that created that would to the degree there  
25 are additional costs to the ratepayer how those are

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1 balanced by those additional economic benefits. I  
2 would say on the offshore wind side that is done,  
3 but that was done, you know, in coordination with  
4 the legislature and the Administration. If you  
5 provided the same rigor to solar and efficiency that  
6 you did to wind, I think you would have much better  
7 policies in this plan on solar and efficiency. For  
8 example, the plan talks about cost saving. The  
9 benefit savings isn't the kilowatt hour, but fewer  
10 kilowatt hours, that's efficiency and conservation.  
11 we could be doing light years more on building  
12 codes, compacting development and citing standards  
13 in terms of having passive solar, you know, more,  
14 not just self facing houses, but windows on the  
15 south side, not on the north side, insulation where  
16 how many, what kind of windows, even trees. Having  
17 trees on the south facing side of your house does  
18 tremendous savings to your electric bill and to your  
19 electric needs in terms both on cooling and heating.  
20 And there's an uneven playing field.

21 I mean the natural gas of three gas  
22 plants, one is absolutely in Ironbound. I tried to  
23 get a hold of Ana Baptiste from the Ironbound  
24 community while Nicky was up here to get the exact  
25 location. I wasn't able to. I believe it's awfully

1 close to the incinerator, but we'll get that to you.  
2 I believe it's in the area.

3 THE PRESIDENT: I think you're right  
4 in terms of the description. I mean just we have  
5 the address.

6 MR. PRINGLE: And related to that,  
7 Nicky is dead on when he says this is going to be an  
8 additional cumulative impact and we hear about how  
9 these dirty outfits are going to close. We also  
10 heard in 1974 when the Clean Air Act passed that all  
11 these coal plants were going to be gone in ten  
12 years. Well, it's 40 years later and we're still  
13 breathing that air and dying because of it and that  
14 was a guarantee. It didn't happen. There's no  
15 guarantee in here. I specifically asked for it.

16 THE PRESIDENT: I promise if I ever  
17 give you a guarantee it will happen. I promise.

18 MR. PRINGLE: All right.

19 THE PRESIDENT: If I ever, ever,  
20 ever give you a guarantee.

21 MR. PRINGLE: And we love the  
22 repeated comments you've made, Mr. President, at  
23 earlier this hearing and several others concerning  
24 the proposed coal plant in Linden, but the fact  
25 remains there is a permit sitting at DEP that DEP is

1 spending time and money reviewing. So you can say  
2 it isn't going to happen but, you know, PurGen  
3 doesn't believe it's dead yet. The Linden Mayor  
4 doesn't believe it's dead yet. They are spending  
5 money on them. You might want to, while their  
6 Boards of Directors and shareholders might want to  
7 ask that company why they are spending money on a  
8 plant, and lobbyists and lawyers on a plant that  
9 ain't ever going to happen.

10 THE PRESIDENT: Sure.

11 MR. PRINGLE: I'm confident that we  
12 feel much better with those comments and we're  
13 confident that Commissioner Mardin and Governor  
14 Christie remain adamantly opposed to that coal  
15 plant, but saying it and it happening, you know, can  
16 be two different things and, again, that's still  
17 relatively speaking as horrible a plant that is that  
18 in and of itself is a tiny fraction of the concerns  
19 of the overall plan. That said it's a very  
20 important indicator because one of the reasons that  
21 industry is investing so much in PurGen is they see  
22 it as -- first PurGen is part of the Susquehanna  
23 Roseland Transmission Line. So it's very important  
24 to nip that in the bud. We appreciate your  
25 leadership in hopefully making that happen, in the

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1 process of making that happen. We also share in the  
2 concerns about waste energy and I know you better  
3 from your freeholder days. I was frankly shocked to



4 see that back in there. That came out of left  
5 field. It's ridiculous. The best way to manage our  
6 trash is to prevent -- is to produce as little as  
7 possible, to compost it, to source reduce, to  
8 recycle and when you do that the stuff that's left  
9 over isn't burnable and so, you know, it's a false  
10 choice. If we have this trash what do we do with  
11 it? That's not the right answer. We shouldn't have  
12 trash. It's a resource. No. It's a waste. The  
13 resource 'cause we did the wrong thing in the first  
14 place. So that should get mixed first immediately.

15 THE PRESIDENT: Is there any thought  
16 what we do with other waste separate and apart from  
17 the trash you put out on the street?

18 MR. PRINGLE: Very fair question.  
19 It depends on why it exists. One of the slippery  
20 slopes here is the sooner you come up with this  
21 great thing you can do with garbage, you just create  
22 a massive incentive to have less garbage in the  
23 first place. So, if it's a quickly renewable  
24 resource like switch grass where you are planting  
25 it, storing carbon, it burn, you can burn it in a

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1 way that you're not, you know, you look at the life  
2 cycle of that switch grass. Excuse me. Something  
3 like that is a very viable biomass energy solution.  
4 And the book that I am going to give to you once you  
5 give me that money, I haven't given you the dollar  
6 amount 'cause I know you can't take gifts, that

7 demonstrate how we can rely on technology like that,  
8 and that's a very viable alternative. However, if  
9 it's tires, you know, that's not -- that burns a lot  
10 dirtier than switch grass and it's creating it.  
11 It's a different option and it's creating an  
12 incentive to not manage tires better in the first  
13 place. So depending what the fuel stock is, is  
14 there really no other alternative than that fuel  
15 stock and how clean or dirty is that fuel stock are  
16 the kinds of questions you need to be looking at,  
17 which is why we'd say no to garbage, no to tires,  
18 yes to switch grass and it needs to be cost  
19 effective, which is something like corn doesn't work  
20 for those who don't know it. You use more energy  
21 producing the ethanol than you get from burning it.  
22 Lost my points. I think I'm just about done. Here  
23 we go.

24 This is tough to measure, but  
25 I have about one or two more points. Just going

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1 back to the cost benefit, we talked about the health  
2 care associated with fossil fuels and all that.  
3 There's also economic cost. Besides the cost of  
4 that, health care, the sick days and absences from  
5 school and work because you're sick or you're home  
6 taking care of a loved one. That has very real  
7 economic consequences that need to get factored in  
8 to your question on how do you pay for it. First  
9 you stop rating funds that are obligated to fund

10 these programs, whether it be RGGI or society  
11 benefits, charge clean energy, whatever. Everything  
12 has a cost and unless you're going to truly reflect  
13 the cost of Newark's being insured by taxpayers or  
14 all of the health care costs and all that associated  
15 with coal and natural gas, you know, we shouldn't be  
16 talking about a dollar a month for solar being a  
17 deal breaker when all these other things, when we're  
18 talking about a billion dollars per gas for three  
19 gas plants. And that's one of the very reasons we  
20 know it's not in here. We know there's serious talk  
21 about turning the clean energy program into a  
22 revolving fund. That will be a drastic cut. That's  
23 basically eliminating funding for energy efficiency  
24 and stimulating the kinds of clean energy and green  
25 jobs that supposedly we want in this state. If your

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1 balance is the environment, the economy, well, the  
2 best way to avoid having to, the best way to not  
3 have to do that balance is choose policies that are  
4 good for both and, again, we think that that plan is  
5 lacking in that regard.

6 So these are, just wrapping up,  
7 these are obviously complex problems, the economic  
8 and health impacts, climate change, sea level rise,  
9 but this plan for better or worse will play a very  
10 important role in either aggravating or alleviating  
11 these problems. And we can say it's a national or  
12 international problem or whatever, but somebody has

13 got to lead and regardless of whether you think New  
14 Jersey can or can't make a difference on climate  
15 change, we obviously think it can. All the other  
16 ancillary benefits, the clean air, the jobs and all  
17 clearly have direct New Jersey benefits. So, you  
18 know, this plan can live up to the stated intent,  
19 can live up to the Governor's comment 20 months ago  
20 to shoot for the stars and have the rhetoric and  
21 match that rhetoric with action. And you are  
22 obviously the key decision makers or we can put the  
23 proverbial head in the sand and ignore the  
24 overwhelming scientific consensus and be much more  
25 aggressive here. And it's our position again that

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1 is currently drafting the plan is too close to the  
2 latter. I mean not enough, not close to the former  
3 and urge you to move in that direction. We  
4 obviously know we're not going to get everything we  
5 want, but we think the plan can and should get a lot  
6 stronger than its current form. Thank you.

7 THE PRESIDENT: Thank you, David.  
8 Miss Sims, I see that you spoke at a  
9 previous hearing. Do you have something else to add  
10 to what you already said? I have, we have pretty  
11 much said we're not going to entertain speakers for  
12 the second time. I guess a lot of people were  
13 discouraged because of that. Do you have something  
14 to add to what you already said?

15 MS. SIMS: well, I was just going to

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say a few other points.

THE PRESIDENT: In addition to what you already said?

MS. SIMS: Yes.

THE PRESIDENT: So you have different points?

MS. SIMS: Yes, different points.

THE PRESIDENT: All right. Try to be brief. You could always submit written comments to supplement your original comments, but okay. I

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will probably take a --

MS. SIMS: I'll be brief.

THE PRESIDENT: You have to come up. If there's anything anybody intends to speak, I don't have their card. This will be our last speaker.

MS. SIMS: Cathy Sims. Okay. I just wanted to make a couple of brief points. One, about the levelized costs of the energies which were listed on one of the pages in the Master Plan. We believe that the levelized cost for solar was twice as much as was stated in, twice as much as it really is. Now, I think you said you had all data for that.

The other thing is the cost of nuclear is probably about five times the cost that was stated in there and because it wasn't considered the thousands of years of monitoring the waste and

19 so forth.

20 And the other thing, statement that  
21 was recently put out by Paul Gunther who is the  
22 Director of Beyond Nuclear, a watchdog group, noted  
23 that nuclear energy becomes a liability during  
24 disaster. We know there's a possibility of a  
25 hurricane coming here. I'm sure everybody heard

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1 about the earthquake yesterday. If they didn't feel  
2 it they knew that the epicenter was within five  
3 miles or so of a couple of nuclear plants and it did  
4 take them offline. They were relying on backup  
5 power. One of the four generators failed to work.  
6 They only needed two. Fortunately, they got back on  
7 regular power today, I understand, but they were,  
8 there's a possibility that there could have been  
9 some kind of, you know, hurricane coming that way at  
10 the same time and could have been a much worse  
11 disaster, maybe like Fukushima. Who knows? So  
12 that's all I have to say on that issue.

13 As far as where the money is going  
14 to come from to fund solar and energy efficiency, I  
15 like the idea of guaranteed loan programs. I know  
16 Obama put out a proposal for guaranteed solar or  
17 nuclear loan programs. Why not switch that over to  
18 guaranteed solar and energy efficiency and other  
19 claimed renewable energies? Somebody a while back  
20 in the financial industry said what about floating a  
21 bond to pay for some of these programs, and we do

22 have a solar energy industry in New Jersey that is  
23 able and ready. They have already surpassed the  
24 current RPS, which is why the SREC market dropped.  
25 So they're able to do that. We're able to do much

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1 more than RPS and it's just a matter of if we can  
2 put the promotion and support behind it. There's  
3 thousands of people looking for work, that would  
4 work in the solar industry and help New Jersey  
5 become a much better place to live, that's it.

6 THE PRESIDENT: Thank you.

7 That concludes our, should be our  
8 second, but is now our last Energy Master Plan  
9 Public Hearing. As I mentioned, we will review  
10 these, this testimony, written comments. We are  
11 waiting for our various subcommittees to report back  
12 to us on methods of implementation. That probably  
13 will be some caucus meeting and public hearing at  
14 least on those reports. And then finalize the  
15 Master Plan, but I can't give you a target date  
16 here. So thank you all very much. That concludes  
17 the public hearing.

18 (Deposition concluded 4:00 P.M.)

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J.H. BUEHRER & ASSOCIATES  
(732) 557-4755

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I, COLLEEN M. VAUGHN, a Certified Court Reporter and Notary Public of the State of New Jersey, do hereby certify that the foregoing is a true and accurate Computerized Transcript of the proceedings as taken stenographically by and before me at the time, place and on the date hereinbefore set forth.

COLLEEN M. VAUGHN, C.C.R., C.C.T.

Dated: 8/24/11  
My Commission Expires on February 26, 2016  
Certificate No. 30XI00124100

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