



Testimony before the BPU

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By

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Thank you President Solomon and fellow BPU Commissioners for allowing us the opportunity to provide our input in this proceeding. I am Michael Egenton, Senior Vice President, Government Relations for the New Jersey State Chamber of Commerce (“State Chamber”).

Since 1911, the State Chamber has been recognized as the independent voice of business in New Jersey. With a broad-based membership ranging from Fortune 500 companies to small proprietorships, representing every corner of the state and every industry, our members provide jobs for over a million people in New Jersey. We continue to work toward streamlining the regulatory process while striving to maintain the economic vitality of our members and the quality of life that makes New Jersey unique.

I am here to provide general comments on the issue of how best to support and maintain the state’s energy infrastructure, and to listen, as well, to the technical experts from PJM and the industry who will explore the questions raised by the Board for this hearing. We share with many other stakeholders the understanding that these questions and the fundamental issues on which they are based are extremely important.

The State Chamber applauds the BPU and the industry for continuing to work toward solutions to the challenges we face in the energy arena. Energy is the lifeblood of our economy. Reliable, safe, reasonably priced, and environmentally sound energy supply is essential for New Jersey's economic progress.

The State Chamber believes that competitive wholesale and retail energy markets continue to represent the best constructs to serve New Jersey's energy needs, that these markets continue to deliver benefits to our economy, and that well-structured, competitive markets provide the best pathway to reaching the state's energy goals.

We note, for example that PJM's capacity markets continue to support the reliability of the electric supply system through retaining existing resources and fostering development of new capacity resources, including generation and demand response, which often is a more economical option than building new plants.

These resources have included capacity up-rates at nuclear power plants that bring added megawatts of clean, carbon-free generation and investments in modern emissions controls that created jobs and support a sustainable electric supply for New Jersey.

PJM and New Jersey have a great story to tell about the growing role of demand response in meeting capacity requirements. Demand response accounted for 10% of the capacity that cleared the May, 2011, capacity auction, more than a 50% increase from the prior year. The value of this resource was clearly evident during the July heat wave when PJM was able to call on more than 2,300 megawatts of demand response to help meet soaring demand for power.

While the State Chamber is concerned about policy options that could undermine how wholesale and retail competitive markets function, we also understand the fundamental reason for the BPU's ongoing concern and inquiry is to make sure that competitive markets function effectively. Again, we are not technical experts on these issues but the outcome of these discussions are very important to our members and to all energy consumers in New Jersey.

We have listened closely to the dialogue among stakeholders and note that just about all major participants – the BPU, PJM, and members of the industry have concurred that improvements can and should be made in certain aspects of market rules and procedures. We urge these stakeholders to continue this process and to strive for consensus on any adjustments to wholesale market structures and rules that will make these processes more efficient, and responsive to concerns that have been raised by the BPU and others. We strongly believe that the focus should be on improving a market system that has served well the State and its economy.

Again, thank you, President Solomon and members of the board for the opportunity for us to make these comments today and we urge the BPU to give our views proper consideration.