Good morning.

I would like to thank Director Ken Sheehan, the Board of Public Utilities and the members of Governor Murphy’s Energy Master Plan committee for the opportunity to provide comments today.

My name is Steve Westhoven. I am the Executive Vice President and Chief Operating Officer of New Jersey Resources and its principal subsidiary, New Jersey Natural Gas.

This is a transformational moment for New Jersey’s energy sector. And, our company, New Jersey Resources, is excited to play a leading role in helping to reach Governor Murphy’s ambitious 100 percent clean energy goals by 2050.

Based on our strong track record supporting a clean energy agenda in the state, we are confident that by working collaboratively with the stakeholders, those goals will be achieved.

Since 2006, we have helped our customers save $374 million on their energy bills through energy efficiency and other programs. Our efforts have protected the environment by preventing the release of 2.1 million tons of carbon dioxide into the atmosphere.

For more than a decade, we have been a member of EPA’s Natural Gas STAR Program. During that time, we have reduced our emissions by over 20 percent through changes in our operations.
To date, through NJR Clean Energy Ventures, we’ve invested over **$800 million in clean energy projects** with the installed capacity to power more than 60,000 homes per year.

The Governor has made his ambitious clean energy priorities for New Jersey clear.

And, the great news is that we have a strong foundation to build on.

New Jersey has one of the lowest emissions from generation in the region. In addition to creating a robust and successful market for solar, the state has virtually eliminated coal and oil, replacing it with clean burning natural gas.

We know we have much more work to do.

Policy leaders, homeowners, utilities, regulators, environmentalists, businesses, and research centers must all work together to advance New Jersey’s clean energy future.

As an energy provider, we must keep our focus on our customers during this transition.

And, we know our customers want reliable, affordable and clean energy.

They want their heat to reliably turn on in the winter. They want their energy bills to remain low. And, they want their appliances to be efficient to help save them
money and help protect the environment. Our customers do not hesitate to reach out to our customer service center when these expectations are not met.

Meeting their expectations is our top priority.

With this critical focus on our customers, I would like to share with you a path forward to achieve the state’s clean energy goals.

Let’s start with the simplest and most powerful tool at our disposal: energy efficiency – the lowest cost form of clean energy.

If families and businesses use less energy, providers will be able to produce and deliver less energy.

That, in turn, will benefit the environment, save customers money and help us meet our clean energy goals.

Our state’s new legislative mandates more than triple the current pace of savings from energy efficiency.

New Jersey has already recognized the significant impact of energy efficiency – and we have room to grow.

Solar is another critical part of the clean energy future in New Jersey.
Today, with over 2,500 megawatts of solar installed at nearly 100,000 sites across the state, and with more than 7,000 jobs created and $10 billion in capital from private investors, solar has become a tremendous growth industry in New Jersey.

Demand for solar continues to grow, largely driven by it becoming more affordable for customers.

In 2008, solar installation costs for an average residential home were $80,000. Today that is closer to $25,000 – less than a third of what it cost a decade ago.

It is clear the solar market is growing, technology is improving, and the environment and economy are benefitting.

The recently passed Clean Energy Bill gives us a clear roadmap for moving forward:

1) We need to launch community solar and remote net metering pilot programs. These projects are important to extend the benefits of solar to low-and moderate-income consumers. The potential for large scale projects will help us meet our aggressive clean energy goals and reduce the costs to ratepayers. We will need the BPU’s help in changing the solar program’s established cap, which must be raised to protect the SREC market going forward.

2) We need to close the current SREC market to bring incentives down faster for new projects, while preserving SREC values for older legacy projects built at much higher costs. Getting the market closure right will help sustain
investor confidence to raise the required capital to fund future solar programs.

3) Finally, in order to close the current SREC market while maintaining jobs and market growth, we must implement a successor program as quickly as possible. This program should drive lower costs and gives us a longer runway for solar development that avoids the oversupply crisis of the past.

We remain very optimistic about the bright future of solar in New Jersey, and we look forward to working with the BPU and other stakeholders, including our environmental partners, to make this happen.

The Governor’s recent policy support for offshore wind power is also a cause for long-term optimism in New Jersey. It is already stimulating development activity and attracting experienced global developers to our state.

One of our most urgent goals must be to lower the carbon emissions from the transportation sector.

To accomplish this, we can electrify the light duty vehicles and leverage alternative fuels in medium and heavy-duty vehicles to achieve our clean energy goals. It is a fact that the majority of New Jersey’s greenhouse gas emissions come from cars and trucks. The technology exists today, and New Jersey can be a true leader to make this a reality.
The electric grid of the future will need to be modernized to integrate different energy sources, such as solar, wind and battery storage in a way that maximizes grid reliability and optimizes costs.

The final points I want to make today respond directly to questions provided by the BPU about the overall energy transition from fossil fuels to clean energy.

Let’s talk about natural gas and what it has already done to accelerate our transition to a cleaner energy future.

Since 2008, lower natural gas prices have saved New Jersey customers more than $5.5 billion.

At the same time, solar incentives have cost customers about $2.5 billion, and incentives for energy efficiency have cost customers approximately $1.5 billion.

Low natural gas prices have allowed us to accelerate our clean energy investment, and saved residents more than a billion dollars.

Natural gas prices are expected to remain low, which will keep our energy transition affordable and support clean energy growth.

In addition, the flexibility of natural gas generation allows it to adjust quickly to the intermittent output of renewables, which helps provides grid reliability as we add more solar, wind and new technologies to the mix.
Let’s also spend a moment imagining the role the natural gas network could play in a low-carbon world.

The network is a safe, resilient energy delivery system. It is a valuable asset and it could - and should - be leveraged to provide additional to support the state’s 2050 plan.

Consider what the natural gas network could be if it can deliver a low carbon fuel.

Some of these new fuels may include: Renewable natural gas and biogas from plants or organic waste products, and hydrogen created from power to gas technologies that use surplus renewable energy sources.

NJNG is partnering with leading suppliers to improve the environmental footprint of the natural gas industry through process improvements and reducing emissions.

Energy storage has the potential to be a game changer for solar and wind, allowing us to integrate more intermittent renewables into the grid.

Superconductive transmission would allow energy to be carried across major regions of the United States without line losses.

And, carbon capture would take carbon from a power plant’s emissions, from customer equipment, or even directly from the air, converting it to other materials that can be reused.
We should not underestimate the power these and other new technologies can bring over the next thirty years. They will be critical to meet our 2050 goals.

So, here is our path forward.

We will expand solar and develop offshore wind.

We will reduce our total energy demand through energy efficiency programs.

And, we will support grid reliability and flexibility with natural gas generation to accommodate increased levels of clean energy generation.

We will look with confidence to a future in which entrepreneurs and innovators develop and commercialize new technologies.

Ultimately, our success will be judged by how well we deliver what customers want: Reliable energy. Affordable energy. Clean energy.

As I recognized at the start of my testimony, we are having a transformational moment for energy—as an industry and as a state.

If we all work together – and put customers at the heart of our efforts – we will manage this transition successfully.

Future generations are counting on us.

Thank you for the opportunity to present today.