

Assembly Telecommunications and Utilities Committee
Commissioner Joseph Fiordaliso
Monday, March 9, 2009

- On behalf of all the Commissioners, thank you, Mr. Chairman, for this opportunity to represent NJ Board of Public Utilities and for creating this forum to discuss these issues with the legislature directly.
- The American Recovery and Reinvestment Act of 2009 present NJ with a unique opportunity to advance renewable energy and energy efficiency -- and to give a much-needed economic boost to our State.
- The ARRA -- or the stimulus funding, as it has come to be called -- will help us further the goals of our Energy Master Plan (EMP). Implementing the EMP over the next 11 years will significantly reduce our energy consumption and greenhouse gas emissions and create a 21st century energy infrastructure for NJ. We estimate that we can achieve \$30 billion in total energy savings between 2010 and 2020 while stimulating \$33 billion worth of investment in the State energy infrastructure and creating 20,000 jobs.
- The EMP and the stimulus could not have come at a better time.
- Our unemployment rate in NJ is now over 7 percent and possibly going higher.
 - With this stimulus money as well as the economic stimulus policies Governor Corzine already put in place, we can create jobs and get people back to work.
- Federal stimulus funds make energy efficiency and renewable energy a high priority with \$16.8 billion allocated.
 - \$3.2 billion for Energy Efficiency and Conservation Block Grants, with \$2.8 billion in direct grants; \$400 million for competitive grants.
 - \$3.1 billion is allocated for State Energy Programs nationwide
 - \$4.5 billion allocated in ARRA for electricity delivery and energy reliability.
- To make ready for the new funding, the BPU, working with the Governor's Office, assembled an internal "Stimulus Team" that has tracked the progress of the "ARRA" from House and Senate bills to signed legislation.
 - With these especially dedicated staff resources in place, we are laying the groundwork and plan to be at the table for every discussion and development.

- Right now, we are awaiting more information for the U.S. Department of Energy (DOE).
 - New information about timelines, funding levels and provisions seems to arrive all the time. And although we are all eager to put this funding to work, we have to wait for definitive guidelines from the DOE.
- I can tell you what we know now -- but I want to **emphasize** two points:
 - This information should be considered preliminary and subject to revision.
 - I cannot discuss specific project proposals that I and my fellow Commissioners may have to vote on down the line.

So with these points made, it appears that New Jersey could begin to receive some or all of the Renewable Energy (RE) and Energy Efficiency (EE) stimulus funding during the month of April.

- There are three main areas of direct funding:
 - An **estimated** \$90 million to be received through the DOE State Energy Program fund.
 - For energy conservation-related activities, which includes both RE and EE.
 - An **estimated** \$73 million for EE and Conservation Block Grants
 - This money is to be used for projects that reduce fossil fuel emissions and energy consumption and to improve EE.
 - It appears that a portion of these funds will go either directly to the counties and municipalities or, in the cases of the smaller counties, through the State to the counties and municipalities. The State will also receive a portion of these funds for EE and RE projects at state facilities.
- There is also funding for Electric Delivery and Electricity Reliability. At this point we have not been told exactly what the funding will be.
 - In total, though, there is \$4.5 billion to modernize electric grid; which includes Demand Response, enhanced security/reliability; energy storage research; facilitate recovery from disruptions in energy supply, as well as certain smart grid programs and transmission facilities to support RE.
- Although we do not know yet what the mix of formula/match funding will be, we are looking to obtain portions of allocations made under this heading that include:
 - \$100M for worker training.
 - \$80M to the DOE Office of Electricity Delivery and Energy Reliability for development of regional electric transmission plans.

- \$10M to National Institute of Standards and Technology to coordinate “smart grid interoperability framework.”
- We have also been consulting with our electric and gas utility companies. They may be applying for a share of this money. Under the Energy Master Plan, the utilities are preparing individual energy master plans. The Board directed them to map out how they will achieve the goals of the EMP in their individual service territories. So with the federal stimulus dollars, we want to ensure that we partner with them to make sure that their needs and intentions fit with the overall EMP direction.
- Compared to other states, NJ is well-positioned to make the most of our share of the stimulus funding.
- While other states will use their stimulus money simply to take their first steps toward a greener future, NJ has been and remains a national and world leader when it comes to renewable energy and energy efficiency.
- The New Jersey Clean Energy Program’s activities since 2001 have resulted in lifetime energy savings over 19.3 mega-watt hours of electricity, 61 million dekatherms of natural gas, 3.9 mega-watt hours of renewable generation and 1.3 mega-watt hours of distributed generation from combined heat & power systems. The program has reduced electric demand by 640 MW, eliminating the need to construct several small power plants. 640 MW is enough capacity to power approximately a half-million households for one year.
- We have more than 3,500 solar energy arrays on schools, churches, municipal buildings, corporate headquarters and homes across the State. That’s a total of 74 MW of solar electricity capacity.
- We have a vibrant solar energy industry. We are well on our way to creating an equally vibrant market for energy efficiency products, jobs and service.
- The stakeholders who have boosted the Clean Energy Program for the past 7 years are the very people we have been talking to over the last several weeks to obtain their ideas for the best ways to put this money to work so that it can put people to work.
- Many great projects and ideas are on the table, but until we know more from the DOE, we cannot make any final choices.
- Once that information is available, and final decisions are made, everything will be clearly posted online at the State stimulus website, www.recovery.nj.gov so that you and all your constituents can access it.

The website will be updated regularly with new information and outlines of programs.

- And while we are waiting, I want you to know that we are still very much in listening mode. So if the members of this Committee would like to discuss their ideas and priorities, please let us know. The BPU is available to meet you or receive any written thoughts, comments, ideas. Through the Chair, we will provide contact information.
- Thank you, Mr. Chairman.