



Philip D. Murphy
Governor

Sheila Y. Oliver
Lt. Governor

State of New Jersey

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Bob Gordon
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Commissioner

March 22, 2023

To the Service List:

Re: Docket No. GO23020099 – In the Matter of the Implementation of Executive Order 317
Requiring the Development of Natural Gas Utility Plans

Agenda Date: March 6, 2023 – Agenda Item: 2E

Please be advised that the New Jersey Board of Public Utilities (“Board”) is re-issuing its March 6, 2023 Order in the above-referenced matter. Page two, part (b), provided, “...ensuring that gas distribution company growth assumptions and peak usage calculations factor into state decarbonization policies...” Executive Order 317 was subsequently “corrected,” and consistent with such correction, page two, part (b) of the re-issued Order now provides, “...ensuring that gas distribution company growth assumptions and peak usage calculations take into account State decarbonization policies...”

This is the only change to the above referenced Order, which will be re-distributed to the parties of record and the attached Service List.

Sincerely,

Sherri L. Golden

Sherri L. Golden
Board Secretary



Agenda Date: 3/6/23
Agenda Item: 2E

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Trenton, New Jersey 08625-0350
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ENERGY

IN THE MATTER OF THE IMPLEMENTATION OF)
EXECUTIVE ORDER 317 REQUIRING THE)
DEVELOPMENT OF NATURAL GAS UTILITY PLANS)
)
)

ORDER INITIATING A
PROCEEDING

DOCKET NO. GO23020099

Parties of Record:

Brian O. Lipman, Esq, Director, New Jersey Division of Rate Counsel
Matthew M. Weissman, Esq., Public Service Electric and Gas Company
Andrew Dembia, Esq., New Jersey Natural Gas Company
Deborah M. Franco, Esq., SJI Utilities

BY THE BOARD:

On February 15, 2023, Governor Philip D. Murphy issued Executive Order 317 (“EO 317”) wherein the Governor ordered the New Jersey Board of Public Utilities (“Board” or “BPU”) to take the following actions:¹

1. Immediately initiate a proceeding to formally engage with stakeholders concerning development of natural gas utility plans that reduce emissions from the natural gas sector to levels that are consistent with achieving the State’s 50 percent reduction in greenhouse gas emissions below 2006 levels by 2030, as directed in Executive Order No. 274 (2021) (“Proceeding”); and
2. Within 18 months from the date of EO 317, develop recommendations for how the natural gas industry can best meet these goals, considering cost and support for well-paying jobs, including union jobs, necessary to deliver on these goals.

In developing the scope of the Proceeding and the recommendations arising therefrom, EO 317 requires the Board to consult with the Governor’s Office of Climate Action and the Green

¹ All Executive Orders signed by Governor Murphy are published in the New Jersey Register and are also available online at: https://nj.gov/infobank/eo/056murphy/approved/eo_archive.shtml

Economy, the Clean Buildings Working Group, the Department of Environmental Protection, the Department of Community Affairs, the Economic Development Authority, and any other implicated state agencies. EO 317 also requires that the Board, within eighteen months of February 15, 2023, prepare a report summarizing its findings and recommendations.

DISCUSSION AND FINDINGS

Pursuant to the directives of EO 317 and in compliance therewith, the Board **HEREBY INITIATES** the Proceeding and **HEREBY DIRECTS** Staff to engage with stakeholders, via a stakeholder process, to investigate and recommend how the natural gas industry can best meet the State's 50 percent reduction in greenhouse gas emissions below 2006 levels by 2030.

In developing the scope of the Proceeding, the Board **HEREBY DIRECTS** Staff to consult with the Governor's Office of Climate Action and the Green Economy, the Clean Buildings Working Group, the Department of Environmental Protection, the Department of Community Affairs, the Economic Development Authority, and any other implicated state agencies.

When conducting the Proceeding, the Board **HEREBY DIRECTS** Staff to consider the following:

- a. Competitive market mechanisms to drive the lowest cost methods for reducing total greenhouse gas emissions associated with the natural gas sector, including but not limited to adoption of a "clean heat" standard that would allow natural gas public utilities to select from a suite of measures to meet emission reduction standards, which may include accelerated energy efficiency and peak demand reduction targets, enhanced building electrification targets, leak minimization, or other similar measures;
- b. The need to ensure reliable operation and long-term financial viability of natural gas public utilities and the business model needed to keep the gas system intact while accounting for a shrinking customer base, including ensuring that gas distribution company growth assumptions and peak usage calculations take into account State decarbonization policies and minimize investment in new infrastructure so as to reduce risk of stranded asset costs;
- c. Alternative programs and investments that could provide natural gas utilities with new revenue streams and promote good-paying jobs, including union jobs, such as the potential to convert existing pipeline infrastructure to provide decarbonized heating and cooling to New Jersey's residents and businesses;
- d. Elimination of subsidies that encourage unnecessary investment in natural gas infrastructure that is likely to result in stranded costs to customers;
- e. Long-term impacts on residential and industrial customers who fail to or are unable to switch away from natural gas, with particular attention to the needs of and barriers faced by low-income customers, and ways to reduce barriers to transition, including rate design, incentive structuring, and pilot programs to accelerate infrastructure conversion;

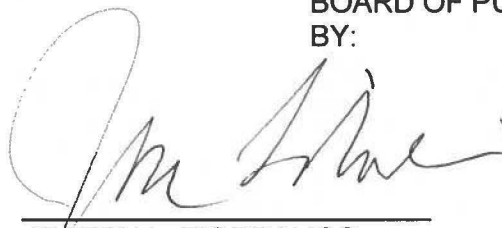
- f. Electric grid readiness to handle electrification of building heating and cooling, as well as transportation, including recommendations for shifting investment funding from natural gas to electric system infrastructure upgrades; and
- g. Any other issues Staff deems relevant to the central purpose of the proceeding.

Following the conclusion of the Proceeding, and no later than eighteen months from the date of EO 317, the Board **HEREBY ORDERS** Staff to prepare a report summarizing the findings from the Proceeding, and providing recommendations regarding issues that arose during the Proceeding, including recommendations on advancing the goal of reducing greenhouse gas emissions while mitigating costs to ratepayers.

The effective date of this Order is March 13, 2023.

DATED: March 6, 2023


BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT

MARY-ANNA HOLDEN
COMMISSIONER

DIANNE SOLOMON
COMMISSIONER

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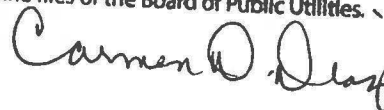
DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST:



CARMEN D. DIAZ
ACTING SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.



IN THE MATTER OF THE IMPLEMENTATION OF EXECUTIVE ORDER 317 REQUIRING THE DEVELOPMENT OF
NATURAL GAS UTILITY PLANS

DOCKET NO. GO23020099

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