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July 24, 2008

VIA OVERNIGHT MAIL

New Jersey Board of Public Utilities
Office of Policy and Planning
Attn: Draft EMP Comments – Secretary Kristi Izzo
Two Gateway Center
Newark, NJ 07102

RE: Undocketed – I/M/O the Draft New Jersey Energy Master Plan

Dear Secretary Izzo:

Enclosed, please find an original and hard copy of Hess Corporation's comments in response to the Draft New Jersey Energy Master Plan issued on April 17, 2008. In order to assist in our record keeping, please file stamp the additional copy of this package and return it to me in the enclosed self-addressed stamped envelope provided for that purpose. If you have any questions please do not hesitate to contact me at (732) 750-7048. Thank you in advance for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Jay Kooper".

Jay L. Kooper
Director of Regulatory Affairs

Enclosures

Hess commends the efforts of the EMP Committee to date in presenting for comment the Draft EMP and fully agrees with the EMP Committee's finding that achievement of the State's energy goals will require policy shifts away from the "business as usual" scenario. As the Draft EMP correctly states:

If nothing is done to address these challenges, the "business as usual" scenario, the State will consume 100,000 GWh of electricity and 590 trillion BTUs of natural gas or heating oil. This total energy consumption will cost customers more than \$26 billion per year, which is 60% more than the total annual energy expenditures in 2005. Greenhouse gas emissions would be 14.5% higher than they were in 2005. The economic, reliability, and environmental consequences of the "business as usual" scenario are unacceptable. Actions must be implemented to ensure that New Jersey's future energy environment provides energy that is competitively priced, reliable and consistent with the 2020 and 2050 greenhouse gas targets.³

Based on its experiences as a competitive retail electric supplier throughout the Northeast, Hess' focus in these comments is to address two critical issues discussed in the Draft EMP: (1) reduction of peak demand; and (2) development of additional sources of generation. In addressing these critical areas, Hess has found that the Draft EMP proposes some beneficial mechanisms to address demand side and supply side needs but has also found some proposed mechanisms that, if implemented, will work against achievement of both demand side and supply side goals. Hess therefore makes the following specific recommendations with respect to the Draft EMP:

1. Hess supports the Draft EMP's proposal to expand real-time pricing to commercial and industrial ("C&I") customers with a peak demand of 600 kW by 2010 and 500 kW by 2012 as such an expansion is the critical element for both reducing peak demand and establishing customer choice through a robust retail electric market structure;

³ Draft EMP at 11.

2. Hess supports the Draft EMP's proposal for more aggressive development of "smart grid" infrastructure and recommends a special emphasis on deployment of advanced meter infrastructure ("AMI") capable of transmitting hourly usage data to customers and third party suppliers ("TPSS");
3. The EMP Committee should reject requiring New Jersey electric distribution companies ("EDCs") to enter into mandatory long-term supply contracts with electric generation companies as such contracts can lock in substantial stranded costs for customers, block the real-time price signaling needed to increase demand response and will not remove existing barriers to infrastructure development;
4. Hess supports further exploration of a State Energy Council comprised of multiple state agencies that can focus on, identify and remove existing barriers to the siting, construction, interconnection and operation of new infrastructure;
5. The EMP Committee should reject the proposal to establish a State Power Authority as such entities have a checkered history in their ability manage statewide energy needs and whose project failures, even if the result of a small error, can result in billions of additional dollars in ratepayer costs.

As an active participant in New Jersey's retail electric market, Hess is offering to C&I customers an assortment of electric products including some designed to address the demand response and renewable energy policy goals set forth in the Draft EMP. Hess' ability to fully participate in a market and provide such products – all of which are spurred by customer demand for these products – depends on the ability of a state to establish a retail electric market structure that enables Hess and other TPSs to develop these products as well as the ability of a state to not establish mechanisms, structures or institutions that interfere with this product development.

BACKGROUND

Hess Corporation, a Fortune 100 Company,⁴ is the largest retail provider of electricity, natural gas and fuel oil to commercial and industrial (“C&I”) customers within its geographic energy marketing footprint.⁵ Hess has been a licensed TPS in New Jersey since 2000 and offers to C&I customers in the state a myriad of competitive electric products. These products include the traditional assortment of commodity pricing products such as fixed-price products (Hess Fixed Price), variable/market price products (Hess Time-of-Use and Hess Indexed Price) and hybrid fixed and variable price products (Hess Fixed-and-Indexed Combination).⁶

In addition to its traditional assortment of competitive electric products, Hess, in response to specific C&I customer demand, introduced innovative new C&I customer products in January 2008 to address two areas that are also areas of focus for the Draft EMP – demand response and renewable sources of energy. The first product – Hess Demand Response – provides C&I customers with the opportunity to participate in a PJM demand curtailment program based on the customer’s specific needs and load curtailment ability, resulting in substantial customer savings for curtailing load during critical peak demand periods.

Under Hess Demand Response, Hess utilizes its in-house expertise to perform an energy audit of and devise a proposed curtailment plan for the participating customer.

⁴ See Fortune Magazine, Fortune 500 – 2008 List at <http://money.cnn.com/magazines/fortune/fortune500/2008/full_list/> (ranking Hess at number 77 on the 2008 Fortune 500 list).

⁵ Hess’ energy marketing area spans the Mid-Atlantic, New York, New England, Ohio Valley and Southeast regions of the United States and provides retail electric products specifically in the Mid-Atlantic, New York and New England regions.

⁶ A summary of Hess’ electric product offerings can be found on the Hess Energy Marketing website at <<http://www.hessenergy.com/products/electricity/index.htm>>.

Hess then arranges for the installation of advanced metering equipment from a third-party vendor, and links the customer to a web-based monitoring system called the Hess PowerPort Platform that enables the customer to monitor its electric usage at hourly intervals (i.e., real-time monitoring). In addition, Hess provides participating customers with a monthly payment just for committing to participate and remain “on call” for a PJM-called electric usage curtailment event.

During a PJM-called curtailment event, Hess notifies the customer of the event and the customer receives an additional payment for curtailing their electric usage during the peak demand period triggering the event. For example, a typical New Jersey end-user who reduces consumption by 1,000 kW could earn approximately an additional \$40,000 to \$50,000 per year just for participating in Hess Demand Response.⁷

The second product – Hess Green Power – enables participating customers to acquire Green-e certified renewable energy credits (“RECs”) and in the process support electric usage from renewable energy sources. Under this product offering, Hess facilitates the customer’s registration with the U.S. Environmental Protection Agency’s Green Power Partnership Program to enable their ability to acquire RECs. Once the RECs are acquired, Hess provides customers with certification of their acquired RECs.

To date, participating Hess customers are acquiring between 2 and 10 percent of their annual electric usage from a renewable source of energy courtesy of the Hess Green Power product.⁸

⁷ More information on the Hess Demand Response product can be found on the Hess Energy Marketing webpage at <[http://www.hessenergy.com/products/electricity/demand response.htm](http://www.hessenergy.com/products/electricity/demand%20response.htm)> and <<http://www.hessenergy.com/customer/faq.htm#drpjm>>.

⁸ More information on the Hess Green Power product can be found on the Hess Energy Marketing webpage at <<http://www.hessenergy.com/green/renewable.htm>>.

DISCUSSION

I. REDUCTION OF PEAK DEMAND

A. Expansion of Real-Time Pricing

Goal 2, Action Item 1 of the Draft EMP calls for the expansion of real-time pricing for C&I customers with a peak demand of 600 kW by 2010 and 500 kW by 2012.⁹ In setting this goal, the EMP Committee provides the following justification:

The commercial and industrial electricity users in New Jersey consume about 64% of the State's total electricity consumption, and contribute substantially to the peak demand... These large energy consumers provide the state with a tremendous opportunity to reduce peak electricity usage, and further incentivize investment in energy efficiency, by instituting real-time pricing for their electricity usage.

Real-time pricing, for New Jersey's largest energy consumers, will incentivize these users to reduce their demand during peak demand, when electricity prices are at their highest.¹⁰

Hess strongly agrees with the EMP Committee's assessment in Goal 2, Action Item 1 and fully supports its inclusion in the Final New Jersey Energy Master Plan for three reasons. First, expansion of real-time pricing to a larger segment of C&I customers is necessary to empower these customers to receive the price signals necessary to know when to reduce their peak electric usage. Second, expansion of real-time pricing is necessary to create the competitive retail electric market structure necessary for TPSs such as Hess to offer customer-compatible products such as Hess Demand Response and Hess Green Power because such product development is dependent on the customer's receipt of market-reflective price signals. Third, as New Jersey's neighboring states have

⁹ Draft EMP at 58-59.

¹⁰ Id. at 58-59.

expanded their real-time pricing threshold to customers 500 kW and lower, New Jersey risks falling behind its regional neighbors both in terms of promotion of C&I customer demand response and development of a retail markets that can provide choices enabling such demand response.

It cannot be underscored enough that the most critical element for reducing peak demand and establishing a competitive retail electric market structure that fosters robust customer choice is the same. That same element is that customers must have the ability to know what the true costs of their electric consumption are. In order for customer's to obtain the true costs of their electric consumption, they need to have the ability to receive and see the market-reflective price signals that track their electric usage in as close to real-time as practicable. This price signal is most effectively conveyed when it is directly linked to the hourly market price for electricity.¹¹

With the ability to receive and respond to real-time price signals, C&I customers are able to use these signals to make proactive choices about their energy usage. These choices include the customer unilaterally changing its consumption patterns or shopping for the energy product that is best tailored for the customer's specific energy usage needs. In deploying competitive products Hess and other retail electric marketers look to whether a market includes a default service that conveys market-reflective price signals to customers. Such a structure is necessary because it is from the receipt of the price signal that customers gain sufficient knowledge of their consumption costs to ascertain

¹¹ Currently, C&I customers with a peak demand of 1,000 kW and higher receive real-time pricing in the form of hourly-priced default service under the BPU's Basic Generation Service ("BGS") structure. These customers are within what the BPU designates as the BGS - Commercial and Industrial Energy Pricing ("BGS-CIEP") customer class. Customers with peak demands below 1,000 kW receive a default service price that is not real-time or market-reflective but rather a price based on a blend of 1-year, 2-year and 3-year electric purchase contracts. The BPU designates these customers as the BGS - Fixed Price ("BGS-FP") customer class.

the type of product or service they want and competitive retail suppliers can then take that information and construct products and services tailored to the customer's needs. Indeed, it is from C&I customer receipt of the market-reflective prices signals that led to customer demand for and Hess development of Hess' existing products array, including Hess Demand Response and Hess Green Power.

It should be noted that several of New Jersey's neighboring states in the Mid-Atlantic, New York and New England regions, some of which established retail electric competition much later than New Jersey, have leapfrogged over New Jersey in their expansion of real-time pricing. For example, five of the six New York EDCs have established or committed to establishing real-time pricing for customers with a peak demand of 500 kW (in the case of four of the EDCs) and even 300 kW (in the case of one EDC).¹² In Maryland, the threshold for real-time pricing is at the 600 kW peak demand level.¹³ In Pennsylvania, real-time pricing applies to customers with peak demands of 300 kW and higher in the Duquesne Power and Light service territory.¹⁴ In addition, the

¹² See New York Public Service Commission Case No. 00-E-1273, Order (Apr. 18, 2005) (establishing Central Hudson Gas & Elec. Corp.'s mandatory hourly-price default service threshold at 500 kW); Case No. 00-E-0641, Order Instituting Further Proceedings and Requiring The Filing of Draft Tariffs (Sept. 23, 2005) (establishing National Grid d/b/a Niagara Mohawk Power Company's mandatory hourly-price default service threshold at 500 kW); Case No. 07-E-0479, Order Establishing Commodity Program (Aug. 29, 2007) (establishing New York State Elec. & Gas Corp.'s mandatory hourly-price threshold at 300 kW by 2010); Case No. 07-E-0523, Order Establishing Rates For Electric Service (Mar. 25, 2008) (establishing Con Edison's mandatory hourly-price threshold at 500 kW by 2010); Case No. 07-E-0949, Order Establishing Electric Rate Plan For Orange & Rockland Utilities, Inc. (July 23, 2008) (establishing Orange & Rockland Utilities' mandatory hourly-price threshold at 500 kW beginning in early 2009).

¹³ See Maryland Public Service Commission Case No. 8908, I/M/O The Commission's Inquiry Into The Competitive Selection of Electricity Suppliers Standard Offer Service, Order 78400 (Apr. 29, 2003) (establishing a mandatory hourly-price default service threshold for customers with peak demand of 600 kW and higher).

¹⁴ See Pennsylvania Public Utility Commission Docket No. P-00032071, I/M/O Petition of Duquesne Light Company for Approval of Plan for Post-Transition Period Provider of Last Resort Service, Opinion and Order (Aug. 23, 2004) (establishing hourly-priced default service in the Duquesne service territory for customers with peak demands of 300 kW and higher).

expansion of real-time pricing to a 500 kW peak demand threshold in the West Penn Power service territory has been ordered effective 2012 (one year after the expiration of long-term electric rate caps still in effect for much of Pennsylvania).¹⁵ In all of these markets, customers will obtain the ability to receive and see market-reflective price signals that encourage demand response and electric product shopping and retail electric suppliers such as Hess will have the ability develop and custom-tailor innovative products such as Hess Demand Response and Hess Green Power.

In establishing a real-time pricing expansion goal of 600 kW by 2010 and 500 kW by 2012, the Draft EMP moves New Jersey into alignment with its neighboring states and in the process will trigger the demand response and product choice necessary for the State to accomplish its ambitious demand side goals. Hess therefore strongly supports adoption of this real-time expansion proposal and advocates strict adherence to accomplishment of this goal.

B. Development of Advanced Metering Infrastructure

Goal 2, Action Item 3 of the Draft EMP calls for movement towards development of a “smart grid” infrastructure and in setting this goal the EMP Committee provides the following justification:

“Smart grid technology” offers the hope of transforming the electric power grid, by using advanced communications, automated controls and other forms of information technology, to provide two-way communication...Using currently available communications technology, a smart grid could...be used to support energy efficiency and demand

¹⁵ See Pennsylvania Public Utility Commission, Docket No. P-00072343 I/M/O Petition of the West Penn Power Company d/b/a Allegheny Power for Approval of its Retail Electric Default Service Program and Competitive Procurement Plan for Service at the Conclusion of the Restructuring Transition Period, Initial Decision (Cocheres, ALJ) (May 21, 2008) (establishing hourly-priced default service in the West Penn Power service territory for customers with a peak demand of 500 kW and higher beginning in 2012. On July 17, 2008, the PUC in a binding poll affirmed this decision. A written order memorializing this binding vote is expected to be issued shortly).

response actions to reduce energy consumption. A smart grid could use devices...to independently sense, anticipate and respond to real-time conditions by accessing, sharing and acting on real-time information.

As part of smart grid, smart meter technologies can give customers real-time usage and price information to underscore the value of controlling consumption at specific times. It can also be coupled with end-use technologies capable of responding to price signals automatically.¹⁶

Hess supports this Draft EMP goal and in particular encourages a special focus on the deployment of Advanced Meter Infrastructure (“AMI”) for all C&I customers in order to enable them to receive and respond in real-time to market-reflective price signaling.

In facilitating deployment of AMI it is critical for the implementing state agency to establish a minimum threshold of technical capability for advanced meters. In Hess’ view, the meters must be capable of performing certain minimum functions so that they serve their purpose of encouraging demand response, providing clear and accurate pricing signals to customers, and providing more choices for customers to reduce their peak energy consumption.

In addition, the most important asset of an advanced meter is the data that it generates. Currently, states that have employed or proposed mass AMI deployment support the concept of utilizing AMI technologies to transmit hourly usage data from a utility’s website on a next-day or day-after basis.¹⁷ Likewise, Hess favors a requirement

¹⁶ Draft EMP at 61.

¹⁷ See, e.g., 25 Tex. Admin. Code Subchapter F s g(1)(E) (Texas’ standards for enabling “direct, real-time” access to meter data by customers and their supplier, which is the regulatory foundation for the provision of hourly usage data in Texas); New York Public Service Commission Case Nos. 94-E-0952, 00-E-0165 and 02-M-0514, “Notice Seeking Comments,” (Oct. 10, 2007) (New York Public Service Commission’s proposal to deploy AMI systems that have the “[a]bility to provide time-stamped interval data, at hourly or shorter time intervals.”). *Id.* at 3.

in New Jersey that electric utilities make hourly meter usage data available on the utility's portal the next day. To achieve this, the advanced meters therefore need to have a minimum standard that they have two-way communications capability and be capable of time-stamping and storing data. With these capabilities, New Jersey customers can obtain an enhanced ability not only to receive market-reflective price signals at hourly intervals but to use this information to shop for the electric product – whether variable price, fixed price, demand response, green power or energy efficiency – that is most compatible with their specific energy usage needs.

II. DEVELOPMENT OF ADDITIONAL SOURCES OF GENERATION

Goal 4, Action Item 1 of the Draft EMP calls for an examination of whether several new tools – including long-term power purchase contracts for energy and capacity – are necessary to develop the additional electric infrastructure necessary to meet the State's supply side goals.¹⁸ In addition, this action item calls for an examination of whether the existing capabilities of New Jersey state agencies are sufficient to ensure that the amount and types of new electric generation that the State wants built are actually constructed.¹⁹ If existing state agencies are found not to be sufficient, the EMP Committee recommends implementing either a State Energy Council comprised of multiple agencies or a State Power Authority to facilitate New Jersey's energy infrastructure needs.²⁰

¹⁸ Draft EMP at 69.

¹⁹ Id. at 69.

²⁰ Id.

A. Long-Term Contracts

The EMP Committee recommends examination of long-term contracts as one tool for developing New Jersey infrastructure. One variant of this tool could be mandatory long-term contract requirements between New Jersey EDCs and electric generation entities. This variant is a dangerous mechanism that is not only not a cure-all elixir for any perceived deficiencies in New Jersey's infrastructure development, but will harm New Jersey's ratepayers and serve as barriers to the State's demand response goals. For all of these reasons, the imposition of mandatory long-term contracts should not be adopted or incorporated into the Final New Jersey Energy Master Plan.

First, long-term contracts are harmful because they result in prices that do not reflect actual market conditions in which energy is bought and sold. Thus, customers receiving a commodity price based on a long-term contract receive incorrect, non-market reflective price signals that lead to inefficient customer usage. The longer the term over which prices are fixed by contract the greater the probability that the price will diverge from the market. Thus, during periods when the long-term contract exceeds the market price, customers are overpaying for their electric usage. Conversely, during periods when the market price exceeds the long-term contract price, customers will receive a price signal that their electricity is less expensive than it actually is and over-use.

Second, long-term contracts are harmful because they block the customer's ability to receive the correct, market-reflective price signals they need to be able to conserve, whether on their own initiative or by shopping for a value-added demand-response, green power or energy efficiency product from a competitive retail electric supplier. Such an interference with the customer's ability to receive the accurate price signals necessary to

conserve and choose the best method by which to conserve will render the State's 20% demand reduction by 2020 goal impossible to achieve.

Third, the costs of long-term contracts between electric utilities and generation entities are recoverable from New Jersey ratepayers if deemed prudently incurred by the utility at the time the contract was executed. This can, and has in the past, resulted in substantial additional costs on New Jersey ratepayers and in the case of stranded costs can potentially cost New Jersey ratepayers billions of additional dollars they would not otherwise have to incur. The State should be hesitant to implement a scenario that would once again expose New Jersey ratepayers to stranded costs.

Fourth, imposition of mandatory long-term contracts between EDCs and generation entities will not overcome or eliminate barriers to the development of additional electric infrastructure caused by delays in the siting, construction, interconnection and operation of new infrastructure. Without removal of barriers in these four areas, no amount of long-term contracts will improve New Jersey's infrastructure situation. In fact, they will wind up causing New Jersey customers and the State's Draft EMP goals more harm than good. Accordingly, the Final New Jersey Energy Master Plan should incorporate mechanisms that will focus specifically on removing barriers to these four areas of infrastructure development. In that respect, one Draft EMP concept – the State Energy Council – shows promise as such a mechanism.

B. State Energy Council/State Power Authority

The EMP Committee recommends examination of whether a State Energy Council comprised of several state agencies or a State Power Authority should be established to address New Jersey's infrastructure development needs. Based on its

experiences and observations in New Jersey and in neighboring states, Hess suggests that establishment of a State Energy Council is a more effective tool for addressing potential barriers to infrastructure development while a State Power Authority would likely prove to be an unreliable and costly mechanism for infrastructure development.

In identifying potential barriers to the siting, construction, interconnection and operation of new infrastructure it is essential for any state agency or collaborative of state agencies to address the following issues: (1) whether the state has a streamlined and efficient generation plant siting process; (2) whether the regional electric network – in this case, PJM – operates under rules that delay or otherwise discourage the development of new and cleaner sources of electric generation; and (3) whether there are sufficient economic development initiatives to encourage infrastructure developers to build their projects in New Jersey.

The inherent advantage of utilizing a State Energy Council as suggested in the Draft EMP is that it brings together all of the expert state agencies necessary to focus on these essential issues and to create a process to eliminate barriers that block infrastructure development. Under the proposed State Energy Council concept, this group would be comprised of the BPU, Department of Environmental Protection, Department of Transportation, Department of Community Affairs and Economic Development Authority. Combined, all of these agencies are best suited for this task through coordinating the siting of new generation, promoting energy efficiency initiatives and working with (and, if and when necessary, pressuring) PJM to adopt interconnection rules that optimize the expedient interconnection of new and cleaner sources of electric generation.

In this respect, the State Energy Council concept as set forth in the Draft EMP appears similar to the coordinated, streamlined and one-stop generation siting process that was established in New York under Article X of the New York Public Service Law. Under that process, several of New York's counterpart agencies to the New Jersey state agencies proposed for inclusion on the State Energy Council established a one-stop generation plant permitting process that examined each project through the requirements of each agency in the same proceeding. The New York Article X process helped generation developers secure approval within 12 months where it would otherwise have taken years to secure such approvals through a balkanized local permitting process. Replication of such a "one-stop" permitting process in New Jersey could greatly assist in the immediate identification and removal of barriers to generation siting and foster more rapid development of new generation projects in the State. Hess therefore recommends further exploration of this concept in the Final New Jersey Energy Master Plan.

Conversely, state power authorities have a checkered history in their ability to manage the energy needs of their constituents or develop sufficient and cost-effective infrastructure. This is because the creation of such an authority places state government in the position of having to outguess the market 100 percent of the time, with any error or flawed projection potentially resulting in up to billions of dollars in additional ratepayer costs stemming from financing, construction and operational risks. In this respect, state power authorities are truly the same as private entities except in one important regard – a private entity's shareholders shoulder the risks of the success or failure of a project where a state power authority's constituents – *i.e.*, New Jersey ratepayers – bear that risk of the state power authority's project failures. Where public authorities share the same

challenges and risks as private entities but have no shareholder base to assume such risks, then ratepayers are always left assuming the burden of the state authorities' imprecise decision-making and examples of such imprecise decision-making abound.²¹

One glaring example can be found nearby in the Long Island Power Authority ("LIPA"). LIPA was itself created in the wake of a failed state government integrated resource planning process that resulted in the failed Shoreham Nuclear Plant project and destroyed LIPA's predecessor, the Long Island Lighting Company ("LILCO"):

In 1965, when [LILCO] first announced its intention to build a nuclear plant in Suffolk County, elected officials fervently embraced the project. Within a year, LILCO acquired a 455-acre site between the sparsely populated hamlets of Shoreham and Wading River, and declared its new plant would be on line by 1973, at a cost of \$65-\$75 million. By the time Shoreham was fully decommissioned on Oct. 12, 1994, it cost nearly \$6 billion – about 85 times higher than the original estimate – and destroyed LILCO. The intervening years were marked by astonishingly low worker productivity, design changes ordered by federal regulators, and extensive battles over evacuation plans. Though Shoreham never produced a kilowatt of commercial power, the agreement that shuttered the plant forever made ratepayers responsible for most of Shoreham's cost, saddling Long Island with some of the highest electric rates in the nation.²²

In the subsequent years since LIPA's inception, Long Island is still saddled with some of the highest electric rates in the continental United States and LIPA has been unable to ensure development of more reasonably priced and reliable infrastructure that would mitigate these rates. In June 2008, the New York Legislature passed a bill that

²¹ See, e.g., PJM Power Providers Group, "Big Risk, Small Reward: Why States Should Say No To Power Authorities" (Mar. 3, 2008) <<http://www.p3powergroup.com/siteFiles/News/0293290AD3972263D705EB655BFD85CE.doc>>. (providing case studies of the Bonneville Power Administration, California Department of Water Resources and New York Power Authority as examples of where imprecise planning and project administration results in substantial costs borne by constituents rather than private company shareholders).

²² Capitol Hill Research Center, "Retail Electric Competition in New York: Benefits for the Present, Promise for the Future – An Examination of Progress of Electric Market Restructuring in New York State, 1995-Present" at 4-5 (internal citation omitted) (May 1, 2007) <http://www.resausa.org/NY/pdf/NY_WhitePaper.pdf>.

requires LIPA to complete an evidentiary hearing process before and obtain the approval of the New York Public Service Commission before implementing any rate increase in excess of 2.5% over a 12-month period.²³ This legislation, which now awaits Governor Patterson's signature, would in effect place LIPA under the ratemaking jurisdiction of the New York Public Service Commission.

Given other promising mechanisms available such as the State Energy Council and the unreliability of state power authorities to deliver for their constituents more reasonably priced and more reliable energy infrastructure, as illustrated by LIPA's example, the Final New Jersey Energy Master Plan should move away from recommending establishment of a state power authority to fulfill New Jersey's energy supply side goals.

²³ New York State Legislature, 2007-2008 Regular Sessions, Bill No. A.6164/S.3410 <<http://assembly.state.ny.us/leg/?bn=A06164&sh=t>>. Bill No. A.6164/S.3410 passed the New York State Assembly on June 4, 2008 and the New York State Senate on June 18, 2008. See Bill Summary at <<http://www.assembly.state.ny.us/leg/?bn=A06164>>.

CONCLUSION

Hess appreciates the opportunity to provide comments in response to the Draft Energy Master Plan and encourages the EMP Committee to adopt and incorporate into the Final New Jersey Energy Master Plan the recommendations set forth herein. Hess looks forward to its continuing to work with the EMP Committee and all stakeholders in this important initiative.

Dated: July 24, 2008
Woodbridge, New Jersey

Respectfully submitted,



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