



STATE OF NEW JERSEY
Board of Public Utilities
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**MINUTES OF THE TECHNICAL CONFERENCE HELD AUGUST 2 AND 3, 2023
REGARDING IN THE MATTER OF THE IMPLEMENTATION OF EXECUTIVE ORDER NO.
317 REQUIRING THE DEVELOPMENT OF NATURAL GAS UTILITY PLANS**

BPU DOCKET NO. GO23020099

On February 15, 2023, Governor Phil Murphy signed Executive Order No. 317 (“EO 317”), directing the New Jersey Board of Public Utilities (“Board” or “BPU”) to develop recommendations regarding how the natural gas industry can reduce greenhouse gas emissions to meet the Governor’s goal of 50 percent reduction in greenhouse gas emissions below 2006 levels by 2030. EO 317 further directed the Board to engage with stakeholders regarding the development of natural gas utility plans. Pursuant to EO 317, on March 6, 2023, the Board initiated the above docketed proceeding and directed Board Staff (“Staff”) to engage with stakeholders to investigate and recommend how the natural gas industry can best meet the State’s 50 percent reduction in greenhouse gas emissions below 2006 levels by 2030. As part of the proceeding, the Board directed Staff to consider the following:

1. Competitive market mechanisms to drive the lowest cost methods for reducing total greenhouse gas emissions associated with the natural gas sector;
2. Ensuring reliable operation and long-term financial viability of natural gas public utilities and the business model needed to keep the gas system intact while accounting for a shrinking customer base;
3. Alternative programs and investments that could provide natural gas utilities with new revenue streams and promote good-paying jobs;
4. Elimination of subsidies that encourage unnecessary investment in natural gas infrastructure that is likely to result in stranded costs to customers;
5. Long-term impacts on residential and industrial customers who fail to or are unable to switch from natural gas; and
6. Electric grid readiness to handle electrification of building heating and cooling, as well as transportation.

On August 2 and 3, 2023, Staff and the Governor’s Office of Climate Action and a Green Economy (“OCAGE”) held a Technical Conference related to the above docketed matter in-person at the Trenton War Memorial (1 Memorial Drive, Trenton, NJ 08608) and via online at:

https://www.youtube.com/watch?v=o0tKmY9ZU_I and
<https://www.youtube.com/watch?v=xtvbTTZcJaA>.

Adequate notice of the Technical Conference was provided pursuant to the Open Public Meetings Act, N.J.S.A. 10:4-9.3. Notice was also provided in accordance with the requirements of N.J.S.A 48:2-32.8, and notice was posted to the Board’s website.

August 2, 2023

Opening Remarks/Welcome from BPU President Joseph L. Fiordaliso

Plenary 1 – Overall EO 317 Framing from OCAGE, Catherine Klinger, Executive Director

Overview of Conference Agenda and Overall Implementation of EO 317 from Henry Gajda, BPU Deputy Chief of Staff

Panel 1 – Competitive, Cost-Effective Building Heat

Moderator: Robert Brabston, Executive Director, BPU

Panelists: Eric Miller, Natural Resources Defense Council
Abe Silverman, Columbia University
Justin Gundlach, New York State Department of Public Service
Michael A. Schmid, PSE&G

Following introduction of the moderator and panelists, an in depth discussion was held on Clean Heat. EO 317 directs the Board to consider the suite of measures that could underpin a “clean heat” standard, including accelerated energy efficiency and peak demand reduction targets, enhanced building electrification targets, leak minimization or other similar measures.

1. Eric Miller
 - A. Clean heat standard is technology neutral and places no obligation on anyone to act.
 - B. Need to learn from recently adopted building electric standards.
 - C. Address New Jersey’s overburdened community map to assist low income customers.
2. Abe Silverman
 - A. Key considerations for clean heat are energy efficiency, biogas, green hydrogen, electrification, leak detection, carbon capture, and agricultural waste.
 - B. Consider competition, utility business model and integrated distribution planning.
 - C. Balance increasing electric system costs with decreasing gas system costs.
3. Justin Gundlach
 - A. Examine constraints in laws that can hinder clean heat standard implementation.
 - B. Structure a program that provides certainty and flexibility.
 - C. Businesses are equipped to examine the costs and benefits of a clean heat standard.
4. Michael Schmid
 - A. Look at power generation and ask how to incentivize cleaner generation.
 - B. Reliability and emerging technologies must continue to be considered.
 - C. Transition to a clean heat standard will take time and require a flexible framework.

A brief question and answer period followed.

Panel 2 – Consumer Costs

Moderator: Stacy Peterson, Deputy Executive Director, BPU

Panelists: Brian Lipman, New Jersey Division of Rate Counsel
Brook Helmick, New Jersey Environmental Justice Alliance
David Lapp, People’s Counsel of Maryland
Anne-Marie Peracchio, New Jersey Natural Gas Company

Following introduction of the moderator and panelists, an in depth discussion was held on the financial impact transitioning from natural gas will have on customer bills. Volumetric natural gas rates will tend to increase for customers that continue to use natural gas as the State transitions from natural gas. Panelists addressed short-term and long-term cost implications this change will likely generate, potential cost-saving energy efficiency measures, and other ways the Board should think about the impact of these changes on customer bills, particularly for households making less than 300% of the federal poverty limit.

1. Brian Lipman
 - A. Carefully consider stranded costs, cost of generation conversion, and the specific needs of renters and the low- and median-income community.
 - B. Be deliberate in investments, including infrastructure investment programs.
 - C. Cost incentives do not come free of charge; they are repaid by utility ratepayers.
2. Brook Helmick
 - A. Prioritize community planning considerations for renters and low income individuals.
 - B. Know what communities’ energy burdens are, how they manage their bills, their fluctuating energy needs, and their day-to-day, week-to-week, and seasonal needs.
 - C. More communication is necessary to build trust and transparency with communities.
3. David Lapp
 - A. Implement proactive planning and careful examination of potential challenges.
 - B. In Maryland, costs were essentially delivery system costs, not commodity costs.
 - C. Use advanced leak detection technologies, inform and engage customers about electric technologies’ least cost potential.
4. Anne-Marie Peracchio
 - A. Prioritize customers and keep multiple decarbonization and energy efficiency paths open.
 - B. Utilities are lifeline service providers and reliability is mission critical.
 - C. Plans must be flexible to accommodate advancements in technologies.

A brief question and answer period followed.

Panel 3 – Financial Health of the Natural Gas Utilities

Moderator: Ben Witherell, Chief Economist, BPU

Panelists: David Dismukes, Louisiana State University
Gabe Moreen, Mizuho Securities USA
Andrew McNally, South Jersey Industries

Following introduction of the moderator and panelists, an in depth discussion was held on sustaining investment in operations and maintenance of natural gas. Even as new investment opportunities decrease with the implementation of EO 317, panelists explored how the Board can ensure the reliable operation and long-term financial viability of natural gas utilities while accounting for a shrinking customer base.

1. David Dismukes

- A. Transitioning from natural gas will require great investment.
- B. Utility regulation has never guaranteed long-term viability to anyone in the industry.
- C. Concern for providing selective competitive advantages.

2. Gabe Moreen

- A. Characterized 2010-2019 as a “golden age” for gas utility investors.
- B. Gas bans in 2020 gave utility investors cause for concern.
- C. Natural gas utilities value on par with electric gas utilities.

3. Andrew McNally

- A. South Jersey Industries’ (“SJI”) role in New Jersey and its commitment to achieving company specific and state climate goals.
- B. SJI infrastructure as a means of decarbonization.
- C. Maintain and update New Jersey’s natural gas system with robust investment.

A brief question and answer period followed.

The Technical Conference adjourned for the day.

August 3, 2023

Welcome and Opening Remarks from Taryn Boland, BPU Chief of Staff

Plenary 2 - Regulatory Levers, Jennifer Danis, Federal Energy Policy Director, Institute for Policy Integrity

Panel 4 – Job Implications of a Decarbonizing Gas System

Moderator: Catherine Klinger, OCAGE, Executive Director

Panelists: Steven Gardner, NJ Laborers-Employers Cooperation and Education Trust
Rick Thigpen, PSEG
Andre Thomas, Isles
Baden Almonor, New Jersey Department of Labor

Following introduction of the moderator and panelists, an in depth discussion was held on EO 317's impact on New Jersey's job market. The Executive Order has the potential to profoundly reshape statewide employment in the natural gas sector and the burgeoning green economy. Panelists explored future work opportunities, identified jobs that may be needed in the future, and discussed transition opportunities.

1. Steven Gardner

- A. There is a centralized landscape with strong partnerships between labor and utilities.
- B. Need certainty and a pathway forward to prepare workers for green economy jobs.
- C. Politics and uncertainty are two concerns moving forward.

2. Rick Thigpen

- A. A capable workforce will efficiently implement the public policy goals of the State.
- B. Must continuously retrain employees to meet future needs and hire a larger workforce.
- C. Important to spread benefits more broadly so everyone is on board with energy transition.

3. Andre Thomas

- A. Incentivize customers and employers to create demand for green economy workforce.
- B. Additional resources and workforce are needed to meet demand.
- C. Job security industry, and customer education creates demand.

4. Baden Almonor

- A. The State will depend on highly trained workforce to ensure energy goals are met.
- B. Apprenticeship programs will create a built-in model for succession planning.
- C. Need to do marketing so people can see viable options and careers in the industry.

A brief question and answer period followed.

Panel 5 – Next-Generation/Reimagining of Natural Gas Infrastructure

Moderator: Paul Heitmann, BPU, Program Lead for Grid Modernization

Panelists: Wyatt Roberts, Dandelion Energy
Larry Barth, New Jersey Resources
Kristin Barone, Orange and Rockland Utilities
Kyle Nolan, South Jersey Industries

Following introduction of the moderator and panelists, an in depth discussion was held on how the natural gas industry can adapt to and support the goals laid out in EO 317. Stakeholders with municipal and state experience in district heating and other alternatives for pipeline infrastructure explored the potential implementation and deployment of energy systems that the Board can utilize to incorporate natural gas infrastructure into the State’s future green economy.

1. Wyatt Roberts
 - A. Geothermal represents the most efficient HVAC.
 - B. Establish pilot programs and better incentives for geothermal energy.
 - C. Geothermal systems can provide emissions-free energy with no change in comfort or convenience for customers while expanding the electric grid.

2. Larry Barth
 - A. Competition, customer-driven choices, heat pumps, and fuel neutrality are positives.
 - B. Gas and alternative fuels can help avoid expansion and over-build of electric capacity.
 - C. Pipeline infrastructure can contribute to endeavors like hydrogen.

3. Kristen Barone
 - A. Clean energy transition is an “all-in” scenario that must prioritize reliability and safety.
 - B. Optimize infrastructure and resources to meet needs and facilitate utilities to innovate.
 - C. Look at energy transportation, building the heating structure, and community impacts.

4. Kyle Nolan
 - A. Leveraging infrastructure and resources is key to a successful natural gas transition.
 - B. Complementary fuels and technology are key to employing smart energy systems.
 - C. Innovation is necessary to engage alternative fuels and technologies.

A brief question and answer period followed.

Panel 6 – Identifying Natural Gas Subsidies & Revisiting End-Use Consumer Incentive Policies

Moderator: Stacy Richardson, Deputy Director of the Division of Clean Energy, BPU

Panelists: Jollette Westbrook, Environmental Defense Fund
Dale Bryk, Regional Plan Association
Brian Lipman, New Jersey Rate Counsel

Following introduction of the moderator and panelists, an in depth discussion was held on reviewing natural gas policies in the state. There is a historic legacy of subsidies and strategies to encourage the expansion of natural gas infrastructure at the customer, distribution, and interstate level. The panelists discussed those policies and incentives and how they should be modified to support the State's greenhouse gas goals.

1. Jollette Westbrook
 - A. Equity and affordability are key considerations in the clean energy transition.
 - B. Before deploying new technology, it is necessary to understand all the facts.
 - C. Planning is important for a long-term strategy.
2. Dale Bryk
 - A. Transition from natural gas should not require new natural gas infrastructure.
 - B. Interests of investors, customers, utilities and governments should be aligned.
3. Brian Lipman
 - A. Energy burden is significant; approximately 37% of population struggles to pay bills.
 - B. Subsidies come from ratepayers, which must be turned off when not needed.

A brief question and answer period followed.

Technical Conference Wrap Up – Taryn Boland, Chief of Staff, BPU

Following the Technical Conference Wrap Up, the Technical Conference as adjourned.



Stacy Peterson
Deputy Executive Director

Date: September 20, 2023