

EXECUTIVE ORDER NO. 2

WHEREAS, through Executive Order No. 1, which I signed on January 20, 2026, I declared that the ongoing electricity affordability crisis in New Jersey constitutes an emergency that warrants decisive leadership and coordinated action, both to provide short-term relief and to initiate long-term reform; and

WHEREAS, through Executive Order No. 1, I directed the Board of Public Utilities ("BPU") to take a number of actions to freeze electricity supply rate increases for residential electricity customers to ensure that electricity does not become an even greater financial burden for New Jersey's residents, families, and economy in the near term, while steps are taken to lower rates in the long term; and

WHEREAS, through Executive Order No. 1, I directed BPU to lay the groundwork for lowering electricity rates in the long term by swiftly completing a study regarding the traditional electric distribution utility business model; and

WHEREAS, I recognized in Executive Order No. 1 that a significant driver of the electricity affordability crisis is that demand is exceeding supply; and

WHEREAS, the facts and circumstances of Executive Order No. 1 are incorporated by reference herein, including the facts and circumstances regarding the drivers of the electricity affordability crisis and especially the widening gap between supply and demand in the federally-regulated regional market for the future supply of reliable, wholesale electricity—also known as capacity—in which New Jersey participates; and

WHEREAS, electricity demand—also known as load—is rising across the nation for the first time in two decades in New Jersey; and

WHEREAS, peak electricity demand in the regional wholesale energy and capacity market operated by PJM is expected to continue rising to unprecedented levels over the coming years; and

WHEREAS, PJM anticipates peak load growth of approximately 20 percent by 2030 compared to 2024 levels, with the overwhelming majority of the growth stemming from data centers, which will only further expand the gap between supply and demand in the PJM region; and

WHEREAS, speculative interconnection requests from new sources of large electricity customers—"ghost load"—inflate the load forecasts submitted by electric distribution utilities to PJM, which PJM uses to develop plans for satisfying capacity requirements and ensuring the reliability of the power grid; and

WHEREAS, capacity prices impact what most New Jersey electricity customers pay on their bills for electricity supply, which is a substantial component of electric bills; and

WHEREAS, by way of illustration, the PJM capacity auction held in July 2025 resulted in \$16.1 billion of new costs allocated to PJM ratepayers, including \$2 billion of new costs to New Jersey families and businesses; and

WHEREAS, the PJM capacity auction held in December 2025 resulted in \$16.4 billion of new costs allocated to PJM ratepayers, including over \$2 billion of new costs to New Jersey families and businesses; and

WHEREAS, the December 2025 PJM capacity auction would have resulted in a significantly higher capacity price—approximately 60 percent higher—if not for a temporary price cap; and

WHEREAS, forthcoming PJM auctions are likely to result in ever higher capacity prices due to soaring electricity demand and a shortage of supply, which will continue to drive electric bills higher in our State; and

WHEREAS, the capacity shortage in PJM raises serious concerns not only about affordability, but also about the reliability and resiliency of the PJM grid; and

WHEREAS, by way of illustration, in the December 2025 capacity auction PJM failed— for the first time—to procure enough capacity to meet its own target amount of reserve electricity supply, which PJM sets at a level it determines is appropriate to ensure the regional power grid's reliability; and

WHEREAS, the revised capacity shortfall from this most recent auction was 4.5 gigawatts, which is approximately equivalent to the electricity consumption of nearly all residential households in New Jersey, demonstrates that without the swift addition of new generation

or a slowdown in demand growth within PJM the grid's reliability will be threatened during peak times, which could potentially lead electric distribution utilities to deliberately restrict power to certain consumers of electricity during periods of high demand—otherwise known as “load shedding”—or cause brownouts and blackouts that could jeopardize public health, safety, and welfare; and

WHEREAS, blackouts and brownouts pose real and severe threats, as they can potentially, among other things, interrupt medical care; disrupt essential services such as delivery of water, heating, and telecommunications; make it difficult or infeasible to cool indoor spaces when temperatures are high; curtail emergency services; increase the risk of car accidents and mortality; and heighten the risk of carbon monoxide poisoning from unsafe use of generators and of house fires from unsafe use of candles; and

WHEREAS, numerous obstacles impede the development of new sources of electricity generation or otherwise contribute to the imbalance between supply and demand, as noted below; and

WHEREAS, rising demand for the equipment needed to construct and operate natural gas-fired power plants is contributing to longer lead times and higher costs in that sector; and

WHEREAS, backlogs for new gas-fired turbines are, at present, up to seven years; and

WHEREAS, some older, inefficient natural gas-fired power plants in New Jersey will likely retire in the coming years rather than invest in modernization; and

WHEREAS, building a new nuclear reactor for power generation can take a decade or more; and

WHEREAS, the federal government has recently restricted and disincentivized the development of various sources of clean energy; and

WHEREAS, given these impediments to new generation, the fact that solar energy and battery storage can be developed on shorter timelines—often, months rather than years—makes them particularly critical technologies to meeting the State's and the region's electricity supply

shortage, among other forms of power generation with longer development timelines as well as demand response technology; and

WHEREAS, the availability of technology to aggregate distributed energy resources such as rooftop solar with battery storage, electric vehicles, and smart home and building controls into “virtual power plants” presents an opportunity to harness community power to reduce peak demand by 10 to 20 percent; and

WHEREAS, the development and installation of nimbler solar and storage generation resources can still face significant delays in permitting, siting, and interconnection processes; and

WHEREAS, delays in interconnection processes are caused not only by the management of PJM’s queue, but often by electric distribution utilities, as they are responsible for reviewing and approving applications from electricity generation facilities to interconnect to the power grid, including applications from renewable energy projects pursuant to BPU regulations, N.J.A.C. 14:8-5.1 to -5.12; and

WHEREAS, despite President Trump’s declaration of a national energy emergency and the Department of Energy’s recent finding that the Nation’s power grid will be unable to meet projected demand in the coming years, the federal government has aggressively pursued policies that are counterproductive to energy affordability and grid reliability, and hostile to particular energy generation technologies that can help meet rising demand, which have created significant instability and uncertainty in the energy sector; and

WHEREAS, by way of example, the Trump Administration has canceled or attempted to cancel billions of dollars in federal support for hundreds of energy projects, and its policies have also contributed to the cancellation of dozens of other projects, undermined billions of dollars of private investments, and compromised the potential to deliver tens of thousands of good-paying jobs; and

WHEREAS, federal legislation signed into law by President Trump on July 4, 2025, established sunset dates for federal tax credits for the production of, and investment in, qualifying solar projects, which have been integral to the success of the solar industry over decades, thereby

jeopardizing solar projects currently in development and future investment in new projects; and

WHEREAS, in light of that legislation, qualifying solar projects must either begin construction by July 4, 2026, or be placed into service by December 31, 2027, to receive the federal production tax credit or investment tax credit; and

WHEREAS, the Constitution and statutes of the State of New Jersey, particularly the provisions of the Civilian Defense and Disaster Control Act ("DCA"), N.J.S.A. App. A:9-33, et seq., as well as N.J.S.A. 52:27f-17, and all amendments and supplements thereto, confer upon the Governor of the State of New Jersey certain emergency powers; and

WHEREAS, the purpose of the DCA is "to provide for the health, safety and welfare of the people of the State of New Jersey and to aid in the prevention of damage to and the destruction of property during any emergency" as defined in the DCA, and "and to invest the Governor with all other power convenient or necessary to effectuate such purpose," N.J.S.A. App. A:9-33; and

WHEREAS, as described above, the urgent need for more electricity generation to keep up with skyrocketing power demand from data centers is a major driver of the energy affordability crisis; and

WHEREAS, the sunset dates for the federal production tax credit and investment tax credit described above require urgent action to facilitate as many qualifying clean energy projects as possible to obtain those credits and thereby help alleviate the supply shortage, lower costs for New Jersey residents, and improve reliability in our State and in PJM; and

WHEREAS, as described above, the intertwined challenges of affordability and load growth demand bold leadership and solutions, and require that administrative agencies have the capacity and the flexibility to protect public health, safety, and resources in the face of these emergencies;

NOW, THEREFORE, I, MIKIE SHERRILL, Governor of the State of New Jersey, by virtue of the authority vested in me by the Constitution and by the Statutes of this State, and in order to protect the health,

safety, welfare, property, and resources of the people of the State of New Jersey DO DECLARE and PROCLAIM that a State of Emergency exists throughout the State of New Jersey, effective immediately; and I hereby Order and DIRECT the following:

1. BPU shall accelerate the development of distributed and utility-scale solar electricity generation by:

- a. within 45 days, initiating a solicitation for qualifying solar facilities or solar facilities in combination with storage under the Competitive Solar Incentive (CSI) program, pursuant to N.J.A.C. 14:8-11.1 to -11.10, including N.J.A.C. 14:8-11.10(1); and
- b. no later than 270 days after initiating the solicitation, issuing project awards.

2. BPU shall, within 45 days, implement P.L.2025, c.135, as codified at N.J.S.A. 48:3-87.11(f)(2)(B), by opening for registration 3,000 megawatts of capacity under the Community Solar Energy Program and endeavoring to expedite the registration process by any necessary and appropriate means.

3. BPU shall accelerate the development of transmission-scale battery storage through the Garden State Energy Storage Program, which is described in BPU's order of June 18, 2025, in Docket number Q022080540, by:

- a. within 45 days, initiating a solicitation as part of Tranche 2 of the Program; and
- b. within 90 days, launching Phase 2 of Program and thereafter establishing a specific tranche of capacity for electric distribution utilities to develop to support interconnection of distributed energy resources and grid stability.

4. BPU shall, within 180 days, commence the development of a "virtual power plant" program in the State to be administered by electric distribution utilities and third-party suppliers to drive down peak demand by aggregating behind-the-meter distributed energy resources. In particular, by the 180-day deadline BPU shall:

- a. build on and advance existing programs, including but not limited to by completing the Third Triennium Regulatory Framework for Utility Energy Efficiency and Peak Demand Reduction Programs;
- b. identify other opportunities to facilitate greater competitiveness of third-party electricity suppliers that promote or aggregate distributed energy resources and generate customer savings; and
- c. assess and, as appropriate, effectuate any operational and policy changes needed to enable aggregated distributed energy resources in New Jersey to participate in the PJM capacity market to the fullest extent possible.

5. To accelerate the development of all classes of electricity generation and grid stabilization projects, all relevant State entities shall take the following measures:

- a. For purposes of this directive, "State entity" shall mean any of the principal departments in the Executive Branch of State government as well as BPU;
- b. Within 45 days, all State entities involved in the permitting or siting of electricity generation and grid stabilization projects, including but not limited to the Department of Environmental Protection ("DEP"), the Department of Agriculture, the Department of Community Affairs, and the Department of Transportation, shall:
 - i. transmit to the Governor a memorandum that identifies all rules, regulations, and statutes administered by the State entity that are implicated in the permitting or siting of such projects and for which the waiver of compliance would, in the State entity's determination, expedite the permitting or siting process and the deployment of electricity generation or grid stabilization projects without unduly compromising

public health, public safety, or environmental protection; and

ii. initiate all steps that, in the State entity's determination, are necessary and appropriate to prospectively and liberally waive compliance with any of the above rules or regulations to the extent consistent with this Order, federal law, and other state law.

c. The Governor will thereafter review the above memoranda and consider issuing an order waiving compliance with relevant rules, regulations, or statutes pursuant to the Governor's authority under the DCA.

6. To modernize the natural gas-fired power plants already operating in New Jersey and better enable those plants to generate electricity more efficiently, with less carbon output, and at their maximum capacity, DEP shall take the following measures:

a. DEP shall take all steps that, in its determination, are necessary and appropriate to expedite the permitting processes applicable to existing gas-fired power plants seeking to increase generation capacity, reduce emissions, and improve efficiency, to the extent consistent with this Order, federal law, and other state law, and provided that the plants co-locate distributed energy resources; and

b. Within 45 days, DEP shall transmit to the Governor a memorandum that identifies all rules, regulations, and statutes administered by DEP that are implicated in these permitting processes for which the waiver of compliance would expedite the relevant improvements to natural gas fired-power plants without unduly compromising public health, public safety, or environmental protection. This memorandum may be consolidated with the memorandum DEP shall be required to produce under the fifth directive in this Order.

7. BPU shall, within 14 days, direct electric distribution utilities to submit, within 30 days thereafter, memoranda or filings that:

- a. address how the electric distribution utilities are endeavoring to achieve complete compliance with BPU regulations governing interconnection of renewable energy projects to the electricity distribution grid, including N.J.A.C. 14:8-5.1 to -5.12, and to avoid sanctions BPU is authorized to impose under N.J.A.C. 14:8-1.3;
- b. identify opportunities to modify or waive the existing regulations governing interconnection to improve the efficiency and speed of interconnection of new projects;
- c. address how the electric distribution utilities should improve hosting capacity maps and ensure that clean energy projects are consistently allowed to interconnect to 34.5 kilovolt distribution lines;
- d. identify constrained circuits within each utility's service territory that should be upgraded to expedite and support the interconnection of distributed energy resources; and
- e. address other means of supporting the development of distributed energy resources in constrained circuits.

8. BPU shall, within 45 days, take appropriate steps to formulate policies, proposals, or requests for information or reports regarding interconnections of large consumers of electricity, also known as "large load," and in particular, to facilitate the monitoring of duplicative interconnection requests across multiple utility service territories and thereby help reduce "ghost load," which may be artificially inflating utility demand projections and tightening electricity supply.

9. BPU shall consider whether, pursuant to N.J.A.C. 7:27F-2.5(h), to notify DEP that an extension of the June 1, 2027 compliance deadline for new emissions requirements applicable to covered electrical generating units that have not yet modernized or upgraded their

facilities in anticipation of the deadline "is necessary to ensure reliability of the electric transmission or distribution system in the State."

- a. BPU shall issue the notification, if it elects to do so, within 60 days.
- b. If BPU elects to issue the notification, then DEP "will extend the applicable compliance date for the term specified in the BPU notice," in accordance with N.J.A.C. 7:27F-2.5(h).

10. The interagency Nuclear Power Task Force is hereby established to coordinate the efforts of Executive Branch departments and agencies to formulate and implement a strategy for the development of new nuclear generation facilities in the State, including coordination with the federal government and other states, as needed.

- a. The agency heads of BPU, DEP, the Economic Development Authority, the Department of Military Affairs, and the Department of the Treasury shall serve as members of the Nuclear Task Force, along with one or more designees of the Governor's Office.
- b. The Governor may, as determined to be appropriate, appoint additional members to the Nuclear Task Force, who shall serve at the pleasure of the Governor, including but not limited to representatives of other agencies, industry groups, organized labor, environmental organizations, and academia.
- c. The BPU President and a designee of the Governor shall serve as co-Chairs.
- d. The Nuclear Power Task Force is authorized to establish appropriate rules of procedure for its meetings and sharing of information; may establish committees, as necessary, to perform its functions; and may solicit input and advice, as appropriate, from other agencies, authorities, and units of the Executive Branch and from external experts and stakeholders.

- e. The Nuclear Power Task Force members shall designate personnel from their respective agencies to provide staff support.
- f. The Nuclear Power Task Force shall facilitate the planning and advancement of new advanced nuclear generation in New Jersey, assess financing options, and explore opportunities with the federal government, as well as any opportunities to coordinate with other states and jurisdictions on a variety of issues, including but not limited to supply chain.

11. BPU shall exercise its discretion to determine necessary and appropriate steps to effectuate the relevant directives in this Order.

12. Nothing in this Order shall be construed to confer any legal rights upon entities whose activities are regulated by State entities; nothing shall be construed to create a private right of action on behalf of any such regulated entities or other persons; and nothing shall be used as a basis for legal challenges to rules, approvals, permits, licenses, or other action or inaction by a State entity.

13. Should any part of this Order be declared to be invalid or unenforceable, or should the enforcement of or compliance with any part of this Order be suspended, restrained or barred by the final judgment of a court of competent jurisdiction, the remainder of this Order shall remain in full force and effect.

14. This Order shall take effect immediately.

GIVEN, under my hand and seal this
20th day of January,
Two Thousand and Twenty-Six, and
of the Independence of the
United States, the Two Hundred
and Fiftieth.

[seal]

/s/ Mikie Sherrill

Governor

Attest:

/s/ Timothy P. Lydon

Chief Counsel to the Governor