

2007 New Jersey Clean Energy Conference
“Partnering for Climate Change Solutions”

“Changing the Way We Do Business”

**Laurence M. Downes
Chairman and CEO
New Jersey Resources**

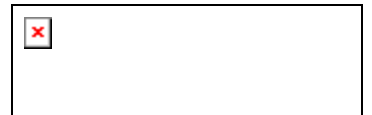
September 28, 2007



The World is Changing

- Our nation continues to use more and more energy.
 - Supply and Demand
 - Rising Prices
- The need for change is real.
 - Affordability
 - Environment
 - Quality of Life

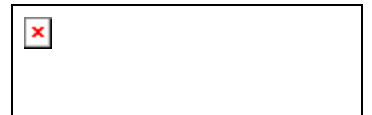
Are we going to contribute to the problem, or do we want to help create a solution?



Energy Utilities Play A Critical Role

- As energy utilities, we play many roles:
 - Lifeline service providers
 - Connection to our customers and the communities we serve
 - Conduit for implementing public policy

We must work together to make change happen.



Meeting Customer Expectations

- Meeting our customers' expectations for safety, reliability and service is the most important thing we do.
- Growing demand, constrained supply and weather conditions are all having an impact on price and creating new challenges.
- We must embrace new ways to meet growing demand.

Increased conservation, energy efficiency and clean energy strategies are essential.



The Challenges Ahead of Us

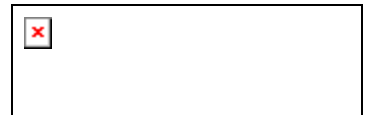
The need to offer new solutions and alternatives has never been more important.



What's Driving Our Actions

- This is not just about global warming – it's what we need to do.
- We must be ready to meet these challenges regardless where they come from.
- We need to align the interests of all of our stakeholders.
- The process of effecting real change will be lengthy.

The time to act is now.



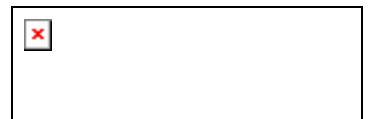
**Conservation and energy efficiency
are as important to our energy strategy
as providing our customers
with safe, reliable service.**



The Utility Connection

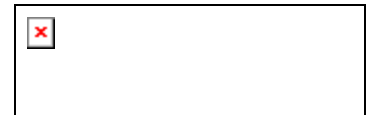
- As utilities, we are in a unique position to encourage, implement and promote the Clean Energy solutions.
 - We are a trusted channel to the market place.
 - Providing service is what we are all about.
 - We can be a resource for managing customers energy needs.

These issues should be a fundamental part of our future business strategy.



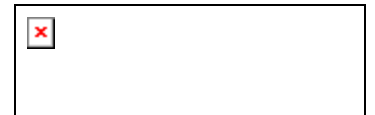
Conservation Incentive Program

- In October 2006, New Jersey Natural Gas received approval from the BPU to implement a Conservation Incentive Program.
 - Provide customers with upfront savings of \$10.6 million
 - More closely aligns the interests of our customers and our company with the clean energy policies of the state
 - Help customers save energy and reduce their natural gas costs, while preserving our environmental resources
 - Aggressive promotion of energy conservation and efficiency



Helping Families Save Money and Energy

- Direct Mail
 - Sent all residential customers personalized mailers with energy savings tips and the amount of money they can save
- One Price to Upgrade/Zero Percent Financing
 - Encourage upgrades to high efficiency equipment
- E-Tips
 - Free monthly emails to help educate and empower customers to conserve energy and preserve our environment
- Home Performance with Energy Star
 - Help customers evaluate potential energy savings in their homes
- Conserve to Preserve Dashboard
 - Online resource which allows residential customers to track on an ongoing basis the impact conservation has on their energy usage



Helping Commercial Customers Manage Their Energy Needs

- Build awareness of other resources
 - NJCEP Programs, CleanPower Choice partners, Federal tax incentives, and EPA resources
- Direct Mail
 - Sent mailers to all small commercial customers with information on available programs and conservation-related resources
- Conserve to Preserve Business Online
 - New resources that provides 24-hour access to tools and information that underscore the value of conservation and energy efficiency improvements

Helping our customers use energy wisely is a company-wide commitment championed by all of our employees.



Environmental Leadership

- Under the leadership of Governor Corzine, New Jersey enacted legislation to reduce emissions 20 percent by 2020 and 80 percent by 2050.
- New Jersey Resources supports the governor's commitment and will reduce our carbon footprint 20 percent by 2020.



Getting Started

- What is your carbon footprint?
 - Your carbon footprint is a measure of the amount of carbon dioxide emitted through the combustion of fossil fuels
 - For business, it is the emissions produced as part of the operation of your organization
 - For homeowners, it is the emissions produced as part of their daily lives
 - We calculated our carbon footprint to be approximately 20,000 tons annually
 - For the average homeowner, it is approximately 20 tons
- Identify sources of emissions in your organization
 - Emissions produced by such things as fleet vehicles, energy consumed to heat, cool and power facilities, as well as indirect sources such as air travel and paper usage
 - Every organization is different



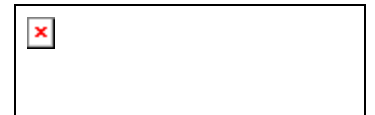
Getting Started

- **Set a goal**
 - Quantify emissions on a baseline year
 - Make it a company-wide commitment, including Board of Directors and all employees
 - Seek solutions from employees
 - Broadly communicate it within your organization
- **Act Now**
 - You have to start somewhere
 - May not be perfect, but you can refine as you go
- **Establish a structure to measure results**
 - Track progress
 - e.g. mileage, energy saved, hybrid vehicles, etc...



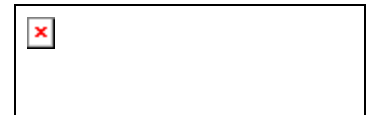
Meeting the Call

- Working toward your goal
 - Primary focus on reducing emissions, but you can “offset” from the outset
 - **CleanPower Choice Program**
 - New Jersey Resources is purchasing 100 percent of our electricity needs from the **CleanPower Choice Program**
 - We are the state’s largest customer
 - **Vehicles**
 - Last month, we began using bio diesel to fuel our trucks and machinery, helping to reduce emissions by approximately 200 tons annually
 - Evaluating our fleet for conversion to hybrid or dual fuel
 - **Facilities**
 - Evaluate solar and wind energy to power our facilities
 - Implement simple solutions, such as an energy audit for your building, preset copiers to double-sided or install motion sensor lighting
 - **EPA**
 - Step up our participation in the Environmental Protection Agency’s WasteWise and Gas STAR programs



Meeting the Call

- Dealing with our own emissions is only a part of the solution, we are also helping our customers do the same.
- Launched Planting for our Future
 - Through a partnership with The Conservation Fund, customers can purchase trees – at a cost of \$5 per tree – to help offset their carbon emissions
 - New Jersey Resources will invest \$250,000 over the next five years as a match
 - Already approximately 1,500 customers contributed
 - With NJR match, that is nearly 11,500 trees



Conclusion

- Conservation and energy efficiency are critical to our customers, our business, our environment and our future.
- It is going to take all of us doing our part to make a difference.
- The choices we make have the potential to change the world.
- Our efforts are a work in progress – take initiative and measure progress now.

It's the right thing to do.

