

Governor Phil Murphy

Governor Murphy Signs Bills Increasing Accountability of Grid Operator PJM to Customers

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Bills Seek to Protect Ratepayers Amid Cost Crisis and Advance New Jersey's Clean Energy Goals

TRENTON – Governor Phil Murphy today signed into law

[AJR216/SJR154 \(https://pub.njleg.state.nj.us/Bills/2024/SJR/154_11.PDF\)](https://pub.njleg.state.nj.us/Bills/2024/SJR/154_11.PDF) and [A5463/S4363 \(AJR216/SJR154\)](https://pub.njleg.state.nj.us/Bills/2024/S4363), two bills designed to increase public accountability and transparency in decision-making by regional grid operator PJM Interconnection, LLC and its members as ratepayers in New Jersey and the region face an electricity cost crisis.

“These bills complement our long-term plan of action to hold PJM responsible for hardworking New Jerseyans’ skyrocketing electricity bills and a lack of new energy generation,” **said Governor Murphy**. “We are committed to creating a system that is fairer and more transparent for customers and the states that represent them – a necessary change from the opaque practices that have, for too long, defined PJM.”

AJR216/SJR154 cements New Jersey’s role on the forefront of coordinating with other PJM states to ensure PJM is serving ratepayers by utilizing a pricing model that serves the intended purpose of obtaining adequate resources at the lowest possible cost at its annual capacity market auction. Today’s legislation directs the Board of Public Utilities (BPU) to examine whether PJM’s Reliability Pricing Model is advancing that goal. BPU is also directed to continue advocating, along with other states, for reforms at PJM that will increase electricity supply, protect ratepayers, and prioritize clean energy generation. Under the law, the BPU will report the results of the investigation to the Governor and the Legislature within one year.

New Jersey, alongside other states, has sent multiple letters to the PJM Board of Managers since PJM’s June 2024 capacity market auction and has made multiple filings with the Federal Energy Regulatory Commission (FERC) on how to improve PJM’s capacity market rules. New Jersey continues the work to vigorously incentivize the development of new generation sources in-state to meet the growing electricity demand, which is influenced by regional grid-wide factors.

“Affordability is always top of mind for us at the NJBPU,” **said Christine Guhl-Sadovy, President, NJBPU**. “While we continue to advocate at the regional level to address PJM’s flawed market rules and work to develop key programs and spur investment in new energy resources in-state, PJM must come to the table and demonstrate that the ratepayers of New Jersey, and throughout the region, are a priority. The lack of transparency in their regular business, coupled with more than a thousand clean energy projects stuck in their red-tape cannot continue. The recent,

dramatic capacity auction price increases demonstrate that the status quo must change. It's hurting ratepayers and it's constraining energy jobs. Transparency is the first step toward accountability."

"People are now learning what an important role PJM plays in setting the price for electricity in New Jersey. For too long, PJM has operated behind the scenes, making significant decisions in various committees with no real understanding of who is actually making those decisions. Our electric companies are all part of larger organizations. It is important to ensure that when our electric companies are voting at PJM, they are doing so to benefit New Jersey customers and not the interests of their parent corporations. This law will allow the public to look behind the curtain, see how the process works, and hopefully ensure that our electric companies are voting in our interests. Likewise, it is always a good idea to look at what PJM is doing and ensure that it is still in the best interests of New Jersey," **said Rate Counsel Director Brian Lipman**. "Rate Counsel welcomes this investigation to determine if PJM's base residual auction is still working for New Jersey. Moreover, this is a multistate problem and will require a multistate solution. New Jersey, acting alone, cannot ensure equitable prices for PJM customers – we must continue to work with our neighbors to ensure we are all getting the best prices."

PJM members, including electric public utility companies, vote on matters at PJM that impact ratepayers in New Jersey and across the regional grid. A5463/S4363 enhances transparency and accountability so that the public can understand how decisions made at PJM may impact electricity reliability, affordability, and sustainability – calling on electric public utilities and their affiliates operating in New Jersey to disclose details on their voting at PJM to the BPU annually. Under the law, those utilities and their affiliates will be required to report their recorded votes and explain how each vote furthers the State's goals of prioritizing the affordability, reliability, and sustainability of electricity production, consumption, and conservation.

"This bill will ensure PJM voters take responsibility for their decisions, increasing the public's confidence in the decisions being made," **said Assemblyman Robert Karabinchak**. "New Jersey and the 12 other states who depend on PJM should have transparency from the over 500 people who are making these decisions. We should be able to know who made what vote and why without having to jump through hoops."

"While electric bills skyrocket, PJM's decision-makers have been setting our regional power grid policy in secret," **said Senator Raj Mukherji**. "That ends today. With the enactment of the grid transparency law, consequential votes and decisions impacting what 65 million ratepayers pay and the timeline for approving clean energy projects in the pipeline will become public record. This is about sunlight, accountability, and putting consumers at the center of our energy policy."

"The energy auction that is the principle cause for the spike in utility bills is clearly broken and in desperate need of reform," **said Senator John Burzichelli**. "It failed to make consumer affordability a priority, put a chokehold on the energy supply line, and is susceptible to manipulation. This investigation is needed to identify the specific causes and determine the reforms needed to reduce costs and increase the supply of new energy. It will bring more accountability to the process and better protect ratepayers from unjustified utility bills."

"We need to reexamine how PJM operates and ensure their priorities reflect the needs of the people they're supposed to serve," **said Assemblyman Dave Bailey, Jr.** "Energy bills affect every household and business, and with this resolution now law, we're making sure New Jersey is fighting for lower costs. We are telling PJM loud and clear that our residents deserve a pricing system that works for them, not against them."

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