

SENATE JOINT RESOLUTION

No. 154

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 20, 2025

Sponsored by:

Senator JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

Senator LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

Assemblyman DAVID BAILEY, JR.

District 3 (Cumberland, Gloucester and Salem)

Assemblywoman HEATHER SIMMONS

District 3 (Cumberland, Gloucester and Salem)

Assemblyman JOE DANIELSEN

District 17 (Middlesex and Somerset)

Assemblywoman ELIANA PINTOR MARIN

District 29 (Essex and Hudson)

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Senators Cryan, Timberlake, Turner, Moriarty, Ruiz, Assemblymen Karabinchak, Venezia, Assemblywomen Morales, Donlon, Ramirez, McCoy, Assemblyman Freiman, Assemblywomen Quijano, Drulis, Assemblyman Moen, Assemblywomen Murphy, Swain and Assemblyman Tully

SYNOPSIS

Directs BPU to investigate PJM Interconnection, L.L.C.'s Reliability Pricing Model; directs State to promote affordable energy practices and to urge PJM Interconnection, L.L.C. to implement certain reforms.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 6/2/2025)

1 **A JOINT RESOLUTION** respectfully directing the Board of Public
2 Utilities to investigate PJM Interconnection, L.L.C.’s Reliability
3 Pricing Model; and directing the State of New Jersey to
4 collaborate with neighboring states to promote affordable energy
5 practices and to urge PJM Interconnection, L.L.C. to implement
6 market reforms and expeditiously review new electricity
7 generation applications.

8
9 **WHEREAS**, PJM Interconnection, L.L.C. (PJM) is the regional
10 transmission organization responsible for coordinating the
11 movement of electricity and ensuring reliable and cost-effective
12 energy distribution in New Jersey, several other states, and the
13 District of Columbia; and

14 **WHEREAS**, PJM’s Reliability Pricing Model, commonly referred to as
15 PJM’s capacity market, is intended to ensure that adequate
16 resources exist on the grid to maintain reliability at the lowest
17 possible cost through a competitive auction; and

18 **WHEREAS**, PJM, on behalf of New Jersey’s electricity customers,
19 administers a capacity market auction to procure capacity for future
20 years; and

21 **WHEREAS**, In New Jersey, under the “Electric Discount and Energy
22 Competition Act”, electric public utilities are required to procure
23 electricity for basic generation service at prices consistent with
24 market conditions and then provide basic generation service to
25 customers who have not switched to a third-party supplier; and

26 **WHEREAS**, The rising cost of capacity in PJM’s capacity market
27 auctions, which contributes to the overall increase in electricity bills
28 for ratepayers, raises concerns about the alignment of capacity
29 prices with the principles of affordability and transparency outlined
30 in the “Electric Discount and Energy Competition Act”; and

31 **WHEREAS**, Energy demand is expected to grow by 2.3 percent
32 annually over the next 10 years across the region served by PJM
33 and by 1.55 percent annually over the next 10 years across New
34 Jersey; and

35 **WHEREAS**, In addition, delays in PJM’s interconnection queue have
36 prevented new electric generation resources from becoming
37 operational in a timely manner; and

38 **WHEREAS**, As a result, these new resources that are required to
39 maintain reliability at lower costs will be unable to compete in
40 PJM’s capacity market auctions in the near future; and

41 **WHEREAS**, Energy price hikes disproportionately affect low-income
42 families and vulnerable populations, aggravating existing
43 inequalities and creating additional financial hardships; and

44 **WHEREAS**, The BPU, alongside utility agencies in other states, has
45 sent multiple letters to the PJM Board of Managers since PJM’s
46 June 2024 capacity market auction and has sent multiple filings to
47 the Federal Energy Regulatory Commission (FERC) on how to
48 improve PJM’s capacity market rules before the upcoming July
49 2025 auction; and

1 **WHEREAS**, The State of New Jersey, through the BPU, has been
2 working vigorously to incentivize the development of new
3 generation sources to help meet the growing energy demand and,
4 thereby, help prevent increases in energy and capacity prices; and

5 **WHEREAS**, The BPU has been actively working to protect ratepayers
6 from price increases and coordinating with other PJM states to push
7 for capacity market reforms; and

8 **WHEREAS**, The BPU's initiatives, led by Governor Murphy, are
9 accompanied by the actions of consumer advocates, including the
10 New Jersey Division of the Rate Counsel and Pennsylvania
11 Governor Josh Shapiro, who have furthered the region's efforts to
12 reduce prices through additional complaints at FERC, which the
13 BPU has pledged to support; now, therefore,

14

15 **BE IT RESOLVED** *by the Senate and General Assembly of the*
16 *State of New Jersey:*

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18 1. The Board of Public Utilities shall investigate whether
19 PJM's Reliability Pricing Model is serving its intended design to
20 obtain resource adequacy at the lowest possible cost. The board
21 shall report the results of this investigation to the Governor and the
22 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
23 19.1), no later than 12 months following the effective date of this
24 resolution.

25

26 2. The State of New Jersey shall work collaboratively with
27 neighboring states within PJM's jurisdiction to promote equitable
28 practices, prioritize carbon-free energy sources, reduce the impacts
29 of climate change on energy demand and costs, and to urge PJM to
30 implement market reforms that protect ratepayers from rising
31 capacity prices and to expeditiously review new electricity
32 generation applications.

33

34 3. Copies of this resolution, as filed with the Secretary of State,
35 shall be transmitted by the Clerk of the General Assembly or the
36 Secretary of the Senate to the Commissioners of the Board of Public
37 Utilities and to each member of the PJM Board of Managers, as the
38 members are identified on PJM's Internet website.

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40 4. This joint resolution shall take effect immediately.

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STATEMENT

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45 This joint resolution respectfully: (1) directs the Board of Public
46 Utilities (BPU) to investigate PJM Interconnection, L.L.C.'s (PJM)
47 Reliability Pricing Model; and (2) directs the State of New Jersey to
48 collaborate with neighboring states to promote affordable energy

1 practices and to urge PJM to implement market reforms and
2 expeditiously review new electricity generation applications.

3 PJM is the regional transmission organization responsible for
4 coordinating the movement of electricity and ensuring reliable and
5 cost-effective energy distribution in New Jersey, several other
6 states, and the District of Columbia. One of PJM's responsibilities
7 is to administer a capacity market to ensure adequate resources exist
8 on the grid to maintain reliability at the lowest possible cost through
9 a competitive auction. The rising cost of capacity in PJM's
10 capacity market auctions, which contributes to the overall increase
11 in electricity bills for ratepayers, raises concerns about the
12 alignment of capacity prices with the principles of affordability and
13 transparency outlined in New Jersey's "Electric Discount and
14 Energy Competition Act".

15 In addition, delays in PJM's interconnection queue have
16 prevented new electric generation resources from becoming
17 operational in a timely manner. As a result, these new resources,
18 which are needed to maintain reliability at low costs, will be unable
19 to compete in PJM's capacity market auctions in the near future.

20 The BPU has been working to incentivize the development of
21 new generation resources to help meet growing energy demand and
22 thereby prevent increases in energy and capacity prices. The BPU
23 has also been actively working to protect ratepayers from price
24 increases and coordinating with other PJM states to push for
25 capacity market reforms. The BPU's initiatives, led by Governor
26 Murphy, are accompanied by the actions of consumer advocates,
27 who have furthered the region's efforts to reduce prices through
28 additional complaints at the Federal Energy Regulatory
29 Commission, which the BPU has pledged to support.