



State of New Jersey  
DIVISION OF RATE COUNSEL  
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PHIL MURPHY  
*Governor*

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BRIAN O. LIPMAN  
*Director*

March 8, 2023

Members of the Senate Environment and Energy Committee  
Statehouse Annex  
P.O. Box 068  
Trenton, N.J. 08625

**RE: S3603 (Establishes "NJ Green Bank" in EDA; appropriates \$50 million from societal benefits charge to initially fund program.)**

Members of the Senate Environment and Energy Committee:

I write on behalf of the Division of Rate Counsel regarding S3603 (Establishes "NJ Green Bank" in EDA; appropriates \$50 million from societal benefits charge ("SBC") to initially fund program), which is up before the committee on March 9, 2022. We have significant concerns about this bill, which would inappropriately use ratepayer money to fund a program that could duplicate and undermine the existing clean energy programs offered by the Board of Public Utilities ("BPU") and the State's regulated electric and gas public utilities. The bill would take SBC funds, which are paid directly by gas and electric ratepayers and normally utilized by the BPU, out of the BPU budget and place them with the NJ Economic Development Authority ("EDA") which could create coordination problems on state clean energy projects. **Therefore, we urge you not to vote this bill out of committee.**

As you are aware, Rate Counsel represents and protects the interests of all utility customers – residential customers, small business customers, small and large industrial customers, schools, libraries, and other institutions in our communities. Rate Counsel is a party in cases where New Jersey utilities seek changes in their rates or services. Rate Counsel also gives consumers a voice in setting energy, water, and telecommunications policy that will affect the rendering of utility services well into the future.

This bill would establish a New Jersey Green Bank ("Green Bank") within the EDA, with authority to provide loans, loan guarantees, and other forms of financial assistance to support "environmentally beneficial energy projects." The authority granted to the EDA would be extraordinarily broad. The projects which are currently proposed to be included are renewable energy generation and storage facilities, energy efficiency projects, and projects to deploy electric vehicles and associated infrastructure. We understand that the types of projects included in the legislation could also be expanded beyond this list. The bill would mandate separate

programs for “residential, municipal, small business, and larger commercial projects, and such other programs and projects as the authority may determine useful and appropriate . . . .”

In addition, the bill does not provide limits on the forms of support that may be provided. While one provision of the bill states that the purpose of the Green Bank is “providing low-cost, long-term financing support to eligible projects by leveraging public funds to attract private investment,” other provisions allow the EDA to provide, in addition to long-term loans, loan guaranties and unspecified “other form[s]” of financial assistance to eligible projects. Furthermore, in addition to supporting specific clean energy projects, the EDA would be authorized to utilize ratepayer funds to support research and business development activities through grants, investments, contracts or unspecified “other actions.”

While the bill authorizes several sources of funding for the Green Bank, only one source is specifically provided in the bill—an appropriation of \$50 million from the SBC. Moreover, the bill also contains a provision that would authorize additional future appropriations from the SBC.

Rate Counsel has some serious concerns with the proposal. First, it would divert significant ratepayer funds to a program that is within the authority of an agency other than the BPU. While the bill would require EDA to consult with the BPU in developing the Green Bank, implementation of the program would be the sole responsibility of the EDA. Since SBC money is collected from utility ratepayer bills, the BPU should directly oversee how the funds are utilized.

Second, due to the bill’s broad grant of authority to define both eligible beneficiaries and the forms of financial support to be provided, the program could provide subsidies to projects that already receive subsidies under existing clean energy programs. This could undermine the BPU’s ability to assure that ratepayers are paying no more than necessary to provide subsidies for clean energy projects. There is only so much we can ask ratepayers to fund, and it is imperative that any ratepayer supported subsidies are maximized to ensure ratepayers get the most for their limited dollars. This is a particular concern with regard to solar energy projects. Rate Counsel has expressed concerns about the high cost of solar in New Jersey. At this time, the BPU has established the amounts of the incentives to be paid under the Administratively Determined Incentive (“ADI”) component of its Successor Solar Incentive (“SuSI”) program, and has begun the initial solicitation process under the Competitive Solar Incentive (“CSI”) component of the SuSI program. If the EDA is granted broad discretion to provide additional incentives for the same projects, this will undermine the Board’s ability to assure that solar incentives are no higher than necessary.

Third, Rate Counsel continues to be opposed to the use of ratepayer funds for research and business development. These activities, while worthwhile, should be supported with funds from sources other than funds paid by ratepayers.

As many of the committee members are aware, the COVID-19 pandemic highlighted the vulnerability of New Jersey households and families that face high energy bills. While the economy is slowly recovering, there were still nearly 1 million electric and gas utility accounts

that remained in arrears as of June 2022. While the impact of the proposed legislation will continue for years into the future, the impacts of the COVID-19 pandemic serve as a stark reminder of the hardships that can result from increased energy costs and why affordability must be part of the equation. Rate Counsel urges the Committee not to add to the burden faced by ratepayers by requiring them to fund an additional program that may provide duplicative incentives and support initiatives that are not appropriate for ratepayer funding.

Thank you for considering our comments. We very much appreciate the opportunity to share our comments on behalf of the State's ratepayers. Please feel free to contact our office if you have any questions. Thank you for your attention to these important matters.

Sincerely,

s/s Brian Lipman,

Brian O. Lipman, Esq.

Director, Division of Rate Counsel

c: Senator Troy Singleton  
Charisse Watts, Policy Director, Sen. Singleton  
Assemblyman John McKeon  
Alexander Keiser, Chief of Staff, Assemblyman John McKeon  
Joey Guerrentz, Policy Analyst & Aide, Senate Environment and Energy Committee  
Dayna Mercadante, Democratic Aide  
Kevil Duhon, Deputy Executive Director at New Jersey Senate Democratic Office  
Eric Hansen, OLS Committee Aide  
Christina Denney, OLS Committee Aide  
Rebecca Panitch, Republican Aide, Senate Environment and Energy Committee  
Christine Mosier, Chief of Staff, Senator Bob Smith  
Pamela Cocroft, Committee Secretary  
Erin Rice, Chief of Staff, Sen. Codey  
Greg Tufaro, Chief of Staff for Sen. Diegnan  
Tina DeSilvio, Chief of Staff, Sen. Durr  
Brian Woods, Chief of Staff, Sen. Stansfield  
Maura Caroselli, Managing Attorney for Gas & Clean Energy, Rate Counsel  
Sarah Steindel, Attorney for Rate Counsel  
David Wand, Managing Attorney for Electric, Rate Counsel  
Robyn Roberts, Legislative Liaison & Public Information Officer, Rate Counsel

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<sup>4</sup> Electric and Gas Arrearages Summary as of June, 2022, p. 1 (available at : <https://www.nj.gov/bpu/newsroom/reports/covid19/June%202022-%20Arrearage%20Data-%20Energy.pdf>).