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/ Governor Sherrill Announces Ratepayer Relief, Signs Major Legislation on Energy, Saving New Jerseyans \$1B Annually

Governor Sherrill Announces Ratepayer Relief, Signs Major Legislation on Energy, Saving New Jerseyans \$1B Annually

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TRENTON – Governor Mikie Sherrill today signed major legislation to hold utility companies and data centers accountable while announcing immediate bill credits that will provide relief to millions of New Jersey households. Together, the Sherrill Administration’s actions over the last six months, including the bills signed today, will save New Jersey ratepayers more than \$1 billion annually, according to Synapse Energy Economics.

The three bills signed today will eliminate unnecessary utility incentives that increase electricity costs (**Repeal ROE Adder, S1673 / A2757**); strengthen state oversight of utility infrastructure investments to prevent wasteful spending and encourage smarter grid upgrades (**Advanced Grid Technologies Act, S4411 / A5188**); and ensure large data centers pay their fair share for energy instead of shifting costs onto New Jersey families and small businesses (**Data Center Fair Share, S731 / A796**). *Summary details of the bills can be found below.*

Additionally, the Governor announced a \$25 credit to all 3.6 million New Jersey ratepayers through the Residential Universal Bill Credit (RUBC) program, as well as an additional \$150 credit to lower- to moderate-income families through the Residential Energy Assistance Payment (REAP) program, as we head into the summer months.

"I made a commitment to rein in energy costs, and today we are delivering on that commitment," **said Governor Sherrill**. "For too long, New Jersey families have paid the price for poor oversight, outdated policies, and rising demand on our electric grid by unchecked actors. Today, we're putting money back into people's pockets while holding utility companies and large data centers accountable through stronger oversight and smarter incentives that will drive down costs and strengthen our grid. The actions we have taken over the last six months, including the bills I signed today, will save New Jerseyans more than \$1 billion every year. We will continue using every tool at our disposal to lower costs for families and build a more affordable and reliable energy future for New Jersey."

The Governor also highlighted additional actions taken by the Board of Public Utilities, including renewing the Summer Termination Program to protect vulnerable households from utility shutoffs during extreme heat and approving 12 new solar projects that will generate enough clean electricity to power approximately 45,000 homes.

Today's announcement builds on the Administration's aggressive energy affordability agenda over the past six months, including:

- Signing Executive Orders 1 and 2 on her first day in office to freeze electric rate hikes and accelerate new power generation through an all-of-the-above energy strategy.
- Advocating for a price collar on PJM to help stabilize electricity costs over the next four years.
- Lifting the 50-year de facto moratorium on new nuclear power and launching a Nuclear Task Force to advance new nuclear opportunities.
- Announcing a historic expansion of the state's Community Solar Energy Program to support up to 3,000 MW of new solar capacity.
- Approving 18 new clean energy projects, including 15 solar projects and three battery storage projects.
- Awarding \$79 million through the New Jersey Economic Development Authority to support 10 large-scale clean energy projects.
- Rolling out the most comprehensive plan in the nation on data centers to establish guardrails that will hold them accountable, while positioning New Jersey to be a leader in AI innovation.

Summary of Legislation

Repeal ROE Adder (S1673 / A2757 – Zwicker / Katz, Calabrese, Park)

- This bill would allow for the removal an unnecessary incentive where utility companies receive additional money for being part of our grid operator, PJM, or a regional transmission organization (RTO).
- Under FERC Order No. 679, a utility that is a voluntary member of an RTO gets to add 50 basis points to its return on equity, which flows to customers as higher wholesale transmission rates, called the RTO Participation Adder.
- This bill mandates RTO membership for NJ utilities. Because participation would no longer be voluntary, they lose eligibility for the adder.

Advanced Grid Technologies Act (S4411 / A5188 – Zwicker, Timberlake / Miller, Schnall, Onyema)

- This bill closes a regulatory gap that utility companies have taken advantage of to advance supplemental transmission projects (i.e., wires, poles, substations) without oversight and passing those costs to consumers.
- The bill will require utility companies to pursue a Certificate of Public Convenience and Necessity (CPCN) before they construct a supplemental project, where the state will review under a standard track (full notice and hearing, decision within 180 days) or fast track (decision within 120 days) if they use Advanced Transmission Technologies (ATT).
- Supplemental project spending made up 79% of New Jersey ratepayer transmission expenses from 2008-2025—\$14.7 billion. New Jersey represents 12% of PJM total demand but nearly 22% of PJM’s supplemental project spending, the biggest differential of any PJM state, according to Rocky Mountain Institute.

Data Center Fair Share (S731 / A796 – Burzichelli, McKeon / Bailey, Danielsén, Calabrese, Pintor Marin)

- The bill will create a new ratepayer class and rate structure for data centers, ensuring they pay for their own energy use and associated grid infrastructure.
- This includes incentivizing these data centers to bring in cheap, clean power to the grid, and when the grid gets strained requires data centers to cut back before residential ratepayers are impacted.
- The bill would also create a retail program—outside the PJM market—through which a new large load offsets its capacity obligation by paying to reduce demand elsewhere on the system. This mechanism is the first of its kind, driving accelerated deployment of distributed energy resources paid for by data centers.

What They’re Saying

“The Assembly has prioritized legislation that will hold the line on energy costs for families and businesses while also making smart investments that will help us meet the rising demand. Governor Sherrill shares our commitment on energy affordability, and I’m thrilled she’s signed these bills into law,” **said Assembly Speaker Craig J. Coughlin (D-Middlesex)**. “I’m proud of our continued focus both immediate and long-term solutions to help bring energy costs down and ensure ratepayers aren’t overburdened by utility expenses.”

“Data center growth will drive up the cost of electricity if we don’t create guardrails,” **said Assemblyman Bailey (D-Gloucester, Salem, Cumberland)**. “We want to make sure data centers pay for the energy they use and the infrastructure they need, not our constituents. This bill is about protecting ratepayers and preventing households and small businesses from paying for data centers to connect to the grid.”

“I am proud to sponsor legislation that will improve critical infrastructure across the state without burdening ratepayers. By updating existing infrastructure, we increase reliability. But when we strategically deploy advanced technologies, we can reduce costs for ratepayers at the same time,” **said Assemblyman Avi Schnall (D-Monmouth, Ocean)**. “Meeting the energy demands of tomorrow can only be achieved by making forward-thinking investments today.”

"Addressing the rising cost of electricity doesn't just require us to bring new energy sources online—it also requires us to modernize our electric grid and better oversee utility providers to deliver power more efficiently and affordably," **said Senator Andrew Zwicker (D-Middlesex/Mercer/Somerset/Hunterdon)**. "Speeding up the review process for projects that use advanced transmission technologies and improving regional coordination will help unlock additional capacity on the existing grid, improve reliability, and bring us closer to meeting New Jersey's energy needs.

“New Jersey’s energy infrastructure faces growing demands, making modernizing New Jersey’s electric grid more important than ever,” **said Assemblyman Cody Miller (D-Atlantic, Camden, Gloucester)**. “Through A5188, we are establishing new review processes that will ensure that projects meet better grid performance benchmarks. At the same time, by requiring State oversight, we’re making sure that investments in supplemental utility projects are necessary, cost effective, and meet our energy goals.”

"With her signature, Governor Sherrill is driving forward common-sense measures to make energy more affordable for New Jersey residents,” **said Dawone Robinson, Managing Director at NRDC**. "The best solutions for New Jersey involve speeding up the deployment of clean, affordable energy solutions and preventing data centers from passing costs onto consumers while ensuring they bring their own clean energy online. Smart implementation will be essential to ensure people in the state reap the affordability and clean energy benefits that come from these new laws."

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