



Fuel Diversity Makes Sense

“Don’t put all your eggs in one basket” is a time-tested principle that many responsible investors use to reduce risk and achieve their objectives. A portfolio of different investments such as stocks, bonds and mutual funds can offer a way to spread out risks – and thus better manage them.

As with investments, so with fuels: There’s a powerful case for diversification. Indeed, fuel diversity is a key to energy security and reliability – and no less important to ensuring reasonably priced and environmentally responsible energy.

Protecting against over-reliance on a single fuel is a foundation of energy security, for our nation and for a business like PSEG, too. If history is any guide, it’s more prudent to plan for a multi-fuel future rather than expect a single fuel to do it all. And it’s equally important to be smart about fuel use by tapping into the enormous power of energy efficiency, which for good reason is often called the first fuel of the future.

Still, fuel diversity will remain important to meeting electric demand. Nuclear, coal and natural gas have large roles in the U.S. electric generation mix – together, accounting for about 90 percent of the total output. Nuclear produces most of the nation’s emissions-free energy – and New Jersey’s. Coal is a plentiful domestic resource promoting energy independence, but the future of coal generation largely depends on continued progress toward cleaner, more efficient operations. Natural gas – which burns much cleaner than

coal and with half the carbon emissions – has been the fuel of choice for most power plants built in the U.S. during the past decade.

Renewable energy is further diversifying the energy mix – and playing an essential role in greening it, too, with new, clean power to fight climate change and create jobs. Solar and wind power are growing rapidly, but have a ways to go to become cost competitive. As intermittent resources, they also must be supplemented by other technologies to ensure electricity remains there at the flip of a switch.

Behind the scenes, fuel diversity plays an essential role in enhancing reliability. It acts like an extra line of defense against possible supply

shortages or interruptions.

Fuel diversity also helps protect consumers and businesses from the impact of price changes in a particular fuel. When energy producers have different fuels and generation technologies at their disposal, they are better able to meet the market’s needs at the lowest possible cost to consumers.

Energy needs will continue to evolve. It’s important to keep open a wide range of good fuel options as part of a balanced resource mix. Fuel diversity is a smart investment for our nation’s energy future.

Protecting against over-reliance on a single fuel is a foundation of energy security.

What’s your view? Please let us know at Opinion@PSEG.com.



PSEG

We make things work for you.