

**Senate Budget Committee Hearing
New Jersey Board of Public Utilities
President Jeanne M. Fox
Opening Statement
April 20, 2009**

Senator Buono, Senator Bucco and committee members, thank you for the opportunity to appear before you to discuss the work of the Board of Public Utilities and our budget request for FY2010.

As the chief utility regulator and energy office for the state, we at the Board work to ensure reliable utility service at a fair cost to ratepayers. Our primary areas of responsibility are energy, water and wastewater, cable and telephone services. We conduct audits and investigations, issue enforcement actions and provide a forum for customers to resolve service complaints with those we regulate. We also work to ensure the safety of these systems, which are critical to our homes and our businesses.

We are also recognized nationally for our work to diversify our energy supply. The Board's work to support the development of locally-generated renewable energy enhances New Jersey's energy security, reduces our reliance on carbon-based fuels and protects our environment. The success of our work can be seen in a new solar industry that has been built within the state.

In fact, we are among the country's leaders for our renewable energy, energy efficiency, reliability of utility infrastructure, and the diversity of our energy supply. Our energy policies and programs are in direct response to Governor Corzine's call to reduce greenhouse gas emissions and improve the security and reliability of the state's energy infrastructure, which is critical to the economic health of our state.

Our work to diversify of our energy supply is equaled by our work to diversify the contractors who work with the utilities we regulate.

New Jersey was one of the first states to recognize that opening opportunities to minority and women-owned businesses in the utility industry was not only the right thing to do, but the smart thing to do. Our primary goal then was to give minority and women-owned businesses equitable access to contracts with regulated utilities. Today, we are also making these same opportunities available to service-disabled veterans. New Jersey's diversity work is viewed as a national model.

Our Supplier Diversity Development Council was chartered in 1997 to serve in an advisory capacity to the Board and BPU-regulated companies. Its mission is to forge an effective working relationship between these businesses, the Board and the utilities we regulate. Its success can be measured by over \$1 billion in contracts in 2007, the last year for which we have data.

I am proud of the work we have accomplished at the Board. Within the past year, there have been a number of accomplishments for which all of us should be proud.

New Jersey played a leadership role in creating the Regional Greenhouse Gas Initiative or RGGI, an association of 10 northeast states joined together in the western hemisphere's first carbon cap-and-trade program to help fight global warming. RGGI's success will provide a solid foundation as we work to achieve the greenhouse gas reduction targets established by the Governor and the legislature. This past December, New Jersey participated in its first RGGI auction. The success of the system has attracted the attention of the federal government as it seeks to control greenhouse gas emissions.

New Jersey's first RGGI auction generated \$2.8 million for the BPU. This represents 20% of New Jersey's share of the auction proceeds, a formula determined by the legislature. Given the economic stress presently experienced by many families, the BPU determined that its proceeds from this first auction would be used to provide energy assistance to families that are having problems paying their energy bills but do not meet the means test for our low-income energy assistance. Within the past few weeks, after an RFP process, the Board awarded a \$2.8 million grant to NJShares to provide such assistance.

We have also reinvigorated our now nationally-recognized Universal Service Fund. Through a partnership with NJ Shares and other state agencies we have raised awareness and have expanded the energy-assistance provided to those most in need, providing a critical safety net for New Jersey's families enduring economic hardship.

Working with the Governor and the legislature, we have also laid the foundation for a competitive market for television services. Our goal is to harness market forces to help control prices, just as telephone competition brought down telephone costs under the monopoly of old "Ma Bell." As a result of the statewide franchise bill passed by the legislature, FIOS service is now available in over 200 New Jersey municipalities. At the same time, we have been able to preserve an affordable basic service package not only for those on limited incomes, but for all of our residents.

Perhaps our most important achievement over the past year has been the completion of the state's Energy Master Plan. Under the leadership and direction of Governor Corzine, and working with our sister agencies and the public, we have crafted an updated and comprehensive Energy Master Plan that ensures New Jersey's economy will have the clean, reliable energy supply it needs to grow well into the future. It does so while protecting our environment, building our self-sufficiency, creating jobs and expanding our menu of energy options to help us control costs.

The EMP is a product of a comprehensive stakeholder process. BPU worked with the DEP, DCA, HMFA, EDA, the Governor's Office of Economic Growth and the Governor's Policy Office to engage more than 500 public and private sector stakeholders in developing the strategic energy initiatives outlined in the EMP. It reflects our

understanding of the current energy landscape, the diverse energy challenges facing the State and the creative ideas we needed to meet these challenges.

Already, we are second in the nation only to California in solar/photovoltaic installations. New Jersey now has nearly 4000 installations generating over 80 MW of energy. That's enough energy to power 10,000 homes. It also reduces carbon emissions comparable to taking over 9000 cars off the road. Among the factors contributing to our solar growth is our pioneering work to carve out a section specifically for solar energy in our Renewable Portfolio Standard.

We are now transitioning from a rebate-based program to a market-based program with the new SREC program, or Solar Renewable Energy Credits program. We are the first state to develop and implement a solar financing program based on SRECs. The program has already been recognized for its innovation and other states are investigating its success as they, too, attempt to transition away from a program dependent on rebates.

We are also on track to be one of the first states, if not *THE* first state, to tap the significant energy-generating capacity of off-shore wind with three potential off-shore wind farms. Jurisdictional conflicts among federal agencies appear to be on the road to resolution. As soon as federal permits are issued, construction will begin on towers to gauge the wind-generating capacity at various off-shore locations. Off-shore wind farms should be a reality by 2013.

Through our Clean Energy Program, we have expanded the opportunities for residents and homeowners, businesses and local governments to increase their energy efficiency, thereby reducing their costs while better protecting our environment. In 2008 alone, we provided over 24,000 residential and 1400 business rebates for efficient heating and cooling systems. Residents are eligible for a \$50 rebate on energy efficient water heaters, \$300 for efficient air conditioning systems and \$400 for efficient heating systems. Business rebates averaged \$9500, but vary greatly depending on the size of the facility and equipment replaced.

In addition, over 7000 low-income homeowners received free, cost-effective energy efficiency improvements, lowering their energy bills and their carbon footprint. Some examples of the work include heating, air conditioning and water conservation measures such as pipe insulation, air duct sealing and low-flow showerheads; window-caulking; efficient lighting upgrades; and thermostat replacement.

Meeting the 2008 New Jersey Energy Master Plan's aggressive targets for energy efficiency, renewable energy, demand response, and new generation will create jobs. These are the green jobs we hear so much about lately. They are in sectors such as solar manufacturing, energy auditing, HVAC installation, and smart grid technology installations as well as the design, manufacture, installation, operation, and maintenance of new renewable energy and energy efficiency technologies.

With the Governor's recent signing of legislation authorizing grants from the Retail Margin Fund for combined heat and power projects, we are now also able to expand our support for co-generation, our most cost-effective source of energy. It will improve our energy efficiency and assist in attracting businesses helping to keep their energy costs down.

Our approval last Thursday of energy infrastructure proposals by five of the state's major utilities will also increase our energy security, safety and reliability and create jobs. These proposals were crafted in response to the Governor's call for a state economic stimulus plan to provide jobs for our people. The work will address previously identified capital needs at a time when our economy is fragile. As a result, we expect to create 1400 direct jobs and approximately 14,000 jobs in total. At the same time we expect the costs for these projects will be less expensive than they otherwise would be given the decline in commodity prices and the number of contractors hungry for work.

The Board is also considering energy efficiency proposals from the gas & electric utilities totaling over \$300 million, which will also provide similar benefits to our economy, our environment and our energy security.

In the coming year, I am tremendously excited about New Jersey's potential to make significant progress toward Governor Corzine's Energy Master Plan goals now that we have a partner in the White House who shares our priorities. New Jersey's groundbreaking work to expand our renewable energy supply and energy efficiency are on the verge of major federal support now that President Obama is marshalling the federal government to pursue the goals for which New Jersey has already laid a solid foundation. Our head start will allow us to create jobs quickly and develop projects efficiently.

The Board has developed policies and programs that are admired throughout the country and we've done it with tight budgets.

Today, we are operating with 40 fewer employees – a 13% reduction in staffing levels – compared with just a few years ago. We are a model agency for “doing more with less”, as called for by the Governor. Not only are we doing more, we are innovating, we are leading, and we are winning accolades and recognition for our work and for our state. What has been accomplished is a testament to the dedication of the staff of the Board of Public Utilities. They are public servants in the truest sense of the word. Their interest *IS* the public interest and I would be remiss if I did not recognize their work and their professionalism here before you today.

New Jersey's Board of Public Utilities is an agency on the cutting edge of energy policy. Under Governor Corzine's leadership, we are a model for the nation as President Obama initiates a national effort that mirrors much of what we've already accomplished here in New Jersey.

I hope you share my pride. You are entitled to. Much of our success is a direct result of the work of this body and the laws it has passed. We all should be proud that New Jersey has laid a foundation that will allow us to aggressively implement policies to put people back to work while increasing our energy efficiency, security, reliability and safety and our sustainable energy supply.

I want to thank you for the opportunity to update you on the recent work of the Board, and I would be happy to answer any of your questions.