

48:3-121.2 to 48:3-121.7, 48:3-60
LEGISLATIVE HISTORY CHECKLIST
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LAWS OF: 2025 **CHAPTER:** 136

NJSA: 48:3-121.2 to 48:3-121.7, 48:3-60 Requires BPU to procure and incentivize transmission-scale energy storage.

BILL NO: A5267 (Substituted for S4289 (SCS))

SPONSOR(S) DeAngelo, Wayne P. and others

DATE INTRODUCED: 2/10/2025

COMMITTEE: **ASSEMBLY:** Telecommunications & Utilities
Appropriations

SENATE: --

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 06/30/2025

SENATE: 06/30/2025

DATE OF APPROVAL: 8/22/2025

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (A5267 AcaAsSa (AS/1R) enacted)

ADVANCE LAW Yes

PAMPHLET LAW Yes

A5267

INTRODUCED BILL: (Includes sponsor(s) statement) Yes

REPRINT(S): Yes ATU 3/20/25 1R
Assembly 5/22/25 AS
Senate 6/30/25 1R AS

TECHNICAL REVIEW OF BILL: No

COMMITTEE STATEMENT: **ASSEMBLY:** Yes Telecommunications & Utilities
Appropriations

SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: Yes

LEGISLATIVE FISCAL ESTIMATE: Yes

S4289 (SCS)

INTRODUCED BILL: (Includes sponsor(s) statement)	Yes	
REPRINT(S):	Yes	6/9/25 SCS
TECHNICAL REVIEW OF BILL:	No	
COMMITTEE STATEMENT:	ASSEMBLY:	No
	SENATE:	Yes Environment & Energy Budget & Appropriations

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

LEGISLATOR STATEMENT: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

Biryukov, Nikita, (2025, August 23). Star-Ledger, The (Newark, NJ), "Gov. acts to amp up renewable energy", Available from NewsBank: America's News: <https://infoweb.newsbank.com/apps/news/document-view?p=NewsBank&docref=image/v2%3A166DFC6FDF7711A8%40NewsBank-1A2A1CBB8FC382CD%402460911-1A2A4C45CE5EF2FF%402-1A2A4C45CE5EF2FF%40>. © Copyright 2025 The Star-Ledger. All Rights Reserved.

CL/MMcB

P.L. 2025, CHAPTER 136, *approved August 22, 2025*
Assembly Substitute (*First Reprint*) for
Assembly No. 5267

1 **AN ACT** concerning transmission-scale energy storage,
2 supplementing Title 48 of the Revised Statutes, and amending
3 P.L.1999, c.23.
4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7
8 1. (New section) As used in P.L. , c. (C.) (pending before
9 the Legislature as this bill):
10 “Accredited capacity” means the amount of capacity, measured in
11 megawatts of unforced capacity, that an eligible project can contribute
12 toward New Jersey’s capacity needs or bid into the base residual
13 auction.
14 “Base residual auction” means the same as that term is defined in
15 section 3 of P.L.1999, c.23 (C.48:3-51).
16 “Board” means the Board of Public Utilities.
17 “Capacity Interconnection Rights” means the same as that term is
18 defined in PJM’s Open Access Transmission Tariff or in any successor
19 document.
20 “Decision Point I” means the same as that term is defined in PJM’s
21 Open Access Transmission Tariff or in any successor document.
22 “Electric public utility” means a public utility, as that term is
23 defined in R.S.48:2-13, that transmits and distributes electricity to end
24 users within the State.
25 “Eligible project” means a transmission-scale energy storage
26 system that meets the criteria for an incentive award pursuant to
27 P.L. , c. (C.) (pending before the Legislature as this bill).
28 “Energy storage” means a device that is capable of absorbing
29 energy from the grid or from a generation resource located behind the
30 same point of interconnection as the device; storing it for a period of
31 time using mechanical, chemical, or thermal processes; and, thereafter,
32 discharging the energy back to the grid or directly to an energy-using
33 system to reduce the use of power from the grid.
34 “Energy storage capacity” means the measure of the energy
35 capacity in megawatt-hours of a transmission-scale energy storage
36 system.
37 “Energy storage program” means a program designed to encourage
38 the growth of energy storage capacity in the State in order to
39 strengthen storage capacity for the electric grid. “Energy storage

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
¹ Senate floor amendments adopted June 30, 2025.

1 program” includes the board’s Successor Solar Incentive Program,
2 including the Competitive Solar Incentive Program; the program
3 established pursuant to P.L. , c. (C.) (pending before the
4 Legislature as this bill); and the board’s Garden State Energy Storage
5 Program.

6 “Garden State Energy Storage Program” or “GSESP” means the
7 final form of the energy storage program currently under development
8 by the board and outlined in the board’s November 2024 straw
9 proposal, or the program’s replacement or successor.

10 “Generation Interconnection Agreement” means the same as that
11 term is defined in PJM’s Open Access Transmission Tariff or in any
12 successor document.

13 “Incentive award” means a set of payments awarded by the board
14 for an eligible project, which payments are conditioned upon the
15 completion and commercial operation of the eligible project in
16 compliance with P.L. , c. (C.) (pending before the Legislature
17 as this bill) and any conditions required by the board. An “incentive
18 award” shall be a fixed series of annual payments to be issued over the
19 15-year award period; based on the maximum usable installed capacity
20 of an eligible project, which is measured in dollars per megawatt, or on
21 the energy storage capacity of an eligible project, which is measured in
22 dollars per megawatt-hour; and paid upon commercial operation of the
23 eligible project, unless the board provides for an alternative payment
24 timeline. An “incentive award” is subject to any conditions imposed
25 by the board, including, but not limited to, satisfactory up-time
26 performance metrics. An “incentive award” may include, at the
27 discretion of the board, a performance-based adjustment based on the
28 availability of the eligible project or the benefits created through the
29 commercial operation of the eligible project, provided that the board
30 shall confirm the reliability of any proposed metrics on which to base a
31 performance-based adjustment prior to being used in the calculation of
32 an incentive award.

33 “Installed capacity” means the nameplate output of an eligible
34 project, measured in megawatts of alternating current (MW AC), that
35 is available to the electric grid.

36 “Interconnection Service Agreement” means the same as that term
37 is defined in PJM’s Open Access Transmission Tariff or in any
38 successor document.

39 “Phase I System Impact Study” means the same as that term is
40 defined in PJM’s Open Access Transmission Tariff or in any successor
41 document.

42 “PJM” means “PJM Interconnection, L.L.C.” or “PJM,” as those
43 terms are defined in section 3 of P.L.1999, c.23 (C.48:3-51).

44 “Readiness Deposit” means the same as that term is defined in
45 PJM’s Open Access Transmission Tariff or in any successor
46 document.

1 “Subsequent tranche” means additional energy storage
2 procurement administered pursuant to section 4 of P.L. ,
3 c. (C.) (pending before the Legislature as this bill).

4 “Tranche 1” means the initial procurement for the energy storage
5 program established pursuant to section 2 of P.L. , c. (C.)
6 (pending before the Legislature as this bill).

7 “Tranche 2” means the second procurement for the energy storage
8 program established pursuant to section 2 of P.L. , c. (C.)
9 (pending before the Legislature as this bill).

10 “Transmission-scale energy storage system” means an energy
11 storage system, with an installed capacity of at least 5 MW AC, that is
12 interconnected with the PJM Transmission Network and situated
13 inside a Transmission Zone in New Jersey or is otherwise located in
14 New Jersey and qualified to provide energy, capacity, or ancillary
15 services in the wholesale markets established by PJM.

16 “Unforced capacity” means the same as that term is defined in
17 PJM’s Reliability Assurance Agreement or in any successor document.

18
19 2. (New section) a. (1) The Board of Public Utilities shall
20 establish a program to procure and provide incentive awards for the
21 development of transmission-scale energy storage systems with a
22 reasonable likelihood of successful and timely completion. The
23 board shall solicit applications for the program established pursuant
24 to this section in an initial Tranche 1 and in Tranche 2, pursuant to
25 paragraph (2) of this subsection. The board may place an eligible
26 project that does not receive an incentive award for Tranche 1 or
27 Tranche 2 on a waiting list and consider the eligible project for an
28 incentive award during a subsequent tranche.

29 (2) By no later than ¹~~December 31~~ June 30¹, 2026, the board
30 shall approve incentive awards for eligible projects totaling at least
31 1,000 MW AC in installed capacity. However, at least ¹~~500~~ 350¹
32 MW AC of the 1,000 MW AC procurement goal shall be approved
33 in incentive awards for eligible projects in Tranche 1 by no later
34 than ¹~~April 1, 2026~~ December 31, 2025¹. If the board is unable
35 to procure all 1,000 MW AC in installed capacity in Tranche 1, the
36 board shall approve incentive awards for eligible projects in
37 Tranche 2, provided that all incentive awards in Tranche 2 are
38 awarded by no later than ¹~~December 31~~ June 30¹, 2026.

39 b. To qualify for an incentive award in Tranche 1 or Tranche 2
40 pursuant to this section, a transmission-scale energy storage system
41 shall:

42 (1) not participate in any other energy storage program, except
43 for the GSESP, to the extent that the energy storage program
44 established pursuant to P.L. , c. (C.) (pending before the
45 Legislature as this bill) is incorporated into the GSESP;

46 (2) have an anticipated commercial operations date of no later
47 than December 31, 2030, unless the board permits an exception;

1 (3) meet the following project maturity requirements, as
2 applicable:

3 (a) a transmission-scale energy storage system applying for an
4 incentive award in Tranche 1 shall have entered the PJM
5 interconnection process and, at the time of application, have a fully-
6 executed Generation Interconnection Agreement or Interconnection
7 Service Agreement through PJM, have a completed Surplus
8 Interconnection Study through PJM, or have notified PJM of intent
9 to transfer existing Capacity Interconnection Rights associated with
10 a deactivating generation station; ¹**or**¹

11 (b) a transmission-scale energy storage system applying for an
12 incentive award in Tranche 2 shall have entered the PJM
13 interconnection process and, at the time of application, have a fully-
14 executed Generation Interconnection Agreement or Interconnection
15 Service Agreement through PJM, have a completed Surplus
16 Interconnection Study through PJM, have been studied by PJM in a
17 Phase I System Impact Study and have paid a Decision Point I
18 Readiness Deposit to PJM, or have notified PJM of intent to
19 transfer existing Capacity Interconnection Rights associated with a
20 deactivating generation station; ¹**and**

21 (c) if a transmission-scale energy storage system fulfils the
22 project maturity requirements established pursuant to subparagraph
23 (a) or subparagraph (b) of this paragraph by completing a Surplus
24 Interconnection Study or by notifying PJM of intent to transfer
25 existing Capacity Interconnection Rights associated with a
26 deactivating generation station, then the transmission-scale energy
27 storage system shall also have obtained the associated Capacity
28 Interconnection Rights through PJM; and¹

29 (4) ¹**have** the associated Capacity Interconnection Rights
30 through PJM; and

31 (5) ¹**meet** any other eligibility criteria the board may establish
32 through board order or rulemaking.

33 c. Any application for an incentive award issued in Tranche 1
34 or Tranche 2 pursuant to this section shall include:

35 (1) evidence reasonably satisfactory to the board of site control;

36 (2) evidence reasonably satisfactory to the board that an
37 applicant has or will obtain all required permits, which evidence
38 shall include an execution plan to obtain all required permits;

39 (3) evidence reasonably satisfactory to the board that the
40 applicant has submitted all interconnection applications and initial
41 application fees necessary to obtain permission from the appropriate
42 electric public utility or grid operator to operate the transmission-
43 scale energy storage system;

44 (4) evidence reasonably satisfactory to the board of the
45 applicant's financial means to construct the transmission-scale
46 energy storage system and ability to obtain revenues through
47 electricity markets or non-ratepayer funding, including, but not

1 limited to, energy arbitrage, ancillary services, and capacity
2 revenues in PJM;

3 (5) evidence reasonably satisfactory to the board of the status of
4 the transmission-scale energy storage system in the PJM
5 interconnection process;

6 (6) assurances reasonably satisfactory to the board that the
7 transmission-scale energy storage system will adhere to any safety
8 requirements, standards, or measures that the board deems
9 appropriate as well as to any nationally recognized minimum safety
10 requirements, including, but not limited to, appropriate laboratory
11 testing, and will comply with all manufacturers' installation
12 requirements, applicable laws, regulations, codes, licensing, and
13 permit requirements;

14 (7) a statement describing the transmission-scale energy storage
15 system's alignment with State and regional transmission and
16 resource adequacy planning goals and demonstrating the
17 transmission-scale energy storage system's coordination with PJM
18 and the appropriate electric public utility;

19 (8) an application fee as set by the board; and
20 (9) any other information required by the board.

21 d. The board shall review Tranche 1 and Tranche 2
22 applications consistently with the requirements of this section. At
23 its discretion, the board may instruct an applicant on curing minor
24 defects in a Tranche 1 or Tranche 2 application. The board shall
25 evaluate each application based on the bid prices of the requested
26 incentive awards. The board may appropriately compare bid prices,
27 at the board's discretion, based on the measure of a transmission-
28 scale energy storage system's installed capacity, energy storage
29 capacity, or expected accredited capacity. The board may also
30 consider other factors such as:

31 (1) project maturity and likelihood of success;
32 (2) whether the project has completed non-ministerial permits;
33 (3) whether the project is proposed by an applicant with
34 experience in energy storage development, construction, and
35 finance; ¹and¹

36 (4) whether the project promotes redevelopment, community
37 benefits, brownfield redevelopment, or existing or former fossil fuel
38 plant replacement, or provides demonstrated benefits to
39 environmental justice in communities where a transmission-scale
40 energy storage system is proposed to be located ¹█;

41 (5) the extent to which the project provides value to the
42 distribution system, including locational benefits, peak load
43 reduction, or deferral of infrastructure upgrades; and
44 (6) whether the project contributes to local grid reliability,
45 resilience, or emergency backup service for critical facilities¹.

46 e. Any board order issued pursuant to P.L. , c. (C.)
47 (pending before the Legislature as this bill) shall be binding and
48 enforceable. Any such board order shall:

- 1 (1) define the eligible project receiving an incentive award and
2 the eligible project's installed capacity;
- 3 (2) define the incentive award, including a payment schedule for
4 the 15-year award period of the incentive award, which term shall
5 commence no earlier than the commercial operations date of an
6 eligible project, and during which term an eligible project shall
7 receive an annual incentive award on each anniversary of the first
8 payment date;
- 9 (3) determine the amount of funding to be allocated for payment
10 of the incentive award beginning in the fiscal year in which the
11 eligible project commences commercial operations;
- 12 (4) include a participation fee as the board may require from the
13 developer;
- 14 (5) require, for an eligible project awarded an incentive award, a
15 pre-development security not to exceed \$100,000 per megawatt and
16 not to exceed in total \$10,000,000;
- 17 (6) outline the conditions under which the board may, in the
18 event of a developer's failure to operate an eligible project by the
19 deadline stated in the board order or to meet deadlines included in
20 the board order, revoke an incentive award or retain some or all of
21 the pre-development security;
- 22 (7) provide that receipt of an incentive award for an eligible
23 project shall be contingent on achievement of baseline performance
24 requirements, including, but not limited to, availability for dispatch
25 in a minimum number of hours per year, as determined by the
26 board. The board may use the PJM Equivalent Forced Outage Rate
27 or another metric determined appropriate by the board to measure
28 energy storage availability. The board order shall require that the
29 developer report data for the purpose of this paragraph at regular
30 intervals and shall provide for a reduction of an incentive award in
31 proportion to the number of hours of required availability that is
32 unmet by the eligible project; and
- 33 (8) require a developer to provide additional information to the
34 board during the term of the incentive award, as the board may
35 reasonably require. The board may set additional requirements at
36 its discretion, including, but not limited to, a requirement that the
37 developer report major development and construction milestones to
38 the board, maintain financial security throughout the term of the
39 incentive award, or any other requirement the board determines
40 necessary to ensure continued progress and operational viability of
41 an eligible project.
- 42 f. The board may amend an order issuing an incentive award
43 pursuant to this section solely to change the funding source of the
44 incentive award. Any incentive award for an eligible project and
45 the conditions for receiving funding pursuant to this section shall
46 remain effective for the full duration of the award period specified
47 in the board order issuing the incentive award, notwithstanding any
48 change to the funding source of the incentive award.

1 g. (1) Notwithstanding the provisions of the “Administrative
2 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other
3 law or rule to the contrary, the board shall permit applications for
4 Tranche 1 without regard to the publication status of the rules and
5 regulations to be issued pursuant to P.L. , c. (C.) (pending
6 before the Legislature as this bill), by no later than ¹January 15,
7 2026] September 30, 2025¹.

8 (2) The board shall accept Tranche 1 applications for a
9 maximum of 60 days after the beginning of the formal application
10 period for Tranche 1. Within 60 days following the closure of the
11 Tranche 1 application period, the board shall:

12 (a) evaluate projects in accordance with this section, any rules or
13 regulations proposed pursuant to P.L. , c. (C.) (pending
14 before the Legislature as this bill), and any application requirements
15 and eligibility criteria approved pursuant to this subsection; and

16 (b) select eligible projects to receive an award.

17 h. An incentive award shall be conditioned upon a developer’s
18 compliance with the board order determining the incentive award
19 and with any conditions the board shall reasonably require.

20 ¹[i. The board shall develop standardized service agreements
21 between electric public utilities and eligible projects that have
22 received an incentive award pursuant to P.L. , c. (C.)
23 (pending before the Legislature as this bill), which agreement shall
24 include information concerning dispatch protocols, telemetry
25 requirements, and performance metrics.]¹
26

27 3. (New section) a. Within 30 days of meeting its 1,000 MW
28 AC procurement goal established pursuant to paragraph (2) of
29 subsection a. of section 2 of P.L. , c. (C.) (pending before
30 the Legislature as this bill), the board shall initiate a proceeding,
31 with opportunity for public comment, to determine whether to
32 extend its procurement of transmission-scale energy storage through
33 the energy storage program established pursuant to P.L. ,
34 c. (C.) (pending before the Legislature as this bill).

35 b. The board shall issue a report detailing its findings based on
36 the proceeding initiated pursuant to subsection a. of this section and
37 submit the report to the Governor and, pursuant to section 2 of
38 P.L.1991, c.164 (C.52:14-19.1), to the Legislature. In its report
39 issued pursuant to this subsection, the board shall:

40 (1) examine the impact of the State’s energy storage programs,
41 individually and collectively, on the State’s progress toward the
42 2030 energy storage target established pursuant to section 1 of
43 P.L.2018, c.17 (C.48:3-87.8);

44 (2) assess the impact of the energy storage program established
45 pursuant to P.L. , c. (C.) (pending before the Legislature as
46 this bill) on ratepayers, which impact shall include an evaluation of
47 any costs and benefits to ratepayers as a result of increased energy
48 storage capacity under the program;

1 (3) evaluate any changes in the PJM capacity market or in the
2 federal energy and utility landscape that could impact the need for
3 incentive awards issued through the energy storage program
4 established pursuant to P.L. , c. (C.) (pending before the
5 Legislature as this bill);

6 (4) study any other information the board deems necessary to
7 make its determination pursuant to paragraph (5) of this subsection;
8 and

9 (5) determine, at the discretion of the board, whether to extend
10 the procurement of transmission-scale energy storage pursuant to
11 P.L. , c. (C.) (pending before the Legislature as this bill)
12 through subsequent tranches based on its findings from paragraphs
13 (1) through (4) of this subsection.

14
15 4. (New section) a. If the board elects to extend its
16 procurement of transmission-scale energy storage pursuant to
17 paragraph (5) of subsection b. of section 3 of P.L. , c. (C.)
18 (pending before the Legislature as this bill) through subsequent
19 tranches under the energy storage program established pursuant to
20 P.L. , c. (C.) (pending before the Legislature as this bill),
21 the board shall administer any subsequent tranche in a similar
22 manner to Tranche 1 and Tranche 2, modifying as appropriate for
23 each subsequent tranche:

- 24 (1) the amount of megawatts to be solicited;
25 (2) the application requirements or eligibility criteria;
26 (3) the timeline for an eligible project, including, but not limited
27 to, application deadlines or the contract term; and
28 (4) any other administrative modification the board deems
29 appropriate.

30 b. Prior to administering each subsequent tranche, the board
31 shall increase, decrease, or maintain the amount of an incentive
32 award as the board deems necessary based on a market analysis that
33 shall account for:

- 34 (1) changes within the energy and utility industries, including
35 any changes due to State and federal policies, that may increase or
36 decrease average project costs for developers of transmission-scale
37 energy storage systems;
38 (2) any additional sources of revenue available to developers of
39 transmission-scale energy storage systems; and
40 (3) any other factors concerning the cost to develop
41 transmission-scale energy storage systems that the board deems
42 necessary to reevaluate the amount of an incentive award.

43 ¹c. Notwithstanding subsection b. of this section to the contrary,
44 the board may determine incentive award amounts in a subsequent
45 tranche by a competitive solicitation process.¹

46
47 5. (New section) a. There is established in the Board of Public
48 Utilities a special, non-lapsing fund to be known as the “Energy

1 Storage Fund.” The fund shall be administered by the board and shall
2 be credited with:

3 (1) monies deposited into the fund by the board pursuant to
4 subsection b. of this section;

5 (2) monies appropriated by the Legislature; and

6 (3) any return on investment of monies deposited in the fund.

7 b. The board shall deposit into the fund, each year, ‘until the end
8 of all award periods for incentive awards issued pursuant to P.L. ,

9 c. (C.) (pending before the Legislature as this bill),¹ a minimum
10 of ¹[\$60 million] \$60,000,000¹ from the:

11 (1) revenues from the societal benefits charge established pursuant
12 to subsection a. of section 12 of P.L.1999, c.23 (C.48:3-60); and

13 (2) monies made available from other funding sources, as
14 determined by the board, which sources shall include, but not be
15 limited to, federal funding.

16 c. Notwithstanding any restrictions on the use of funds provided
17 in section 12 of P.L.1999, c.23 (C.48:3-60), monies in the fund shall
18 be used by the board solely ¹【for the purpose of funding】 to fund:

19 (1)¹ incentive awards issued pursuant to P.L. , c. (C.)
20 (pending before the Legislature as this bill) ¹; and

21 (2) energy storage incentives issued pursuant to the GSESP¹.

22 d. In the fiscal year beginning on July 1, 2027, and in each fiscal
23 year thereafter, until the end of all award periods for incentive awards
24 issued pursuant to P.L. , c. (C.) (pending before the
25 Legislature as this bill), the board shall allocate sufficient monies from
26 the “Energy Storage Fund” established pursuant to subsection a. of this
27 section to fully fund the incentive awards issued by the board pursuant
28 to P.L. , c. (C.) (pending before the Legislature as this bill).

29

30 6. (New section) a. (1) The board shall adopt, as expeditiously
31 as possible, pursuant to the “Administrative Procedure Act,” P.L.1968,
32 c.410 (C.52:14B-1 et seq.), rules and regulations consistent with the
33 purposes of P.L. , c. (C.) (pending before the Legislature as
34 this bill).

35 (2) Notwithstanding the provisions of the “Administrative
36 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law
37 or rule to the contrary, within 90 days following the effective date of
38 P.L. , c. (C.) (pending before the Legislature as this bill), the
39 board shall publish a notice of proposal that contains the proposed
40 rules required by this subsection.

41 b. Notwithstanding the provisions of the “Administrative
42 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law
43 or rule to the contrary, the board may procure transmission-scale
44 energy storage systems and issue incentive awards for Tranche 1 and
45 Tranche 2 pursuant to section 2 of P.L. , c. (C.) (pending
46 before the Legislature as this bill) notwithstanding the status of board
47 rules or regulations pursuant to subsection a. of this section.

1 7. Section 12 of P.L.1999, c.23 (C.48:3-60) is amended to read as
2 follows:

3 12. a. Simultaneously with the starting date for the
4 implementation of retail choice as determined by the board pursuant to
5 subsection a. of section 5 of P.L.1999, c.23 (C.48:3-53), the board
6 shall permit each electric public utility and gas public utility to recover
7 some or all of the following costs through a societal benefits charge
8 that shall be collected as a non-bypassable charge imposed on all
9 electric public utility customers and gas public utility customers, as
10 appropriate:

11 (1) **【The】** the costs for the social programs for which rate
12 recovery was approved by the board prior to April 30, 1997. For the
13 purpose of establishing initial unbundled rates pursuant to section 4 of
14 P.L.1999, c.23 (C.48:3-52), the societal benefits charge shall be set to
15 recover the same level of social program costs as is being collected in
16 the bundled rates of the electric public utility on the effective date of
17 P.L.1999, c.23 (C.48:3-49 et al.). The board may subsequently order,
18 pursuant to its rules and regulations, an increase or decrease in the
19 societal benefits charge to reflect changes in the costs to the utility of
20 administering existing social programs. Nothing in P.L.1999, c.23
21 (C.48:3-49 et al.) shall be construed to abolish or change any social
22 program required by statute or board order or rule or regulation to be
23 provided by an electric public utility. Any such social program shall
24 continue to be provided by the utility until otherwise provided by law,
25 unless the board determines that it is no longer appropriate for the
26 electric public utility to provide the program, or the board chooses to
27 modify the program;

28 (2) **【Nuclear】** nuclear plant decommissioning costs;

29 (3) **【The】** the costs of demand side management programs that
30 were approved by the board pursuant to its demand side management
31 regulations prior to April 30, 1997. For the purpose of establishing
32 initial unbundled rates pursuant to section 4 of P.L.1999, c.23 (C.48:3-
33 52), the societal benefits charge shall be set to recover the same level
34 of demand side management program costs as is being collected in the
35 bundled rates of the electric public utility on the effective date of
36 P.L.1999, c.23 (C.48:3-49 et al.). Within four months of the effective
37 date of P.L.1999, c.23 (C.48:3-49 et al.), and every four years
38 thereafter, the board shall initiate a proceeding and cause to be
39 undertaken a comprehensive resource analysis of energy programs,
40 and within eight months of initiating such proceeding and after notice,
41 provision of the opportunity for public comment, and public hearing,
42 the board, in consultation with the Department of Environmental
43 Protection, shall determine the appropriate level of funding for energy
44 efficiency, light, medium, and heavy-duty plug-in electric vehicles,
45 including school buses, and associated plug-in electric vehicle
46 charging infrastructure, energy storage, and Class I renewable energy
47 programs that provide environmental benefits above and beyond those
48 provided by standard offer or similar programs in effect as of the

1 effective date of P.L.1999, c.23 (C.48:3-49 et al.); provided that the
2 funding for such programs be no less than 50 percent of the total
3 Statewide amount being collected in electric and gas public utility
4 rates for demand side management programs on the effective date of
5 P.L.1999, c.23 (C.48:3-49 et al.) for an initial period of four years
6 from the issuance of the first comprehensive resource analysis
7 following the effective date of P.L.1999, c.23 (C.48:3-49 et al.), and
8 provided that 25 percent of this amount shall be used to provide
9 funding for Class I renewable energy projects in the State. In each of
10 the following fifth through eighth years, the Statewide funding for
11 such programs shall be no less than 50 percent of the total Statewide
12 amount being collected in electric and gas public utility rates for
13 demand side management programs on the effective date of P.L.1999,
14 c.23 (C.48:3-49 et al.), except that as additional funds are made
15 available as a result of the expiration of past standard offer or similar
16 commitments, the minimum amount of funding for such programs
17 shall increase by an additional amount equal to 50 percent of the
18 additional funds made available, until the minimum amount of funding
19 dedicated to such programs reaches \$140,000,000 total. After the
20 eighth year the board shall make a determination as to the appropriate
21 level of funding for these programs. Such programs shall include a
22 program to provide financial incentives for the installation of Class I
23 renewable energy projects in the State, and the board, in consultation
24 with the Department of Environmental Protection, shall determine the
25 level and total amount of such incentives as well as the renewable
26 technologies eligible for such incentives which shall include, at a
27 minimum, photovoltaic, wind, and fuel cells. The board shall
28 simultaneously determine, as a result of the comprehensive resource
29 analysis, the programs to be funded by the societal benefits charge, the
30 level of cost recovery and performance incentives for old and new
31 programs and whether the recovery of demand side management
32 programs' costs currently approved by the board may be reduced or
33 extended over a longer period of time. The board shall make these
34 determinations taking into consideration existing market barriers and
35 environmental benefits, with the objective of transforming markets,
36 capturing lost opportunities, making energy services more affordable
37 for low income customers and eliminating subsidies for programs that
38 can be delivered in the marketplace without electric public utility and
39 gas public utility customer funding. In addition to the determinations
40 above, the board shall allocate sufficient funding from the societal
41 benefits charge to cover the remaining cost of fully funding incentive
42 awards issued for transmission-scale energy storage systems that are
43 eligible projects pursuant to P.L. , c. (C.) (pending before the
44 Legislature as this bill), after accounting for funding allocated to this
45 purpose from other sources;
46 (4) **【Manufactured】** manufactured gas plant remediation costs,
47 which shall be determined initially in a manner consistent with

1 mechanisms in the remediation adjustment clauses for the electric
2 public utility and gas public utility adopted by the board; and

3 (5) **【The】** the cost, of consumer education, as determined by the
4 board, which shall be in an amount that, together with the consumer
5 education surcharge imposed on electric power supplier license fees
6 pursuant to subsection h. of section 29 of P.L.1999, c.23 (C.48:3-78)
7 and the consumer education surcharge imposed on gas supplier license
8 fees pursuant to subsection g. of section 30 of P.L.1999, c.23 (C.48:3-
9 79), shall be sufficient to fund the consumer education program
10 established pursuant to section 36 of P.L.1999, c.23 (C.48:3-85).

11 b. There is established in the Board of Public Utilities a
12 nonlapsing fund to be known as the "Universal Service Fund." The
13 board shall determine: the level of funding and the appropriate
14 administration of the fund; the purposes and programs to be funded
15 with monies from the fund; which social programs shall be provided
16 by an electric public utility as part of the provision of its regulated
17 services which provide a public benefit; whether the funds
18 appropriated to fund the "Lifeline Credit Program" established
19 pursuant to P.L.1979, c.197 (C.48:2-29.15 et seq.), the "Tenants'
20 Lifeline Assistance Program" established pursuant to P.L.1981, c.210
21 (C.48:2-29.30 et seq.), the funds received pursuant to the Low Income
22 Home Energy Assistance Program established pursuant to 42 U.S.C.
23 s.8621 et seq., and funds collected by electric and gas public utilities,
24 as authorized by the board, to offset uncollectible electricity and
25 natural gas bills should be deposited in the fund; and whether new
26 charges should be imposed to fund new or expanded social programs.
27 (cf: P.L.2022, c.86, s.2)

28
29 8. This act shall take effect immediately.
30
31

32 _____
33
34 Requires BPU to procure and incentivize transmission-scale
35 energy storage.

CHAPTER 136

AN ACT concerning transmission-scale energy storage, supplementing Title 48 of the Revised Statutes, and amending P.L.1999, c.23.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

C.48:3-121.2 Definitions.

1. As used in P.L.2025, c.136 (C.48:3-121.2 et al.):

“Accredited capacity” means the amount of capacity, measured in megawatts of unforced capacity, that an eligible project can contribute toward New Jersey’s capacity needs or bid into the base residual auction.

“Base residual auction” means the same as that term is defined in section 3 of P.L.1999, c.23 (C.48:3-51).

“Board” means the Board of Public Utilities.

“Capacity Interconnection Rights” means the same as that term is defined in PJM’s Open Access Transmission Tariff or in any successor document.

“Decision Point I” means the same as that term is defined in PJM’s Open Access Transmission Tariff or in any successor document.

“Electric public utility” means a public utility, as that term is defined in R.S.48:2-13, that transmits and distributes electricity to end users within the State.

“Eligible project” means a transmission-scale energy storage system that meets the criteria for an incentive award pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.).

“Energy storage” means a device that is capable of absorbing energy from the grid or from a generation resource located behind the same point of interconnection as the device; storing it for a period of time using mechanical, chemical, or thermal processes; and, thereafter, discharging the energy back to the grid or directly to an energy-using system to reduce the use of power from the grid.

“Energy storage capacity” means the measure of the energy capacity in megawatt-hours of a transmission-scale energy storage system.

“Energy storage program” means a program designed to encourage the growth of energy storage capacity in the State in order to strengthen storage capacity for the electric grid. “Energy storage program” includes the board’s Successor Solar Incentive Program, including the Competitive Solar Incentive Program; the program established pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.); and the board’s Garden State Energy Storage Program.

“Garden State Energy Storage Program” or “GSESP” means the final form of the energy storage program currently under development by the board and outlined in the board’s November 2024 straw proposal, or the program’s replacement or successor.

“Generation Interconnection Agreement” means the same as that term is defined in PJM’s Open Access Transmission Tariff or in any successor document.

“Incentive award” means a set of payments awarded by the board for an eligible project, which payments are conditioned upon the completion and commercial operation of the eligible project in compliance with P.L.2025, c.136 (C.48:3-121.2 et al.) and any conditions required by the board. An “incentive award” shall be a fixed series of annual payments to be issued over the 15-year award period; based on the maximum usable installed capacity of an eligible project, which is measured in dollars per megawatt, or on the energy storage capacity of an eligible project, which is measured in dollars per megawatt-hour; and paid upon commercial operation of the eligible project, unless the board provides for an alternative payment timeline. An “incentive award” is subject to any conditions imposed by the board, including, but not limited to, satisfactory up-time performance metrics. An “incentive award” may include, at the discretion of the board, a performance-based adjustment based on the availability of the

eligible project or the benefits created through the commercial operation of the eligible project, provided that the board shall confirm the reliability of any proposed metrics on which to base a performance-based adjustment prior to being used in the calculation of an incentive award.

“Installed capacity” means the nameplate output of an eligible project, measured in megawatts of alternating current (MW AC), that is available to the electric grid.

“Interconnection Service Agreement” means the same as that term is defined in PJM’s Open Access Transmission Tariff or in any successor document.

“Phase I System Impact Study” means the same as that term is defined in PJM’s Open Access Transmission Tariff or in any successor document.

“PJM” means “PJM Interconnection, L.L.C.” or “PJM,” as those terms are defined in section 3 of P.L.1999, c.23 (C.48:3-51).

“Readiness Deposit” means the same as that term is defined in PJM’s Open Access Transmission Tariff or in any successor document.

“Subsequent tranche” means additional energy storage procurement administered pursuant to section 4 of P.L.2025, c.136 (C.48:3-121.5).

“Tranche 1” means the initial procurement for the energy storage program established pursuant to section 2 of P.L.2025, c.136 (C.48:3-121.3).

“Tranche 2” means the second procurement for the energy storage program established pursuant to section 2 of P.L.2025, c.136 (C.48:3-121.3).

“Transmission-scale energy storage system” means an energy storage system, with an installed capacity of at least 5 MW AC, that is interconnected with the PJM Transmission Network and situated inside a Transmission Zone in New Jersey or is otherwise located in New Jersey and qualified to provide energy, capacity, or ancillary services in the wholesale markets established by PJM.

“Unforced capacity” means the same as that term is defined in PJM’s Reliability Assurance Agreement or in any successor document.

C.48:3-121.3 Transmission-scale energy storage systems development, incentive awards.

2. a. (1) The Board of Public Utilities shall establish a program to procure and provide incentive awards for the development of transmission-scale energy storage systems with a reasonable likelihood of successful and timely completion. The board shall solicit applications for the program established pursuant to this section in an initial Tranche 1 and in Tranche 2, pursuant to paragraph (2) of this subsection. The board may place an eligible project that does not receive an incentive award for Tranche 1 or Tranche 2 on a waiting list and consider the eligible project for an incentive award during a subsequent tranche.

(2) By no later than June 30, 2026, the board shall approve incentive awards for eligible projects totaling at least 1,000 MW AC in installed capacity. However, at least 350 MW AC of the 1,000 MW AC procurement goal shall be approved in incentive awards for eligible projects in Tranche 1 by no later than December 31, 2025. If the board is unable to procure all 1,000 MW AC in installed capacity in Tranche 1, the board shall approve incentive awards for eligible projects in Tranche 2, provided that all incentive awards in Tranche 2 are awarded by no later than June 30, 2026.

b. To qualify for an incentive award in Tranche 1 or Tranche 2 pursuant to this section, a transmission-scale energy storage system shall:

(1) not participate in any other energy storage program, except for the GSESP, to the extent that the energy storage program established pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.) is incorporated into the GSESP;

(2) have an anticipated commercial operations date of no later than December 31, 2030, unless the board permits an exception;

(3) meet the following project maturity requirements, as applicable:

(a) a transmission-scale energy storage system applying for an incentive award in Tranche 1 shall have entered the PJM interconnection process and, at the time of application, have a fully executed Generation Interconnection Agreement or Interconnection Service Agreement through PJM, have a completed Surplus Interconnection Study through PJM, or have notified PJM of intent to transfer existing Capacity Interconnection Rights associated with a deactivating generation station;

(b) a transmission-scale energy storage system applying for an incentive award in Tranche 2 shall have entered the PJM interconnection process and, at the time of application, have a fully executed Generation Interconnection Agreement or Interconnection Service Agreement through PJM, have a completed Surplus Interconnection Study through PJM, have been studied by PJM in a Phase I System Impact Study and have paid a Decision Point I Readiness Deposit to PJM, or have notified PJM of intent to transfer existing Capacity Interconnection Rights associated with a deactivating generation station; and

(c) if a transmission-scale energy storage system fulfils the project maturity requirements established pursuant to subparagraph (a) or subparagraph (b) of this paragraph by completing a Surplus Interconnection Study or by notifying PJM of intent to transfer existing Capacity Interconnection Rights associated with a deactivating generation station, then the transmission-scale energy storage system shall also have obtained the associated Capacity Interconnection Rights through PJM; and

(4) meet any other eligibility criteria the board may establish through board order or rulemaking.

c. Any application for an incentive award issued in Tranche 1 or Tranche 2 pursuant to this section shall include:

(1) evidence reasonably satisfactory to the board of site control;

(2) evidence reasonably satisfactory to the board that an applicant has or will obtain all required permits, which evidence shall include an execution plan to obtain all required permits;

(3) evidence reasonably satisfactory to the board that the applicant has submitted all interconnection applications and initial application fees necessary to obtain permission from the appropriate electric public utility or grid operator to operate the transmission-scale energy storage system;

(4) evidence reasonably satisfactory to the board of the applicant's financial means to construct the transmission-scale energy storage system and ability to obtain revenues through electricity markets or non-ratepayer funding, including, but not limited to, energy arbitrage, ancillary services, and capacity revenues in PJM;

(5) evidence reasonably satisfactory to the board of the status of the transmission-scale energy storage system in the PJM interconnection process;

(6) assurances reasonably satisfactory to the board that the transmission-scale energy storage system will adhere to any safety requirements, standards, or measures that the board deems appropriate as well as to any nationally recognized minimum safety requirements, including, but not limited to, appropriate laboratory testing, and will comply with all manufacturers' installation requirements, applicable laws, regulations, codes, licensing, and permit requirements;

(7) a statement describing the transmission-scale energy storage system's alignment with State and regional transmission and resource adequacy planning goals and demonstrating the

transmission-scale energy storage system's coordination with PJM and the appropriate electric public utility;

- (8) an application fee as set by the board; and
- (9) any other information required by the board.

d. The board shall review Tranche 1 and Tranche 2 applications consistently with the requirements of this section. At its discretion, the board may instruct an applicant on curing minor defects in a Tranche 1 or Tranche 2 application. The board shall evaluate each application based on the bid prices of the requested incentive awards. The board may appropriately compare bid prices, at the board's discretion, based on the measure of a transmission-scale energy storage system's installed capacity, energy storage capacity, or expected accredited capacity. The board may also consider other factors such as:

- (1) project maturity and likelihood of success;
- (2) whether the project has completed non-ministerial permits;
- (3) whether the project is proposed by an applicant with experience in energy storage development, construction, and finance; and
- (4) whether the project promotes redevelopment, community benefits, brownfield redevelopment, or existing or former fossil fuel plant replacement or provides demonstrated benefits to environmental justice in communities where a transmission-scale energy storage system is proposed to be located.

e. Any board order issued pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.) shall be binding and enforceable. Any such board order shall:

- (1) define the eligible project receiving an incentive award and the eligible project's installed capacity;
- (2) define the incentive award, including a payment schedule for the 15-year award period of the incentive award, which term shall commence no earlier than the commercial operations date of an eligible project and during which term an eligible project shall receive an annual incentive award on each anniversary of the first payment date;
- (3) determine the amount of funding to be allocated for payment of the incentive award beginning in the fiscal year in which the eligible project commences commercial operations;
- (4) include a participation fee as the board may require from the developer;
- (5) require, for an eligible project awarded an incentive award, a pre-development security not to exceed \$100,000 per megawatt and not to exceed in total \$10,000,000;
- (6) outline the conditions under which the board may, in the event of a developer's failure to operate an eligible project by the deadline stated in the board order or to meet deadlines included in the board order, revoke an incentive award or retain some or all of the pre-development security;
- (7) provide that receipt of an incentive award for an eligible project shall be contingent on achievement of baseline performance requirements, including, but not limited to, availability for dispatch in a minimum number of hours per year, as determined by the board. The board may use the PJM Equivalent Forced Outage Rate or another metric determined appropriate by the board to measure energy storage availability. The board order shall require that the developer report data for the purpose of this paragraph at regular intervals and shall provide for a reduction of an incentive award in proportion to the number of hours of required availability that is unmet by the eligible project; and
- (8) require a developer to provide additional information to the board during the term of the incentive award, as the board may reasonably require. The board may set additional requirements at its discretion, including, but not limited to, a requirement that the developer report major development and construction milestones to the board, maintain financial security

throughout the term of the incentive award, or any other requirement the board determines necessary to ensure continued progress and operational viability of an eligible project.

f. The board may amend an order issuing an incentive award pursuant to this section solely to change the funding source of the incentive award. Any incentive award for an eligible project and the conditions for receiving funding pursuant to this section shall remain effective for the full duration of the award period specified in the board order issuing the incentive award, notwithstanding any change to the funding source of the incentive award.

g. (1) Notwithstanding the provisions of the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law or rule to the contrary, the board shall permit applications for Tranche 1 without regard to the publication status of the rules and regulations to be issued pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.), by no later than September 30, 2025.

(2) The board shall accept Tranche 1 applications for a maximum of 60 days after the beginning of the formal application period for Tranche 1. Within 60 days following the closure of the Tranche 1 application period, the board shall:

(a) evaluate projects in accordance with this section, any rules or regulations proposed pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.), and any application requirements and eligibility criteria approved pursuant to this subsection; and

(b) select eligible projects to receive an award.

h. An incentive award shall be conditioned upon a developer’s compliance with the board order determining the incentive award and with any conditions the board shall reasonably require.

C.48:3-121.4 BPU to initiate proceeding, determining extension of transmission-scale energy storage procurement; report to Governor, Legislature.

3. a. Within 30 days of meeting its 1,000 MW AC procurement goal established pursuant to paragraph (2) of subsection a. of section 2 of P.L.2025, c.136 (C.48:3-121.3), the board shall initiate a proceeding, with opportunity for public comment, to determine whether to extend its procurement of transmission-scale energy storage through the energy storage program established pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.).

b. The board shall issue a report detailing its findings based on the proceeding initiated pursuant to subsection a. of this section and submit the report to the Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature. In its report issued pursuant to this subsection, the board shall:

(1) examine the impact of the State’s energy storage programs, individually and collectively, on the State’s progress toward the 2030 energy storage target established pursuant to section 1 of P.L.2018, c.17 (C.48:3-87.8);

(2) assess the impact of the energy storage program established pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.) on ratepayers, which impact shall include an evaluation of any costs and benefits to ratepayers as a result of increased energy storage capacity under the program;

(3) evaluate any changes in the PJM capacity market or in the federal energy and utility landscape that could impact the need for incentive awards issued through the energy storage program established pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.);

(4) study any other information the board deems necessary to make its determination pursuant to paragraph (5) of this subsection; and

(5) determine, at the discretion of the board, whether to extend the procurement of transmission-scale energy storage pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.) through subsequent tranches based on its findings from paragraphs (1) through (4) of this subsection.

C.48:3-121.5 Extended procurement, transmission-scale energy storage, subsequent tranches.

4. a. If the board elects to extend its procurement of transmission-scale energy storage pursuant to paragraph (5) of subsection b. of section 3 of P.L.2025, c.136 (C.48:3-121.4) through subsequent tranches under the energy storage program established pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.), the board shall administer any subsequent tranche in a similar manner to Tranche 1 and Tranche 2, modifying as appropriate for each subsequent tranche:

- (1) the amount of megawatts to be solicited;
- (2) the application requirements or eligibility criteria;
- (3) the timeline for an eligible project, including, but not limited to, application deadlines or the contract term; and
- (4) any other administrative modification the board deems appropriate.

b. Prior to administering each subsequent tranche, the board shall increase, decrease, or maintain the amount of an incentive award as the board deems necessary based on a market analysis that shall account for:

- (1) changes within the energy and utility industries, including any changes due to State and federal policies, that may increase or decrease average project costs for developers of transmission-scale energy storage systems;
- (2) any additional sources of revenue available to developers of transmission-scale energy storage systems; and
- (3) any other factors concerning the cost to develop transmission-scale energy storage systems that the board deems necessary to reevaluate the amount of an incentive award.

c. Notwithstanding subsection b. of this section to the contrary, the board may determine incentive award amounts in a subsequent tranche by a competitive solicitation process.

C.48:3-121.6 “Energy Storage Fund.”

5. a. There is established in the Board of Public Utilities a special, non-lapsing fund to be known as the “Energy Storage Fund.” The fund shall be administered by the board and shall be credited with:

- (1) monies deposited into the fund by the board pursuant to subsection b. of this section;
- (2) monies appropriated by the Legislature; and
- (3) any return on investment of monies deposited in the fund.

b. The board shall deposit into the fund, each year, until the end of all award periods for incentive awards issued pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.), a minimum of \$60,000,000 from the:

- (1) revenues from the societal benefits charge established pursuant to subsection a. of section 12 of P.L.1999, c.23 (C.48:3-60); and
- (2) monies made available from other funding sources, as determined by the board, which sources shall include, but not be limited to, federal funding.

c. Notwithstanding any restrictions on the use of funds provided in section 12 of P.L.1999, c.23 (C.48:3-60), monies in the fund shall be used by the board solely to fund:

- (1) incentive awards issued pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.); and
- (2) energy storage incentives issued pursuant to the GSESP.

d. In the fiscal year beginning on July 1, 2027, and in each fiscal year thereafter, until the end of all award periods for incentive awards issued pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.), the board shall allocate sufficient monies from the “Energy Storage Fund” established pursuant to subsection a. of this section to fully fund the incentive awards issued by the board pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.).

C.48:3-121.7 Rules, regulations.

6. a. (1) The board shall adopt, as expeditiously as possible, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations consistent with the purposes of P.L.2025, c.136 (C.48:3-121.2 et al.).

(2) Notwithstanding the provisions of the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law or rule to the contrary, within 90 days following the effective date of P.L.2025, c.136 (C.48:3-121.2 et al.), the board shall publish a notice of proposal that contains the proposed rules required by this subsection.

b. Notwithstanding the provisions of the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law or rule to the contrary, the board may procure transmission-scale energy storage systems and issue incentive awards for Tranche 1 and Tranche 2 pursuant to section 2 of P.L.2025, c.136 (C.48:3-121.3) notwithstanding the status of board rules or regulations pursuant to subsection a. of this section.

7. Section 12 of P.L.1999, c.23 (C.48:3-60) is amended to read as follows:

C.48:3-60 Societal benefits charge by public utility; "Universal Service Fund."

12. a. Simultaneously with the starting date for the implementation of retail choice as determined by the board pursuant to subsection a. of section 5 of P.L.1999, c.23 (C.48:3-53), the board shall permit each electric public utility and gas public utility to recover some or all of the following costs through a societal benefits charge that shall be collected as a non-bypassable charge imposed on all electric public utility customers and gas public utility customers, as appropriate:

(1) the costs for the social programs for which rate recovery was approved by the board prior to April 30, 1997. For the purpose of establishing initial unbundled rates pursuant to section 4 of P.L.1999, c.23 (C.48:3-52), the societal benefits charge shall be set to recover the same level of social program costs as is being collected in the bundled rates of the electric public utility on the effective date of P.L.1999, c.23 (C.48:3-49 et al.). The board may subsequently order, pursuant to its rules and regulations, an increase or decrease in the societal benefits charge to reflect changes in the costs to the utility of administering existing social programs. Nothing in P.L.1999, c.23 (C.48:3-49 et al.) shall be construed to abolish or change any social program required by statute or board order or rule or regulation to be provided by an electric public utility. Any such social program shall continue to be provided by the utility until otherwise provided by law, unless the board determines that it is no longer appropriate for the electric public utility to provide the program, or the board chooses to modify the program;

(2) nuclear plant decommissioning costs;

(3) the costs of demand side management programs that were approved by the board pursuant to its demand side management regulations prior to April 30, 1997. For the purpose of establishing initial unbundled rates pursuant to section 4 of P.L.1999, c.23 (C.48:3-52), the societal benefits charge shall be set to recover the same level of demand side management program costs as is being collected in the bundled rates of the electric public utility on the effective date of P.L.1999, c.23 (C.48:3-49 et al.). Within four months of the effective date of P.L.1999, c.23 (C.48:3-49 et al.), and every four years thereafter, the board shall initiate a proceeding and cause to be undertaken a comprehensive resource analysis of energy programs, and within eight months of initiating such proceeding and after notice, provision of the opportunity for public comment, and public hearing, the board, in consultation with the Department of Environmental Protection, shall determine the appropriate level of funding for energy efficiency, light, medium, and heavy-duty plug-in electric vehicles, including school

buses, and associated plug-in electric vehicle charging infrastructure, energy storage, and Class I renewable energy programs that provide environmental benefits above and beyond those provided by standard offer or similar programs in effect as of the effective date of P.L.1999, c.23 (C.48:3-49 et al.); provided that the funding for such programs be no less than 50 percent of the total Statewide amount being collected in electric and gas public utility rates for demand side management programs on the effective date of P.L.1999, c.23 (C.48:3-49 et al.) for an initial period of four years from the issuance of the first comprehensive resource analysis following the effective date of P.L.1999, c.23 (C.48:3-49 et al.), and provided that 25 percent of this amount shall be used to provide funding for Class I renewable energy projects in the State. In each of the following fifth through eighth years, the Statewide funding for such programs shall be no less than 50 percent of the total Statewide amount being collected in electric and gas public utility rates for demand side management programs on the effective date of P.L.1999, c.23 (C.48:3-49 et al.), except that as additional funds are made available as a result of the expiration of past standard offer or similar commitments, the minimum amount of funding for such programs shall increase by an additional amount equal to 50 percent of the additional funds made available, until the minimum amount of funding dedicated to such programs reaches \$140,000,000 total. After the eighth year the board shall make a determination as to the appropriate level of funding for these programs. Such programs shall include a program to provide financial incentives for the installation of Class I renewable energy projects in the State, and the board, in consultation with the Department of Environmental Protection, shall determine the level and total amount of such incentives as well as the renewable technologies eligible for such incentives which shall include, at a minimum, photovoltaic, wind, and fuel cells. The board shall simultaneously determine, as a result of the comprehensive resource analysis, the programs to be funded by the societal benefits charge, the level of cost recovery and performance incentives for old and new programs and whether the recovery of demand side management programs' costs currently approved by the board may be reduced or extended over a longer period of time. The board shall make these determinations taking into consideration existing market barriers and environmental benefits, with the objective of transforming markets, capturing lost opportunities, making energy services more affordable for low income customers and eliminating subsidies for programs that can be delivered in the marketplace without electric public utility and gas public utility customer funding. In addition to the determinations above, the board shall allocate sufficient funding from the societal benefits charge to cover the remaining cost of fully funding incentive awards issued for transmission-scale energy storage systems that are eligible projects pursuant to P.L.2025, c.136 (C.48:3-121.2 et al.), after accounting for funding allocated to this purpose from other sources;

(4) manufactured gas plant remediation costs, which shall be determined initially in a manner consistent with mechanisms in the remediation adjustment clauses for the electric public utility and gas public utility adopted by the board; and

(5) the cost, of consumer education, as determined by the board, which shall be in an amount that, together with the consumer education surcharge imposed on electric power supplier license fees pursuant to subsection h. of section 29 of P.L.1999, c.23 (C.48:3-78) and the consumer education surcharge imposed on gas supplier license fees pursuant to subsection g. of section 30 of P.L.1999, c.23 (C.48:3-79), shall be sufficient to fund the consumer education program established pursuant to section 36 of P.L.1999, c.23 (C.48:3-85).

b. There is established in the Board of Public Utilities a nonlapsing fund to be known as the "Universal Service Fund." The board shall determine: the level of funding and the appropriate administration of the fund; the purposes and programs to be funded with monies

from the fund; which social programs shall be provided by an electric public utility as part of the provision of its regulated services which provide a public benefit; whether the funds appropriated to fund the "Lifeline Credit Program" established pursuant to P.L.1979, c.197 (C.48:2-29.15 et seq.), the "Tenants' Lifeline Assistance Program" established pursuant to P.L.1981, c.210 (C.48:2-29.30 et seq.), the funds received pursuant to the Low Income Home Energy Assistance Program established pursuant to 42 U.S.C. s.8621 et seq., and funds collected by electric and gas public utilities, as authorized by the board, to offset uncollectible electricity and natural gas bills should be deposited in the fund; and whether new charges should be imposed to fund new or expanded social programs.

8. This act shall take effect immediately.

Approved August 22, 2025.

ASSEMBLY, No. 5267

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 10, 2025

Sponsored by:

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblyman DAVID BAILEY, JR.

District 3 (Cumberland, Gloucester and Salem)

Assemblyman KEVIN P. EGAN

District 17 (Middlesex and Somerset)

Co-Sponsored by:

Assemblyman Miller

SYNOPSIS

Requires BPU to procure and incentivize transmission-scale energy storage.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/10/2025)

1 AN ACT concerning transmission-scale energy storage,
2 supplementing Title 48 of the Revised Statutes, and amending
3 P.L.1999, c.23.

4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7

8 1. As used in P.L. , c. (C.) (pending before the
9 Legislature as this bill):

10 “Board” means the Board of Public Utilities.

11 “Electric public utility” means a public utility, as that term is
12 defined in R.S.48:2-13, that transmits and distributes electricity to
13 end users within the State.

14 “Eligible project” means a transmission-scale energy storage
15 system that meets the criteria for an incentive award pursuant to
16 P.L. , c. (C.) (pending before the Legislature as this bill).

17 “Energy storage” means a device that is capable of absorbing
18 energy from the grid or from a Distributed Energy Resource; storing
19 it for a period of time using mechanical, chemical, or thermal
20 processes; and, thereafter, discharging the energy back to the grid or
21 directly to an energy-using system to reduce the use of power from
22 the grid.

23 “Energy storage program” means a program designed to
24 encourage the growth of energy storage capacity in the State in
25 order to strengthen storage capacity for the electric grid. “Energy
26 storage program” includes the board’s Successor Solar Incentive
27 Program, including the Competitive Solar Incentive Program; the
28 program established pursuant to P.L. , c. (C.) (pending
29 before the Legislature as this bill); and the board’s New Jersey
30 Energy Storage Incentive Program, or its replacement or successor,
31 in its final form.

32 “Incentive award” means a set of payments awarded by the board
33 for an eligible project, which payments are conditioned upon the
34 completion and commercial operation of the eligible project in
35 compliance with P.L. , c. (C.) (pending before the
36 Legislature as this bill) and any conditions required by the board.
37 An “incentive award” shall be a fixed series of annual payments, to
38 be issued over the 15-year award period, based on the maximum
39 usable installed capacity of an eligible project, measured in dollars
40 per megawatt, and paid upon commercial operation of the eligible
41 project, unless the board provides for an alternative payment
42 timeline. “Incentive award” may include, at the discretion of the
43 board, a performance-based adjustment based on the availability of
44 the eligible project or the benefits created through the commercial
45 operation of the eligible project, provided that the board shall

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 confirm the reliability of any proposed metrics on which to base a
2 performance-based adjustment prior to being used in the calculation
3 of an incentive award.

4 “Installed capacity” means the nameplate output of an eligible
5 project, measured in megawatts of alternating current (MW AC),
6 that is available to the electric grid.

7 “PJM” means “PJM Interconnection, L.L.C.” or “PJM,” as those
8 terms are defined in section 3 of P.L.1999, c.23 (C.48:3-51).

9 “Successor program” means an energy storage program
10 established pursuant to section 4 of P.L. , c. (C.) (pending
11 before the Legislature as this bill).

12 “Tranche 1” means the initial procurement for the energy storage
13 program established pursuant to section 2 of P.L. , c. (C.)
14 (pending before the Legislature as this bill).

15 “Transmission-scale energy storage system” means an energy
16 storage system, capable of energy storage of at least 5 megawatts,
17 that is interconnected with the PJM Transmission Network and
18 situated inside a Transmission Zone in New Jersey or is otherwise
19 located in New Jersey and qualified to provide energy, capacity, or
20 ancillary services in the wholesale markets established by PJM.

21
22 2. a. (1) The Board of Public Utilities shall establish a
23 program to procure and provide incentive awards for the
24 development of transmission-scale energy storage systems with a
25 reasonable likelihood of successful and timely completion. The
26 board shall solicit applications for the program established pursuant
27 to this section in an initial Tranche 1 pursuant to this section.

28 (2) If the board determines in the report required pursuant to
29 section 3 of P.L. , c. (C.) (pending before the Legislature
30 as this bill) that it will extend the procurement of transmission-scale
31 energy storage through additional tranches in accordance with
32 subparagraph (a) of paragraph (6) of subsection b. of section 3 of
33 P.L. , c. (C.) (pending before the Legislature as this bill),
34 the board shall administer future tranches in a similar manner to
35 Tranche 1, modifying as appropriate for each subsequent tranche:

36 (a) the amount of megawatts to be solicited;
37 (b) the application requirements or eligibility criteria;
38 (c) the timeline for an eligible project, including, but not limited
39 to, application deadlines or the contract term; and
40 (d) any other administrative modification the board deems
41 appropriate following its report issued pursuant to section 3 of
42 P.L. , c. (C.) (pending before the Legislature as this bill).

43 b. For Tranche 1, the board shall solicit applications for
44 eligible projects, which projects shall collectively have an installed
45 capacity totaling at least 500 MW AC.

46 (1) To qualify for an incentive award pursuant to this section, a
47 transmission-scale energy storage system shall:

48 (a) not participate in any other energy storage program;

- 1 (b) have an anticipated commercial operations date of no later
2 than December 31, 2030, unless the board permits an exception;
- 3 (c) have completed the PJM interconnection process up to, at
4 minimum, the completion of a System Impact Study or equivalent
5 study, as well as a draft or fully-executed Large Generator
6 Interconnection Agreement through PJM at the time of application
7 for Tranche 1; and
- 8 (d) meet any other eligibility criteria the board may establish
9 through board order or rulemaking.
- 10 (2) Any application pursuant to this section shall include:
- 11 (a) evidence reasonably satisfactory to the board of site control,
12 including all rights of way to the proposed point of interconnection;
- 13 (b) evidence reasonably satisfactory to the board that an
14 applicant has or will obtain all required permits, which evidence
15 shall include an execution plan to obtain all required permits;
- 16 (c) as-built drawings of a transmission-scale energy storage
17 system comprised of new equipment;
- 18 (d) evidence reasonably satisfactory to the board that the
19 applicant has submitted all interconnection applications and fees
20 necessary to obtain permission from the appropriate electric public
21 utility or grid operator to operate the transmission-scale energy
22 storage system;
- 23 (e) evidence reasonably satisfactory to the board of the
24 applicant's financial means to construct the transmission-scale
25 energy storage system and capacity to obtain revenues through
26 electricity markets or non-ratepayer funding, including, but not
27 limited to, energy arbitrage, ancillary services, and capacity
28 revenues in PJM;
- 29 (f) evidence reasonably satisfactory to the board of the status of
30 the transmission-scale energy storage system in the PJM
31 interconnection process;
- 32 (g) assurances reasonably satisfactory to the board that the
33 transmission-scale energy storage system will adhere to nationally
34 recognized minimum safety requirements, including, but not limited
35 to, appropriate laboratory testing, and comply with all
36 manufacturers' installation requirements, applicable laws,
37 regulations, codes, licensing, and permit requirements;
- 38 (h) an application fee as set by the board; and
- 39 (i) any other information required by the board.
- 40 c. The board shall review Tranche 1 applications consistently
41 with the requirements of this section. At its discretion, the board
42 may instruct an applicant on curing minor defects in a Tranche 1
43 application. The board shall include in its application review
44 process a system of scoring, established prior to its review of any
45 project, which scoring system shall, at a minimum, be based on
46 price factors; maturity and likelihood of success; and environmental
47 justice, redevelopment, and community benefits.

- 1 (1) In designing scoring for the price factors of an application,
2 the board shall:
- 3 (a) consider costs and values throughout the application as
4 measured in dollars per megawatt capacity per year;
- 5 (b) establish a maximum percentage of scoring that shall be
6 price-based; and
- 7 (c) appropriately compare bid prices, at the board's discretion,
8 based on the measure of the capacity of a transmission-scale energy
9 storage system by the lesser of its installed capacity or its energy
10 storage capacity divided by four hours.
- 11 (2) An application shall receive a higher score for maturity and
12 likelihood of success if the transmission-scale energy storage
13 system:
- 14 (a) has a fully executed Large Generator Interconnection
15 Agreement through PJM or requires limited network upgrades;
- 16 (b) has completed non-ministerial permits; and
- 17 (c) is proposed by an applicant with experience in energy
18 storage development, construction, and finance.
- 19 (3) An application shall receive a higher score for
20 environmental justice, redevelopment, and community benefits if it
21 includes brownfield redevelopment, existing or former fossil fuel
22 plant replacement, or demonstrated benefits to environmental
23 justice in communities where a transmission-scale energy storage
24 system is proposed to be located.
- 25 (4) The board may place an eligible project that does not receive
26 an incentive award for Tranche 1 on a waiting list and consider the
27 eligible project for an incentive award during a subsequent tranche
28 or successor program pursuant to P.L. , c. (C.) (pending
29 before the Legislature as this bill).
- 30 d. The board shall approve incentive awards totaling a
31 collective minimum of \$60,000,000 in annual payments for each
32 year of the 15-year award period of each eligible project approved
33 under Tranche 1. The board shall provide funding for this annual
34 collective amount of incentive award payments for Tranche 1,
35 which payments shall be fully funded pursuant to subsection a. of
36 section 5 of P.L. , c. (C.) (pending before the Legislature
37 as this bill), in order to ensure that the collective installed capacity
38 of eligible projects receiving an incentive award totals at least 500
39 megawatts for Tranche 1. An incentive award shall be conditioned
40 upon a developer's compliance with the board order determining
41 the incentive award and with any conditions the board shall
42 reasonably require.
- 43 e. A board order that issues an incentive award for Tranche 1
44 shall be binding and enforceable. A Tranche 1 incentive award
45 board order shall:
- 46 (1) define the eligible project receiving an incentive award and
47 the eligible project's megawatt capacity;

1 (2) define the incentive award, including a payment schedule for
2 the 15-year award period of the incentive award, which term shall
3 commence no earlier than July 1, 2028 or upon the commercial
4 operations date of an eligible project, and during which term an
5 eligible project shall receive an annual incentive award on each
6 anniversary of the first payment date;

7 (3) determine the amount of funding to be allocated for payment
8 of the incentive award beginning either in the fiscal year beginning
9 on July 1, 2028 or on the commercial operations date of the eligible
10 project, whichever is later;

11 (4) include a participation fee as the board shall require from the
12 developer;

13 (5) require, for an eligible project awarded an incentive award, a
14 pre-development security not to exceed \$100,000 per megawatt and
15 not to exceed in total \$10,000,000;

16 (6) outline the conditions under which the board may, in the
17 event of a developer's failure to operate an eligible project by the
18 deadline stated in the board order or to meet deadlines included in
19 the board order, revoke an incentive award or retain a portion of the
20 pre-development security;

21 (7) provide that receipt of an incentive award for an eligible
22 project shall be contingent on achievement of baseline performance
23 requirements, including, but not limited to, the availability of
24 energy storage for dispatch in a percentage of hours daily, which
25 percentage shall be decided by the board. The board may use the
26 PJM Equivalent Forced Outage Rate or another metric determined
27 appropriate by the board to measure energy storage availability.
28 The board order shall require that the developer report data for the
29 purpose of this paragraph at regular intervals and shall provide for a
30 reduction of an incentive award in proportion to the percentage of
31 required availability that is unmet by the eligible project; and

32 (8) require that a developer provide additional information to
33 the board during the term of the incentive award, as the board may
34 reasonably require. The board may set additional requirements at
35 its discretion, including, but not limited to, a requirement that the
36 developer report major development and construction milestones to
37 the board, maintain financial security throughout the term of the
38 incentive award, or any other requirement the board determines
39 necessary to ensure continued progress and operational viability of
40 an eligible project.

41 f. (1) Notwithstanding the provisions of the "Administrative
42 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), or any other
43 law or rule to the contrary, the board shall:

44 (a) within 120 days following the effective date of
45 P.L. , c. (C.) (pending before the Legislature as this bill),
46 develop application requirements and eligibility criteria for Tranche
47 1; and

1 (b) permit applications for Tranche 1, pursuant to paragraphs (2)
2 and (3) of this subsection, without regard to the publication status
3 of the rules and regulations to be issued pursuant to
4 P.L. , c. (C.) (pending before the Legislature as this bill).

5 (2) The board shall permit an applicant, within 45 days
6 following the effective date of P.L. , c. (C.) (pending
7 before the Legislature as this bill), to submit an early application for
8 Tranche 1 prior to the formal establishment of an application
9 process or the promulgation of Tranche 1 rules and regulations.

10 (3) Within 30 days following the effective date of a board order
11 either approving the rules and regulations proposed for publication
12 pursuant to P.L. , c. (C.) (pending before the Legislature
13 as this bill) or approving the proposed application requirements and
14 eligibility criteria for Tranche 1 in accordance with this section, the
15 board shall:

16 (a) begin formally accepting applications for Tranche 1; and

17 (b) advise any applicant that submitted an early application for
18 Tranche 1 pursuant to paragraph (2) of this subsection of any
19 defects in its existing application pursuant to the rules and
20 regulations or the application requirements and eligibility criteria
21 approved by board order issued pursuant to this paragraph.

22 (4) The board shall accept Tranche 1 applications for a
23 maximum of 60 days after the beginning of the formal application
24 period for Tranche 1 pursuant to paragraph (3) of this subsection.
25 Within 90 days following the closure of the Tranche 1 application
26 period, the board shall evaluate projects in accordance with this
27 section, any rules or regulations proposed pursuant to
28 P.L. , c. (C.) (pending before the Legislature as this bill),
29 and any application requirements and eligibility criteria approved
30 pursuant to this subsection.

31 g. Tranche 1 incentive awards shall receive funding pursuant to
32 section 5 of P.L. , c. (C.) (pending before the Legislature
33 as this bill).

34

35 3. a. No later than one calendar year following the date of the
36 final Tranche 1 procurement approval issued pursuant to section 2
37 of P.L. , c. (C.) (pending before the Legislature as this
38 bill), the board shall initiate a proceeding to examine the impact of
39 the State's energy storage programs, collectively and individually,
40 and to assess progress toward the 2030 energy storage target
41 established pursuant to section 1 of P.L.2018, c.17 (C.48:3-87.8).

42 b. The board shall issue a report detailing its conclusions and
43 submit the report to the Governor and, pursuant to section 2 of
44 P.L.1991, c.164 (C.52:14-19.1), to the Legislature. In its report
45 issued pursuant to this subsection, the board shall, at a minimum:

46 (1) examine the State's energy storage programs;

1 (2) account for projected electric bill savings and costs to
2 ratepayers, as well as societal benefits of reduced emissions, due to
3 increased installed capacity or energy storage capacity;

4 (3) report the progress of the projects under each energy storage
5 program, including progress toward construction completion;

6 (4) compare relative costs per capacity awarded for each project
7 based on its installed capacity;

8 (5) produce estimates of the most cost-effective means to
9 achieve the 2030 energy storage target established pursuant to
10 section 1 of P.L.2018, c.17 (C.48:3-87.8) or any other energy
11 storage target established by the Legislature; and

12 (6) determine, at the discretion of the board, whether to extend
13 the procurement of transmission-scale energy storage pursuant to
14 P.L. , c. (C.) (pending before the Legislature as this bill)
15 based on the results of Tranche 1. The board may procure
16 additional tranches either:

17 (a) pursuant to section 2 of P.L. , c. (C.) (pending
18 before the Legislature as this bill) with funding through the societal
19 benefits charge pursuant to subsection a. of section 5 of
20 P.L. , c. (C.) (pending before the Legislature as this bill);
21 or

22 (b) pursuant to a successor program established pursuant to
23 section 4 of P.L. , c. (C.) (pending before the Legislature
24 as this bill) with funding through rate recovery as set forth in
25 subsection b. of section 5 of P.L. , c. (C.) (pending before
26 the Legislature as this bill).

27
28 4. a. Following a determination, pursuant to subparagraph (b)
29 of paragraph (6) of subsection b. of section 3 of
30 P.L. , c. (C.) (pending before the Legislature as this bill),
31 to establish a successor program, the board shall issue rules and
32 regulations pursuant to the requirements of subsection c. of section
33 6 of P.L. , c. (C.) (pending before the Legislature as this
34 bill).

35 b. The board shall, in any successor program, require each
36 electric public utility to submit proposed tariffs for board review
37 and approval, which tariffs shall be designed to fund the successor
38 program through base rate recovery. Each electric public utility's
39 tariff submitted pursuant to this subsection shall include,
40 apportioned according to the relative electric load of the electric
41 public utility in this State, the total cost of:

42 (1) the outstanding costs of the incentives awarded to eligible
43 projects under Tranche 1; and

44 (2) the costs, as the board determines necessary, for incentive
45 awards under the successor program.

46 c. In addition to rules and regulations issued pursuant to
47 subsection c. of section 6 of P.L. , c. (C.) (pending before
48 the Legislature as this bill), the board shall be authorized to

1 continue any rule, regulation, or policy used to administer Tranche
2 1 as the board determines necessary and appropriate to administer a
3 successor program. If the board determines in the report required
4 pursuant to section 3 of P.L. , c. (C.) (pending before the
5 Legislature as this bill) that it will extend the procurement of
6 transmission-scale energy storage through additional tranches in
7 accordance with subparagraph (b) of paragraph (6) of subsection b.
8 of section 3 of P.L. , c. (C.) (pending before the
9 Legislature as this bill), the board shall administer future tranches in
10 a similar manner to Tranche 1, modifying as appropriate for each
11 subsequent tranche:

- 12 (1) the amount of megawatts to be solicited;
 - 13 (2) the application requirements or eligibility criteria;
 - 14 (3) the timeline for an eligible project, including, but not limited
15 to, application deadlines or the contract term; and
 - 16 (4) any other administrative modification the board deems
17 appropriate following its report issued pursuant to section 3 of
18 P.L. , c. (C.) (pending before the Legislature as this bill).
- 19 d. The board may amend a Tranche 1 incentive award, upon
20 written consent from the developer of the eligible project, solely to
21 change the funding mechanism of the incentive award pursuant to
22 subsection b. of section 5 of P.L. , c. (C.) (pending before
23 the Legislature as this bill). Any incentive award for an eligible
24 project and the conditions for receiving funding pursuant to section
25 2 of P.L. , c. (C.) (pending before the Legislature as this
26 bill) shall remain effective for the full duration of the 15-year award
27 period specified in the board's Tranche 1 order awarding the
28 incentive, notwithstanding any change to the funding mechanism of
29 the incentive award.

30
31 5. a. An incentive award issued pursuant to section 2 of
32 P.L. , c. (C.) (pending before the Legislature as this bill)
33 shall be funded through the societal benefits charge established
34 pursuant to subsection a. of section 12 of P.L.1999, c.23 (C.48:3-
35 60). In the fiscal year beginning on July 1, 2028, and in each fiscal
36 year thereafter, the board shall allocate a minimum of \$60,000,000
37 from the funds collected through the societal benefits charge to
38 fully fund the incentive awards issued by the board pursuant to
39 section 2 of P.L. , c. (C.) (pending before the Legislature
40 as this bill).

41 b. (1) An incentive award issued pursuant to section 4 of
42 P.L. , c. (C.) (pending before the Legislature as this bill)
43 shall be funded through ratepayer tariffs recovered through an
44 electric public utility's base rate case, in accordance with
45 subsection b. of section 4 of P.L. , c. (C.) (pending before
46 the Legislature as this bill).

47 (2) Any amendment to a Tranche 1 incentive award board order
48 to change the funding mechanism of the incentive award pursuant to

1 subsection d. of section 4 of P.L. , c. (C.) (pending before
2 the Legislature as this bill) shall replace the funding mechanism of
3 the incentive award with funding pursuant to paragraph (1) of this
4 subsection. Pending any order for replacement funding for a
5 Tranche 1 incentive award order, the Tranche 1 incentive award
6 shall continue to be funded pursuant to subsection a. of this section.
7

8 6. a. (1) The board shall adopt, as expeditiously as possible,
9 pursuant to the “Administrative Procedure Act,” P.L.1968, c.410
10 (C.52:14B-1 et seq.), rules and regulations consistent with the
11 purposes of section 2 of P.L. , c. (C.) (pending before the
12 Legislature as this bill). The rules and regulations issued for
13 Tranche 1 shall be similar to the board’s rules concerning Grid
14 Supply projects for the New Jersey Energy Storage Incentive
15 Program, or its replacement or successor, in its final form, but shall
16 reflect the unique nature of transmission-scale energy storage
17 systems.

18 (2) Notwithstanding the provisions of the “Administrative
19 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other
20 law or rule to the contrary, the board shall:

21 (a) within 60 days following the effective date of
22 P.L. , c. (C.) (pending before the Legislature as this bill),
23 engage with stakeholders and interested parties and solicit
24 comments on the rules and regulations for publication in accordance
25 with the provisions of the “Administrative Procedure Act,”
26 P.L.1968, c.410 (C.52:14B-1 et seq.); and

27 (b) within 120 days following the effective date of
28 P.L. , c. (C.) (pending before the Legislature as this bill),
29 submit the proposed Tranche 1 rules and regulations for publication
30 in accordance with the provisions of the “Administrative Procedure
31 Act,” P.L.1968, c.410 (C.52:14B-1 et seq.).

32 b. Notwithstanding the provisions of the “Administrative
33 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other
34 law or rule to the contrary, the board may procure transmission-
35 scale energy storage systems and award incentives for Tranche 1
36 pursuant to section 2 of P.L. , c. (C.) (pending before the
37 Legislature as this bill), notwithstanding the status of board rules or
38 regulations pursuant to subsection a. of this section.

39 c. In the event that the board decides to implement a successor
40 program pursuant to section 4 of P.L. , c. (C.) (pending
41 before the Legislature as this bill), following the issuance of its
42 report pursuant to section 3 of P.L. , c. (C.) (pending
43 before the Legislature as this bill), the board shall adopt, pursuant to
44 the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1
45 et seq.), rules and regulations consistent with the purposes of
46 section 4 of P.L. , c. (C.) (pending before the Legislature
47 as this bill), and determine therein, at a minimum:

1 (1) the minimum amount of energy storage to be procured in
2 total among eligible projects during any solicitation subsequent to
3 Tranche 1;

4 (2) any eligibility criteria;

5 (3) the minimum performance standards for an eligible project;
6 and

7 (4) the amount and structure of a performance-based adjustment.
8

9 7. Section 12 of P.L.1999, c.23 (C.48:3-60) is amended to read
10 as follows:

11 12. a. Simultaneously with the starting date for the
12 implementation of retail choice as determined by the board pursuant
13 to subsection a. of section 5 of P.L.1999, c.23 (C.48:3-53), the
14 board shall permit each electric public utility and gas public utility
15 to recover some or all of the following costs through a societal
16 benefits charge that shall be collected as a non-bypassable charge
17 imposed on all electric public utility customers and gas public
18 utility customers, as appropriate:

19 (1) **【The】** the costs for the social programs for which rate
20 recovery was approved by the board prior to April 30, 1997. For
21 the purpose of establishing initial unbundled rates pursuant to
22 section 4 of P.L.1999, c.23 (C.48:3-52), the societal benefits charge
23 shall be set to recover the same level of social program costs as is
24 being collected in the bundled rates of the electric public utility on
25 the effective date of P.L.1999, c.23 (C.48:3-49 et al.). The board
26 may subsequently order, pursuant to its rules and regulations, an
27 increase or decrease in the societal benefits charge to reflect
28 changes in the costs to the utility of administering existing social
29 programs. Nothing in P.L.1999, c.23 (C.48:3-49 et al.) shall be
30 construed to abolish or change any social program required by
31 statute or board order or rule or regulation to be provided by an
32 electric public utility. Any such social program shall continue to be
33 provided by the utility until otherwise provided by law, unless the
34 board determines that it is no longer appropriate for the electric
35 public utility to provide the program, or the board chooses to
36 modify the program;

37 (2) **【Nuclear】** nuclear plant decommissioning costs;

38 (3) **【The】** the costs of demand side management programs that
39 were approved by the board pursuant to its demand side
40 management regulations prior to April 30, 1997. For the purpose of
41 establishing initial unbundled rates pursuant to section 4 of
42 P.L.1999, c.23 (C.48:3-52), the societal benefits charge shall be set
43 to recover the same level of demand side management program
44 costs as is being collected in the bundled rates of the electric public
45 utility on the effective date of P.L.1999, c.23 (C.48:3-49 et al.).
46 Within four months of the effective date of P.L.1999, c.23 (C.48:3-
47 49 et al.), and every four years thereafter, the board shall initiate a
48 proceeding and cause to be undertaken a comprehensive resource

1 analysis of energy programs, and within eight months of initiating
2 such proceeding and after notice, provision of the opportunity for
3 public comment, and public hearing, the board, in consultation with
4 the Department of Environmental Protection, shall determine the
5 appropriate level of funding for energy efficiency, light, medium,
6 and heavy-duty plug-in electric vehicles, including school buses,
7 and associated plug-in electric vehicle charging infrastructure, and
8 Class I renewable energy programs that provide environmental
9 benefits above and beyond those provided by standard offer or
10 similar programs in effect as of the effective date of P.L.1999, c.23
11 (C.48:3-49 et al.); provided that the funding for such programs be
12 no less than 50 percent of the total Statewide amount being
13 collected in electric and gas public utility rates for demand side
14 management programs on the effective date of P.L.1999, c.23
15 (C.48:3-49 et al.) for an initial period of four years from the
16 issuance of the first comprehensive resource analysis following the
17 effective date of P.L.1999, c.23 (C.48:3-49 et al.), and provided that
18 25 percent of this amount shall be used to provide funding for Class
19 I renewable energy projects in the State. In each of the following
20 fifth through eighth years, the Statewide funding for such programs
21 shall be no less than 50 percent of the total Statewide amount being
22 collected in electric and gas public utility rates for demand side
23 management programs on the effective date of P.L.1999, c.23
24 (C.48:3-49 et al.), except that as additional funds are made available
25 as a result of the expiration of past standard offer or similar
26 commitments, the minimum amount of funding for such programs
27 shall increase by an additional amount equal to 50 percent of the
28 additional funds made available, until the minimum amount of
29 funding dedicated to such programs reaches \$140,000,000 total.
30 After the eighth year the board shall make a determination as to the
31 appropriate level of funding for these programs. Such programs
32 shall include a program to provide financial incentives for the
33 installation of Class I renewable energy projects in the State, and
34 the board, in consultation with the Department of Environmental
35 Protection, shall determine the level and total amount of such
36 incentives as well as the renewable technologies eligible for such
37 incentives which shall include, at a minimum, photovoltaic, wind,
38 and fuel cells. The board shall simultaneously determine, as a
39 result of the comprehensive resource analysis, the programs to be
40 funded by the societal benefits charge, the level of cost recovery
41 and performance incentives for old and new programs and whether
42 the recovery of demand side management programs' costs currently
43 approved by the board may be reduced or extended over a longer
44 period of time. The board shall make these determinations taking
45 into consideration existing market barriers and environmental
46 benefits, with the objective of transforming markets, capturing lost
47 opportunities, making energy services more affordable for low
48 income customers and eliminating subsidies for programs that can

1 be delivered in the marketplace without electric public utility and
2 gas public utility customer funding. The board shall set the societal
3 benefits charge, in addition to the determinations above, to include
4 full funding of the costs, as determined by the board, of providing
5 incentive award payments for transmission-scale energy storage
6 systems that are eligible projects pursuant to P.L. , c. (C.)
7 (pending before the Legislature as this bill);

8 (4) **【Manufactured】** manufactured gas plant remediation costs,
9 which shall be determined initially in a manner consistent with
10 mechanisms in the remediation adjustment clauses for the electric
11 public utility and gas public utility adopted by the board; and

12 (5) **【The】** the cost, of consumer education, as determined by the
13 board, which shall be in an amount that, together with the consumer
14 education surcharge imposed on electric power supplier license fees
15 pursuant to subsection h. of section 29 of P.L.1999, c.23 (C.48:3-
16 78) and the consumer education surcharge imposed on gas supplier
17 license fees pursuant to subsection g. of section 30 of P.L.1999,
18 c.23 (C.48:3-79), shall be sufficient to fund the consumer education
19 program established pursuant to section 36 of P.L.1999, c.23
20 (C.48:3-85).

21 b. There is established in the Board of Public Utilities a
22 nonlapsing fund to be known as the "Universal Service Fund." The
23 board shall determine: the level of funding and the appropriate
24 administration of the fund; the purposes and programs to be funded
25 with monies from the fund; which social programs shall be provided
26 by an electric public utility as part of the provision of its regulated
27 services which provide a public benefit; whether the funds
28 appropriated to fund the "Lifeline Credit Program" established
29 pursuant to P.L.1979, c.197 (C.48:2-29.15 et seq.), the "Tenants'
30 Lifeline Assistance Program" established pursuant to P.L.1981,
31 c.210 (C.48:2-29.30 et seq.), the funds received pursuant to the Low
32 Income Home Energy Assistance Program established pursuant to
33 42 U.S.C. s.8621 et seq., and funds collected by electric and gas
34 public utilities, as authorized by the board, to offset uncollectible
35 electricity and natural gas bills should be deposited in the fund; and
36 whether new charges should be imposed to fund new or expanded
37 social programs.

38 (cf: P.L.2022, c.86, s.2)

39
40 8. This act shall take effect immediately.

41
42
43 STATEMENT

44
45 The Board of Public Utilities (board) is required to establish a
46 program to procure and provide incentive awards for the
47 development of transmission-scale energy storage systems with a
48 reasonable likelihood of successful and timely completion. The

1 board is required to solicit applications for the program in an initial
2 Tranche 1. After the conclusion of Tranche 1, the board is to
3 engage in a review of the impact of the State's energy storage
4 programs to make certain determinations, including whether to
5 continue procuring and incentivizing transmission-scale energy
6 storage. As outlined in the bill, the board is permitted to procure
7 additional tranches by either continuing under the same program as
8 Tranche 1 or implementing a successor program, with the board
9 authorized to make changes based on its determinations in a report
10 issued following its review.

11 For the bill's purposes, "transmission-scale energy storage
12 system" means an energy storage system, capable of energy storage
13 of at least 5 megawatts, that is interconnected with the PJM
14 Transmission Network and situated inside a Transmission Zone in
15 New Jersey or is otherwise located in New Jersey and qualified to
16 provide energy, capacity, or ancillary services in the wholesale
17 markets established by PJM Interconnection, L.L.C. (PJM).

18

19 *Tranche 1 Procurement*

20 The bill requires the board to solicit Tranche 1 applications for
21 eligible projects whose collective installed capacity totals at least
22 500 megawatts of alternating current (MW AC). The bill provides
23 certain deadlines for the proposal of rules and regulations; the
24 development of application requirements and eligibility criteria; and
25 the process of application, processing, and approval.

26 The board is required to permit an applicant, within 45 days
27 following the bill's effective date, to submit an early application for
28 Tranche 1 prior to the formal establishment of an application
29 process or the promulgation of Tranche 1 rules and regulations.
30 Within 30 days following the effective date of a board order either
31 approving the rules and regulations proposed for publication or
32 approving the proposed application requirements and eligibility
33 criteria for Tranche 1, the board is required to: (1) begin formally
34 accepting applications for Tranche 1; and (2) advise any applicant
35 that submitted an early application for Tranche 1 of any defects in
36 its existing application pursuant to the rules and regulations or the
37 application requirements and eligibility criteria approved by board
38 order.

39 To qualify for a Tranche 1 incentive award, a transmission-scale
40 energy storage system is required to: (1) not participate in any other
41 energy storage program; (2) have an anticipated commercial
42 operations date of no later than December 31, 2030, unless the
43 board permits an exception; (3) have completed the PJM
44 interconnection process up to, at minimum, the completion of a
45 System Impact Study, or equivalent study, as well as a draft or
46 fully-executed Large Generator Interconnection Agreement through
47 PJM at the time of application for Tranche 1; and (4) meet any other

1 eligibility criteria the board may establish through board order or
2 rulemaking.

3 A Tranche 1 application is required to include certain
4 information and a fee, as provided in the bill.

5 At its discretion, the board may instruct an applicant on curing
6 minor defects in a Tranche 1 application. The board is required to
7 include in its application review process a system of scoring,
8 established prior to its review of any project, which scoring system
9 is to be based on price factors; maturity and likelihood of success;
10 and environmental justice, redevelopment, and community benefits.
11 The bill provides certain requirements for the scoring process and
12 permits the board to place an eligible project that does not receive
13 an incentive award for Tranche 1 on a waiting list and consider the
14 eligible project for an incentive award during a subsequent tranche
15 or successor program.

16

17 *Tranche 1 Incentives*

18 Under the bill, the board is required to approve incentive awards
19 totaling a collective minimum of \$60 million for Tranche 1. An
20 incentive award is to be conditioned upon a developer's compliance
21 with the board order determining the incentive award and with any
22 conditions the board requires.

23

24 *Tranche 1 Board Orders*

25 The bill outlines certain requirements for a board order issuing
26 an incentive award to an eligible project, including that the board
27 order is required to: (1) define the eligible project receiving an
28 incentive award and the eligible project's megawatt capacity; (2)
29 define the incentive award, including a payment schedule for the
30 15-year award period of the incentive award, which term is to
31 commence no earlier than July 1, 2028 or upon the commercial
32 operations date of an eligible project, and during which term an
33 eligible project is to receive an annual incentive award on each
34 anniversary of the first payment date; (3) determine the amount of
35 funding to be allocated for payment of the incentive award
36 beginning either in the fiscal year beginning on July 1, 2028 or on
37 the commercial operations date of the eligible project, whichever is
38 later; (4) include a participation fee as the board is to require from
39 the developer; (5) require, for an eligible project awarded an
40 incentive, a pre-development security not to exceed \$100,000 per
41 megawatt and not to exceed in total \$10,000,000; (6) outline the
42 conditions under which the board may, in the event of a developer's
43 failure to operate an eligible project by the deadline stated in the
44 board order or to meet deadlines included in the board order, revoke
45 an incentive award or retain a portion of the pre-development
46 security; (7) provide that receipt of an incentive award for an
47 eligible project is to be contingent on achievement of baseline
48 performance requirements, including, but not limited to, the

1 availability of energy storage for dispatch in a percentage of hours
2 daily, which percentage is to be decided by the board. The board is
3 permitted to use the PJM Equivalent Forced Outage Rate or another
4 metric deemed appropriate by the board to measure energy storage
5 availability. The board order is to require that the developer report
6 data for this purpose at regular intervals and is to provide for a
7 reduction of an incentive award in proportion to the percentage of
8 required availability that is unmet by the eligible project; and (8)
9 require that a developer provide additional information to the board
10 during the term of the incentive award, as the board may require.
11 The board may set additional requirements at its discretion,
12 including, but not limited to, a requirement that the developer report
13 major development and construction milestones to the board,
14 maintain financial security throughout the term of the incentive
15 award, or any other requirement the board determines necessary to
16 ensure continued progress and operational viability of an eligible
17 project.

18

19 *Ratepayer Impact Review*

20 No later than one calendar year following the date of the final
21 Tranche 1 procurement approval, the board is required to initiate a
22 proceeding to examine the impact of the State's energy storage
23 programs, collectively and individually, and to assess progress
24 toward the 2030 energy storage target of 2,000 megawatts. The
25 board is required to issue a report that, at a minimum: (1) examines
26 the State's energy storage programs; (2) accounts for projected
27 electric bill savings and costs to ratepayers, as well as societal
28 benefits of reduced emissions, due to increased installed capacity or
29 energy storage capacity; (3) reports the progress of the projects
30 under each energy storage program; (4) compares relative costs per
31 capacity awarded for each project based on its installed capacity;
32 (5) produces estimates of the most cost-effective means to achieve
33 the 2030 energy storage target or any other energy storage target
34 established by the Legislature; and (6) determines, at the discretion
35 of the board, whether to extend the procurement of transmission-
36 scale energy storage pursuant to this bill based on the results of
37 Tranche 1.

38

39 *Future Procurement*

40 If the board determines in the report required by the bill that it
41 will extend the procurement of transmission-scale energy storage
42 through additional tranches, the board is permitted either to
43 continue the program under which Tranche 1 was conducted or to
44 establish a successor program, as outlined in the bill. The primary
45 difference between these options for continued procurement of
46 transmission-scale energy storage is the funding mechanism for
47 incentive awards, as described below.

1 If the board administers future tranches pursuant to either option
2 in the bill, the board is required to do so in a similar manner to how
3 it administered Tranche 1, modifying as appropriate for each
4 subsequent tranche: (1) the amount of megawatts to be solicited; (2)
5 the application requirements or eligibility criteria; (3) the timeline
6 for an eligible project, including, but not limited to, application
7 deadlines or the contract term; and (4) any other administrative
8 modification the board deems appropriate following its report.

9
10 *Incentive Award Funding Mechanisms*

11 The bill requires the board to fund incentive awards issued for
12 Tranche 1 and any subsequent tranches issued under the same
13 program through the societal benefits charge. Beginning in Fiscal
14 Year 2029, the board is required to annually allocate a minimum of
15 \$60 million from the funds collected through the societal benefits
16 charge to fully fund incentive awards issued for Tranche 1 and any
17 subsequent tranches issued under the same program.

18 If the board instead establishes a successor program, it is
19 required to fund incentive awards issued under the successor
20 program through changes to each electric public utility's base rate
21 case. As apportioned according to the relative electric load of each,
22 the electric public utilities are to recover the total cost of (1) the
23 outstanding costs of the incentives awarded to eligible projects
24 under Tranche 1; and (2) the costs as the board determines
25 necessary for incentive awards under the successor program.

26 The funding mechanism of a Tranche 1 incentive award is not to
27 be changed without the consent of the developer, permitting
28 Tranche 1 incentive awards to continue to be funded through the
29 societal benefits charge if a developer does not agree to the change
30 in funding mechanism, even if the board elects to establish a
31 successor program with a different funding mechanism.

[First Reprint]

ASSEMBLY, No. 5267

STATE OF NEW JERSEY
221st LEGISLATURE

INTRODUCED FEBRUARY 10, 2025

Sponsored by:

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblyman DAVID BAILEY, JR.

District 3 (Cumberland, Gloucester and Salem)

Assemblyman KEVIN P. EGAN

District 17 (Middlesex and Somerset)

Co-Sponsored by:

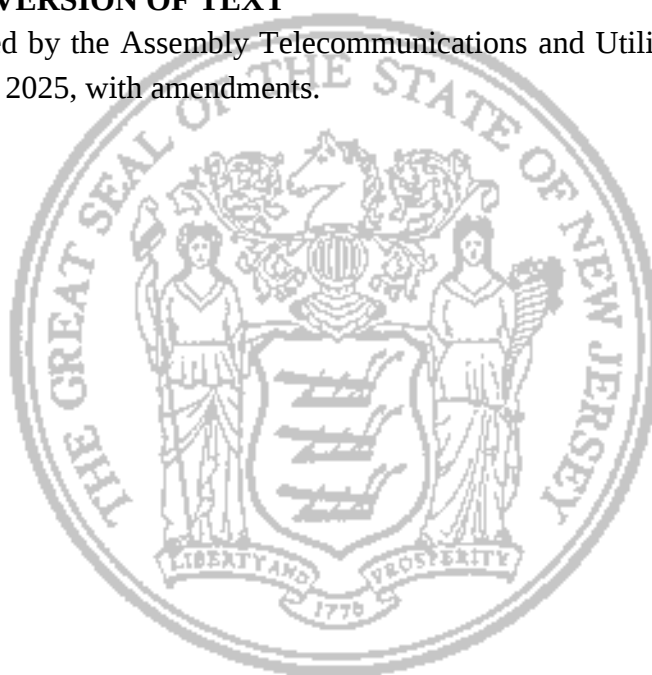
Assemblyman Miller

SYNOPSIS

Requires BPU to procure and incentivize transmission-scale energy storage.

CURRENT VERSION OF TEXT

As reported by the Assembly Telecommunications and Utilities Committee on March 20, 2025, with amendments.



(Sponsorship Updated As Of: 2/10/2025)

1 AN ACT concerning transmission-scale energy storage,
2 supplementing Title 48 of the Revised Statutes, and amending
3 P.L.1999, c.23.

4
5 BE IT ENACTED by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. ¹(New section)¹ As used in P.L. , c. (C.) (pending
9 before the Legislature as this bill):

10 ¹“Accredited capacity” means the amount of capacity, measured in
11 megawatts of unforced capacity, that an eligible project can contribute
12 toward New Jersey’s capacity needs or bid into the base residual
13 auction.

14 “Base residual auction” means the same as that term is defined in
15 section 3 of P.L.1999, c.23 (C.48:3-51).¹

16 “Board” means the Board of Public Utilities.

17 “Electric public utility” means a public utility, as that term is
18 defined in R.S.48:2-13, that transmits and distributes electricity to end
19 users within the State.

20 “Eligible project” means a transmission-scale energy storage
21 system that meets the criteria for an incentive award pursuant to
22 P.L. , c. (C.) (pending before the Legislature as this bill).

23 “Energy storage” means a device that is capable of absorbing
24 energy from the grid or from a ¹**【Distributed Energy Resource】**
25 generation resource located behind the same point of interconnection
26 as the device¹; storing it for a period of time using mechanical,
27 chemical, or thermal processes; and, thereafter, discharging the energy
28 back to the grid or directly to an energy-using system to reduce the use
29 of power from the grid.

30 ¹“Energy storage capacity” means the measure of the capacity of a
31 transmission-scale energy storage system by the lesser of its installed
32 capacity or its capacity in megawatt-hours divided by four hours.¹

33 “Energy storage program” means a program designed to encourage
34 the growth of energy storage capacity in the State in order to
35 strengthen storage capacity for the electric grid. “Energy storage
36 program” includes the board’s Successor Solar Incentive Program,
37 including the Competitive Solar Incentive Program; the program
38 established pursuant to P.L. , c. (C.) (pending before the
39 Legislature as this bill); and the board’s New Jersey Energy Storage
40 Incentive Program ¹**【**, or its replacement or successor, in its final
41 form**】**¹.

42 ¹“Generation Interconnection Agreement” means the same as that
43 term is defined in PJM’s Open Access Transmission Tariff or in any
44 successor document.¹

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ATU committee amendments adopted March 20, 2025.

1 “Incentive award” means a set of payments awarded by the board
2 for an eligible project, which payments are conditioned upon the
3 completion and commercial operation of the eligible project in
4 compliance with P.L. , c. (C.) (pending before the Legislature
5 as this bill) and any conditions required by the board. An “incentive
6 award” shall be a fixed series of annual payments ¹‘[.]’ to be issued
7 over the ¹‘[15-year] 10- to 20-year’ award period ¹‘[.]’; ¹based on the
8 maximum usable installed capacity of an eligible project, ¹‘which is’
9 measured in dollars per megawatt, ¹‘or the energy storage capacity of
10 an eligible project, which is measured in dollars per megawatt-hour;’
11 and paid upon commercial operation of the eligible project, unless the
12 board provides for an alternative payment timeline. ¹‘[“Incentive”] An
13 “incentive award” is subject to any conditions imposed by the board,
14 including, but not limited to, satisfactory up-time performance metrics.
15 An “incentive” award” may include, at the discretion of the board, a
16 performance-based adjustment based on the availability of the eligible
17 project or the benefits created through the commercial operation of the
18 eligible project, provided that the board shall confirm the reliability of
19 any proposed metrics on which to base a performance-based
20 adjustment prior to being used in the calculation of an incentive award.

21 “Installed capacity” means the nameplate output of an eligible
22 project, measured in megawatts of alternating current (MW AC), that
23 is available to the electric grid.

24 ¹“New Jersey Energy Storage Incentive Program” or “NJ SIP”
25 means the final form of the energy storage program under
26 development by the board and outlined in the board’s November 2024
27 straw proposal, or the program’s replacement or successor. ¹

28 “PJM” means “PJM Interconnection, L.L.C.” or “PJM,” as those
29 terms are defined in section 3 of P.L.1999, c.23 (C.48:3-51).

30 “Successor program” means an energy storage program established
31 pursuant to section ¹‘[4] 3’ of P.L. , c. (C.) (pending before
32 the Legislature as this bill).

33 “Tranche 1” means the initial procurement for the energy storage
34 program established pursuant to section 2 of P.L. , c. (C.)
35 (pending before the Legislature as this bill).

36 “Transmission-scale energy storage system” means an energy
37 storage system, ¹‘[capable of energy storage] with an installed
38 capacity’ of at least 5 ¹‘[megawatts] MW AC’, that is interconnected
39 with the PJM Transmission Network and situated inside a
40 Transmission Zone in New Jersey or is otherwise located in New
41 Jersey and qualified to provide energy, capacity, or ancillary services
42 in the wholesale markets established by PJM.

43 ¹“Unforced capacity” means the same as that term is defined in
44 PJM’s Reliability Assurance Agreement or in any successor
45 document. ¹

1 2. ¹(New section)¹ a. (1) The Board of Public Utilities shall
2 establish a program to procure and provide incentive awards for the
3 development of transmission-scale energy storage systems with a
4 reasonable likelihood of successful and timely completion. The board
5 shall solicit applications for the program established pursuant to this
6 section in an initial Tranche 1 pursuant to this section.

7 (2) If the board ¹【determines in the report required pursuant to
8 section 3 of P.L. , c. (C.) (pending before the Legislature as
9 this bill) that it will】 elects to¹ extend the procurement of
10 transmission-scale energy storage through additional tranches ¹【in
11 accordance with subparagraph (a) of paragraph (6) of subsection b. of
12 section 3 of P.L. , c. (C.) (pending before the Legislature as
13 this bill)】¹, the board shall administer future tranches in a similar
14 manner to Tranche 1, modifying as appropriate for each subsequent
15 tranche:

16 (a) the amount of megawatts to be solicited;

17 (b) the application requirements or eligibility criteria;

18 (c) the timeline for an eligible project, including, but not limited
19 to, application deadlines or the contract term; and

20 (d) any other administrative modification the board deems
21 appropriate ¹【following its report issued pursuant to section 3 of
22 P.L. , c. (C.) (pending before the Legislature as this bill)】¹.

23 b. For Tranche 1, the board shall solicit applications for eligible
24 projects, which projects shall collectively have an installed capacity
25 totaling at least 500 MW AC.

26 (1) To qualify for an incentive award pursuant to this section, a
27 transmission-scale energy storage system shall:

28 (a) not participate in any other energy storage program ¹, except
29 for the NJ SIP, to the extent that the energy storage program
30 established pursuant to P.L. , c. (C.) (pending before the
31 Legislature as this bill) is incorporated into the NJ SIP¹;

32 (b) have an anticipated commercial operations date of no later than
33 December 31, 2030, unless the board permits an exception;

34 (c) have ¹【completed】 entered¹ the PJM interconnection process
35 ¹【up to, at minimum, the completion of a System Impact Study or
36 equivalent study, as well as a draft or fully-executed Large Generator
37 Interconnection Agreement through PJM】 and,¹ at the time of
38 application for Tranche 1 ¹, have a fully-executed Generation
39 Interconnection Agreement through PJM, have a completed Surplus
40 Interconnection Study through PJM, or have notified PJM of intent to
41 transfer existing Capacity Interconnection Rights associated with a
42 deactivating generation station¹; and

43 (d) meet any other eligibility criteria the board may establish
44 through board order or rulemaking.

45 (2) Any application pursuant to this section shall include:

- 1 (a) evidence reasonably satisfactory to the board of site control ¹‘**],**
2 including all rights of way to the proposed point of interconnection**’**¹;
- 3 (b) evidence reasonably satisfactory to the board that an applicant
4 has or will obtain all required permits, which evidence shall include an
5 execution plan to obtain all required permits;
- 6 (c) ¹‘**[as-built drawings of a transmission-scale energy storage**
7 **system comprised of new equipment;**
- 8 (d) ¹‘**]** evidence reasonably satisfactory to the board that the
9 applicant has submitted all interconnection applications and ¹‘initial
10 application¹ fees necessary to obtain permission from the appropriate
11 electric public utility or grid operator to operate the transmission-scale
12 energy storage system;
- 13 ¹‘**[(e)] (d)**¹ evidence reasonably satisfactory to the board of the
14 applicant’s financial means to construct the transmission-scale energy
15 storage system and ¹‘**[capacity]** ability¹ to obtain revenues through
16 electricity markets or non-ratepayer funding, including, but not limited
17 to, energy arbitrage, ancillary services, and capacity revenues in PJM;
- 18 ¹‘**[(f)] (e)**¹ evidence reasonably satisfactory to the board of the
19 status of the transmission-scale energy storage system in the PJM
20 interconnection process;
- 21 ¹‘**[(g)] (f)**¹ assurances reasonably satisfactory to the board that the
22 transmission-scale energy storage system will adhere to ¹‘any safety
23 requirements, standards, or measures that the board deems appropriate
24 as well as¹ nationally recognized minimum safety requirements,
25 including, but not limited to, appropriate laboratory testing, and
26 comply with all manufacturers’ installation requirements, applicable
27 laws, regulations, codes, licensing, and permit requirements;
- 28 ¹‘**[(h)] (g)**¹ an application fee as set by the board; and
- 29 ¹‘**[(i)] (h)**¹ any other information required by the board.
- 30 c. The board shall review Tranche 1 applications consistently
31 with the requirements of this section. At its discretion, the board may
32 instruct an applicant on curing minor defects in a Tranche 1
33 application. The board shall ¹‘**[include in its application review**
34 **process a system of scoring, established prior to its review of any**
35 **project, which scoring system shall, at a minimum, be based on price**
36 **factors; maturity and likelihood of success; and environmental justice,**
37 **redevelopment, and community benefits.**
- 38 (1) In designing scoring for the price factors of an application, the
39 board shall:
- 40 (a) consider costs and values throughout the application as
41 measured in dollars per megawatt capacity per year;
- 42 (b) establish a maximum percentage of scoring that shall be price-
43 based; and
- 44 (c) ¹‘**]** evaluate each application based on the bid prices of the
45 requested incentives. The board may¹ appropriately compare bid
46 prices, at the board’s discretion, based on the measure of the capacity

1 of a transmission-scale energy storage system by the lesser of its
 2 installed capacity or its energy storage capacity divided by four hours
 3 **'[**.

4 (2) An application shall receive a higher score for maturity and
 5 likelihood of success if the transmission-scale energy storage system:

6 (a) has a fully executed Large Generator Interconnection
 7 Agreement through PJM or requires limited network upgrades;**]** , or
 8 on the expected accredited capacity of a transmission-scale energy
 9 storage system. The board may also consider other factors such as:

10 (1) project maturity and likelihood of success;¹

11 **'[(b)]** (2) whether the project¹ has completed non-ministerial
 12 permits; **'[**and

13 **(c)]** (3) whether the project¹ is proposed by an applicant with
 14 experience in energy storage development, construction, and finance
 15 **'[.];'**¹

16 **'[(3)** An application shall receive a higher score for environmental
 17 justice;**]** (4) whether the project promotes¹ redevelopment, **'[and]**¹
 18 community benefits **'[if it includes]** ,¹ brownfield redevelopment,
 19 **'or'**¹ existing or former fossil fuel plant replacement, or **'provides'**¹
 20 demonstrated benefits to environmental justice in communities where
 21 a transmission-scale energy storage system is proposed to be located
 22 **'[.]; and'**¹

23 **'[(4)]** (5) whether the installed capacity of the project
 24 participating in the incentive program has the associated Capacity
 25 Interconnection Rights through PJM.

26 d.¹ The board may place an eligible project that does not receive
 27 an incentive award for Tranche 1 on a waiting list and consider the
 28 eligible project for an incentive award during a subsequent tranche or
 29 successor program pursuant to P.L. , c. (C.) (pending before
 30 the Legislature as this bill).

31 **'[d.] e.'**¹ The board shall approve incentive awards totaling a
 32 collective minimum of \$60,000,000 in annual payments for **'[each**
 33 year of the 15-year] 10- to 20-year¹ award **'[period of each eligible**
 34 project approved under Tranche 1] periods for eligible projects in
 35 Tranche 1, which projects shall total a collective minimum of 500
 36 MW AC, or the board shall approve incentive awards for eligible
 37 projects that collectively have an installed capacity totaling at least
 38 1,000 MW AC, by no later than December 31, 2026. The board may
 39 approve all of these 1,000 MW in incentives in Tranche 1 or through
 40 awards in Tranche 1 and subsequent tranches, provided that incentives
 41 in subsequent tranches are awarded by no later than December 31,
 42 2026¹. The board shall **'[provide funding for this annual collective**
 43 amount of incentive award payments for Tranche 1, which payments
 44 shall be] ensure the incentive awards are¹ fully funded pursuant to
 45 subsection a. of section **'[5]** 4¹ of P.L. , c. (C.) (pending
 46 before the Legislature as this bill) **'[**, in order to ensure that the

collective installed capacity of eligible projects receiving an incentive award totals at least 500 megawatts for Tranche 1¹. An incentive award shall be conditioned upon a developer's compliance with the board order determining the incentive award and with any conditions the board shall reasonably require.

¹~~["e. A]~~ f. Any¹ board order that issues an incentive award ¹~~["for Tranche 1]~~ pursuant to this section¹ shall be binding and enforceable.

¹~~["A Tranche 1 incentive award]~~ Any such¹ board order shall:

(1) define the eligible project receiving an incentive award and the eligible project's ¹~~["megawatt]~~ installed¹ capacity;

(2) define the incentive award, including a payment schedule for the ¹~~["15-year]~~ 10- to 20-year¹ award period of the incentive award, which term shall commence no earlier than ¹~~["July 1, 2028 or upon"]~~¹ the commercial operations date of an eligible project, and during which term an eligible project shall receive an annual incentive award on each anniversary of the first payment date;

(3) determine the amount of funding to be allocated for payment of the incentive award beginning ¹~~["either"]~~¹ in the fiscal year ¹~~["beginning on July 1, 2028 or on the commercial operations date of the eligible project, whichever is later"]~~ in which the eligible project commences commercial operations¹;

(4) include a participation fee as the board ¹~~["shall"]~~ may¹ require from the developer;

(5) require, for an eligible project awarded an incentive award, a pre-development security not to exceed \$100,000 per megawatt and not to exceed in total \$10,000,000;

(6) outline the conditions under which the board may, in the event of a developer's failure to operate an eligible project by the deadline stated in the board order or to meet deadlines included in the board order, revoke an incentive award or retain ¹~~["a portion"]~~ some or all¹ of the pre-development security;

(7) provide that receipt of an incentive award for an eligible project shall be contingent on achievement of baseline performance requirements, including, but not limited to, ¹~~["the"]~~¹ availability ¹~~["of energy storage"]~~¹ for dispatch in a ¹~~["percentage"]~~ minimum number¹ of hours ¹~~["daily, which percentage shall be decided"]~~ per year, as determined¹ by the board. The board may use the PJM Equivalent Forced Outage Rate or another metric determined appropriate by the board to measure energy storage availability. The board order shall require that the developer report data for the purpose of this paragraph at regular intervals and shall provide for a reduction of an incentive award in proportion to the ¹~~["percentage"]~~ number of hours¹ of required availability that is unmet by the eligible project; and

(8) require that a developer provide additional information to the board during the term of the incentive award, as the board may reasonably require. The board may set additional requirements at its

1 discretion, including, but not limited to, a requirement that the
2 developer report major development and construction milestones to the
3 board, maintain financial security throughout the term of the incentive
4 award, or any other requirement the board determines necessary to
5 ensure continued progress and operational viability of an eligible
6 project.

7 ¹**[f.] g.** (1) Notwithstanding the provisions of the
8 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.),
9 or any other law or rule to the contrary, the board shall ¹**[**:

10 (a) within 120 days following the effective date of
11 P.L. , c. (C.) (pending before the Legislature as this bill),
12 develop application requirements and eligibility criteria for Tranche 1;
13 and

14 (b) ¹**]** permit applications for Tranche 1 ¹**[**, pursuant to paragraphs
15 (2) and (3) of this subsection,¹ without regard to the publication
16 status of the rules and regulations to be issued pursuant to P.L. ,
17 c. (C.) (pending before the Legislature as this bill) ¹, by no later
18 than January 15, 2026¹.

19 (2) ¹**[**The board shall permit an applicant, within 45 days
20 following the effective date of P.L. , c. (C.) (pending before
21 the Legislature as this bill), to submit an early application for Tranche
22 1 prior to the formal establishment of an application process or the
23 promulgation of Tranche 1 rules and regulations.

24 (3) Within 30 days following the effective date of a board order
25 either approving the rules and regulations proposed for publication
26 pursuant to P.L. , c. (C.) (pending before the Legislature as
27 this bill) or approving the proposed application requirements and
28 eligibility criteria for Tranche 1 in accordance with this section, the
29 board shall:

30 (a) begin formally accepting applications for Tranche 1; and

31 (b) advise any applicant that submitted an early application for
32 Tranche 1 pursuant to paragraph (2) of this subsection of any defects
33 in its existing application pursuant to the rules and regulations or the
34 application requirements and eligibility criteria approved by board
35 order issued pursuant to this paragraph.

36 (4)¹**]** The board shall accept Tranche 1 applications for a
37 maximum of 60 days after the beginning of the formal application
38 period for Tranche 1 ¹**[**pursuant to paragraph (3) of this subsection¹.
39 Within ¹**[90]** 60¹ days following the closure of the Tranche 1
40 application period, the board shall ¹:

41 (a)¹ evaluate projects in accordance with this section, any rules or
42 regulations proposed pursuant to P.L. , c. (C.) (pending before
43 the Legislature as this bill), and any application requirements and
44 eligibility criteria approved pursuant to this subsection ¹; and

45 (b) select eligible projects to receive an award.

46 (3) The board shall finalize and approve all incentive awards for
47 Tranche 1 no later than April 1, 2026¹.

1 **¹[g. Tranche 1 incentive awards]** h. Any incentive award
2 approved by the board pursuant to this section¹ shall receive funding
3 pursuant to section **¹[5] 4¹** of P.L. , c. (C.) (pending before
4 the Legislature as this bill).

5
6 **¹[3.a. No later than one calendar year following the date of the**
7 final Tranche 1 procurement approval issued pursuant to section 2
8 of P.L. , c. (C.) (pending before the Legislature as this
9 bill), the board shall initiate a proceeding to examine the impact of
10 the State's energy storage programs, collectively and individually,
11 and to assess progress toward the 2030 energy storage target
12 established pursuant to section 1 of P.L.2018, c.17 (C.48:3-87.8).

13 b. The board shall issue a report detailing its conclusions and
14 submit the report to the Governor and, pursuant to section 2 of
15 P.L.1991, c.164 (C.52:14-19.1), to the Legislature. In its report
16 issued pursuant to this subsection, the board shall, at a minimum:

17 (1) examine the State's energy storage programs;

18 (2) account for projected electric bill savings and costs to
19 ratepayers, as well as societal benefits of reduced emissions, due to
20 increased installed capacity or energy storage capacity;

21 (3) report the progress of the projects under each energy storage
22 program, including progress toward construction completion;

23 (4) compare relative costs per capacity awarded for each project
24 based on its installed capacity;

25 (5) produce estimates of the most cost-effective means to
26 achieve the 2030 energy storage target established pursuant to
27 section 1 of P.L.2018, c.17 (C.48:3-87.8) or any other energy
28 storage target established by the Legislature; and

29 (6) determine, at the discretion of the board, whether to extend
30 the procurement of transmission-scale energy storage pursuant to
31 P.L. , c. (C.) (pending before the Legislature as this bill)
32 based on the results of Tranche 1. The board may procure
33 additional tranches either:

34 (a) pursuant to section 2 of P.L. , c. (C.) (pending
35 before the Legislature as this bill) with funding through the societal
36 benefits charge pursuant to subsection a. of section 5 of
37 P.L. , c. (C.) (pending before the Legislature as this bill);
38 or

39 (b) pursuant to a successor program established pursuant to
40 section 4 of P.L. , c. (C.) (pending before the Legislature
41 as this bill) with funding through rate recovery as set forth in
42 subsection b. of section 5 of P.L. , c. (C.) (pending before
43 the Legislature as this bill).**¹**

44
45 **¹[4.a. Following a determination, pursuant to subparagraph (b)**
46 of paragraph (6) of subsection b. of section 3 of
47 P.L. , c. (C.) (pending before the Legislature as this bill),

1 to establish a successor program, the board shall issue rules and
2 regulations pursuant to the requirements of subsection c. of section
3 6 of P.L. , c. (C.) (pending before the Legislature as this
4 bill).

5 b. The board shall, in any successor program, require each
6 electric public utility to submit proposed tariffs for board review
7 and approval, which tariffs shall be designed to fund the successor
8 program through base rate recovery. Each electric public utility's
9 tariff submitted pursuant to this subsection shall include,
10 apportioned according to the relative electric load of the electric
11 public utility in this State, the total cost of:

12 (1) the outstanding costs of the incentives awarded to eligible
13 projects under Tranche 1; and

14 (2) the costs, as the board determines necessary, for incentive
15 awards under the successor program.

16 c. In addition to rules and regulations issued pursuant to
17 subsection c. of section 6 of P.L. , c. (C.) (pending before
18 the Legislature as this bill), the board shall be authorized to
19 continue any rule, regulation, or policy used to administer Tranche
20 1 as the board determines necessary and appropriate to administer a
21 successor program. If the board determines in the report required
22 pursuant to section 3 of P.L. , c. (C.) (pending before the
23 Legislature as this bill) that it will extend the procurement of
24 transmission-scale energy storage through additional tranches in
25 accordance with subparagraph (b) of paragraph (6) of subsection b.
26 of section 3 of P.L. , c. (C.) (pending before the
27 Legislature as this bill), the board shall administer future tranches in
28 a similar manner to Tranche 1, modifying as appropriate for each
29 subsequent tranche:

30 (1) the amount of megawatts to be solicited;

31 (2) the application requirements or eligibility criteria;

32 (3) the timeline for an eligible project, including, but not limited
33 to, application deadlines or the contract term; and

34 (4) any other administrative modification the board deems
35 appropriate following its report issued pursuant to section 3 of
36 P.L. , c. (C.) (pending before the Legislature as this bill).

37 d. The board may amend a Tranche 1 incentive award, upon
38 written consent from the developer of the eligible project, solely to
39 change the funding mechanism of the incentive award pursuant to
40 subsection b. of section 5 of P.L. , c. (C.) (pending before
41 the Legislature as this bill). Any incentive award for an eligible
42 project and the conditions for receiving funding pursuant to section
43 2 of P.L. , c. (C.) (pending before the Legislature as this
44 bill) shall remain effective for the full duration of the 15-year award
45 period specified in the board's Tranche 1 order awarding the
46 incentive, notwithstanding any change to the funding mechanism of
47 the incentive award.】'

1 ¹3. (New section) a. If the board determines that an additional
2 energy storage program is needed to achieve the 2030 energy storage
3 target established pursuant to section 1 of P.L.2018, c.17 (C.48:3-
4 87.8), the board shall establish a successor program by adopting rules
5 and regulations pursuant to the “Administrative Procedure Act,”
6 P.L.1968, c.410 (C.52:14B-1 et seq.).

7 b. The board may establish a successor program by adopting rules
8 and regulations that implement the NJ SIP, provided that the final
9 version of the NJ SIP is consistent with the requirements of P.L. ,
10 c. (C.) (pending before the Legislature as this bill).

11 c. The board may fund any successor program in whole or in part
12 by appropriating and allocating monies to the successor program from
13 the funds collected through the societal benefits charge established
14 pursuant to subsection a. of section 12 of P.L.1999, c.23 (C.48:3-60).
15 The board may also supplement funding for the successor program by
16 using monies from all available sources, including, but not limited to,
17 monies from the “Global Warming Solutions Fund” established
18 pursuant to section 6 of P.L.2007, c.340 (C.26:2C-50).

19 d. In addition to rules and regulations issued pursuant to
20 subsection a. of section 5 of P.L. , c. (C.) (pending before the
21 Legislature as this bill), the board may continue any rule, regulation, or
22 policy used to administer Tranche 1 as the board determines necessary
23 and appropriate to administer a successor program. If the board
24 solicits additional eligible projects in subsequent tranches, in
25 accordance with subsection e. of section 2 of P.L. , c. (C.)
26 (pending before the Legislature as this bill), the board shall administer
27 the subsequent tranches in a similar manner to Tranche 1, modifying
28 as appropriate for each subsequent tranche:

29 (1) the amount of megawatts to be solicited;

30 (2) the application requirements or eligibility criteria;

31 (3) the timeline for an eligible project, including, but not limited to,
32 application deadlines or the contract term; and

33 (4) any other administrative modification the board deems
34 appropriate.

35 e. The board may amend a Tranche 1 or subsequent tranche
36 incentive award, upon written consent from the developer of the
37 eligible project, solely to change the funding source of the incentive
38 award. Any incentive award for an eligible project and the conditions
39 for receiving funding pursuant to section 2 of P.L. , c. (C.)
40 (pending before the Legislature as this bill) shall remain effective for
41 the full duration of the 10- to 20-year award period specified in the
42 board’s Tranche 1 order or subsequent tranche order awarding the
43 incentive, notwithstanding any change to the funding source of the
44 incentive award.¹

45
46 ¹【5. a.】 4. (New section)¹ An incentive award issued pursuant to
47 section 2 of P.L. , c. (C.) (pending before the Legislature as
48 this bill) shall be funded through the societal benefits charge

1 established pursuant to subsection a. of section 12 of P.L.1999, c.23
 2 (C.48:3-60) ¹, monies made available to the board from the “Global
 3 Warming Solutions Fund” established pursuant to section 6 of
 4 P.L.2007, c.340 (C.26:2C-50), and monies available from other
 5 funding sources, as determined by the board¹. In the fiscal year
 6 beginning on July 1, ¹**2028** 2027¹, and in each fiscal year thereafter,
 7 ¹until the end of all applicable incentive award periods,¹ the board
 8 shall ¹appropriate and¹ allocate ¹**2028** a minimum of \$60,000,000 from the
 9 funds collected through the societal benefits charge¹ sufficient monies
 10 from these sources¹ to fully fund the incentive awards issued by the
 11 board ¹,¹ pursuant to section 2 of P.L. , c. (C.) (pending
 12 before the Legislature as this bill) ¹, in Tranche 1 for eligible projects
 13 totaling a collective minimum of 500 MW AC¹.

14 ¹**b.** (1) An incentive award issued pursuant to section 4 of
 15 P.L. , c. (C.) (pending before the Legislature as this bill) shall
 16 be funded through ratepayer tariffs recovered through an electric
 17 public utility’s base rate case, in accordance with subsection b. of
 18 section 4 of P.L. , c. (C.) (pending before the Legislature as
 19 this bill).

20 (2) Any amendment to a Tranche 1 incentive award board order to
 21 change the funding mechanism of the incentive award pursuant to
 22 subsection d. of section 4 of P.L. , c. (C.) (pending before the
 23 Legislature as this bill) shall replace the funding mechanism of the
 24 incentive award with funding pursuant to paragraph (1) of this
 25 subsection. Pending any order for replacement funding for a Tranche
 26 1 incentive award order, the Tranche 1 incentive award shall continue
 27 to be funded pursuant to subsection a. of this section.¹
 28

29 ¹**6.** 5. (New section)¹ a. (1) The board shall adopt, as
 30 expeditiously as possible, pursuant to the “Administrative Procedure
 31 Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations
 32 consistent with the purposes of section 2 of P.L. , c. (C.)
 33 (pending before the Legislature as this bill). ¹**7.** The rules and
 34 regulations issued for Tranche 1 shall be similar to the board’s rules
 35 concerning Grid Supply projects for the New Jersey Energy Storage
 36 Incentive Program, or its replacement or successor, in its final form,
 37 but shall reflect the unique nature of transmission-scale energy storage
 38 systems.¹

39 (2) Notwithstanding the provisions of the “Administrative
 40 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law
 41 or rule to the contrary, ¹within 90 days following the effective date of
 42 P.L. , c. (C.) (pending before the Legislature as this bill),¹ the
 43 board shall ¹**8.**

44 (a) within 60 days following the effective date of
 45 P.L. , c. (C.) (pending before the Legislature as this bill),
 46 engage with stakeholders and interested parties and solicit comments

1 on the rules and regulations for publication in accordance with the
2 provisions of the “Administrative Procedure Act,” P.L.1968, c.410
3 (C.52:14B-1 et seq.); and

4 (b) within 120 days following the effective date of
5 P.L. , c. (C.) (pending before the Legislature as this bill),
6 submit the proposed Tranche 1 rules and regulations for publication in
7 accordance with the provisions of the “Administrative Procedure Act,”
8 P.L.1968, c.410 (C.52:14B-1 et seq.) **publish a notice of proposal that**
9 **contains the proposed rules required by this subsection**¹.

10 b. Notwithstanding the provisions of the “Administrative
11 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law
12 or rule to the contrary, the board may procure transmission-scale
13 energy storage systems and award incentives for Tranche 1 ¹**and**
14 **subsequent tranches**¹ pursuant to section 2 of P.L. , c. (C.)
15 (pending before the Legislature as this bill), notwithstanding the status
16 of board rules or regulations pursuant to subsection a. of this section.

17 c. ¹**[In the event that]** **If**¹ the board decides to implement a
18 successor program pursuant to section ¹**[4]** ¹**3**¹ of P.L. , c. (C.)
19 (pending before the Legislature as this bill) ¹**[,** following the issuance
20 of its report pursuant to section 3 of P.L. , c. (C.) (pending
21 before the Legislature as this bill), the board shall adopt, pursuant to
22 the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et
23 seq.), rules and regulations consistent with the purposes of section 4 of
24 P.L. , c. (C.) (pending before the Legislature as this bill), and
25 determine therein, at a minimum:

26 (1) the minimum amount of energy storage to be procured in total
27 among eligible projects during any solicitation subsequent to Tranche
28 1;

29 (2) any eligibility criteria;

30 (3) the minimum performance standards for an eligible project;
31 and

32 (4) the amount and structure of a performance-based adjustment**]**
33 **by adopting final rules that implement the NJ SIP, the board may**
34 **adopt those rules and regulations in the same rulemaking proceeding in**
35 **which it proposes and adopts the rules and regulations required by**
36 **subsection a. of this section**¹.

37

38 ¹**6. (New Section) Notwithstanding any restrictions on use of**
39 **funds in section 7 of P.L.2007, c.340 (C.26:2C-51) and section 12 of**
40 **P.L.1999, c.23 (C.48:3-60), the board may fund incentive awards**
41 **issued pursuant to sections 2 and 3 of P.L. , c. (C.) (pending**
42 **before the Legislature as this bill) from any of the following sources,**
43 **singly or in combination:**

44 a. **revenues from the societal benefits charge established pursuant**
45 **to subsection a. of section 12 of P.L.1999, c.23 (C.48:3-60);**

46 b. **monies allocated to the board from the “Global Warming**
47 **Solutions Fund,” established pursuant to section 6 of P.L.2007, c.340**

1 (C.26:2C-50), and consistent with the objectives set forth in the
2 “Global Warming Response Act,” P.L.2007, c.340 (C.26:2C-37 to -
3 57);

4 c. any appropriations made by the Legislature for the program
5 established pursuant to P.L. , c. (C.) (pending before the
6 Legislature as this bill); or

7 d. any other sources of available funding.¹
8

9 7. Section 12 of P.L.1999, c.23 (C.48:3-60) is amended to read as
10 follows:

11 12. a. Simultaneously with the starting date for the implementation
12 of retail choice as determined by the board pursuant to subsection a. of
13 section 5 of P.L.1999, c.23 (C.48:3-53), the board shall permit each
14 electric public utility and gas public utility to recover some or all of
15 the following costs through a societal benefits charge that shall be
16 collected as a non-bypassable charge imposed on all electric public
17 utility customers and gas public utility customers, as appropriate:

18 (1) **【The】** the costs for the social programs for which rate recovery
19 was approved by the board prior to April 30, 1997. For the purpose of
20 establishing initial unbundled rates pursuant to section 4 of P.L.1999,
21 c.23 (C.48:3-52), the societal benefits charge shall be set to recover the
22 same level of social program costs as is being collected in the bundled
23 rates of the electric public utility on the effective date of P.L.1999,
24 c.23 (C.48:3-49 et al.). The board may subsequently order, pursuant to
25 its rules and regulations, an increase or decrease in the societal benefits
26 charge to reflect changes in the costs to the utility of administering
27 existing social programs. Nothing in P.L.1999, c.23 (C.48:3-49 et al.)
28 shall be construed to abolish or change any social program required by
29 statute or board order or rule or regulation to be provided by an
30 electric public utility. Any such social program shall continue to be
31 provided by the utility until otherwise provided by law, unless the
32 board determines that it is no longer appropriate for the electric public
33 utility to provide the program, or the board chooses to modify the
34 program;

35 (2) **【Nuclear】** nuclear plant decommissioning costs;

36 (3) **【The】** the costs of demand side management programs that
37 were approved by the board pursuant to its demand side management
38 regulations prior to April 30, 1997. For the purpose of establishing
39 initial unbundled rates pursuant to section 4 of P.L.1999, c.23 (C.48:3-
40 52), the societal benefits charge shall be set to recover the same level
41 of demand side management program costs as is being collected in the
42 bundled rates of the electric public utility on the effective date of
43 P.L.1999, c.23 (C.48:3-49 et al.). Within four months of the effective
44 date of P.L.1999, c.23 (C.48:3-49 et al.), and every four years
45 thereafter, the board shall initiate a proceeding and cause to be
46 undertaken a comprehensive resource analysis of energy programs,
47 and within eight months of initiating such proceeding and after notice,
48 provision of the opportunity for public comment, and public hearing,

1 the board, in consultation with the Department of Environmental
2 Protection, shall determine the appropriate level of funding for energy
3 efficiency, light, medium, and heavy-duty plug-in electric vehicles,
4 including school buses, and associated plug-in electric vehicle
5 charging infrastructure, 'energy storage,' and Class I renewable
6 energy programs that provide environmental benefits above and
7 beyond those provided by standard offer or similar programs in effect
8 as of the effective date of P.L.1999, c.23 (C.48:3-49 et al.); provided
9 that the funding for such programs be no less than 50 percent of the
10 total Statewide amount being collected in electric and gas public utility
11 rates for demand side management programs on the effective date of
12 P.L.1999, c.23 (C.48:3-49 et al.) for an initial period of four years
13 from the issuance of the first comprehensive resource analysis
14 following the effective date of P.L.1999, c.23 (C.48:3-49 et al.), and
15 provided that 25 percent of this amount shall be used to provide
16 funding for Class I renewable energy projects in the State. In each of
17 the following fifth through eighth years, the Statewide funding for
18 such programs shall be no less than 50 percent of the total Statewide
19 amount being collected in electric and gas public utility rates for
20 demand side management programs on the effective date of P.L.1999,
21 c.23 (C.48:3-49 et al.), except that as additional funds are made
22 available as a result of the expiration of past standard offer or similar
23 commitments, the minimum amount of funding for such programs
24 shall increase by an additional amount equal to 50 percent of the
25 additional funds made available, until the minimum amount of funding
26 dedicated to such programs reaches \$140,000,000 total. After the
27 eighth year the board shall make a determination as to the appropriate
28 level of funding for these programs. Such programs shall include a
29 program to provide financial incentives for the installation of Class I
30 renewable energy projects in the State, and the board, in consultation
31 with the Department of Environmental Protection, shall determine the
32 level and total amount of such incentives as well as the renewable
33 technologies eligible for such incentives which shall include, at a
34 minimum, photovoltaic, wind, and fuel cells. The board shall
35 simultaneously determine, as a result of the comprehensive resource
36 analysis, the programs to be funded by the societal benefits charge, the
37 level of cost recovery and performance incentives for old and new
38 programs and whether the recovery of demand side management
39 programs' costs currently approved by the board may be reduced or
40 extended over a longer period of time. The board shall make these
41 determinations taking into consideration existing market barriers and
42 environmental benefits, with the objective of transforming markets,
43 capturing lost opportunities, making energy services more affordable
44 for low income customers and eliminating subsidies for programs that
45 can be delivered in the marketplace without electric public utility and
46 gas public utility customer funding. '[The board shall set the societal
47 benefits charge, in] In' addition to the determinations above, '[to
48 include full funding of the costs, as determined by the board, of

1 providing] the board shall allocate sufficient funding from the societal
2 benefits charge to cover the remaining cost of fully funding¹ incentive
3 award payments for transmission-scale energy storage systems that are
4 eligible projects pursuant to P.L. , c. (C.) (pending before the
5 Legislature as this bill) ¹, after accounting for funding allocated to this
6 purpose from other sources¹;

7 (4) **【Manufactured】** manufactured gas plant remediation costs,
8 which shall be determined initially in a manner consistent with
9 mechanisms in the remediation adjustment clauses for the electric
10 public utility and gas public utility adopted by the board; and

11 (5) **【The】** the cost, of consumer education, as determined by the
12 board, which shall be in an amount that, together with the consumer
13 education surcharge imposed on electric power supplier license fees
14 pursuant to subsection h. of section 29 of P.L.1999, c.23 (C.48:3-78)
15 and the consumer education surcharge imposed on gas supplier license
16 fees pursuant to subsection g. of section 30 of P.L.1999, c.23 (C.48:3-
17 79), shall be sufficient to fund the consumer education program
18 established pursuant to section 36 of P.L.1999, c.23 (C.48:3-85).

19 b. There is established in the Board of Public Utilities a
20 nonlapsing fund to be known as the "Universal Service Fund." The
21 board shall determine: the level of funding and the appropriate
22 administration of the fund; the purposes and programs to be funded
23 with monies from the fund; which social programs shall be provided
24 by an electric public utility as part of the provision of its regulated
25 services which provide a public benefit; whether the funds
26 appropriated to fund the "Lifeline Credit Program" established
27 pursuant to P.L.1979, c.197 (C.48:2-29.15 et seq.), the "Tenants'
28 Lifeline Assistance Program" established pursuant to P.L.1981, c.210
29 (C.48:2-29.30 et seq.), the funds received pursuant to the Low Income
30 Home Energy Assistance Program established pursuant to 42 U.S.C.
31 s.8621 et seq., and funds collected by electric and gas public utilities,
32 as authorized by the board, to offset uncollectible electricity and
33 natural gas bills should be deposited in the fund; and whether new
34 charges should be imposed to fund new or expanded social programs.
35 (cf: P.L.2022, c.86, s.2)

36

37 8. This act shall take effect immediately.

ASSEMBLY SUBSTITUTE FOR
ASSEMBLY, No. 5267

STATE OF NEW JERSEY
221st LEGISLATURE

ADOPTED MAY 22, 2025

Sponsored by:

Assemblyman WAYNE P. DEANGELO
District 14 (Mercer and Middlesex)
Assemblyman DAVID BAILEY, JR.
District 3 (Cumberland, Gloucester and Salem)
Assemblyman KEVIN P. EGAN
District 17 (Middlesex and Somerset)
Senator BOB SMITH
District 17 (Middlesex and Somerset)
Senator JOHN J. BURZICHELLI
District 3 (Cumberland, Gloucester and Salem)

Co-Sponsored by:

Assemblymen Miller, Hutchison, Assemblywoman Ramirez, Assemblyman Karabinchak, Assemblywoman McCoy, Senator Greenstein, Assemblyman Freiman, Assemblywomen Drulis and Simmons

SYNOPSIS

Requires BPU to procure and incentivize transmission-scale energy storage.

CURRENT VERSION OF TEXT

Substitute as adopted by the General Assembly.



(Sponsorship Updated As Of: 6/30/2025)

1 **AN ACT** concerning transmission-scale energy storage,
 2 supplementing Title 48 of the Revised Statutes, and amending
 3 P.L.1999, c.23.

4
 5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
 6 *of New Jersey:*

7
 8 1. (New section) As used in P.L. , c. (C.) (pending before
 9 the Legislature as this bill):

10 “Accredited capacity” means the amount of capacity, measured in
 11 megawatts of unforced capacity, that an eligible project can contribute
 12 toward New Jersey’s capacity needs or bid into the base residual
 13 auction.

14 “Base residual auction” means the same as that term is defined in
 15 section 3 of P.L.1999, c.23 (C.48:3-51).

16 “Board” means the Board of Public Utilities.

17 “Capacity Interconnection Rights” means the same as that term is
 18 defined in PJM’s Open Access Transmission Tariff or in any successor
 19 document.

20 “Decision Point I” means the same as that term is defined in PJM’s
 21 Open Access Transmission Tariff or in any successor document.

22 “Electric public utility” means a public utility, as that term is
 23 defined in R.S.48:2-13, that transmits and distributes electricity to end
 24 users within the State.

25 “Eligible project” means a transmission-scale energy storage
 26 system that meets the criteria for an incentive award pursuant to
 27 P.L. , c. (C.) (pending before the Legislature as this bill).

28 “Energy storage” means a device that is capable of absorbing
 29 energy from the grid or from a generation resource located behind the
 30 same point of interconnection as the device; storing it for a period of
 31 time using mechanical, chemical, or thermal processes; and, thereafter,
 32 discharging the energy back to the grid or directly to an energy-using
 33 system to reduce the use of power from the grid.

34 “Energy storage capacity” means the measure of the energy
 35 capacity in megawatt-hours of a transmission-scale energy storage
 36 system.

37 “Energy storage program” means a program designed to encourage
 38 the growth of energy storage capacity in the State in order to
 39 strengthen storage capacity for the electric grid. “Energy storage
 40 program” includes the board’s Successor Solar Incentive Program,
 41 including the Competitive Solar Incentive Program; the program
 42 established pursuant to P.L. , c. (C.) (pending before the
 43 Legislature as this bill); and the board’s Garden State Energy Storage
 44 Program.

45 “Garden State Energy Storage Program” or “GSESP” means the
 46 final form of the energy storage program currently under development

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
 not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 by the board and outlined in the board's November 2024 straw
2 proposal, or the program's replacement or successor.

3 "Generation Interconnection Agreement" means the same as that
4 term is defined in PJM's Open Access Transmission Tariff or in any
5 successor document.

6 "Incentive award" means a set of payments awarded by the board
7 for an eligible project, which payments are conditioned upon the
8 completion and commercial operation of the eligible project in
9 compliance with P.L. , c. (C.) (pending before the Legislature
10 as this bill) and any conditions required by the board. An "incentive
11 award" shall be a fixed series of annual payments to be issued over the
12 15-year award period; based on the maximum usable installed capacity
13 of an eligible project, which is measured in dollars per megawatt, or on
14 the energy storage capacity of an eligible project, which is measured in
15 dollars per megawatt-hour; and paid upon commercial operation of the
16 eligible project, unless the board provides for an alternative payment
17 timeline. An "incentive award" is subject to any conditions imposed
18 by the board, including, but not limited to, satisfactory up-time
19 performance metrics. An "incentive award" may include, at the
20 discretion of the board, a performance-based adjustment based on the
21 availability of the eligible project or the benefits created through the
22 commercial operation of the eligible project, provided that the board
23 shall confirm the reliability of any proposed metrics on which to base a
24 performance-based adjustment prior to being used in the calculation of
25 an incentive award.

26 "Installed capacity" means the nameplate output of an eligible
27 project, measured in megawatts of alternating current (MW AC), that
28 is available to the electric grid.

29 "Interconnection Service Agreement" means the same as that term
30 is defined in PJM's Open Access Transmission Tariff or in any
31 successor document.

32 "Phase I System Impact Study" means the same as that term is
33 defined in PJM's Open Access Transmission Tariff or in any successor
34 document.

35 "PJM" means "PJM Interconnection, L.L.C." or "PJM," as those
36 terms are defined in section 3 of P.L.1999, c.23 (C.48:3-51).

37 "Readiness Deposit" means the same as that term is defined in
38 PJM's Open Access Transmission Tariff or in any successor
39 document.

40 "Subsequent tranche" means additional energy storage
41 procurement administered pursuant to section 4 of P.L. ,
42 c. (C.) (pending before the Legislature as this bill).

43 "Tranche 1" means the initial procurement for the energy storage
44 program established pursuant to section 2 of P.L. , c. (C.)
45 (pending before the Legislature as this bill).

46 "Tranche 2" means the second procurement for the energy storage
47 program established pursuant to section 2 of P.L. , c. (C.)
48 (pending before the Legislature as this bill).

1 “Transmission-scale energy storage system” means an energy
2 storage system, with an installed capacity of at least 5 MW AC, that is
3 interconnected with the PJM Transmission Network and situated
4 inside a Transmission Zone in New Jersey or is otherwise located in
5 New Jersey and qualified to provide energy, capacity, or ancillary
6 services in the wholesale markets established by PJM.

7 “Unforced capacity” means the same as that term is defined in
8 PJM’s Reliability Assurance Agreement or in any successor document.

9
10 2. (New section) a. (1) The Board of Public Utilities shall
11 establish a program to procure and provide incentive awards for the
12 development of transmission-scale energy storage systems with a
13 reasonable likelihood of successful and timely completion. The board
14 shall solicit applications for the program established pursuant to this
15 section in an initial Tranche 1 and in Tranche 2, pursuant to paragraph
16 (2) of this subsection. The board may place an eligible project that
17 does not receive an incentive award for Tranche 1 or Tranche 2 on a
18 waiting list and consider the eligible project for an incentive award
19 during a subsequent tranche.

20 (2) By no later than December 31, 2026, the board shall approve
21 incentive awards for eligible projects totaling at least 1,000 MW AC in
22 installed capacity. However, at least 500 MW AC of the 1,000 MW
23 AC procurement goal shall be approved in incentive awards for
24 eligible projects in Tranche 1 by no later than April 1, 2026. If the
25 board is unable to procure all 1,000 MW AC in installed capacity in
26 Tranche 1, the board shall approve incentive awards for eligible
27 projects in Tranche 2, provided that all incentive awards in Tranche 2
28 are awarded by no later than December 31, 2026.

29 b. To qualify for an incentive award in Tranche 1 or Tranche 2
30 pursuant to this section, a transmission-scale energy storage system
31 shall:

32 (1) not participate in any other energy storage program, except for
33 the GSESP, to the extent that the energy storage program established
34 pursuant to P.L. , c. (C.) (pending before the Legislature as
35 this bill) is incorporated into the GSESP;

36 (2) have an anticipated commercial operations date of no later than
37 December 31, 2030, unless the board permits an exception;

38 (3) meet the following project maturity requirements, as
39 applicable:

40 (a) a transmission-scale energy storage system applying for an
41 incentive award in Tranche 1 shall have entered the PJM
42 interconnection process and, at the time of application, have a fully-
43 executed Generation Interconnection Agreement or Interconnection
44 Service Agreement through PJM, have a completed Surplus
45 Interconnection Study through PJM, or have notified PJM of intent to
46 transfer existing Capacity Interconnection Rights associated with a
47 deactivating generation station; or

1 (b) a transmission-scale energy storage system applying for an
 2 incentive award in Tranche 2 shall have entered the PJM
 3 interconnection process and, at the time of application, have a fully-
 4 executed Generation Interconnection Agreement or Interconnection
 5 Service Agreement through PJM, have a completed Surplus
 6 Interconnection Study through PJM, have been studied by PJM in a
 7 Phase I System Impact Study and have paid a Decision Point I
 8 Readiness Deposit to PJM, or have notified PJM of intent to transfer
 9 existing Capacity Interconnection Rights associated with a
 10 deactivating generation station;

11 (4) have the associated Capacity Interconnection Rights through
 12 PJM; and

13 (5) meet any other eligibility criteria the board may establish
 14 through board order or rulemaking.

15 c. Any application for an incentive award issued in Tranche 1 or
 16 Tranche 2 pursuant to this section shall include:

17 (1) evidence reasonably satisfactory to the board of site control;

18 (2) evidence reasonably satisfactory to the board that an applicant
 19 has or will obtain all required permits, which evidence shall include an
 20 execution plan to obtain all required permits;

21 (3) evidence reasonably satisfactory to the board that the applicant
 22 has submitted all interconnection applications and initial application
 23 fees necessary to obtain permission from the appropriate electric
 24 public utility or grid operator to operate the transmission-scale energy
 25 storage system;

26 (4) evidence reasonably satisfactory to the board of the applicant's
 27 financial means to construct the transmission-scale energy storage
 28 system and ability to obtain revenues through electricity markets or
 29 non-ratepayer funding, including, but not limited to, energy arbitrage,
 30 ancillary services, and capacity revenues in PJM;

31 (5) evidence reasonably satisfactory to the board of the status of
 32 the transmission-scale energy storage system in the PJM
 33 interconnection process;

34 (6) assurances reasonably satisfactory to the board that the
 35 transmission-scale energy storage system will adhere to any safety
 36 requirements, standards, or measures that the board deems appropriate
 37 as well as to any nationally recognized minimum safety requirements,
 38 including, but not limited to, appropriate laboratory testing, and will
 39 comply with all manufacturers' installation requirements, applicable
 40 laws, regulations, codes, licensing, and permit requirements;

41 (7) a statement describing the transmission-scale energy storage
 42 system's alignment with State and regional transmission and resource
 43 adequacy planning goals and demonstrating the transmission-scale
 44 energy storage system's coordination with PJM and the appropriate
 45 electric public utility;

46 (8) an application fee as set by the board; and

47 (9) any other information required by the board.

1 d. The board shall review Tranche 1 and Tranche 2 applications
2 consistently with the requirements of this section. At its discretion, the
3 board may instruct an applicant on curing minor defects in a Tranche 1
4 or Tranche 2 application. The board shall evaluate each application
5 based on the bid prices of the requested incentive awards. The board
6 may appropriately compare bid prices, at the board's discretion, based
7 on the measure of a transmission-scale energy storage system's
8 installed capacity, energy storage capacity, or expected accredited
9 capacity. The board may also consider other factors such as:

10 (1) project maturity and likelihood of success;

11 (2) whether the project has completed non-ministerial permits;

12 (3) whether the project is proposed by an applicant with
13 experience in energy storage development, construction, and finance;

14 (4) whether the project promotes redevelopment, community
15 benefits, brownfield redevelopment, or existing or former fossil fuel
16 plant replacement, or provides demonstrated benefits to environmental
17 justice in communities where a transmission-scale energy storage
18 system is proposed to be located;

19 (5) the extent to which the project provides value to the
20 distribution system, including locational benefits, peak load reduction,
21 or deferral of infrastructure upgrades; and

22 (6) whether the project contributes to local grid reliability,
23 resilience, or emergency backup service for critical facilities.

24 e. Any board order issued pursuant to P.L. , c. (C.)
25 (pending before the Legislature as this bill) shall be binding and
26 enforceable. Any such board order shall:

27 (1) define the eligible project receiving an incentive award and the
28 eligible project's installed capacity;

29 (2) define the incentive award, including a payment schedule for
30 the 15-year award period of the incentive award, which term shall
31 commence no earlier than the commercial operations date of an
32 eligible project, and during which term an eligible project shall receive
33 an annual incentive award on each anniversary of the first payment
34 date;

35 (3) determine the amount of funding to be allocated for payment of
36 the incentive award beginning in the fiscal year in which the eligible
37 project commences commercial operations;

38 (4) include a participation fee as the board may require from the
39 developer;

40 (5) require, for an eligible project awarded an incentive award, a
41 pre-development security not to exceed \$100,000 per megawatt and
42 not to exceed in total \$10,000,000;

43 (6) outline the conditions under which the board may, in the event
44 of a developer's failure to operate an eligible project by the deadline
45 stated in the board order or to meet deadlines included in the board
46 order, revoke an incentive award or retain some or all of the pre-
47 development security;

1 (7) provide that receipt of an incentive award for an eligible
2 project shall be contingent on achievement of baseline performance
3 requirements, including, but not limited to, availability for dispatch in
4 a minimum number of hours per year, as determined by the board.
5 The board may use the PJM Equivalent Forced Outage Rate or another
6 metric determined appropriate by the board to measure energy storage
7 availability. The board order shall require that the developer report
8 data for the purpose of this paragraph at regular intervals and shall
9 provide for a reduction of an incentive award in proportion to the
10 number of hours of required availability that is unmet by the eligible
11 project; and

12 (8) require a developer to provide additional information to the
13 board during the term of the incentive award, as the board may
14 reasonably require. The board may set additional requirements at its
15 discretion, including, but not limited to, a requirement that the
16 developer report major development and construction milestones to the
17 board, maintain financial security throughout the term of the incentive
18 award, or any other requirement the board determines necessary to
19 ensure continued progress and operational viability of an eligible
20 project.

21 f. The board may amend an order issuing an incentive award
22 pursuant to this section solely to change the funding source of the
23 incentive award. Any incentive award for an eligible project and the
24 conditions for receiving funding pursuant to this section shall remain
25 effective for the full duration of the award period specified in the
26 board order issuing the incentive award, notwithstanding any change
27 to the funding source of the incentive award.

28 g. (1) Notwithstanding the provisions of the “Administrative
29 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law
30 or rule to the contrary, the board shall permit applications for Tranche
31 1 without regard to the publication status of the rules and regulations
32 to be issued pursuant to P.L. , c. (C.) (pending before the
33 Legislature as this bill), by no later than January 15, 2026.

34 (2) The board shall accept Tranche 1 applications for a maximum
35 of 60 days after the beginning of the formal application period for
36 Tranche 1. Within 60 days following the closure of the Tranche 1
37 application period, the board shall:

38 (a) evaluate projects in accordance with this section, any rules or
39 regulations proposed pursuant to P.L. , c. (C.) (pending before
40 the Legislature as this bill), and any application requirements and
41 eligibility criteria approved pursuant to this subsection; and

42 (b) select eligible projects to receive an award.

43 h. An incentive award shall be conditioned upon a developer’s
44 compliance with the board order determining the incentive award and
45 with any conditions the board shall reasonably require.

46 i. The board shall develop standardized service agreements
47 between electric public utilities and eligible projects that have received
48 an incentive award pursuant to P.L. , c. (C.) (pending before

1 the Legislature as this bill), which agreement shall include
2 information concerning dispatch protocols, telemetry requirements,
3 and performance metrics.

4
5 3. (New section) a. Within 30 days of meeting its 1,000 MW
6 AC procurement goal established pursuant to paragraph (2) of
7 subsection a. of section 2 of P.L. , c. (C.) (pending before
8 the Legislature as this bill), the board shall initiate a proceeding,
9 with opportunity for public comment, to determine whether to
10 extend its procurement of transmission-scale energy storage through
11 the energy storage program established pursuant to P.L. ,
12 c. (C.) (pending before the Legislature as this bill).

13 b. The board shall issue a report detailing its findings based on
14 the proceeding initiated pursuant to subsection a. of this section and
15 submit the report to the Governor and, pursuant to section 2 of
16 P.L.1991, c.164 (C.52:14-19.1), to the Legislature. In its report
17 issued pursuant to this subsection, the board shall:

18 (1) examine the impact of the State's energy storage programs,
19 individually and collectively, on the State's progress toward the
20 2030 energy storage target established pursuant to section 1 of
21 P.L.2018, c.17 (C.48:3-87.8);

22 (2) assess the impact of the energy storage program established
23 pursuant to P.L. , c. (C.) (pending before the Legislature as
24 this bill) on ratepayers, which impact shall include an evaluation of
25 any costs and benefits to ratepayers as a result of increased energy
26 storage capacity under the program;

27 (3) evaluate any changes in the PJM capacity market or in the
28 federal energy and utility landscape that could impact the need for
29 incentive awards issued through the energy storage program
30 established pursuant to P.L. , c. (C.) (pending before the
31 Legislature as this bill);

32 (4) study any other information the board deems necessary to
33 make its determination pursuant to paragraph (5) of this subsection;
34 and

35 (5) determine, at the discretion of the board, whether to extend
36 the procurement of transmission-scale energy storage pursuant to
37 P.L. , c. (C.) (pending before the Legislature as this bill)
38 through subsequent tranches based on its findings from paragraphs
39 (1) through (4) of this subsection.

40
41 4. (New section) a. If the board elects to extend its
42 procurement of transmission-scale energy storage pursuant to
43 paragraph (5) of subsection b. of section 3 of P.L. , c. (C.)
44 (pending before the Legislature as this bill) through subsequent
45 tranches under the energy storage program established pursuant to
46 P.L. , c. (C.) (pending before the Legislature as this bill),
47 the board shall administer any subsequent tranche in a similar

1 manner to Tranche 1 and Tranche 2, modifying as appropriate for
2 each subsequent tranche:

- 3 (1) the amount of megawatts to be solicited;
- 4 (2) the application requirements or eligibility criteria;
- 5 (3) the timeline for an eligible project, including, but not limited
6 to, application deadlines or the contract term; and
- 7 (4) any other administrative modification the board deems
8 appropriate.

9 b. Prior to administering each subsequent tranche, the board
10 shall increase, decrease, or maintain the amount of an incentive
11 award as the board deems necessary based on a market analysis that
12 shall account for:

- 13 (1) changes within the energy and utility industries, including
14 any changes due to State and federal policies, that may increase or
15 decrease average project costs for developers of transmission-scale
16 energy storage systems;
- 17 (2) any additional sources of revenue available to developers of
18 transmission-scale energy storage systems; and
- 19 (3) any other factors concerning the cost to develop
20 transmission-scale energy storage systems that the board deems
21 necessary to reevaluate the amount of an incentive award.

22
23 5. (New section) a. There is established in the Board of Public
24 Utilities a special, non-lapsing fund to be known as the “Energy
25 Storage Fund.” The fund shall be administered by the board and
26 shall be credited with:

- 27 (1) monies deposited into the fund by the board pursuant to
28 subsection b. of this section;
- 29 (2) monies appropriated by the Legislature; and
- 30 (3) any return on investment of monies deposited in the fund.

31 b. The board shall deposit into the fund, each year, a minimum
32 of \$60 million from the:

- 33 (1) revenues from the societal benefits charge established
34 pursuant to subsection a. of section 12 of P.L.1999, c.23 (C.48:3-
35 60); and
- 36 (2) monies made available from other funding sources, as
37 determined by the board, which sources shall include, but not be
38 limited to, federal funding.

39 c. Notwithstanding any restrictions on the use of funds
40 provided in section 12 of P.L.1999, c.23 (C.48:3-60), monies in the
41 fund shall be used by the board solely for the purpose of funding
42 incentive awards issued pursuant to P.L. , c. (C.) (pending
43 before the Legislature as this bill).

44 d. In the fiscal year beginning on July 1, 2027, and in each
45 fiscal year thereafter, until the end of all award periods for incentive
46 awards issued pursuant to P.L. , c. (C.) (pending before the
47 Legislature as this bill), the board shall allocate sufficient monies
48 from the “Energy Storage Fund” established pursuant to subsection

1 a. of this section to fully fund the incentive awards issued by the
2 board pursuant to P.L. , c. (C.) (pending before the
3 Legislature as this bill).

4
5 6. (New section) a. (1) The board shall adopt, as expeditiously as
6 possible, pursuant to the “Administrative Procedure Act,” P.L.1968,
7 c.410 (C.52:14B-1 et seq.), rules and regulations consistent with the
8 purposes of P.L. , c. (C.) (pending before the Legislature as
9 this bill).

10 (2) Notwithstanding the provisions of the “Administrative
11 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law
12 or rule to the contrary, within 90 days following the effective date of
13 P.L. , c. (C.) (pending before the Legislature as this bill), the
14 board shall publish a notice of proposal that contains the proposed
15 rules required by this subsection.

16 b. Notwithstanding the provisions of the “Administrative
17 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law
18 or rule to the contrary, the board may procure transmission-scale
19 energy storage systems and issue incentive awards for Tranche 1 and
20 Tranche 2 pursuant to section 2 of P.L. , c. (C.) (pending
21 before the Legislature as this bill) notwithstanding the status of board
22 rules or regulations pursuant to subsection a. of this section.

23
24 7. Section 12 of P.L.1999, c.23 (C.48:3-60) is amended to read as
25 follows:

26 12. a. Simultaneously with the starting date for the
27 implementation of retail choice as determined by the board pursuant to
28 subsection a. of section 5 of P.L.1999, c.23 (C.48:3-53), the board
29 shall permit each electric public utility and gas public utility to recover
30 some or all of the following costs through a societal benefits charge
31 that shall be collected as a non-bypassable charge imposed on all
32 electric public utility customers and gas public utility customers, as
33 appropriate:

34 (1) **【The】** the costs for the social programs for which rate
35 recovery was approved by the board prior to April 30, 1997. For the
36 purpose of establishing initial unbundled rates pursuant to section 4 of
37 P.L.1999, c.23 (C.48:3-52), the societal benefits charge shall be set to
38 recover the same level of social program costs as is being collected in
39 the bundled rates of the electric public utility on the effective date of
40 P.L.1999, c.23 (C.48:3-49 et al.). The board may subsequently order,
41 pursuant to its rules and regulations, an increase or decrease in the
42 societal benefits charge to reflect changes in the costs to the utility of
43 administering existing social programs. Nothing in P.L.1999, c.23
44 (C.48:3-49 et al.) shall be construed to abolish or change any social
45 program required by statute or board order or rule or regulation to be
46 provided by an electric public utility. Any such social program shall
47 continue to be provided by the utility until otherwise provided by law,
48 unless the board determines that it is no longer appropriate for the

1 electric public utility to provide the program, or the board chooses to
2 modify the program;

3 (2) **【Nuclear】** nuclear plant decommissioning costs;

4 (3) **【The】** the costs of demand side management programs that
5 were approved by the board pursuant to its demand side management
6 regulations prior to April 30, 1997. For the purpose of establishing
7 initial unbundled rates pursuant to section 4 of P.L.1999, c.23 (C.48:3-
8 52), the societal benefits charge shall be set to recover the same level
9 of demand side management program costs as is being collected in the
10 bundled rates of the electric public utility on the effective date of
11 P.L.1999, c.23 (C.48:3-49 et al.). Within four months of the effective
12 date of P.L.1999, c.23 (C.48:3-49 et al.), and every four years
13 thereafter, the board shall initiate a proceeding and cause to be
14 undertaken a comprehensive resource analysis of energy programs,
15 and within eight months of initiating such proceeding and after notice,
16 provision of the opportunity for public comment, and public hearing,
17 the board, in consultation with the Department of Environmental
18 Protection, shall determine the appropriate level of funding for energy
19 efficiency, light, medium, and heavy-duty plug-in electric vehicles,
20 including school buses, and associated plug-in electric vehicle
21 charging infrastructure, energy storage, and Class I renewable energy
22 programs that provide environmental benefits above and beyond those
23 provided by standard offer or similar programs in effect as of the
24 effective date of P.L.1999, c.23 (C.48:3-49 et al.); provided that the
25 funding for such programs be no less than 50 percent of the total
26 Statewide amount being collected in electric and gas public utility
27 rates for demand side management programs on the effective date of
28 P.L.1999, c.23 (C.48:3-49 et al.) for an initial period of four years
29 from the issuance of the first comprehensive resource analysis
30 following the effective date of P.L.1999, c.23 (C.48:3-49 et al.), and
31 provided that 25 percent of this amount shall be used to provide
32 funding for Class I renewable energy projects in the State. In each of
33 the following fifth through eighth years, the Statewide funding for
34 such programs shall be no less than 50 percent of the total Statewide
35 amount being collected in electric and gas public utility rates for
36 demand side management programs on the effective date of P.L.1999,
37 c.23 (C.48:3-49 et al.), except that as additional funds are made
38 available as a result of the expiration of past standard offer or similar
39 commitments, the minimum amount of funding for such programs
40 shall increase by an additional amount equal to 50 percent of the
41 additional funds made available, until the minimum amount of funding
42 dedicated to such programs reaches \$140,000,000 total. After the
43 eighth year the board shall make a determination as to the appropriate
44 level of funding for these programs. Such programs shall include a
45 program to provide financial incentives for the installation of Class I
46 renewable energy projects in the State, and the board, in consultation
47 with the Department of Environmental Protection, shall determine the
48 level and total amount of such incentives as well as the renewable

1 technologies eligible for such incentives which shall include, at a
2 minimum, photovoltaic, wind, and fuel cells. The board shall
3 simultaneously determine, as a result of the comprehensive resource
4 analysis, the programs to be funded by the societal benefits charge, the
5 level of cost recovery and performance incentives for old and new
6 programs and whether the recovery of demand side management
7 programs' costs currently approved by the board may be reduced or
8 extended over a longer period of time. The board shall make these
9 determinations taking into consideration existing market barriers and
10 environmental benefits, with the objective of transforming markets,
11 capturing lost opportunities, making energy services more affordable
12 for low income customers and eliminating subsidies for programs that
13 can be delivered in the marketplace without electric public utility and
14 gas public utility customer funding. In addition to the determinations
15 above, the board shall allocate sufficient funding from the societal
16 benefits charge to cover the remaining cost of fully funding incentive
17 awards issued for transmission-scale energy storage systems that are
18 eligible projects pursuant to P.L. , c. (C.) (pending before the
19 Legislature as this bill), after accounting for funding allocated to this
20 purpose from other sources;

21 (4) **【Manufactured】** manufactured gas plant remediation costs,
22 which shall be determined initially in a manner consistent with
23 mechanisms in the remediation adjustment clauses for the electric
24 public utility and gas public utility adopted by the board; and

25 (5) **【The】** the cost, of consumer education, as determined by the
26 board, which shall be in an amount that, together with the consumer
27 education surcharge imposed on electric power supplier license fees
28 pursuant to subsection h. of section 29 of P.L.1999, c.23 (C.48:3-78)
29 and the consumer education surcharge imposed on gas supplier license
30 fees pursuant to subsection g. of section 30 of P.L.1999, c.23 (C.48:3-
31 79), shall be sufficient to fund the consumer education program
32 established pursuant to section 36 of P.L.1999, c.23 (C.48:3-85).

33 b. There is established in the Board of Public Utilities a
34 nonlapsing fund to be known as the "Universal Service Fund." The
35 board shall determine: the level of funding and the appropriate
36 administration of the fund; the purposes and programs to be funded
37 with monies from the fund; which social programs shall be provided
38 by an electric public utility as part of the provision of its regulated
39 services which provide a public benefit; whether the funds
40 appropriated to fund the "Lifeline Credit Program" established
41 pursuant to P.L.1979, c.197 (C.48:2-29.15 et seq.), the "Tenants'
42 Lifeline Assistance Program" established pursuant to P.L.1981, c.210
43 (C.48:2-29.30 et seq.), the funds received pursuant to the Low Income
44 Home Energy Assistance Program established pursuant to 42 U.S.C.
45 s.8621 et seq., and funds collected by electric and gas public utilities,
46 as authorized by the board, to offset uncollectible electricity and
47 natural gas bills should be deposited in the fund; and whether new

1 charges should be imposed to fund new or expanded social programs.
2 (cf: P.L.2022, c.86, s.2)

3
4 8. This act shall take effect immediately.

5
6
7 STATEMENT

8
9 This floor substitute requires the Board of Public Utilities
10 (board) to establish a program to procure and provide incentive
11 awards for the development of transmission-scale energy storage
12 systems with a reasonable likelihood of successful and timely
13 completion. Under the substitute, “transmission-scale energy
14 storage system” means an energy storage system, with an installed
15 capacity of at least 5 megawatts of alternating current (MW AC),
16 that is interconnected with the PJM Transmission Network and
17 situated inside a Transmission Zone in New Jersey or is otherwise
18 located in New Jersey and qualified to provide energy, capacity, or
19 ancillary services in the wholesale markets established by PJM
20 Interconnection, L.L.C. (PJM).

21
22 *Procurement Goals and Tranche Structure*

23 Specifically, the substitute requires the board to procure at least
24 1,000 MW AC of installed capacity by December 31, 2026. To
25 accomplish this goal, the board is required to solicit applications for
26 the program in an initial Tranche 1 and in Tranche 2. In Tranche 1,
27 which application period is to begin no later than January 15, 2026,
28 the board is to procure at least 500 MW AC of its 1,000 MW AC
29 procurement goal by April 1, 2026. If the board is unable to
30 procure all 1,000 MW AC of installed capacity in Tranche 1, the
31 board is to approve incentive awards in Tranche 2 until it achieves
32 the 1,000 MW AC procurement goal established by the substitute.
33 However, all incentive awards in Tranche 2 are to be approved by
34 December 31, 2026.

35 Within 30 days of meeting its 1,000 MW AC procurement goal,
36 the board is to initiate a proceeding to determine whether to extend
37 its procurement of transmission-scale energy storage. The
38 substitute requires the board to issue a report to the Governor and
39 the Legislature determining whether to extend the board’s
40 procurement of transmission-scale energy storage through
41 subsequent tranches administered under the same program as
42 Tranche 1 and Tranche 2 with certain modifications as deemed
43 necessary by the board. As outlined in the substitute, this report is
44 to contain certain information. However, prior to administering any
45 subsequent tranche, the board is to conduct a market analysis, as
46 outlined in the substitute, to determine whether to increase,
47 decrease, or maintain the amount of an incentive award.

1 *Tranche 1 and Tranche 2 Procurement*

2 To qualify for a Tranche 1 or Tranche 2 incentive award, a
3 transmission-scale energy storage system is required to: (1) not
4 participate in any other energy storage program, except for the
5 Garden State Energy Storage Program (GSESP) to the extent that
6 the energy storage program established by the substitute may be
7 incorporated into the GSESP; (2) have an anticipated commercial
8 operations date of no later than December 31, 2030, unless the
9 board permits an exception; (3) have the associated Capacity
10 Interconnection Rights through PJM; and (4) meet any other
11 eligibility criteria set by the board. In addition to these
12 requirements, transmission-scale energy storage systems seeking an
13 incentive award are to meet certain project maturity requirements.
14 In Tranche 1, a transmission-scale energy storage system is required
15 to have entered the PJM interconnection process and, at the time of
16 application: (1) have a fully-executed Generation Interconnection
17 Agreement or Interconnection Service Agreement through PJM; (2)
18 have a completed Surplus Interconnection Study through PJM; or
19 (3) have notified PJM of intent to transfer existing Capacity
20 Interconnection Rights associated with a deactivating generation
21 station. In Tranche 2, a transmission-scale energy storage system is
22 required to have entered the PJM interconnection process and, at the
23 time of application: (1) have a fully-executed Generation
24 Interconnection Agreement or Interconnection Service Agreement
25 through PJM; (2) have a completed Surplus Interconnection Study
26 through PJM; (3) have been studied by PJM in a Phase I System
27 Impact Study and have paid a Decision Point I Readiness Deposit to
28 PJM; or (4) have notified PJM of intent to transfer existing
29 Capacity Interconnection Rights associated with a deactivating
30 generation station.

31 A Tranche 1 or Tranche 2 application is required to include
32 certain information and a fee, as provided in the substitute. At its
33 discretion, the board may instruct an applicant on curing minor
34 defects in a Tranche 1 or Tranche 2 application. The board is
35 required to evaluate each application based on the bid prices of the
36 requested incentive awards, using certain criteria to guide its
37 evaluation as outlined in the substitute. The substitute permits the
38 board to place an eligible project that does not receive an incentive
39 award for Tranche 1 or Tranche 2 on a waiting list and to consider
40 the eligible project for an incentive award during a subsequent
41 tranche. Under the substitute, an incentive award is to be
42 conditioned upon a developer's compliance with the board order
43 determining the incentive award and with any conditions the board
44 requires.

45 In addition, the board is required to develop standardized service
46 agreements between electric public utilities and eligible projects
47 outlining the roles and responsibilities of electric public utilities and
48 eligible projects.

1 *Tranche 1 and Tranche 2 Board Orders*

2 The substitute outlines certain requirements for a board order
3 issuing an incentive award to an eligible project, including that the
4 board order is required to: (1) define the eligible project receiving
5 an incentive award and the eligible project's installed capacity; (2)
6 define the incentive award, including a payment schedule for the
7 15-year award period of the incentive award, which term is to
8 commence no earlier than the commercial operations date of an
9 eligible project, and during which term an eligible project is to
10 receive an annual incentive award on each anniversary of the first
11 payment date; (3) determine the amount of funding to be allocated
12 for payment of the incentive award beginning in the fiscal year in
13 which the eligible project commences commercial operations; (4)
14 include a participation fee as the board is permitted to require from
15 the developer; (5) require, for an eligible project awarded an
16 incentive, a pre-development security not to exceed \$100,000 per
17 megawatt and not to exceed in total \$10,000,000; (6) outline the
18 conditions under which the board may, in the event of a developer's
19 failure to operate an eligible project by the deadline stated in the
20 board order or to meet deadlines included in the board order, revoke
21 an incentive award or retain some or all of the pre-development
22 security; (7) provide that receipt of an incentive award for an
23 eligible project is to be contingent on achievement of baseline
24 performance requirements, including, but not limited to, availability
25 for dispatch in a minimum number of hours per year, as determined
26 by the board. The board is permitted to use the PJM Equivalent
27 Forced Outage Rate or another metric deemed appropriate by the
28 board to measure energy storage availability. The board order is to
29 require that the developer report data for this purpose at regular
30 intervals and is to provide for a reduction of an incentive award in
31 proportion to the number of hours of required availability that is
32 unmet by the eligible project; and (8) require that a developer
33 provide additional information to the board during the term of the
34 incentive award, as the board may require. The board may set
35 additional requirements at its discretion, including, but not limited
36 to, a requirement that the developer report major development and
37 construction milestones to the board, maintain financial security
38 throughout the term of the incentive award, or any other
39 requirement the board determines necessary to ensure continued
40 progress and operational viability of an eligible project.

41

42 *Energy Storage Fund*

43 The substitute establishes a special, non-lapsing fund to be
44 known as the "Energy Storage Fund" (fund) in the Board of Public
45 Utilities. The fund is to be administered by the board and credited
46 with: (1) monies deposited into the fund by the board; (2) monies
47 appropriated by the Legislature; and (3) any return on investment of
48 monies deposited in the fund. Each year, the board is to deposit

1 into the fund a minimum of \$60 million from the: (1) revenues
2 from the societal benefits charge; and (2) monies made available
3 from other funding sources, as determined by the board, which
4 sources are to include, but not be limited to, federal funding. The
5 board is to use the monies deposited into the fund for the sole
6 purpose of funding incentive awards issued under the substitute.
7 Beginning in Fiscal Year 2028, the board is required to annually
8 allocate sufficient monies from the fund to fully fund incentive
9 awards issued under the substitute.

[First Reprint]

ASSEMBLY SUBSTITUTE FOR
ASSEMBLY, No. 5267

STATE OF NEW JERSEY
221st LEGISLATURE

ADOPTED MAY 22, 2025

Sponsored by:

Assemblyman WAYNE P. DEANGELO
District 14 (Mercer and Middlesex)
Assemblyman DAVID BAILEY, JR.
District 3 (Cumberland, Gloucester and Salem)
Assemblyman KEVIN P. EGAN
District 17 (Middlesex and Somerset)
Senator BOB SMITH
District 17 (Middlesex and Somerset)
Senator JOHN J. BURZICHELLI
District 3 (Cumberland, Gloucester and Salem)

Co-Sponsored by:

Assemblymen Miller, Hutchison, Assemblywoman Ramirez, Assemblyman Karabinchak, Assemblywoman McCoy, Assemblyman Freiman, Assemblywomen Drulis, Simmons and Senator Greenstein

SYNOPSIS

Requires BPU to procure and incentivize transmission-scale energy storage.

CURRENT VERSION OF TEXT

As amended by the Senate on June 30, 2025.

(Sponsorship Updated As Of: 6/30/2025)

1 AN ACT concerning transmission-scale energy storage,
2 supplementing Title 48 of the Revised Statutes, and amending
3 P.L.1999, c.23.

4
5 BE IT ENACTED by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. (New section) As used in P.L. , c. (C.) (pending before
9 the Legislature as this bill):

10 “Accredited capacity” means the amount of capacity, measured in
11 megawatts of unforced capacity, that an eligible project can contribute
12 toward New Jersey’s capacity needs or bid into the base residual
13 auction.

14 “Base residual auction” means the same as that term is defined in
15 section 3 of P.L.1999, c.23 (C.48:3-51).

16 “Board” means the Board of Public Utilities.

17 “Capacity Interconnection Rights” means the same as that term is
18 defined in PJM’s Open Access Transmission Tariff or in any successor
19 document.

20 “Decision Point I” means the same as that term is defined in PJM’s
21 Open Access Transmission Tariff or in any successor document.

22 “Electric public utility” means a public utility, as that term is
23 defined in R.S.48:2-13, that transmits and distributes electricity to end
24 users within the State.

25 “Eligible project” means a transmission-scale energy storage
26 system that meets the criteria for an incentive award pursuant to
27 P.L. , c. (C.) (pending before the Legislature as this bill).

28 “Energy storage” means a device that is capable of absorbing
29 energy from the grid or from a generation resource located behind the
30 same point of interconnection as the device; storing it for a period of
31 time using mechanical, chemical, or thermal processes; and, thereafter,
32 discharging the energy back to the grid or directly to an energy-using
33 system to reduce the use of power from the grid.

34 “Energy storage capacity” means the measure of the energy
35 capacity in megawatt-hours of a transmission-scale energy storage
36 system.

37 “Energy storage program” means a program designed to encourage
38 the growth of energy storage capacity in the State in order to
39 strengthen storage capacity for the electric grid. “Energy storage
40 program” includes the board’s Successor Solar Incentive Program,
41 including the Competitive Solar Incentive Program; the program
42 established pursuant to P.L. , c. (C.) (pending before the
43 Legislature as this bill); and the board’s Garden State Energy Storage
44 Program.

45 “Garden State Energy Storage Program” or “GSESP” means the
46 final form of the energy storage program currently under development

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate floor amendments adopted June 30, 2025.

1 by the board and outlined in the board's November 2024 straw
2 proposal, or the program's replacement or successor.

3 "Generation Interconnection Agreement" means the same as that
4 term is defined in PJM's Open Access Transmission Tariff or in any
5 successor document.

6 "Incentive award" means a set of payments awarded by the board
7 for an eligible project, which payments are conditioned upon the
8 completion and commercial operation of the eligible project in
9 compliance with P.L. , c. (C.) (pending before the Legislature
10 as this bill) and any conditions required by the board. An "incentive
11 award" shall be a fixed series of annual payments to be issued over the
12 15-year award period; based on the maximum usable installed capacity
13 of an eligible project, which is measured in dollars per megawatt, or on
14 the energy storage capacity of an eligible project, which is measured in
15 dollars per megawatt-hour; and paid upon commercial operation of the
16 eligible project, unless the board provides for an alternative payment
17 timeline. An "incentive award" is subject to any conditions imposed
18 by the board, including, but not limited to, satisfactory up-time
19 performance metrics. An "incentive award" may include, at the
20 discretion of the board, a performance-based adjustment based on the
21 availability of the eligible project or the benefits created through the
22 commercial operation of the eligible project, provided that the board
23 shall confirm the reliability of any proposed metrics on which to base a
24 performance-based adjustment prior to being used in the calculation of
25 an incentive award.

26 "Installed capacity" means the nameplate output of an eligible
27 project, measured in megawatts of alternating current (MW AC), that
28 is available to the electric grid.

29 "Interconnection Service Agreement" means the same as that term
30 is defined in PJM's Open Access Transmission Tariff or in any
31 successor document.

32 "Phase I System Impact Study" means the same as that term is
33 defined in PJM's Open Access Transmission Tariff or in any successor
34 document.

35 "PJM" means "PJM Interconnection, L.L.C." or "PJM," as those
36 terms are defined in section 3 of P.L.1999, c.23 (C.48:3-51).

37 "Readiness Deposit" means the same as that term is defined in
38 PJM's Open Access Transmission Tariff or in any successor
39 document.

40 "Subsequent tranche" means additional energy storage
41 procurement administered pursuant to section 4 of P.L. ,
42 c. (C.) (pending before the Legislature as this bill).

43 "Tranche 1" means the initial procurement for the energy storage
44 program established pursuant to section 2 of P.L. , c. (C.)
45 (pending before the Legislature as this bill).

46 "Tranche 2" means the second procurement for the energy storage
47 program established pursuant to section 2 of P.L. , c. (C.)
48 (pending before the Legislature as this bill).

1 “Transmission-scale energy storage system” means an energy
2 storage system, with an installed capacity of at least 5 MW AC, that is
3 interconnected with the PJM Transmission Network and situated
4 inside a Transmission Zone in New Jersey or is otherwise located in
5 New Jersey and qualified to provide energy, capacity, or ancillary
6 services in the wholesale markets established by PJM.

7 “Unforced capacity” means the same as that term is defined in
8 PJM’s Reliability Assurance Agreement or in any successor document.
9

10 2. (New section) a. (1) The Board of Public Utilities shall
11 establish a program to procure and provide incentive awards for the
12 development of transmission-scale energy storage systems with a
13 reasonable likelihood of successful and timely completion. The
14 board shall solicit applications for the program established pursuant
15 to this section in an initial Tranche 1 and in Tranche 2, pursuant to
16 paragraph (2) of this subsection. The board may place an eligible
17 project that does not receive an incentive award for Tranche 1 or
18 Tranche 2 on a waiting list and consider the eligible project for an
19 incentive award during a subsequent tranche.

20 (2) By no later than ¹~~December 31~~ June 30¹, 2026, the board
21 shall approve incentive awards for eligible projects totaling at least
22 1,000 MW AC in installed capacity. However, at least ¹~~500~~ 350¹
23 MW AC of the 1,000 MW AC procurement goal shall be approved
24 in incentive awards for eligible projects in Tranche 1 by no later
25 than ¹~~April 1, 2026~~ December 31, 2025¹. If the board is unable
26 to procure all 1,000 MW AC in installed capacity in Tranche 1, the
27 board shall approve incentive awards for eligible projects in
28 Tranche 2, provided that all incentive awards in Tranche 2 are
29 awarded by no later than ¹~~December 31~~ June 30¹, 2026.

30 b. To qualify for an incentive award in Tranche 1 or Tranche 2
31 pursuant to this section, a transmission-scale energy storage system
32 shall:

33 (1) not participate in any other energy storage program, except
34 for the GSESP, to the extent that the energy storage program
35 established pursuant to P.L. , c. (C.) (pending before the
36 Legislature as this bill) is incorporated into the GSESP;

37 (2) have an anticipated commercial operations date of no later
38 than December 31, 2030, unless the board permits an exception;

39 (3) meet the following project maturity requirements, as
40 applicable:

41 (a) a transmission-scale energy storage system applying for an
42 incentive award in Tranche 1 shall have entered the PJM
43 interconnection process and, at the time of application, have a fully-
44 executed Generation Interconnection Agreement or Interconnection
45 Service Agreement through PJM, have a completed Surplus
46 Interconnection Study through PJM, or have notified PJM of intent

1 to transfer existing Capacity Interconnection Rights associated with
2 a deactivating generation station; ¹**[or]**¹

3 (b) a transmission-scale energy storage system applying for an
4 incentive award in Tranche 2 shall have entered the PJM
5 interconnection process and, at the time of application, have a fully-
6 executed Generation Interconnection Agreement or Interconnection
7 Service Agreement through PJM, have a completed Surplus
8 Interconnection Study through PJM, have been studied by PJM in a
9 Phase I System Impact Study and have paid a Decision Point I
10 Readiness Deposit to PJM, or have notified PJM of intent to
11 transfer existing Capacity Interconnection Rights associated with a
12 deactivating generation station; ¹and

13 (c) if a transmission-scale energy storage system fulfils the
14 project maturity requirements established pursuant to subparagraph
15 (a) or subparagraph (b) of this paragraph by completing a Surplus
16 Interconnection Study or by notifying PJM of intent to transfer
17 existing Capacity Interconnection Rights associated with a
18 deactivating generation station, then the transmission-scale energy
19 storage system shall also have obtained the associated Capacity
20 Interconnection Rights through PJM; and¹

21 (4) ¹**[**have the associated Capacity Interconnection Rights
22 through PJM; and

23 (5)¹**]** meet any other eligibility criteria the board may establish
24 through board order or rulemaking.

25 c. Any application for an incentive award issued in Tranche 1
26 or Tranche 2 pursuant to this section shall include:

27 (1) evidence reasonably satisfactory to the board of site control;

28 (2) evidence reasonably satisfactory to the board that an
29 applicant has or will obtain all required permits, which evidence
30 shall include an execution plan to obtain all required permits;

31 (3) evidence reasonably satisfactory to the board that the
32 applicant has submitted all interconnection applications and initial
33 application fees necessary to obtain permission from the appropriate
34 electric public utility or grid operator to operate the transmission-
35 scale energy storage system;

36 (4) evidence reasonably satisfactory to the board of the
37 applicant's financial means to construct the transmission-scale
38 energy storage system and ability to obtain revenues through
39 electricity markets or non-ratepayer funding, including, but not
40 limited to, energy arbitrage, ancillary services, and capacity
41 revenues in PJM;

42 (5) evidence reasonably satisfactory to the board of the status of
43 the transmission-scale energy storage system in the PJM
44 interconnection process;

45 (6) assurances reasonably satisfactory to the board that the
46 transmission-scale energy storage system will adhere to any safety
47 requirements, standards, or measures that the board deems

1 appropriate as well as to any nationally recognized minimum safety
2 requirements, including, but not limited to, appropriate laboratory
3 testing, and will comply with all manufacturers' installation
4 requirements, applicable laws, regulations, codes, licensing, and
5 permit requirements;

6 (7) a statement describing the transmission-scale energy storage
7 system's alignment with State and regional transmission and
8 resource adequacy planning goals and demonstrating the
9 transmission-scale energy storage system's coordination with PJM
10 and the appropriate electric public utility;

11 (8) an application fee as set by the board; and

12 (9) any other information required by the board.

13 d. The board shall review Tranche 1 and Tranche 2
14 applications consistently with the requirements of this section. At
15 its discretion, the board may instruct an applicant on curing minor
16 defects in a Tranche 1 or Tranche 2 application. The board shall
17 evaluate each application based on the bid prices of the requested
18 incentive awards. The board may appropriately compare bid prices,
19 at the board's discretion, based on the measure of a transmission-
20 scale energy storage system's installed capacity, energy storage
21 capacity, or expected accredited capacity. The board may also
22 consider other factors such as:

23 (1) project maturity and likelihood of success;

24 (2) whether the project has completed non-ministerial permits;

25 (3) whether the project is proposed by an applicant with
26 experience in energy storage development, construction, and
27 finance; ¹and¹

28 (4) whether the project promotes redevelopment, community
29 benefits, brownfield redevelopment, or existing or former fossil fuel
30 plant replacement, or provides demonstrated benefits to
31 environmental justice in communities where a transmission-scale
32 energy storage system is proposed to be located ¹;

33 (5) the extent to which the project provides value to the
34 distribution system, including locational benefits, peak load
35 reduction, or deferral of infrastructure upgrades; and

36 (6) whether the project contributes to local grid reliability,
37 resilience, or emergency backup service for critical facilities¹.

38 e. Any board order issued pursuant to P.L. , c. (C.)
39 (pending before the Legislature as this bill) shall be binding and
40 enforceable. Any such board order shall:

41 (1) define the eligible project receiving an incentive award and
42 the eligible project's installed capacity;

43 (2) define the incentive award, including a payment schedule for
44 the 15-year award period of the incentive award, which term shall
45 commence no earlier than the commercial operations date of an
46 eligible project, and during which term an eligible project shall
47 receive an annual incentive award on each anniversary of the first
48 payment date;

1 (3) determine the amount of funding to be allocated for payment
2 of the incentive award beginning in the fiscal year in which the
3 eligible project commences commercial operations;

4 (4) include a participation fee as the board may require from the
5 developer;

6 (5) require, for an eligible project awarded an incentive award, a
7 pre-development security not to exceed \$100,000 per megawatt and
8 not to exceed in total \$10,000,000;

9 (6) outline the conditions under which the board may, in the
10 event of a developer's failure to operate an eligible project by the
11 deadline stated in the board order or to meet deadlines included in
12 the board order, revoke an incentive award or retain some or all of
13 the pre-development security;

14 (7) provide that receipt of an incentive award for an eligible
15 project shall be contingent on achievement of baseline performance
16 requirements, including, but not limited to, availability for dispatch
17 in a minimum number of hours per year, as determined by the
18 board. The board may use the PJM Equivalent Forced Outage Rate
19 or another metric determined appropriate by the board to measure
20 energy storage availability. The board order shall require that the
21 developer report data for the purpose of this paragraph at regular
22 intervals and shall provide for a reduction of an incentive award in
23 proportion to the number of hours of required availability that is
24 unmet by the eligible project; and

25 (8) require a developer to provide additional information to the
26 board during the term of the incentive award, as the board may
27 reasonably require. The board may set additional requirements at
28 its discretion, including, but not limited to, a requirement that the
29 developer report major development and construction milestones to
30 the board, maintain financial security throughout the term of the
31 incentive award, or any other requirement the board determines
32 necessary to ensure continued progress and operational viability of
33 an eligible project.

34 f. The board may amend an order issuing an incentive award
35 pursuant to this section solely to change the funding source of the
36 incentive award. Any incentive award for an eligible project and
37 the conditions for receiving funding pursuant to this section shall
38 remain effective for the full duration of the award period specified
39 in the board order issuing the incentive award, notwithstanding any
40 change to the funding source of the incentive award.

41 g. (1) Notwithstanding the provisions of the "Administrative
42 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), or any other
43 law or rule to the contrary, the board shall permit applications for
44 Tranche 1 without regard to the publication status of the rules and
45 regulations to be issued pursuant to P.L. , c. (C.) (pending
46 before the Legislature as this bill), by no later than ¹January 15,
47 2026] September 30, 2025¹.

(2) The board shall accept Tranche 1 applications for a maximum of 60 days after the beginning of the formal application period for Tranche 1. Within 60 days following the closure of the Tranche 1 application period, the board shall:

(a) evaluate projects in accordance with this section, any rules or regulations proposed pursuant to P.L. , c. (C.) (pending before the Legislature as this bill), and any application requirements and eligibility criteria approved pursuant to this subsection; and

(b) select eligible projects to receive an award.

h. An incentive award shall be conditioned upon a developer's compliance with the board order determining the incentive award and with any conditions the board shall reasonably require.

¹[i. The board shall develop standardized service agreements between electric public utilities and eligible projects that have received an incentive award pursuant to P.L. , c. (C.) (pending before the Legislature as this bill), which agreement shall include information concerning dispatch protocols, telemetry requirements, and performance metrics.]¹

3. (New section) a. Within 30 days of meeting its 1,000 MW AC procurement goal established pursuant to paragraph (2) of subsection a. of section 2 of P.L. , c. (C.) (pending before the Legislature as this bill), the board shall initiate a proceeding, with opportunity for public comment, to determine whether to extend its procurement of transmission-scale energy storage through the energy storage program established pursuant to P.L. , c. (C.) (pending before the Legislature as this bill).

b. The board shall issue a report detailing its findings based on the proceeding initiated pursuant to subsection a. of this section and submit the report to the Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature. In its report issued pursuant to this subsection, the board shall:

(1) examine the impact of the State's energy storage programs, individually and collectively, on the State's progress toward the 2030 energy storage target established pursuant to section 1 of P.L.2018, c.17 (C.48:3-87.8);

(2) assess the impact of the energy storage program established pursuant to P.L. , c. (C.) (pending before the Legislature as this bill) on ratepayers, which impact shall include an evaluation of any costs and benefits to ratepayers as a result of increased energy storage capacity under the program;

(3) evaluate any changes in the PJM capacity market or in the federal energy and utility landscape that could impact the need for incentive awards issued through the energy storage program established pursuant to P.L. , c. (C.) (pending before the Legislature as this bill);

1 (4) study any other information the board deems necessary to
2 make its determination pursuant to paragraph (5) of this subsection;
3 and

4 (5) determine, at the discretion of the board, whether to extend
5 the procurement of transmission-scale energy storage pursuant to
6 P.L. , c. (C.) (pending before the Legislature as this bill)
7 through subsequent tranches based on its findings from paragraphs
8 (1) through (4) of this subsection.

9
10 4. (New section) a. If the board elects to extend its
11 procurement of transmission-scale energy storage pursuant to
12 paragraph (5) of subsection b. of section 3 of P.L. , c. (C.)
13 (pending before the Legislature as this bill) through subsequent
14 tranches under the energy storage program established pursuant to
15 P.L. , c. (C.) (pending before the Legislature as this bill),
16 the board shall administer any subsequent tranche in a similar
17 manner to Tranche 1 and Tranche 2, modifying as appropriate for
18 each subsequent tranche:

- 19 (1) the amount of megawatts to be solicited;
20 (2) the application requirements or eligibility criteria;
21 (3) the timeline for an eligible project, including, but not limited
22 to, application deadlines or the contract term; and
23 (4) any other administrative modification the board deems
24 appropriate.

25 b. Prior to administering each subsequent tranche, the board
26 shall increase, decrease, or maintain the amount of an incentive
27 award as the board deems necessary based on a market analysis that
28 shall account for:

29 (1) changes within the energy and utility industries, including
30 any changes due to State and federal policies, that may increase or
31 decrease average project costs for developers of transmission-scale
32 energy storage systems;

33 (2) any additional sources of revenue available to developers of
34 transmission-scale energy storage systems; and

35 (3) any other factors concerning the cost to develop
36 transmission-scale energy storage systems that the board deems
37 necessary to reevaluate the amount of an incentive award.

38 ¹c. Notwithstanding subsection b. of this section to the contrary,
39 the board may determine incentive award amounts in a subsequent
40 tranche by a competitive solicitation process.¹

41
42 5. (New section) a. There is established in the Board of Public
43 Utilities a special, non-lapsing fund to be known as the “Energy
44 Storage Fund.” The fund shall be administered by the board and shall
45 be credited with:

46 (1) monies deposited into the fund by the board pursuant to
47 subsection b. of this section;

48 (2) monies appropriated by the Legislature; and

1 (3) any return on investment of monies deposited in the fund.

2 b. The board shall deposit into the fund, each year, ¹until the end
3 of all award periods for incentive awards issued pursuant to P.L. ,

4 c. (C.) (pending before the Legislature as this bill),¹ a minimum
5 of ¹["\$60 million"] \$60,000,000¹ from the:

6 (1) revenues from the societal benefits charge established pursuant
7 to subsection a. of section 12 of P.L.1999, c.23 (C.48:3-60); and

8 (2) monies made available from other funding sources, as
9 determined by the board, which sources shall include, but not be
10 limited to, federal funding.

11 c. Notwithstanding any restrictions on the use of funds provided
12 in section 12 of P.L.1999, c.23 (C.48:3-60), monies in the fund shall
13 be used by the board solely ¹["for the purpose of funding"] to fund:

14 (1)¹ incentive awards issued pursuant to P.L. , c. (C.)
15 (pending before the Legislature as this bill) ¹; and

16 (2) energy storage incentives issued pursuant to the GSESP¹.

17 d. In the fiscal year beginning on July 1, 2027, and in each fiscal
18 year thereafter, until the end of all award periods for incentive awards
19 issued pursuant to P.L. , c. (C.) (pending before the
20 Legislature as this bill), the board shall allocate sufficient monies from
21 the "Energy Storage Fund" established pursuant to subsection a. of this
22 section to fully fund the incentive awards issued by the board pursuant
23 to P.L. , c. (C.) (pending before the Legislature as this bill).

24
25 6. (New section) a. (1) The board shall adopt, as expeditiously
26 as possible, pursuant to the "Administrative Procedure Act," P.L.1968,
27 c.410 (C.52:14B-1 et seq.), rules and regulations consistent with the
28 purposes of P.L. , c. (C.) (pending before the Legislature as
29 this bill).

30 (2) Notwithstanding the provisions of the "Administrative
31 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law
32 or rule to the contrary, within 90 days following the effective date of
33 P.L. , c. (C.) (pending before the Legislature as this bill), the
34 board shall publish a notice of proposal that contains the proposed
35 rules required by this subsection.

36 b. Notwithstanding the provisions of the "Administrative
37 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law
38 or rule to the contrary, the board may procure transmission-scale
39 energy storage systems and issue incentive awards for Tranche 1 and
40 Tranche 2 pursuant to section 2 of P.L. , c. (C.) (pending
41 before the Legislature as this bill) notwithstanding the status of board
42 rules or regulations pursuant to subsection a. of this section.

43
44 7. Section 12 of P.L.1999, c.23 (C.48:3-60) is amended to read as
45 follows:

46 12. a. Simultaneously with the starting date for the
47 implementation of retail choice as determined by the board pursuant to

1 subsection a. of section 5 of P.L.1999, c.23 (C.48:3-53), the board
2 shall permit each electric public utility and gas public utility to recover
3 some or all of the following costs through a societal benefits charge
4 that shall be collected as a non-bypassable charge imposed on all
5 electric public utility customers and gas public utility customers, as
6 appropriate:

7 (1) **【The】** the costs for the social programs for which rate
8 recovery was approved by the board prior to April 30, 1997. For the
9 purpose of establishing initial unbundled rates pursuant to section 4 of
10 P.L.1999, c.23 (C.48:3-52), the societal benefits charge shall be set to
11 recover the same level of social program costs as is being collected in
12 the bundled rates of the electric public utility on the effective date of
13 P.L.1999, c.23 (C.48:3-49 et al.). The board may subsequently order,
14 pursuant to its rules and regulations, an increase or decrease in the
15 societal benefits charge to reflect changes in the costs to the utility of
16 administering existing social programs. Nothing in P.L.1999, c.23
17 (C.48:3-49 et al.) shall be construed to abolish or change any social
18 program required by statute or board order or rule or regulation to be
19 provided by an electric public utility. Any such social program shall
20 continue to be provided by the utility until otherwise provided by law,
21 unless the board determines that it is no longer appropriate for the
22 electric public utility to provide the program, or the board chooses to
23 modify the program;

24 (2) **【Nuclear】** nuclear plant decommissioning costs;

25 (3) **【The】** the costs of demand side management programs that
26 were approved by the board pursuant to its demand side management
27 regulations prior to April 30, 1997. For the purpose of establishing
28 initial unbundled rates pursuant to section 4 of P.L.1999, c.23 (C.48:3-
29 52), the societal benefits charge shall be set to recover the same level
30 of demand side management program costs as is being collected in the
31 bundled rates of the electric public utility on the effective date of
32 P.L.1999, c.23 (C.48:3-49 et al.). Within four months of the effective
33 date of P.L.1999, c.23 (C.48:3-49 et al.), and every four years
34 thereafter, the board shall initiate a proceeding and cause to be
35 undertaken a comprehensive resource analysis of energy programs,
36 and within eight months of initiating such proceeding and after notice,
37 provision of the opportunity for public comment, and public hearing,
38 the board, in consultation with the Department of Environmental
39 Protection, shall determine the appropriate level of funding for energy
40 efficiency, light, medium, and heavy-duty plug-in electric vehicles,
41 including school buses, and associated plug-in electric vehicle
42 charging infrastructure, energy storage, and Class I renewable energy
43 programs that provide environmental benefits above and beyond those
44 provided by standard offer or similar programs in effect as of the
45 effective date of P.L.1999, c.23 (C.48:3-49 et al.); provided that the
46 funding for such programs be no less than 50 percent of the total
47 Statewide amount being collected in electric and gas public utility
48 rates for demand side management programs on the effective date of

1 P.L.1999, c.23 (C.48:3-49 et al.) for an initial period of four years
2 from the issuance of the first comprehensive resource analysis
3 following the effective date of P.L.1999, c.23 (C.48:3-49 et al.), and
4 provided that 25 percent of this amount shall be used to provide
5 funding for Class I renewable energy projects in the State. In each of
6 the following fifth through eighth years, the Statewide funding for
7 such programs shall be no less than 50 percent of the total Statewide
8 amount being collected in electric and gas public utility rates for
9 demand side management programs on the effective date of P.L.1999,
10 c.23 (C.48:3-49 et al.), except that as additional funds are made
11 available as a result of the expiration of past standard offer or similar
12 commitments, the minimum amount of funding for such programs
13 shall increase by an additional amount equal to 50 percent of the
14 additional funds made available, until the minimum amount of funding
15 dedicated to such programs reaches \$140,000,000 total. After the
16 eighth year the board shall make a determination as to the appropriate
17 level of funding for these programs. Such programs shall include a
18 program to provide financial incentives for the installation of Class I
19 renewable energy projects in the State, and the board, in consultation
20 with the Department of Environmental Protection, shall determine the
21 level and total amount of such incentives as well as the renewable
22 technologies eligible for such incentives which shall include, at a
23 minimum, photovoltaic, wind, and fuel cells. The board shall
24 simultaneously determine, as a result of the comprehensive resource
25 analysis, the programs to be funded by the societal benefits charge, the
26 level of cost recovery and performance incentives for old and new
27 programs and whether the recovery of demand side management
28 programs' costs currently approved by the board may be reduced or
29 extended over a longer period of time. The board shall make these
30 determinations taking into consideration existing market barriers and
31 environmental benefits, with the objective of transforming markets,
32 capturing lost opportunities, making energy services more affordable
33 for low income customers and eliminating subsidies for programs that
34 can be delivered in the marketplace without electric public utility and
35 gas public utility customer funding. In addition to the determinations
36 above, the board shall allocate sufficient funding from the societal
37 benefits charge to cover the remaining cost of fully funding incentive
38 awards issued for transmission-scale energy storage systems that are
39 eligible projects pursuant to P.L. , c. (C.) (pending before the
40 Legislature as this bill), after accounting for funding allocated to this
41 purpose from other sources;

42 (4) **【Manufactured】** manufactured gas plant remediation costs,
43 which shall be determined initially in a manner consistent with
44 mechanisms in the remediation adjustment clauses for the electric
45 public utility and gas public utility adopted by the board; and

46 (5) **【The】** the cost, of consumer education, as determined by the
47 board, which shall be in an amount that, together with the consumer
48 education surcharge imposed on electric power supplier license fees

1 pursuant to subsection h. of section 29 of P.L.1999, c.23 (C.48:3-78)
2 and the consumer education surcharge imposed on gas supplier license
3 fees pursuant to subsection g. of section 30 of P.L.1999, c.23 (C.48:3-
4 79), shall be sufficient to fund the consumer education program
5 established pursuant to section 36 of P.L.1999, c.23 (C.48:3-85).

6 b. There is established in the Board of Public Utilities a
7 nonlapsing fund to be known as the "Universal Service Fund." The
8 board shall determine: the level of funding and the appropriate
9 administration of the fund; the purposes and programs to be funded
10 with monies from the fund; which social programs shall be provided
11 by an electric public utility as part of the provision of its regulated
12 services which provide a public benefit; whether the funds
13 appropriated to fund the "Lifeline Credit Program" established
14 pursuant to P.L.1979, c.197 (C.48:2-29.15 et seq.), the "Tenants'
15 Lifeline Assistance Program" established pursuant to P.L.1981, c.210
16 (C.48:2-29.30 et seq.), the funds received pursuant to the Low Income
17 Home Energy Assistance Program established pursuant to 42 U.S.C.
18 s.8621 et seq., and funds collected by electric and gas public utilities,
19 as authorized by the board, to offset uncollectible electricity and
20 natural gas bills should be deposited in the fund; and whether new
21 charges should be imposed to fund new or expanded social programs.
22 (cf: P.L.2022, c.86, s.2)

23
24 8. This act shall take effect immediately.

ASSEMBLY TELECOMMUNICATIONS AND UTILITIES COMMITTEE

STATEMENT TO **ASSEMBLY, No. 5267**

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 20, 2025

The Assembly Telecommunications and Utilities Committee reports favorably and with committee amendments Assembly Bill No. 5267.

As amended and reported, the Board of Public Utilities (board) is required to establish a program to procure and provide incentive awards for the development of transmission-scale energy storage systems with a reasonable likelihood of successful and timely completion. The board is required to solicit applications for the program in an initial Tranche 1. As outlined in the bill, the board is permitted to procure additional tranches by either continuing under the same program as Tranche 1 or implementing a successor program.

Under the bill, “transmission-scale energy storage system” means an energy storage system, with an installed capacity of at least 5 megawatts of alternating current (MW AC), that is interconnected with the PJM Transmission Network and situated inside a Transmission Zone in New Jersey or is otherwise located in New Jersey and qualified to provide energy, capacity, or ancillary services in the wholesale markets established by PJM Interconnection, L.L.C. (PJM).

Tranche 1 Procurement

The bill requires the board to solicit Tranche 1 applications for eligible projects whose collective installed capacity totals at least 500 MW AC.

Under the bill, the Tranche 1 application period is to begin no later than January 15, 2026, regardless of the publication status of the rules and regulations to be issued pursuant to the bill, and is to end within 60 days of the date on which the application period began. Within 60 days of the closure of the Tranche 1 application period, the board is to evaluate and select eligible projects to receive an award. The board is to finalize and approve all incentive awards for Tranche 1 by no later than April 1, 2026.

To qualify for a Tranche 1 incentive award, a transmission-scale energy storage system is required to: (1) not participate in any other energy storage program, except for the New Jersey Energy Storage Incentive Program (NJ SIP) to the extent that the energy storage program established by the bill may be incorporated into the NJ SIP; (2) have an anticipated commercial operations date of no later than December 31, 2030, unless the board permits an exception; (3) have entered the PJM interconnection process and, at the time of application for Tranche 1, have a fully-executed Generation Interconnection Agreement through PJM, have a completed Surplus Interconnection Study through PJM, or have notified PJM of intent to transfer existing Capacity Interconnection Rights associated with a deactivating generation station; and (4) meet any other eligibility criteria set by the board.

A Tranche 1 application is required to include certain information and a fee, as provided in the bill.

At its discretion, the board may instruct an applicant on curing minor defects in a Tranche 1 application. The board is required to evaluate each application based on the bid prices of the requested incentives, using certain criteria to guide its evaluation as outlined in the bill. The bill permits the board to place an eligible project that does not receive an incentive award for Tranche 1 on a waiting list and consider the eligible project for an incentive award during a subsequent tranche or successor program.

Tranche 1 Incentives

Under the bill, by no later than December 31, 2026, the board is required to approve: (1) incentive awards totaling a collective minimum of \$60 million in annual payments for eligible projects in Tranche 1, which projects are to total a collective minimum of 500 MW AC; or (2) incentive awards for eligible projects that collectively have an installed capacity totaling at least 1,000 MW AC. The board is permitted to approve all 1,000 MW in incentives in Tranche 1 or through awards in Tranche 1 and subsequent tranches, provided that incentives in subsequent tranches are awarded by no later than December 31, 2026. An incentive award is to be conditioned upon a developer's compliance with the board order determining the incentive award and with any conditions the board requires.

Tranche 1 Board Orders

The bill outlines certain requirements for a board order issuing an incentive award to an eligible project, including that the board order is required to: (1) define the eligible project receiving an incentive award and the eligible project's installed capacity; (2) define the incentive award, including a payment schedule for the 10- to 20-year award period of the incentive award, which term is to

commence no earlier than the commercial operations date of an eligible project, and during which term an eligible project is to receive an annual incentive award on each anniversary of the first payment date; (3) determine the amount of funding to be allocated for payment of the incentive award beginning in the fiscal year in which the eligible project commences commercial operations; (4) include a participation fee as the board is permitted to require from the developer; (5) require, for an eligible project awarded an incentive, a pre-development security not to exceed \$100,000 per megawatt and not to exceed in total \$10,000,000; (6) outline the conditions under which the board may, in the event of a developer's failure to operate an eligible project by the deadline stated in the board order or to meet deadlines included in the board order, revoke an incentive award or retain some or all of the pre-development security; (7) provide that receipt of an incentive award for an eligible project is to be contingent on achievement of baseline performance requirements, including, but not limited to, availability for dispatch in a minimum number of hours per year, as determined by the board. The board is permitted to use the PJM Equivalent Forced Outage Rate or another metric deemed appropriate by the board to measure energy storage availability. The board order is to require that the developer report data for this purpose at regular intervals and is to provide for a reduction of an incentive award in proportion to the number of hours of required availability that is unmet by the eligible project; and (8) require that a developer provide additional information to the board during the term of the incentive award, as the board may require. The board may set additional requirements at its discretion, including, but not limited to, a requirement that the developer report major development and construction milestones to the board, maintain financial security throughout the term of the incentive award, or any other requirement the board determines necessary to ensure continued progress and operational viability of an eligible project.

Future Procurement

If the board elects to extend the procurement of transmission-scale energy storage through additional tranches, the board is permitted either to continue the program under which Tranche 1 was conducted or to establish a successor program, as outlined in the bill.

If the board administers subsequent tranches under the same program as Tranche 1, the board is required to do so in a similar manner to how it administered Tranche 1, modifying as appropriate for each subsequent tranche: (1) the amount of megawatts to be solicited; (2) the application requirements or eligibility criteria; (3) the timeline for an eligible project, including, but not limited to,

application deadlines or the contract term; and (4) any other administrative modification the board deems appropriate.

If the board establishes a successor program, the board is to administer the successor program by adopting rules and regulations that implement the NJ SIP, provided that the final version of the NJ SIP complies with the requirements of the bill. The board is permitted to continue any rule, regulation, or policy used to administer Tranche 1 as the board determines necessary and appropriate to administer a successor program.

Incentive Award Funding Mechanisms

The bill requires the board to fund incentive awards issued for Tranche 1, any subsequent tranches issued under the same program as Tranche 1, and a successor program through: (1) the societal benefits charge; (2) the “Global Warming Solutions Fund”; and (3) alternative sources of funding that are available to the board. Beginning in Fiscal Year 2028, the board is required to annually appropriate and allocate sufficient monies from these sources to fully fund incentive awards issued for Tranche 1 for eligible projects totaling a collective minimum of 500 MW AC. The funding mechanism of an incentive award issued for Tranche 1, or for any subsequent tranches issued under the same program as Tranche 1, is not to be changed without the consent of the developer.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) define “accredited capacity,” “base residual auction,” “energy storage capacity,” “Generation Interconnection Agreement,” “NJ SIP,” and “unforced capacity”;

(2) clarify that the definition of “energy storage” means, in relevant part, a device that is capable of absorbing energy from a generation resource located behind the same point of interconnection as the device, rather than from a Distributed Energy Resource;

(3) clarify that “energy storage program” includes, among other programs, NJ SIP, rather than NJ SIP’s replacement or successor in its final form;

(4) change the award period of an incentive award from 15 years to 10-20 years;

(5) clarify that the fixed series of annual payments that constitute an incentive award are to be based on the maximum useable installed capacity or the energy storage capacity of an eligible project, which energy storage capacity is to be measured in dollars-per-megawatt-hour;

(6) require incentive awards to be subject to any conditions imposed by the board, including, but not limited to, satisfactory up-time performance metrics;

(7) revise the definition of “transmission-scale energy storage program”;

(8) remove the requirement for the board to conduct a ratepayer impact report prior to extending the procurement of transmission-scale energy storage in subsequent tranches or in a successor program;

(9) permit an eligible project to participate in NJ SIP, to the extent that the energy storage program established by the bill is incorporated into NJ SIP;

(10) require an eligible project to have entered, rather than completed, the PJM interconnection process;

(11) require an eligible project to have a fully-executed Generation Interconnection Agreement through PJM, rather than a draft or fully-executed Large Generator Interconnection Agreement through PJM; have completed a Surplus Interconnection Study through PJM, rather than a System Impact Study or equivalent study; or have notified PJM of intent to transfer existing Capacity Interconnection Rights associated with a deactivating generation station;

(12) remove the requirement for an eligible project to demonstrate evidence reasonably satisfactory to the board that the applicant controls all rights of way to the proposed point of interconnection;

(13) remove the requirement for an eligible project to submit as-built drawings of a transmission-scale energy storage system comprised of new equipment in its application for an incentive award;

(14) clarify that an eligible project is to submit, in its application for an incentive award, evidence reasonably satisfactory to the board that the applicant has submitted all interconnection applications and initial application fees, rather than fees in general, that may be necessary to obtain permission from the appropriate electric public utility or grid operator to operate the transmission-scale energy storage system;

(15) require an eligible project to adhere to any safety requirements, standards, or measures that the board deems appropriate in addition to nationally recognized minimum safety requirements;

(16) require the board to evaluate an application for an incentive award based on the bid prices of the requested incentives instead of requiring the board to establish a scoring system to review an application;

(17) permit the board, in its evaluation of an application for an incentive award, to compare bid prices based on the measure of the capacity of a transmission-scale energy storage system by the lesser of its installed capacity or its energy storage capacity divided by four hours or based on the expected accredited capacity of a transmission-scale energy storage system;

(18) permit the board, in its evaluation of an application for an incentive award, to consider project maturity, likelihood of success, and whether the installed capacity of the project has the associated

Capacity Interconnection Rights through PJM, in addition to other factors outlined in the bill;

(19) provides goal of either \$60 million or 1,000 MW by December 31, 2026 in Tranche 1 and subsequent tranches;

(20) clarify provisions concerning funding of incentive awards;

(21) clarify that a board order issuing an incentive award in Tranche 1 or subsequent tranches is to allocate funding for the award beginning in the fiscal year in which the eligible project commences operations, rather than in the fiscal year beginning on July 1, 2028;

(22) permit the board to require a participation fee from the developer of an eligible project;

(23) require an eligible project to be available for dispatch in a minimum number of hours per year, as determined by the board, in order to receive an incentive award;

(24) remove the requirement for the board to develop application requirements and eligibility criteria for Tranche 1 within 120 days of the bill's effective date;

(25) require the board to begin accepting applications for Tranche 1 by no later than January 15, 2026 and to stop accepting applications for Tranche 1 within 60 days of the date on which the application period began;

(26) require the board to evaluate and select projects to receive an award within 60 days of the closure of the Tranche 1 application period;

(27) require the board to finalize and approve all incentive awards for Tranche 1 by no later than April 1, 2026;

(28) remove the requirement for the board to allow an applicant to submit an early application for Tranche 1;

(29) permit the board to establish a successor program by adopting rules and regulations to implement NJ SIP, provided that NJ SIP is consistent with the requirements of the bill, if the board determines that it requires additional energy storage to meet energy storage goals under current law;

(30) remove the requirement that the successor program be funded through base rate recovery;

(31) require an incentive award for energy storage procurement to be funded through revenues generated by the societal benefits charge, the "Global Warming Solutions Fund," and other sources of funding available to the board;

(32) require the board to appropriate and allocate sufficient monies from funding sources outlined in the bill, rather than a minimum of \$60 million from the societal benefits charge, to fully fund the incentive awards issued by the board in Tranche 1;

(33) remove the requirement that rules and regulations issued in Tranche 1 be similar to the board's rules concerning Grid Supply projects for NJ SIP;

(34) require the board to publish a notice of proposal containing certain proposed rules within 90 days of the bill's effective date;

(35) permit the board to adopt rules and regulations implementing NJ SIP as the successor program outlined by the bill in the same rulemaking proceeding in which the board proposes and adopts certain other rules and regulations outlined in the bill;

(36) provide that the board is to allocate sufficient funding from the societal benefits charge to cover the remaining cost of fully funding incentive award payments, after accounting for funding allocated to this purpose from other sources; and

(37) make technical corrections to the bill.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 5267

STATE OF NEW JERSEY

DATED: MAY 15, 2025

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5267 (1R).

As reported, the Board of Public Utilities (board) is required to establish a program to procure and provide incentive awards for the development of transmission-scale energy storage systems with a reasonable likelihood of successful and timely completion. The board is required to solicit applications for the program in an initial Tranche 1. As outlined in the bill, the board is permitted to procure additional tranches by either continuing under the same program as Tranche 1 or implementing a successor program.

Under the bill, “transmission-scale energy storage system” means an energy storage system, with an installed capacity of at least 5 megawatts of alternating current (MW AC), that is interconnected with the PJM Transmission Network and situated inside a Transmission Zone in New Jersey or is otherwise located in New Jersey and qualified to provide energy, capacity, or ancillary services in the wholesale markets established by PJM Interconnection, L.L.C. (PJM).

Tranche 1 Procurement

The bill requires the board to solicit Tranche 1 applications for eligible projects whose collective installed capacity totals at least 500 MW AC.

Under the bill, the Tranche 1 application period is to begin no later than January 15, 2026, regardless of the publication status of the rules and regulations to be issued pursuant to the bill, and is to end within 60 days of the date on which the application period began. Within 60 days of the closure of the Tranche 1 application period, the board is to evaluate and select eligible projects to receive an award. The board is to finalize and approve all incentive awards for Tranche 1 by no later than April 1, 2026.

To qualify for a Tranche 1 incentive award, a transmission-scale energy storage system is required to: (1) not participate in any other energy storage program, except for the New Jersey Energy Storage Incentive Program (NJ SIP) to the extent that the energy storage program established by the bill may be incorporated into the

NJ SIP; (2) have an anticipated commercial operations date of no later than December 31, 2030, unless the board permits an exception; (3) have entered the PJM interconnection process and, at the time of application for Tranche 1, have a fully-executed Generation Interconnection Agreement through PJM, have a completed Surplus Interconnection Study through PJM, or have notified PJM of intent to transfer existing Capacity Interconnection Rights associated with a deactivating generation station; and (4) meet any other eligibility criteria set by the board.

A Tranche 1 application is required to include certain information and a fee, as provided in the bill.

At its discretion, the board may instruct an applicant on curing minor defects in a Tranche 1 application. The board is required to evaluate each application based on the bid prices of the requested incentives, using certain criteria to guide its evaluation as outlined in the bill. The bill permits the board to place an eligible project that does not receive an incentive award for Tranche 1 on a waiting list and consider the eligible project for an incentive award during a subsequent tranche or successor program.

Tranche 1 Incentives

Under the bill, by no later than December 31, 2026, the board is required to approve: (1) incentive awards totaling a collective minimum of \$60 million in annual payments for eligible projects in Tranche 1, which projects are to total a collective minimum of 500 MW AC; or (2) incentive awards for eligible projects that collectively have an installed capacity totaling at least 1,000 MW AC. The board is permitted to approve all 1,000 MW in incentives in Tranche 1 or through awards in Tranche 1 and subsequent tranches, provided that incentives in subsequent tranches are awarded by no later than December 31, 2026. An incentive award is to be conditioned upon a developer's compliance with the board order determining the incentive award and with any conditions the board requires.

Tranche 1 Board Orders

The bill outlines certain requirements for a board order issuing an incentive award to an eligible project, including that the board order is required to: (1) define the eligible project receiving an incentive award and the eligible project's installed capacity; (2) define the incentive award, including a payment schedule for the 10- to 20-year award period of the incentive award, which term is to commence no earlier than the commercial operations date of an eligible project, and during which term an eligible project is to receive an annual incentive award on each anniversary of the first payment date; (3) determine the amount of funding to be allocated for payment of the incentive award beginning in the fiscal year in

which the eligible project commences commercial operations; (4) include a participation fee as the board is permitted to require from the developer; (5) require, for an eligible project awarded an incentive, a pre-development security not to exceed \$100,000 per megawatt and not to exceed in total \$10,000,000; (6) outline the conditions under which the board may, in the event of a developer's failure to operate an eligible project by the deadline stated in the board order or to meet deadlines included in the board order, revoke an incentive award or retain some or all of the pre-development security; (7) provide that receipt of an incentive award for an eligible project is to be contingent on achievement of baseline performance requirements, including, but not limited to, availability for dispatch in a minimum number of hours per year, as determined by the board. The board is permitted to use the PJM Equivalent Forced Outage Rate or another metric deemed appropriate by the board to measure energy storage availability. The board order is to require that the developer report data for this purpose at regular intervals and is to provide for a reduction of an incentive award in proportion to the number of hours of required availability that is unmet by the eligible project; and (8) require that a developer provide additional information to the board during the term of the incentive award, as the board may require. The board may set additional requirements at its discretion, including, but not limited to, a requirement that the developer report major development and construction milestones to the board, maintain financial security throughout the term of the incentive award, or any other requirement the board determines necessary to ensure continued progress and operational viability of an eligible project.

Future Procurement

If the board elects to extend the procurement of transmission-scale energy storage through additional tranches, the board is permitted either to continue the program under which Tranche 1 was conducted or to establish a successor program, as outlined in the bill.

If the board administers subsequent tranches under the same program as Tranche 1, the board is required to do so in a similar manner to how it administered Tranche 1, modifying as appropriate for each subsequent tranche: (1) the amount of megawatts to be solicited; (2) the application requirements or eligibility criteria; (3) the timeline for an eligible project, including, but not limited to, application deadlines or the contract term; and (4) any other administrative modification the board deems appropriate.

If the board establishes a successor program, the board is to administer the successor program by adopting rules and regulations that implement the NJ SIP, provided that the final version of the NJ SIP complies with the requirements of the bill. The board is

permitted to continue any rule, regulation, or policy used to administer Tranche 1 as the board determines necessary and appropriate to administer a successor program.

Incentive Award Funding Mechanisms

The bill requires the board to fund incentive awards issued for Tranche 1, any subsequent tranches issued under the same program as Tranche 1, and a successor program through: (1) the societal benefits charge; (2) the “Global Warming Solutions Fund”; and (3) alternative sources of funding that are available to the board. Beginning in Fiscal Year 2028, the board is required to annually appropriate and allocate sufficient monies from these sources to fully fund incentive awards issued for Tranche 1 for eligible projects totaling a collective minimum of 500 MW AC. The funding mechanism of an incentive award issued for Tranche 1, or for any subsequent tranches issued under the same program as Tranche 1, is not to be changed without the consent of the developer.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

STATEMENT TO

ASSEMBLY SUBSTITUTE FOR

ASSEMBLY, No. 5267

with Senate Floor Amendments
(Proposed by Senator Smith)

ADOPTED: JUNE 30, 2025

These floor amendments:

(1) require the Board of Public Utilities (board) to approve incentive awards for eligible projects under the bill issued in Tranche 1 or Tranche 2 by June 30, 2026, rather than December 31, 2026;

(2) require the board to approve incentive awards for eligible projects under the bill issued in Tranche 1 by December 31, 2025, rather than April 1, 2026;

(3) specify that at least 350 MW AC, instead of at least 500 MW AC, of the 1,000 MW AC procurement goal is to be approved in incentive awards for eligible projects in Tranche 1 by December 31, 2025;

(4) require certain transmission-scale energy storage systems, depending on which project maturity requirements a system fulfils, to have the associated Capacity Interconnection Rights through PJM in order to qualify for an incentive award under the bill instead of requiring all transmission-scale energy storage systems to have the associated Capacity Interconnection Rights through PJM in order to qualify for an incentive award under the bill;

(5) remove the requirement for the board to consider the extent to which a project provides value to the distribution system, including locational benefits, peak load reduction, or deferral of infrastructure upgrades when reviewing an incentive award application under the bill;

(6) remove the requirement for the board to consider whether a project contributes to local grid reliability, resilience, or emergency backup service for critical facilities when reviewing an incentive award application under the bill;

(7) require the board to begin accepting applications for Tranche 1 by September 30, 2025, rather than January 15, 2026;

(8) remove the requirement for the board to develop standardized service agreements between electric public utilities and eligible projects that have received an incentive award pursuant to the bill;

(9) permit the board to use a competitive solicitation process to determine incentive award amounts in subsequent tranches;

(10) clarify that the board is required to deposit funds into the “Energy Storage Fund” each year until the end of all award periods for incentive awards;

(11) authorize monies deposited in the “Energy Storage Fund” to be used to fund the energy storage incentives issued pursuant to the

board's Garden State Energy Storage Program, in addition to the incentive awards issued pursuant to the bill; and
(12) make technical corrections.

LEGISLATIVE FISCAL ESTIMATE
[First Reprint]
ASSEMBLY SUBSTITUTE FOR
ASSEMBLY, No. 5267
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JULY 7, 2025

SUMMARY

Synopsis: Requires BPU to procure and incentivize transmission-scale energy storage.

Type of Impact: Annual State expenditure increase. Annual State revenue reallocation. Potential annual State revenue increase.

Agencies Affected: Board of Public Utilities.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2026 and Beyond</u>
State Expenditure Increase	Indeterminate
State Revenue Reallocation	At Least \$60 million

- The Office of Legislative Services (OLS) concludes that this bill will result in an indeterminate annual State expenditure increase for the Board of Public Utilities to establish a program for procuring and incentivizing transmission-scale energy storage systems. Additionally, the OLS anticipates that this bill will result in a State revenue reallocation of at least \$60 million from FY 2026 until the end of all award periods for incentives issued under the bill.
- The bill will result in an annual reallocation of at least \$60 million from the existing societal benefits charge revenues to the new Energy Storage Fund, beginning in FY 2026 through the conclusion of all 15-year incentive award periods for approved projects under the bill. These funds will be used exclusively to fund incentive awards for eligible energy storage projects, as well as to support the Garden State Energy Storage Program, which is currently in development by the board.
- Additional administrative costs may be incurred by the board to establish the program. These cost increases are indeterminate. However, the OLS anticipates that the increased expenditures may be absorbed within existing resources or offset by application and participation fees authorized under the bill.

BILL DESCRIPTION

This bill requires the Board of Public Utilities to establish a program to procure and provide incentive awards for the development of transmission-scale energy storage systems with a reasonable likelihood of successful and timely completion. Under the bill, “transmission-scale energy storage system” means an energy storage system, with an installed capacity of at least five megawatts of alternating current (MW AC), that is interconnected with the PJM Transmission Network and situated inside a Transmission Zone in New Jersey or is otherwise located in New Jersey and qualified to provide energy, capacity, or ancillary services in the wholesale markets established by PJM Interconnection, L.L.C.

The bill requires the board to procure at least 1,000 MW AC of installed capacity by June 30, 2026 with a minimum of 350 MW AC procured by December 31, 2025. The program will be funded through the newly created Energy Storage Fund, which will receive a minimum of \$60 million annually from societal benefits charge revenues and other sources.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill will result in an indeterminate annual State expenditure increase for the Board of Public Utilities to establish a program for procuring and incentivizing transmission-scale energy storage systems. Additionally, the OLS anticipates that this bill will result in a State revenue reallocation of at least \$60 million from FY 2026 until the end of all award periods for incentives issued under the bill.

The bill will result in an annual reallocation of at least \$60 million from the existing societal benefits charge revenues to the new Energy Storage Fund, beginning in FY 2026 through the conclusion of all 15-year incentive award periods for approved projects. These funds will be used exclusively to fund incentive awards for eligible energy storage projects under the bill, as well as to support the Garden State Energy Storage Program, which is currently in development by the board. Additionally, the board will appropriate and allocate sufficient monies to fully fund incentive awards under the bill, which awards will be in an indeterminate number and of an indeterminate amount. Notably, the \$60 million annual floor may be supplemented by federal funding or other board-determined revenue sources.

Additional administrative costs may be incurred by the board to establish the program. These cost increases are indeterminate. However, the OLS anticipates that the increased expenditures may be absorbed within existing resources or offset by application and participation fees authorized under the bill.

The long-term fiscal impact may be influenced by: developer participation and cost of storage development, federal funding availability, and any changes in the PJM interconnection process or capacity market. The funding for incentive awards issued under Tranche 1, Tranche 2, or subsequent tranches may be sourced from the societal benefits charge, which is collected through electric public utility and gas public utility rates. If the board requires additional funding for energy storage procurement under the bill and has not identified any additional supplementary

funding sources, it may elect to increase the societal benefits charge assessed to electric and gas public utility customers in an attempt to offset program expenditure increases.

Section: Authorities, Utilities, Transportation and Communications
Analyst: Miranda Crowley
Associate Research Analyst
Approved: Thomas Koenig
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 4289

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED MARCH 24, 2025

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

Senator JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Requires BPU to procure and incentivize transmission-scale energy storage.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning transmission-scale energy storage,
2 supplementing Title 48 of the Revised Statutes, and amending
3 P.L.1999, c.23.

4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7

8 1. As used in P.L. , c. (C.) (pending before the
9 Legislature as this bill):

10 “Board” means the Board of Public Utilities.

11 “Electric public utility” means a public utility, as that term is
12 defined in R.S.48:2-13, that transmits and distributes electricity to
13 end users within the State.

14 “Eligible project” means a transmission-scale energy storage
15 system that meets the criteria for an incentive award pursuant to
16 P.L. , c. (C.) (pending before the Legislature as this bill).

17 “Energy storage” means a device that is capable of absorbing
18 energy from the grid or from a Distributed Energy Resource; storing
19 it for a period of time using mechanical, chemical, or thermal
20 processes; and, thereafter, discharging the energy back to the grid or
21 directly to an energy-using system to reduce the use of power from
22 the grid.

23 “Energy storage program” means a program designed to
24 encourage the growth of energy storage capacity in the State in
25 order to strengthen storage capacity for the electric grid. “Energy
26 storage program” includes the board’s Successor Solar Incentive
27 Program, including the Competitive Solar Incentive Program; the
28 program established pursuant to P.L. , c. (C.) (pending
29 before the Legislature as this bill); and the board’s New Jersey
30 Energy Storage Incentive Program, or its replacement or successor,
31 in its final form.

32 “Incentive award” means a set of payments awarded by the board
33 for an eligible project, which payments are conditioned upon the
34 completion and commercial operation of the eligible project in
35 compliance with P.L. , c. (C.) (pending before the
36 Legislature as this bill) and any conditions required by the board.
37 An “incentive award” shall be a fixed series of annual payments, to
38 be issued over the 15-year award period, based on the maximum
39 usable installed capacity of an eligible project, measured in dollars
40 per megawatt, and paid upon commercial operation of the eligible
41 project, unless the board provides for an alternative payment
42 timeline. “Incentive award” may include, at the discretion of the
43 board, a performance-based adjustment based on the availability of
44 the eligible project or the benefits created through the commercial
45 operation of the eligible project, provided that the board shall

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 confirm the reliability of any proposed metrics on which to base a
2 performance-based adjustment prior to being used in the calculation
3 of an incentive award.

4 “Installed capacity” means the nameplate output of an eligible
5 project, measured in megawatts of alternating current (MW AC),
6 that is available to the electric grid.

7 “PJM” means “PJM Interconnection, L.L.C.” or “PJM,” as those
8 terms are defined in section 3 of P.L.1999, c.23 (C.48:3-51).

9 “Successor program” means an energy storage program
10 established pursuant to section 4 of P.L. , c. (C.) (pending
11 before the Legislature as this bill).

12 “Tranche 1” means the initial procurement for the energy storage
13 program established pursuant to section 2 of P.L. , c. (C.)
14 (pending before the Legislature as this bill).

15 “Transmission-scale energy storage system” means an energy
16 storage system, capable of energy storage of at least 5 megawatts,
17 that is interconnected with the PJM Transmission Network and
18 situated inside a Transmission Zone in New Jersey or is otherwise
19 located in New Jersey and qualified to provide energy, capacity, or
20 ancillary services in the wholesale markets established by PJM.

21
22 2. a. (1) The Board of Public Utilities shall establish a program
23 to procure and provide incentive awards for the development of
24 transmission-scale energy storage systems with a reasonable
25 likelihood of successful and timely completion. The board shall
26 solicit applications for the program established pursuant to this
27 section in an initial Tranche 1 pursuant to this section.

28 (2) If the board determines in the report required pursuant to
29 section 3 of P.L. , c. (C.) (pending before the Legislature
30 as this bill) that it will extend the procurement of transmission-scale
31 energy storage through additional tranches in accordance with
32 subparagraph (a) of paragraph (6) of subsection b. of section 3 of
33 P.L. , c. (C.) (pending before the Legislature as this bill),
34 the board shall administer future tranches in a similar manner to
35 Tranche 1, modifying as appropriate for each subsequent tranche:

36 (a) the amount of megawatts to be solicited;
37 (b) the application requirements or eligibility criteria;
38 (c) the timeline for an eligible project, including, but not limited
39 to, application deadlines or the contract term; and
40 (d) any other administrative modification the board deems
41 appropriate following its report issued pursuant to section 3 of
42 P.L. , c. (C.) (pending before the Legislature as this bill).

43 b. For Tranche 1, the board shall solicit applications for
44 eligible projects, which projects shall collectively have an installed
45 capacity totaling at least 500 MW AC.

46 (1) To qualify for an incentive award pursuant to this section, a
47 transmission-scale energy storage system shall:

48 (a) not participate in any other energy storage program;

- 1 (b) have an anticipated commercial operations date of no later
2 than December 31, 2030, unless the board permits an exception;
- 3 (c) have completed the PJM interconnection process up to, at
4 minimum, the completion of a System Impact Study or equivalent
5 study, as well as a draft or fully-executed Large Generator
6 Interconnection Agreement through PJM at the time of application
7 for Tranche 1; and
- 8 (d) meet any other eligibility criteria the board may establish
9 through board order or rulemaking.
- 10 (2) Any application pursuant to this section shall include:
- 11 (a) evidence reasonably satisfactory to the board of site control,
12 including all rights of way to the proposed point of interconnection;
- 13 (b) evidence reasonably satisfactory to the board that an
14 applicant has or will obtain all required permits, which evidence
15 shall include an execution plan to obtain all required permits;
- 16 (c) as-built drawings of a transmission-scale energy storage
17 system comprised of new equipment;
- 18 (d) evidence reasonably satisfactory to the board that the
19 applicant has submitted all interconnection applications and fees
20 necessary to obtain permission from the appropriate electric public
21 utility or grid operator to operate the transmission-scale energy
22 storage system;
- 23 (e) evidence reasonably satisfactory to the board of the
24 applicant's financial means to construct the transmission-scale
25 energy storage system and capacity to obtain revenues through
26 electricity markets or non-ratepayer funding, including, but not
27 limited to, energy arbitrage, ancillary services, and capacity
28 revenues in PJM;
- 29 (f) evidence reasonably satisfactory to the board of the status of
30 the transmission-scale energy storage system in the PJM
31 interconnection process;
- 32 (g) assurances reasonably satisfactory to the board that the
33 transmission-scale energy storage system will adhere to nationally
34 recognized minimum safety requirements, including, but not limited
35 to, appropriate laboratory testing, and comply with all
36 manufacturers' installation requirements, applicable laws,
37 regulations, codes, licensing, and permit requirements;
- 38 (h) an application fee as set by the board; and
- 39 (i) any other information required by the board.
- 40 c. The board shall review Tranche 1 applications consistently
41 with the requirements of this section. At its discretion, the board
42 may instruct an applicant on curing minor defects in a Tranche 1
43 application. The board shall include in its application review
44 process a system of scoring, established prior to its review of any
45 project, which scoring system shall, at a minimum, be based on
46 price factors; maturity and likelihood of success; and environmental
47 justice, redevelopment, and community benefits.

1 (1) In designing scoring for the price factors of an application,
2 the board shall:

3 (a) consider costs and values throughout the application as
4 measured in dollars per megawatt capacity per year;

5 (b) establish a maximum percentage of scoring that shall be
6 price-based; and

7 (c) appropriately compare bid prices, at the board's discretion,
8 based on the measure of the capacity of a transmission-scale energy
9 storage system by the lesser of its installed capacity or its energy
10 storage capacity divided by four hours.

11 (2) An application shall receive a higher score for maturity and
12 likelihood of success if the transmission-scale energy storage
13 system:

14 (a) has a fully executed Large Generator Interconnection
15 Agreement through PJM or requires limited network upgrades;

16 (b) has completed non-ministerial permits; and

17 (c) is proposed by an applicant with experience in energy
18 storage development, construction, and finance.

19 (3) An application shall receive a higher score for
20 environmental justice, redevelopment, and community benefits if it
21 includes brownfield redevelopment, existing or former fossil fuel
22 plant replacement, or demonstrated benefits to environmental
23 justice in communities where a transmission-scale energy storage
24 system is proposed to be located.

25 (4) The board may place an eligible project that does not receive
26 an incentive award for Tranche 1 on a waiting list and consider the
27 eligible project for an incentive award during a subsequent tranche
28 or successor program pursuant to P.L. , c. (C.) (pending
29 before the Legislature as this bill).

30 d. The board shall approve incentive awards totaling a
31 collective minimum of \$60,000,000 in annual payments for each
32 year of the 15-year award period of each eligible project approved
33 under Tranche 1. The board shall provide funding for this annual
34 collective amount of incentive award payments for Tranche 1,
35 which payments shall be fully funded pursuant to subsection a. of
36 section 5 of P.L. , c. (C.) (pending before the Legislature
37 as this bill), in order to ensure that the collective installed capacity
38 of eligible projects receiving an incentive award totals at least 500
39 megawatts for Tranche 1. An incentive award shall be conditioned
40 upon a developer's compliance with the board order determining
41 the incentive award and with any conditions the board shall
42 reasonably require.

43 e. A board order that issues an incentive award for Tranche 1
44 shall be binding and enforceable. A Tranche 1 incentive award
45 board order shall:

46 (1) define the eligible project receiving an incentive award and
47 the eligible project's megawatt capacity;

- 1 (2) define the incentive award, including a payment schedule for
2 the 15-year award period of the incentive award, which term shall
3 commence no earlier than July 1, 2028 or upon the commercial
4 operations date of an eligible project, and during which term an
5 eligible project shall receive an annual incentive award on each
6 anniversary of the first payment date;
- 7 (3) determine the amount of funding to be allocated for payment
8 of the incentive award beginning either in the fiscal year beginning
9 on July 1, 2028 or on the commercial operations date of the eligible
10 project, whichever is later;
- 11 (4) include a participation fee as the board shall require from the
12 developer;
- 13 (5) require, for an eligible project awarded an incentive award, a
14 pre-development security not to exceed \$100,000 per megawatt and
15 not to exceed in total \$10,000,000;
- 16 (6) outline the conditions under which the board may, in the
17 event of a developer's failure to operate an eligible project by the
18 deadline stated in the board order or to meet deadlines included in
19 the board order, revoke an incentive award or retain a portion of the
20 pre-development security;
- 21 (7) provide that receipt of an incentive award for an eligible
22 project shall be contingent on achievement of baseline performance
23 requirements, including, but not limited to, the availability of
24 energy storage for dispatch in a percentage of hours daily, which
25 percentage shall be decided by the board. The board may use the
26 PJM Equivalent Forced Outage Rate or another metric determined
27 appropriate by the board to measure energy storage availability.
28 The board order shall require that the developer report data for the
29 purpose of this paragraph at regular intervals and shall provide for a
30 reduction of an incentive award in proportion to the percentage of
31 required availability that is unmet by the eligible project; and
- 32 (8) require that a developer provide additional information to
33 the board during the term of the incentive award, as the board may
34 reasonably require. The board may set additional requirements at
35 its discretion, including, but not limited to, a requirement that the
36 developer report major development and construction milestones to
37 the board, maintain financial security throughout the term of the
38 incentive award, or any other requirement the board determines
39 necessary to ensure continued progress and operational viability of
40 an eligible project.
- 41 f. (1) Notwithstanding the provisions of the "Administrative
42 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), or any other
43 law or rule to the contrary, the board shall:
- 44 (a) within 120 days following the effective date of
45 P.L. , c. (C.) (pending before the Legislature as this bill),
46 develop application requirements and eligibility criteria for Tranche
47 1; and

1 (b) permit applications for Tranche 1, pursuant to paragraphs (2)
2 and (3) of this subsection, without regard to the publication status
3 of the rules and regulations to be issued pursuant to
4 P.L. , c. (C.) (pending before the Legislature as this bill).

5 (2) The board shall permit an applicant, within 45 days
6 following the effective date of P.L. , c. (C.) (pending
7 before the Legislature as this bill), to submit an early application for
8 Tranche 1 prior to the formal establishment of an application
9 process or the promulgation of Tranche 1 rules and regulations.

10 (3) Within 30 days following the effective date of a board order
11 either approving the rules and regulations proposed for publication
12 pursuant to P.L. , c. (C.) (pending before the Legislature
13 as this bill) or approving the proposed application requirements and
14 eligibility criteria for Tranche 1 in accordance with this section, the
15 board shall:

16 (a) begin formally accepting applications for Tranche 1; and

17 (b) advise any applicant that submitted an early application for
18 Tranche 1 pursuant to paragraph (2) of this subsection of any
19 defects in its existing application pursuant to the rules and
20 regulations or the application requirements and eligibility criteria
21 approved by board order issued pursuant to this paragraph.

22 (4) The board shall accept Tranche 1 applications for a
23 maximum of 60 days after the beginning of the formal application
24 period for Tranche 1 pursuant to paragraph (3) of this subsection.
25 Within 90 days following the closure of the Tranche 1 application
26 period, the board shall evaluate projects in accordance with this
27 section, any rules or regulations proposed pursuant to
28 P.L. , c. (C.) (pending before the Legislature as this bill),
29 and any application requirements and eligibility criteria approved
30 pursuant to this subsection.

31 g. Tranche 1 incentive awards shall receive funding pursuant to
32 section 5 of P.L. , c. (C.) (pending before the Legislature
33 as this bill).

34

35 3. a. No later than one calendar year following the date of the
36 final Tranche 1 procurement approval issued pursuant to section 2
37 of P.L. , c. (C.) (pending before the Legislature as this
38 bill), the board shall initiate a proceeding to examine the impact of
39 the State's energy storage programs, collectively and individually,
40 and to assess progress toward the 2030 energy storage target
41 established pursuant to section 1 of P.L.2018, c.17 (C.48:3-87.8).

42 b. The board shall issue a report detailing its conclusions and
43 submit the report to the Governor and, pursuant to section 2 of
44 P.L.1991, c.164 (C.52:14-19.1), to the Legislature. In its report
45 issued pursuant to this subsection, the board shall, at a minimum:

46 (1) examine the State's energy storage programs;

1 (2) account for projected electric bill savings and costs to
2 ratepayers, as well as societal benefits of reduced emissions, due to
3 increased installed capacity or energy storage capacity;

4 (3) report the progress of the projects under each energy storage
5 program, including progress toward construction completion;

6 (4) compare relative costs per capacity awarded for each project
7 based on its installed capacity;

8 (5) produce estimates of the most cost-effective means to
9 achieve the 2030 energy storage target established pursuant to
10 section 1 of P.L.2018, c.17 (C.48:3-87.8) or any other energy
11 storage target established by the Legislature; and

12 (6) determine, at the discretion of the board, whether to extend
13 the procurement of transmission-scale energy storage pursuant to
14 P.L. , c. (C.) (pending before the Legislature as this bill)
15 based on the results of Tranche 1. The board may procure
16 additional tranches either:

17 (a) pursuant to section 2 of P.L. , c. (C.) (pending
18 before the Legislature as this bill) with funding through the societal
19 benefits charge pursuant to subsection a. of section 5 of
20 P.L. , c. (C.) (pending before the Legislature as this bill);
21 or

22 (b) pursuant to a successor program established pursuant to
23 section 4 of P.L. , c. (C.) (pending before the Legislature
24 as this bill) with funding through rate recovery as set forth in
25 subsection b. of section 5 of P.L. , c. (C.) (pending before
26 the Legislature as this bill).

27
28 4. a. Following a determination, pursuant to subparagraph (b)
29 of paragraph (6) of subsection b. of section 3 of
30 P.L. , c. (C.) (pending before the Legislature as this bill),
31 to establish a successor program, the board shall issue rules and
32 regulations pursuant to the requirements of subsection c. of section
33 6 of P.L. , c. (C.) (pending before the Legislature as this
34 bill).

35 b. The board shall, in any successor program, require each
36 electric public utility to submit proposed tariffs for board review
37 and approval, which tariffs shall be designed to fund the successor
38 program through base rate recovery. Each electric public utility's
39 tariff submitted pursuant to this subsection shall include,
40 apportioned according to the relative electric load of the electric
41 public utility in this State, the total cost of:

42 (1) the outstanding costs of the incentives awarded to eligible
43 projects under Tranche 1; and

44 (2) the costs, as the board determines necessary, for incentive
45 awards under the successor program.

46 c. In addition to rules and regulations issued pursuant to
47 subsection c. of section 6 of P.L. , c. (C.) (pending before
48 the Legislature as this bill), the board shall be authorized to

1 continue any rule, regulation, or policy used to administer Tranche
2 1 as the board determines necessary and appropriate to administer a
3 successor program. If the board determines in the report required
4 pursuant to section 3 of P.L. , c. (C.) (pending before the
5 Legislature as this bill) that it will extend the procurement of
6 transmission-scale energy storage through additional tranches in
7 accordance with subparagraph (b) of paragraph (6) of subsection b.
8 of section 3 of P.L. , c. (C.) (pending before the
9 Legislature as this bill), the board shall administer future tranches in
10 a similar manner to Tranche 1, modifying as appropriate for each
11 subsequent tranche:

- 12 (1) the amount of megawatts to be solicited;
 - 13 (2) the application requirements or eligibility criteria;
 - 14 (3) the timeline for an eligible project, including, but not limited
15 to, application deadlines or the contract term; and
 - 16 (4) any other administrative modification the board deems
17 appropriate following its report issued pursuant to section 3 of
18 P.L. , c. (C.) (pending before the Legislature as this bill).
- 19 d. The board may amend a Tranche 1 incentive award, upon
20 written consent from the developer of the eligible project, solely to
21 change the funding mechanism of the incentive award pursuant to
22 subsection b. of section 5 of P.L. , c. (C.) (pending before
23 the Legislature as this bill). Any incentive award for an eligible
24 project and the conditions for receiving funding pursuant to section
25 2 of P.L. , c. (C.) (pending before the Legislature as this
26 bill) shall remain effective for the full duration of the 15-year award
27 period specified in the board's Tranche 1 order awarding the
28 incentive, notwithstanding any change to the funding mechanism of
29 the incentive award.

30
31 5. a. An incentive award issued pursuant to section 2 of
32 P.L. , c. (C.) (pending before the Legislature as this bill)
33 shall be funded through the societal benefits charge established
34 pursuant to subsection a. of section 12 of P.L.1999, c.23 (C.48:3-
35 60). In the fiscal year beginning on July 1, 2028, and in each fiscal
36 year thereafter, the board shall allocate a minimum of \$60,000,000
37 from the funds collected through the societal benefits charge to
38 fully fund the incentive awards issued by the board pursuant to
39 section 2 of P.L. , c. (C.) (pending before the Legislature
40 as this bill).

41 b. (1) An incentive award issued pursuant to section 4 of
42 P.L. , c. (C.) (pending before the Legislature as this bill)
43 shall be funded through ratepayer tariffs recovered through an
44 electric public utility's base rate case, in accordance with
45 subsection b. of section 4 of P.L. , c. (C.) (pending before
46 the Legislature as this bill).

47 (2) Any amendment to a Tranche 1 incentive award board order
48 to change the funding mechanism of the incentive award pursuant to

1 subsection d. of section 4 of P.L. , c. (C.) (pending before
2 the Legislature as this bill) shall replace the funding mechanism of
3 the incentive award with funding pursuant to paragraph (1) of this
4 subsection. Pending any order for replacement funding for a
5 Tranche 1 incentive award order, the Tranche 1 incentive award
6 shall continue to be funded pursuant to subsection a. of this section.
7

8 6. a. (1) The board shall adopt, as expeditiously as possible,
9 pursuant to the “Administrative Procedure Act,” P.L.1968, c.410
10 (C.52:14B-1 et seq.), rules and regulations consistent with the
11 purposes of section 2 of P.L. , c. (C.) (pending before the
12 Legislature as this bill). The rules and regulations issued for
13 Tranche 1 shall be similar to the board’s rules concerning Grid
14 Supply projects for the New Jersey Energy Storage Incentive
15 Program, or its replacement or successor, in its final form, but shall
16 reflect the unique nature of transmission-scale energy storage
17 systems.

18 (2) Notwithstanding the provisions of the “Administrative
19 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other
20 law or rule to the contrary, the board shall:

21 (a) within 60 days following the effective date of
22 P.L. , c. (C.) (pending before the Legislature as this bill),
23 engage with stakeholders and interested parties and solicit
24 comments on the rules and regulations for publication in accordance
25 with the provisions of the “Administrative Procedure Act,”
26 P.L.1968, c.410 (C.52:14B-1 et seq.); and

27 (b) within 120 days following the effective date of
28 P.L. , c. (C.) (pending before the Legislature as this bill),
29 submit the proposed Tranche 1 rules and regulations for publication
30 in accordance with the provisions of the “Administrative Procedure
31 Act,” P.L.1968, c.410 (C.52:14B-1 et seq.).

32 b. Notwithstanding the provisions of the “Administrative
33 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other
34 law or rule to the contrary, the board may procure transmission-
35 scale energy storage systems and award incentives for Tranche 1
36 pursuant to section 2 of P.L. , c. (C.) (pending before the
37 Legislature as this bill), notwithstanding the status of board rules or
38 regulations pursuant to subsection a. of this section.

39 c. In the event that the board decides to implement a successor
40 program pursuant to section 4 of P.L. , c. (C.) (pending
41 before the Legislature as this bill), following the issuance of its
42 report pursuant to section 3 of P.L. , c. (C.) (pending
43 before the Legislature as this bill), the board shall adopt, pursuant to
44 the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1
45 et seq.), rules and regulations consistent with the purposes of
46 section 4 of P.L. , c. (C.) (pending before the Legislature
47 as this bill), and determine therein, at a minimum:

1 (1) the minimum amount of energy storage to be procured in
2 total among eligible projects during any solicitation subsequent to
3 Tranche 1;

4 (2) any eligibility criteria;

5 (3) the minimum performance standards for an eligible project;
6 and

7 (4) the amount and structure of a performance-based adjustment.
8

9 7. Section 12 of P.L.1999, c.23 (C.48:3-60) is amended to read
10 as follows:

11 12. a. Simultaneously with the starting date for the
12 implementation of retail choice as determined by the board pursuant
13 to subsection a. of section 5 of P.L.1999, c.23 (C.48:3-53), the
14 board shall permit each electric public utility and gas public utility
15 to recover some or all of the following costs through a societal
16 benefits charge that shall be collected as a non-bypassable charge
17 imposed on all electric public utility customers and gas public
18 utility customers, as appropriate:

19 (1) **【The】** the costs for the social programs for which rate
20 recovery was approved by the board prior to April 30, 1997. For
21 the purpose of establishing initial unbundled rates pursuant to
22 section 4 of P.L.1999, c.23 (C.48:3-52), the societal benefits charge
23 shall be set to recover the same level of social program costs as is
24 being collected in the bundled rates of the electric public utility on
25 the effective date of P.L.1999, c.23 (C.48:3-49 et al.). The board
26 may subsequently order, pursuant to its rules and regulations, an
27 increase or decrease in the societal benefits charge to reflect
28 changes in the costs to the utility of administering existing social
29 programs. Nothing in P.L.1999, c.23 (C.48:3-49 et al.) shall be
30 construed to abolish or change any social program required by
31 statute or board order or rule or regulation to be provided by an
32 electric public utility. Any such social program shall continue to be
33 provided by the utility until otherwise provided by law, unless the
34 board determines that it is no longer appropriate for the electric
35 public utility to provide the program, or the board chooses to
36 modify the program;

37 (2) **【Nuclear】** nuclear plant decommissioning costs;

38 (3) **【The】** the costs of demand side management programs that
39 were approved by the board pursuant to its demand side
40 management regulations prior to April 30, 1997. For the purpose of
41 establishing initial unbundled rates pursuant to section 4 of
42 P.L.1999, c.23 (C.48:3-52), the societal benefits charge shall be set
43 to recover the same level of demand side management program
44 costs as is being collected in the bundled rates of the electric public
45 utility on the effective date of P.L.1999, c.23 (C.48:3-49 et al.).
46 Within four months of the effective date of P.L.1999, c.23 (C.48:3-
47 49 et al.), and every four years thereafter, the board shall initiate a
48 proceeding and cause to be undertaken a comprehensive resource

1 analysis of energy programs, and within eight months of initiating
2 such proceeding and after notice, provision of the opportunity for
3 public comment, and public hearing, the board, in consultation with
4 the Department of Environmental Protection, shall determine the
5 appropriate level of funding for energy efficiency, light, medium,
6 and heavy-duty plug-in electric vehicles, including school buses,
7 and associated plug-in electric vehicle charging infrastructure, and
8 Class I renewable energy programs that provide environmental
9 benefits above and beyond those provided by standard offer or
10 similar programs in effect as of the effective date of P.L.1999, c.23
11 (C.48:3-49 et al.); provided that the funding for such programs be
12 no less than 50 percent of the total Statewide amount being
13 collected in electric and gas public utility rates for demand side
14 management programs on the effective date of P.L.1999, c.23
15 (C.48:3-49 et al.) for an initial period of four years from the
16 issuance of the first comprehensive resource analysis following the
17 effective date of P.L.1999, c.23 (C.48:3-49 et al.), and provided that
18 25 percent of this amount shall be used to provide funding for Class
19 I renewable energy projects in the State. In each of the following
20 fifth through eighth years, the Statewide funding for such programs
21 shall be no less than 50 percent of the total Statewide amount being
22 collected in electric and gas public utility rates for demand side
23 management programs on the effective date of P.L.1999, c.23
24 (C.48:3-49 et al.), except that as additional funds are made available
25 as a result of the expiration of past standard offer or similar
26 commitments, the minimum amount of funding for such programs
27 shall increase by an additional amount equal to 50 percent of the
28 additional funds made available, until the minimum amount of
29 funding dedicated to such programs reaches \$140,000,000 total.
30 After the eighth year the board shall make a determination as to the
31 appropriate level of funding for these programs. Such programs
32 shall include a program to provide financial incentives for the
33 installation of Class I renewable energy projects in the State, and
34 the board, in consultation with the Department of Environmental
35 Protection, shall determine the level and total amount of such
36 incentives as well as the renewable technologies eligible for such
37 incentives which shall include, at a minimum, photovoltaic, wind,
38 and fuel cells. The board shall simultaneously determine, as a
39 result of the comprehensive resource analysis, the programs to be
40 funded by the societal benefits charge, the level of cost recovery
41 and performance incentives for old and new programs and whether
42 the recovery of demand side management programs' costs currently
43 approved by the board may be reduced or extended over a longer
44 period of time. The board shall make these determinations taking
45 into consideration existing market barriers and environmental
46 benefits, with the objective of transforming markets, capturing lost
47 opportunities, making energy services more affordable for low
48 income customers and eliminating subsidies for programs that can

1 be delivered in the marketplace without electric public utility and
2 gas public utility customer funding. The board shall set the societal
3 benefits charge, in addition to the determinations above, to include
4 full funding of the costs, as determined by the board, of providing
5 incentive award payments for transmission-scale energy storage
6 systems that are eligible projects pursuant to P.L. , c. (C.)
7 (pending before the Legislature as this bill);

8 (4) **【Manufactured】** manufactured gas plant remediation costs,
9 which shall be determined initially in a manner consistent with
10 mechanisms in the remediation adjustment clauses for the electric
11 public utility and gas public utility adopted by the board; and

12 (5) **【The】** the cost, of consumer education, as determined by the
13 board, which shall be in an amount that, together with the consumer
14 education surcharge imposed on electric power supplier license fees
15 pursuant to subsection h. of section 29 of P.L.1999, c.23 (C.48:3-
16 78) and the consumer education surcharge imposed on gas supplier
17 license fees pursuant to subsection g. of section 30 of P.L.1999,
18 c.23 (C.48:3-79), shall be sufficient to fund the consumer education
19 program established pursuant to section 36 of P.L.1999, c.23
20 (C.48:3-85).

21 b. There is established in the Board of Public Utilities a
22 nonlapsing fund to be known as the "Universal Service Fund." The
23 board shall determine: the level of funding and the appropriate
24 administration of the fund; the purposes and programs to be funded
25 with monies from the fund; which social programs shall be provided
26 by an electric public utility as part of the provision of its regulated
27 services which provide a public benefit; whether the funds
28 appropriated to fund the "Lifeline Credit Program" established
29 pursuant to P.L.1979, c.197 (C.48:2-29.15 et seq.), the "Tenants'
30 Lifeline Assistance Program" established pursuant to P.L.1981,
31 c.210 (C.48:2-29.30 et seq.), the funds received pursuant to the Low
32 Income Home Energy Assistance Program established pursuant to
33 42 U.S.C. s.8621 et seq., and funds collected by electric and gas
34 public utilities, as authorized by the board, to offset uncollectible
35 electricity and natural gas bills should be deposited in the fund; and
36 whether new charges should be imposed to fund new or expanded
37 social programs.

38 (cf: P.L.2022, c.86, s.2)

39
40 8. This act shall take effect immediately.

41
42
43 STATEMENT

44
45 The Board of Public Utilities (board) is required to establish a
46 program to procure and provide incentive awards for the
47 development of transmission-scale energy storage systems with a
48 reasonable likelihood of successful and timely completion. The

1 board is required to solicit applications for the program in an initial
2 Tranche 1. After the conclusion of Tranche 1, the board is to
3 engage in a review of the impact of the State's energy storage
4 programs to make certain determinations, including whether to
5 continue procuring and incentivizing transmission-scale energy
6 storage. As outlined in the bill, the board is permitted to procure
7 additional tranches by either continuing under the same program as
8 Tranche 1 or implementing a successor program, with the board
9 authorized to make changes based on its determinations in a report
10 issued following its review.

11 For the bill's purposes, "transmission-scale energy storage
12 system" means an energy storage system, capable of energy storage
13 of at least 5 megawatts, that is interconnected with the PJM
14 Transmission Network and situated inside a Transmission Zone in
15 New Jersey or is otherwise located in New Jersey and qualified to
16 provide energy, capacity, or ancillary services in the wholesale
17 markets established by PJM Interconnection, L.L.C. (PJM).

18

19 *Tranche 1 Procurement*

20 The bill requires the board to solicit Tranche 1 applications for
21 eligible projects whose collective installed capacity totals at least
22 500 megawatts of alternating current (MW AC). The bill provides
23 certain deadlines for the proposal of rules and regulations; the
24 development of application requirements and eligibility criteria; and
25 the process of application, processing, and approval.

26 The board is required to permit an applicant, within 45 days
27 following the bill's effective date, to submit an early application for
28 Tranche 1 prior to the formal establishment of an application
29 process or the promulgation of Tranche 1 rules and regulations.
30 Within 30 days following the effective date of a board order either
31 approving the rules and regulations proposed for publication or
32 approving the proposed application requirements and eligibility
33 criteria for Tranche 1, the board is required to: (1) begin formally
34 accepting applications for Tranche 1; and (2) advise any applicant
35 that submitted an early application for Tranche 1 of any defects in
36 its existing application pursuant to the rules and regulations or the
37 application requirements and eligibility criteria approved by board
38 order.

39 To qualify for a Tranche 1 incentive award, a transmission-scale
40 energy storage system is required to: (1) not participate in any other
41 energy storage program; (2) have an anticipated commercial
42 operations date of no later than December 31, 2030, unless the
43 board permits an exception; (3) have completed the PJM
44 interconnection process up to, at minimum, the completion of a
45 System Impact Study, or equivalent study, as well as a draft or
46 fully-executed Large Generator Interconnection Agreement through
47 PJM at the time of application for Tranche 1; and (4) meet any other

1 eligibility criteria the board may establish through board order or
2 rulemaking.

3 A Tranche 1 application is required to include certain
4 information and a fee, as provided in the bill.

5 At its discretion, the board may instruct an applicant on curing
6 minor defects in a Tranche 1 application. The board is required to
7 include in its application review process a system of scoring,
8 established prior to its review of any project, which scoring system
9 is to be based on price factors; maturity and likelihood of success;
10 and environmental justice, redevelopment, and community benefits.
11 The bill provides certain requirements for the scoring process and
12 permits the board to place an eligible project that does not receive
13 an incentive award for Tranche 1 on a waiting list and consider the
14 eligible project for an incentive award during a subsequent tranche
15 or successor program.

16

17 *Tranche 1 Incentives*

18 Under the bill, the board is required to approve incentive awards
19 totaling a collective minimum of \$60 million for Tranche 1. An
20 incentive award is to be conditioned upon a developer's compliance
21 with the board order determining the incentive award and with any
22 conditions the board requires.

23

24 *Tranche 1 Board Orders*

25 The bill outlines certain requirements for a board order issuing
26 an incentive award to an eligible project, including that the board
27 order is required to: (1) define the eligible project receiving an
28 incentive award and the eligible project's megawatt capacity; (2)
29 define the incentive award, including a payment schedule for the
30 15-year award period of the incentive award, which term is to
31 commence no earlier than July 1, 2028 or upon the commercial
32 operations date of an eligible project, and during which term an
33 eligible project is to receive an annual incentive award on each
34 anniversary of the first payment date; (3) determine the amount of
35 funding to be allocated for payment of the incentive award
36 beginning either in the fiscal year beginning on July 1, 2028 or on
37 the commercial operations date of the eligible project, whichever is
38 later; (4) include a participation fee as the board is to require from
39 the developer; (5) require, for an eligible project awarded an
40 incentive, a pre-development security not to exceed \$100,000 per
41 megawatt and not to exceed in total \$10,000,000; (6) outline the
42 conditions under which the board may, in the event of a developer's
43 failure to operate an eligible project by the deadline stated in the
44 board order or to meet deadlines included in the board order, revoke
45 an incentive award or retain a portion of the pre-development
46 security; (7) provide that receipt of an incentive award for an
47 eligible project is to be contingent on achievement of baseline
48 performance requirements, including, but not limited to, the

1 availability of energy storage for dispatch in a percentage of hours
2 daily, which percentage is to be decided by the board. The board is
3 permitted to use the PJM Equivalent Forced Outage Rate or another
4 metric deemed appropriate by the board to measure energy storage
5 availability. The board order is to require that the developer report
6 data for this purpose at regular intervals and is to provide for a
7 reduction of an incentive award in proportion to the percentage of
8 required availability that is unmet by the eligible project; and (8)
9 require that a developer provide additional information to the board
10 during the term of the incentive award, as the board may require.
11 The board may set additional requirements at its discretion,
12 including, but not limited to, a requirement that the developer report
13 major development and construction milestones to the board,
14 maintain financial security throughout the term of the incentive
15 award, or any other requirement the board determines necessary to
16 ensure continued progress and operational viability of an eligible
17 project.

18

19 *Ratepayer Impact Review*

20 No later than one calendar year following the date of the final
21 Tranche 1 procurement approval, the board is required to initiate a
22 proceeding to examine the impact of the State's energy storage
23 programs, collectively and individually, and to assess progress
24 toward the 2030 energy storage target of 2,000 megawatts. The
25 board is required to issue a report that, at a minimum: (1) examines
26 the State's energy storage programs; (2) accounts for projected
27 electric bill savings and costs to ratepayers, as well as societal
28 benefits of reduced emissions, due to increased installed capacity or
29 energy storage capacity; (3) reports the progress of the projects
30 under each energy storage program; (4) compares relative costs per
31 capacity awarded for each project based on its installed capacity;
32 (5) produces estimates of the most cost-effective means to achieve
33 the 2030 energy storage target or any other energy storage target
34 established by the Legislature; and (6) determines, at the discretion
35 of the board, whether to extend the procurement of transmission-
36 scale energy storage pursuant to this bill based on the results of
37 Tranche 1.

38

39 *Future Procurement*

40 If the board determines in the report required by the bill that it
41 will extend the procurement of transmission-scale energy storage
42 through additional tranches, the board is permitted either to
43 continue the program under which Tranche 1 was conducted or to
44 establish a successor program, as outlined in the bill. The primary
45 difference between these options for continued procurement of
46 transmission-scale energy storage is the funding mechanism for
47 incentive awards, as described below.

1 If the board administers future tranches pursuant to either option
2 in the bill, the board is required to do so in a similar manner to how
3 it administered Tranche 1, modifying as appropriate for each
4 subsequent tranche: (1) the amount of megawatts to be solicited; (2)
5 the application requirements or eligibility criteria; (3) the timeline
6 for an eligible project, including, but not limited to, application
7 deadlines or the contract term; and (4) any other administrative
8 modification the board deems appropriate following its report.

9
10 *Incentive Award Funding Mechanisms*

11 The bill requires the board to fund incentive awards issued for
12 Tranche 1 and any subsequent tranches issued under the same
13 program through the societal benefits charge. Beginning in Fiscal
14 Year 2029, the board is required to annually allocate a minimum of
15 \$60 million from the funds collected through the societal benefits
16 charge to fully fund incentive awards issued for Tranche 1 and any
17 subsequent tranches issued under the same program.

18 If the board instead establishes a successor program, it is
19 required to fund incentive awards issued under the successor
20 program through changes to each electric public utility's base rate
21 case. As apportioned according to the relative electric load of each,
22 the electric public utilities are to recover the total cost of (1) the
23 outstanding costs of the incentives awarded to eligible projects
24 under Tranche 1; and (2) the costs as the board determines
25 necessary for incentive awards under the successor program.

26 The funding mechanism of a Tranche 1 incentive award is not to
27 be changed without the consent of the developer, permitting
28 Tranche 1 incentive awards to continue to be funded through the
29 societal benefits charge if a developer does not agree to the change
30 in funding mechanism, even if the board elects to establish a
31 successor program with a different funding mechanism.

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 4289

STATE OF NEW JERSEY
221st LEGISLATURE

ADOPTED JUNE 9, 2025

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

Senator JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

Co-Sponsored by:

Senator Greenstein

SYNOPSIS

Requires BPU to procure and incentivize transmission-scale energy storage.

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate Budget and Appropriations Committee.



(Sponsorship Updated As Of: 6/30/2025)

1 **AN ACT** concerning transmission-scale energy storage,
2 supplementing Title 48 of the Revised Statutes, and amending
3 P.L.1999, c.23.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. (New section) As used in P.L. , c. (C.) (pending before
9 the Legislature as this bill):

10 “Accredited capacity” means the amount of capacity, measured in
11 megawatts of unforced capacity, that an eligible project can contribute
12 toward New Jersey’s capacity needs or bid into the base residual
13 auction.

14 “Base residual auction” means the same as that term is defined in
15 section 3 of P.L.1999, c.23 (C.48:3-51).

16 “Board” means the Board of Public Utilities.

17 “Capacity Interconnection Rights” means the same as that term is
18 defined in PJM’s Open Access Transmission Tariff or in any successor
19 document.

20 “Decision Point I” means the same as that term is defined in PJM’s
21 Open Access Transmission Tariff or in any successor document.

22 “Electric public utility” means a public utility, as that term is
23 defined in R.S.48:2-13, that transmits and distributes electricity to end
24 users within the State.

25 “Eligible project” means a transmission-scale energy storage
26 system that meets the criteria for an incentive award pursuant to
27 P.L. , c. (C.) (pending before the Legislature as this bill).

28 “Energy storage” means a device that is capable of absorbing
29 energy from the grid or from a generation resource located behind the
30 same point of interconnection as the device; storing it for a period of
31 time using mechanical, chemical, or thermal processes; and, thereafter,
32 discharging the energy back to the grid or directly to an energy-using
33 system to reduce the use of power from the grid.

34 “Energy storage capacity” means the measure of the energy
35 capacity in megawatt-hours of a transmission-scale energy storage
36 system.

37 “Energy storage program” means a program designed to encourage
38 the growth of energy storage capacity in the State in order to
39 strengthen storage capacity for the electric grid. “Energy storage
40 program” includes the board’s Successor Solar Incentive Program,
41 including the Competitive Solar Incentive Program; the program
42 established pursuant to P.L. , c. (C.) (pending before the
43 Legislature as this bill); and the board’s Garden State Energy Storage
44 Program.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 “Garden State Energy Storage Program” or “GSESP” means the
2 final form of the energy storage program currently under development
3 by the board and outlined in the board’s November 2024 straw
4 proposal, or the program’s replacement or successor.

5 “Generation Interconnection Agreement” means the same as that
6 term is defined in PJM’s Open Access Transmission Tariff or in any
7 successor document.

8 “Incentive award” means a set of payments awarded by the board
9 for an eligible project, which payments are conditioned upon the
10 completion and commercial operation of the eligible project in
11 compliance with P.L. , c. (C.) (pending before the Legislature
12 as this bill) and any conditions required by the board. An “incentive
13 award” shall be a fixed series of annual payments to be issued over the
14 15-year award period; based on the maximum usable installed capacity
15 of an eligible project, which is measured in dollars per megawatt, or on
16 the energy storage capacity of an eligible project, which is measured in
17 dollars per megawatt-hour; and paid upon commercial operation of the
18 eligible project, unless the board provides for an alternative payment
19 timeline. An “incentive award” is subject to any conditions imposed
20 by the board, including, but not limited to, satisfactory up-time
21 performance metrics. An “incentive award” may include, at the
22 discretion of the board, a performance-based adjustment based on the
23 availability of the eligible project or the benefits created through the
24 commercial operation of the eligible project, provided that the board
25 shall confirm the reliability of any proposed metrics on which to base a
26 performance-based adjustment prior to being used in the calculation of
27 an incentive award.

28 “Installed capacity” means the nameplate output of an eligible
29 project, measured in megawatts of alternating current (MW AC), that
30 is available to the electric grid.

31 “Interconnection Service Agreement” means the same as that term
32 is defined in PJM’s Open Access Transmission Tariff or in any
33 successor document.

34 “Phase I System Impact Study” means the same as that term is
35 defined in PJM’s Open Access Transmission Tariff or in any successor
36 document.

37 “PJM” means “PJM Interconnection, L.L.C.” or “PJM,” as those
38 terms are defined in section 3 of P.L.1999, c.23 (C.48:3-51).

39 “Readiness Deposit” means the same as that term is defined in
40 PJM’s Open Access Transmission Tariff or in any successor
41 document.

42 “Subsequent tranche” means additional energy storage
43 procurement administered pursuant to section 4 of P.L. ,
44 c. (C.) (pending before the Legislature as this bill).

45 “Tranche 1” means the initial procurement for the energy storage
46 program established pursuant to section 2 of P.L. , c. (C.)
47 (pending before the Legislature as this bill).

1 “Tranche 2” means the second procurement for the energy storage
2 program established pursuant to section 2 of P.L. , c. (C.)
3 (pending before the Legislature as this bill).

4 “Transmission-scale energy storage system” means an energy
5 storage system, with an installed capacity of at least 5 MW AC, that is
6 interconnected with the PJM Transmission Network and situated
7 inside a Transmission Zone in New Jersey or is otherwise located in
8 New Jersey and qualified to provide energy, capacity, or ancillary
9 services in the wholesale markets established by PJM.

10 “Unforced capacity” means the same as that term is defined in
11 PJM’s Reliability Assurance Agreement or in any successor document.

12
13 2. (New section) a. (1) The Board of Public Utilities shall
14 establish a program to procure and provide incentive awards for the
15 development of transmission-scale energy storage systems with a
16 reasonable likelihood of successful and timely completion. The board
17 shall solicit applications for the program established pursuant to this
18 section in an initial Tranche 1 and in Tranche 2, pursuant to paragraph
19 (2) of this subsection. The board may place an eligible project that
20 does not receive an incentive award for Tranche 1 or Tranche 2 on a
21 waiting list and consider the eligible project for an incentive award
22 during a subsequent tranche.

23 (2) By no later than June 30, 2026, the board shall approve
24 incentive awards for eligible projects totaling at least 1,000 MW AC in
25 installed capacity. However, at least 350 MW AC of the 1,000 MW
26 AC procurement goal shall be approved in incentive awards for
27 eligible projects in Tranche 1 by no later than December 31, 2025. If
28 the board is unable to procure all 1,000 MW AC in installed capacity
29 in Tranche 1, the board shall approve incentive awards for eligible
30 projects in Tranche 2, provided that all incentive awards in Tranche 2
31 are awarded by no later than June 30, 2026.

32 b. To qualify for an incentive award in Tranche 1 or Tranche 2
33 pursuant to this section, a transmission-scale energy storage system
34 shall:

35 (1) not participate in any other energy storage program, except for
36 the GSESP, to the extent that the energy storage program established
37 pursuant to P.L. , c. (C.) (pending before the Legislature as
38 this bill) is incorporated into the GSESP;

39 (2) have an anticipated commercial operations date of no later than
40 December 31, 2030, unless the board permits an exception;

41 (3) meet the following project maturity requirements, as
42 applicable:

43 (a) a transmission-scale energy storage system applying for an
44 incentive award in Tranche 1 shall have entered the PJM
45 interconnection process and, at the time of application, have a fully-
46 executed Generation Interconnection Agreement or Interconnection
47 Service Agreement through PJM, have a completed Surplus
48 Interconnection Study through PJM, or have notified PJM of intent to

1 transfer existing Capacity Interconnection Rights associated with a
2 deactivating generation station;

3 (b) a transmission-scale energy storage system applying for an
4 incentive award in Tranche 2 shall have entered the PJM
5 interconnection process and, at the time of application, have a fully-
6 executed Generation Interconnection Agreement or Interconnection
7 Service Agreement through PJM, have a completed Surplus
8 Interconnection Study through PJM, have been studied by PJM in a
9 Phase I System Impact Study and have paid a Decision Point I
10 Readiness Deposit to PJM, or have notified PJM of intent to transfer
11 existing Capacity Interconnection Rights associated with a
12 deactivating generation station; and

13 (c) if a transmission-scale energy storage system fulfils the project
14 maturity requirements established pursuant to subparagraph (a) or
15 subparagraph (b) of this paragraph by completing a Surplus
16 Interconnection Study or by notifying PJM of intent to transfer
17 existing Capacity Interconnection Rights associated with a
18 deactivating generation station, then the transmission-scale energy
19 storage system shall also have obtained the associated Capacity
20 Interconnection Rights through PJM; and

21 (4) meet any other eligibility criteria the board may establish
22 through board order or rulemaking.

23 c. Any application for an incentive award issued in Tranche 1 or
24 Tranche 2 pursuant to this section shall include:

25 (1) evidence reasonably satisfactory to the board of site control;

26 (2) evidence reasonably satisfactory to the board that an applicant
27 has or will obtain all required permits, which evidence shall include an
28 execution plan to obtain all required permits;

29 (3) evidence reasonably satisfactory to the board that the applicant
30 has submitted all interconnection applications and initial application
31 fees necessary to obtain permission from the appropriate electric
32 public utility or grid operator to operate the transmission-scale energy
33 storage system;

34 (4) evidence reasonably satisfactory to the board of the applicant's
35 financial means to construct the transmission-scale energy storage
36 system and ability to obtain revenues through electricity markets or
37 non-ratepayer funding, including, but not limited to, energy arbitrage,
38 ancillary services, and capacity revenues in PJM;

39 (5) evidence reasonably satisfactory to the board of the status of
40 the transmission-scale energy storage system in the PJM
41 interconnection process;

42 (6) assurances reasonably satisfactory to the board that the
43 transmission-scale energy storage system will adhere to any safety
44 requirements, standards, or measures that the board deems appropriate
45 as well as to any nationally recognized minimum safety requirements,
46 including, but not limited to, appropriate laboratory testing, and will
47 comply with all manufacturers' installation requirements, applicable
48 laws, regulations, codes, licensing, and permit requirements;

1 (7) a statement describing the transmission-scale energy storage
2 system's alignment with State and regional transmission and resource
3 adequacy planning goals and demonstrating the transmission-scale
4 energy storage system's coordination with PJM and the appropriate
5 electric public utility;

6 (8) an application fee as set by the board; and

7 (9) any other information required by the board.

8 d. The board shall review Tranche 1 and Tranche 2 applications
9 consistently with the requirements of this section. At its discretion, the
10 board may instruct an applicant on curing minor defects in a Tranche 1
11 or Tranche 2 application. The board shall evaluate each application
12 based on the bid prices of the requested incentive awards. The board
13 may appropriately compare bid prices, at the board's discretion, based
14 on the measure of a transmission-scale energy storage system's
15 installed capacity, energy storage capacity, or expected accredited
16 capacity. The board may also consider other factors such as:

17 (1) project maturity and likelihood of success;

18 (2) whether the project has completed non-ministerial permits;

19 (3) whether the project is proposed by an applicant with experience
20 in energy storage development, construction, and finance; and

21 (4) whether the project promotes redevelopment, community
22 benefits, brownfield redevelopment, or existing or former fossil fuel
23 plant replacement, or provides demonstrated benefits to environmental
24 justice in communities where a transmission-scale energy storage
25 system is proposed to be located.

26 e. Any board order issued pursuant to P.L. , c. (C.)
27 (pending before the Legislature as this bill) shall be binding and
28 enforceable. Any such board order shall:

29 (1) define the eligible project receiving an incentive award and the
30 eligible project's installed capacity;

31 (2) define the incentive award, including a payment schedule for
32 the 15-year award period of the incentive award, which term shall
33 commence no earlier than the commercial operations date of an
34 eligible project, and during which term an eligible project shall receive
35 an annual incentive award on each anniversary of the first payment
36 date;

37 (3) determine the amount of funding to be allocated for payment of
38 the incentive award beginning in the fiscal year in which the eligible
39 project commences commercial operations;

40 (4) include a participation fee as the board may require from the
41 developer;

42 (5) require, for an eligible project awarded an incentive award, a
43 pre-development security not to exceed \$100,000 per megawatt and
44 not to exceed in total \$10,000,000;

45 (6) outline the conditions under which the board may, in the event
46 of a developer's failure to operate an eligible project by the deadline
47 stated in the board order or to meet deadlines included in the board

1 order, revoke an incentive award or retain some or all of the pre-
2 development security;

3 (7) provide that receipt of an incentive award for an eligible
4 project shall be contingent on achievement of baseline performance
5 requirements, including, but not limited to, availability for dispatch in
6 a minimum number of hours per year, as determined by the board.
7 The board may use the PJM Equivalent Forced Outage Rate or another
8 metric determined appropriate by the board to measure energy storage
9 availability. The board order shall require that the developer report
10 data for the purpose of this paragraph at regular intervals and shall
11 provide for a reduction of an incentive award in proportion to the
12 number of hours of required availability that is unmet by the eligible
13 project; and

14 (8) require a developer to provide additional information to the
15 board during the term of the incentive award, as the board may
16 reasonably require. The board may set additional requirements at its
17 discretion, including, but not limited to, a requirement that the
18 developer report major development and construction milestones to the
19 board, maintain financial security throughout the term of the incentive
20 award, or any other requirement the board determines necessary to
21 ensure continued progress and operational viability of an eligible
22 project.

23 f. The board may amend an order issuing an incentive award
24 pursuant to this section solely to change the funding source of the
25 incentive award. Any incentive award for an eligible project and the
26 conditions for receiving funding pursuant to this section shall remain
27 effective for the full duration of the award period specified in the
28 board order issuing the incentive award, notwithstanding any change
29 to the funding source of the incentive award.

30 g. (1) Notwithstanding the provisions of the “Administrative
31 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law
32 or rule to the contrary, the board shall permit applications for Tranche
33 1 without regard to the publication status of the rules and regulations
34 to be issued pursuant to P.L. , c. (C.) (pending before the
35 Legislature as this bill), by no later than September 30, 2025.

36 (2) The board shall accept Tranche 1 applications for a maximum
37 of 60 days after the beginning of the formal application period for
38 Tranche 1. Within 60 days following the closure of the Tranche 1
39 application period, the board shall:

40 (a) evaluate projects in accordance with this section, any rules or
41 regulations proposed pursuant to P.L. , c. (C.) (pending before
42 the Legislature as this bill), and any application requirements and
43 eligibility criteria approved pursuant to this subsection; and

44 (b) select eligible projects to receive an award.

45 h. An incentive award shall be conditioned upon a developer’s
46 compliance with the board order determining the incentive award and
47 with any conditions the board shall reasonably require.

48

1 3. (New section) a. Within 30 days of meeting its 1,000 MW
2 AC procurement goal established pursuant to paragraph (2) of
3 subsection a. of section 2 of P.L. , c. (C.) (pending before
4 the Legislature as this bill), the board shall initiate a proceeding,
5 with opportunity for public comment, to determine whether to
6 extend its procurement of transmission-scale energy storage through
7 the energy storage program established pursuant to P.L. ,
8 c. (C.) (pending before the Legislature as this bill).

9 b. The board shall issue a report detailing its findings based on
10 the proceeding initiated pursuant to subsection a. of this section and
11 submit the report to the Governor and, pursuant to section 2 of
12 P.L.1991, c.164 (C.52:14-19.1), to the Legislature. In its report
13 issued pursuant to this subsection, the board shall:

14 (1) examine the impact of the State's energy storage programs,
15 individually and collectively, on the State's progress toward the
16 2030 energy storage target established pursuant to section 1 of
17 P.L.2018, c.17 (C.48:3-87.8);

18 (2) assess the impact of the energy storage program established
19 pursuant to P.L. , c. (C.) (pending before the Legislature as
20 this bill) on ratepayers, which impact shall include an evaluation of
21 any costs and benefits to ratepayers as a result of increased energy
22 storage capacity under the program;

23 (3) evaluate any changes in the PJM capacity market or in the
24 federal energy and utility landscape that could impact the need for
25 incentive awards issued through the energy storage program
26 established pursuant to P.L. , c. (C.) (pending before the
27 Legislature as this bill);

28 (4) study any other information the board deems necessary to
29 make its determination pursuant to paragraph (5) of this subsection;
30 and

31 (5) determine, at the discretion of the board, whether to extend
32 the procurement of transmission-scale energy storage pursuant to
33 P.L. , c. (C.) (pending before the Legislature as this bill)
34 through subsequent tranches based on its findings from paragraphs
35 (1) through (4) of this subsection.

36
37 4. (New section) a. If the board elects to extend its
38 procurement of transmission-scale energy storage pursuant to
39 paragraph (5) of subsection b. of section 3 of P.L. , c. (C.)
40 (pending before the Legislature as this bill) through subsequent
41 tranches under the energy storage program established pursuant to
42 P.L. , c. (C.) (pending before the Legislature as this bill),
43 the board shall administer any subsequent tranche in a similar
44 manner to Tranche 1 and Tranche 2, modifying as appropriate for
45 each subsequent tranche:

46 (1) the amount of megawatts to be solicited;

47 (2) the application requirements or eligibility criteria;

1 (3) the timeline for an eligible project, including, but not limited
2 to, application deadlines or the contract term; and

3 (4) any other administrative modification the board deems
4 appropriate.

5 b. Prior to administering each subsequent tranche, the board
6 shall increase, decrease, or maintain the amount of an incentive
7 award as the board deems necessary based on a market analysis that
8 shall account for:

9 (1) changes within the energy and utility industries, including
10 any changes due to State and federal policies, that may increase or
11 decrease average project costs for developers of transmission-scale
12 energy storage systems;

13 (2) any additional sources of revenue available to developers of
14 transmission-scale energy storage systems; and

15 (3) any other factors concerning the cost to develop
16 transmission-scale energy storage systems that the board deems
17 necessary to reevaluate the amount of an incentive award.

18 c. Notwithstanding subsection b. of this section to the contrary,
19 the board may determine incentive award amounts in a subsequent
20 tranche by a competitive solicitation process.

21

22 5. (New section) a. There is established in the Board of Public
23 Utilities a special, non-lapsing fund to be known as the “Energy
24 Storage Fund.” The fund shall be administered by the board and
25 shall be credited with:

26 (1) monies deposited into the fund by the board pursuant to
27 subsection b. of this section;

28 (2) monies appropriated by the Legislature; and

29 (3) any return on investment of monies deposited in the fund.

30 b. The board shall deposit into the fund, each year, until the
31 end of all award periods for incentive awards issued pursuant to
32 P.L. , c. (C.) (pending before the Legislature as this bill), a
33 minimum of \$60,000,000 from the:

34 (1) revenues from the societal benefits charge established
35 pursuant to subsection a. of section 12 of P.L.1999, c.23 (C.48:3-
36 60); and

37 (2) monies made available from other funding sources, as
38 determined by the board, which sources shall include, but not be
39 limited to, federal funding.

40 c. Notwithstanding any restrictions on the use of funds
41 provided in section 12 of P.L.1999, c.23 (C.48:3-60), monies in the
42 fund shall be used by the board solely to fund:

43 (1) incentive awards issued pursuant to P.L. , c. (C.)
44 (pending before the Legislature as this bill); and

45 (2) energy storage incentives issued pursuant to the GSESP.

46 d. In the fiscal year beginning on July 1, 2027, and in each
47 fiscal year thereafter, until the end of all award periods for incentive
48 awards issued pursuant to P.L. , c. (C.) (pending before the

1 Legislature as this bill), the board shall allocate sufficient monies
2 from the “Energy Storage Fund” established pursuant to subsection
3 a. of this section to fully fund the incentive awards issued by the
4 board pursuant to P.L. , c. (C.) (pending before the
5 Legislature as this bill).

6
7 6. (New section) a. (1) The board shall adopt, as expeditiously as
8 possible, pursuant to the “Administrative Procedure Act,” P.L.1968,
9 c.410 (C.52:14B-1 et seq.), rules and regulations consistent with the
10 purposes of P.L. , c. (C.) (pending before the Legislature as
11 this bill).

12 (2) Notwithstanding the provisions of the “Administrative
13 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law
14 or rule to the contrary, within 90 days following the effective date of
15 P.L. , c. (C.) (pending before the Legislature as this bill), the
16 board shall publish a notice of proposal that contains the proposed
17 rules required by this subsection.

18 b. Notwithstanding the provisions of the “Administrative
19 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), or any other law
20 or rule to the contrary, the board may procure transmission-scale
21 energy storage systems and issue incentive awards for Tranche 1 and
22 Tranche 2 pursuant to section 2 of P.L. , c. (C.) (pending
23 before the Legislature as this bill) notwithstanding the status of board
24 rules or regulations pursuant to subsection a. of this section.

25
26 7. Section 12 of P.L.1999, c.23 (C.48:3-60) is amended to read as
27 follows:

28 12. a. Simultaneously with the starting date for the implementation
29 of retail choice as determined by the board pursuant to subsection a. of
30 section 5 of P.L.1999, c.23 (C.48:3-53), the board shall permit each
31 electric public utility and gas public utility to recover some or all of
32 the following costs through a societal benefits charge that shall be
33 collected as a non-bypassable charge imposed on all electric public
34 utility customers and gas public utility customers, as appropriate:

35 (1) **【The】** the costs for the social programs for which rate recovery
36 was approved by the board prior to April 30, 1997. For the purpose of
37 establishing initial unbundled rates pursuant to section 4 of P.L.1999,
38 c.23 (C.48:3-52), the societal benefits charge shall be set to recover the
39 same level of social program costs as is being collected in the bundled
40 rates of the electric public utility on the effective date of P.L.1999,
41 c.23 (C.48:3-49 et al.). The board may subsequently order, pursuant to
42 its rules and regulations, an increase or decrease in the societal benefits
43 charge to reflect changes in the costs to the utility of administering
44 existing social programs. Nothing in P.L.1999, c.23 (C.48:3-49 et al.)
45 shall be construed to abolish or change any social program required by
46 statute or board order or rule or regulation to be provided by an
47 electric public utility. Any such social program shall continue to be
48 provided by the utility until otherwise provided by law, unless the

1 board determines that it is no longer appropriate for the electric public
2 utility to provide the program, or the board chooses to modify the
3 program;

4 (2) **【Nuclear】** nuclear plant decommissioning costs;

5 (3) **【The】** the costs of demand side management programs that
6 were approved by the board pursuant to its demand side management
7 regulations prior to April 30, 1997. For the purpose of establishing
8 initial unbundled rates pursuant to section 4 of P.L.1999, c.23 (C.48:3-
9 52), the societal benefits charge shall be set to recover the same level
10 of demand side management program costs as is being collected in the
11 bundled rates of the electric public utility on the effective date of
12 P.L.1999, c.23 (C.48:3-49 et al.). Within four months of the effective
13 date of P.L.1999, c.23 (C.48:3-49 et al.), and every four years
14 thereafter, the board shall initiate a proceeding and cause to be
15 undertaken a comprehensive resource analysis of energy programs,
16 and within eight months of initiating such proceeding and after notice,
17 provision of the opportunity for public comment, and public hearing,
18 the board, in consultation with the Department of Environmental
19 Protection, shall determine the appropriate level of funding for energy
20 efficiency, light, medium, and heavy-duty plug-in electric vehicles,
21 including school buses, and associated plug-in electric vehicle
22 charging infrastructure, energy storage, and Class I renewable energy
23 programs that provide environmental benefits above and beyond those
24 provided by standard offer or similar programs in effect as of the
25 effective date of P.L.1999, c.23 (C.48:3-49 et al.); provided that the
26 funding for such programs be no less than 50 percent of the total
27 Statewide amount being collected in electric and gas public utility
28 rates for demand side management programs on the effective date of
29 P.L.1999, c.23 (C.48:3-49 et al.) for an initial period of four years
30 from the issuance of the first comprehensive resource analysis
31 following the effective date of P.L.1999, c.23 (C.48:3-49 et al.), and
32 provided that 25 percent of this amount shall be used to provide
33 funding for Class I renewable energy projects in the State. In each of
34 the following fifth through eighth years, the Statewide funding for
35 such programs shall be no less than 50 percent of the total Statewide
36 amount being collected in electric and gas public utility rates for
37 demand side management programs on the effective date of P.L.1999,
38 c.23 (C.48:3-49 et al.), except that as additional funds are made
39 available as a result of the expiration of past standard offer or similar
40 commitments, the minimum amount of funding for such programs
41 shall increase by an additional amount equal to 50 percent of the
42 additional funds made available, until the minimum amount of funding
43 dedicated to such programs reaches \$140,000,000 total. After the
44 eighth year the board shall make a determination as to the appropriate
45 level of funding for these programs. Such programs shall include a
46 program to provide financial incentives for the installation of Class I
47 renewable energy projects in the State, and the board, in consultation
48 with the Department of Environmental Protection, shall determine the

1 level and total amount of such incentives as well as the renewable
2 technologies eligible for such incentives which shall include, at a
3 minimum, photovoltaic, wind, and fuel cells. The board shall
4 simultaneously determine, as a result of the comprehensive resource
5 analysis, the programs to be funded by the societal benefits charge, the
6 level of cost recovery and performance incentives for old and new
7 programs and whether the recovery of demand side management
8 programs' costs currently approved by the board may be reduced or
9 extended over a longer period of time. The board shall make these
10 determinations taking into consideration existing market barriers and
11 environmental benefits, with the objective of transforming markets,
12 capturing lost opportunities, making energy services more affordable
13 for low income customers and eliminating subsidies for programs that
14 can be delivered in the marketplace without electric public utility and
15 gas public utility customer funding. In addition to the determinations
16 above, the board shall allocate sufficient funding from the societal
17 benefits charge to cover the remaining cost of fully funding incentive
18 awards issued for transmission-scale energy storage systems that are
19 eligible projects pursuant to P.L. , c. (C.) (pending before the
20 Legislature as this bill), after accounting for funding allocated to this
21 purpose from other sources;

22 (4) **【Manufactured】** manufactured gas plant remediation costs,
23 which shall be determined initially in a manner consistent with
24 mechanisms in the remediation adjustment clauses for the electric
25 public utility and gas public utility adopted by the board; and

26 (5) **【The】** the cost, of consumer education, as determined by the
27 board, which shall be in an amount that, together with the consumer
28 education surcharge imposed on electric power supplier license fees
29 pursuant to subsection h. of section 29 of P.L.1999, c.23 (C.48:3-78)
30 and the consumer education surcharge imposed on gas supplier license
31 fees pursuant to subsection g. of section 30 of P.L.1999, c.23 (C.48:3-
32 79), shall be sufficient to fund the consumer education program
33 established pursuant to section 36 of P.L.1999, c.23 (C.48:3-85).

34 b. There is established in the Board of Public Utilities a
35 nonlapsing fund to be known as the "Universal Service Fund." The
36 board shall determine: the level of funding and the appropriate
37 administration of the fund; the purposes and programs to be funded
38 with monies from the fund; which social programs shall be provided
39 by an electric public utility as part of the provision of its regulated
40 services which provide a public benefit; whether the funds
41 appropriated to fund the "Lifeline Credit Program" established
42 pursuant to P.L.1979, c.197 (C.48:2-29.15 et seq.), the "Tenants'
43 Lifeline Assistance Program" established pursuant to P.L.1981, c.210
44 (C.48:2-29.30 et seq.), the funds received pursuant to the Low Income
45 Home Energy Assistance Program established pursuant to 42 U.S.C.
46 s.8621 et seq., and funds collected by electric and gas public utilities,
47 as authorized by the board, to offset uncollectible electricity and

- 1 natural gas bills should be deposited in the fund; and whether new
- 2 charges should be imposed to fund new or expanded social programs.
- 3 (cf: P.L.2022, c.86, s.2)
- 4
- 5 8. This act shall take effect immediately.

SENATE ENVIRONMENT AND ENERGY COMMITTEE

STATEMENT TO

SENATE, No. 4289

STATE OF NEW JERSEY

DATED: MAY 22, 2025

The Senate Environment and Energy Committee reports favorably Senate Bill No. 4289.

This bill would require the Board of Public Utilities (board) to establish a program to procure and provide incentive awards for the development of transmission-scale energy storage systems with a reasonable likelihood of successful and timely completion. The board is required to solicit applications for the program in an initial Tranche 1. After the conclusion of Tranche 1, the board is to engage in a review of the impact of the State's energy storage programs to make certain determinations, including whether to continue procuring and incentivizing transmission-scale energy storage. As outlined in the bill, the board is permitted to procure additional tranches by either continuing under the same program as Tranche 1 or implementing a successor program, with the board authorized to make changes based on its determinations in a report issued following its review.

For the bill's purposes, "transmission-scale energy storage system" means an energy storage system, capable of energy storage of at least 5 megawatts, that is interconnected with the PJM Transmission Network and situated inside a Transmission Zone in New Jersey or is otherwise located in New Jersey and qualified to provide energy, capacity, or ancillary services in the wholesale markets established by PJM Interconnection, L.L.C. (PJM).

Tranche 1 Procurement

The bill requires the board to solicit Tranche 1 applications for eligible projects whose collective installed capacity totals at least 500 megawatts of alternating current (MW AC). The bill provides certain deadlines for the proposal of rules and regulations; the development of application requirements and eligibility criteria; and the process of application, processing, and approval.

The board is required to permit an applicant, within 45 days following the bill's effective date, to submit an early application for Tranche 1 prior to the formal establishment of an application process or the promulgation of Tranche 1 rules and regulations. Within 30 days following the effective date of a board order either approving the rules and regulations proposed for publication or approving the proposed application requirements and eligibility criteria for Tranche 1, the board is required to: (1) begin formally accepting applications

for Tranche 1; and (2) advise any applicant that submitted an early application for Tranche 1 of any defects in its existing application pursuant to the rules and regulations or the application requirements and eligibility criteria approved by board order.

To qualify for a Tranche 1 incentive award, a transmission-scale energy storage system is required to: (1) not participate in any other energy storage program; (2) have an anticipated commercial operations date of no later than December 31, 2030, unless the board permits an exception; (3) have completed the PJM interconnection process up to, at minimum, the completion of a System Impact Study, or equivalent study, as well as a draft or fully-executed Large Generator Interconnection Agreement through PJM at the time of application for Tranche 1; and (4) meet any other eligibility criteria the board may establish through board order or rulemaking.

A Tranche 1 application is required to include certain information and a fee, as provided in the bill.

At its discretion, the board may instruct an applicant on curing minor defects in a Tranche 1 application. The board is required to include in its application review process a system of scoring, established prior to its review of any project, which scoring system is to be based on price factors; maturity and likelihood of success; and environmental justice, redevelopment, and community benefits. The bill provides certain requirements for the scoring process and permits the board to place an eligible project that does not receive an incentive award for Tranche 1 on a waiting list and consider the eligible project for an incentive award during a subsequent tranche or successor program.

Tranche 1 Incentives

Under the bill, the board is required to approve incentive awards totaling a collective minimum of \$60 million for Tranche 1. An incentive award is to be conditioned upon a developer's compliance with the board order determining the incentive award and with any conditions the board requires.

Tranche 1 Board Orders

The bill outlines certain requirements for a board order issuing an incentive award to an eligible project, including that the board order is required to: (1) define the eligible project receiving an incentive award and the eligible project's megawatt capacity; (2) define the incentive award, including a payment schedule for the 15-year award period of the incentive award, which term is to commence no earlier than July 1, 2028 or upon the commercial operations date of an eligible project, and during which term an eligible project is to receive an annual incentive award on each anniversary of the first payment date; (3) determine the amount of funding to be allocated for payment of the incentive award beginning either in the fiscal year beginning on July 1,

2028 or on the commercial operations date of the eligible project, whichever is later; (4) include a participation fee as the board is to require from the developer; (5) require, for an eligible project awarded an incentive, a pre-development security not to exceed \$100,000 per megawatt and not to exceed in total \$10,000,000; (6) outline the conditions under which the board may, in the event of a developer's failure to operate an eligible project by the deadline stated in the board order or to meet deadlines included in the board order, revoke an incentive award or retain a portion of the pre-development security; (7) provide that receipt of an incentive award for an eligible project is to be contingent on achievement of baseline performance requirements, including, but not limited to, the availability of energy storage for dispatch in a percentage of hours daily, which percentage is to be decided by the board. The board is permitted to use the PJM Equivalent Forced Outage Rate or another metric deemed appropriate by the board to measure energy storage availability. The board order is to require that the developer report data for this purpose at regular intervals and is to provide for a reduction of an incentive award in proportion to the percentage of required availability that is unmet by the eligible project; and (8) require that a developer provide additional information to the board during the term of the incentive award, as the board may require. The board may set additional requirements at its discretion, including, but not limited to, a requirement that the developer report major development and construction milestones to the board, maintain financial security throughout the term of the incentive award, or any other requirement the board determines necessary to ensure continued progress and operational viability of an eligible project.

Ratepayer Impact Review

No later than one calendar year following the date of the final Tranche 1 procurement approval, the board is required to initiate a proceeding to examine the impact of the State's energy storage programs, collectively and individually, and to assess progress toward the 2030 energy storage target of 2,000 megawatts. The board is required to issue a report that, at a minimum: (1) examines the State's energy storage programs; (2) accounts for projected electric bill savings and costs to ratepayers, as well as societal benefits of reduced emissions, due to increased installed capacity or energy storage capacity; (3) reports the progress of the projects under each energy storage program; (4) compares relative costs per capacity awarded for each project based on its installed capacity; (5) produces estimates of the most cost-effective means to achieve the 2030 energy storage target or any other energy storage target established by the Legislature; and (6) determines, at the discretion of the board, whether to extend the procurement of transmission-scale energy storage pursuant to this bill based on the results of Tranche 1.

Future Procurement

If the board determines in the report required by the bill that it will extend the procurement of transmission-scale energy storage through additional tranches, the board is permitted either to continue the program under which Tranche 1 was conducted or to establish a successor program, as outlined in the bill. The primary difference between these options for continued procurement of transmission-scale energy storage is the funding mechanism for incentive awards, as described below.

If the board administers future tranches pursuant to either option in the bill, the board is required to do so in a similar manner to how it administered Tranche 1, modifying as appropriate for each subsequent tranche: (1) the amount of megawatts to be solicited; (2) the application requirements or eligibility criteria; (3) the timeline for an eligible project, including, but not limited to, application deadlines or the contract term; and (4) any other administrative modification the board deems appropriate following its report.

Incentive Award Funding Mechanisms

The bill requires the board to fund incentive awards issued for Tranche 1 and any subsequent tranches issued under the same program through the societal benefits charge. Beginning in Fiscal Year 2029, the board is required to annually allocate a minimum of \$60 million from the funds collected through the societal benefits charge to fully fund incentive awards issued for Tranche 1 and any subsequent tranches issued under the same program.

If the board instead establishes a successor program, it is required to fund incentive awards issued under the successor program through changes to each electric public utility's base rate case. As apportioned according to the relative electric load of each, the electric public utilities are to recover the total cost of (1) the outstanding costs of the incentives awarded to eligible projects under Tranche 1; and (2) the costs as the board determines necessary for incentive awards under the successor program.

The funding mechanism of a Tranche 1 incentive award is not to be changed without the consent of the developer, permitting Tranche 1 incentive awards to continue to be funded through the societal benefits charge if a developer does not agree to the change in funding mechanism, even if the board elects to establish a successor program with a different funding mechanism.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE, No. 4289

STATE OF NEW JERSEY

DATED: JUNE 9, 2025

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Senate Bill No. 4289.

As reported, this committee substitute requires the Board of Public Utilities (board) to establish a program to procure and provide incentive awards for the development of transmission-scale energy storage systems with a reasonable likelihood of successful and timely completion. Under the substitute, “transmission-scale energy storage system” means an energy storage system, with an installed capacity of at least 5 megawatts of alternating current (MW AC), that is interconnected with the PJM Transmission Network and situated inside a Transmission Zone in New Jersey or is otherwise located in New Jersey and qualified to provide energy, capacity, or ancillary services in the wholesale markets established by PJM Interconnection, L.L.C. (PJM).

Procurement Goals and Tranche Structure

Specifically, the substitute requires the board to procure at least 1,000 MW AC of installed capacity by June 30, 2026. To accomplish this goal, the board is required to solicit applications for the program in an initial Tranche 1 and in Tranche 2. In Tranche 1, which application period is to begin no later than September 30, 2025, the board is to procure at least 350 MW AC of its 1,000 MW AC procurement goal by December 31, 2025. If the board is unable to procure all 1,000 MW AC of installed capacity in Tranche 1, the board is to approve incentive awards in Tranche 2 until it achieves the 1,000 MW AC procurement goal established by the substitute. However, all incentive awards in Tranche 2 are to be approved by June 30, 2026.

Within 30 days of meeting its 1,000 MW AC procurement goal, the board is to initiate a proceeding to determine whether to extend its procurement of transmission-scale energy storage. The substitute requires the board to issue a report to the Governor and the Legislature determining whether to extend the board’s procurement of transmission-scale energy storage through subsequent tranches administered under the same program as Tranche 1 and Tranche 2 with certain modifications as deemed necessary by the board. As outlined in the substitute, this report is to contain certain information.

However, prior to administering any subsequent tranche, the board is to conduct a market analysis, as outlined in the substitute, to determine whether to increase, decrease, or maintain the amount of an incentive award.

Tranche 1 and Tranche 2 Procurement

To qualify for a Tranche 1 or Tranche 2 incentive award, a transmission-scale energy storage system is required to: (1) not participate in any other energy storage program, except for the Garden State Energy Storage Program (GSESP) to the extent that the energy storage program established by the substitute may be incorporated into the GSESP; (2) have an anticipated commercial operations date of no later than December 31, 2030, unless the board permits an exception; and (3) meet any other eligibility criteria set by the board.

In addition to these requirements, transmission-scale energy storage systems seeking an incentive award are to meet certain project maturity requirements. In Tranche 1, a transmission-scale energy storage system is required to have entered the PJM interconnection process and, at the time of application: (1) have a fully-executed Generation Interconnection Agreement or Interconnection Service Agreement through PJM; (2) have a completed Surplus Interconnection Study through PJM and have the associated Capacity Interconnection Rights through PJM; or (3) have notified PJM of intent to transfer existing Capacity Interconnection Rights associated with a deactivating generation station and have the associated Capacity Interconnection Rights through PJM. In Tranche 2, a transmission-scale energy storage system is required to have entered the PJM interconnection process and, at the time of application: (1) have a fully-executed Generation Interconnection Agreement or Interconnection Service Agreement through PJM; (2) have a completed Surplus Interconnection Study through PJM and have the associated Capacity Interconnection Rights through PJM; (3) have been studied by PJM in a Phase I System Impact Study and have paid a Decision Point I Readiness Deposit to PJM; or (4) have notified PJM of intent to transfer existing Capacity Interconnection Rights associated with a deactivating generation station and have the associated Capacity Interconnection Rights through PJM.

A Tranche 1 or Tranche 2 application is required to include certain information and a fee, as provided in the substitute. At its discretion, the board may instruct an applicant on curing minor defects in a Tranche 1 or Tranche 2 application. The board is required to evaluate each application based on the bid prices of the requested incentive awards, using certain criteria to guide its evaluation as outlined in the substitute. The substitute permits the board to place an eligible project that does not receive an incentive award for Tranche 1 or Tranche 2 on a waiting list and to consider the eligible project for an incentive award during a subsequent tranche. Under the substitute, an incentive award

is to be conditioned upon a developer's compliance with the board order determining the incentive award and with any conditions the board requires.

Tranche 1 and Tranche 2 Board Orders

The substitute outlines certain requirements for a board order issuing an incentive award to an eligible project, including that the board order is required to: (1) define the eligible project receiving an incentive award and the eligible project's installed capacity; (2) define the incentive award, including a payment schedule for the 15-year award period of the incentive award, which term is to commence no earlier than the commercial operations date of an eligible project, and during which term an eligible project is to receive an annual incentive award on each anniversary of the first payment date; (3) determine the amount of funding to be allocated for payment of the incentive award beginning in the fiscal year in which the eligible project commences commercial operations; (4) include a participation fee as the board is permitted to require from the developer; (5) require, for an eligible project awarded an incentive, a pre-development security not to exceed \$100,000 per megawatt and not to exceed in total \$10,000,000; (6) outline the conditions under which the board may, in the event of a developer's failure to operate an eligible project by the deadline stated in the board order or to meet deadlines included in the board order, revoke an incentive award or retain some or all of the pre-development security; (7) provide that receipt of an incentive award for an eligible project is to be contingent on achievement of baseline performance requirements, including, but not limited to, availability for dispatch in a minimum number of hours per year, as determined by the board. The board is permitted to use the PJM Equivalent Forced Outage Rate or another metric deemed appropriate by the board to measure energy storage availability. The board order is to require that the developer report data for this purpose at regular intervals and is to provide for a reduction of an incentive award in proportion to the number of hours of required availability that is unmet by the eligible project; and (8) require that a developer provide additional information to the board during the term of the incentive award, as the board may require. The board may set additional requirements at its discretion, including, but not limited to, a requirement that the developer report major development and construction milestones to the board, maintain financial security throughout the term of the incentive award, or any other requirement the board determines necessary to ensure continued progress and operational viability of an eligible project.

Energy Storage Fund

The substitute establishes a special, non-lapsing fund to be known as the "Energy Storage Fund" (fund) in the Board of Public Utilities. The fund is to be administered by the board and credited with: (1)

monies deposited into the fund by the board; (2) monies appropriated by the Legislature; and (3) any return on investment of monies deposited in the fund. Each year, until the end of all incentive awards issued under the substitute, the board is to deposit into the fund a minimum of \$60 million from the: (1) revenues from the societal benefits charge; and (2) monies made available from other funding sources, as determined by the board, which sources are to include, but not be limited to, federal funding. The board is to use the monies deposited into the fund for the sole purpose of funding: (1) incentive awards issued under the substitute; and (2) energy storage incentive awards issued under the GSESP.

Beginning in Fiscal Year 2028, the board is required to annually allocate sufficient monies from the fund to fully fund incentive awards issued under the substitute.

FISCAL IMPACT:

Fiscal information for this substitute is currently unavailable.

LEGISLATIVE FISCAL ESTIMATE
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 4289
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JULY 3, 2025

SUMMARY

Synopsis: Requires BPU to procure and incentivize transmission-scale energy storage.

Type of Impact: Annual State expenditure increase. Annual State revenue reallocation. Potential annual State revenue increase.

Agencies Affected: Board of Public Utilities.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2026 and Beyond</u>
State Expenditure Increase	Indeterminate
State Revenue Reallocation	At Least \$60 million

- The Office of Legislative Services (OLS) concludes that this bill will result in an indeterminate annual State expenditure increase for the Board of Public Utilities to establish a program for procuring and incentivizing transmission-scale energy storage systems. Additionally, the OLS anticipates that this bill will result in a State revenue reallocation of at least \$60 million from FY 2026 until the end of all award periods for incentives issued under the bill.
- The bill will result in an annual reallocation of at least \$60 million from the existing societal benefits charge revenues to the new Energy Storage Fund, beginning in FY 2026 through the conclusion of all 15-year incentive award periods for approved projects under the bill. These funds will be used exclusively to fund incentive awards for eligible energy storage projects, as well as to support the Garden State Energy Storage Program, which is currently in development by the board.
- Additional administrative costs may be incurred by the board to establish the program. These cost increases are indeterminate. However, the OLS anticipates that the increased expenditures may be absorbed within existing resources or offset by application and participation fees authorized under the bill.

BILL DESCRIPTION

This bill requires the Board of Public Utilities to establish a program to procure and provide incentive awards for the development of transmission-scale energy storage systems with a reasonable likelihood of successful and timely completion. Under the bill, “transmission-scale energy storage system” means an energy storage system, with an installed capacity of at least five megawatts of alternating current (MW AC), that is interconnected with the PJM Transmission Network and situated inside a Transmission Zone in New Jersey or is otherwise located in New Jersey and qualified to provide energy, capacity, or ancillary services in the wholesale markets established by PJM Interconnection, L.L.C.

The bill requires the board to procure at least 1,000 MW AC of installed capacity by June 30, 2026 with a minimum of 350 MW AC procured by December 31, 2025. The program will be funded through the newly created Energy Storage Fund, which will receive a minimum of \$60 million annually from societal benefits charge revenues and other sources.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill will result in an indeterminate annual State expenditure increase for the Board of Public Utilities to establish a program for procuring and incentivizing transmission-scale energy storage systems. Additionally, the OLS anticipates that this bill will result in a State revenue reallocation of at least \$60 million from FY 2026 until the end of all award periods for incentives issued under the bill.

The bill will result in an annual reallocation of at least \$60 million from the existing societal benefits charge revenues to the new Energy Storage Fund, beginning in FY 2026 through the conclusion of all 15-year incentive award periods for approved projects. These funds will be used exclusively to fund incentive awards for eligible energy storage projects under the bill, as well as to support the Garden State Energy Storage Program, which is currently in development by the board. Additionally, the board will appropriate and allocate sufficient monies to fully fund incentive awards under the bill, which awards will be in an indeterminate number and of an indeterminate amount. Notably, the \$60 million annual floor may be supplemented by federal funding or other board-determined revenue sources.

Additional administrative costs may be incurred by the board to establish the program. These cost increases are indeterminate. However, the OLS anticipates that the increased expenditures may be absorbed within existing resources or offset by application and participation fees authorized under the bill.

The long-term fiscal impact may be influenced by: developer participation and cost of storage development, federal funding availability, and any changes in the PJM interconnection process or capacity market. The funding for incentive awards issued under Tranche 1, Tranche 2, or subsequent tranches may be sourced from the societal benefits charge, which is collected through electric public utility and gas public utility rates. If the board requires additional funding for energy storage procurement under the bill and has not identified any additional supplementary

funding sources, it may elect to increase the societal benefits charge assessed to electric and gas public utility customers in an attempt to offset program expenditure increases.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Michael D. Walker
Associate Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

Governor Phil Murphy

Governor Murphy Signs Legislation to Address Regional Energy Cost Crisis

Posted on - 08/22/2025

Massive Expansion of New Jersey's Nation-Leading Solar Programs – Resulting in 3,000 New Megawatts of Community Solar Projects

Transmission-Scale Energy Storage Incentive Program to Reach 2,000 MW of Energy Storage by 2030 – One of the Most Ambitious Targets in the Nation

Legislation Will Nearly Double Clean Energy Capacity, Reducing Electric Bill Costs

LAWRENCEVILLE – Governor Phil Murphy today signed into law S4530/A5768 and A5267/S4289 as part of the Murphy Administration's ongoing commitment to addressing the regional energy cost crisis by putting New Jersey on a path to nearly double its capacity to deliver affordable, reliable, and renewable energy by 2030. This legislation will facilitate the swift expansion of solar access for 450,000 additional New Jerseyans, including 250,000 low-income families, which will enable the equivalent of one million households to receive solar power by 2028. These bills will also help lower energy costs by vastly accelerating the construction of energy storage facilities across the state. The Governor was joined by legislative sponsors, local leaders, union members, and advocates at IBEW Local 269 in Lawrenceville.

S4530/A5768 directs the Board of Public Utilities (BPU) to open registration by October 1, 2025 for an additional 3,000 megawatts of community solar projects. This will mark a massive expansion of New Jersey's nation-leading solar programs and help hardworking families and businesses save money on their monthly electric bills.

A5267/S4289 establishes a transmission-scale energy storage incentive program to achieve New Jersey's goal of 2,000 megawatts of energy storage by 2030. The program seeks to rapidly install new clean energy capacity and reduce costs for New Jersey's energy customers.

In an effort to provide necessary energy alternatives, these pieces of legislation allow for the rapid expansion of New Jersey's community solar program and swift creation of new energy storage facilities. Solar capacity has increased from 2.4 gigawatts to 5.2 gigawatts under the Murphy Administration, with solar currently powering the equivalent of over 600,000 homes.

"Today, we are taking immediate and far-reaching steps to lower energy costs for every household in New Jersey," **said Governor Murphy**. "By accelerating the process for bringing new sources of energy online and rapidly building new energy storage facilities, we will meet growing demand while also making life more affordable for our state's families. As part of this process, we are going to create good-paying, union jobs and build a cleaner, more resilient future for every New Jerseyan."

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"I want to thank Governor Murphy for his leadership in advancing clean power solutions for New Jersey," **said NJBPU President Christine Guhl-Sadovy**. "This legislation addresses real problems. More New Jerseyans will get access to the benefits of expanded community solar programs—one of the best ways for residents to lower their utility bills while contributing to clean energy in the Garden State. And large-scale battery storage will strengthen our electric grid and keep the lights on when we need it most. This is how we build a grid that works for everyone."

The two bills signed today build upon the Murphy Administration's ongoing efforts to mitigate rising energy costs due to mismanagement by regional grid operator PJM.

Other notable measures that the Murphy Administration has taken include:

- Calling for a formal investigation (<https://nj.gov/governor/news/news/562025/approved/20250417a.shtml>) into the energy cost crisis facilitated by PJM
- Announcing \$430 million in direct economic relief (<https://www.nj.gov/governor/news/news/562025/approved/20250605a.shtml>) for New Jersey ratepayers
- Sending a bipartisan letter (<https://nj.gov/governor/news/news/562025/approved/20250718a.shtml>) to PJM demanding increased transparency and oversight
- Signing legislation (<https://nj.gov/governor/news/news/562025/approved/20250815a.shtml>) to increase public accountability from grid operators

The prime sponsors of S4530/A5768 are Senators Gopal and McKeon and Assemblymembers Peterpaul, Donlon, and Karabinchak. The prime sponsors of A5267/S4289 are Senators Smith and Burzichelli and Assemblymembers DeAngelo, Bailey, Jr., and Egan.

"Community solar has delivered real benefits for working families across New Jersey, but our current limits on project development are holding back its full potential," **said Senator Gopal**. "This bill modernizes the program to meet today's needs, cutting red tape, creating savings, and accelerating our clean energy transition. At a time of rising electricity costs, we should be making it easier, not harder, to build local solar projects that lower bills and reduce strain on our grid. This is an opportunity to deliver immediate value to consumers while helping New Jersey meet its clean energy goals. With smart policy and strong investment, community solar can help power our future, affordably and equitably."

"The Community Solar Energy Program has already delivered over \$7 million in savings to more than 28,000 New Jersey residents, with over half of its benefits going to low and moderate-income households," **said Senator John McKeon**. "By expanding the program to 3,000 megawatts by 2029, we will strengthen the state's generation capacity and ensure that we are able to meet ever-increasing demand to avoid rate spikes in the future."

"As projected energy demand and electricity costs rise, it is more important than ever to invest in innovative technology that will both enhance the stability of our grid and enable cost savings for New Jersey residents," **said Senator Smith, the Chair of the Senate Energy Committee**. "By incentivizing and procuring the creation of transmission-scale energy storage we will enable a wider application of clean energy that can charge and store energy at low-cost hours then discharge at high-cost, high-demand hours, thus lowering overall costs and smoothing demand spikes on the grid. This legislation will help keep New Jersey at the forefront of investments in new, clean energy technology, even as the current federal administration seeks to sabotage our environment and our renewable future."

"Energy storage is one of the more effective ways to reinforce the supply of power, which will help lower utility costs for consumers," **said Senator Burzichelli**. "Investing in transmission-scale energy storage will make the utility grid more resilient to fluctuations in the supply and demand of power so that homeowners and businesses are better protected against increased electric bills. This is one of the many actions we are taking to counter the management failures by the regional energy grid operator that resulted in a spike in utility costs."

"Energy storage is a necessary tool in balancing supply and demand, lowering costs, and increasing renewable energy projects," **said Assemblyman DeAngelo, President of IBEW Local 269**. "As we seek to diversify our energy generation portfolio, this legislation will help us harness the power of renewable energy sources and use it to enhance the resiliency of our energy infrastructure."

"Reliability and efficiency of the power grid are essential parts of the conversation surrounding energy affordability," **said Assemblyman Bailey**. "Storing excess energy when demand is low and releasing it when demand is high is one of the smartest ways to reduce costs for consumers. Bill A5267 will do just that by bringing large-scale storage projects online, making our grid more reliable and our utility bills more affordable."

"Bill A5267 will help us mitigate the unpredictability in both the market and the climate by strengthening our ability to store energy," **said Assemblyman Egan**. "The steps we're taking to stabilize the grid today will benefit consumers well into the future."

"Community solar projects are beneficial in numerous ways, including promoting clean energy, enhancing accessibility, and reducing costs," **said Assemblywoman Peterpaul**. "New Jersey's Community Solar Energy Program has yielded millions of dollars in savings for subscribers. With this bill being signed into law today, we look forward to even more projects being constructed, leading to additional savings for residents throughout the state."

"Boosting New Jersey's energy supply is key to lowering utility bills for New Jersey ratepayers and this legislation is pivotal to bringing new solar projects online," **said Assemblywoman Donlon**. "By expanding the nationally-recognized Community Solar Energy Program, Bill A5768 will enable us to bring rate relief to working families and increase access to this vital clean energy source."

"With the termination of the federal Solar for All program earlier this month, the signing of this legislation could not come at a more critical time," **said Assemblyman Karabinchak**. "Solar technology has stood the test of time and will play a crucial role in reaching our energy goals in New Jersey. As we continue to address energy affordability, bring relief to ratepayers, and increase electricity generation, Bill A5768 will help incentivize the development and construction of significantly more solar energy projects in the state."

"With Governor Murphy's signature, New Jersey just cemented itself as a national leader in energy affordability and equity," **said Charlie Coggeshall, Mid-Atlantic Director for the Coalition for Community Solar Access (CCSA)**. "This law doesn't just build solar—it builds economic opportunity and resilience for the communities that need it most." New Jersey League of Conservation Voters

"The passage and signing of these bills are a major step forward for New Jersey's clean energy future. Expanding energy storage and community solar doesn't just strengthen our power grid—it creates good-paying, family-sustaining jobs for the skilled union carpenters who are ready to build this future," **said Anthony Abrantes, Assistant Executive Secretary – Treasurer, Eastern Atlantic States Regional Council of Carpenters**. "These policies ensure that working people are at the center of the transition to renewable energy, delivering both environmental progress and economic opportunity. We applaud Governor Murphy and the legislature for their leadership in ensuring that clean

energy expansion goes hand-in-hand with creating a pathway to the middle class.”

“We thank Governor Murphy and the legislative sponsors for their leadership on these critical bills that will help the state move forward with clean energy development. Energy storage is essential to make renewable energy sources like solar provide energy to its fullest potential by allowing excess energy generated during sunny periods to be saved for peak demand. Incentivizing transmission-scale energy storage while increasing community solar targets will generate more power capacity, help reduce cost of electricity, improve grid reliability, reduce emissions and combat climate change. This is the smart direction New Jersey must continue to go towards,” **said Anjuli Ramos-Busot, New Jersey Director of the Sierra Club.**

“Today’s bill signings mark an exciting step forward in New Jersey’s transition to a clean energy future. Expanding community solar and energy storage will not only reduce pollution and protect our environment, but also create good local jobs, lower energy bills quickly, and improve health outcomes for families across the state. We applaud Governor Murphy, the Legislature, and our union partners for their leadership and commitment to building a stronger, healthier, and more sustainable New Jersey for all,” **said Ed Potosnak, Executive Director, New Jersey LCV.**

Governor Phil Murphy

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Assembly Democrats' Bills to Increase Energy Supply Signed into Law

New laws will add thousands of megawatts of energy and lower costs for New Jersey families

(TRENTON) — In a move to strengthen grid reliability and lower long-term energy costs, Governor Phil Murphy today signed two pieces of legislation sponsored by Assembly Democrats that represent a significant investment in New Jersey's energy future. The bills, which are designed to ensure reliable, affordable, and sustainable electricity remains within reach for residents and businesses, will expand access to community solar and procure transmission-scale energy storage.



Bill **A5267**, sponsored by Assemblymen **Wayne P. DeAngelo**, **Dave Bailey Jr.**, and **Kevin Egan**, will require the Board of Public Utilities (BPU) to launch a procurement program for at least 1,000 MW of transmission-scale energy storage. These large storage facilities will capture excess energy during low-demand periods and release it when the grid needs it most, reducing reliance on expensive fossil-fuel plants that only run during times of peak electric demand, resulting in lower emissions and lowering costs for consumers.

“Energy storage is a necessary tool in balancing supply and demand, lowering costs, and increasing renewable energy projects,” **said Assemblyman DeAngelo (D-Mercer, Middlesex)**. “As we seek to diversify our energy generation portfolio, this legislation will help us harness the power of renewable energy sources and use it to enhance the resiliency of our energy infrastructure.”

“Reliability and efficiency of the power grid are essential parts of the conversation surrounding energy affordability,” **said Assemblyman Bailey (D-Gloucester, Salem, Cumberland)**. “Storing excess energy when demand is low and releasing it when demand is high is one of the smartest ways to reduce costs for consumers. Bill A5267 will do just that by bringing large-scale storage projects online, making our grid more reliable and our utility bills more affordable.”

“Bill A5267 will help us mitigate the unpredictability in both the market and the climate by strengthening our ability to store energy,” **said Assemblyman Egan (D-Middlesex, Somerset)**. “The steps we’re taking to stabilize the grid today will benefit consumers well into the future.”

Bill **A5768**, sponsored by Assemblywomen **Luanne Peterpaul** and **Margie Donlon**, and Assemblyman **Robert Karabinchak**, will direct the BPU to open registration for an additional 3,000 MW of community solar projects. The law eliminates the previous 150 MW annual cap, ensuring new

generation can come online more quickly and giving more households the ability to participate in, and benefit from, solar energy without having to install panels themselves.

“Community solar projects are beneficial in numerous ways, including promoting clean energy, enhancing accessibility, and reducing costs,” **said Assemblywoman Peterpaul (D-Monmouth)**. “New Jersey’s Community Solar Energy Program has yielded millions of dollars in savings for subscribers. With this bill being signed into law today, we look forward to even more projects being constructed, leading to additional savings for residents throughout the state.”

“Boosting New Jersey’s energy supply is key to lowering utility bills for New Jersey ratepayers and this legislation is pivotal to bringing new solar projects online,” **said Assemblywoman Donlon (D-Monmouth)**. “By expanding the nationally-recognized Community Solar Energy Program, Bill A5768 will enable us to bring rate relief to working families and increase access to this vital clean energy source.”

“With the termination of the federal Solar for All program earlier this month, the signing of this legislation could not come at a more critical time,” **said Assemblyman Karabinchak (D-Middlesex)**. “Solar technology has stood the test of time and will play a crucial role in reaching our energy goals in New Jersey. As we continue to address energy affordability, bring relief to ratepayers, and increase electricity generation, Bill A5768 will help incentivize the development and construction of significantly more solar energy projects in the state.”