

[First Reprint]

SENATE, No. 249

STATE OF NEW JERSEY
221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

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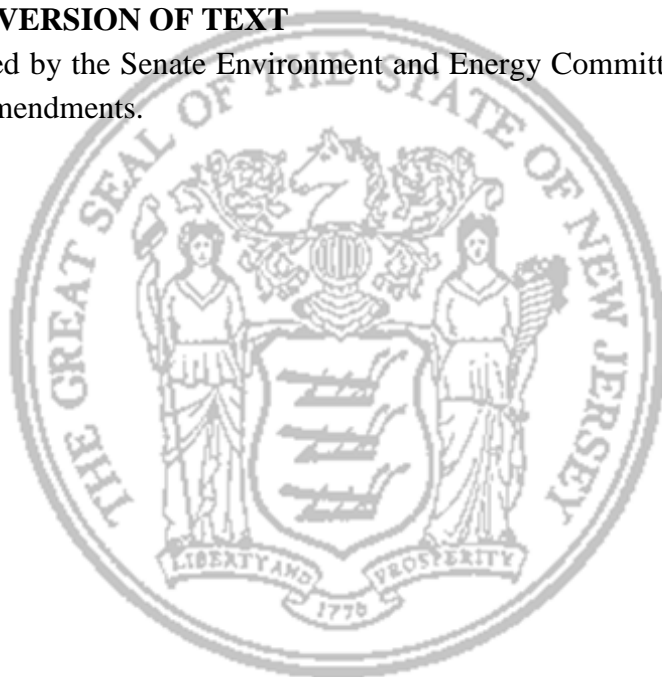
Senators McKeon and Mukherji

SYNOPSIS

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

CURRENT VERSION OF TEXT

As reported by the Senate Environment and Energy Committee on June 20, 2024, with amendments.



(Sponsorship Updated As Of: 6/10/2024)

1 AN ACT concerning building electrification ¹and decarbonization¹
2 and supplementing 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 ¹building¹ electrification ¹and decarbonization¹ "
9 means a change in end-use equipment from a nonelectric type to an
10 efficient electric type for any building end use, including water
11 heating, space heating, industrial process, or transportation, provided
12 that the change: reduces cost from a societal perspective; reduces
13 greenhouse gas ¹**[emission]** emissions¹ ; or promotes the increased
14 use of the electric grid in off-peak hours.

15 "Cost effective" means any beneficial ¹building¹ electrification
16 ¹and decarbonization¹ program having a benefit-cost ratio of greater
17 than one, consistent with the New Jersey Cost Test for Energy
18 Efficiency adopted by the board, and any additional factors the board
19 determines are necessary to 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 seq.),
23 rules and regulations establishing a beneficial building electrification
24 ¹and decarbonization¹ program. As part of the program adopted
25 pursuant to this section, the board shall develop greenhouse gas
26 emission reduction targets for beneficial building electrification ¹and
27 decarbonization¹ programs implemented by each electric public utility
28 in the State and require electric public utilities to prepare and
29 implement beneficial building electrification ¹and decarbonization¹
30 plans. The board shall:

31 (1) establish beneficial building electrification ¹and
32 decarbonization¹ program targets expressed in the amount of on-site
33 greenhouse gas emission reductions;

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

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

39 (4) determine whether the electric public utilities or the board shall
40 be responsible for the implementation of building electrification ¹and
41 decarbonization¹ programs for new construction; and

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

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SEN committee amendments adopted June 20, 2024.

1 c. Each electric public utility shall develop and submit to the
2 board for approval, a multi-year beneficial building electrification ¹and
3 decarbonization¹ plan to achieve the targets established in subsection
4 b. of this section. To qualify for approval, an electricity public utility
5 plan shall:

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

8 (2) be cost effective from a societal perspective utilizing a cost-
9 effectiveness test that includes consideration of the environmental
10 benefits of reducing greenhouse gas emissions, including methane
11 emissions.

12 d. A beneficial building electrification ¹and decarbonization¹ plan
13 may meet the greenhouse gas emission reduction targets set by the
14 board pursuant to subsection b. of this section through the following
15 means:

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

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

23 (3) conversion of fossil fuel-based industrial equipment or
24 processes to energy-efficient electric-powered equipment or processes;
25 or

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

29

30 2. This act shall take effect immediately.