

[An Examination into Surging Power Bills in South Jersey \(youtube.com\)](#)

Congressman Jeff Van Drew Hearing October 8, 2024.

Testimony from Haden Antonucci, Director of Policy, Minute Marker 58:19 to 1:17:25

My name is Haden Antonucci and I serve as Director of Policy for Congressman Van Drew. I work with the congressman on the federal budget our federal facilities like the FAA Technical Center and the Coast Guard Training Center and transportation and infrastructure policy and I'm proud to say that I grew up in this town right here, Mays Landing. In my time working for the congressman, I've learned how important energy is to our civilization. You know something as simple as brushing your teeth, there is an entire infrastructure supporting that, and that is why it is so alarming when Atlantic City Electric, upon which we all depend, begins acting in such an erratic manner.

Congressman Van Drew had an intuition that there was a bigger story to tell here, and my findings today demonstrate that he is justified in his initiation of a Federal Audit of Atlantic City Electric. The Congressman directed me to conduct deep background research on this situation. He asked me to deduce the cause of these power bill increases, specifically the very extreme cases we are seeing in the 300 400 500% range. Is there a clear explanation behind all of this? While there are explanations for the general power increases happening in New Jersey and across the country, there are serious discrepancies that warrant an audit of Atlantic City Electric which I'll refer to as ACE.

I've conducted off-the-record interviews with public utilities officials, energy experts, people who have worked with and in Atlantic City Electric, and other major regional utilities that you would be familiar with. I've listened to and read through all of the testimony that was presented at the New Jersey State Legislator's Hearing last week. I've reviewed hundreds of power bills sent in by constituents and study data provided by the most authoritative regional, national and international energy bodies, and I've channeled all of that research into today's presentation.

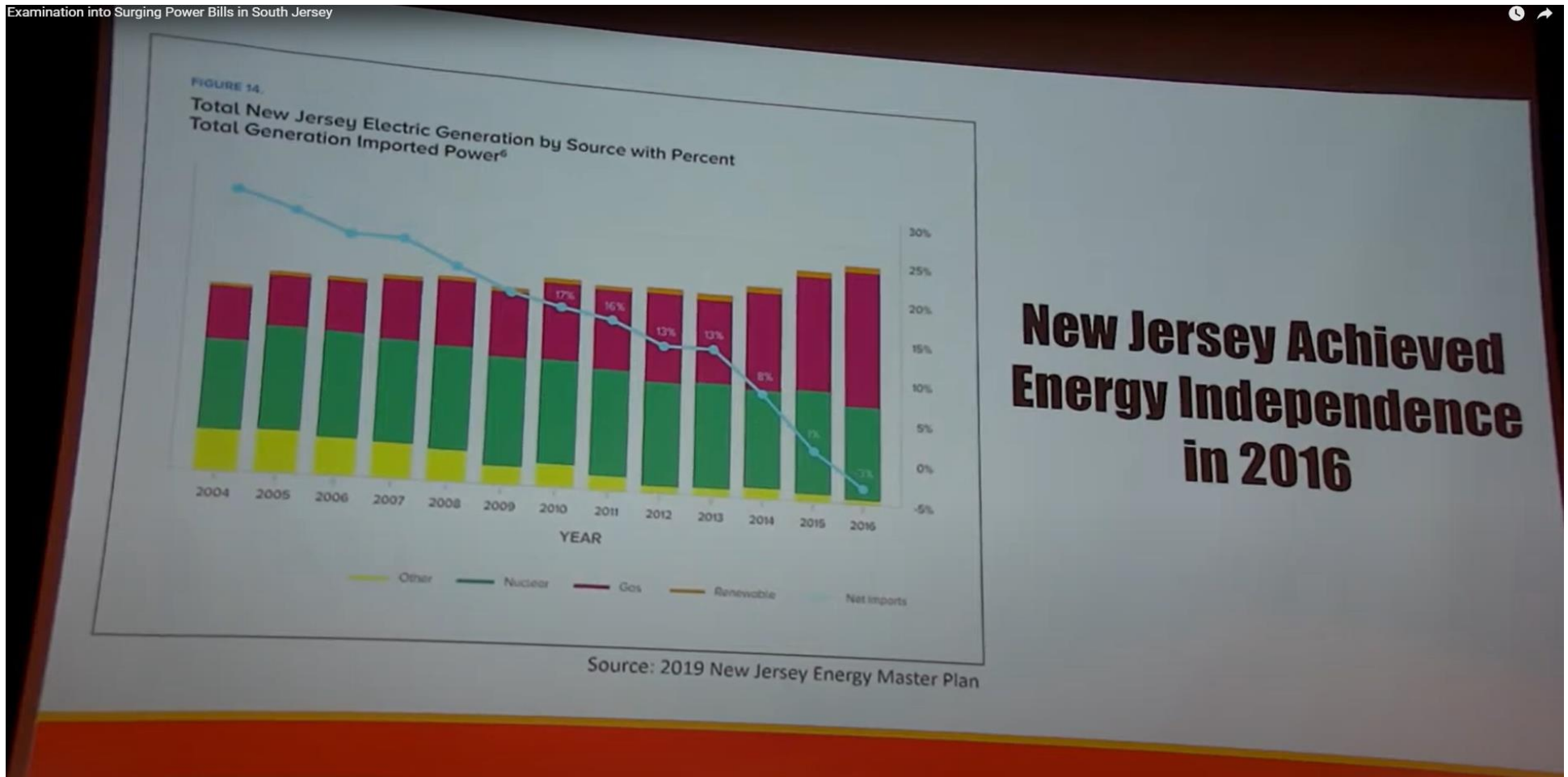
I want to thank the congressman for this opportunity and for the other distinguished representatives for taking an interest in this South Jersey energy crisis and traveling such great distances to be here. I had the pleasure of speaking with Congressman Alford in the green room before and Congressman Vandrew may I suggest that our next office trip be to the Ozarks.

My presentation today is going to present a stark portrait of the New Jersey energy landscape. Our state government has made a series of bad energy policy decisions that have put us in what can only be called a State of Crisis. And I must tell you that without serious changes in our politics, the situation is going to get much worse. And so, I want to answer three questions for you today: how did we get here, what are the policies that led us to this situation, where are we going, what is the trajectory. Is this going to get better, is it going to get worse? It's going to get worse, and what are we not being told about the situation within Atlantic City Electric.

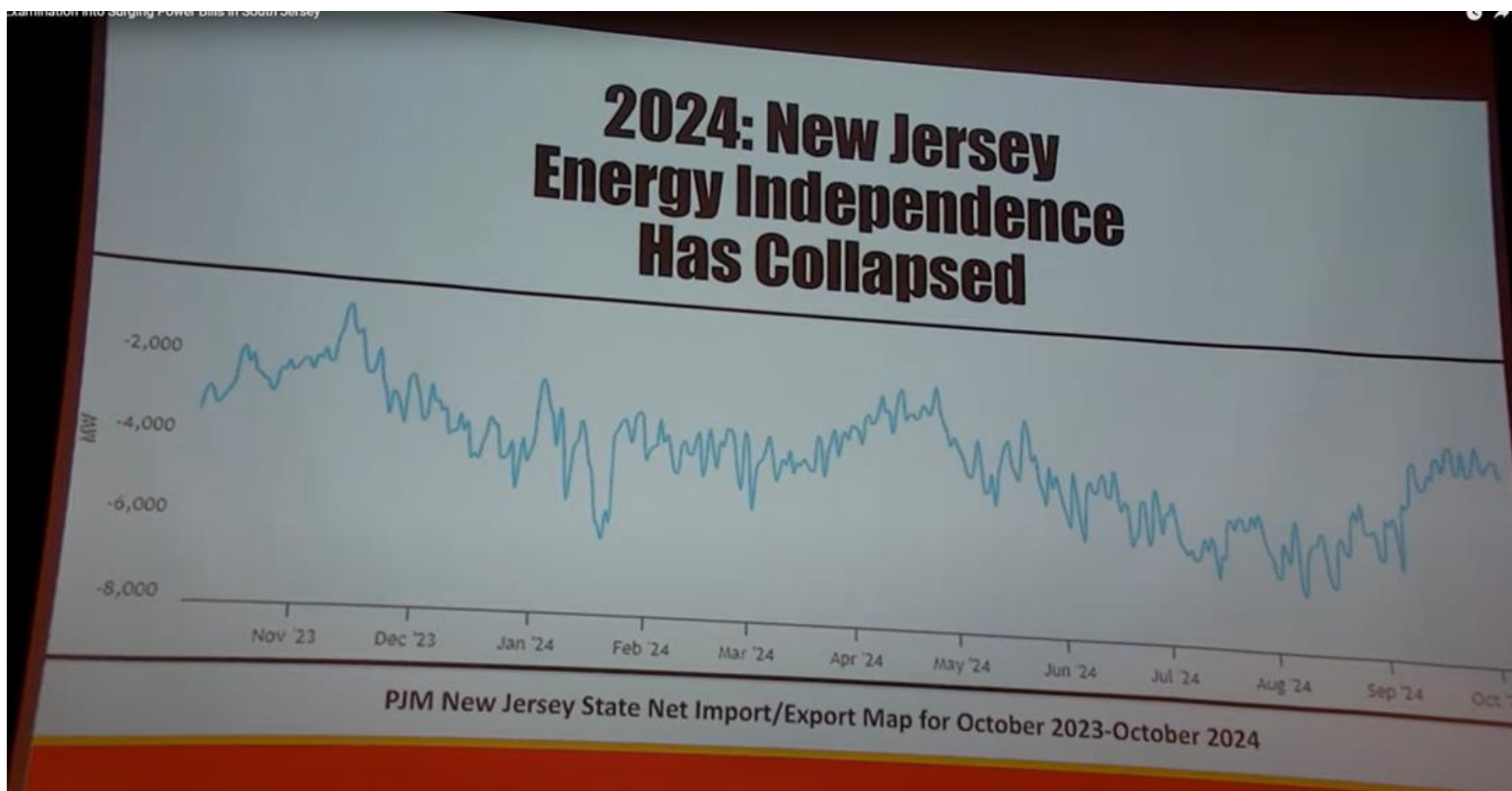
A major driver of the increases that we have seen in power bills across the state is the collapse of New Jersey's energy Independence. There was a brief moment in New Jersey where we produced more energy than we consumed. When you produce more than you consume, you get to export. When you consume more than you produce you have to import that energy, and you have to pay extra for it. You import it through what's called a Regional Interconnection. We basically go to utility grids in other states and purchase energy from them. Typically, it costs 50% more to buy energy from that Regional Interconnection and you can see these fees listed on your power bill. It will be described as a distribution charge titled "a non-utility generation charge".

New Jersey imported for much of its history but in 2016 natural gas production expanded significantly and we achieved energy Independence. Nuclear energy remains steady throughout this period. You can see the blue trend line descending to 2016. This shows how as natural gas expanded, we imported less energy which saved everyone a lot of money. It was an environment of energy abundance and prosperity. Since 2016 this trend has reversed, and we are now again an energy importer.

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The next slide will show the present balance of New Jersey energy import/ exports which is now completely in the negative. This chart was taken from the PJM Interconnection yesterday evening. It shows the import export balance of the state of New Jersey from October of last year to today, one year during this entire period. New Jersey was in the negative. We did not have a surplus for a single day, and so we are again a totally dependent energy importer, and again at the moment it costs 50% more to import energy than it is to produce ourselves.



Frankly that situation is about to change. It's about to become much worse. It's about to become much more expensive. But first, we're going to look at some of the policy decisions made over the past seven years to show who put us into this predicament.

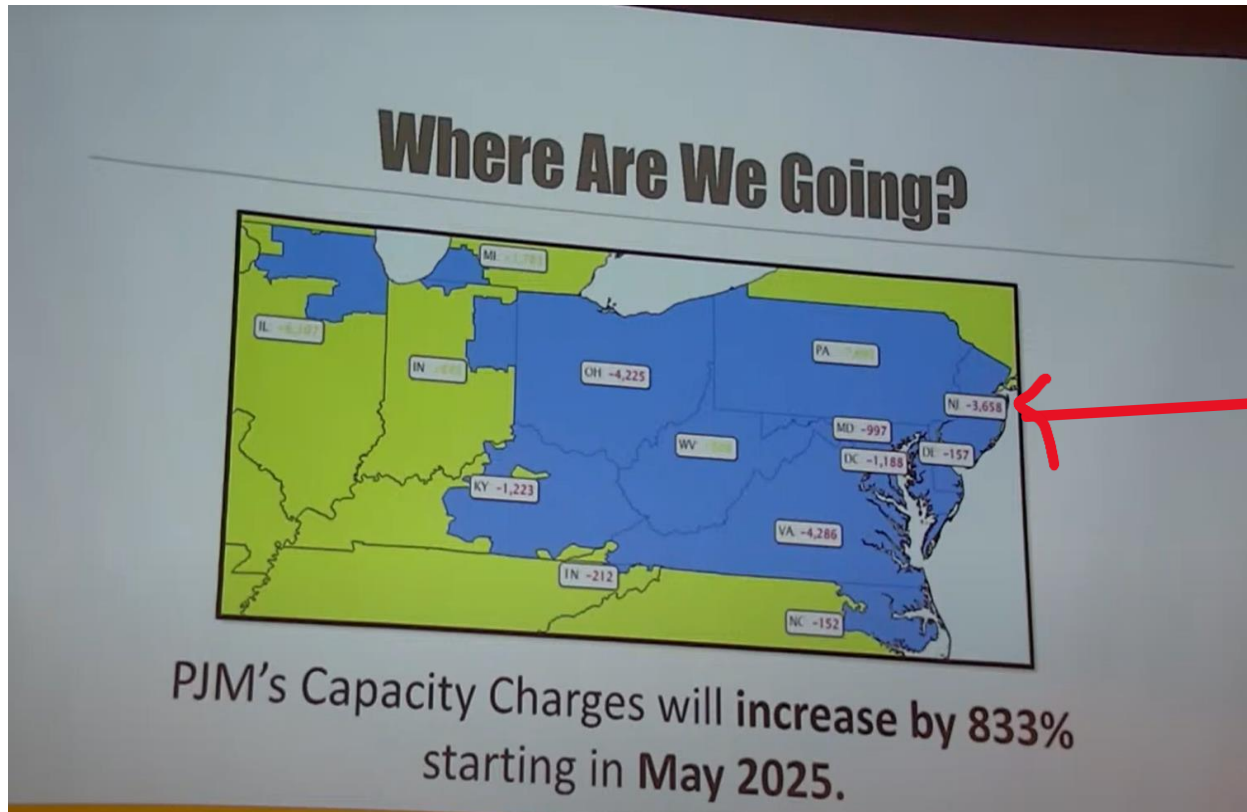
How we got here is that New Jersey started shutting down old power plants without replacing them. It started aggressively pushing electrification and decarbonization policies, prematurely retiring generation. This was a significant point of criticism from the Rate Payer Advocate and from others at the State Energy Hearing. We should not have shut down this capacity without replacing it. Those coal plants should have been replaced with natural gas plants or another alternative.

How did we get here?

	2017	2018	2019	2020	2021	2022	2023
Plant Closures	Hudson (660 MW Coal) Mercer (620 MW Coal)	Oyster Creek (636 MW Nuclear)	B.I. England (148 MW Coal/Oil)			Logan (225 MW Coal) Chambers (263 MW Coal)	
Policy Changes		Clean Energy Act	Energy Master Plan Carbon- Pricing	Electric Vehicle Rebate			Clean Energy Goal 2035

What had just as much of an effect and is in the same ideological vein is the aggressive electrification and decarbonization policies that the state mandated. Congressman Klein, you mentioned the Regional Greenhouse Gas Initiative (RGGI). New Jersey signed on to that. You can see in 2019 the carbon pricing scheme that we joined, and it just makes all forms of carbon-based energy production more expensive. That's not a bug, it's a feature of carbon pricing. This, overall significantly increased the cost of energy production and significantly increased our demand for energy, so we see a squeeze happening here.

Our other Witnesses are going to go into more detail on these state and federal policies all of this cumulatively has put us back in that subordinate position of energy dependence and it could not be a worse time for us to be energy dependent because massive price increases are coming as I will describe on the next slide.

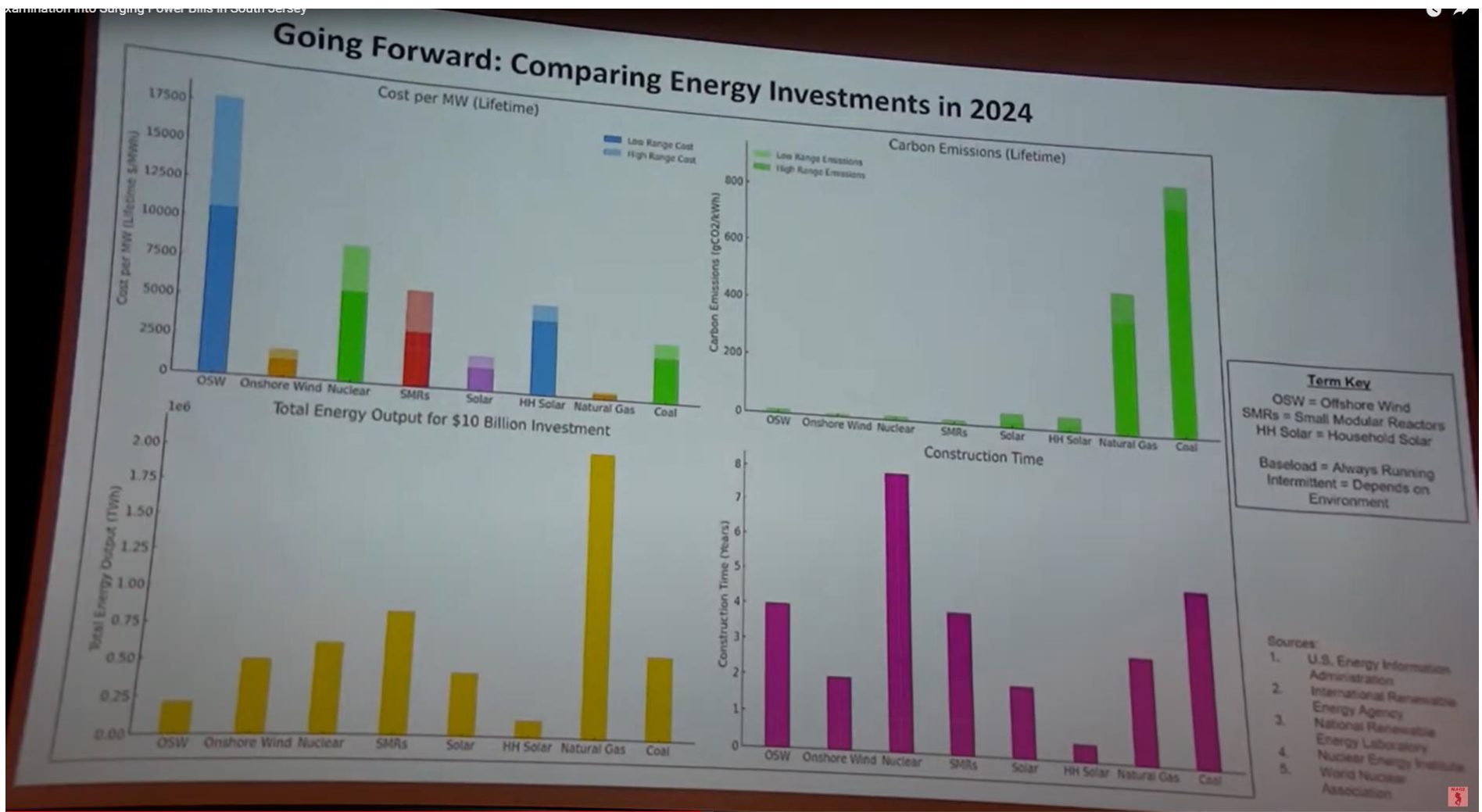


This map shows the PJM Regional Interconnection. If you're wondering what it looks like, it goes through the Mid-Atlantic and Appalachia, so this is composed of many different electric utilities. And, once an electric utility is consuming more energy than it can produce, it goes to the PJM company who's a market maker. And, so you have to pay whatever price that they're giving you. You don't have a lot of leverage within this regional market, as you can see New Jersey's at a substantial deficit. We import our energy mostly from Pennsylvania where they use natural gas. If anyone tells you they want to ban fracking, understand that means we would not have any energy to draw from and that the electricity that's going into your electric vehicle is probably powered by natural gas.

And now the bad news which is very bad news - the PJM regional interconnection announced that next May it is going to be increasing its rate from \$29 to \$270 per megawatt day. That is the 833% increase! They describe this as a demand signal, that they need to see more energy generation from their market. This has not happened yet. This was not factored into a utility bill this summer. But come next May, it will be factored into your utility bill, and the average Atlantic City Electric customer, under our current state of energy dependence, has 25% of your energy taken from that regional market. That means that once these increases go into effect next May, your power bill will literally instantly double. You think it doubled this summer, well it's going to double again because of this PJM increase. So, the answer to the question of where we are going with the current trajectory - we are going downhill fast.

The truth is that we are only at the beginning of the New Jersey energy crisis, and that is going to get much worse for several reasons. We need to do something. We need to change course. We need to do it quickly. There are solutions. We have to build energy. We have to do it smart. We have to look at the data. We have to look at the economics of what it's actually going to do to our rate payers, to our power bills.

On my next slide I produced a set of data that really answers this question of how we should approach Ro energy development in the state of New Jersey.



This chart provides a wealth of data. It can be used to determine the best energy development path for New Jersey, and that's how we should make these decisions - with data and economics. This is not a game; this is people's lives.

This chart examines all of the different energy types that we could possibly invest in and compares them on cost effectiveness on the total generating capacity per quantity of investment on carbon emissions and the ease of construction. It draws from the most authoritative sources on energy in the world. As some context, energy 10, there are two types of energy generation - base load and intermittent. You need both. Base load provides reliability. It's always on. Intermittent provides cost efficiency. You get a good bang for your buck. Natural gas will be essential as base load energy for decades to come. We should adapt our energy infrastructure to reduce emissions because emissions frankly are a sign of inefficiency, but to do it too quickly will be deeply damaging to human civilization. It's basically signing a check for human suffering if you decarbonize too quickly, if you rush the energy transition. And the good thing about natural gas is it can still be made cleaner through efficiency upgrades. We will be using natural gas for decades to come. A clean energy future requires both base load and intermittent energy base load - again it's always running, it's there when you need it. Intermittent is subject to environmental conditions - if the wind is blowing, if the sun is shining. It's not always there, so you can't have all intermittent, but when it's more cost effective to build intermittent, then it economically makes sense to invest in it because you get a better bang for your buck. Nuclear is the only clean energy base load solution. That is why you generally see a give and take between natural gas and nuclear energy. Small modular reactors are a new type of nuclear generator that is smaller, safer, more efficient, easier to build. They last a long time. They provide a competitive cost basis.

New Jersey has a strong history of nuclear energy. It accounts for over 80% of our clean energy generation and 35% of our total generation. The transmission infrastructure already exists for us to build on in Salem County and at Oyster Creek in Ocean County.

The question of intermittent energy which, is again, always subject to environmental conditions, comes down really to wind versus solar. And I want to be unequivocal when I say this that offshore wind is the single worst type of energy that you can invest in. It is extremely expensive, and we don't even know how much it really costs. I mean look at the discrepancy there between the potential minimum cost and the maximum cost.

I want to quote Brian Litman, the Rate Payer Advocate for New Jersey. His job is to make sure that your power bill is low, and he was at the New Jersey State Legislature last week where he said, "While I am unable to give you an exact number, we can all agree that the rate impact of offshore wind, especially when we require the included transmission, will be dramatic." The Rate Payer Advocate, one of the top utility experts in the state of New Jersey, has no idea how much it's going to cost, but he knows that it is going to have a major impact on your power bill! Frankly any power that it does place, it's going to cost three times as much.

So not only are we baking in the increases that have already happened, not only we talking about what PJM is about to do to our Market, but we're going to put offshore wind on top of that. Now some people might say well we need to build offshore wind because of this PJM Regional Crisis. And we can't build it fast enough to deal with the crunch that's coming from PJM.

Solar energy is fantastic, it is the best fit for intermittent clean energy. The economies of scale in that industry have gone vertical. It's a very ideal time for us to acquire as much solar capacity as possible. It checks the Box economically of being more cost effective than nuclear. And again, this means that we should mix nuclear and solar. You need base load and intermittent energy. Nuclear provides long-term stability, and solar is a great bang for your buck.

New Jersey policy makers really need to focus on getting ahead of this May 2025 price increase - 833% is a really dangerous increase to absorb and offshore wind can't possibly be in place on that timeline. And really, household solar that you install on your roof is the only type of energy that we can build in time to meet our energy consumption needs to avoid this PJM crunch. Household solar lasts for 25 to 30 years and it completely pays for itself in

6 to 10 years. Congressman Van Drew said something that really stuck with me about solar energy, and it really got me into solar energy. He said that the benefit of solar, especially household solar, is that it actually reduces costs for your household. With offshore wind, you subsidize it and you still end up paying more in your power bill. With solar energy, we are putting you in control of your own energy production. That's the American dream right there. That's independence, that's Liberty, that's self-efficiency. With offshore wind, we are putting foreign companies in control of our energy production.

With that, I want to present a couple of recommendations and then move on to the very specific issue of Atlantic City Electric. These are data driven recommendations based on the charts that I just showed you. It would be very easy for the state of New Jersey to abandon the offshore wind project, which again is economically infeasible. Even after giving Orsted an additional \$2 billion subsidy that project was not cost effective. If we restructure those subsidies, we could equip over 1 million households in New Jersey with household solar - over 20% of the state - that would generate 6 GW and completely cover our energy deficit. We should lean into small modular reactors, but we need to be smart about it. We need to use public private partnerships like what you just saw with Microsoft and Three Mile Island. And, we need to make sure that these data centers aren't bleeding us dry, we need to negotiate intelligently and get subsidies for our rate payers. We have a strong legacy in nuclear energy in New Jersey and I think we should continue that Tradition.

Recommendations:

1. Restructure NJ Offshore Wind Subsidies towards household solar.
 - Put Energy Production in the people's hands - 1 million households.
 - Capitalize on historically low prices.
 - Avoid Regional Market Increases next Summer.
2. Construct new Small Modular Reactors
 - Public-Private Partnerships like Microsoft/Three-Mile Island.
 - Have Data Centers Subsidize Ratepayers.
 - Strengthen, expand, and revitalize New Jersey Nuclear(Salem, Oyster Creek)

Now does all of this explain what's happening in Atlantic City Electric. It doesn't, when you account for the weather, when you account for the increases that have happened in the regional market, it just doesn't add up to a 300 400 500% bill. Maybe I could explain someone's power bill doubling but I can't explain these 300 400 500% cases. ACE has done a bad job of managing our energy market. Our prices have increased more here in South Jersey than anywhere else in the state, and you would think that it would affect the entire state of New Jersey. But no, it's been worse here than anywhere else, and it's very clear that ACE is mismanaging. They need to be audited. And for several other reasons, I want to emphasize the issue with solar credits. There are a lot of people with solar. We have some of their bills with us right now who are not being credited by Atlantic City Electric. Solar is our best solution to our energy needs right now and the fact that people are investing thousands of dollars in solar generating hundreds of kilowatts for themselves and then not being credited by it, I mean it's just not wrong, it's, you know, misrepresentative market practices, which is why the Federal Energy Regulatory Commission needs to take a look at this situation. But what's even more serious than these solar credits, these market patterns, the weather nothing explains these 300 400 500% increases. The bills that I've looked at have really concerning inconsistencies. Particularly, I've examined the way that deferred payments seem to generate additional fees onto new electric charges. You know this could be one potential source of the discrepancies, but frankly I think it's a host of things compounding with each other and these issues deserve full investigation. They claim the power bill has increased by 20% on average. It doesn't account for it, the numbers don't add up, and that in conclusion is why Congressman Van Drew is justified in his request for the Federal Energy Regulatory Commission and for the Department of Justice to conduct Federal Audits of Atlantic City Electric.

What are we not being told?

- Market Patterns do not explain 300% increases.
- Solar Credit Issues.
- Inconsistencies in Billing Practices.
- Justifies State and Federal Audit.