

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR

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ASSEMBLY, No. 1072

STATE OF NEW JERSEY

DATED: JUNE 23, 2026

The Assembly Appropriations Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 1072 ACS.

Distributed Energy Incentive Program

As reported, the substitute requires the Board of Public Utilities (BPU) to establish a distributed energy storage incentive program (incentive program), to be administered by the State's electric public utilities in blocks. In general, the incentive program is to be designed to help achieve or exceed, together with other energy storage programs established by the BPU, a total of incentives for new energy storage capacity equal to 3,000 megawatts (MW) by 2032 with certain exceptions outlined in the substitute. Specifically, the substitute provides that the incentive program is to provide incentives for the development of at least: (1) 1,000 MW of installed capacity of customer-sited energy storage systems and front-of-the-meter energy storage systems (collectively, "energy storage systems") by 2030 in the first block of the incentive program, provided that the board provides incentive awards for up to 350 MW by no later than December 31, 2027; and (2) 2,000 MW of installed capacity of energy storage systems by 2032 in subsequent blocks of the incentive program, provided that the BPU may reduce or waive this additional procurement if the BPU finds that the cost of such procurement will exceed anticipated ratepayer savings.

Under the substitute, pursuant to the timeline outlined in the substitute, the BPU is to establish, by order, certain minimum filing requirements for the first block and for subsequent blocks of the incentive program, which requirements are to specify, at a minimum, incentive levels, an application process for the incentive program, and eligibility requirements for applicants of the incentive program. After the BPU issues its minimum filing requirements, the substitute requires the State's electric public utilities to file a joint petition if directed by the BPU, or each electric public utility to file its own petition, with the BPU to propose an implementation plan for the incentive program. The substitute establishes certain criteria for such

petitions and for the BPU's review of each petition. As part of its review, the BPU is authorized to permit an electric public utility to recover costs associated with implementing the incentive program through a process outlined in the substitute.

In addition to those eligibility requirements established by the BPU's minimum filing requirements, applicants are to meet certain other eligibility criteria as outlined in the substitute, including eligibility criteria for stand-alone energy storage systems and energy storage systems paired with certain renewable sources of electric power. The substitute also establishes certain requirements for the structure of the incentives provided through the incentive program, including, but not limited to, a requirement that the BPU establish certain performance standards to measure and ensure a project's compliance with the substitute's requirements. Finally, under the incentive program, the substitute requires the BPU to reserve at least one quarter of the incentives provided to customer-sited energy storage systems for customer classes or deployment scenarios that face greater economic hurdles, as outlined with certain exceptions in the substitute.

Virtual Power Plant Program

Within six months of the substitute's effective date, the substitute requires the BPU to establish, by order, minimum filing requirements for a Virtual Power Plant Program (VPP Program) to incentivize existing resources, such as smart thermostats, electric vehicles, and distributed energy storage, to participate in a program that compensates electric public utility customers for reducing energy consumption during periods of peak demand. As part of the minimum filing requirements, each electric public utility is to develop cost estimates for incentives issued under the VPP Program and estimates of the benefits from reducing energy consumption during periods of peak demand for the initial phase of the VPP Program, which estimates, and the data used to create the estimates, are also to be included in an electric public utility's filing under the VPP Program. The substitute also authorizes the BPU to require an electric public utility to undertake a cost-of-service study or another similar analysis and to update accordingly the utility's incentives under the VPP Program. Finally, the substitute requires an electric public utility to file a proposal satisfying the BPU's minimum filing requirements under the VPP Program by no later than 120 days after the BPU issues its order establishing the minimum filing requirements or by another, earlier deadline specified by the BPU.

Distributed Energy Resource Tariff Filings

Within 12 months of the substitute's effective date, the BPU is to establish, by order, 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.

Specifically, by no later than 120 days after the BPU issues its order establishing the minimum filing requirements or by another, earlier deadline specified by the BPU, each electric public utility is to submit at least one tariff filing that governs and enables the interconnection of front-of-the-meter energy storage systems and, in the same or a different tariff filing, develop a rate design or other mechanism that compensates front-of-the-meter energy storage systems for the value that the energy storage system provides to the electrical grid and that assesses charges for the electricity that the front-of-the-meter energy storage system draws from the electrical grid.

Alternatively, to satisfy the BPU's minimum filing requirements, the BPU may direct an electric public utility to file: a tariff that governs compensation of a broader set of distributed energy resources, provided that the tariff provides for the compensation of front-of-the-meter energy storage systems; or a single tariff filing that holistically addresses front-of-the-meter energy storage interconnection, rates for electricity used for front-of-the-meter energy storage system charging, and compensation for the value that front-of-the-meter energy storage systems and other distributed energy resources provide to the electrical grid.

For each kind of tariff filing submitted by an electric public utility, an electric public utility is to develop certain cost and benefits estimates and include the estimates, and the data used to create the estimates, in the utility's filing. In addition, the BPU is authorized to require an electric public utility to undertake a cost-of-service study or another similar analysis and to update accordingly the utility's rate design or compensation mechanism outlined in its tariff filing.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.