MISSION TO DELIVER
TRANSITION 2026

Report of the Energy Affordability and Reliability Action Team

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New Jersey's energy system stands at a crossroads, facing a myriad of interconnected issues that are spurring an affordability crisis, threatening reliability, and eroding public trust. These issues have already led to acute, real-world consequences for families. According to results of the Governor-elect's General Public Survey, 40% of 35–54-year-olds identified energy as a primary concern. One resident summarized: "Lower energy costs! Reduce the amount of fees that energy companies tack on... as an adult it is becoming too costly to stay." Governor Sherrill ran on a platform centered on affordability and addressing

the rising costs that are stretching household budgets thin. The State has the power to address many of the systemic issues that are driving up energy costs and can deliver on the mission of more affordable and reliable energy.

One particular issue is the recent 20% spike in electricity prices, which put already high utility bills out of reach for many New Jerseyans. This spike, driven by regional supply and demand issues, is a reflection of the failure of New Jersey's regional grid operator, PJM Interconnection, to adequately manage the multistate electric grid for which it is responsible. Additionally, billions in investments have been made by utilities to upgrade infrastructure to provide safe, reliable service. While energy infrastructure investment is a critical backbone of a modern economy, utilities are incentivized to keep spending as they earn a rate of return on investments they make. Ratepayers have continued to foot an ever-increasing bill over the last eight years to support billions of dollars in utilities' return on investments.

Governor Mikie Sherrill has been crystal clear—it's time for action. New Jerseyans cannot wait any longer. To deliver on the mission of making energy more affordable and reliable, the Energy Affordability and Reliability Transition Action Team propose the Sherrill-Caldwell Administration consider the following recommendations:

- Freezing Rising Electricity Costs and Stabilizing Bills Long-Term
- Increasing Homegrown Power Generation to Right-Size the Current Supply and Demand Imbalance in New Jersey
- Leveling Up Regional Leadership to Hold PJM Accountable and Protect New Jersey Ratepayers
- Additional Policy Measures to Consider to Deliver Affordable, Reliable, and Cleaner Energy to New Jersey Ratepayers

The recommendations featured in this report will combat the issues ratepayers and New Jersey's energy system are facing head on. It starts with mitigating the immediate impact of future electricity supply price spikes while working long-term to reign in utility profits and ensure they are playing on the same team as ratepayers. But that alone won't complete the mission. New Jersey also needs to aggressively pursue a New Jersey Energy First approach to get new, cheaper energy online. This plan will foster greater energy affordability and reliability, maximize the amount of electricity generated in-state, reduce reliance on PJM, and lower emissions – all while helping put downward pressure on rising energy costs in the long-term and supporting tens of thousands of good, local jobs in the energy and infrastructure sector.

The Energy Affordability and Reliability Transition Action Team understand that these recommendations need to fit into the broader context of all the Transition Action Team recommendations and will have to be prioritized accordingly. We also recognize that these recommendations will need to be considered in the context of a challenging budget landscape particularly with the impact of upcoming federal funding cuts, and where these recommendations are not budget neutral, they may need to be adjusted or prioritized. Not every recommendation made in this report is unanimously supported by each member of the Transition Action Team.

Transition Action Team Recommendations

Freezing Rising Electricity Costs and Stabilizing Bills Long-Term

Recommendation: Shield ratepayers from PJM-driven cost increases and collaborate with electric utilities to freeze rates.

A major driver of rising household costs is the unsustainable increase in the price of electricity. On June 1, 2025, New Jersey ratepayers were slammed with a 20% hike on their electricity bills. The price hike was caused by a July 2024 auction that saw prices skyrocket 800% overnight, largely due to reliability costs driven by a major supply and demand crunch in the PJM region. To make matters worse, baseline utility bills have increased dramatically over the past five years, outpacing the rate of inflation significantly. This has forced families to scramble and cut corners to make ends meet, all while utilities earn billions in profit paid for by New Jersey ratepayers. Utilities are responsible for providing safe, reliable service, but they also play a key role keeping rates affordable. These two goals cannot continue to be at odds with one another.

Therefore, as a top priority to freeze rates, the Sherrill-Caldwell Administration should direct the New Jersey Board of Public Utilities (NJBPU) to identify funding sources to shield ratepayers from potential PJM-cost increases that may take effect on June 1, 2026. This ratepayer and energy affordability effort can be modeled off of recent actions to quell the effect of PJM-related price hikes. Additionally, the Sherrill-Caldwell Administration should negotiate a longer-term freeze with the State's electric utilities.

Beyond rate relief, it is critically important that the Sherrill-Caldwell Administration assist households with the highest energy burdens, particularly low-income families, through energy efficiency efforts. Programs like the Comfort Partners Program (CPP) have helped nearly 130,000 income-qualifying households reduce their energy burden through free energy efficiency and quality of life improvements since the program's inception in 2001. To maximize impact, the NJBPU should facilitate an effort to streamline eligibility and facilitate cross-program participation between CPP, the Universal Services Fund program (USF), and Community Solar, which delivers immediate bill discounts between 15-25% to participants. USF, New Jersey's primary energy assistance program, has proven to be effective in reducing energy burdens, but its efficacy is muted considerably as only 20% of eligible ratepayers participate in the program. While utilities are now required to meet enrollment targets, other opportunities for the State to maximize reach and impact of available assistance should be explored, including automatic enrollment for anyone enrolled in supportive housing or rental assistance programs.

Recommendation: Direct the NJBPU to open an affordability docket to reform the utility spending-driven revenue model.

New Jersey's four investor-owned electric distribution companies (EDCs) operate under the traditional utility spending-driven revenue model: investing in distribution and transmission infrastructure and earning an approved return on equity (ROE) paid for through rates. While EDCs do not earn a return on electricity supply costs, they have a role to play in helping keep electricity bills affordable -- especially now, as utility bills and utility revenues outpace inflation. 28% of responses to the Interdisciplinary Advisory Task Force Questionnaire made it clear that "[t]he public needs utilities to be held accountable."

To stabilize and help reduce bills long-term, a series of reforms should be examined to advance regulatory changes that align utility earnings with cost discipline, low-cost reliability upgrades, and the rapid interconnection of new clean energy resources. Some regulatory changes can also be extended to other investor-owned utilities for water and gas service.

Therefore, the Sherrill-Caldwell Administration should direct the New Jersey Board of Public Utilities to launch an “Affordability Docket” within 30 days. The docket should study and develop comprehensive recommendations for regulatory changes including but not limited to:

1. Align Utility Earnings with Affordability

    a. **Assess ROE:** Evaluate the authorized return earned by monopoly utilities in order to ensure it reflects actual investment risk. Having an ROE set higher than actual investment risk incentivizes utilities to spend more than needed. Instead, utilities could be rewarded with an ROE increase for achieving a verifiable rate reduction target in the average residential bill.

    b. **Remove Regional Transmission Operator Voluntary Participation Adder:** The Sherrill-Caldwell Administration should also consider legislative action to remove the ROE adder for transmission entities in New Jersey that participate in PJM’s transmission planning process, which increases costs for ratepayers for no additional benefit. In Ohio, ending these adders is projected to save Ohio electric customers more than $400 million through 2031, with similar savings continuing to accrue.[i]

    c. **Encourage Shared-Savings Mechanisms:** Shift earnings model from capital growth to avoided costs. If a distributed energy resource or efficiency portfolio delivers a verified net avoided cost, the utility earns a fixed profit share of the avoided cost.

2. Implement Performance-Based Regulation (PBR) More Comprehensively

    a. **Review the efficacy of new incentive models for distribution utilities.** One primary way to reduce bills is to encourage customers to reduce their usage. However, this results in less revenue for the utility, posing a disincentive for them to advance measures like demand response and energy efficiency. PBR, on the other hand, helps utilities explore new revenue streams and links revenue to performance of services such as grid modernization and DER interconnection or customer engagement and responsiveness. A respondent from the Interdisciplinary Advisory Task Force supports this approach, and stated, “Utilities should be required to clearly demonstrate how rate increases approved by the BPU translate into measurable improvements and reliability and service.” New Jersey has taken strides to implement PBR in recently approved base-rate cases, but more comprehensive progress must be made.

3. Strengthen Cost-Controls

    a. **Advance least-cost resource test and anti-gold-plating rule:** Require that every major capital plan provide a holistic total market and cost-savings potential assessment, with documented evidence that the utility seriously evaluated and compared lower-cost, reliability-equivalent alternatives (non-wires alternatives, VPPs, grid-enhancing technologies), and develop penalty mechanisms for failure to do so. The SAVINGS Act in Maryland is a possible framework to follow for legislative action.

    b. **Consider Securitization or extend depreciation period:** Reduce ratepayer costs by lengthening the recovery of utility assets or refinancing those assets.

    c. **Improve oversight over infrastructure investment programs (IIP):** IIPs allow for near contemporaneous recovery of non-revenue generating investments and undergo less regulatory scrutiny than base rate case filings.

4. Improve Retail Competition Opportunities

    a. **Improve confidence in retail choice:** New Jersey ratepayers have the ability to shop for their electricity supply. Third-party suppliers (TPS) and energy service companies (ESCOs) can offer lower rates and higher clean energy percentages than electric utilities, however, have been marred by issues like slamming, complicated contract agreements, and teaser rates. There is opportunity to improve consumer safeguards, while developing the regulatory structure for a more dynamic TPS and ESCO environment that can support voluntary participation in energy aggregation programs.

Recommendation: Leverage investments in Automated Metering Infrastructure (AMI) to reduce energy usage and costs.

AMI is an important piece of grid modernization that can bring benefits to both utilities and customers. AMI infrastructure improves utility operational efficiency and outage management, enables real-time visibility into usage and costs and faster detection of rising peak demand and ability to manage grid impacts, improve integration of distributed energy resources, and help lower energy system costs over time. AMI infrastructure provides customers more direct information on, and control of, energy usage—thereby improving a customers' ability to control energy usage and costs.

To fully leverage AMI, regulators and utilities should use customer-usage data to develop pricing structures like time-varying rates (TVRs), where costs change throughout the day or season. These pricing structures encourage customers to shift usage from expensive peak times to cheaper off-peak hours, helping reduce grid strain, avoid the need for load shedding, and can potentially lower customer bills. Common types of TVRs include time-of-use with set peak/off-peak periods, critical peak pricing with higher rates during peak days, and real-time pricing with frequent changes, all enabled by smart meters. Therefore, to ensure a strong return on the billions of dollars invested in AMI, the Sherrill-Caldwell Administration should direct the New Jersey Board of Public Utilities within one year to pilot voluntary TVRs and assess efficacy and potential ratepayer savings.

Increase Home-grown Power Generation to Right-Size the Current Supply and Demand Imbalance in New Jersey

Recommendation: Rapidly launch new solar and storage solicitations to build the largest pipeline of new capacity in New Jersey history.

Solar and storage (along with demand side management like energy efficiency and demand response) are some of the quickest and cheapest ways to get new electricity online. Solar is a clean and affordable source of new generation, quick to install, and can help manage peak load and save money long-term for ratepayers. Competitive programs like the Community Solar Energy Program (CSEP) also have considerable value in helping expand access to clean energy for those who do not have access to solar development for a variety of reasons and provides discounts typically between 15-25% for those who subscribe. New Jersey has dramatically reshaped the solar sector in the past eight years, transitioning incentive programs to drive down costs and foster competition for large-scale projects. In part due to this transition, installed solar capacity more than doubled over the last eight years to now over 5.2GW.

Solar must be paired with battery storage to competitively participate in PJM's capacity market. Storage helps save electricity that is generated during off-peak times for use during high-peak times. Storage also plays a key role in helping keep the grid stable and may be a cheaper non-wires alternative to

conventional built infrastructure to foster new and faster DER interconnection. The New Jersey Board of Public Utilities (NJBPU) recently released the Garden State Energy Storage Program (GSESP) and rolled out its first solicitation for transmission-scale storage projects. While the results are still pending, the Sherrill-Caldwell Administration should work to build the largest pipeline of new capacity in New Jersey history.

To rapidly expand in-state generation, on Day One the Administration should direct the NJBPU to prioritize:

Rolling out the legislatively required 3GW CSEP solicitation.

- Opening new and bigger Competitive Solar Incentive and Administratively Determined Incentive solicitations.
- Considering indexed solar renewable energy credits and more solar plus storage for future solicitations.
- Opening a new GSESP transmission-scale storage solicitation.
- Expediting the roll out of the distributed storage program with a capacity block for electric distribution company participation.
- Establishing a clear regulatory framework clarifying and overcoming net-energy metering constraints to facilitate co-located, behind-the-meter combined-heat and power (CHP) and solar plus storage for large businesses.

NJBPU's scoping for these solar and storage solicitations should prioritize infrastructure deployments that will deliver the greatest immediate bill relief for residents most in need, while also addressing structural drivers of energy costs, including behind-the-meter solar and storage investments.

Recommendation: Protect existing generating units and develop long-term strategy to build more baseload generation in New Jersey.

As PJM’s supply and demand crunch is projected to worsen over the next few years, it is imperative that electric generating units stay online and regulatory efforts that threaten plant closures, diminish generating capacity, or spur considerable leakage in neighboring states should be assessed. It’s equally as important that New Jersey maximize existing electric generating units by leveraging opportunities, including the use of points of surplus interconnection, to co-locate solar and storage to existing sites. Modeling similar battery storage procurement efforts in Maryland would allow dispatchable energy generation plants to generate and store more electricity, reducing or eliminating the need for additional plants.

The Sherrill-Caldwell Administration should evaluate opportunities to deploy new in-state generation resources in the context of an integrated resource plan (IRP) or resource adequacy plan that defines and balances the State’s goals for electric demand, reliability, affordability, and emissions reductions. The primary goal of the IRP should be to identify investments to provide reliable electricity to customers in the most cost-effective manner. The plan would be overseen by the Governor’s Office working with an independent firm and include a robust stakeholder process. Developing an all-of-the-above energy portfolio that prioritizes clean resources including offshore wind and advanced nuclear is the most certain approach to secure reliability and create downward pressure on capacity prices.

Additionally, new baseload generation is critical to helping meet future demand. New Jersey may be able to leverage two existing Nuclear Regulatory Commission (NRC) pre-approved sites and decades of nuclear operating experience to develop a new advanced nuclear reactor. Nuclear generation has the highest reliability value for PJM's capacity market and is a carbon-free resource. However, it has substantial upfront capital costs, a long-term development timeframe (10-15 years). There are opportunities to manage these challenges through partnerships with other states, the federal government (including potential financing from USDOE), large load customers, and utilities in competitive cases, but these need to be carefully thought through in a state plan to minimize the risk to ratepayers. New Jerseyan's have generally benefitted from deregulation and reliance on the competitive market for generation. In addition to conducting an IRP, the Sherrill-Caldwell Administration should create a Nuclear Task Force to develop a plan on how the State can expand its nuclear fleet.

Recommendation: Streamline clean energy permit reviews and remove barriers slowing project development.

While noteworthy progress has been made to build more solar in New Jersey, there are still considerable roadblocks constraining solar growth in the State. Governor Sherrill committed to tackle these roadblocks as part of her plan to address the energy affordability crisis. This includes the need to remove hurdles to construction, streamline multi-agency, state and local approvals, as well as grid interconnections ahead of the accelerated expiration of applicable federal tax credits caused by Trump's One Big Beautiful Bill.

To do so, the Sherrill-Caldwell Administration should establish and lead a cross-agency permitting team charged with expediting and streamlining permitting processes. The objective of these reforms is to transition solar and battery storage (and their related distribution lines) from "special projects" requiring unique approvals to streamlined and standardized procedures that are reviewed through administrative processes rather than discretionary public hearings. Some opportunities for red tape streamlining include:

1. Standardize Utility Interconnection
    a. Motivate electric distribution companies (EDCs) to rapidly upgrade constrained circuits that are preventing thousands of new generating resources, primarily solar and storage, from plugging in.
    b. Direct the New Jersey Board of Public Utilities to require utilities to implement a "first-ready, first-served" approach to building out distribution upgrades to bring additional generation online. If a developer is ready to build and willing to pay the cost of upgrades, the utility should be required to perform those upgrades.
    c. Allow developers to perform the interconnection work necessary to interconnect a generation facility if the developer utilizes a utility-approved contractor.
2. Make it Easier to Build
    a. Establish a standardized application fee to cover secondary distribution upgrades, based on historic utility interconnection costs.
    b. Authorize use of smart inverter functions and power-control systems so residential and smaller commercial projects can proceed even on constrained/closed circuits. This approach allows deployment to continue while circuit upgrades are pending, with costs equitably socialized.

c. Require the EDCs to improve hosting capacity maps by providing more granular information for developers to understand circuit constraints and distribution interconnection queues. This can help solar and storage developers make informed decisions when scoping locations to build new projects. National Grid's hosting capacity maps in New York are a model to follow.

3. Reduce Permitting Uncertainty

    a. Expedite the New Jersey Department of Community Affairs implementation of the residential SolarAPP+ to automate and speed up residential solar permits.

    b. Amend, via legislative action, the Municipal Land Use Law to designate storage as an "inherently beneficial use." Consideration should be given to rooftop solar "As-of-Right" in all zoning districts statewide, with an opportunity for municipalities to exempt select zones like historic districts.

    c. Permit utility-scale and community solar interconnection lines along roadways or on public lands in the same manner as public utilities if there are no other feasible or preferred locations for this infrastructure.

Recommendation: Develop and administer new voluntary demand response/Virtual Power Plant programs to drive down peak demand and enable fullest participation possible in PJM's markets.

The Sherrill-Caldwell Administration should direct the New Jersey Board of Public Utilities (NJBPU), within one year, to build a regulatory environment attractive to distributed energy resource aggregators and foster the voluntary participation of New Jersey-based "virtual power plants" (VPPs) in wholesale electricity markets. Third-party suppliers and utilities can play a role in rapidly aggregating residential ratepayers to participate in demand response programs. Adding new capacity to the PJM capacity market would put downward pressure on capacity prices benefiting all ratepayers, not just the ratepayers who participate in demand response programs. For the December 2025 PJM Base Residual Auction, PJM increased the effective load carrying capability for demand response, making it even more valuable in the capacity market.

Massachusetts, through their ConnectedSolutions program, are pioneers in setting ambitious Peak Cost Reduction goals, effectively reducing the most expensive hours of energy consumption via VPPs and load management. There is a segment of residential ratepayers that can considerably benefit from upgraded heating systems paired with demand response. In New Jersey, there are an estimated 600,000 households that use electric resistance heat or heat with delivered fuels such as oil and propane. These residents are spending a considerably higher amount of money to heat their homes due to antiquated and inefficient heating technology. Transitioning these customers to smarter heating solutions, like heat pumps paired with distributed battery energy storage systems, will help shave material peak load from the grid while saving ratepayers significant amounts of money on their bills. The NJBPU, as part of the next Clean Energy Program budget, should allocate funding to help convert these homes and reduce demand on the grid, or develop other tariffed on-bill financing arrangements designed to help overcome upfront cost barriers.

Leveling up Regional Leadership to Hold PJM Accountable and Protect New Jersey Ratepayers

Recommendation: Advocate to extend the price cap on PJM's capacity auction, improve interconnection queue review times, and push PJM to improve transparency in governance and demand a seat for states at the table.

New Jersey needs to level up regional advocacy efforts to address issues stemming from PJM. First, the price cap on PJM capacity auctions needs to be extended to protect ratepayers. In just two PJM auctions, prices jumped over 10 times, from $29 per megawatt-day to the market cap of $330 per megawatt-day with very little new generation to show for it. The most recent December 2025 Base Residual Action, which sets prices beginning in June 2027, also cleared at the PJM cap.

However, if the cap was not in place, PJM estimates[ii] indicate prices would have cleared at approximately $530 per megawatt-day, approximately 60% higher than the already record-setting price and would result in near catastrophic rate increases. These high prices are going to new and old generation alike, with older generating facilities receiving a major windfall without providing any additional benefit to the grid. The urgency and mandate to protect ratepayers in the future is clear. PJM's next auction in July 2026 does not protect ratepayers with a cap and it is widely acknowledged that prices will continue to rise. The Sherrill-Caldwell Administration needs to take a leadership role in a regional coalition advocating for major PJM reforms and a new price cap.

Moreover, PJM needs to make major changes to its perennially failing interconnection process. In February 2024, Advanced Energy United's Generator Interconnection Scorecard[iii] rated PJM's interconnection process a "D-" based on its slow timelines and lack of data transparency. According to a report published by RMI[iv], PJM's interconnection process is stifling new generation additions, contributing to the capacity crisis the grid is now facing. RMI further notes, "[w]hile PJM is the largest wholesale electricity market in the United States, it has only connected a trickle of new energy resources for the past five years. Other US regions are doing far better; when accounting for size, PJM has brought on less new capacity relative to its peak demand than either the Texas (ERCOT) or California (CAISO) grid operators."

As of mid-2025, there were hundreds of gigawatts of capacity languishing in PJM's interconnection queue. To make matters worse, PJM's slow interconnection process has broken its capacity market. Accounts estimate that it currently takes eight years to bring new generation online, but PJM runs auctions to secure future generation capacity on a two- to three-year forward basis. As a result, developers of new generation resources simply cannot respond fast enough to market signals, and consumers are paying the price. States must advocate for reforms to PJM's capacity market to allow developers to respond to market signals in a timelier fashion and to allow for seasonal markets.

PJM needs to do more to get energy online. The State should track PJM's progress in clearing its current interconnection queue backlog, including monitoring the success of the Google and Tapestry partnership to use AI to clear their queue. The Sherrill-Caldwell Administration should also advocate for PJM to:

- Revise its existing interconnection processes to match the 150-day study timeline required by the Federal Energy Regulatory Commission's (FERC) Order 2023;
- Create a fast-track process for projects in areas with available transmission headroom, avoiding lengthy network upgrades to get projects online fast; and,
- Follow the example of other regional transmission operators and implement available, third-party software to automate and speed up its interconnection study process.

Lastly, states need more insight and influence on PJM's decision-making. The Sherrill-Caldwell Administration should continue to work with states and coordinate with in-state PJM members (EDCs, transmission owners, independent generators and end users) to ensure that member votes are in the best interest of ratepayers and not corporate profits.

Recommendation: Lead regional effort to combat "ghost" load and improve load growth projections.

Data center and hyperscaler developers often shop and reserve capacity in multiple locations simultaneously, causing the same potential project to be counted multiple times in demand forecasts. This practice creates "ghost projects" that inflate projected demand but may never materialize or require less power than initially indicated.

While PJM initiated a "Critical Issue Fast Path" process to address large load additions and improve forecasting, the Sherrill-Caldwell Administration could take a leadership role by forming a multi-state coalition that convenes PJM, electric distribution companies, consumer advocates, and technology companies, to develop model legislation. This legislation would improve data transparency, demand projections, and large load tariff design standards that are within state jurisdiction across the PJM region.

Potential legislation can be modelled off Texas' SB6 or data transparency bills in Ohio. Legislation can also standardize application fees to deter speculative pitches that don't have a high likelihood of development and provide a framework for states to use the new revenue source to defer ratepayer costs driven by data center growth or for adjacent infrastructure upgrades. The impact of this legislation throughout the PJM region can have considerable impacts on reducing demand in future capacity auctions and potentially put downward pressure on prices.

Recommendation: Develop state policy on large load interconnection to shield residents and businesses from cost increases stemming from skyrocketing demand growth.

According to PJM's December 2025 Base Residual Action results report[v], the forecast peak load for the 2027/2028 Delivery Year is approximately 5,250 MW higher than the forecast used for the 2026/2027 capacity auction. Nearly 5,100 MW of that increase is attributable to data center demand. Data centers are critical for national security and economic development, however, their proliferation throughout the PJM region, especially in Northern Virginia in "Data Center Alley," cannot come at the expense of ratepayers – both in the price of electricity and for the infrastructure upgrades.

The Sherrill-Caldwell Administration should consider establishing regulatory incentives such as incentivizing large loads to make flexibility commitments in return for expedited interconnection, implementing large load tariffs, or requirements for data centers to 'bring your own new generation', so that data centers coming online are directly responsible for adding capacity to the system that will be needed to serve them. These arrangements should take a household-first approach by incorporating opportunities for data centers to invest in offsite solar, storage, efficiency, and VPPs, or directly into ratepayer relief initiatives that can generate immediate ratepayer bill savings while encouraging system affordability. The State also needs to work with regional partners to build consistency throughout PJM to appropriately allocate grid costs to data centers. Therefore, state policy needs to be developed that encourages responsible data center development and ensure these large loads are part of the affordability solution.

Recommendation: Expand the NJBPU's regulatory authority to include the review of supplemental transmission projects.

PJM's regional system planning process generally identifies system reliability, operational performance, and market efficiency needs and solutions. Projects that are not needed to satisfy any of these requirements by PJM and are instead developed by individual utilities and are mostly considered "Supplemental Transmission Projects."

Supplemental transmission projects are subject to only limited "do no harm" PJM review, are not subject to competition, and are paid for locally by the individual utility's customers. PJM does not review the need for these projects or whether the estimated costs are reasonable. Costs for Supplemental Transmission Projects have added up: according to PJM's consumer advocates, two-thirds of regional transmission spending over the last five years has been on Supplemental Projects. PJM's consumer advocates also find that transmission spending in PJM increased 141% percent between 2014 and 2024. Because these costs are regulated by FERC, states generally do not review the prudency of Supplemental Projects. But based on the structure of the PJM tariff operating agreement and practices, these costs are passed through to utility customers with limited PJM review and little to no state input. PJM utilities charged customers $4.3 billion in costs related to supplemental transmission projects to support data center development in 2024, including $14.5 million in New Jersey[vi]. New Jersey is one of the only states in the PJM region without this authority.

The Sherrill-Caldwell Administration should work to provide the New Jersey Board of Public Utilities' Certificate of Public Convenience and Necessity (CPCN) authority to step into this regulatory gap. This new oversight will help protect ratepayers from potentially unnecessary infrastructure investment and shed light on utility project spending, ensure this specific class of transmission projects are in the public interest, and potentially save ratepayers money.

Additional Policy Measures to Consider to Deliver Affordable, Reliable, and Cleaner Energy to New Jersey Ratepayers

Recommendation: Explore creating a standalone State Energy Office.

The current quasi-judicial arrangement of the New Jersey Board of Public Utilities (NJBPU) has limited the State's ability to rapidly advance energy goals. New Jersey is one of only two states that is both the primary regulatory authority overseeing the State's investor-owned utilities and the State Energy Office. To meet the urgency of the moment, reduce delays and red tape, and generate more electricity, Governor Sherrill's Administration should consider creating a standalone State Energy Office, similar to the New York State Energy Research and Development Authority (NYSERDA) model.

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[i] Office of the Ohio Consumers' Counsel. (2025). U.S. Supreme Court Win Secures Significant Savings for Ohio Consumers. https://www.occ.ohio.gov/content/occs-us-supreme-court-win-secures-significant-savings-ohio-consumers#:~:text=What%20This%20Means%20for%20Consumers,similar%20savings%20continuing%20beyond%20that.

[ii] PJM Interconnection LLC. (2025). 2027/2028 Base Residual Auction Report. https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2027-2028/2027-2028-bra-report.pdf
[iii] Advanced Energy United. (2024). AEI 2024 Generator Interconnection Scorecard. AEI 2024 Generator Interconnection Scorecard
[iv] RMI (formerly Rocky Mountain Institute). (2025). PJM's Speed to Power Problem and How to Fix It. https://rmi.org/pjms-speed-to-power-problem-and-how-to-fix-it/
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[vi]UCS (Union of Concerned Scientists). (2025). Connection Costs: Loophole Costs Customers Over $4 Billion to Connect Data Centers to Power Grid. PJM Data Center Issue Brief - Sep 2025.pdf