

LEGISLATIVE FISCAL ESTIMATE  
ASSEMBLY COMMITTEE SUBSTITUTE FOR  
ASSEMBLY COMMITTEE SUBSTITUTE FOR  
ASSEMBLY, No. 1072  
STATE OF NEW JERSEY  
222nd LEGISLATURE

DATED: JULY 1, 2026

SUMMARY

**Synopsis:** Directs BPU to establish certain incentive programs for energy storage and management.

**Type of Impact:** Annual increase in State expenditures.

**Agencies Affected:** New Jersey Board of Public Utilities.

Office of Legislative Services Estimate

| Fiscal Impact              | Annual        |
|----------------------------|---------------|
| State Expenditure Increase | Indeterminate |

- The Office of Legislative Services (OLS) estimates that the bill may result in an indeterminate increase in annual State administrative expenses to the New Jersey Board of Public Utilities associated with establishing and administering the Distributed Energy Storage Incentive Program, the Virtual Power Plant Program, and new tariff and regulatory proceedings for front-of-the-meter energy storage systems.
- The bill further requires incentive payments under the incentive program to be made for periods of up to 15 years and authorizes electric public utilities to recover approved implementation and administration costs through utility rates. Accordingly, the bill may result in an increase in costs borne by electric public utility ratepayers. The total cost of the incentive program cannot be determined because the board has not yet established incentive levels, procurement schedules, or program design requirements.
- The bill requires electric public utilities to develop implementation plans, conduct cost analyses, prepare tariff filings, and potentially undertake cost-of-service studies. These activities will increase electric public utility administrative and regulatory expenditures. To the extent approved by the board, certain implementation costs under the incentive program may be recovered through electric public utility rates.



## **BILL DESCRIPTION**

This bill requires the board to establish an incentive program designed to achieve or exceed, together with other board-established energy storage programs, a total of 3,000 megawatts of new energy storage capacity by 2032. However, based on a cost-benefit analysis, the board may reduce the total procurement goal to less than 2,000 megawatts. Further, the bill specifically requires the board to provide incentives under the incentive program for the development of at least 1,000 megawatts of customer-sited and front-of-the-meter energy storage capacity by 2030, of which incentives for at least 350 megawatts in capacity are to be awarded by no later than December 31, 2027; and 2,000 megawatts by 2032, which additional incentives may be reduced or waived if the board finds that the procurement costs will exceed ratepayer savings.

The bill requires the board to establish incentive levels, an application process, eligibility requirements, performance standards, and utility implementation plans for the incentive program. In addition, the bill authorizes electric public utilities to recover approved program implementation and administration costs through a separate component of utility rates.

The bill also requires the board to establish minimum filing requirements for a Virtual Power Plant Program designed to incentivize customers to reduce electricity consumption during periods of peak demand and requires electric public utilities to develop proposals and cost-benefit analyses for participation in the program.

Finally, the bill requires the board to establish minimum filing requirements for electric public utility tariffs governing the interconnection of, rates applicable to, and compensation of front-of-the-meter energy storage systems and authorizes related analyses.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that the bill may result in an indeterminate increase in annual State administrative expenses to the board associated with establishing and administering the incentive program, the Virtual Power Plant Program, and new tariff and regulatory proceedings for front-of-the-meter energy storage systems.

The OLS notes that the bill requires the incentivization of at least 3,000 megawatts of energy storage capacity by 2032 through the incentive program and other board-established programs. The bill further requires incentive payments made under the incentive program to be made for periods of up to 15 years and authorizes electric power utilities to recover approved implementation and administration costs through utility rates. Accordingly, the bill may result in an increase in costs borne by electric utility ratepayers. The total cost of the incentive program cannot be determined because the board has not yet established incentive levels, procurement schedules, or program design requirements.

The bill requires electric public utilities to develop implementation plans, conduct cost analyses, prepare tariff filings, and potentially undertake cost-of-service studies. These activities will increase electric public utility administrative and regulatory expenditures. To the extent approved by the board, electric public utilities may recover certain implementation costs under the incentive program through electric public utility rates.

The bill may also produce economic benefits and utility system savings through reduced peak electricity demand, deferred transmission and distribution infrastructure investments, enhanced grid reliability, and increased utilization of distributed energy resources. The magnitude and timing of any such savings are uncertain and depend upon future program participation levels, wholesale electricity market conditions, energy storage technology costs, and implementation decisions made by the board and electric public utilities.

*Section: Authorities, Utilities, Transportation and Communications*

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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.).