
Committee Meeting

of

SENATE ENVIRONMENT AND ENERGY COMMITTEE

“The Committee will meet to hear testimony from invited guests on business and industry efforts to mitigate climate change and their perspectives on New Jersey's climate change mitigation policies”

LOCATION: Committee Room 4
State House Annex
Trenton, New Jersey

DATE: June 9, 2022
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Bob Smith, Chair
Senator Linda R. Greenstein, Vice-Chair
Senator Richard J. Codey
Senator Edward R. Durr, Jr.
Senator Jean Stanfield



ALSO PRESENT:

Christina Denney
Eric Hansen
*Office of Legislative Services
Committee Aides*

Joseph Gurrentz, Ph.D.
*Senate Majority Office
Committee Aide*

Rebecca Panitch
*Senate Republican Office
Committee Aide*

***Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey***

Bob Smith
Chairman

Linda R. Greenstein
Vice-Chairwoman

Richard J. Codey
Edward R. Durr, Jr.
Jean Stanfield



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NEW JERSEY STATE LEGISLATURE

SENATE ENVIRONMENT AND ENERGY COMMITTEE

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COMMITTEE NOTICE

TO: MEMBERS OF THE SENATE ENVIRONMENT AND ENERGY COMMITTEE

FROM: SENATOR BOB SMITH, CHAIRMAN

SUBJECT: COMMITTEE MEETING - JUNE 9, 2022

The public may address comments and questions to Eric Hansen or Christina Denney, Committee Aides, or make bill status and scheduling inquiries to Pamela Cocroft, Secretary, at (609)847-3855, fax (609)292-0561, or e-mail: OLSAideSEN@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The Senate Environment and Energy Committee will meet on Thursday, June 9, 2022 at 10:00 AM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.

The committee will meet to hear testimony from invited guests on business and industry efforts to mitigate climate change and their perspectives on New Jersey's climate change mitigation policies.

The following bill(s) will be considered:

S431 Smith, B/Greenstein	Directs BPU to update interconnection standards for Class I renewable energy sources and develop fixed fee structure for interconnection costs.
S439 Smith, B	Directs BPU to establish process to maintain supply and demand for solar renewable energy certificates.
S1311 Turner	Establishes NJ State Parks and Forests Foundation.
S2185 Smith, B/Greenstein	Requires BPU to develop program to incentivize installation of new energy storage systems.

(OVER)

S2522 Ruiz	Makes FY2022 supplemental appropriation of \$3 million for mosquito control.
S2728 Smith, B/Stanfield	Designates DEP State office building in City of Trenton as "Richard J. Sullivan Building."
S2730 Codey/Smith, B	Requires each solid waste management district to develop strategy in solid waste management plan to reduce food waste.
S2732 Scutari/Smith, B	Extends deadlines, under certain circumstances, for completion and commercial operation of certain solar electric power generation facilities.
SJR87 Smith, B/Durr	Designates first week of May of each year as "Composting Awareness Week" in New Jersey.

FOR DISCUSSION ONLY:

S2739 Pou/Smith, B	Requires submission to DEP of consequence analyses by employers regulated under "Worker and Community Right to Know Act"; requires municipal and county Emergency Operations Plan consider local risks and hazards.
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Issued 6/3/22

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SENATOR BOB SMITH (Chair): Everybody take a seat.
Welcome to the most interesting Committee in the Legislature.

So, let's start by taking a roll so we can be legitimately constituted.

MR. HANSEN: Chairman Smith.

SENATOR SMITH: Present.

MR. HANSEN: Vice-Chairwoman Greenstein.

SENATOR LINDA R. GREENSTEIN (Vice Chair): Here.

MR. HANSEN: Governor Codey, not here yet.

Senator Durr.

SENATOR DURR: Here.

MR. HANSEN: And, Senator Stanfield.

SENATOR STANFIELD: Here.

SENATOR SMITH: We have a big agenda for today. We are starting with, as we have every meeting of this Committee so far this term, with a speaker concerning the existential threat to New Jersey and the world of global climate change.

Our speaker today is Ray Cantor. Ray, are you here?

If you would come forward. We would like to hear your point of view – or the point of view of your constituents. And, you are BIA, right, Business and Industry?

RAYMOND CANTOR, ESQ.: Correct, Mr. Chairman.

My name is Ray Cantor, I am the Vice President of Government Affairs with the New Jersey Business and Industry Association. And, we appreciate the opportunity you are giving us today to speak to this very

important issue and speak about how our members are responding to the climate issues.

NJBIA is in a, I think a unique position on this issue. We are the largest business association in the state; our members are some of the largest corporations in the state or in the world, but we also represent the small mom-and-pop, Main Street businesses as well. Significantly, our members also include the public utilities that supply electricity and heat to our residents, but, we also include in our membership many of the solar developers and installers as well as the wind developers, the transmission companies -- those folks who are involved in furnaces, boilers, both natural gas and electric; and, of course, very importantly and not to be forgotten, we also represent the users of that energy. We have major manufacturers where energy is a major cost to them, down to everyone who runs their business and has to pay those energy costs as well.

So, we have a fairly, I think, holistic viewpoint on this. We are not at all climate deniers, but we are not, either, ideological. We try to come up with practical and workable solutions to achieve our ends. There are really two hard truths about the climate and energy policies that are being discussed by the Legislature. One, it is essential that we have a robust, efficient, affordable energy system, and it's not easy to merely turn off the spigot from carbon fuels. They have been the foundation for that energy economy, so it's not as easy as some people would say. It's just a matter of will. It's a lot more than that.

But, also true is the fact that we must decarbonize our economy. The only real question is how, when, and at what cost. So, decarbonization is hard, if not impractical with today's technology, but also must be done.

So, what do we do? I want to emphasize three points here today. One, as I already mentioned, that fossil fuels have been the foundation for our modern economy. They are essential to our economy, they will be for some time; they can't just be-- We can't just stop using fossil fuels. The issue is far more complex than that, and we must admit that complexity. We also are concerned with policies that set unpractical (*sic*), unworkable, or artificial deadlines in order to meet certain goals. Those types of deadlines tend to drive policies that may have unintended consequences that may result in an energy system that is unreliable or unaffordable. We must be much more precise in looking at what we're trying to achieve in the time frames we're trying to achieve that.

And, finally, I want to specify certain key policy areas I think energy policy should consider. By the way, I did send in written comments to everyone; hopefully everyone has gotten that, so, I will just be summarizing my remarks here today. Before I get into some of the more specifics, I want to talk about a bit of good news, because we don't necessarily hear or see the good news reported. In its recent sixth annual assessment on climate change, the International Panel on Climate Change -- and this came out I believe this past summer -- they narrowed the range of what they thought were going to be likely impacts from climate change. It's not going to be as good as some folks thought it might have been, but it's not going to be as bad as some folks had been predicting.

Also, significantly, the worst-case scenarios which are represented by a representative of Constitutional Pathway 8.5, the IPCC no longer refers to that as business as usual -- and I'll talk about that a little bit more -- and they believe that RCP 8.5 is unlikely to happen. Again, that is

good news. More likely to happen, based on current emission trends, is that we're likely to see a 2- to-3 degree centigrade increase in climate over the next century, with 1 degree already happening right now. So, this is a much more constrained issue of likely impacts and likely results. The impacts of climate change that we're seeing are more of a mixed bag. The IPCC said we're seeing heat waves, that they've been detecting heavier precipitation, ecological and agricultural drought, and fire weather. However, significantly, what they are not seeing is increases in flooding, meteorological droughts, hydrological droughts, tropical cyclones -- or, as we refer to them, as hurricanes -- winter storms, thunderstorms, tornados, hail, lightning, or extreme winds.

I will note that the IPCC did say that certain regions, you know, minor regions in the world, are seeing increased peak flows which may lead to flooding, and that includes the northeast United States. However, they did not attribute that to man-made climate change; there were other factors involved there. Importantly for New Jersey as well, we are seeing no trends in the number of hurricanes that are landing worldwide or in New Jersey. Rutgers itself said in 2019 in its SNAP report that there is no increase in their frequency of tropical storms, although they did find some minor increases in intensity and rainfall.

And, one quick note about Tropical Storm Ida, because I know the Department of Environmental Protection is about to propose emergency rules to address that by raising flood elevations. Tropical Storm Ida was really an issue where we had major flooding -- a heavy deluge of water -- but, that flooding occurred away from streams, and floods and the bad results of that were really the result of inadequate storm weather facilities, not streams and

rivers overflowing their banks. It's important to realize what the problems are if we're going to come up with solutions in order to address that.

I will mention as well that, as a prosperous society, as the world has increased its wealth, we've also been able to adapt much more to climate change. Over the last 100 years, we've seen a 90 percent reduction in the amounts of debts due to natural hazards. We're seeing agricultural crops greatly increase its productivity; that's expected to continue. The Federal Reserve Bank of New York just recently said they do not see any threat to the banking system from climate change -- at least for the next 30 years. And, you know, the IPCC has said they anticipate GDP, by the turn of the century, will triple or even go up five-fold, but climate change will only have a few percent increase or decrease on that expected increase.

So, again, there is good news when you read the actual data and look at the actual scenarios. And, I think that is, again, being said. Just one more quick point about climate change as well -- good news. The IPCC also in AR6 said they do not anticipate that we will see extreme levels of sea level rise this century due to collapses of ice sheets in Antarctica, so, therefore, we're going to see a much lower level.

I mention all of this because it's important to realize what is actually going to happen so we can address our policies accordingly. This does not mean that we don't need to take action; we absolutely do need to take action. We are seeing impacts. Some of those impacts will increase. We also owe a debt to the future. Just because it may not happen by the turn of this century does not mean that it's not going to happen in a century from now. We owe it to the future to take what actions we can to react right now.

But, it's important to understand, as we're setting our policies, it's important that we have an energy policy that results in reliable and affordable energy; that we not take policies that are going to harm that energy system, again, because we rely on it so much and it's important that we not preclude technologies that may be coming by jumping to do things too soon, too fast.

I'll mention as well, just because I know there are a lot of advocates who argue for 100 percent wind and solar energy grid, that we are not seeing anywhere in the world, in complex energy systems, penetration of intermittent sources beyond 30 percent. When we start to hit those levels, it becomes much more complex. I'm not saying these things can't be achieved over time, but, increases in grids with certain battery storage -- to offset certain things -- but we're not there yet, and if we push policies too quickly, we're going to end up in situations where you're seeing Germany is right now, where they're seeing a significant increase in cost; where they're importing more oil or natural gas from places they shouldn't be importing it from. And they're actually now producing and burning more coal than they had previously, and it's because they're taking policies without looking at the real-world implications of what those policies are.

Again, to emphasize that fossil fuels really are and have been foundational to our modern economy, we could not have created what we have today -- and it's not just economic. The economy allows for people to be moved out of poverty. We've seen billions of people in the last 20 or 30 years throughout the world move from extreme poverty out of that. Again, it's saving lives, because the energy system and the economy has spread to them, and that's what a lot of the world wants right now.

So, again, we still need fossil fuels for the near future. I believe even the Commissioner of DEP and the President of BPU has said that needs to continue. I believe the folks from Princeton on their Net Zero-50 report talk about the need for carbon fuels, at least for the next several decades. But, I would argue that, again, that we would need to be very circumspect in the policies we push. We have done a very good job in promoting solar, solar is now 6 percent of electric energy produced in the state. You, Mr. Chairman, have been a champion. We have several good bills here today that are going to promote it even more. Our wind industry is about to take off; you can see 7,500 megawatts of wind coming in.

Again, we think these are all positive developments, but we have to realize that we're getting about 50 percent of our electric right now from natural gas. Our heat in our homes and buildings is 75 percent natural gas right now, 10 percent oil. It's not so easy to convert that over, there's enormous cost, there's enormous practicalities. Again, we need to do what we can, as soon as we can, and there are things that we can probably do right now that we're not doing because our policies are focused on 100 percent electrification scenario. We could be moving certain fleets over to compressed natural gas and incorporating more low-carbon fuels.

But, we're not moving in those directions, because the policy of the State has been pushing a pure electrification policy. So, again, that's what happens when you set policies with short time frames, and then you try to meet those policy goals. You end up ignoring what really needs to happen or the benefits you can be getting right now, and maybe precluding policies later on that we would really like. We can certainly debate what the policies or to best obtain a clean energy or NET ZERO system by 2050. But, again, we

think that is the wrong question. We now have a much firmer understanding of what the impacts are than even when the Global Warming Response Act was drafted.

We don't have to rush our policies in order to meet artificial deadlines. We have the time to get things right, we have the time to let technologies develop and not to preclude them. We should be pursuing aggressive de-carbonization policy, but we want to pursue one that does not result in unacceptable harm to our energy systems, to our citizens in the state. We need to have a reliable and an affordable system.

I also want to mention-- So, again, we think any energy policy in the State needs to be founded on six foundational principles. Again, we need -- we do need to decarbonize, and we need to do so as quickly as we can within the constraints of other policy objectives, and making sure we have affordable and reliable energy. We have to make sure that before we pursue any policies, we understand what the costs are and whether or not they are going to be affordable.

I'll mention that this administration has been on -- and maybe rightfully so, to a certain extent -- looking at least cost. But, least cost does not mean it's affordable cost. It's least cost only compared to other options. We need to make sure that whatever option we pick is going to be affordable, because affordable energy, again, is foundational, and, it allows for our resilience, it allows people to be able to adapt to climate change. I mentioned -- and I'll repeat this one more time -- we need to make sure that our grid and our energy systems are both affordable and reliable, and we need to focus on technology. It's going to be technology that's going to get us out of the problem of how do we decarbonize.

We need to focus on everything that we can focus on, be it hydrogen, next-generation nuclear, renewable natural gas, wave energy, fusion, geothermal. We have a bill today that's going to help with micro-grids. Smart metering, energy efficiency, capping carbon capture. None of these things should be taken off the table or precluded by going for policies that are meeting deadlines but not our overall decarbonization goals. I just want to emphasize, as well, the issue of nuclear, the energy master plan assumes that our three nuclear power plants will be in operation through 2050. It makes no assumptions beyond that; it makes no plans to replace them. So, again, if those nuclear power plants which will be in the 80s, age-wise by 2050, do not have a long life after that. We will now have another 35-40 percent of electricity that we need to make up for, not to mention the amount of energy we'll need to make up for if we electrify more things; we might need to double or triple our energy capacity or electric capacity. Again, we cannot take nuclear off the table. We need to have a serious conversation about nuclear.

And, as we're going along and we're planning to electrify or remove natural gas systems from our fleet of boilers, our fleet of energy producers, we need to make sure that we have the facilities in place or planned to be in place. We need to make sure that we have, that we planned for our grid for our transmission systems. Right now, I think we're way too quick to go towards certain technologies but not planning how those technologies tie into the grid. We're seeing that right now as I'm sure you are aware, as we're pushing our solar systems, but we have not addressed the transmission and the connection systems. We need to do this holistically, we need to plan properly if we're going to be successful.

Again, we need to emphasize what we've been doing on clean energy -- be it nuclear, obviously, solar, we've talked about, and all the great work we're doing on wind. It's very exciting to have wind come in as a new energy source. I think we have lots more room to grow in the solar area. We need to continue to support those as well, again, as well as nuclear which really is a clean energy source. And, from an energy security perspective, we have always taken the position in the State that we need a diversified portfolio of energy sources. We cannot rely just on one, we cannot rely just on electrification. I think you see that during emergencies where you need backup powers, where you need other sources of power in order to make sure that our cars are fueled, our trains can move, our power plants can operate. So, we cannot put everything into one bucket. We need to make sure that we have stable, secure energy systems.

So, again, our recommendations are not rooted in artificial deadlines for action. Rather, they are based on what we think is the overall best interest of the citizens of New Jersey. We fully agree that we need to deeply decarbonize our economy to achieve a net zero or lower policy. But, we need to make sure we understand what the technology will allow, whether science is actually showing.

So, in conclusion, again, we realize that decarbonization is difficult, but we must pursue it. We also know that the future impacts of climate change may not be quite what some of the headlines make it out to be. We should continue to evaluate, look at the science, make decisions, but we should make decisions that are in the best interest of the citizens of New Jersey from my perspective for the business community in New Jersey, and

our overall welfare of having a stable, secure, reliable, and affordable energy system.

Thank you, Mr. Chairman.

SENATOR SMITH: Ray, thank you for your comments.

The comment about the good news. A little different than every other speaker that's been here before this Committee. Maybe you have a new and unique perspective, but I really would like to take a look at the document you are referring to from IPC, was it?

MR. CANTOR: IPCC.

SENATOR SMITH: IPCC. What's the data on that?

MR. CANTOR: I believe the last assessment report came out in June or July.

SENATOR SMITH: Okay, so--

MR. CANTOR: If I can just clarify, you know--

SENATOR SMITH: --Is this your interpretation or they made these statements?

MR. CANTOR: So, when the IPCC -- or any climate scientist -- makes evaluations, they are basically looking at four different climate models.

SENATOR SMITH: Yes.

MR. CANTOR: There are only four climate models that they use.

SENATOR SMITH: So, is this your interpretation, or is the conclusion of the report that it's okay to go a little slower?

MR. CANTOR: So, what I said as far as what we're seeing right now and what we're not seeing, the IPCC said this--

SENATOR SMITH: So, this is your interpretation?

MR. CANTOR: No. That part is not.

SENATOR SMITH: Nine months ago, they issued a report and it said global climate change is intensifying, going faster, and the effects are going to be worse. That was in August of 2021. So, we're going to try and get a copy of this report, share it with Committee members, and see if they actually have the conclusions that you're stating are true today.

If they're in there, then you're in great shape. But, if they're not, your credibility is going to be questioned.

MR. CANTOR: Absolutely. And, again, I understood, coming in today, what I was saying, and I will supply the documentation. I will also make a distinction: There is a distinction between looking at the scientific reports and what is in there and the four different models that they're using, and, which ones are more likely, versus what--

SENATOR SMITH: You're now saying this is your interpretation.

MR. CANTOR: No, no, no -- I'm saying it's all in the reports. But I'm saying there's--

SENATOR SMITH: Your conclusion is that it's okay to go slower, and that the effects are not going to be as bad as everybody thinks, and they're not going to occur as rapidly as almost every scientist in the world believes.

MR. CANTOR: No. Again, I will disagree.

If you look at the scientific reports of what the scientists are actually predicting in those reports versus what the policy maker report says, versus what the Secretary General said--

SENATOR SMITH: Ray, you're kind of hedging here.

MR. CANTOR: No, I'm not hedging, no--

SENATOR SMITH: You started this with, "These are the conclusions of the IPCC."

MR. CANTOR: Of the scientists. Of the scientists who issued the reports, correct.

SENATOR SMITH: We're going to read it, and your credibility is going to be judged on it.

Can we get a copy of that report for all the members?

Thank you for your comments.

MR. CANTOR: Thank you.

SENATOR SMITH: Okay, we have a big agenda. A lot of very good stuff on here.

So, let's start with a little environmental justice. I would like everybody to take a look at S2728 by myself and Senator Stanfield. What it does is to designate a DEP State office building in the City of Trenton, as the Richard J. Sullivan Building.

Now, if you're one of the much more mature members of our audience, you would know that Richard Sullivan was the very first DEP Commissioner who got the Department off to a terrific start, addressed an awful lot of the issues in New Jersey, and was a real pioneer. I think it's only fair and just that we recognize his contribution to a greener New Jersey.

We have only one witness, and that's Doug O'Malley, Environment New Jersey, in favor, no need to testify.

Anybody out there? (no response)

Anybody -- I'm sorry, any comments? (no response)

Well, this is back in the '70s when he was Commissioner and a mature man. This is 50 years later. I'd say the odds are that he's gone to his reward.

Yes?

GOVERNOR CODEY: (Indiscernible)

SENATOR SMITH: That's a hell of an idea. And maybe when we do it, we can have him come to the Senate. That would be great.

GOVERNOR CODEY: (Indiscernible)

SENATOR SMITH: Yeah, family.

That's a great idea, Governor.

MR. GURRENTZ: He died in 2013.

SENATOR SMITH: He died in 2013. Great.

All right, if there are no further comments, can we have a motion to release?

By Senator Stanfield, seconded by Senator Greenstein.

Let's take a roll call.

MR. HANSEN: There are amendments.

SENATOR SMITH: Oh, and there are amendments -- yes.

MR. HANSEN: Sort of.

SENATOR SMITH: Yes, but just to be clear.

MR. HANSEN: So, the Committee amendments correct a typo in the address of the DEP building.

Okay, on the motion to release Senate Bill number 2728 with Committee amendments.

Senator Stanfield.

SENATOR STANFIELD: Yes.

MR. HANSEN: Senator Durr.

SENATOR DURR: Yes.

MR. HANSEN: Governor Codey.

GOVERNOR CODEY: Yes.

MR. HANSEN: Senator Greenstein.

SENATOR GREENSTEIN: Yes.

MR. HANSEN: And, Chairman Smith.

SENATOR SMITH: Yes.

And, the Bill is released unanimously.

Our next item of business is SJR87, Senate Joint Resolution by myself and Senator Durr, and it designates the first week of May of each year as "Composting Awareness Week" in New Jersey.

For the record, Stacy McCormack of Vivana -- in favor, no need to testify. Amy Hansen, New Jersey Conservation -- in favor, no need to testify.

Any discussion from members? If not, Senator Stanfield, would you move the Bill?

SENATOR STANFIELD: Yes, I will.

SENATOR SMITH: All right, and Senator Durr will be a second on that.

Let's take a roll call on SJR87.

MR. HANSEN: Okay, on the motion to release Senate Joint Resolution 87.

Senator Stanfield.

SENATOR STANFIELD: Yes.

MR. HANSEN: Senator Durr.

SENATOR DURR: Yes.

MR. HANSEN: Governor Codey.

GOVERNOR CODEY: Yes.

MR. HANSEN: Senator Greenstein.

SENATOR GREENSTEIN: Yes.

MR. HANSEN: And, Chairman Smith.

SENATOR SMITH: Yes, and the Bill is unanimously released.

Our next item of business, S2730, by Governor Codey and myself. It requires every solid waste management district in our State -- which is basically the counties -- to develop a strategy for their solid-waste management plan to reduce food waste.

This also has some people signed up. Doug O'Malley from Environment New Jersey -- in favor, no need to testify. Stacy McCormack from Vivana -- in favor, no need to testify. Allison McLeod, New Jersey League of Conservation Voters -- in favor, no need to testify. Mike Egenton -- and Mike called me yesterday, just so you know, he said he was doing several committee meetings and he would stop in here. He submitted some slips, he's not in the room, and it's okay. We understand he--

SENATOR DURR: (indiscernible)

SENATOR SMITH: What's that?

SENATOR DURR: At least he's not overseas.

SENATOR SMITH: He is not overseas, like one of our previous speakers. And, he's saying, "I am in several other committees, but I am in the State House." And, he's in favor, no need to testify.

So we have the all everybody coalition here. Can we have a motion to release by Governor Codey?

GOVERNOR CODEY: I was wondering, the law that we passed on waste--

SENATOR SMITH: Years ago.

GOVERNOR CODEY: Concerning -- yes -- hospitals and whatever; supermarkets, whatever. How is it doing?

SENATOR SMITH: Not as well as it could. And, the reason for that is that we need the facilities that anaerobically digest food waste in order for it to kick in. In other words, you have to be within 25 miles of the existing facility for any generators of large quantities of food waste -- namely 50 tons a year or more -- and then you have to get it to the food waste digester. Until then, you're still going to take it to a landfill, which is not the second best option, it's the 87th best option.

So, we're starting to get them built. There's a terrific one here on Duck Island in Trenton, it's called Trenton Biogas, and there's others. There's also I think one in Linden or Elizabeth, which is Waste Management. And, they are taking food waste from the supermarkets there and converting it into -- getting gas and also some stuff for the--

GOVERNOR CODEY: Is there anything we can do to advise companies to build these facilities?

SENATOR SMITH: I think there is. It always involves money, but I think maybe the next bill for Governor Codey, if he's interested, is one where you do CBT, corporate tax credits--

GOVERNOR CODEY: CBT; Senator Durr wants to co-sponsor that with me.

SENATOR SMITH: Yes. And, let's make it bipartisan and maybe we can get Senator Durr or Senator Stanfield--

GOVERNOR CODEY: There's a lot of waste down south like there is up north.

SENATOR SMITH: Yes.

GOVERNOR CODEY: I won't name the ones down south.

UNIDENTIFIED SPEAKER: Have you ever been down south?

GOVERNOR CODEY: Me? Oh yeah.

SENATOR SMITH: So, anyway, that's a formal request by Governor Codey to get a bill drafted by OLS this year that he can share with both teams, all right? Governor Codey being the prime, tax credits to incentivize food waste reception sites and anaerobic gas digestion. Great idea.

Okay. So, did we take a vote on it or not?

MR. HANSEN: Not yet.

SENATOR SMITH: Okay. So, Governor Codey moves the Bill and Senator Stanfield seconds it.

So, can we get a vote on 2730.

MR. HANSEN: On the motion to release Senate Bill 2730.
Senator Stanfield.

SENATOR STANFIELD: I do have some concerns about--

SENATOR SMITH: Oh, I'm sorry--

SENATOR STANFIELD: That's all right -- about the cost that it imposes on the counties. So, I will vote to take it out of the Committee, but I might reserve my vote on the floor.

SENATOR SMITH: Right. But, just so you know, every county not only are they a solid waste management district, they have what's called SWAC -- a committee in each county, Solid Waste Advisory Committee.

They are already constituted, they're in place; they review every application for new waste handling facilities when they're within their county.

So, what I'm saying is, they're already there, it's no new structure, no new money, and they routinely review the solid waste policies of their county. So, I'd like you to look into it independently, and hopefully you can vote for it on the floor.

SENATOR STANFIELD: Okay, thank you.

SENATOR SMITH: Okay.

So, go ahead.

MR. HANSEN: Senator Durr.

SENATOR DURR: Yes.

MR. HANSEN: Governor Codey.

GOVERNOR CODEY: Yes.

MR. HANSEN: Senator Greenstein.

SENATOR GREENSTEIN: Yes.

MR. HANSEN: And, Chairman Smith.

SENATOR SMITH: Yes.

The Bill is released unanimously. Our next bill is Senate Bill 2522 by Senator Ruiz.

You should be aware of the fact that this was in the last session -- double check -- but I'm pretty sure she had it in the last session. And, what it's for is to make sure our mosquito control -- and mosquitos, as you know, are vectors for all kind of diseases, but that it's properly funded. So, she has a supplemental appropriation.

I think it also could probably be handled in the budget, but she previously sponsored it and she asked for it to go forward.

MR. GURRENTZ: I don't think it was.

SENATOR SMITH: Okay.

MR. GURRENTZ: It amends the previous budget, that's why it's not in the current budget.

SENATOR SMITH: All right, so it amends the previous budget, which means that there may be some money there that she can use for mosquito control. The mosquito control is a good thing.

So, anyway, in the category of witnesses, Dennis Hart from the New Jersey Pest Management Association -- in favor, no need to testify. And we have three witnesses that do want to testify. Ed Wengryn from the New Jersey Farm Bureau. Ed, are you here? In favor.

Ed.

E D W A R D W E N G R Y N: Mr. Chairman and members of the Committee, I'll be brief, because you'll hear more detail from I think other witnesses on this.

But, the Mosquito Control Commissions play a critical role in the managing of not only animal health but human health risks through mosquito transmitted diseases. And, in agriculture one of the big ones in the equine industry is West Nile Virus. It impacts horses, horse health; Equine Eastern Encephalitis is also one of those things that pops up from it. Though there are vaccines, horse owners do their best to limit water and habitat on the farms, the Mosquito Control Commissions also come in and help do backup and support.

So, we support the Bill. They've been underfunded for years, and this is a nice shot in the arm, and we appreciate the appropriations.

So, thank you.

SENATOR SMITH: New Jersey Farm Bureau in favor; noted for the record. Mr. -- I'm not sure if it's Mr. or Ms. -- Rainey. How do you say your first name? It's Mr. Rainey, he's from the -- he's the past President of the New Jersey Mosquito Control Association.

Mr. Rainey. And how do you say your first name?

T A D H G H R A I N E Y: Thank you, Mr. Chairman. It's Tadhgh, rhymes with frog. Old Irish, that's all I know. Thank you.

SENATOR SMITH: Oh, a Gaelic spelling.

MR. RAINEY: You got it. I always joke around, my mother's side is the Italian. Their names are just as bad, just all vowels.

SENATOR SMITH: No problem.

MR. RAINEY: Thank you, Mr. Chairman; thank you, Committee members.

Yes, I am here to support this Bill. In my day job, I'm the Superintendent of the Hunterdon Mosquito Program. The reason I support this, particularly from my perspective as past President of our State Association, is that money that comes to the State Commission benefits all the counties, in many ways.

And, just as a couple examples, they've got an equipment-use program where they might buy a large piece of equipment. I have a job in Hunterdon -- I then share that with Bergen County, and so on. I provide the labor, they provide the equipment. We have disease surveillance that we run through our State health labs, the State Commission supports that, I benefit directly from that in Hunterdon every year, as does all 20 other counties.

So, these programs, long before we thought of the name *shared services*, this is what we've been doing since the 1950s -- well before I was born

-- but these help us leverage resources both at the local level and the State level, and by and large really benefit all the residents of the state. Particularly in these -- right now for example, these shore communities, you've got Salem, Cumberland, Atlantic counties benefiting from the State air spray program. With the rain last night, I can guarantee you're going to have Morris County and Essex County benefiting up on the northern part of the state.

So, it benefits us all, and I think it's great to make this investment. I'm always available for comments well after this hearing if you would like to hear any more details.

Thank you, Mr. Chairman.

SENATOR SMITH: Thank you, Mr. Rainey.

Lastly, Howard Emerson, from the State Mosquito Control Commission -- in favor.

Mr. Emerson.

HOWARD S. EMERSON: Thank you Mr. Chairman; members of the Committee.

Howard Emerson from the State Mosquito Commission, as you said. Licensed Health Officer, and my last job was Superintendent of the Camden County Mosquito Commission. And, I am pleased to serve on the Commission as a volunteer appointed by Governor and the Senate.

I submitted a written report. If it pleases the Chair, I'll just summarize a couple points. The season when which mosquitos grow, as adults, are flying around and actually biting people. But, the time other than mosquito control people noticed them has grown by three weeks in the spring and three weeks in the fall over the last -- less than 20 years. This is convergence of data streams from human health, from the State Health

Department, as well as data from mosquitos and being tested for viruses and just nuisance populations.

So, there is -- global warming is upon us. It also affects the habitat in which they grow, changing locations and depth of water accumulating. Second point would be, we request this appropriation because we've -- well, run out of money. But also because, as Mr. Rainey said, all of the funds -- virtually all -- are returning to the counties as an efficient shared service, and therefore an ultimate savings to the taxpayers if this work is to be done at all.

I thank you for your consideration.

SENATOR SMITH: Thank you, Mr. Emerson. We appreciate your testimony today.

Any questions from Committee members? (no response)

Governor Codey moves the Bill, seconded by Senator Stanfield.

Let's take a roll call on the release.

MR. HANSEN: On the motion to release Senate Bill number 2522.

Senator Stanfield.

SENATOR STANFIELD: Yes.

MR. HANSEN: Senator Durr.

SENATOR DURR: I'm going to vote yes, even though my default is to be against spending money. But since we are flush with money, I think it's a good move.

SENATOR SMITH: Good public health reason, absolutely.

MR. HANSEN: Governor Codey.

GOVERNOR CODEY: Yes.

MR. HANSEN: Senator Greenstein.

SENATOR GREENSTEIN: Yes.

MR. HANSEN: And, Chairman Smith.

SENATOR SMITH: Yes. And the Bill is released.

So our fifth bill is S1311 by Senator Turner -- I know. It establishes the New Jersey State Parks and Forests Foundation. I just got a text that Senator Turner asked that we hold the Bill, so we're going to hold it. But, we're going to urge her to tell us what the issues are and maybe we can get it back up for Monday. Everybody knows we have a Monday meeting.

I'm sorry, that can't go on the record, so let me just take that out. Believe it or not, we have some enviros saying they're worried about pay-to-play.

So, in any case, we're going to call Senator Turner and make sure that whatever this issue is, is resolved, and hopefully we can get it back-- And I'll tell you why there's some urgency: We're the only major state that doesn't have a foundation for our parks and forests, where people can make private donations. That's a shame on us.

SENATOR DURR: My one county (indiscernible)

SENATOR SMITH: A little louder.

SENATOR DURR: My one county in my district doesn't even have parks in Cumberland.

SENATOR SMITH: Time to get one. Maybe a private donation would do that.

But having private donors -- I mean, really, what's wrong with that? So, we're going to find out what the issue is and hopefully we can get it back on for Monday. So S1311 is held.

Our next bill is Senate Bill 2732. Senate President Scutari and myself are sponsors. It extends the deadlines under certain circumstances for the completion of commercial operation of certain solar-powered generation facilities.

You should know that the facilities involved are landfills/brownfields, all right. We in the State have adopted a policy where we want facilities like that to come back into productive use and help us with distributed energy, more renewable energy, and unfortunately the pandemic has had a really awful impact on our energy policy. Because you've had two years where there's been blockchain problems, you can't get -- shortage of skilled labor, all that kind of stuff.

And, we had a program where we were providing financial incentives and now those financial incentives are going to go away. This involves 33 projects in our state, totaling 500 megawatts of solar energy. We have witnesses to testify.

First, Doug O'Malley from Environment New Jersey -- in favor.

Mr. O'Malley.

DOUG O'MALLEY: Thank you so much, Chairman Smith, and members of the Committee.

Doug O'Malley, Director of Environment New Jersey, and I just want to provide a little bit of context to what the Chairman was discussing on the need to have this legislation.

You've heard before -- and certainly, you'll probably hear today -- about the problems the solar industry has with soft costs. A lot of the hard costs have decreased; the soft costs are, traditionally, around permitting and making sure that we can get solar into the grid and powering our homes and

businesses. What we've seen in countries that have succeeded on solar, like Australia that has 25 percent of its homes using rooftop solar, is that the permitting process is expedited. It's similar in California -- just 10 percent of their homes are using rooftop solar.

And really, what we're seeing here in New Jersey is that this is not an issue with New Jersey, this is an issue with PJM. And PJM is essentially throwing up the red stop sign and saying *do not proceed with solar*, and that's creating massive problems for the projects that have been teed up -- especially for larger projects on grid supply. They are hugely important for us to hit our clean renewable energy goals.

So, we are strongly in favor of this legislation.

Thank you, Mr. Chairman.

SENATOR SMITH: Thank you, Mr. O'Malley.

For the record, Ray Cantor, NJBIA -- in favor, no need to testify. Laborers Local 472, they've provided a letter of support, and there's no need to testify. Michael Torpey and Mark Bellin from CEP Renewables -- in favor, no need to testify. Amy Hansen, New Jersey Conservation Foundation -- in favor, no need to testify. Huen Electric of New Jersey, letter of support has been received by the Committee, no need to testify. CS Energy, letter in support, no need to testify. Township of Franklin in Warren County, letter of support, no need to testify. Township of Oxford, letter of support, no need to testify. Larry Barth of New Jersey Resources -- in favor, no need to testify. Doug Hritz for Scott Elias of Solar Energy Industries Association -- SEIA -- in favor, no need to testify. And, is it Hilary Chebra -- it is Hilary right? All right, Hilary Chebra, South Jersey Chamber of Commerce -- in favor. Are you here? (no response)

Okay. Melissa Sims, I guess individual. Melissa, are you here?
Are you representing anybody other than yourself?

M E L I S S A S I M S: Representing NSEIA, which is the Mid-Atlantic Solar and Sustainable Energy Industries Association.

SENATOR SMITH: Now, they already have a letter of support in.

MS. SIMS: I want to give some examples that I think you should all hear.

SENATOR SMITH: Red means go in Trenton.

MS. SIMS: My name is Melissa Sims. I am the owner and operator of Ecological Systems, a residential and small commercial solar installer.

I do support 2732, but I think there's a very important piece that is missing that we need to address, and that is the global chain supply problem that has greatly impacted the construction of solar projects.

My company has two projects under construction, and while they will be nearly complete by the time our TREC deadline approaches, I fear both will be missing small parts which will cause us to miss our deadline for the TRECs. Several months ago, I ordered a breaker for a job. At the time, I was told it would take about 70 days to get the breaker. As of today, I don't have it, and it's nowhere in sight, and we're not sure when we're going to get it. My worry is that that one breaker -- one small part -- will prevent me from getting the job done in time for the TREC deadline.

So, it's important to understand that the job will be complete before the deadline except for this breaker, and, if I don't have the breaker, I can't call for my electrical inspection, and if I can't call for my electrical

inspection, I can't get permission to operate from the utility, and, if I can't get permission to operate from the utility, I can't get my TRECs.

I have a second job in a similar situation. This is not about a breaker, but about an inverter, which I ordered several months ago. When I ordered it, I was told it would take 20 weeks to get it. So, that 20 weeks has come and gone. I don't have it, and now I'm told that I won't get it until Q3. So that's about a \$1,000 part that's missing from a million-dollar job, which will expire in September, and I'm told I'm not going to have the part until October.

So, if we don't get TREC extensions on these jobs, it will be catastrophic, it's imperative that the chain supply delays are added as a reason for extension to be granted for anyone who needs it. This situation is not unique, and I cannot stress enough how serious and how devastating it will be for anyone who has a solar project under construction who is experiencing these types of delays.

I respectfully request that you add this specific chain supply delay as a reason for granting an extension into this Bill.

Thank you.

SENATOR SMITH: Thank you for your comments.

Allison McLeod from New Jersey League of Conservation Voters
-- in favor.

Allison.

A L L I S O N M c L E O D: Thank you, Mr. Chairman, members of the Committee.

My name is Allison McLeod, I'm a Public Policy Director for the New Jersey League of Conservation Voters.

I don't want to restate what folks have already said, it's just that we agree on the importance of solar, and that we also support that applicants who have done all their fair share in good faith and met all their deadlines, we don't believe that they should be penalized for lack of an action or a moratorium or delay on the utilities side.

So, we do support grandfathering them in, and we support this Bill.

Thank you.

SENATOR SMITH: Thank you, Allison.

Doug O'Malley, Environment New Jersey -- in favor. Doug, are you here?

MR. O'MALLEY: (indiscernible)

SENATOR SMITH: Okay, no need to testify; in favor.

Josh -- Josh, I'm not sure how to do your last name -- from Helios Solar Energy -- in favor.

And, if you can pronounce your last name, just for the record.

J O S H L E W I N: Hi, Josh Lewin, Helios Solar Energy. Thank you for having us here today.

I support this Bill, and what I'm concerned is, we have a few projects -- one is in Millville, it's a megawatt-sized project that we ordered the main distribution panel last July; we will not be getting it until September. That looks like, for the customer, it would be about a \$780,000 loss of revenue if they do not keep that REC at the 152 level.

We have another project where the general contractor has been building a new building, the solar, again, is finished, it's been finished for months. Their main distribution panel they ordered is backordered, so we

cannot tie-in because of their piece of equipment. It was ordered about eight months ago or so. That's about a \$137,000 loss of revenue for the customer.

We're seeing a lot of issues with these because it's supply chain issues that we're finding. Nothing that we haven't ordered well in advance. We're working with our manufacturers to see any alternatives we can possibly do. We're constantly re-engineering some of the one-line diagrams and pieces of equipment to try to accommodate what might be available in the next couple weeks or couple months, but there's just items that are unavailable, and there's nothing that looks foreseeable for any sort of relief.

So, we do ask for this type of extension when projects are primarily already completed. We're just waiting on a few parts; that makes a huge amount of difference to the customers.

Thank you very much, Josh Lewin.

SENATOR SMITH: Josh, thank you very much for your comments.

Just one comment before we get to our last witness, gotta put this in perspective. The Clean Energy Act basically said to the BPU and to the energy world, it's time to get away from S-RECS, solar renewable energy, because they're kind of expensive. And, the industry has gotten more mature. So, they may not need as much incentive. So, what the BPU stated in a press release is, *we're going to go to a transition*. It's not TREC like the dinosaur, it's a transition renewable energy credit; lower cost, but still there to subsidize and incentivize a solar program in the state.

Then the pandemic hit. And, the pandemic basically killed almost every entity's ability to function -- labor, blockchain, etc. So, we're now in a position two years later where the State of New Jersey is not keeping

its promises. We said we would do lower to have a transition, ultimately, to no subsidies, but we're not performing. We're just saying hey, tough, tough on you--

SENATOR DURR: Chairman.

SENATOR SMITH: Yes, sir.

SENATOR DURR: Does this Bill also protect with what the young lady was speaking about, to extend the TREC? Is that something that needs to be added?

SENATOR SMITH: Well, I asked--

SENATOR DURR: I mean, if you're extending the project, and it's kind of counterproductive if they still haven't qualified for the TREC. You know what I'm saying?

SENATOR SMITH: Well, except I think she has one of the 33, all right, so I think she's going to get different treatment. The real question is: Should this be across the board? But, here, the policy reason is it's landfills, brownfields, etc.

So, I think she's still in the game. I'm a little worried about adding anything that may create a new controversy. Let's put that under consideration. Let's hold on to that until we see what the impact is.

Our last witness is Lyle Rawlings from MSSIA. And he said, "Good Bill, but you need amendments."

All right, Lyle-- And by the way, Lyle wants amendments on every bill. (laughter)

So, go ahead.

LYLE K. RAWLINGS: Not quite all of them, but several.

SENATOR SMITH: About 97 percent.

MR. RAWLINGS: But this one in particular-- You've heard from a couple of our members just now, and I think there may be a couple more -- maybe not, if I'm the last one. But this is, throughout the industry, these problems have been devastating to the industry. They've caused delays, they've caused tremendous price increases. But, in the case of this Bill, it is much, much needed that extensions for the TRECs be offered.

But the problem is, the Bill is worded in such a way that the only reason for relief is if the utility causes a delay. Now, there have been delays that are pandemic-related in utility action, but those have been a relatively minor source of the delays. The major source has been the global supply chain issues that you just heard about from two businesses. My own business has experienced those greatly as well.

Just to give you an idea of what it's like out there: Both of the businesses you just heard from were delayed in getting breakers. Now, this is usually an off-the-shelf item; a simple circuit breaker. But commercial circuit breakers just aren't available. The ones that we ordered that had normally a four- or five-week delivery time, we've gotten delivery times of seven to nine weeks, but then that kept getting extended, extended again, extended again. We have a school system, for instance, that's waiting on a breaker that instead of the 7 weeks has taken 10 months to get delivered, and it's still not there.

So, that project is in danger of losing its TREC deadline. We've had projects already that have gone beyond their deadline because of the lack of equipment. We cannot get equipment. Transformers -- many TREC projects have a 12-month overall timeline to get completed, and transformers

are being quoted with 60-week delivery times, and even those get delayed. So, obviously those projects could not get done.

These delays were unexpected and unpredicted. In 2020, when the pandemic hit and these global supply-chain issues started, the media and the experts were predicting that these could be resolved by November or December of 2020. Instead, they continued through 2021, they continue now, and they're getting worse. Many of these problems come down to a simple thing like a circuit breaker that we just cannot get. We've scoured the country for other developers who have surplus in that sort of thing. Sometimes we've been able to find them that way, by scouring the country; other times we cannot.

I just yesterday found out the root cause of the global shortage of breakers. And, that is that the high-voltage resin that's made to make the plastic casing is only supplied by a few global suppliers, and there's a global shortage of this resin. So we're-- Little details like that are rolling down the chain and causing tremendous problems. It's kind of like the baby formula problem. Totally unexpected and unpredicted. As Melissa Sims testified, it's devastating the businesses, including mine. It could be an existential threat to some businesses if they are not provided relief because of these, what we would consider *force majeure* type problems.

And, it's not only the businesses that are affected; it's their customers. The school system I mentioned: These school systems, many of them are running into projects that are being canceled because of these delays and the inability to get TRECs, or having the price renegotiated, and that's affecting the savings that these school systems were expecting over the next 15 to 25 years. So, school systems are being affected, the New Jersey

Association of School Board Officials is extremely concerned. They've been communicating with schools all over the state to gather data on the harm that's being done to the schools.

It's municipalities -- there are State agencies that may suffer because of this. So, it's a widespread problem. What we're asking for is just amendments to the Bill so it's not limited to just utilities delays that will have the delays subject to an extension, but that they could also get relief because of these global supply-chain delays, and also pandemic-related delays in governmental approval responses, which were also severely delayed. So, we would like to add that to the Bill. Otherwise, the vast majority of these projects that have a problem will not get relief.

SENATOR SMITH: Lyle, we appreciate your testimony.

MR. LEWIN: Thank you.

SENATOR SMITH: And, I think we will consider what you're suggesting. I do think we need the interaction of the Board of Public Utilities on this. This is not certified for a physical note, right? So, this Bill is not certified for a physical note, meaning it's not going to be second referenced to appropriations, but we can amend on the floor.

So, after I hear from the BPU, we'll take this under advisement to see if it's doable, not doable, whatever. But, we appreciate the comment.

MR. LEWIN: Well, I hope there's an attitude of mercy from the BPU.

SENATOR SMITH: Oh, they're always merciful, everybody knows that. (laughter)

All right, thank you for your comments.

MR. LEWIN: Thank you.

SENATOR SMITH: Lyle is our last witness.

If I were king, I would say absolutely that every project should be extended. The BPU has issues, too, just so you know what they are. The BPU's issue is and the comment they made to me, I think on this one, was that they had 4,000 applications, and they thought 3,000 were bogus. Meaning that it was just somebody putting in a slip to keep their name in the line for the TRECs, all right, but not necessarily with any intention to build.

So you've got to be a little careful with this Bill, as to who gets an extension and why. From a policy perspective, I don't have any problem with the 33 landfills or brownfield projects because that's absolutely the policy of the State of New Jersey. But, how far we extend it, I think we've got to get the BPU in there to talk about it a little bit and see what's the appropriate balance. So, with that in mind that -- you know, this is not going before the Board before June 30. We'll have the summer to talk to the BPU and hopefully this is a September bill. But, that issue requires more study.

So, with that being said, can we have a motion to release the Bill?

GOVERNOR CODEY: So moved.

SENATOR SMITH: Yes. And, there are amendments. If you would describe the amendments, Eric.

MR. HANSEN: The amendments would restrict the applicability of the Bill to solar projects that submitted an application to participate in the solar incentive program pursuant to subsection T of NJSA 48387 prior to August 28, 2021 -- it should say August 28 rather than August 21. Rather than any solar project that submits such an application.

Number two, the amendments would delete the definition of solar incentive program and, also, just as a technical amendment, do we need to delete the definition of *transition renewable energy certificate*, too?

Number three, they would expand the definition of *tolling events* to include certain delays related to permits and approvals required by local government units.

And, another additional amendment, it should say, “local land-use board,” instead of “local planning board.”

SENATOR SMITH: Right. The story there is that one of the criteria, the additional criteria that may make you eligible for the extension, is if you couldn’t get to a planning and zoning board. And, the reason for that is a lot of planning and zoning boards during the pandemic closed down, or their procedures became pretty radically different.

In any case, I think we’re providing some justice here. We have a motion to release by Governor Codey, I believe, and seconded by Senator Stanfield.

So, let’s take a roll call on the release of 2732.

MR. HANSEN: On the motion to release Senate Bill 2732 with Committee amendments.

Senator Stanfield.

SENATOR STANFIELD: Yes.

MR. HANSEN: Senator Durr.

SENATOR DURR: Yes.

MR. HANSEN: Governor Codey.

GOVERNOR CODEY: Yes.

MR. HANSEN: Senator Greenstein.

SENATOR GREENSTEIN: Yes.

MR. HANSEN: And, Chairman Smith.

SENATOR SMITH: Yes. The Bill is released.

Our next bill is 2185, by Senator Smith and Senator Greenstein. It requires the BPU to develop a program to incentivize the installation of new storage systems.

So, a couple of early comments. Energy storage is really a great idea, and the reason for it is if we have it throughout our system, it rounds off the edges of the grid, makes it more resilient. But, secondly, it will reduce the probability that peaker plants kick in. In the summer you have the heat wave, you've got to turn on some plants that are very expensive to turn on, and that goes right to the ratepayer. If we had more energy storage, there would be a lot less of that.

And, the 2018 Clean Energy Act set goals; so the goal was 600 megs of storage by 2021, and 2,000 megs by 2030. And, I have to say, the BPU was shameless. And, I know that BPU is in the audience -- you were shameless in counting Yards Creek, which has been in effect since 1965. Yards Creek is a lake on the top of a mountain and during moments of available energy, water is pumped up to the top of the mountain, and, then in times of deficiency, it's allowed to come back down the hill, turn the turbines, and generate electricity.

But, it's been here since 1965. You can't take credit for that. You did not meet the goals of 2021. So, shame on you. You know, we should get a whipping post in here. We should publicly whip members of the State government who are not doing what they're told to do. Today, we'll pass, we

won't do that. But take the message back: You can't count Yards Creek, and you've got to get going on energy storage.

So, what this Bill says -- what it says is, let's get serious and develop incentives for the installation of new storage, okay.

And, we have an opposition witness, Barbara Blumenthal from New Jersey Conservation Foundation. Barbara, are you here? Oh, you said opposed, no need to testify. What's the problem? You've got to tell us. You can't say, "I'm opposed, no need to testify." You're the only opposition witness. What's the problem?

BARBARA BLUMENTHAL: Good morning.

SENATOR SMITH: Good morning.

DR. BLUMENTHAL: Okay, thank you.

I wasn't prepared to testify on the storage bill. I think we have a perspective that is a bigger picture issue around the role of storage in decarbonization, that when there are high levels of renewables, private development will invest in storage because there will be a price gap between low prices when there's an abundance of renewables and high prices when the sun goes down. And, that will be private investment that, in every model including the Princeton NET ZERO model, shows that private investment comes in when it's needed to pay for storage.

So, that's, like, the big picture. There have been market impediments that have prevented storage from bidding into capacity markets, and FERC has recently directed, under order 2222 -- I don't know how you say that, twenty-two twenty-two -- has directed PJM and other RTOs to address this issue. So, relief is coming to remove the market barriers that have limited the participation of storage in some parts of the system. In other

ways, there's a lot of storage in PJM and some other ways, like water heaters and other types of storage.

It's an example of an issue that the question is, do we need to expend ratepayer dollars now to address a problem that doesn't exist today, because we do not yet have high levels of renewables, we don't have a price gap. Storage would be storing-- Anyway. So, that's the bigger picture question, whether this is necessary to do now or whether you wait a year or two and see how the storage market develops. It would be far better for all of us if private sector dollars came in and animated the market for storage.

SENATOR SMITH: Unlike Ray Cantor, I don't believe that we should go slow. I think we're in real trouble.

But, I appreciate your point of view. Thank you.

UNIDENTIFIED SPEAKER: Why are you picking on (indiscernible)?

SENATOR SMITH: I don't think I'm being nasty, I'm just saying I disagree with her point of view. But she's welcome to come and tell us her point of view. In fact, we put her first.

Doug O'Malley -- in favor. Mr. O'Malley.

MR. O'MALLEY: I'll keep my testimony brief, Chairman, because I previously testified on this Bill when it was up in Committee for discussion only.

That being said, I just want to emphasize some of the points you were making, and just more broadly discuss the fact that, you know, we do have a goal in the Energy Master Plan, of reaching 2,000 megawatts of new storage. We're nowhere near that, and, obviously, Yards Creek shouldn't count in that calculation.

I do want to reference the dollars that -- actually, a stakeholder meeting that's going to be occurring later today from the Board of Public Utilities. The dollars that are in the Office of Clean Energy's budget for FY23 include more than \$20 million for energy storage. Those dollars previously have been in there, but not allocated to the program. And, when we look at what is significant about this legislation is the allocation of \$60 million to this program. Which actually would be entirely possible with the end of the Clean Energy Fund raids, or as they're euphemistically called by the Murphy Administration's State Energy Initiatives. Those dollars would allow us to do more and be able to fully fund energy-storage programs, as well as others, to make sure we're not only hitting an energy storage goal, but our broader goal is to hit our renewable energy targets.

One last thought here, too, is that energy storage is obviously a critical component as we look to bring on more offshore wind into the electric grid. And, that's going to increase in a very big way starting in the middle part of this decade and ramping up after. So, energy storage needs to be part of, you know, of this broader conversation, and we need to make sure that it's actually happening.

Thank you again, Chairman.

SENATOR SMITH: Thank you for your comments.

Doug Hritz for Scott Elias of Solar Energy Industries Association -- that's SEIA again -- in favor, no need to testify. Cogentrix, in favor, no need to testify. Doug Hritz for Kaitlin Hollinger of BlueWave -- in favor, no need to testify. Ben Graziano, State Street Associates for Motivation Energy -- in favor, no need to testify. Ray Cantor, NJBIA -- in favor, no need to testify. Tom Churchelow, New Jersey Utilities Association -- opposed.

Tom.

So, by the way, I was wrong, there was another objector.

The second objector, Tom.

THOMAS R. CHURCHELOW, ESQ.: Chairman, Governor, members of the Committee; Tom Churchelow, New Jersey Utilities Association.

As many of you know, we're the statewide trade association for New Jersey's investor-owned utilities. Here, today, I'm speaking specifically on behalf of our electric distribution company members. And, I want to be very clear at the outset that we are all in and in favor of the rapid deployment of energy storage. We support the goals of the energy master plan, we supported on the record the Clean Energy Act. Just some technical issues with respect-- And I should say also, our companies have filings in place or plan to have filings in place to bring about energy-storage initiatives.

Just some technical issues with the Bill that we'd like to discuss further with you. So, just, as a formality, we are opposed to the Bill on the record, as it is written. I'll bring up a couple of items today. One is a possible scenario we could see a cost shift to non-participating customers, because we could envision a scenario, theoretically, under the Bill where you have a storage device -- customers with devices storing energy during off-peak hours selling it back into the wholesale market during peak hours, getting kind of a double incentive, and that's going to be subsidized, potentially, by non-participating customers.

As utilities, we would like to see a little bit more belt suspenders, a definitive and timely -- some language to provide for definitive, timely cost recovery, because we, as utilities, are providing the incentives. There's a lot

of administration costs and work to be done to establish the program, even within the utilities, to enable us to work to bring it about.

So, those are the two highlights. There are a few other items that we may have mentioned in our written comments, and with that I would like to ask, on the record, to meet with you and some of our subject-matter experts that could speak much more conversantly than I could today.

SENATOR SMITH: All right. As we know, legislation is an evolving thing. This is not going up before June 30, so, we'll have the summer to talk about it. We'd like to hear more about what your issues are.

MR. CHURCHELOW: Great.

SENATOR SMITH: All right.

MR. CHURCHELOW: Thank you as always, Chairman.

SENATOR SMITH: Okay.

GOVERNOR CODEY: Chairman.

SENATOR SMITH: Yes, Governor.

GOVERNOR CODEY: If lobbying doesn't work out for you, you've got a great voice for radio.

MR. CHURCHELOW: Oh, thank you. I'll tell my board.

SENATOR SMITH: We do legislation and career counseling in this Committee. (laughter)

MR. CHURCHELOW: I can use all I can get; all the help I can get.

Thank you. Thank you, Governor.

SENATOR SMITH: Thank you for the comments.

Lyle Rawlings, MSSIA -- in favor.

Mr. Rawlings.

MR. RAWLINGS: Thank you, Mr. Chairman.

First, I would like to agree, in part, with the remarks of Dr. Blumenthal. Indeed, there is market revenue potential for battery projects which can offset, largely, any need for public incentives. Those are happening today, most of them.

FERC order 2222 is definitely going to enhance the ability to apply those to more projects, and the former FERC order 841 is helpful in that regard as well -- particularly the ability to have market revenue for batteries that are behind the meter. And, that's going to be important for a very, very vital class of battery projects. Battery storage is expensive, and we need a lot of it. It's not the only tool in our toolbox for making the grid reliable with lots and lots of solar and wind, but it is a key one. And, if we're going to spend the money on storage, we should have it do double duty, and, to the extent possible, use that storage for critical resiliency features where public entities and others like hospitals are able to use that storage for resiliency purposes, to be able to withstand long-term power outages like Hurricane Sandy. And, so if we could do double duty like that, it's much easier to absorb that cost.

But, as helpful as that market revenue is, it's not going to take us all the way. Indeed, to Barbara's point, there are projects that are happening now, without incentives in certain situations. But, the pace at which that's happening is not sufficient to get us to the 2,000 megawatt goal by 2030. So, incentives, at least for a time, are going to be needed. And, I think those can be refined over time, and, as market revenue proves its ability to take over, we may be able to reduce those possibly to the point of zero.

The important thing is that we need to get going ASAP, and in fact, we have suggested that perhaps the Bill could be amended with a pilot program with stipulated rates to just get started not a year and a half from now, but within months from now, with a limited program, at rates-- I mean, there was an incentive program about eight years ago. We believe that now we could chop the incentive rates from that time by two-thirds, at least, but get started on this. So, we're hopeful that that can be added.

And, part of the reason to get going is there are quite a few public projects that can provide that critical resiliency that had been waiting for this incentive program not going forward on an RFP because bidders won't know what to bid when they don't know what those incentives are going to be. So, we would request, perhaps, amendments, or in consultation with the BPU, some way to get this going quickly.

Thank you.

SENATOR SMITH: Thank you for your comments.

Last witness is Allison McLeod, New Jersey League of Conservation Voters -- in favor.

MS. McLEOD: Thank you, Mr. Chair, members of the Committee. We thank you and Senator Greenstein for your leadership on this Bill.

We support battery storage for increased stability and efficiency in the grid, especially as we're moving towards increased electrification.

One thing that we did want to note on the language in this Bill -- in Section 3C the Bill currently states, "The Board shall reserve at least one-third of the upfront incentives for customer classes or deployment scenarios that face greater economic hurdles, including, but not limited, to

low- to-moderate-income customers, customers cited in overburdened communities,” and it goes on. Specifically, we’re concerned with the “inclusion of, but not limited to,” only because we think many solar projects are able to make the case that they’re facing an economic hurdle. So, our concern is that by including the, “but limited to” language, you could potentially exclude any overburdened community or low- to-moderate-income customers from receiving an incentive. So, we would just encourage removal of the, “but not limited to.”

Thank you.

SENATOR SMITH: Thank you for your comments.

I’m not sure if your suggestion improves the situation for low- and moderate-income communities. But taking out the, “but not limited to,” we can do that, I think.

MR. GURRENTZ: I think it would limit the other projects aside from the low- and moderate-income. It might get that 33 percent, making sure that 33 percent will be designated for the low- and moderate-income, but not potentially be used for other things that she’s saying could potentially argue that they are facing economic burdens.

SENATOR SMITH: So, Joe, your opinion is that it reduces flexibility to an extent?

MR. GURRENTZ: To an extent, yes.

SENATOR SMITH: To an extent.

All right, you know what -- I’m not smart enough to figure that out right at this moment. So, we’ll have a discussion with BPU, we’ll get their opinion on it.

BPU, by the way, is in the room, but they only got comments to us yesterday, right? So, we're going to sit down and take a look at them. But the great news: Legislation is evolutionary, and some of these points are kind of like how many angels can dance on the head of a pin, they're very complicated, and you really can't figure that out at a committee meeting. Some amendments, you can, but, in this particular case, I think we have to see what the impacts are in low and moderate communities. So, we're going to take a look at it, all right, before we do anything else with it.

There's no other witnesses. Any comments from Committee members? (no response)

All right, if not, can I have a motion released from Senator Greenstein?

And, we have a second from Senator Stanfield.

Let's take a roll call and vote.

MR. HANSEN: And there are amendments.

SENATOR SMITH: And there are--

MR. HANSEN: Slight amendments.

SENATOR SMITH: --slight. Technical?

MR. HANSEN: Not technical, but clarification.

SENATOR SMITH: Clarification amendments.

MR. HANSEN: The amendments clarify that the definition of *energy storage system* would include batteries, pumps, hydroelectric, compressed air, flywheels, and hydrogen production storage or fuel cell systems, provided that the hydrogen is produced through electrolysis using electricity from a renewable source.

SENATOR SMITH: It sounds like a good amendment to me.

Anything else? (no response)

Then we have a motion and a second. Let's take a roll call on release -- as amended.

MR. HANSEN: Okay, on the motion to release Senate Bill 2185 with Committee amendments.

Senator Stanfield.

SENATOR STANFIELD: Yes.

MR. HANSEN: Senator Durr.

SENATOR DURR: Yes.

MR. HANSEN: Governor Codey.

GOVERNOR CODEY: Yes.

MR. HANSEN: Senator Greenstein.

SENATOR GREENSTEIN: Yes.

MR. HANSEN: And, Chairman Smith.

SENATOR SMITH: Yes.

Next bill is Senate 431, which directs the BPU to update the interconnection standards for Class I renewable energy sources and develop a fixed fee structure for interconnection costs.

So, let me put this in perspective. We've got a problem. We can't get grid-scale solar really done in this state, because in order to get it into the grid, the utility has to say, yes. Utility says, "Well, we have to evaluate this." It takes forever, and then they come up with a cost to the developer a year later. And, by the way, this is not true for all utilities, but we all know one that is particularly awful, and the net result is grid scale doesn't happen. You can't let projects sit around for years. And, we're also

trying to get an equitable structure -- capital structure -- to support any grid improvements.

Now, the grid is in trouble. We don't have the world's greatest grid. We did some improvements as a result of Superstorm Sandy, but the grid's got issues. For example, in South Jersey, most of the circuits are closed, meaning you can't add anything to the grid. You can't do renewables.

And, what this does, it does two things -- the Bill does. First is, it adopts IREC standards for interconnection. And, the reason that that's important is we currently don't have IREC standards. IREC standards are like the best practices for interconnections. So, we'd adopt that standard.

The second thing it does is that it sets a fee structure where the developer, the solar developer -- whatever the renewable system developer is -- has so much to pay for every unit of electricity that it's generating. And then it does have-- And here's where, because I want to be fully honest with everybody in the Committee, there is some subsidy from ratepayers. We asked for a calculation of what the impact was; the impact is .04 pennies, .04 pennies, per kilowatt hour. And, that money is going to upgrade the grid. So, not only that it can handle renewables, but it's a better grid. And, I can tell you now, our grid is not a thrill. Superstorm Sandy showed some of the problems, Ida is still showing us problems, and we need to invest in the grid.

So, why haven't we invested in the grid? The answer is BPU, legislature, and utilities. We're all at fault, all right, because the reason that utilities have gotten a monopoly is because they're supposed to provide electricity at the best possible cost, but in a resilient, strong grid. And how you allocate blame probably becomes on your point of view. I'll put most of

it on us, because we should have been demanding this for decades. And, our constituents want a grid that works.

Despite what Ray says, when this next storm comes, and our grid goes down, who do you think they're going to blame? They'll first blame the utility companies, but then they're coming after us, because we didn't do something about it. Utilities -- their capital incentives are, "Let's do what we need to do but let's not go crazy." And, this is not going crazy, but it's trying to have a strong grid that can handle storms and renewables. You may remember after Sandy the utilities were told, "Give us a plan to make the grid resilient." So, the utilities turned in the plan, and then the BPU reduced it. They said, "No, you need half of that." And, we're finding that these storms not only are more frequent and more intense, but they're now coming in places you never knew had a problem.

So, we need a system to change that and that system, I think -- even though I'm loath to do it, and I know many of us are loath to do it -- we've got to have a little ratepayer participation. And, I think the .04 cents per kilowatt hour is not the heavy hand of government saying death to everybody, and we don't want you to be able to pay your electric bill. The question is do you want a resilient grid or not, that's going to stand up to what's coming down the track, like a train.

So, that's what this Bill does. IREC, and a little ratepayer participation. And, also, you know, it tells the utilities, "You've got to get in there, too." I think it's a step in solving the problem.

Now, I'm almost loath to do this. We had a huge hearing the last time around. You need to be really brief, okay. Lyle, can you be really brief?

MR. RAWLINGS: Yes, uncharacteristically.

SENATOR SMITH: Okay.

MR. RAWLINGS: Yes, briefly. This Bill is sorely needed. There are, however, things we can do that won't cost \$30 million. There's low-hanging fruit that we should start implementing immediately. I've sent, to you, a description of four of those things that can be done at low or no cost. We've got to start doing those things ASAP and it may be a future bill, but there is a--

SENATOR SMITH: I think it has to be, because we're trying to be focused; we're trying to deal with the capital, but if you can say it in 60 seconds, the Committee should know what the four low-hanging fruit are, and maybe that's another bill.

What are the four low-hanging fruit?

MR. RAWLINGS: Primarily, it's updates to the regulation. These regulations came from 2020, it's a whole different world now, so we can change the regulation to allow substations to reverse flow. If there's more solar at a particular time than there is load, we should be able to push power backwards through substations. Simple -- it should be in most cases a simple change in controls.

Secondly, there's assets in place, already paid for, in the inverters that are out there. Our solar inverters have the capability to inject or absorb reactive power. This is an incredibly powerful tool for controlling voltage, and it's there. It's already built into the inverters. We should allow that to be implemented.

Third, storage. Right now, if you add storage to a solar project, it doesn't make any difference in whether you can get interconnected or not.

We need to be able to use the storage for the purpose for which its intended, and open up circuits with it.

And lastly, we can use smarts, intelligence. We now have the capability already in use all over the world, especially in the west coast in the United States, where if you're worried that a cloud is going to pass over and cover all the solar panels on a certain circuit and disrupt voltage because of a sudden change in the solar output, that can be controlled by predicting the weather. Ten minutes ahead of time, we can accurately predict now what the performance of a solar system is going to be ahead of time and ramp down slowly instead of suddenly; a simple tool that's in use all over the place.

So, these are low to no cost--

SENATOR SMITH: So, what we're going to do, we're going to do another bill, we're going to put the four low-hanging fruit in it, and try to do a bipartisan thing.

MR. RAWLINGS: Great.

SENATOR SMITH: But, we've got to get this going, if you know what I'm saying.

All right, thank you.

MR. RAWLINGS: Thank you.

SENATOR SMITH: Allison McLeod, New Jersey League of Conversation Voters, who has promised to be brief -- in favor.

MS. McLEOD: Thank you, and very briefly, we support the Bill because we believe it's unrealistic to expect a new user to assume the cost of interconnection. So, we think that distributing it is more fair and equitable. And, given some other comments, just given the time, we'll send you those in writing.

Thank you.

SENATOR SMITH: Thank you.

Doug O'Malley, Environment New Jersey, in favor -- who promised to be brief.

MR. O'MALLEY: Mr. Chairman, if brevity was the soul of wit, this Committee obviously would not be funny. That being said, I will try to be hilarious.

But simply, just saying that I believe you have circulated the book *The Grid: The Fraying Infrastructure of America's Energy System*. If members of the Committee haven't seen that, that's great bedtime reading. Because clean energy -- and really any energy -- does not work if we don't have a way to connect to the grid, and, there are portions of this state, especially South Jersey and Central Jersey, that are being deprived the ability to expand clean energy.

Thank you so much, Mr. Chairman.

SENATOR SMITH: Thank you, Doug.

For the record, Doug Hritz for Scott -- I'm not sure what it is. I'm sorry, Scott Elias of Solar Energy Industries Association -- in favor, no need to testify. Doug Hritz for Kaitlin Hollinger of BlueWave -- in favor, no need to testify. Doug Hritz for Leslie Elder, Coalition for Community Solar Access -- in favor, no need to testify. Doug, are you going to be multi-billing today? Is everybody getting a bill for your appearance today?

Cogentrix -- in favor, no need to testify. Ben Graziano, State Street Associates -- in favor, but seeking amendments.

All right, Ben. Be brief, please.

BEN GRAZIANO: Very brief.

I saw they did make -- there is going to be an amendment that gives the Bill a little bit of teeth to allow BPU to go after utilities that don't comply. I do think--

SENATOR SMITH: We put it in, I believe.

MR. GRAZIANO: You did. I'd just like to see-- Make sure it's non bypass-able, so they can't just claim it as a rate, or you know, if there is a penalty, they just can't put it back on the right (indiscernible).

And then second, we'd like to see a clear-- The Bill talks about anything 10 kilowatts or less for the strict fixed-price structure. We'd like to see a fixed-price structure for a larger scale. You know, 10 plus, 10 kilowatts plus. There's no set number; it kind of gives that discretion to the Board, makes it a little for the commercial guys -- it makes it a little hard or difficult.

SENATOR SMITH: Have you dealt with our Board of Public Utilities?

MR. GRAZIANO: Sometimes.

SENATOR SMITH: It's very hard to tell them, "This is the number."

MR. GRAZIANO: I understand.

SENATOR SMITH: They feel very unloved if we do that.

MR. GRAZIANO: And they would just be limited--

SENATOR SMITH: And they may advise the Governor not to sign it.

MR. GRAZIANO: It would be limited just to the first three years of the program. For the 10 kilowatts or less.

SENATOR SMITH: We'll take it under consideration.

MR. GRAZIANO: Thank you. I did send everything to--

SENATOR SMITH: The penalty thing, though, is in.

MR. GRAZIANO: Thank you, I appreciate it.

SENATOR SMITH: Okay, Ben is our last speaker. And we do have amendments.

Eric, would you describe them for the members.

MR. HANSEN: The amendments direct the BPU to establish provisions in the interconnection standard, which provide for greater enforceability of interconnection timelines promulgated by electric utilities, and the amendments make technical changes to the Bill's language.

SENATOR SMITH: So, you got pretty much an all in favor group of witnesses, and at least one amendment that was requested is in it. And Lyle's four low-hanging fruit we're going to get in a different Bill.

Motion released by Senator Greenstein, second by Senator Stanfield.

Let's take a roll call on the release of Senate Bill 431.

MR. HANSEN: On the motion to release Senate Bill 431 with Committee amendments.

Senator Stanfield.

SENATOR STANFIELD: Yes.

MR. HANSEN: Senator Durr.

SENATOR DURR: I am going to vote no on this one.

As much as I agree we need infrastructure, to me it looks like another tax on the citizens. It's something they don't need.

MR. HANSEN: Okay.

Governor Codey.

GOVERNOR CODEY: Yes.

MR. HANSEN: Senator Greenstein.

SENATOR GREENSTEIN: Yes.

MR. HANSEN: And, Chairman Smith.

SENATOR SMITH: Yes.

The Bill is released 4-1.

Our last bill of the day is Senate Bill 439, directing the BPU to establish a process to maintain supply and demand for the solar renewable energy certificates.

This is very controversial with the BPU, let me just start with that. We may be trying to push a rock up a hill, but we're going to hear a little bit more about it. We did have a prior hearing, we're going to hear a little bit more.

For the record, Doug Hritz for Scott Elias, Solar Energy Associates -- in favor, no need to testify. Cogentrix -- in favor, no need to testify. Ray Cantor, NJBIA -- must be very good for business. In favor, no need to testify. Gabel Associates, very well-known energy consulting firm -- in favor, no need to testify. KDC Solar, Tom Lynch -- in favor, no need to testify. Somerset County Improvement Authority -- in favor, no need to testify. True Green Capital, Don Lepore -- in favor, no need to testify. Morris County Improvement Authority -- in favor, no need to testify.

Okay, let's start with Larry Barth, New Jersey Resources -- in favor. Larry.

By the way, we're going to -- I'm touring your facility tomorrow, right?

LARRY BARTH: Yes, I hope so.

SENATOR SMITH: So listen, everybody's invited. If you have a Friday afternoon -- what time is it again?

MR. BARTH: 1:00 p.m.

SENATOR SMITH: 1:00 p.m. And, what am I going to see, Larry?

MR. BARTH: You're going to see a green hydrogen facility powered by solar, putting clean hydrogen into gas pipelines.

SENATOR SMITH: So, if anybody's interested, just let Larry know. I'll get you directions. It's in Farmingdale.

MR. BARTH: Howell, New Jersey, near Farmingdale -- yes.

SENATOR SMITH: And, it's no longer than an hour.

MR. BARTH: No, no longer than an hour.

SENATOR SMITH: All right, Larry from New Jersey Resources -- in favor. Talk to us about the Bill.

MR. BARTH: Let me just thank you, Mr. Chairman, thank you to the senators for supporting this Bill. It's important. I talked about that last time in my testimony, so I won't repeat it. But, two things I'd like you to know today.

One is that what this does is it brings New Jersey into compliance with some best practices in other clean energy regions. Other regions like New York, Massachusetts, other environmental markets -- carbon markets in the EU Regie -- where the common denominator is all of these markets have adopted structures where there is a policy goal of a balanced market, balanced between supply and demand to make these markets function properly. There's an institutional accountability for achieving that, and there are also tools and mechanisms that are developed. That's exactly what is in this Bill,

so, New Jersey is now coming into compliance with some of these other best-practice regions, as I define it.

The other thing to note here is that we do appreciate-- This Bill is a process bill, it asks the BPU to engage in a stakeholder process to develop a mechanism to keep supply and demand in balance. We appreciate that BPU has a lot on their plate right now, a lot of important things. We also acknowledge the work that they've done so far in this solar market transition, and some of the success and accomplishments that have happened.

So, we know this is an additional to-do for them, but, we're fairly confident that if we put it in good faith and with a little bit of focus, this can be done pretty quickly and we can come up with something that's simple; effective; easy to understand; meets all the solar market transition principles which were outlined by the administration and the BPU; and gets the job done.

So, we look forward to engaging with the BPU, and this legislation is really important to keeping that process and that conversation going.

So, thank you very much.

SENATOR SMITH: Thank you.

Okay, different point of view.

Barbara Blumenthal from New Jersey Conservation Foundation
-- opposed.

DR. BLUMENTHAL: Thank you.

My name is Barbara Blumenthal, I am speaking for New Jersey Conservation Foundation.

I first want to thank Senator Smith and this Committee for the hard work you've done over the years on New Jersey solar and for ending the SREC program. And now, for this final effort to resolve end-of-program challenges.

We're concerned that the Bill appears to have a lopsided purpose, which is to protect SREC holders from low SREC prices. It offers no such protection to ratepayers to protect against SREC prices trading at high levels. So, it's important to state that this Bill, in our view, has no impact on the ability of the State to achieve its climate goals. What happens to SREC prices over the next 11 years doesn't impact New Jersey meeting its RPS targets, and has no impact on investor confidence in the new solar development, so, this is a separate issue unconnected to climate.

Simply put, this Bill, as drafted, enables a transfer of wealth from the pockets of New Jersey consumers to SREC holders. In 2021, the cost of electricity to all New Jersey consumers was about \$10 billion. In 2021, ratepayers spent 9 percent of those total costs -- \$880 million on SRECs. Nine percent of the total cost of delivering electricity. The substantial price tag is due in part to high SREC prices, which have traded above \$220 for the past four years. To put that in perspective, how much is enough? How do you know? How much do you need, what should SREC prices be trading for? Well, there is no should. It's a market, it goes up and down.

But, a project developed a few years ago under the SREC program would still be getting today \$220 for every unit of electricity, and then today's solar program, it gets \$90. Developers came forward in 2021, and applied to develop solar for \$90. And, a project developed just a few years ago is still getting \$220.

I think that indicates -- it's safe to say that most holders of SRECs, of projects that were built in the last few years, are earning excess returns. They're earning high profits. So, I think that's an important backdrop to decide what should we do next. So, how do you balance the desire to reduce or moderate electric costs and rates for consumers against the desire to support higher prices for SREC holders?

We have a suggestion for the Committee to consider. This legislation could reduce the SACP -- that's the upper limit on SREC prices -- which descends from \$238 to \$228 to \$218 every year for the next 11 years. It can reduce that to 60 percent of its current value in this legislation. That one change alone would save the entire class of ratepayers -- all of us -- 3 percent next year on our electric bills. So, by locking in some ratepayer protection against high SREC prices, this Bill could become a vehicle for BPU to then assess and address the end of the SREC program, balance supply and demand, so that the prices do not collapse, but it would be at least a quid pro quo -- an exchange for protecting SREC holders against price collapse. There could be protections for consumers. And, that could be done easily in this legislation and be in effect very quickly.

So, we oppose this Bill as currently drafted.

SENATOR DURR: Excuse me.

Would you say that in its current form, it would cost taxpayers more on their electric bill?

DR. BLUMENTHAL: The point of the Bill is to increase-- This isn't-- It was interesting that Larry Barth talked about a market -- this isn't really a market, because there's no new supply. Supply and demand can

balance each other. This is a closed market, the only thing you can manipulate is demand.

So, anytime that you add demand to the current supply -- add demand without changing supply, you've put upward pressure on prices. So, it lifts-- It puts upward pressure, who knows where it will sit. We know in theory, a market like this that's closed should either trade very high near the cap, or near the zero. That's what should happen when you have a vertical demand curve, which this market does.

So, it is currently trading above 90 percent of SACP. Nobody ever predicted that that would happen. And, I think this Bill as it's currently written puts its thumb on the scale, directing BPU to maintain something close to what is have averaged-- Anyway. We could have a longer discussion about how all this happened, but does that answer your question?

SENATOR DURR: I think so.

GOVERNOR CODEY: Well, what's its average?

DR. BLUMENTHAL: The average of SREC prices over history? It bounced from very low-- Let's say over the last six, seven years.

In 2017, SREC prices went down to \$170. Lyle and others -- Lyle was my hero back in 2017 because he pointed out some of the flaws in the SREC program that were leading to conditions of oversupplying, which was forcing down SREC prices. So, the reason that prices then went back up in 2018 and have stayed there ever since is because in the Clean Energy Act, the solution whenever those prices begin to fall and it's at risk of collapsing, the solution is to increase quantity.

Again, when the program is open, you can increase demand and then sort of suck up or soak up the excess supply that was coming online. So,

that's why prices went up. The Clean Energy Act added 50 percent more megawatt hours under the SREC program. It was a massive increase and that's what led to higher prices. And, that's been staying there ever since. And, now it's closed.

You can't think of this as a market because it isn't anymore. It's a simple manipulation, and the question is what is an appropriate level of prices for both ratepayers and holders of SRECs.

GOVERNOR CODEY: Well, what do you think is an appropriate price?

DR. BLUMENTHAL: I think dropping the SACP to 60 percent of where it is today provides a nice, fixed upper limit on the total cost to ratepayers and would affect electric bills next year by 3 percent. My math, using the BPU cost tool, is that it would be about a 3-percent reduction. Which is important, and that's not de minimis.

GOVERNOR CODEY: And I know what that word means.
Chairman.

SENATOR SMITH: Yes.

GOVERNOR CODEY: Would you agree with her on that 3 percent?

SENATOR SMITH: No, but I will tell you this. I think there's a statistic that is not being considered by anybody.

What do you think has happened to New Jersey electricity rates from 2007 to 2022? It's basically the same, 13 cents per kilowatt hour. And what I hear -- and it's not from Barbara, and Steve used to bust my chops about it. Solar -- switching to solar. We're now on about that 5 percent rate;

we have subsidized it because we're concerned about the future and that we need renewables. But, you haven't seen an increase in electricity rates.

Rutgers University -- Joey, I'll show you the stats -- from 2007 to 2022. [phone rings]

It's the Senate President, excuse me.

Sorry, that's the one call you gotta -- my wife, and the Senate President. Those are the calls you have to take.

But, anyway, I think that number is amazing. Because, yes, we have made a policy decision to significantly subsidize the solar industry. And, like I said, Steve used to bust my chops about it saying that the solar industry was being subsidized to the tune of \$600 or \$800 million a year?

DR. BLUMENTHAL: \$880 in 2021.

SENATOR SMITH: All right, very significant. Hey, let's have cheaper everything. The problem is you're about to become bacon if we don't get the switch to renewable done; we don't stop using fossil fuels in our cars. We're going to be fried.

I mean, when Ray said today, "You can go a little slower." You can't go a little slower. I mean, really. Give everybody the reference of the *New York Times*, the entire section. It was the most fascinating article you may ever want to read on the topic. But, it basically says we're fried, all right, and it's by numerous experts. It goes back to the moment we could have turned it around. You've got to see it.

So when Barbara says, "You know what? We could make this even cheaper," or the ratepayer advocate comes in and says, "We can make this cheaper." If you don't use the-- If you're not raising rates on people, and that's what Rutgers says -- 2007 to 2022, on average 13 cents a kilowatt

hour, shouldn't you be putting those resources and trying to make our energy supply renewable to get away from the fossil fuels?

DR. BLUMENTHAL: We completely agree with you--

SENATOR SMITH: I hope--

DR. BLUMENTHAL: --And the SRECs, we're talking about projects that are already on the ground, they were built 3 years ago or 10 years ago. So, it's not about reducing emissions at this point, it's about a transfer of wealth potentially from ratepayers to SREC holders. That's all this is about.

SENATOR SMITH: The argument -- part of the argument -- is you're partially right. I think it also encourages new development to some extent, but there were promises made. When the solar developers invested in their capital cost, buying land and doing solar, there was a cost. And, the State said, "We're going to provide a subsidy to you for a certain period of time at a certain level," and now we're saying, "Maybe our promises aren't promises."

DR. BLUMENTHAL: That's why the new solar program that you helped, when you ended the SREC programs--

SENATOR SMITH: Right, which, in an earlier bill we pointed out they're not doing. TRECs aren't being done. They said no, they're saying no to just about everybody. Pandemic to the contrary notwithstanding -- we're not keeping that promise either. And that's the problem. If you want renewables, you've got to work to get them. And, we, as a State -- so, we're at 5 percent -- we as a State have failed miserably. Even though compared to other states we've done good, we're still in the process of going to the fryer. It's coming.

And, I don't want to be a religious zealot anymore, but we're in bad shape. Forgive me for proselytizing.

Any other comments, Barbara?

DR. BLUMENTHAL: No.

SENATOR SMITH: Okay, thank you--

GOVERNOR CODEY: Chairman, I just wanted to--

SENATOR SMITH: Yes, Governor.

GOVERNOR CODEY: You got on him so bad Ray has left the room.

SENATOR SMITH: Oh, man. I don't want to scare him away.

So, these are done, right? Okay.

Seeking amendments, Debra Coyle, New Jersey Work Environment Council.

Ms. Coyle, are you here?

DEBRA COYLE: Good afternoon.

I am here, actually, to talk about the bill for discussion. And the slip that you should have there should be no amendments and just support.

SENATOR SMITH: Okay. You're a little -- actually the slip was given to me in error. Save your comments until we get to that bill.

MS. COYLE: Love to.

SENATOR SMITH: That's all right.

Okay. Bring back Lyle for S439 -- in favor.

MR. RAWLINGS: I'll be brief again.

I do appreciate Dr. Blumenthal's comments. MSSIA fought against the SREC framework before it was even born in 2003 and 2004, and fought it every year since then until success in 2018 with the Clean Energy

Act. But, you're right in saying that it's important to keep promises, President (indiscernible) when he took the order to close the program, said twice, and I quote, "The BPU is committed to maintaining a stable and orderly SREC market." And this is about keeping that promise. Those -- most of those projects are in okay shape. Some of them, many projects -- especially earlier, before 2013 according to our study -- are already impaired in terms of their rate of return, they're underwater. Others are in okay shape.

But as Dr. Blumenthal pointed out, this is a binary market. It's either up close to the SACP or it goes down close to zero. And, the problem is not today, it's a few years from now, around 2025, 2026, when the prediction -- because everything as Barbara said is set in stone at this point. The prediction is that the market would become critically oversupplied, and would be likely to crash down to that near-zero point, and then those projects will be critically impaired and truly harmed, and that's why this Bill is necessary.

SENATOR SMITH: That may be the shortest statement you've ever made.

MR. RAWLINGS: I'll work on that.

SENATOR SMITH: Good work.

Doug O'Malley -- in favor, Environment New Jersey.

MR. O'MALLEY: No need to testify, Mr. Chairman.

SENATOR SMITH: Okay.

So, any comments from members? (no response)

A motion released by--

GOVERNOR CODEY: So moved--

SENATOR SMITH: --Governor Codey. Second by Senator Greenstein.

Let's take a roll call on 439.

MR. HANSEN: On the motion to release Senate Bill number 439.

Senator Stanfield.

SENATOR STANFIELD: Yes.

MR. HANSEN: Senator Durr.

SENATOR DURR: I'm going to vote no again. I just think some things can be changed.

MR. HANSEN: Governor Codey.

GOVERNOR CODEY: Yes.

MR. HANSEN: Senator Greenstein.

SENATOR GREENSTEIN: Yes.

MR. HANSEN: And, Chairman Smith.

SENATOR SMITH: And, the Bill is released 4-1.

And, our last item of business today, for discussion only, is S2739. And, for anybody who is here for it, the plan is -- unless something really jumps out of the woodwork -- we're trying to get this on the Monday agenda.

We have a June 13 hearing with a very interesting agenda. But, what you should know about this, this is Senator Pou's bill. Senator Pou is the prime sponsor because of the Qualco Chemical Plant fire on January 31 of this year. It burned 100,000 pounds of chlorine; 200 firefighters worked for three days to put out the blaze. And, what this bill does is to change the

right, the Worker and Community Right to Know act, so there is a consequence analysis.

Usually with Community Right to Know -- and I was around for it, I think it was a Byron Baer Bill. Under the existing law, you're supposed to tell what chemicals are there. But, you don't necessarily have to say what's the worst-case scenario if the thing blows up, or if there's some other problem. So, this is going to expand what the company has to say to the community so that people are better prepared for it.

So, we have two witnesses. We have Eric DeGesero, Fuel Merchants, seeking an amendment. Eric, I think we already did it, but please ask.

ERIC DeGESERO: It's always nice to push on an open door, Senator.

Good morning, or good afternoon; Eric DeGesero on behalf of the Fuel Merchants Association of New Jersey.

Our only comment relative to the Bill is concern that the small business owner can continue to submit the Community Right to Know form on their own. It's now done electronically. The specific concern is that we do not want the consequence analysis to have to be performed by a licensed professional. We want to be able to do the survey on our own. There is nothing in the Bill that says it has to be done by a professional, but the concern is because there is a permissive aspect allowing the DEP to adopt regulations if they want, that it could happen in the course of regulations. And, I had a conversation with Senator Pou, Mr. Chairman.

SENATOR SMITH: Right. And you were kind enough, courteous enough to call us about this. We've run it up the flagpole. We

think it's okay, but we're okay with your comments about who should be preparing it. But, there will be a standard form, a standardized checklist, whatever, of what has to be included.

So, your guys are going to--

MR. DeGESERO: We do that already.

SENATOR SMITH: --Certify this as true as long as you fill out the form or provide the information, I don't think we have a problem. We're good on this.

MR. DeGESERO: I would just -- I thank you and Senator Pou, Mr. Chairman, and I'm just reserving until I see the actual language, but thank you for agreeing. I think we're in agreement conceptually, it's just the devil in the details.

Thank you.

SENATOR SMITH: And then second witness, Debra Coyle, New Jersey Work Environment Council, who we called up prematurely. You're in favor with amendments, and we'd like to know what you'd like to see, Debra.

MS. COYLE: Hi; good afternoon, take two.

So, I really want to applaud the attempt of this Bill, and it's something that is consistent with the Community Right to Know Act, and work that my organization has done since 1986. We were instrumental in getting the Right to Know Act passed, and believe that information needs to be out there for communities and for workers, and we work with frontline workers and unions and community organizations, and we continue to work on toxics issues.

In fact, we're about to release a report looking at TCEPA facilities looking at offsite consequence analysis data that's available in EPA reading rooms. So, really, the overall intent of the Bill we completely support, but we do have some specific concerns around the Bill's language, including how to best address greatest risk from the release of hazardous substances facing New Jersey, looking at the agency that's responsible to be reviewing the plans.

So, I think there's some technical pieces that we have concerns with and would just like the opportunity to meet with the sponsor and discuss them specifically.

SENATOR SMITH: So, do us a favor.

MS. COYLE: Yes.

SENATOR SMITH: E-mail everything to Mr. Gurrentz, our Committee Aide, and we'll take a look at them with Senator Pou.

It sounds like you're not talking about changing the intent, but you might have some specifics. We'd like to see it and probably this isn't the best forum to do that, but we can amend the Bill on the floor. I'm not sure if it goes to appropriations or not -- we're not sure of that, but even if it goes to the floor, we can do amendments on the floor.

MS. COYLE: Great.

SENATOR SMITH: So, we'd like to see what you're suggesting, the specifics, if that would be okay with you.

MS. COYLE: Absolutely.

Thank you so much.

SENATOR SMITH: All right. And we're going to record you in favor -- New Jersey Work Environment Council in favor, on the blind faith that we're not going to have a problem with your amendments, all right.

And, that's the end of our witnesses on this Bill. Any discussion?

Yes sir, Governor.

GOVERNOR CODEY: Motion to move.

SENATOR SMITH: Oh, motion to release? It's just discussion. We're probably going to carry this to Monday, all right, and maybe by the end of the week we could check out the amendments and see the merit of them.

Well, I have great news for you. We're done.

Meeting is adjourned.

(MEETING CONCLUDED)