

**Remarks of
Ralph Izzo
President and Chief Operating Officer
Public Service Enterprise Group (PSEG)**

**New Jersey Energy Master Plan
Public Meeting
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Good morning.

I am Ralph Izzo, president and chief operating officer of Public Service Enterprise Group. The PSEG family of companies includes Public Service Electric and Gas Company (PSE&G), and PSEG Power. We are the largest producers and providers of energy in New Jersey. We also strive to be one of the state's leading corporate citizens. It is because we – the men and women of PSEG – take these responsibilities very seriously that we look forward to active and engaged participation in helping to develop a comprehensive energy master plan for our state.

I'm here this morning to pledge PSEG's and my full support in this effort.

Governor Corzine's directive establishing the goals of reducing energy consumption 20% and supplying 20% of the state's electricity needs with renewable resources by the year 2020 presents a substantial challenge. However, when you consider these goals in the context of climate change, concerns about increasing energy costs, and the security and reliability of energy supplies, the time to undertake this challenge is now.

The plan's energy efficiency and renewables goal will require a fundamental change in how we think about energy and how we invest in infrastructure. It will also require that we redefine the role of the state's utilities and energy companies.

Let me frame the issue this way: The efficiency and renewable goal represents an amount equal to all of the electric energy consumption in the states of Connecticut and Rhode Island in 2004.

Now, that really is a huge amount of energy. But before anyone gets the notion that we can't get there from here, even the Wall Street Journal noted recently, "there really is a tremendous opportunity to finally reshape the nation's power consumption." Let me cite just one example of an efficiency improvement that already has taken place. In 1970, an 18 cubic foot refrigerator consumed approximately 2,000 kilowatt-hours annually. Today, a refrigerator of the same size with an Energy Star label uses about 20% or one-fifth of that amount.

One of the primary tasks we face is how best to develop and deploy innovations and new technologies that will make the plan's goals achievable.

In our view, the state's utilities should be actively involved in developing and investing in energy efficiency, demand side management, advanced metering infrastructure, and renewable resources. We also think that utilities should be involved in financing investments on the customer side of the meter, especially large energy users, that are aligned with the plan's goals. We already have the brand recognition and relationships with consumers. And, as utilities, we have the ability to deploy capital through investments serving the long-term public interest provided we have the opportunity to earn a reasonable return.

As we go about this, however, we should be ever mindful of the absolute need to maintain the reliability of our energy system. From an electric standpoint we need to recognize the important role that centralized power plants provide in supporting reliability. The August, 2003 blackout still should remind us that New Jersey needs in-state generation.

Over the next year, the energy master plan process should be guided by the facts. And one important fact is that electric and gas sectors and utilities are only portions of the total energy picture in New Jersey. We believe the transportation sector must be a part of the process. As a first step, transportation fleet owners should be actively engaged, and we include ourselves in this category.

Another important reality is that New Jersey is linked to an interstate electric and gas transmission network. The PJM Interconnection coordinates supply and transmission of bulk power and administers wholesale markets in 12 states and the District of Columbia. The Federal Energy Regulatory Commission has jurisdiction over wholesale power, transmission, and natural gas pipelines. This raises multi-jurisdictional issues that, while not insurmountable, are complex. It is important for New Jersey to engage regional and federal policymakers on issues that affect this planning effort.

Again, I applaud the governor and his energy team for having the foresight to initiate this effort. We are all aware that the issue of how best to provide safe, reliable, affordable, and environmentally sustainable energy is vital to New Jersey's economic future and the social well-being of all our citizens. We support the goals set forth in the governor's directive and we pledge our best efforts to help achieve them.