[First Reprint]

ASSEMBLY, No. 3967

STATE OF NEW JERSEY

222nd LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2026 SESSION

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SYNOPSIS

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

CURRENT VERSION OF TEXT

As reported by the Assembly Telecommunications and Utilities Committee on March 16, 2026, with amendments.

AN ACT concerning electric capacity and transmission and supplementing Title 48 of the Revised Statutes.

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

1. a. The Legislature finds and declares that:

(1) PJM Interconnection, L.L.C. (PJM) is a regional transmission organization that coordinates the movement of wholesale electricity in New Jersey, several other states, and the District of Columbia. New Jerseyans rely on PJM's electrical grid to provide affordable, reliable electricity to power homes and businesses throughout the State;

(2) One of PJM's responsibilities is administering a capacity market, which ensures long-term grid reliability, even during periods of peak demand. The capacity market operates through competitive auctions to procure capacity for future delivery years. However, issues with PJM's interconnection process have delayed new energy generation, which reduces competition. Backlogs to PJM's interconnection queue undermine one of the goals of the capacity auction, which is to incentivize developers to bring more generation to the electrical grid;

(3) Further, the Organization of PJM States, Inc., of which the New Jersey Board of Public Utilities is a member, and the Independent Market Monitor for PJM have found flaws in the PJM capacity market, which they claim have led to capacity auction clearing prices that fail to reflect supply and demand; and

(4) In July 2024, PJM's capacity auction for the 2025/2026 Delivery Year had clearing prices almost 10 times the prices from the previous auction. The increase in capacity clearing prices will result in $14.7 billion in costs to consumers, up from $2.2 billion from the prior delivery year. This result represents the highest capacity prices in the history of PJM's capacity auction.

b. The Legislature further finds and declares that:

(1) PJM's market signals are not sufficiently forward-looking to incentivize development of generation resources; and

(2) PJM's capacity market design decisions are made without input from State public officials.

c. The Legislature further finds and declares that:

(1) PJM's actions are resulting in increased costs and decreased affordability for ratepayers;

(2) PJM has not adequately addressed concerns about the impact of rate increases on ratepayers; and

(3) PJM has not been responsive to State energy policies.

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:
[1]Assembly ATU committee amendments adopted March 16, 2026.

d. The Legislature therefore determines that it is in the best interest of the residents of New Jersey to work in collaboration with other states to explore alternative options to PJM's capacity auction for securing the capacity necessary for grid reliability.

2. As used in P.L. , c. (C.) (pending before the Legislature as this bill):

"Board" means the New Jersey Board of Public Utilities or any successor agency.

"PJM Interconnection, L.L.C." or "PJM" means the same as that term is defined pursuant to section 3 of P.L.1999, c.23 (C.48:3-51).

"Reliability pricing model" or "RPM" means PJM's capacity-market model, or its successor, that secures capacity on behalf of electric load serving entities to satisfy load obligations not satisfied through the output of electric generation facilities owned by those entities or otherwise secured by those entities through bilateral contracts.

3. a. The board shall 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's reliability pricing model 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 [1][or] and[1] managed by PJM [1][Interconnection, L.L.C.][1] and:

(a) establish an independent electric transmission grid; or

(b) join an existing electric transmission grid that operates within another state or region.

b. [1][No later than December 31, 2025] Within one year of the effective date of P.L. , c. (C.) (pending before the Legislature as this bill)[1], the board shall submit a report to the Governor, and to the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), that includes the board's findings and recommendations as required pursuant to subsection a. of this section.

4. This act shall take effect immediately. The board may take any anticipatory administrative action in advance as shall be necessary for the implementation of this act.