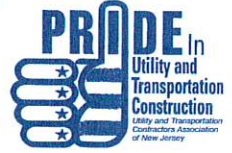




UTILITY and TRANSPORTATION CONTRACTORS ASSOCIATION OF NEW JERSEY

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September 16, 2019

The Honorable Joseph Fiordaliso
President
New Jersey Board of Public Utilities
44 S. Clinton Ave.
Trenton, NJ 08625

Re: Draft NJ Energy Master Plan – UTCA Comments

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Dear President Fiordaliso:

Please accept the following comments on the above referenced document on behalf of the Utility and Transportation Contractors Association of NJ (UTCA). Thank you for the opportunity to comment. UTCA recognizes the energy policy concerns expressed in the Draft Energy Master Plan (EMP) and encourages you to consider the following comments prior to making the Draft EMP final. We have overall concerns regarding the lack of consideration paid to reductions in state revenue as we move away from gas powered vehicles, not utilizing the existing I-Bank to perform some of key functions of state government recommended for the future, and other areas highlighted in detail below.

UTCA's general concerns related to business matters and process are included in the September 11, 2019 letter from various leaders in the business community. UTCA signed onto this letter (attached) and wishes to incorporate it into our comments for the record. That letter states that the EMP's implementation cost and the long-term impacts are not adequately addressed in the draft EMP. These costs should be estimated and prior to the finalization of this document. **As such, UTCA recommends that final adoption be delayed until after the public and private costs of the recommended strategies are better known and the public be afforded an opportunity to comment on the Draft EMP with that information in hand.**

UTCA understands the ambitious goals set by the Murphy Administration and the Legislature related to clean and renewable energy and is supportive of a diverse portfolio of energy sources and investments in associated infrastructure. However, we also believe that the wider environmental aspects of clean energy goals (including air quality) are best measured incrementally as opposed to relying on a binary, "clean vs. dirty" metric. Progress is, by definition, transitory, and the state strategy to reach any goals should reflect that fact. Energy sources that make a measurable improvement to public health are a viable and necessary step towards a cleaner energy future and should not be dismissed.

Please accept the following additional comments related to strategies most relevant to the UTCA:

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AFFILIATIONS

American Road & Transportation Builders Association
Clean Water Construction Coalition

Strategy 1 – Electrify the Transportation Sector

- The State of New Jersey and local governments rely heavily on one or more types of motor fuel taxes to generate funding for transportation improvements and repairs. The EMP should include recognition of the current and future loss of this revenue in a state that is 100% electrified, as the Draft EMP suggests is possible. The Final EMP should acknowledge this issue and include a discussion of policy options to offset lost revenue from electric-car drivers resulting from the new light-duty electric vehicles that the EMP plans to be on the road by 2050.
- The transition of the NJ Transit fleet and other public fleets to electrified motors should not come at the expense of necessary surface transportation improvements and repairs. The EMP should clarify what non-Transportation Trust Fund sources of funding will be brought to bear to fund the equipment-related goals being recommended and if the transition will occur through an existing replacement schedule identified in existing capital plans.
- UTCA and its members are willing to partner with the state to investigate options related to electrify the medium-and-heavy-duty fleets that are critical to the successful delivery of infrastructure projects statewide. However, we caution that these technologies do not currently exist in the marketplace. Recognition of current federal standards for nonroad diesel engines should be included in the Final EMP. These rules govern New Jersey's infrastructure contractors today. Mandating the uses of electric heavy equipment, which is still in the experimental prototype stages, is not a realistic approach. However, there may be ways to incentivize the industry to voluntarily update to the cleanest engines currently available in the marketplace. Those options should be explored and prioritized. In the meantime, we recommend that the Final EMP include the following actions:
 1. Continue to apply for Federal DERA State Clean Diesel Grant Programs to assist in replacing engines/vehicles past their useful lives
 2. Create tax credit incentives for NJ construction companies to invest in clean diesel engines
 3. Track progress of electric technology as it becomes available in the marketplace for high horsepower engines. If technology becomes available, consider state tax incentives for companies to upgrade their equipment voluntarily

Strategy 2 – Accelerate the Deployment of Renewable Energy and Distributed Energy Resources

- UTCA supports strategies to accelerate utility scale renewable and cleaner energy generation and storage, including but not limited to solar and offshore wind. New, in-state cleaner energy production should be expanded, including offshore wind, utility scale solar, nuclear and natural gas. **UTCA would strongly oppose any moratorium on fossil fuel infrastructure in the foreseeable future.**

Water utilities and other major industrial manufacturers are the State's largest energy users. Many have led by example and have greatly increased their clean power portfolio and reduced their greenhouse gas emissions and other air pollutants. The goals related to clean power are more likely to be met by working with these large energy users on specific manageable actions and not through draconian measures to meet arbitrary clean power

- reduction schedules. Costs pushed onto these groups are paid by the residents and businesses of New Jersey, one way or another.
- Goals related to “exploring regulatory authority” to achieve 100% clean energy by 2050 should be clarified with more details. All policy interventions being considered should be out in the open.
- Goals related to renewable energy, especially offshore wind, should go past “coordination” and include a stated objective to accelerate the process to get these critical projects into construction faster.

Strategy 3 – Maximize Energy Efficiency and Conservation and Reduce Peak Demand

- UTCA supports New Jersey’s Clean Energy Program, as well as measures proposed to improve program administration and performance. The term “equitable” should be defined so that current users of that fund that would be de-prioritized can comment on the implications of those actions.
- Goals related to requiring “net zero new construction” are premature as costs, constructability and other implications have not been fully explored in the Draft EMP.

Strategy 4 – Reduce Energy Consumption and Emissions from the Building Sector

- The goals within this strategy suppose that electrified heat pumps, water heaters and other appliances are viable in every type of building. The work buildings owned and operated by UTCA members often cannot be heated or cooled with this technology, regardless of cost. The viability and costs need to be further explored before this strategy is finalized.
- The costs associated with requirements for “net zero buildings” should be studied carefully before any actions are taken as this requirement is likely to have unintended consequences related to redevelopment in areas of the state that are in dire need of reinvestment.

Strategy 5 – Modernize the Grid and Utility Infrastructure

- UTCA supports planning for and constructing the necessary distribution infrastructure to handle increased electrification. We also support necessary transmission upgrades for other cleaner energy options such as natural gas.
- Goals related to “exercising regulatory jurisdiction” to review and approve transmission projects are arbitrary. If current regulatory jurisdiction is insufficient to protect the environment, this document should say so and be clear about the policy interventions being considered to upgrade the jurisdiction. Setting up a defacto moratorium on natural gas transmission projects using arbitrary language from a policy document like the EMP serves only to confuse regulators and the regulated community.
- UTCA supports the goal of having all gas utilities being made to identify, prioritize and replace pipelines known to be leaking or otherwise a threat to public health and safety.

Strategy 6 – Support Community Energy Planning and Action in Low-and-Moderate Income and EJ Communities

The Honorable Joseph Fiordaliso
September 16, 2019
page 4 of 4

UTCA supports the goals within this strategy, in general but repeats the concern expressed under Strategy 1. The transition of the NJ Transit fleet and other public fleets to electrified motors should not come at the expense of necessary surface transportation improvements and repairs. The EMP should clarify what non-Transportation Trust Fund sources of funding will be brought to bear to fund the equipment-related goals being recommended for these communities and if the transition will occur through an existing replacement schedule identified in existing capital plans.

Strategy 7 – Expand the Clean Energy Innovation Economy

- UTCA supports the goal of providing innovative financing and low-cost loans to support in-state clean energy projects and technology development but sees no reason to establish another level of state government for this function that would operate independently of other critical state infrastructure funding functions. Therefore, we recommend the existing NJ Infrastructure Bank have their enabling statute expanded to serve the role contemplated by the Draft EMP so that clean energy investments can be better coordinated with water and transportation investments.

Thank you for the opportunity to comment on the Draft EMP.

Sincerely,



Dan Kennedy, PP / AICP, MCRP
Director, Environmental and Utility Operations

About the UTCA of NJ

The Utility and Transportation Contractors Association of New Jersey is a non-profit trade association headquartered in Wall Township, New Jersey. Founded in 1965, UTCA represents approximately 1,000 member firms in the public and private sectors, active in all phases of heavy, highway, utility, and marine construction, as well as site work including remediation of brownfields and contaminated sites.

CC:

Bob Briant, CEO, UTCA

Kathleen Frangione, Chief Policy Advisor, Office of the Governor

Lieutenant Governor Sheila Oliver, Commissioner, Department of Community Affairs

Diane Gutierrez-Scaccetti, Commissioner NJ Department of Transportation

Catherine McCabe, Commissioner, New Jersey Department of Environmental Protection

Kevin Corbett, Executive Director, NJ Transit

Mary-Anna Holden, Commissioner, New Jersey Board of Public Utilities

Dianne Solomon, Commissioner, New Jersey Board of Public Utilities

Upendra Chivukula, Commissioner, New Jersey Board of Public Utilities

Bob Gordon, Commissioner, New Jersey Board of Public Utilities



September 11, 2019

The Honorable Joseph Fiordaliso
President
New Jersey Board of Public Utilities
44 S. Clinton Ave.
Trenton, NJ 08625

Dear President Fiordaliso:

We are leaders of major business organizations who collectively provide millions of jobs in the State and represent workers and ratepayers who will be impacted by the policies of the draft Energy Master Plan (EMP).

We recognize the energy policy concerns the draft EMP tries to address and the importance of environmental stewardship for our state's future. New Jersey's businesses and commercial and residential property owners have made significant investments in energy efficiency over the last decades. As a result of these efforts, New Jersey has made considerable reductions in greenhouse gas emissions from 1990 to 2012.

As one of the highest cost states to do business and live in, we also recognize that for the residents and businesses in New Jersey it is vitally important that our governmental policies ensure that energy be affordable and reliable, and that policy choices be based on what is achievable. While longer term aspirational goals are important, short-term, implementable strategies are also necessary. These policies are vital to both businesses, workers, and residents.

We are concerned the draft Energy Master Plan, if adopted without changes to include all concerns, may have negative implications for New Jersey's future. There are both procedural and substantive issues that must be addressed before the EMP becomes final if we are to protect the future of our State.

From a process perspective, we note that the Integrated Energy Plan (IEP) process is running along a parallel path with the EMP. The IEP is a modeling exercise to look at 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. The timing of these two processes deny the public the ability to intelligently comment on the EMP because it will not have the benefit of the IEP results and will not have the full benefit of the modeling and cost

analysis. We respectfully request that you delay the close of the EMP comment period until the final results of the IEP have been made known to the public. Additionally, we believe more organizations should be invited to the IEP process as well as the Energy Efficiency Advisory Board.

Substantively, we are concerned about the EMP's implementation cost and the long term impact to the State's economy, particularly as it effects families and small businesses, neither of which are adequately addressed in the draft EMP. Before any new commitments are adopted, an economic analysis by an independent outside organization should be performed to fully understand what the costs and impacts will be. Energy costs effect our competitiveness and are a key factor in business location and profitability. Given the importance of energy costs to our economy, we are extremely concerned that the draft EMP does not address costs or economic impacts beyond minor references to "least cost" solutions.

Our energy policies cannot include ones that drive out businesses and eliminate jobs while having a disproportionate negative impact on low income and fixed income family budgets. According to the Statistics of Income report produced by the federal Internal Revenue Service found, the outmigration of New Jersey residents from 2004-2016, (the most current federal data available) has resulted in the net loss of \$24.9 billion in adjusted gross income. Keeping this outmigration data in mind, it is important that the financial impact on ratepayers be fully analyzed, considered, and addressed in the EMP.

The reliability of the energy sector is also of vital importance. For over 100 years, maintaining a reliable electrical grid and gas supply has been the hallmark of our system and has a symbiotic relationship to the economy. There is no analysis in the draft EMP as to how to maintain reliability in a system that is seeking to be 100% clean energy and one that aspires to rely almost entirely on distributed energy resources. In light of the impacts of Superstorm Sandy, and especially given the potential impacts of climate change, it is also essential that resiliency be addressed. This needs to be drawn out more in the plan.

The draft EMP does acknowledge that certain policies cannot be implemented immediately given the current state of technology. Technological breakthroughs will be needed in areas such as battery storage, electrification of buildings, zero-emission heavy duty vehicles, and transmission and distribution systems. We also note that because many businesses are commercial tenants, it may be impractical for these businesses to implement many of the stated strategies.

In light of these facts, it is essential that the EMP not commit the State to policies that we do not know can be effectuated. Given the changing nature of technology and the energy industry, it would be prudent that the EMP contain both longer-term aspirational goals, and short-term, implementable strategies. The EMP is required by statute to be updated every three years and therefore should be flexible. At its next update, the State can review the existing status of technological advances and make further updates as new technologies become available or affordable. This will ensure that progress is continually made and poor decisions are avoided.

We understand the goals behind the policies of the draft EMP, but the final version must contain an analysis of costs and its recommendations must ensure that energy is both affordable and

reliable. We also believe that no policies should be implemented in the short-term unless they meet the objectives of safe, reliable service at just and reasonable rates. We request that the EMP public comment period be extended until the IEP process is completed and its results made known to the public. We understand this extended process may result in the EMP's adoption being delayed, but given the 30-year window contained in the plan, we believe it is far better to get the policies correct than it is to put out a plan quickly without adequate opportunity for stakeholder input once all the relevant data is made public.

Thank you for your consideration.

Michele N. Siekerka, Esq., New Jersey
Business & Industry Association

Thomas Bracken, New Jersey Chamber
of Commerce

Linda Doherty, New Jersey Food Council

Michael McGuinness, NAIOP NJ

Eric DeGesero, Fuel Merchants Association
of New Jersey

Carol Ann Short, New Jersey Builders
Association

Debra DiLorenzo, Chamber of Commerce
Southern New Jersey

Anthony Russo, Commerce & Industry
Association of New Jersey

Robert Briant, Utility & Transportation
Contractors Association of New Jersey

Dennis Hart, New Jersey Chemistry Council

Sal Risalvato, New Jersey Gasoline
C-Store Automotive Association

David Brogan, New Jersey Apartment
Association

Michael Butler, Consumer Energy Alliance

Jarrold Grasso, New Jersey Realtors

James Benton, New Jersey Petroleum
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Marilou Halvorsen, New Jersey Restaurant
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Melissa Danko, Marine Trade Association
of New Jersey

CC:

Catherine McCabe, Commissioner, New Jersey Department of Environmental Protection

Carole Johnson, Commissioner, NJ Department of Human Services

Dr. Shereef Elnahal, Commissioner, Department of Health and Senior Services

Douglas Fisher, Secretary of Agriculture

Elizabeth Maher Muoio, State Treasurer

Diane Gutierrez-Scaccetti, Commissioner NJ Department of Transportation

Lieutenant Governor Sheila Oliver, Commissioner, Department of Community Affairs

Christine Norbut Beyer, Commissioner, New Jersey Department of Children and Families

Mary-Anna Holden, Commissioner, New Jersey Board of Public Utilities

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