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NOTICE¹

IN THE MATTER OF THE REGIONAL GREENHOUSE GAS INITIATIVE (RGGI) ALLOWANCES

Docket No. [QO26090531](#)

In accordance with N.J. S.A. 26:2C-56, the NJDEP and the NJBPU will present an action plan for ratepayer relief at a joint public hearing on Thursday, October 15, 2026, at 2:00 p.m. ET. For more information about the joint hearing, please visit <https://dep.nj.gov/rggi/>.

Public comments on the plan may be submitted to njrggi@dep.nj.gov through November 13, 2026.

The ratepayer relief action plan can be found below:

Joint Ratepayer Relief Action Plan

New Jersey participates in the Regional Greenhouse Gas Initiative (RGGI), an emissions trading program intended to limit carbon dioxide (CO₂) emissions from fossil-fuel power plants. Under RGGI, fossil-fuel power plants in New Jersey that are 25 MW or greater must hold allowances equal to their CO₂ emissions. Regional quarterly auctions are conducted to allow states to offer their allowances for sale in a competitive market. If the clearing price at two consecutive regional auctions in which New Jersey participates exceeds \$7 per allowance, the Department of Environmental Protection (DEP) and the Board of Public Utilities (BPU) are required under the Global Warming Solutions Fund Act at N.J.S.A. 26:2C-56 to develop an action plan for immediate ratepayer relief, hold a joint public hearing, and issue a report of findings and recommendations to the Governor and Legislature.

The clearance price has exceeded that threshold at each auction since December 2, 2020. As a result, DEP and BPU jointly present this action plan for short and long-term consumer bill stabilization and reduction. This plan describes the benefits to the State to date delivered through the strategic use of RGGI proceeds and the actions the State will take in the upcoming year. DEP and BPU will hold a joint hearing to discuss allowance prices and better understand the concerns expressed by various stakeholders regarding the benefits and impacts to New Jersey ratepayers resulting from the State's participation in RGGI. This hearing will inform the agencies' subsequent report.

¹ Not a paid legal advertisement.

Background

RGGI is a cooperative of 11 participating states in the Northeast and Mid-Atlantic regions of the United States and has powered investment in a cleaner energy future across all participating states. New Jersey's participation in RGGI is governed by the Global Warming Solutions Fund Act (N.J.S.A. 26:2C-45 et seq.) and the Carbon Dioxide Budget Trading Program rule (N.J.A.C. 7:27C). RGGI generates proceeds from the sale of emission allowances, which are allocated to three state agencies in accordance with the Global Warming Solutions Fund Act as follows: DEP (20%), BPU (20%), and the Economic Development Authority (EDA) (60%).

At the most recent auction in September 2026, RGGI allowances cleared at \$37.65. The regional customer bill analysis prepared by RGGI for its Third Program Review projected an effect on residential bills of less than one percent based on 2024 inputs and allowance prices below current levels.

New Jersey has received approximately \$1.58 billion in RGGI auction proceeds since the inception of the program, including \$117.3 million from the June 2026 auction and \$129.1 million from the September 2026 auction. Because New Jersey's proceeds rise with the allowance price, the resources available to reduce costs for ratepayers rise with increased proceeds.

The State's policy under Executive Order No. 1 is to prioritize returning those proceeds to ratepayers through direct relief and through investments that lower ratepayer energy bills. The investment of proceeds from the sale of CO₂ allowances simultaneously reduces harmful greenhouse gas pollution while adding to economic growth in the participating states. RGGI states' energy efficiency investments in 2024 alone resulted in estimated lifetime energy bill savings of \$2.6 billion for more than 148,000 households and 2,600 businesses across participating states. Additional investments by RGGI states in 2024 alone include beneficial electrification, which is projected to cut 2.1 million tons of CO₂ and provide more than \$167 million in lifetime energy savings, investments in clean and renewable energy expected to avoid another 1.1 million tons of CO₂ and save \$421 million in lifetime energy bill savings, and \$197 million in direct bill assistance.

New Jersey's Global Warming Solutions Fund Rule and the Global Warming Solutions Fund Act require the BPU, DEP, and EDA to update a RGGI Strategic Funding Plan at least once every three years. BPU made ratepayer relief the central priority of its share of RGGI funding under the 2026–2028 Strategic Funding Plan. In recognition of the financial challenges facing New Jersey households—particularly the increased energy costs driven in large part by regional capacity market outcomes—BPU is directing this funding stream toward direct, tangible support for residential customers. Through these efforts, BPU is ensuring that its RGGI investments meaningfully reduce costs for residents and provide financial stability at a time of rising energy expenses. More information on New Jersey's 2026-2028 RGGI Strategic Funding Plan can be found [here](#).

Previously, New Jersey's 2023-2025 RGGI Strategic Funding Plan directed investment in programs dedicated to clean transportation, building decarbonization and healthy homes initiatives, and carbon sequestration projects. Specifically, within this funding plan cycle, BPU's RGGI funds went to incentives for development of medium- and heavy-duty vehicle electrification, light-duty zero emission incentive program, and fleet electrification. More information on New Jersey's 2023-2025 RGGI Strategic Funding Plan can be found [here](#).

Ratepayer Relief Delivered to Date

As a result of the Strategic Funding Plan and Executive Order directives, DEP, BPU, and EDA have taken the following action to address any effect of the allowance price on ratepayers.

Direct Bill Credits

- In September and October 2025, BPU provided two \$50 bill credits to all residential electric customers under the Residential Universal Bill Credit program, funded in part by RGGI proceeds. In total, this program provided around \$430 million in relief to New Jersey ratepayers, of which approximately \$88 million was funded from RGGI funds.
- In June 2026, BPU allocated up to \$41.6 million in RGGI funds to provide monthly \$50 Residential Energy Assistance Payment bill credits to income-eligible customers in August, September, and October 2026, totaling \$150 per customer.

Strategic Review and Analysis

- In July 2025, New Jersey and the other RGGI participating states completed the Third Program Review of RGGI, which included technical analysis and multiple rounds of input from various stakeholders in the region. This review resulted in added features designed to protect ratepayers against price volatility, including a two-tier cost containment reserve that releases additional allowances into auctions when prices reach a defined trigger level, and a higher minimum reserve price. Beginning in 2027, the two tiers together will make approximately 23.5 million reserve allowances available region-wide each year, compared with 9 million in 2026.
- DEP has proposed amendments to the CO₂ Budget Trading Program rules at N.J.A.C. 7:27C to implement these features. The proposal was filed with the Office of Administrative Law on August 7, 2026, and published in the New Jersey Register on September 8, 2026. The public comment period runs through November 7, 2026, and any comments must be submitted in accordance with the instructions provided in the rule proposal that is available on the DEP's [rule proposal page](#).

Action For the Upcoming Year

Ratepayer Relief

- The Fiscal Year 2027 Appropriations Act authorizes a one-time transfer of up to \$500 million from the Global Warming Solutions Fund, into which the State's RGGI proceeds are deposited, to the Clean Energy Fund for ratepayer relief, as determined by the State Treasurer and subject to the approval of the Director of the Division of Budget and Accounting. BPU, DEP, and EDA will jointly recommend to the State Treasurer, no later than 30 days after the results of the February 2027 Basic Generation Service (BGS) auction are announced, whether a transfer should be made and in what amount. The recommendation will take into account the allowance price at the December 2026 and March 2027 RGGI auctions; the residential supply rates resulting from the February 2027 BGS auction; and the uncommitted balance of the Global Warming Solutions Fund.
- For the duration of the 2026–2028 Strategic Funding Plan, BPU will continue to direct its RGGI allocation to direct bill relief for low- and moderate-income residential customers.
- BPU and DEP, with EDA, will evaluate whether certain RGGI proceed allocations under the 2026–2028 plan can be directed, in whole or in part, to measures that reduce residential bills, including low-income weatherization and energy-efficiency programs, and will report the results of that evaluation in the report required by N.J.S.A. 26:2C-56(b).
- EDA has directed RGGI proceed allocations to investments that lower ratepayer bills by advancing new generation in New Jersey. To date, the NJ Cool program has supported 4.9 MW of new solar capacity, and RETROFIT has supported 20.9 MW of new solar and 86.9 MWh of new battery energy storage. Newly-launched initiatives, such as the Take Charge pilot program and the recently approved solar and storage equity investment framework, are projected to drive additional solar and storage capacity and place downward pressure on energy prices.

Program Review

- BPU, DEP, and EDA are critically evaluating RGGI's costs and benefits for New Jersey's ratepayers, within an already-elevated cost environment driven principally by regional capacity prices. Both agencies remain committed to advancing the affordability measures and ratepayer relief directed under Executive Order No. 1.
- At a regional level, New Jersey will engage with the other participating states who have committed to begin the next RGGI program review no later than 2028 to evaluate, on the basis of updated market data, load growth, and affordability, the regional emissions-cap trajectory and the program's cost-containment mechanisms. The states will identify any modifications necessary to ensure affordable electric rates in light of changes in energy policy, pace and scale of electricity load growth, and progress in clean energy deployment.

Public Hearing and Comments

DEP and BPU will hold a joint public hearing regarding the allowance price on October 15th, 2026, at 2 p.m. at DEP Headquarters, 401 East State Street, Trenton, New Jersey. No later than 90 days after the hearing, DEP and BPU will jointly report their findings and recommendations to the Governor and Legislature, as required by N.J.S.A. 26:2C-56(b). That report will set out DEP's and BPU's findings regarding the allowance price and its effect on New Jersey ratepayers, the relief delivered and committed under this plan, and their recommendations, including whether the \$7 threshold established in 2007 remains an appropriate indicator for the purposes of the statute.

DEP and BPU welcome stakeholder engagement on this critical issue, both in-person at the hearing and via written comments. Written comments may be submitted to njrggi@dep.nj.gov through November 13, 2026.

Sherri L. Lewis

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Dated: October 14, 2026