

[Second Reprint]
ASSEMBLY, No. 3967

STATE OF NEW JERSEY
222nd LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2026 SESSION

Sponsored by:

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

Assemblyman DAVID BAILEY, JR.

District 3 (Cumberland, Gloucester and Salem)

Assemblywoman LISA SWAIN

District 38 (Bergen)

Co-Sponsored by:

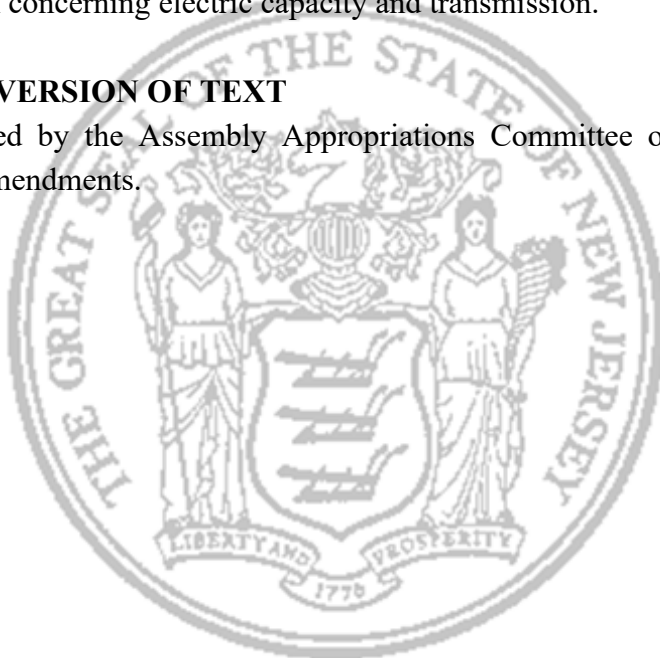
Assemblyman Sampson, Assemblywoman Simmons and Assemblyman Tully

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 Appropriations Committee on October 22, 2026, with amendments.



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

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. a. The Legislature finds and declares that:

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

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

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

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

34 b. The Legislature further finds and declares that:

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

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

39 c. The Legislature further finds and declares that:

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

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

44 (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:

¹Assembly ATU committee amendments adopted March 16, 2026.

²Assembly AAP committee amendments adopted October 22, 2026.

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

5
6 2. As used in P.L. , c. (C.) (pending before the
7 Legislature as this bill):

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

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

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

18
19 3. a. The board shall work collaboratively with neighboring
20 states to research and recommend collective action to:

21 (1) require any electric load serving entity in New Jersey to
22 demonstrate to the board that it has contracted for at least 80
23 percent of the capacity needed to serve its load on a bilateral basis
24 for at least five years into the future;

25 (2) withdraw from PJM's reliability pricing model and develop
26 a multi-state compact to engage in the fixed resource requirement
27 alternative to secure electric capacity through contracts with private
28 entities, competitive capacity auctions, or some combination
29 thereof; or

30 (3) withdraw from the regional, high-voltage electric
31 transmission grid operated ¹**[or]** and¹ managed by PJM
32 ¹**[Interconnection, L.L.C.]**¹ and:

33 (a) establish an independent electric transmission grid; or

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

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

43
44 4. This act shall take effect immediately. ²**[The board may take**
45 **any anticipatory administrative action in advance as shall be necessary**
46 **for the implementation of this act.]**²