



April 9, 2010

The Honorable Chris Christie, Governor
State of New Jersey
Office of the Governor
P.O. Box 001
Trenton, NJ 08625

Dear Governor Christie,

On behalf of Northeast Energy Efficiency Partnerships (NEEP), I write to urge you to reconsider your decision to apply monies from the ratepayer-funded Clean Energy Program budget to the state's general budget.

NEEP is a regional nonprofit that promotes the efficient use of energy in homes, buildings and industry in the Northeast. We advance cutting-edge products and practices through coordinated, whole-building efficiency programs and policies. We do this work because saving energy creates a stronger economy, a cleaner environment and a more reliable and affordable energy system.

As you may be aware, NEEP is also the organization that the Bureau of Public Utilities commissioned to deliver a report on strategies for employing energy efficiency to deliver on the state's 2020 Energy Master Plan goals. When we presented that report to the Board one year ago, we were encouraged by the commitments of the former governor, the Board and the many stakeholders who recognized the value of energy efficiency to New Jersey's businesses, residents and future.

That encouragement has turned to disappointment upon hearing of your intent to divert \$158 million of the Clean Energy Program's (CEP) budget to the general state budget.

While we are quite aware of the state's budgetary plight, we must point out the irreparable harm to the state's economy, environment and energy system that will result from this short-sighted budget maneuver. We ask you to consider the following:

- The Clean Energy Programs are **paid for by New Jersey ratepayers**— residential and commercial— with the expressed intent of helping the state's energy consumers save money by installing energy savings measures in their homes and businesses. **These are not taxpayer dollars.**
- Diverting these monies to the general state budget would amount to **an extra tax on the state's electric and gas customers.** The citizens of New Jersey should understand that what is being asked of them is to shoulder a **significant new tax burden without any direct benefit**, as they would receive through participation in the Clean Energy Programs.



- **This maneuver will cost New Jersey jobs.** According to a [study](#)¹ by the Pew Charitable Trusts, New Jersey ranks among the top 10 states nationally for jobs in the clean energy economy, in clean technology venture capital funding and in clean technology patents. Although the state's overall jobs rate fell between 1998 and 2007, New Jersey was poised to see a growth trend in the clean energy sector, thanks to policy commitments that would have increased the state's renewable energy goal from 22.5 percent to 30 percent by 2020, while also saving 20 percent of energy through efficiency over the same time period.

But by gutting the Clean Energy Programs, New Jersey will lose those jobs that would have helped grow the state's economy. Instead, those jobs will migrate to New York, Massachusetts, Rhode Island, Maryland, Pennsylvania and Vermont— states that have not only set aggressive new energy savings goals, but have secured the funding for energy efficiency and clean energy programs that will generate those jobs.

- **Diverting Clean Energy Program funding to the state's general budget will cost New Jersey taxpayers millions of dollars more.** The state's energy needs must be met one way or another. Decimating the budget of the Clean Energy Program will guarantee that the state will choose the more costly and polluting option for meeting its energy needs. As NEEP's report showed, achieving the goals of the state's Energy Master Plan would save New Jersey consumers \$17 billion through energy efficiency improvements.

In fact, the benefits of energy efficiency would exceed its costs by some *260 percent*. Put another way, efficiency can meet the state's resource needs at rates between 3 and 5 cents per kilowatt hour, versus electricity supply, which can cost up to five times as much. Those savings improve the operating margins of the state's businesses, add disposable income to consumers' pockets, and help grow the state's economy.

- Energy efficiency and clean energy helped the state lower peak demand by 9 percent in 2009 over 2008. By gutting the Clean Energy Programs, the **increased strain on the region's electricity grid** will affect more than just New Jersey, but every state in the PJM Interconnection, and could easily lead to higher energy prices due to the need for costly—and politically unpopular— new transmission infrastructure.
- The decision to divert the Clean Energy Program funds will cause **irreparable harm to the state's environment**. Since energy resource needs won't be met through energy efficiency, more dirty generation will be required, meaning more harmful emissions of carbon dioxide, nitrogen oxide and sulfur dioxides, as well as other pollutants. This will also harm the state's ability to hit goals committed to under the Regional Greenhouse Gas Initiative (RGGI).
- Such a move sets a very bad precedent for New Jersey, and appears to violate commitments to the federal government made in return for funding under the American Recovery and Reinvestment Act of 2009 (ARRA). New Jersey has received some \$73,643,000 in State Energy Program funds under ARRA. Pursuant to Section 410 of the Act, in February 2009 the Governor of New Jersey issued a letter of assurances

¹ Read the Pew study at: http://www.pewtrusts.org/news_room_detail.aspx?id=53254



to U.S. Secretary of Energy Stephen Chu. The letter is attached for your reference, and we call to your attention point 3(A) particularly, where the state assured the secretary that these federal dollars would be used to support **“the expansion of existing energy efficiency programs.”** Such a significant raid of ratepayer funds and resulting Clean Energy Program contraction as proposed by your administration violates not only the spirit of this agreement with the federal government, but the letter of this promise as well.

In addition to taking Clean Energy Funds, we are extremely concerned about the move to take up to \$65 million in RGGI proceeds intended to fund efficiency and renewable energy projects in New Jersey. Again, we respectfully remind you that this will be yet another burden on ratepayers. The increased energy costs from RGGI’s carbon auction are passed along to electric customers with the understanding that proceeds will be used to deliver clean energy solutions for the state’s residents and businesses.

Your supplemental budget also proposes taking \$128 million in ratepayer monies from the Retail Margin Fund. This fund helps large businesses and institutions reduce energy demand through combined heat and power production, energy efficiency projects and programs promoting renewable energy, and the taking of funds will halt a number of major projects already planned.

Because these decisions are apparently being made on economic grounds, we would respectfully submit to you that these cuts will, in fact, have dire economic consequences on the state.

NEEP is very able and willing to work with your administration in any way we can to secure a better energy future for the people of New Jersey. Economic growth, environmental protection and the future of the state depend on maintaining fully funded Clean Energy Programs.

Sincerely,

A handwritten signature in black ink that reads "Susan E. Coakley".

Susan Coakley,
Executive Director

CC:

Lee Solomon, President of the New Jersey Bureau of Public Utilities
Gina McCarthy, Assistant Administrator, Office of Air and Radiation at EPA
Cathy Zoi, Assistant Secretary of Energy Efficiency and Renewable Energy at DOE
Jonathan Schrag, Executive Director of the Regional Greenhouse Gas Initiative

Attachment: Letter from Governor Corzine to Secretary Chu regarding State Energy Program assurances dated 2/27/09.



STATE OF NEW JERSEY
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JON S. CORZINE
GOVERNOR

February 27, 2009

The Honorable Steven Chu
Secretary
United States Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: State Energy Program Assurances

Dear Secretary Chu:

Pursuant to Section 410 of the American Recovery and Reinvestment Act of 2009, H.R. 1, I am hereby notifying you that I have obtained the following assurances:

1. The New Jersey Board of Public Utilities, which is the New Jersey regulatory agency with ratemaking authority over electric and gas public utilities, has assured me that it will seek to implement, in appropriate proceedings for each electric and gas public utility, a general policy that aligns utility financial incentives with helping their customers use energy more efficiently, that provides timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, and that does so in a way that sustains or enhances utility customers' incentives to use energy more efficiently.

2. The State of New Jersey, through the Commissioner of the Department of Community Affairs, which is the New Jersey agency with authority to adopt building codes, will implement the following through the energy subcode of the New Jersey Uniform Construction Code:

(A) A building energy code (or codes) for residential buildings that meets or exceeds the most recently published International Energy Conservation Code, or achieves equivalent or greater energy savings;

The Honorable Steven Chu
February 27, 2009
Page 2

(B) A building energy code (or codes) for commercial buildings throughout the State that meets or exceeds the ANSI/ASHRAE/IESNA Standard 90.1-2007, or achieves equivalent or greater energy savings; and

(C) A plan for achieving compliance throughout the State of New Jersey with the building energy code or codes described in subparagraphs (A) and (B) within 8 years of the date of enactment of the American Recovery and Reinvestment Act of 2009 in at least 90 percent of new and renovated residential and commercial building space. The plan will include active training and enforcement programs and measurement of the rate of compliance each year.

3. With respect to the additional grants under part D of title III of the Energy Policy and Conservation Act (42 U.S.C. 6321, et seq.), from amounts appropriated under the heading "Department of Energy—Energy Programs—Energy Efficiency and Renewable Energy" in Title IV of the American Recovery and Reinvestment Act of 2009, New Jersey will to the extent practicable prioritize the grants toward funding energy efficiency and renewable energy programs, including:

(A) the expansion of existing energy efficiency programs approved by the State or the appropriate regulatory authority, including energy efficiency retrofits of buildings and industrial facilities, that are funded by the State, or that are funded through rates under the oversight of the New Jersey Board of Public Utilities, to the extent applicable;

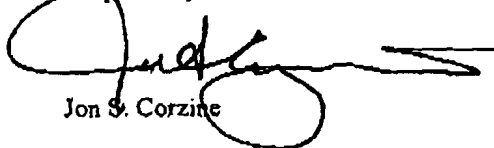
(B) the expansion of existing programs, approved by the State or by the New Jersey Board of Public Utilities, to support renewable energy projects and deployment activities, including programs operated by entities which have the authority and capability to manage and distribute grants, loans, performance incentives, and other forms of financial assistance; and

(C) cooperation and joint activities between States to advance more efficient and effective use of this funding to support the priorities described in this paragraph.

Our State is committed to a robust improvement in energy efficiency and renewable energy, as well as a balanced State energy policy. I want to assure you that, within the limits of my authority, we will move forward in these critical areas.

We look forward to the distribution of the Federal State Energy Program funds to further progress in New Jersey on energy efficiency and renewable energy.

Respectfully submitted,



Jon S. Corzine

The Honorable Steven Chu
February 27, 2009
Page 3

cc: Mr. Gil Sperling
Director, Office of Weatherization and Intergovernmental Programs
U.S. Department of Energy
Ms. Jeanne M. Fox
President, Board of Public Utilities
Mr. David Terry
Executive Director, National Association of State Energy Officials