Comments of Duke Energy Generation Services
On the Draft Energy Master Plan

Duke Energy Generation Services (DEGS) appreciates the opportunity to submit comments on the draft Energy Master Plan (EMP). DEGS understands the significant energy challenges that lay ahead and is eager to do its part to provide environmentally advanced electric generation in New Jersey.

DEGS is a wholly owned subsidiary of Duke Energy, one of the nation's largest electric generation companies with annual revenues of over $12 billion and net assets of approximately $50 billion. DEGS develops, owns, and operates electric generation capacity for large energy customers including municipalities, utilities and industrial facilities. We currently manage more than 6,600 megawatts of power generation at 23 facilities and we have 240 megawatts of wind energy under construction and over 5,000 megawatts of wind energy projects in our development pipeline.

As a corporation, Duke Energy is focused on renewable energy through wind, solar, biomass technologies, and energy efficiency in order to meet our customer's needs for affordable and reliable electric power while also achieving more stringent environmental standards. In 2005, the US DOE and the US EPA recognized DEGS with its Energy Star Award for the operational and environmental efficiency of one of its cogeneration plants. Duke Energy has been an outspoken proponent of reducing greenhouse gas emissions in order to more effectively adapt to a carbon-constrained world. As a founding member of the US

Climate Action Partnership, DEGS has positioned itself as a utility industry leader on climate change.

DEGS applauds Governor Corzine and his administration on their efforts to create a sustainable energy future and fully supports the goals presented in the draft EMP, especially those related to increased biomass generation capacity. DEGS recognizes the State's strong potential for biomass technology and encourages New Jersey to take proactive steps to stimulate the growth of biomass generation. DEGS understands the development of biomass resources equating to 900 MW by 2020 is an aggressive goal and is looking forward to assisting New Jersey in meeting this objective.

DEGS' objective is to supply low cost, reliable capacity and energy through carbon neutral and low emissions power generation technology. DEGS is active in creating projects that utilize innovative biomass technologies. In fact, DEGS already has plans in progress to bring forward over 60 MW of biopower project(s) in New Jersey. In addition to supporting the State's renewable goals, these plants will also provide economic benefits by saving existing jobs and creating new ones.

DEGS supports New Jersey's biomass goals and recommends that New Jersey modify its Renewable Portfolio Standard (RPS) to achieve its biomass goal. Specifically, the Class I biomass definition should be expanded to include separated waste types, such as wood as well as other waste derived fuels. DEGS suggests that facilities that generate energy from wood or other materials separated from the waste stream should be included in the definition, as long as

they meet the air permit requirements of the DEP. A regulatory recognition of these projects as a Class I renewable resource would allow projects to realize the value associated with Class I renewable energy certificates (RECs). This additional revenue stream would provide a needed economic stimulus for such projects and relieve some of the financial pressure associated with facility construction.

From an environmental perspective, it should be recognized that such facilities will reduce waste decomposition – and methane generation – from landfills, and therefore substantially contribute to reductions of greenhouse gas emissions. Reductions in methane emissions have approximately 21 times greater benefit in greenhouse gas reductions relative to CO_2 for power plants. Class I treatment of biomass facilities would be consistent with the Class I treatment afforded to landfill gas-to-energy facilities, which provide similar benefits in terms of methane emission reduction and are already defined as Class I resources.

DEGS appreciates New Jersey's consideration of this recommendation. We feel this approach is a reasonable way to provide the impetus for biomass expansion in New Jersey.

DEGS appreciates the opportunity to submit these comments on the draft EMP and looks forward to having further dialogue regarding this request.