

**SENATE, No. 3672**

---

**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

---

INTRODUCED FEBRUARY 28, 2023

**Sponsored by:**

**Senator BOB SMITH**

**District 17 (Middlesex and Somerset)**

**Senator ANDREW ZWICKER**

**District 16 (Hunterdon, Mercer, Middlesex and Somerset)**

**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.