LATINO LEADERSHIP ALLIANCE OF NEW JERSEY
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July 25, 2008

New Jersey Board of Public Utilities
Office of Policy and Planning
Attn: Draft EMP Comments
Two Gateway Center
Newark, New Jersey 07102

**Re: Draft Energy Master Plan Comments**

Dear Sir/Madam:

Please accept the following as an outline of the concerns of the Latino Leadership Alliance of New Jersey (LLANJ) with the Draft Energy Master Plan (Draft EMP).

The Latino Leadership Alliance of New Jersey is the foremost statewide Latino advocacy organization, and a first of its kind in the nation. We are an alliance of Latino organizations of every variety: from day laborers to peace officers, from union members and officials to businessmen and leaders of commerce, from teachers and administrators to parents and students. We are also comprised of county chapters that mirror the structure of the political parties' power bases by county. Our ability to unify NJ's Latino community in a singular voice that acts forcefully to confront and advocate for reform on this, and other issues, is our greatest strength and achievement. Local 601 of The Utility Workers of America is one of our statewide organization members with a constituent base of approximately 1,400 individuals.

LLANJ agrees with the concerns raised by Local 601 of The Utilities Workers of America regarding the proposed use of AMI technology. Furthermore, we urge you to pause and give serious consideration to our concerns, as outlined below, so that all residents of New Jersey will benefit fairly and equally from safe, affordable, reliable, renewable and environmentally sound energy utility services. We request that this correspondence be made part of the official record of the public comments on the Draft EMP.

LLANJ understands that the Draft EMP is meant to be comprehensive and is designed to address a multitude of energy challenges, which are critical to both the economy and the environment of the State of New Jersey. LLANJ commends all involved with the Draft EMP process for their commitment to finding solutions to the many energy challenges that are confronting our State. Nevertheless, LLANJ is compelled to address the implementation of certain "real time" pricing initiatives that we believe are detrimental to the overall objectives of the Draft EMP. With regard to this issue, we join with Local

601's views on this point.

More specifically, Public Service Electric and Gas ("PSE&G") as well as other utility companies have filed petitions with the Board of Public Utilities related to the testing and/or implementation of certain "smart grid" technologies known as Advanced Metering Infrastructure ("AMI"). In its petition, PSE&G stated, "smart grid technologies such as AMI are an essential part of the State's plan to meet its EMP goals in energy efficiency and demand response." LLANJ respectfully disagrees with this assertion. It is our understanding, based on various discussions with Local 601 and other experts, that AMI involves unproven and costly technology that will not necessarily reduce residential consumer demand in any meaningful way. Additionally, LLANJ believes that insufficient consideration has been given to the societal costs which will be associated with the implementation of technologies such as AMI.

In "Action Item 3" the Draft EMP recognizes that it is:

***"uncertain whether the infrastructure needed to provide real-time price information to small customers will eventually prove cost-effective and reliable, or whether smaller users will have the capacity to respond fully to pricing variations and be able to pay for the up front capital costs of installing the necessary equipment." Furthermore, in "Action Item 4", the Draft EMP specifically sets forth that States have only "experimented" with AMI technology and that a determination will need to be made as to the "costs and benefits of smart grid infrastructure".***

Given these findings, it should be clear to the Board of Public Utilities that the implementation of AMI is not "essential" to the goal of addressing the multitude of energy challenges, which are critical to both the economy, and the environment of the State of New Jersey.

Given the experimental nature of AMI technology, which is admitted in the Draft EMP, it is only responsible to put comments on the costs and energy conservation side of AMI technology in their proper perspective.

On the conservation side of the equation, utilities which have petitioned, or will petition, for the implementation of AMI initiatives must be required to set forth, in documented and significant detail, the purported benefits of AMI technology in terms of demand reduction. Presently AMI's contemplated benefits are fraught with experimentation and uncertainty. LLANJ strongly recommends that New Jersey carefully analyze data from other states, such as California, in analyzing whether the "benefits" in terms of load reduction will further the goals of the Draft EMP. In particular, we believe that every analysis of the proposed benefits of AMI must include consideration of *American* consumer habits and how those habits are affected by one's socio-economic status. We believe such an analysis will demonstrate that those who are less educated, and/or in lower income ranges, are *less likely* to respond to real time price signaling.

In terms of the costs associated with AMI technology, we stress that the term "cost"

involves much more than determining the expenditures which will be spent to research and install the so-called smart meters. While the dollars spent on research and implementation are important, especially to the extent that utilities will try to pass these costs onto ratepayers, there are other impacts that are important and deserve attention. LLANJ joins Local 601 in bringing the following concerns to your attention:

- Essential Uses: The use of AMI or smart grid infrastructure may not take into account essential uses such as the use of electricity to power devices necessary for medical treatment at the home. Individuals who must power such devices cannot exercise discretion and will be forced to pay higher prices even if they are living below the poverty level.

- Heat Wave Effect: Those individuals who do not have discretionary income, such as seniors on fixed incomes and the disabled, will be forced to avoid usage during peak times such as periods of extreme hot or cold temperatures. This will undoubtedly lead to public health issues as many of these people (our most vulnerable) will "trade off" their own safety because of their inability to afford higher rates during peak times.

- Technology: The technology that the utilities have proposed is unproven and there is presently no conclusive evidence that the use of such technology will in fact lead to a decrease in energy consumption. Indeed, PSE&G, in its own petition, has noted that AMI is an "emerging technology".

- Labor Market Costs: The implementation of AMI will result in the loss of hundreds, if not thousands, of jobs. Meter readers as we know them today will be a thing of the past. Even if some jobs may be replaced, these jobs are sure to be more technical in nature. Meter readers and similar positions are entry-level jobs and these workers will be displaced as a result of this initiative, resulting in increased social and economic costs, as many of these low skill workers will be forced into the ranks of the long-term unemployed.

- Validity of "Price Signals": Given the monopolization present in the arena of public utilities, it is possible, if not probable, that price signals will be manipulated to benefit the utility companies. In the context of AMI, one must recognize that the volatility of price signals creates the opportunity for error and the potential for abuse.

- Replacement of Human Infrastructure: The implementation of AMI and the elimination of meter readers and certain field representatives will result in the reduction in utility workers and human interaction with energy consumers. This lack of a human infrastructure can result in the loss of a significant public service to address customer concerns "in person" and to report safety issues that can only be detected via field visits.

- Loss of Ratepayer Privacy: AMI and similar technologies brings the public utility further into the homes and privacy of citizens. Utilities will be able to profile the usage of individual households and closely monitor and share the usage patterns of private citizens.

We thank the Energy Master Plan Committee for reviewing our comments with respect to the reduction of peak demand portion of the Draft EMP, and we look forward to continuing our participation in this process.

Very truly yours,

Martin Pérez, Esq.
President
Latino Leadership Alliance of New Jersey