

CLEAN ENERGY

Parties of Record:

BY THE BOARD:

BACKGROUND

On June 18, 2025, the Board by Order established the GSESP and approved the launch of the inaugural Phase 1, Tranche 1 solicitation (“Tranche 1”).² Additional background information, a discussion of the stakeholder proceedings, and responses to stakeholder comments can be found in the Board’s June 18, 2025, Order.³

Following a review of the bids, which were submitted on August 20, 2025, the Board awarded Tranche 1 incentives to three winning energy storage projects with a combined nameplate or

¹ See In re the Garden State Energy Storage Program Phase 1, Tranche 2, BPU Docket No. QO25120634 at 25, Order dated March 4, 2026 (“Tranche 2 Order”).

² In re the Garden State Energy Storage Program ("GSESP") Pursuant to P.L. 2018, c.17, BPU Docket No. QO22080540, Order dated June 18, 2025.

³ See *ibid.*

installed capacity of 355 MW in the Tranche 1 solicitation.⁴

On March 4, 2026, the Board initiated Tranche 2 of the GSESP to advance cost-effective and reliable energy storage systems.⁵ As with Tranche 1, Tranche 2 is open to qualifying transmission-scale stand-alone energy storage projects, as well as solar-plus-storage projects that are ineligible for storage incentives under the Board's Successor Solar Incentive Program. These projects will help mitigate the electric capacity supply crunch that is driving dramatic rate increases for New Jersey consumers, strengthen the resilience of New Jersey's electric grid, reduce carbon emissions, and facilitate the state's clean energy transition.

On May 20, 2026, the pre-qualification window opened for Tranche 2, which offered prospective applicants an optional review to help identify and correct deficiencies with their applications. Prospective applicants had to submit pre-qualification materials by June 10, 2026, to be eligible for a guaranteed pre-qualification review.⁶ Applicants were required to submit any questions by July 1, 2026.⁷ On June 26, 2026, Staff communicated pre-qualification deficiencies to applicants. Final Application submissions were originally due on August 7, 2026,⁸ but on July 30, 2026, Board Staff ("Staff") extended this deadline to October 5, 2026.⁹

The Legislature has given the Board discretionary authority to set GSESP Phase 1 application fees at the level the Board deems appropriate.¹⁰ As was the case with Tranche 1, under Tranche 2 the Board chose to require that applicants proposing transmission-scale energy storage project pay non-refundable application fees of \$200 per megawatt ("MW"),¹¹ which are used to offset the administrative costs of the GSESP. Applicants planning to submit a project with a range of sizes must pay an Application Fee for the largest proposed configuration.¹² Projects benefiting public entities are exempt from the Application Fee.¹³ The Application Fee is waived for applicants who did not receive an award in Tranche 1 and who submit a substantially similar project in Tranche 2.¹⁴ A project is considered substantially similar if its geographic footprint overlaps with the geographic footprint of the first project.¹⁵ If the nameplate capacity of the project offered in Tranche 2 exceeds the nameplate capacity of the substantially similar project proposed in

⁴ In re the Garden State Energy Storage Program ("GSESP") Pursuant to P.L. 2018, c.17, BPU Docket No. QO22080540, Order dated March 4, 2026.

⁵ Tranche 2 Order.

⁶ Id. at 7.

⁷ Ibid.

⁸ Ibid.

⁹ See In re the Garden State Energy Storage Program Phase 1, Tranche 2, BPU Docket No. QO25120634 at 25, Notice dated July 30, 2026; Tranche 2 Order at 8, 25 (authorizing "Staff to extend the final bid submission deadline, should it become necessary to ensure an adequate pool of eligible projects participate in the solicitation").

¹⁰ N.J.S.A. 48:3-121.3(e)(4).

¹¹ Tranche 2 Order at 25.

¹² Id. at 17.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

Tranche 1, the applicant must pay a non-refundable application fee on the incremental nameplate capacity.¹⁶ For example, an applicant proposing a project with nameplate capacity of 110 MW that is substantially similar to a 100 MW project bid into but not awarded in Tranche 1 would need to submit an application fee of \$2,000 (\$200/MW multiplied by the 10 MW increase in nameplate capacity).

PETITION

On July 21, 2026, Elevate filed a Petition requesting that the Board: (1) cap the application fee imposed under the GSESP Phase 1 Tranche 2 Order at \$20,000; and (2) grant such other and further relief as the Board deems appropriate. In its Petition, Elevate stated its intent to apply for Tranche 2 incentive awards for two proposed battery energy storage projects located in Kearny (450 MW) and Burlington (250 MW), New Jersey. Based on the application fee established under the Tranche 2 Order, Elevate estimated that the projects would incur application fees of approximately \$90,000 and \$50,000, respectively. Elevate also referenced Governor Sherill's Executive Order No. 2, which identified battery energy storage as one of the fastest strategies to address growing electricity demand and directed the Board to accelerate the development of transmission-scale battery storage through the GSESP.

Elevate asserts that, amid increasing concerns regarding electric affordability and the need for additional generation capacity, the application fees established under the Tranche 2 Order may discourage developers from submitting large-scale energy storage projects in New Jersey. In support of this position, Elevate argues that comparable procurement programs in other states impose significantly lower application or bid participation fees. Specifically, Elevate cites the New York State Energy Research and Development Authority ("NYSERDA") bulk energy storage program, which assesses a \$100/MW bid fee capped at \$10,000 per project; Illinois' energy storage Request for Proposals ("RFP"), which requires a flat \$10,000 bid participation fee; and utility procurements conducted by electric distribution companies such as Con Edison, which also require a flat \$10,000 participation fee for bulk energy storage projects.

Based on these examples, Elevate contends that a \$20,000 cap would reasonably compensate the Board for the administrative costs associated with reviewing large-scale storage applications. Elevate further argues that the effort required to evaluate applications does not increase proportionally with project capacity and, therefore, that an uncapped per-megawatt application fee is not reasonably related to the actual cost of application review absent additional administrative justification. Accordingly, Elevate requests that the Board exercise its discretion under P.L. 2025, c.136 to modify the Tranche 2 application fee structure by imposing a cap on application fees. Elevate concludes by asserting that Governor Sherill's policy directive to accelerate the deployment of transmission-scale energy storage, together with the fee structures employed by peer procurement programs, provides a sound basis for capping application fees for the proposed projects and other future GSESP applicants.

DISCUSSION AND FINDINGS

The policy rational for the application fee under the GSESP is that the fee helps ensure that the administrative costs associated with program administration are borne, at least in part, by applicants rather than by ratepayers. Specifically, the fee helps offset the costs associated with application review, technical and financial evaluation, due diligence, and solicitation

¹⁶ Ibid.

administration.

While the marginal cost of reviewing an individual application may not scale linearly with project size, the administrative costs that the applications fees help defray also include overhead costs. These costs include, among other things, consultant fees for program design and administration, the cost of preparing program guidance documents and other program materials, and the cost of developing and running the IT infrastructure needed for program implementation. The Board believes it is fair to assign applicants' share of those costs based on the size of the project they propose. All else being equal, applicants proposing larger projects will tend to ask for a larger incentive award and thus a greater share of program benefits. Accordingly, it is reasonable to require that they pay for a greater share of program costs.

Moreover, program data compiled by Staff shows that even at the current levels application fee revenue will likely fall short of total Phase 1 program administrative overhead costs. These estimates include costs associated with Tranche 1 and Tranche 2 solicitation support, application and bid analysis, and award recommendations. Because Phase 1 remains underway, Staff's current estimates of the Program's administrative costs as well as Tranche 2 fee revenue are preliminary. Nonetheless, the size of the projected gap between costs and revenues is sufficient to conclude that no plausible variance would alter the conclusion that administrative costs will exceed fee revenue.

The Board therefore **FINDS** that the current fee level does not fully cover program administrative costs and consequently should not be limited or reduced. Consequently, the Board **FURTHER FINDS** that a reduction of the GSESP application fee is not warranted and therefore **DENIES** Elevate's petition.

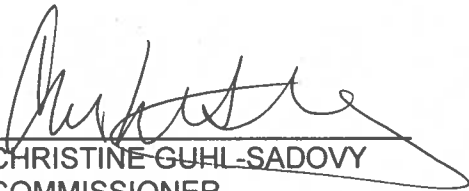
The effective date of this Order is September 30, 2026.

DATED: September 24, 2026

BOARD OF PUBLIC UTILITIES
BY:



BEN HERTZ-SHARGEL
PRESIDENT



CHRISTINE GUHL-SADOVY
COMMISSIONER



MICHAEL BANGE
COMMISSIONER

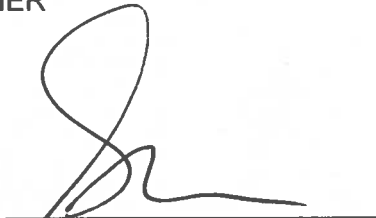


EMMA REBHORN
COMMISSIONER



JOSEPH COVIELLO
COMMISSIONER

ATTEST:


SHERRI L. LEWIS
BOARD SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF THE GARDEN STATE ENERGY STORAGE PROGRAM PHASE 1,
TRANCHE 2 PURSUANT TO P.L. 2018, C.17 – REQUEST OF FEE REDUCTION

DOCKET NO. QO26080416

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Agenda Item: 8C

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