New Jersey Poised to Become the Next California Under Energy Policy Revamp

Democrats Boost Nuclear, Renewables, and Carbon Markets, Stall Pipelines and Offshore Drilling

Industry Insight

Since the Democrats retook power in 2018, New Jersey's government has passed **a suite of sweeping measures to propel the state's clean energy agenda**, including **a controversial bill to establish annual subsidies of $300 million for financially struggling nuclear plants**. Over the span of four months, Governor Phil Murphy has put New Jersey on the **path towards re-entering the regional carbon market**, signed a bill requiring the state **to adhere to the Paris climate accord**, taken steps to **jumpstart offshore wind production**, and **banned oil and gas drilling off the state's coast**. The swift turn of events marks **a significant shift from his Republican predecessor Chris Christie** who withdrew the state from the carbon market and shunned offshore wind.

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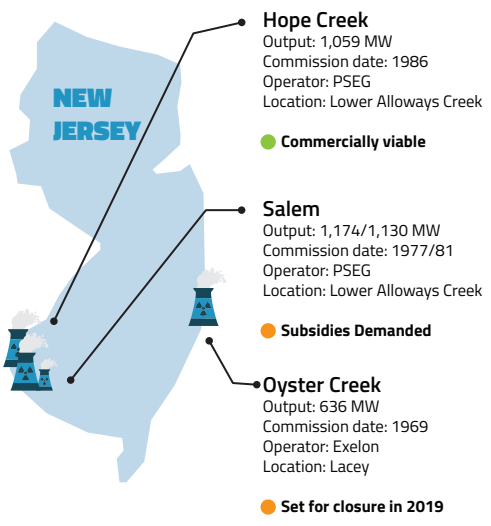
Nuclear Subsidy Bill

S 2313

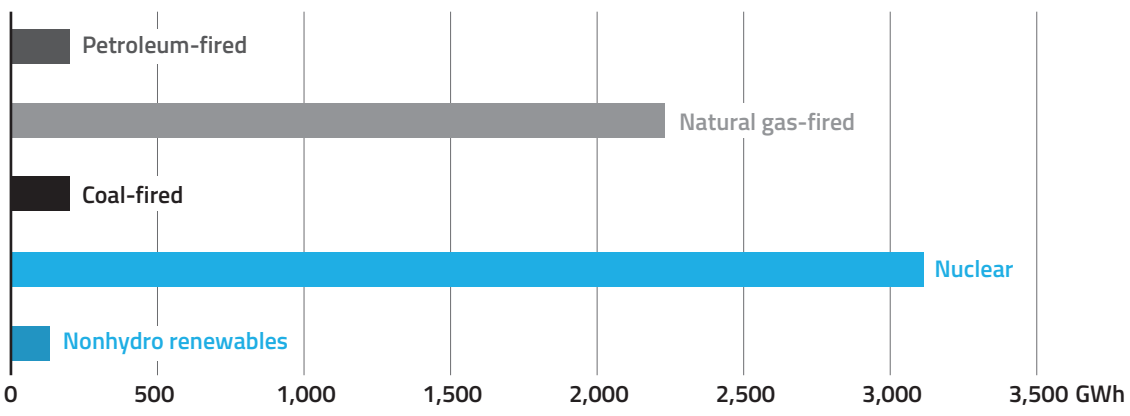
If signed by Gov. Murphy the bill will approve **a $300 million annual subsidy for the state's nuclear power plants**. The bill was approved on April 12.

In March, owners of the **Salem nuclear** plant filed a notice with the Securities and Exchange Commission that they **would stop investing in capital improvements in the generating station unless state subsidies are provided**.

Nuclear power accounts for 39 percent of the New Jersey's electricity generation. The Oyster Creek nuclear reactor, the oldest operating nuclear power plant in the U.S., began operation in 1969 and is scheduled to close in 2019.



New Jersey Net Electricity Generation by Source, January 2018



Source: EIA

Policies Supporting Renewables and Carbon Markets

50 Percent Renewables by 2030
A 3723
Passed on April 12

On April 12, the New Jersey legislature passed legislation (A 3723) that would boost the RPS to 35 percent by 2025 and 50 percent by 2030; establish the goal of 600 MW of energy storage by 2021 and 2,000 MW of energy storage by 2030; boost offshore wind goal to 3,500 MW; and create a community solar energy pilot program.

Offshore Wind Project
S 1217
Passed on April 12

On April 12, the New Jersey legislature passed legislation (S 1217) that would require the New Jersey Board of Public Utilities to allow for the submission of an amended application for the qualified offshore wind energy project that the board is currently authorized to approve under existing law.

Rejoining Regional Carbon Market
A 3733
Introduced on March 26

On March 26, New Jersey state Assembly member Nancy Pinkin, a Democrat, introduced legislation (A 3733) that would require the state to become a member of the Regional Greenhouse Gas Initiative, a nine-state compact that established the nation's first mandatory emissions trading program.

Deploying Smart Meters
A 3732
Introduced on March 26

On March 26, New Jersey state Assembly member John McKeon, a Democrat, introduced legislation (A 3732) that would require electric utilities to install smart meters at customer premises to collect real-time prices to promote energy efficiency and identify outages. The board would allow utilities to access smart meter data with customers' consent and include the costs associated with smart meter deployment and operations in base rates.

1.1 GW of Offshore Wind
Q018020151
Approved on February 28

On February 28, the New Jersey Board of Public Utilities announced it approved an order to implement the state's delayed offshore wind program. The agency will also set minimum requirements for the solicitation and start a rulemaking process for the funding of offshore wind renewable certificates. The governor seeks to put the state on a path to securing 3.5 GW of offshore wind capacity by 2030.

Joining Paris Climate Accord
S 589
Signed on February 21

On February 21, Governor Murphy signed legislation (S 598) that requires the state to join the U.S. Climate Alliance, a coalition of states formed to uphold the nation's commitments to the Paris Climate Accord through adopting measures to tackle the threats posed by climate change.

100 Percent Renewables by 2050
A 2716
Introduced on February 1

On February 1, New Jersey House Democrat John McKeon introduced legislation (A 2716) that would require the utilities to source all their electricity from solar panels, wind energy, fuel cells, geothermal, wave or tidal power and small scale hydropower by 2050.

Doubling Solar Goal
S 2276
Passed on January 8

On January 8, the New Jersey legislature passed a bill (S 2276) that would increase the state's solar renewable energy standard to 5.2 percent of electricity sales in 2022 from the current target of 4.1 percent by 2028 to match the federal investment tax through 2021. The measure also initiates a study to examine improvements and potential expansion of the standard through 2031.

Nuclear Fusion
S 1336
Introduced on February 1

On February 1, New Jersey state Senator Joseph Pennacchio, a Republican, introduced legislation (S 1336) that would deem aneutronic fusion as a renewable resource. Aneutronic fusion reactions are considered to be virtually "neutron-free" and hence not radioactive.

Policies Stalling Development of Fossil Fuels

Offshore Drilling Ban
A 839
Signed on April 20

On April 20, Governor Phil Murphy signed legislation (A 839) that prohibits offshore oil and gas drilling off the state's coast over concerns of threats to the coastal economy. The bill prohibits the Department of Environmental Protection from permitting or approving facilities associated with drilling within or outside of New Jersey waters. The move, which comes in response to the Trump administration's plan to expand drilling off the Atlantic Coast, seeks to protect the state interest observing that an incident such as the 2010 BP Deepwater Horizon Oil spill in Louisiana could cause lasting harm to the coast that supports a $38 billion tourism industry annually.

Rejection of Permit for $1.13 bn PennEast Gas Line Backed by Federal Regulators
Notice issued on February 1

On February 1, the New Jersey Department of Environmental Protection informed PennEast Pipeline Co. LLC that it would have to re-submit a new application for a freshwater wetlands permit for the natural gas link because the original application was incomplete and had been dismissed. The decision comes after the Federal Energy Regulatory Commission granted approval. PennEast, a 116-mile pipeline with a capacity of over 1.1 million dekatherms per day, is a joint venture owned by AGL Resources Inc., New Jersey Resources, South Jersey Industries, UGI Energy Services, and Spectra Energy Partners LP.

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