LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3967

STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: OCTOBER 26, 2026

SUMMARY

Synopsis: Requires BPU to work with neighboring states to research and recommend certain action concerning electric capacity and transmission.

Type of Impact: Time-limited State expenditure increase.

Agencies Affected: New Jersey Board of Public Utilities.

Office of Legislative Services Estimate

Fiscal Impact	Year 1
State Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill may result in an indeterminate expenditure increase incurred by the Board of Public Utilities from collaborating with neighboring states to conduct the necessary research to prepare the report required under the bill. However, these costs would likely be one-time costs as the bill requires a single report due within one year of the bill's effective date and does not establish a recurring reporting requirement.

- The magnitude of the expenditure increase will likely depend on the scope and depth of the board's analysis under the bill and the board's ability to conduct its analysis using existing resources.

BILL DESCRIPTION

This bill requires the board to work collaboratively with neighboring states to research and recommend collective action to: (1) require any electric load serving entity in New Jersey to demonstrate to the board that it has contracted for at least 80 percent of the capacity needed to serve its load on a bilateral basis for at least five years into the future; (2) withdraw from PJM Interconnection, L.L.C.'s (PJM) capacity market and develop a multi-state compact to engage in the fixed resource requirement alternative to secure electric capacity through contracts with private

entities, competitive capacity auctions, or some combination thereof; or (3) withdraw from the regional, high-voltage electric transmission grid operated and managed by PJM and, instead, either establish an independent electric transmission grid or join an existing electric transmission grid. The board is required to submit a report to the Governor and the Legislature within one year of the bill's effective date containing the board's findings and recommendations.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill may result in an indeterminate expenditure increase incurred by the board from collaborating with neighboring states to conduct the necessary research to prepare the report required under the bill. However, these costs would likely be one-time costs as the bill requires a single report due within one year of the bill's effective date and does not establish a recurring reporting requirement.

The research may require economic, engineering, and legal analysis of alternative capacity procurement arrangements, transmission system operations, interstate coordination, and reliability requirements. The expenditures associated with performing the analysis may also include third-party consulting contracts or the hiring of additional staff support. Therefore, the magnitude of any expenditure increase will likely depend on the scope and depth of the board's analysis under the bill and the board's ability to conduct its analysis using existing resources.

Section:	*Authorities, Utilities, Transportation and Communications*
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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).