

ASSEMBLY, No. 5591

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED JUNE 8, 2023

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

SYNOPSIS

Requires BPU to establish beneficial building electrification program and requires electric public utilities to prepare and implement beneficial building electrification plans.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning building electrification and supplementing
2 P.L.2018, c.17 (C.48:3-87.8 et al.).

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. a. For the purposes of this section:

8 “Beneficial electrification” means a change in end-use
9 equipment from a nonelectric type to an efficient electric type for
10 any building end use, including water heating, space heating,
11 industrial process, or transportation, provided that the change:
12 reduces cost from a societal perspective; reduces greenhouse gas
13 emission; or promotes the increased use of the electric grid in off-
14 peak hours.

15 “Cost effective” means any beneficial electrification program
16 having a benefit-cost ratio of greater than one, consistent with the
17 New Jersey Cost Test for Energy Efficiency adopted by the board,
18 and any additional factors the board determines are necessary to
19 achieve the goals of this section.

20 b. No later than one year after the date of enactment of this
21 section, the Board of Public Utilities shall adopt, pursuant to the
22 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et
23 seq.), rules and regulations establishing a beneficial building
24 electrification program. As part of the program adopted pursuant to
25 this section, the board shall develop greenhouse gas emission
26 reduction targets for beneficial building electrification programs
27 implemented by each electric public utility in the State and require
28 electric public utilities to prepare and implement beneficial building
29 electrification plans. The board shall:

30 (1) establish beneficial building electrification program targets
31 expressed in the amount of on-site greenhouse gas emission
32 reductions;

33 (2) establish program design elements and minimum filing
34 requirements to achieve the goals of the energy master plan adopted
35 pursuant to section 12 of P.L.1977, c.146 (C.52:27F-14);

36 (3) establish a cost recovery and performance incentive
37 mechanism for programs established under this section;

38 (4) determine whether the electric public utilities or the board
39 shall be responsible for the implementation of building
40 electrification programs for new construction; and

41 (5) develop and provide direct incentives for the installation of
42 electric heat pumps.

43 c. Each electric public utility shall develop and submit to the
44 board for approval, a multi-year beneficial building electrification
45 plan to achieve the targets established in subsection b. of this
46 section. To qualify for approval, an electricity public utility plan
47 shall:

1 (1) meet or exceed on-site greenhouse gas emission reduction
2 targets set by the board; and

3 (2) be cost effective from a societal perspective utilizing a cost-
4 effectiveness test that includes consideration of the environmental
5 benefits of reducing greenhouse gas emissions, including methane
6 emissions.

7 d. A beneficial building electrification plan may meet the
8 greenhouse gas emission reduction targets set by the board pursuant
9 to subsection b. of this section through the following means:

10 (1) conversion of fossil fuel-based space and water heating
11 systems, including natural gas and propane systems as well as other
12 unregulated fuels, to systems that employ high-efficiency electric
13 heat pumps;

14 (2) replacement of fossil fuel based appliances with high-
15 efficiency electric appliances such as induction cooking ranges and
16 heat-pump clothes dryers;

17 (3) conversion of fossil fuel-based industrial equipment or
18 processes to energy-efficient electric-powered equipment or
19 processes; or

20 (4) market transformation programs aimed at educating and
21 training contractors to use appliances, equipment, and systems that
22 are high-efficiency.

23
24 2. This act shall take effect immediately.

25 26 27 STATEMENT

28
29 This bill would direct the New Jersey Board of Public Utilities
30 (BPU) to establish a beneficial building electrification program, and
31 would require electric public utilities to prepare and implement
32 beneficial building electrification plans. As used in the bill,
33 “beneficial electrification” means a change in end-use equipment
34 from a nonelectric type to an efficient electric type for any building
35 end use, including water heating, space heating, industrial process,
36 or transportation, provided that the change: reduces cost from a
37 societal perspective; reduces greenhouse gas emission, or promotes
38 the increased use of the electric grid in off-peak hours.

39 The bill directs the BPU to adopt, no later than one year after the
40 bill becomes law, rules and regulations establishing a beneficial
41 building electrification program. As part of the program, the BPU
42 would develop greenhouse gas emission reduction targets for
43 beneficial building electrification programs implemented by each
44 electric public utility in the State and require electric public utilities
45 to prepare and implement beneficial building electrification plans.
46 The BPU would:

47 (1) establish beneficial electrification program targets expressed
48 in the amount of on-site greenhouse gas emission reductions;

1 (2) establish program design elements and minimum filing
2 requirements to achieve the goals of the energy master plan;

3 (3) establish a cost recovery and performance incentive
4 mechanism for programs established under the bill;

5 (4) determine whether the electric public utilities or the board
6 would be responsible for the implementation of building
7 electrification programs for new construction; and

8 (5) develop and provide direct incentives for the installation of
9 electric heat pumps.

10 The bill would require each electric public utility to prepare a
11 multi-year beneficial electrification plan to achieve the targets
12 established by the BPU. To be approved by the BPU, an electricity
13 public utility plan would be required to meet or exceed on-site
14 greenhouse gas emission reduction targets set by the board and be
15 cost effective from a societal perspective utilizing a cost-
16 effectiveness test that includes consideration of the environmental
17 benefits of reducing greenhouse gas emissions and methane
18 emissions.

19 Under the bill, a beneficial building electrification plan may
20 meet the greenhouse gas emission reduction targets set pursuant to
21 the bill through the following:

22 (1) conversion of fossil fuel-based space and water heating
23 systems, including natural gas and propane systems as well as other
24 unregulated fuels, to systems that employ high-efficiency electric
25 heat pumps;

26 (2) replacement of fossil fuel based appliances with high-
27 efficiency electric appliances such as induction cooking ranges and
28 heat-pump clothes dryers;

29 (3) conversion of fossil fuel-based industrial equipment or
30 processes to energy-efficient electric-powered equipment or
31 processes; or

32 (4) market transformation programs aimed at educating and
33 training contractors to use appliances, equipment, and systems that
34 are high-efficiency.