

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

[Second Reprint]
ASSEMBLY, No. 5188

STATE OF NEW JERSEY

DATED: JUNE 28, 2026

The Assembly Budget Committee reports favorably Assembly Bill No. 5188 (2R).

As reported, this bill, to be known as the “Advanced Grid Technologies Act,” requires an electric public utility (utility) to apply to the Board of Public Utilities (board) for a certificate of public convenience and necessity (certificate) before constructing a supplemental project (project) in New Jersey. The bill provides for two application review processes. As part of the application, the utility is to request that its application be reviewed under the first application process or the second application process, and the board has 30 days from receiving a completed application to determine whether to review the application under the first application review process or under the second application review process. Under the bill, the board is to review an application under the first application review process only if the utility shows that the project meets certain grid performance benchmarks described in the bill. If a utility does not show that a project meets the benchmarks, the board is to review the application under the second review process. However, the bill clarifies that nothing in the bill is to authorize the board to conduct a siting review of a project, or to review the environmental impact of a project, regardless of whether the project is reviewed under the first or second process.

A utility may apply under the first application review process, and the board is required to approve the application, if the board finds that: (1) the project meets applicable grid performance benchmarks established by the board under the bill through the proposed deployment of advanced transmission technologies (ATTs); (2) the utility can efficiently manage and supervise the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision of the construction; and (3) the utility can finance the proposed construction without significant adverse financial consequences for the utility or its customers. The board is required to issue an order with its determination under the first application review process within 120 days of receiving a completed application and may extend this period by up to 30 days in certain circumstances.

Alternatively, a utility may apply under the second application review process, and the board is required to approve an application, after notice and hearing, if the board finds that: (1) the project is necessary to provide safe, adequate, and reliable service to the utility's customers and is a reasonable and cost-effective means of satisfying those service needs; (2) the utility can efficiently manage and supervise the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision of the construction; and (3) the utility can finance the proposed construction without significant adverse financial consequences for the utility or its customers. The board is required to issue an order with its determination under the second application review process within 180 days of receiving a completed application and may extend this period by up to 90 days.

Under the bill, the board is to charge an application fee to cover the costs of the board's review under both application review processes, which fee may be recovered by a utility through the rates charged to its customers.

In addition, the board is required to allow the public to participate in, and have access to, a utility's project application with certain confidentiality restrictions outlined in the bill. Under the bill, a utility is prohibited from filing an application until PJM Interconnection, L.L.C. (PJM) completes its review of the project under Attachment M-3 of the PJM Open Access Transmission Tariff.

Finally, the board is required to establish grid performance benchmarks that incorporate certain federal guidance and industry consensus standards. The board is required to review and update the benchmarks at least once every three years.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that the bill will result in an indeterminate annual increase in State expenditures to the Board of Public Utilities associated with implementing and administering a new regulatory framework that governs supplemental projects, including supplemental projects that utilize advanced transmission technologies.

The board may incur additional costs to review applications under the two separate review processes established by the bill, promulgate rules and regulations, conduct technical analyses, oversee compliance with the bill's provisions, and administer the expedited review process established under the bill. The magnitude of these cost increases will depend on the number and complexity of applications submitted and the extent to which existing staff and resources may be utilized.

To the extent the bill authorizes the board to impose an application fee under each review process established by the bill, the State may experience an indeterminate increase in revenue, offsetting the additional administrative expenditures associated with application

review. However, the bill does not expressly establish a new fee schedule or dedicated revenue source. Instead, the bill permits the board to determinate the fee amount necessary to cover its cost of application reviews.