

Press Release

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Board of Public Utilities approves new Energy Conservation Programs

South Jersey Gas and New Jersey Natural Gas to implement new conservation programs on pilot basis

(NEWARK, NJ) -The New Jersey Board of Public Utilities (NJBPU) yesterday approved two pilot programs for gas conservation for the South Jersey Gas (SJG) and New Jersey Natural Gas (NJNG) companies. High natural gas prices have had a deep impact on consumers and conservation is a key component in helping them manage their usage and reduce their energy bills. The programs will be effective retroactively to October 1, 2006, and provide incentives to both companies in achieving a long term reduction in gas use. The term of the pilot programs is four years including the initial year where gas cost savings will not be offset by costs related to reduced usage.

"Increased international demand with no concomitant increase in supply have had a substantial impact on New Jerseyans, and conservation and energy efficiency are key components towards mitigating that impact," said President Jeanne M. Fox. "Our economic health relies on a secure, reliable, and affordable supply of energy, and therefore cutting demand is essential for our future. In making a commitment to energy efficiency and conservation through this innovative pilot program, New Jersey Natural and South Jersey Gas will help their customers use less energy, save money on their energy bills, and contribute to a better energy future for New Jersey."

Gas utilities normally set their rates based on the anticipated amount of natural gas customers are expected to use under normal conditions. However factors outside the control of the utility, such as weather or supply-related price spikes, can adversely impact customers' bills, particularly during the winter heating season. The conservation plan approved today will:

- promote energy efficiency, benefiting both consumers and the environment in both the present and the future;
- provide incentives to the gas companies to promote energy conservation;
- minimize the impact on customers bills caused by consumption fluctuations and associated demand for gas;
- meet new gas demand by reducing consumption, rather than needing to tap a new supply

A significant result of today's decision is there will be no non-weather related rate increases for Basic Gas Supply Service customers over the course of the pilot program. Basic Gas Supply Service customers will receive a rate reduction associated with the program beginning with this coming heating season, with further reductions possible in future years. Both companies will also be using shareholder, as opposed to ratepayer, money to finance their conservation efforts. Their conservation programs will include incentives for customers to upgrade to more efficient furnaces and appliances, the utilization of automatic setback thermostats and other conservation methods.

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The New Jersey Board of Public Utilities (NJBPU) is a state agency and regulatory authority mandated to ensure safe, adequate, and proper utility services at reasonable rates for New Jersey customers. Critical services regulated by the BPU include natural gas, electricity, water, wastewater, telecommunications and cable television. The Board has general oversight responsibility for monitoring utility service, responding to consumer complaints, and investigating utility accidents. To find out more about the Board of Public Utilities, visit our web site at www.bpu.state.nj.us.