

Living in a Carbon-Constrained World

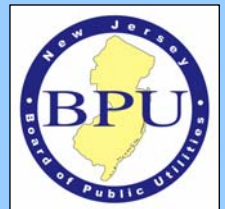
The Regional Greenhouse Gas Initiative

Presented by:

Jeanne M. Fox, President, NJBPU

Pew Center on Global Climate Change

Washington D.C., October 10, 2006

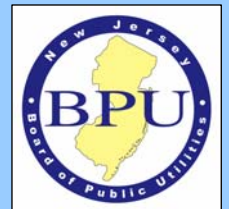


RGGI

An Environmental and Economic Response to the Reality of Climate Change

"I recognize that the surface of the earth is warmer and that an increase in greenhouse gases caused by humans is contributing to the problem."

*President George W. Bush
New York Times, July 2005*

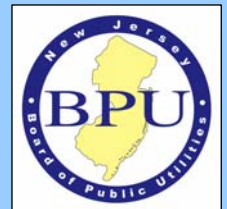


Effect of Climate Change on New Jersey

- Direct impact on NJ coast
- 3% of NJ land -- submerged in next century
- 6.5 to 9% episodic flooding

NJ's Energy Picture

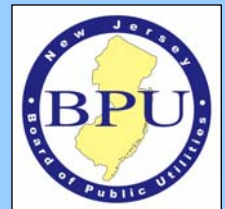
- Energy demand has grown 3X faster than population in last 10 years
- Use of electricity projected to grow 25% in next 15 years





Post-Katrina Flooding

Risks of doing nothing overwhelms other considerations.
Cost of doing nothing – astronomical!





New Jersey -- Leadership on Energy

Transform energy marketplace toward

more RE and EE technologies

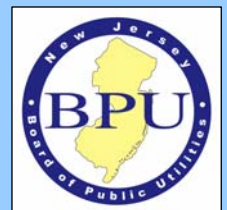
Information & financial incentives

Help New Jerseyans –

Reduce energy use

Lower costs

Help environment





Energy Efficiency

On National Level

National Action Plan on Energy Efficiency

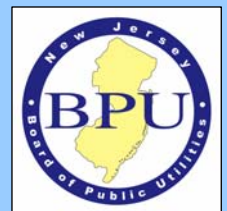
On State Level

Energy costs saved in NJ

Over \$2B over next 15 years

Energy Assistance Programs

- Online Home Energy Audits
- Rebates and incentives
- EnergyStar lighting/appliances
- Energy Assistance Programs

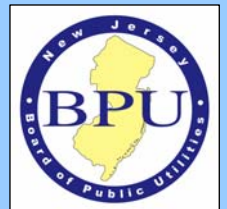


Renewable Portfolio Standards

By 2020, 20% of NJ's power must come from Class 1 renewables

Set-aside for solar

- 2% of 20% must be solar-generated
- First in nation



East Coast's First Coastal Wind Farm

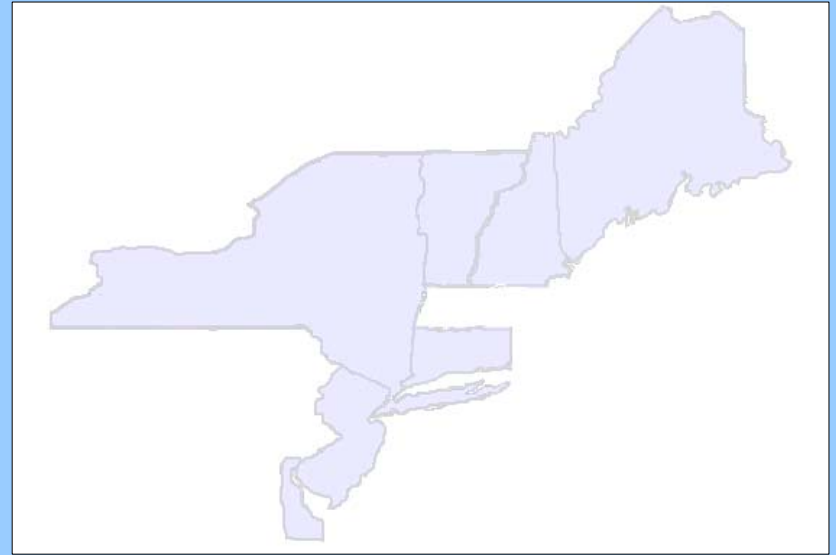
Atlantic County Utilities Authority

- Includes Solar and Landfill Gas Systems, too
- NJBPU funded \$3.5 Million of \$12 Million Project



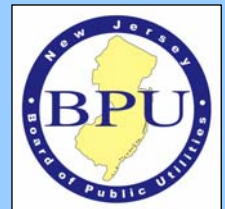
National Action Inevitable

Significant regional issues
e.g. Energy Policy Act of 2005



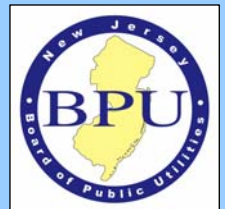
RGGI states -- ahead of curve

- 9 states negotiated; 7 signed; 1 in process
- Environmental and utility regulators
- Shapes national response
- Gain valuable economic head start



Prospects for Business?

- Economic risks
- Great opportunities
- Improves prospects for growth
- Consistent with carbon-constrained economy

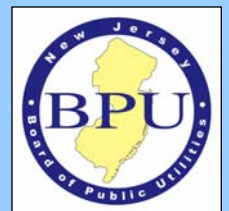


New Jersey Meadowlands



(Courtesy Duke University)

Cap-and-trade programs exist for NO_x, acid rain





Gov. Jon Corzine's Economic Growth Strategy

- Encourages innovation
- Expands workforce opportunities
- Helps ensure reliable, competitively priced energy
- Advances NJ's focus on RE and EE

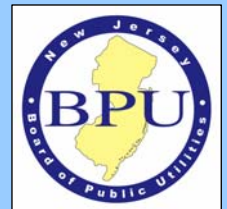
Master Plan for Energy

National model

Inter-departmental effort

Town hall meetings for public input

Short- and Long-term goals



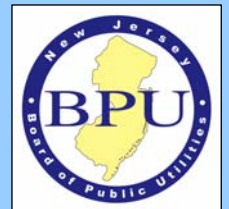


RGGI

One of many ways to
battle climate change

Complements emissions controls and other
measures

- Power plants emit approximately 33
percent of greenhouse gases





Challenges

Leakage

Increased electric production outside region

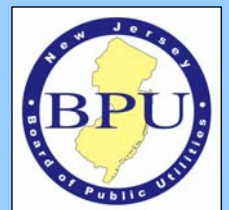
Market turns to unregulated sources for supplies

Legal questions

Inter-state commerce issues

Solutions

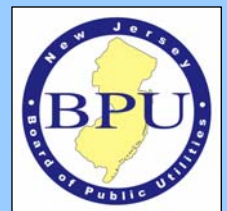
Report due December 2006 from Leakage Working Group



Key Provision

Public benefit

- At least 25% minimum of emissions allowances must benefit electricity customers
- Very important provision for NJ
- NJ likely to go beyond 25 percent
- Revenues may be used for RE/EE

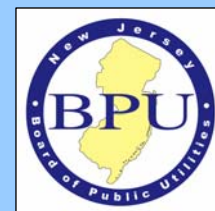




New Orleans after Katrina

RGGI A Significant Step

We can marshal national resources to adapt to global climate change, just as we accomplished The Manhattan Project



For more information

Regional Greenhouse Gas Initiative

www.rggi.org

NJ Energy Master Plan

www.nj.gov/emp

NJ Board of Public Utilities

www.bpu.state.nj.us

NJBPU Office of Clean Energy

www.njcleanenergy.com

