



**REMARKS OF AARP NEW JERSEY
Evelyn Liebman, Director of Advocacy**

**DRAFT 2019 NEW JERSEY ENERGY MASTER PLAN
STAKEHOLDER MEETING**

**Black Box Theater - The Kroc Center
1865 Harrison Ave Camden, NJ 08105
September 12, 2019**

Good afternoon. My name is Evelyn Liebman and I am the Director of Advocacy for AARP New Jersey.

AARP is a nonprofit, nonpartisan social welfare organization with a membership base including more than 1.3 million members age 50 plus residing throughout New Jersey.

AARP seeks through our affordable utilities work to ensure that all residents in the state of New Jersey have access to safe, reliable and affordable utility service. Older adults are especially vulnerable to high utility prices – and NJ is already home to the some of the highest residential utility rates in the country – in part because they spend a far greater proportion of their income on home energy costs than younger households. Studies also show older people limit or do without food, medical services and prescription medicine to pay for higher energy bills.

Older adults are also especially vulnerable to unreliable utility services, in part because they are not as mobile as younger people and often must suffer the consequences of a loss of utility service (loss of heat, light and drinking water) in their own homes.

AARP participated in the last Energy Master Plan (EMP) process and has reviewed the Draft New Jersey 2019 Energy Plan.

AARP appreciates the long term strategic thinking that has gone into this Draft Plan.

Failure to Estimate Costs and Rate Impacts

However, it is glaringly lacking in focus on how much this Draft Plan will cost New Jersey ratepayers who are already struggling to pay some of the highest rates in the country, are currently facing the prospect of rate hikes in the billions of dollars whether for increases recently implemented or pending before the Board or legislature, including the \$300 million per year

nuclear tax subsidizing the profits of PSEG's nuclear plants.

We urge this Administration to evaluate the Draft Plan's projected costs in an open and transparent process and modify the final plan to include such costs, the rate impacts on an annual basis and over the life of the plan, by class of customers, municipalities, the state of New Jersey and others impacted by cost as well as a detailed description of the cost benefit analyses used.

As other stakeholders have noted, the Board's Integrated Energy Plan (IEP) process is running along a parallel path with the EMP. The IEP is a modeling exercise reviewing alternative strategies to accomplish the EMP's goals in a least cost scenario. The results of the IEP will heavily inform the outcome of the EMP process and the final plan. However, the IEP process is not scheduled to be finalized until after the public comment period of the EMP has closed. We urge the Board to extend the comment period for the EMP until such time as the IEP process is completed and stakeholders have an opportunity to review the IEP's outcomes and conclusions.

Strategy 1: Reduce Energy Consumption and Emissions from the Transportation Sector

Electric Vehicles: Strategy 1 raises the question of the development and advance of electric vehicles (EVs) in the state. It states that New Jersey will continue to encourage electric vehicle (EV) adoption and deployment of EV charging infrastructure throughout the state. Goals 1.1.2 and 1.1.7 set out the policies proposed for accomplishing this end in the residential sector. Goal 1.2.1 contains references to greater state investments in mass transit.

AARP appreciates the suggestion in Goal 1.1.2 that "the state can further encourage adoption of these technologies by asking both regional Metropolitan Planning organizations and Transportation Management Associations to incorporate charging stations and alternative fuel transportation into their short-term work programs and long-term plans."

AARP believes that EVs are only one part of a larger transportation planning need.

Even if first costs come down and charging stations are built out, many residents of New Jersey will not be buying EVs. Indeed, most tenants and many homeowners will as a practical matter be unable to charge their EVs overnight. More importantly, better transit alternatives and better funded transit may be preferable.

New Jersey should not allow or approve advanced or upfront ratepayer payment for major capital construction projects, including EV infrastructure. Competitive markets are already making these investments. For example, companies like Chargepoint are already installing such infrastructure.

Time of use rates: Any implementation of time of use rates should require consumers have the right to opt-in and they not mandatory for residential customers. New Jersey should prohibit any time-of-use metering and billing program that is likely to have an adverse impact on residential customers generally, or shift costs to those who use less than the average amount of electricity.

Improve mass transit: Goal 1.1.7 is to increase clean transportation options “in low- and moderate-income and environmental justice communities.” AARP notes that the Goal should include improved mass transit. Individual automobiles and other EVs, however green, will continue to be more costly per mile traveled than mass transit.

AARP also cautions that “offering additional EV rebates to residents of low- and moderate-income and environmental justice communities” and “facilitating electric charging infrastructure” are not likely to be effective in increasing EV acceptance in low- and moderate-income neighborhoods, at least until the first-cost of such vehicles comes down dramatically, and a robust secondary market has been established over time. As stated above, improved mass transit may be preferable in achieving the EMP’s goals.

Strategy 2: Accelerate Deployment of Renewable Energy and Distributed Energy Resources.

Strategy 2 addresses accelerated deployment of renewable energy and distributed energy resources (DER). AARP has many of the same concerns described above regarding spending ratepayer’s money on DER. Again, what are the costs and benefits of this strategy in terms of increasing already-high rates?

AARP believes that policymakers should ensure that solar customers pay their fair share of grid costs. They should also be fairly compensated for the value of the energy they return to the grid. Specifically, AARP believes net metering is an overpayment to solar customers.

Strategy 5: Modernize the Grid and Utility Infrastructure

Goal 5.3: Modify current rate design and ratemaking process to empower customers’ energy management, align utility incentives with state goals, and facilitate long-term planning and investment strategies.

As noted, the idea that smart meters will have any impact on peak demand depends on associated pricing changes. AARP urges New Jersey to:

- a.** Prohibit any time-of-use metering and billing program that:
 - I. Have an adverse impact on residential customers generally or
 - II. Shift costs to those who use less than the average amount of electricity.
- b.** If such programs are allowed, allow only on an opt in basis.

AARP supports the efforts proposed in Goal 5.2 (“Exercise regulatory jurisdiction and increase oversight over transmission upgrades within the state to ensure prudent investment and cost recovery from New Jersey ratepayers”). AARP suggests that the same questions about return on equity raised with respect to transmission investments should be raised with respect to state-jurisdictional distribution investments. Current Federal policy is to allow returns far in excess of that allowed by the BPU resulting in an over-emphasis on transmission spending. AARP agrees with the EMP’s position that this policy puts upward pressure on rates.

Any proposals to lower the cost of capital for renewable energy projects and support energy efficiency projects must avoid the problems of inequitable access and rate impact noted above.

Conclusion

AARP is pleased to have the opportunity to present these comments regarding the draft Energy Management Plan. The overall objective is crucial to New Jersey's future. Again, AARP urges a focus on affordability in the Plan and a focus on the cost to consumers of the proposals.

The Master Plan should not put further upward pressure on rates on a population already plagued by too many rate increases.

Thank you.

AARP is a nonprofit, nonpartisan organization with a membership that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. AARP does not endorse candidates for public office or make contributions to either political campaigns or candidates. We produce AARP The Magazine, the definitive voice for 50+ Americans and the world's largest-circulation magazine with over 35.1 million readers; AARP Bulletin, the go-to news source for AARP's millions of members and Americans 50+; AARP VIVA, the only bilingual U.S. publication dedicated exclusively to the 50+ Hispanic community; and our website, AARP.org. AARP Foundation is an affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. We have staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.