

ASSEMBLY TELECOMMUNICATIONS AND UTILITIES  
COMMITTEE

STATEMENT TO

[First Reprint]  
**SENATE, No. 2185**

with committee amendments

**STATE OF NEW JERSEY**

DATED: JUNE 5, 2023

The Assembly Telecommunications and Utilities Committee reports favorably and with committee amendments Senate Bill No. 2185 (1R).

As amended and reported, this bill requires the Board of Public Utilities (board) to develop a program to provide monetary incentives to persons who install new energy storage systems in the State.

Specifically, the bill directs the board, no later than 180 days after the bill's effective date, to publish incentive levels and an application process for an energy storage incentive pilot program. The pilot program will continue until the board adopts rules and regulations to establish a permanent program pursuant to the bill. The program is to meet or exceed the State's goal of hosting two gigawatts of energy storage capacity by 2030.

The bill establishes certain requirements for the program, including parameters for the types of energy storage projects eligible for the program, as described in the bill. The program is available to customer-sited energy storage systems, which are smaller energy storage systems owned by a customer of electric utilities and sited in a customer's residence or business, and to front-of-the-meter energy storage systems, which are larger energy storage systems that are connected directly to the grid.

The bill directs the board to reserve a portion of the incentives for energy storage systems owned by low-to-moderate income customers and customers sited in overburdened communities. The incentives are an upfront incentive and a performance incentive.

The upfront incentive consists of a one-time payment made by the board's Clean Energy Program, which is funded by the societal benefits charge imposed under current law pursuant to N.J.S.A.48:3-60. The amount of the upfront incentive is calculated using a "gap analysis," as defined in the bill, to determine the difference between the all-in system cost and the expected lifetime revenue that the customer can expect to gain from the system. "All-in system cost" is defined as the total cost of purchasing and installing a new energy

storage system, including the costs of hardware, siting, installation, permitting, and interconnection. The bill requires certain applicants for an upfront incentive to pay a deposit and requires applicants to meet certain timeline requirements, as described in the bill. The bill specifies that the board is to allocate at least \$60 million per year of funds collected from the societal benefits charge for upfront incentives for the duration of the pilot program.

The performance incentive is a recurring payment, made by an electric public utility, to compensate the owner of the energy storage system for services to the grid made by the system, including reduction of peak demand and supply of power during outages.

The bill directs each electric public utility to file a tariff, a pricing structure that includes rates and other charges, with the board for front-of-the-meter energy storage systems that are not subject to a tariff by PJM Interconnection, L.L.C. The tariff is required to take into account the costs of service and benefits to the grid from front-of-the-meter energy storage systems. The tariff is required to exempt front-of-the-meter energy storage systems from charges intended for customers who consume electricity, including, but not limited to, the societal benefits charge.

Finally, the bill directs the board to submit a report to the Legislature on the pilot program no later than one year after the program is established.

As amended and reported, Senate Bill No. 2185 (1R) is identical to Assembly Bill No. 4893, which was also amended and reported by the committee on this date.

#### COMMITTEE AMENDMENTS:

The committee amended the bill to:

- provide additional findings related to front-of-the-meter energy storage systems;
- clarify the definitions of “energy storage system” and “front-of-the-meter energy storage system”;
- adjust vocabulary explaining the program and incentives for consistency with the bill’s definitions;
- include a requirement for the board to establish a methodology for determining compensation amounts for tariffs filed for certain front-of-the-meter energy storage systems;
- add a requirement for the board to establish qualifications and requirements for performance incentive applications;
- remove a provision requiring the board to establish a cap on the total monetary value of incentives to be distributed through the program;
- remove the owners of stand-alone energy storage systems who do not qualify for federal investment tax credits from the list of customer classes for which the board is required to reserve

at least one third of the upfront incentives provided to customer-sited energy storage systems;

- clarify that front-of-the-meter energy storage systems that are not subject to a tariff from PJM are to file a tariff with the board; and
- make grammatical changes to the bill.