

ASSEMBLY TELECOMMUNICATIONS AND UTILITIES COMMITTEE

STATEMENT TO **ASSEMBLY, No. 5655**

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 6, 2021

The Assembly Telecommunications and Utilities Committee reports favorably and with committee amendments Assembly Bill No. 5655.

As amended and reported, this bill directs the Board of Public Utilities (BPU) to establish a program to encourage the procurement of renewable natural gas and investment in renewable natural gas infrastructure by a gas public utility (utility).

The bill requires the BPU to adopt a ratemaking mechanism that ensures the recovery of and on all prudently incurred costs made pursuant to the bill. When a utility makes a qualified investment, the costs associated with the qualified investment are to include the cost of capital established in the utility's most recent rate case as well as other incremental costs associated with those qualified investments.

The bill requires that when a utility procures renewable natural gas from a third party, the utility is to purchase the renewable natural gas supply at prices and on terms consistent with market conditions in the market for renewable natural gas. A charge assessed to customers for the supply of renewable natural gas is to be regulated by the BPU and be based on the cost to the utility of providing that supply, including the cost of renewable natural gas commodity and capacity, purchased at prices consistent with market conditions in the market for renewable natural gas, and related ancillary and administrative costs. If a utility's total incremental annual cost to meet the requirements of the renewable natural gas program exceeds five percent of the utility's total revenue requirement for an individual year, the utility is no longer authorized to make additional qualified investments under the renewable natural gas program for that year without the approval of the BPU.

COMMITTEE AMENDMENTS

The committee amended the bill to clarify the definition of "renewable natural gas infrastructure" only includes the infrastructure located in this State. The committee also amended the bill to eliminate the portfolio targets for the percentage of gas purchased or transported by the gas public utility for distribution to retail natural gas customers in the State.