

Transforming the Electric Industry

Ralph Izzo, president, chairman and CEO of PSEG, called for a national renewable portfolio standard (RPS) in testimony last week before the U.S. Senate Committee on Energy and Natural Resources. An RPS would require that a minimum amount of our nation's electricity come from renewable resources. This is an excerpt from his testimony.

Global warming is the most important environmental challenge of our time. To avoid catastrophic impacts from climate change, most scientists agree that we must achieve carbon emission reductions of 80% by 2050.

To reach this target, we urgently need decisive federal action to produce a strong, progressive national energy policy.

An RPS is an essential component of this policy because it creates demand for technologies that will transform the way we generate electricity. And as we electrify the transportation sector, renewable electric generation will become fundamental to our energy security.

With this policy, we will create jobs. And we will develop new technologies that we can export all over the world. Investment in renewable energy is a strategy for long-term growth.

A federal RPS would create tremendous opportunities. Our utility, PSE&G, has filed a proposal with New Jersey regulators to invest almost \$800 million in solar generation over the next five years. This will include putting solar on brownfields, low-income housing, and government buildings and on roughly 200,000 utility poles.

We are also planning a 350-megawatt offshore wind farm off the coast of South Jersey.

And we recently created a joint venture to develop compressed air storage facilities that can store energy and help make renewable generation more competitive. A national RPS will send clear market signals to companies like PSEG to increase renewable investments.

Long term, these investments will be a net benefit to customers. Short term, however, renewable energy is more expensive than fossil fuel generation. We must be up front with consumers about these costs.

The most effective way to minimize costs is through a national approach. A strong national program will create economies of scale and drive down production costs.

Emerging renewable technologies, such as offshore wind and solar, will need additional federal incentives, particularly through the tax code. Fostering these industries is important to our long-term climate change strategy.

Our nation faces daunting challenges. We

must dramatically reduce carbon emissions and transform our energy economy. And we face rising unemployment and an unprecedented economic crisis.

We can begin to address climate challenges by implementing a strong, national renewable portfolio standard. Let us encourage sustainable investments to power our way out of this economic downturn. The time to act is now.

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



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PSEG

We make things work for you.