

July 2, 2010

New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

RE: Board of Public Utilities Review of the
State of New Jersey's Electric Power and Capacity Needs
Docket No. EO09110920

Dear Chairman and Members of the Board of Directors,

Please accept this letter in response to the BPU's request for public comments on issues relating to the reliability of the bulk power electric system. In determining the energy capacity needs of New Jersey, we respectfully urge the Board to explore options of increasing capacity beyond the mere expansion of long distance transmission lines, such as the Susquehanna-Roseland line. We strongly urge that alternatives such as energy efficiency, energy conservation measures, local and distributed energy generation, and demand-side management should also be explored. These measures will not only address the reliability issue, but will also allow for the resiliency and security of our energy infrastructure as a whole.

With regard to the untapped benefits of demand-side management programs, The Federal Energy Regulatory Commission (FERC) issued a study in June 2009, "*A National Assessment of Demand Response Potential*," (the "FERC Report") in response to the **Energy Independence and Security Act of 2007**. The Act required that FERC conduct a national assessment of demand response potential on a state-by-state basis.

The study results for New Jersey are staggering in their implications. The FERC report finds that peak energy demand in 2019 in NJ would be between 11.9% and 17.5% lower than it would be without any demand response measures if certain initiatives are implemented (see FERC Report, 147-148). This report shows that demand response could solve many of the potential challenges to generation and capacity during the summer months. The projections clearly indicate that our state energy policy should shift to implementing demand-response programs, rather than focusing on expanding energy transmission lines, such as the Susquehanna-Roseland 500kV line. Millions of ratepayer dollars should not be sacrificed on technology that may soon become obsolete simply to satisfy minimal sporadic hours of summer peak energy demand. Further, adopting demand-response programs comports with the goals of the New Jersey Energy Master Plan, which calls for the reduction of peak electricity demand.

We urge the Board to incorporate the findings of the FERC report, in particular the statistics found on pages 143-144, in its capacity needs determination. The report itself can be accessed at <http://www.ferc.gov/legal/staff-reports/06-09-demand-response.pdf>.

Local generation must also be explored as a way to fulfill New Jersey's energy capacity needs. Expanding transmission rather than exploring local generation solutions to power issues hurts the state's ability to regulate air pollution by allowing power to be imported across state borders from regions where pollution and emission standards are less regulated. Committing the state to large infrastructure projects that destroy the environment is unwise when there are less damaging alternatives such as those described above.

The Board must also factor into its capacity need projections the effects of the downturn in the economy on energy demand. Recently electricity demand has decreased, and future projections of state needs must take into account both this lower demand, and the increased demand for energy efficient products that has resulted.

Lastly, in light of New Jersey's membership in the Regional Greenhouse Gas Initiative (RGGI), progressive Energy Master Plan, and strong commitment to a small carbon footprint, the BPU should seek to meet energy needs through the development of renewable infrastructure and energy efficiency programs.

Demand management as well as other programs, not increased capacity via expanded long distance transmission lines, should be New Jersey's focus for the next decade and beyond.

Thank you for the opportunity to comment.

Sincerely,

Kate Millsaps
Campaign Coordinator, New Jersey Highlands Coalition

Jeff Tittel
Director, New Jersey Chapter of the Sierra Club

Dave Slaperud
Trustee, Stop the Lines!