

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1757

STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: SEPTEMBER 14, 2026

SUMMARY

- Synopsis:

Establishes Office of Clean Energy Equity in BPU; directs establishment of certain clean energy, energy efficiency, and energy storage programs for overburdened communities; makes change to community solar program.
- Type of Impact:

Annual State expenditure increase. Potential local expenditure increase.
- Agencies Affected:

Board of Public Utilities, Department of Community Affairs, Department of Labor and Workforce Development, Economic Development Authority, County Colleges, Vocational Technical High Schools.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase	At least \$50 million
Potential Local Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) projects that the bill would result in an indeterminate annual State cost increase, equal to the higher of \$50 million or 10 percent of the Board of Public Utilities’ clean energy budget, for the newly established Office of Clean Energy Equity. There would be additional costs associated with clean energy job training and workforce development grants provided under the bill.
- The OLS notes that unless sufficient clean energy fund surplus balances exist, the increase in expenditure of clean energy fund monies could result in a decrease in other State expenditures tied to the clean energy fund, or result in an increase in the utility rate surcharges that comprise the societal benefits charge, of which the clean energy fund is a part.
- To the extent that existing funding from the societal benefits charge is unable to support these programs, the spending is likely to be supported by increasing surcharges applied to the utility bills of all ratepayers. Given that all State and local government entities consume and pay for

energy, indirect State and local costs will increase based on the increase in their utility bills which will be spread across the entire rate base paid by all energy consumers.

- Certain provisions of the bill may contribute to public purposes such as increasing the generation of solar and renewable energy and job and skills training in overburdened communities, and reducing energy costs for low-income households. These measures may have an indirect fiscal benefit to the State in the form of higher State tax revenues and lower State and local expenditures on publicly provided health care, jobless benefits, and other social safety net programs, if the expenditures are able to improve air quality and individual health outcomes and improve resident employment and job skills in targeted areas. The extent to which these indirect benefits would be realized, and may alleviate the direct costs of the program, cannot be known at this time.

BILL DESCRIPTION

This bill would establish the Office of Clean Energy Equity in the Board of Public Utilities. The office would be charged with promoting, guiding, and overseeing the equitable deployment of clean energy, energy efficiency, and energy storage programs and technologies in overburdened communities, and the equitable provision of the tangible benefits of clean energy, increased energy efficiency, and energy storage at the household and community level, including clean energy asset ownership, energy cost savings, and employment and economic opportunities, to overburdened communities.

The board, in cooperation with the office, would be required to provide outreach and recruitment campaign grants to community-based organizations to increase participation in clean energy and energy efficiency programs, among numerous other responsibilities pursuant to the bill.

The bill would require the board to direct no less than 10 percent of its annual total clean energy budget, or at least \$50 million annually, whichever is greater, to the office for the purposes of the bill. Up to five percent of the board's annual allocation to the office could be used for program administration costs. The board would be authorized to allocate additional funding, staff, and resources to the office as it determines appropriate.

In addition, the bill would require the office, in collaboration with the Department of Labor and Workforce Development, the Economic Development Authority, the New Jersey Commission on Science, Innovation and Technology, and the Office of the Secretary of Higher Education, to develop program guidelines for clean energy job training and workforce development grants, which grants would be issued by the authority, the Department of Education, and the Department of Labor and Workforce Development. These grants would be provided to community-based, diversity-focused nonprofit organizations, community colleges, vocational-technical schools, and other qualified training partners. The purpose of the grants would be to develop energy efficiency or clean energy paid workforce training programs that provide training to at least 2,500 individuals from overburdened communities within five years after the issuance of the first grant. The grant issuer is to require, as a condition of a grant award, that the programs be updated every two years to ensure that they prepare participants adequately for the current job market in the energy efficiency or clean energy industry.

Under the bill, the Department of Community Affairs, in consultation with the Office of Clean Energy Equity, would require all new construction located in an overburdened community to be solar ready, subject to any specific exemptions that the department and the board deem reasonable and necessary and that the department adopts as rules and regulations.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS projects that the bill would result in an indeterminate annual State cost increase, equal to the higher of \$50 million or 10 percent of the Board of Public Utilities' clean energy budget, for the newly established Office of Clean Energy Equity. There would be additional costs associated with clean energy job training and workforce development grants provided under the bill. Unless sufficient clean energy fund surplus balances exist, the increase in expenditure of clean energy fund monies could result in a decrease in other State expenditures tied to the clean energy fund, or result in an increase in the utility rate surcharges that comprise the societal benefits charge, of which the clean energy fund is a part.

State and local government units will realize an increase in indirect costs if there is an increase in the societal benefits charge, since each government unit is also a utility ratepayer. The societal benefits charge is a charge that is applied across the entire utility rate base, so all ratepayers would be impacted. State and local government energy consumption is a relatively small portion of the overall rate base, so the cost burden government units would face due to the rate increase is much smaller than the actual cost of funding the programs. Other residential, industrial, and commercial utility customers who make up the majority of the rate base would proportionately be charged the remaining indeterminate amount that could need to be raised through the societal benefits charge.

The bill also requires the office and the Department of Community Affairs to require construction in overburdened communities to be solar ready. It is unclear how such an increase in regulatory building standards would impact the cost of construction in these areas or alter economic development activity in these areas. These changes would ensure that more of the built environment in these areas is ready for solar installations; however, by increasing construction costs, it may also have negative indirect economic impacts on development which could reduce income, sales, and business tax revenues if it results in less economic activity.

Finally, certain provisions of the bill may contribute to public purposes such as increasing the generation of solar and renewable energy and job and skills training in overburdened communities, and reducing energy costs for low-income households. These measures may have an indirect fiscal benefit to the State in the form of higher State tax revenues and lower State and local expenditures on publicly provided health care, jobless benefits, and other social safety net programs, if the expenditures are able to improve air quality and individual health outcomes and improve resident employment and job skills in targeted areas. The extent to which these indirect benefits would be realized, and may alleviate the direct costs of the program, cannot be known at this time.

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.).