

SENATE ENVIRONMENT AND ENERGY COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE, No. 631

STATE OF NEW JERSEY

DATED: JUNE 8, 2026

The Senate Environment and Energy Committee reports favorably a Senate Committee Substitute for Senate Bill No. 631.

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 order to provide incentives for the development of at least 2,000 megawatts (MW) of customer-sited energy storage systems and front-of-the-meter energy storage systems (collectively, "energy storage systems") by 2030. In the first year of the incentive program, the BPU is required to establish a goal to provide incentives for up to 350 MW in customer-sited and front-of the meter energy storage, with applicants accepted on a first-come, first-served basis. In general, the incentive program is to be designed to achieve or exceed, together with other energy storage programs established by the BPU, a total of 3,000 MW in new energy storage capacity by 2030.

Under the substitute, the BPU is to establish certain filing requirements for the incentive program, which requirements are to establish, at a minimum, incentive levels, a methodology for determining electric public utility rates for front-of-the-meter energy storage systems, 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, 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.

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 in the substitute. In addition, the substitute provides that the incentive program is not to prevent or discourage energy storage systems from providing services to, or participating in, wholesale markets, such as the PJM capacity market, with certain exceptions outlined in the substitute. Any evaluation of the costs and benefits of energy storage systems is required to include benefits that accrue directly or indirectly to ratepayers due to the participation of the energy storage systems in wholesale markets.

Finally, the substitute requires each electric public utility to file a tariff with the BPU, based on certain criteria and subject to certain limitations outlined in the substitute, no later than 12 months after the substitute's effective date for any front-of-the-meter energy storage system participating in the incentive program.