ASSEMBLY, No. 5434

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED SEPTEMBER 10, 2026

Sponsored by:
Assemblyman WAYNE P. DEANGELO
District 14 (Mercer and Middlesex)

SYNOPSIS

Suspends New Jersey participation in Regional Greenhouse Gas Initiative; establishes temporary carbon dioxide mitigation fee on energy generation units in New Jersey.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning State emissions mitigation programs, amending various sections of the statutory law, and supplementing Title 26 of the Revised Statutes.

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

1. (New section) a. The Legislature finds and declares that:

(1) the State has long supported responsible environmental stewardship, emissions reduction, energy efficiency, and the transition toward cleaner energy resources while also recognizing the necessity of providing affordable and reliable electricity to all New Jersey residents and businesses;

(2) New Jersey's participation the Regional Greenhouse Gas Initiative (RGGI) was premised on upon a carbon pricing structure that contemplated modest and predictable allowance pricing intended to support environmental programs without imposing excessive costs upon ratepayers;

(3) carbon allowance prices within the RGGI program have increased substantially beyond the levels originally contemplated under State law, resulting in significant additional wholesale electricity generation costs;

(4) these increased carbon allowance price compliance costs are directly incorporated into wholesale electricity pricing and are ultimately passed on to New Jersey ratepayers;

(5) current RGGI carbon allowance pricing levels and volatility are expected to materially increase future basic generation service RGGI auction pricing, thereby exposing New Jersey ratepayers to higher electricity costs in future rate periods;

(6) increased electricity costs disproportionately impact residential customers on fixed incomes, low- and moderate-income households, senior citizens, small businesses, manufacturers, schools, hospitals, and other consumers lacking the ability to mitigate rising electricity costs;

(7) the current RGGI framework lacks sufficient consumer protection mechanisms, market guardrails, or effective cost containment measures necessary to protect New Jersey ratepayers from excessive and unpredictable carbon allowance pricing;

(8) significant emissions leakage may occur when energy generation units serving New Jersey shift from those located in states that participate in the RGGI to states that are not subject to comparable emissions compliance obligations;

(9) emissions leakage undermines the environmental objectives of the RGGI by potentially increasing overall regional emissions

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 <u>thus</u> is new matter.

while simultaneously imposing substantial costs upon New Jersey consumers and businesses;

(10) excessive carbon allowance pricing may contribute to the premature economic displacement of in-State electric generation resources necessary to maintain the State's electric transmission and distribution system, fuel diversity, resource adequacy, and the region's electrical grid stability;

(11) the current RGGI framework does not contain adequate mechanisms to ensure that carbon allowance prices remain reasonably related to the measurable environmental benefits achieved to benefit the State; and

(12) continued escalation of carbon allowance prices without meaningful consumer protections or regional market reforms is inconsistent with the State's obligation to promote energy affordability, economic competitiveness, electricity reliability, and sound environmental policy.

b. The Legislature therefore determines that New Jersey shall no longer participate in the Regional Greenhouse Gas Initiative (RGGI) unless emissions leakage concerns are adequately addressed, meaningful cost containment mechanisms and market guardrails are implemented, the economic and reliability impacts of the RGGI are comprehensively evaluated, and the State determines that continued participation in the RGGI is in the public interest of New Jersey residents and businesses. New Jersey shall continue to fund energy efficiency, emissions reduction, clean energy, resiliency, environmental justice and related public benefit programs through any available funding sources.

2. (New Section) a. As used in this section:

"Regional Greenhouse Gas Initiative" or "RGGI" means the cooperative, market-based effort to reduce carbon dioxide emissions entered into by governors of the eastern states of the United States.

"Regional Greenhouse Gas Initiative, Inc." or "RGGI, Inc." means the 501(c)(3) non-profit organization that supports the development and implementation of the RGGI.

b. No State legislative, executive, administrative or other public body, commission, bureau, or agency shall participate in RGGI or its affiliated programs, unless otherwise authorized by the Legislature.

c. The Commissioner of Environmental Protection shall provide written notice to the RGGI Board of Directors and each of the RGGI participatory states, that New Jersey is terminating any and all of its contracts with RGGI, Inc. and will no longer be a participatory state in the RGGI, according to the RGGI by-laws, effective 30 days after the effective date of P.L. , c. (C.) (pending before the Legislature as this bill).

d. The Department of Environmental Protection shall continue to monitor and report greenhouse gas emissions and make specific

recommendations to achieve emission reduction targets as required pursuant to the "Global Warming Response Act," P.L.2007, c.112 (C.26:2C-37 et seq.), and perform other administrative activities necessary to evaluate regional greenhouse gas emissions, emissions leakage, and energy market impacts.

3. (New section) a. As used in this section:

"Board" means the Board of Public Utilities.

"Department" means the Department of Environmental Protection.

"Regional Greenhouse Gas Initiative" or "RGGI" means the cooperative, market-based effort to reduce carbon dioxide emissions entered into by governors of the eastern states of the United States.

b. No later than 18 months after the effective date of P.L. , c. (C.) (pending before the Legislature as this bill), and annually thereafter, the Department of Environmental Protection, in conjunction with the Board of Public Utilities, shall prepare and submit to the Governor, and to the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), a report evaluating the factors set forth in subsection c. of this section. Copies of the report shall be made available to the public upon request and free of charge, and shall be posted at a publicly-accessible location on the department's Internet website. In the event that New Jersey is a participatory state in the RGGI, the department and the board shall not be required to prepare and submit the report required pursuant to this subsection.

c. The report required pursuant to subsection b. of this section shall evaluate:

(1) the impact of the RGGI's allowance pricing upon wholesale electricity costs, basic generation service pricing, and retail electric power supply rates;

(2) emissions leakage associated with importing electricity from states that do not participate in the RGGI;

(3) regional greenhouse gas emissions trends and associated environmental impacts;

(4) any impacts to the State's electric distribution and transmission system and electricity resource adequacy;

(5) the State's fuel diversity and electric generation resources;

(6) whether the State's withdraw from the RGGI has impacted the State's industrial competitiveness, economic development, and ratepayer affordability; and

(7) whether existing regional market-based structures to reduce carbon dioxide emissions contain adequate consumer protections and market guardrails.

d. (1) The report required pursuant subsection b. of this section shall also include an evaluation of whether, or to what extent, the conditions necessary for the State to responsibly participate in the RGGI have been met, according to paragraph (2) of this subsection.

(2) The Legislature may authorize New Jersey's participation in the RGGI, only if the department and the board determine that:

(a) emissions leakage concerns have been materially mitigated;

(b) sufficient market cost containment and ratepayer protection mechanisms have been implemented;

(c) the RGGI's allowance prices reasonably reflect measurable environmental benefits;

(d) New Jersey's participation in the RGGI would not create unreasonable impacts upon basic generation service pricing or retail electric power supply rates;

(e) New Jersey's participation in the RGGI would not materially impair the State's electric grid reliability, fuel diversity, or electricity resource adequacy;

(f) the RGGI adequately protects New Jersey ratepayers; and

(g) New Jersey's participation in the RGGI is in the public interest of New Jersey.

e. If the department and the board determine in a report submitted pursuant to subsection b. of this section that the conditions necessary for the State to responsibly participate in the RGGI have been met, the Senate Environment and Energy Committee and the Assembly Environment and Solid Waste Committee, or their designated successors, shall jointly conduct a public hearing concerning the contents of the report and whether the State should implement a greenhouse gas emissions allowance trading program consistent with the RGGI Model Rule and associated guidance documents, in order to participate in the RGGI for the purposes of reducing or preventing emissions of greenhouse gases.

4. (New section) a. As used in this section:

"Carbon dioxide emissions mitigation fee" or "emissions fee" means the carbon dioxide emission mitigation fee established pursuant to subsection b. of section 4 of P.L. , c. (C.) (pending before the Legislature as this bill).

"Compliance entity" means an owner or operator of an electric generation unit.

"Department" means the Department of Environmental Protection.

"Electric generation unit" means an electric generating unit, with a nameplate capacity equal to or greater than 25 megawatts of electrical output, in New Jersey that that holds an operating permit from the department issued pursuant to P.L.1954, c.212 (C.26:2C-1 et seq.), whether that unit is in operation or in development. "Electric generation unit" shall not include any cogeneration facility or combined heat and power facility that is an "on-site generation facility" as that term is defined in section 3 of P.L.1999, c.23 (C.48:3-51), and sells less than 10 percent of its annual gross electrical generation.

b. Beginning 30 days after the effective date of P.L. , c. (C.) (pending before the Legislature as this bill), there is levied upon a compliance entity a carbon dioxide emission mitigation fee of $7.00 per ton of carbon dioxide the electric generation unit emits after the effective date of P.L. , c. (C.) (pending before the Legislature as this bill).

c. The emissions fee shall be collected and administered by the department. The proceeds from the emissions fee collected by the department shall be accounted for and remitted to the "New Jersey Energy Transition and Consumer Protection Fund" established pursuant to section 5 of P.L. , c. (C.) (pending before the Legislature as this bill). The department, in conjunction with the Board of Public Utilities, shall establish a carbon dioxide emission reporting system and a collection mechanism necessary to implement the emissions fee.

d. The department shall not levy an emissions fee upon a compliance entity if the State implements any greenhouse gas emissions allowance trading program for which the compliance entity would be required to purchase or acquire any allowances.

e. Notwithstanding any provision of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the contrary, the Commissioner of Environmental Protection is authorized to adopt immediately upon filing with the Office of Administrative Law rules and regulations necessary to implement this section. The rules and regulations adopted pursuant to this subsection shall be effective for a period not to exceed 18 months following the date of filing and may thereafter be amended, adopted, or readopted by the director in accordance with the requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

5. (New section) a. There is established in the Department of the Treasury a special, nonlapsing fund to be known as the "New Jersey Energy Transition and Consumer Protection Fund." Monies in the fund shall be held separately and be used to carry out the purposes enumerated in subsection c. of this section. The State Treasurer shall be the administrator of the fund and disbursements shall be made by the State Treasurer upon the warrant of the Department of Environmental Protection and the Board of Public Utilities.

b. The "New Jersey Energy Transition and Consumer Protection Fund" shall be credited with all revenues collected and deposited in the fund pursuant to subsection c. of section 4 of P.L. , c. (C.) (pending before the Legislature as this bill), all interest received from the investment of monies in the fund, and any monies which, from time to time, may otherwise become available for the purposes of the fund. Pending the use of the monies pursuant to the provisions of subsection c. of this section, the monies deposited in the fund shall be held in interest-bearing accounts in public depositories, as defined pursuant to section 1 of P.L.1970, c.236

(C.17:9-41), and may be invested or reinvested in such securities as are approved by the State Treasurer. Interest or other income earned on monies deposited into the fund shall be credited to the fund for use as set forth in this section for other monies in the fund.

c. Monies deposited in the "New Jersey Energy Transition and Consumer Protection Fund" shall be used for the following purposes:

(1) energy efficiency programs;

(2) low- and moderate-income energy assistance programs;

(3) carbon dioxide emissions reduction initiatives;

(4) electrical grid modernization and resiliency investments;

(5) energy storage programs;

(6) industrial and commercial decarbonization initiatives;

(7) environmental justice initiatives;

(8) distributed energy resource integration programs;

(9) ratepayer affordability initiatives;

(10) electric vehicle and electric school bus programs;

(11) programs that enhance the stewardship and restoration of the State's forests and tidal marshes; and

(12) any other lawful measures to reduce greenhouse gas emissions or promote clean energy generation.

6. Section 5 of P.L.2009, c.256 (C.13:1L-33) is amended to read as follows:

5. a. There is established in the General Fund a special nonlapsing fund, to be known as the "Forest Stewardship Incentive Fund." Moneys in the fund shall be dedicated to:

(1) providing grants to persons for the purpose of developing and implementing a forest stewardship plan pursuant to section 3 of P.L.2009, c.256 (C.13:1L-31);

(2) paying the costs of the department to develop, implement, and administer the provisions of P.L.2009, c.256 (C.13:1L-29 et al.); and

(3) providing for the stewardship and management of State forests.

b. The fund shall be credited with:

(1) the amount allocated for programs that enhance the stewardship and restoration of the State's forests pursuant to section 7 of P.L.2007, c.340 (C.26:2C-51) from the "Global Warming Solutions Fund," established pursuant to section 6 of P.L.2007, c.340 (C.26:2C-50) <u>and section 5 of P.L. , c. (C.) (pending before the Legislature as this bill) from the "New Jersey Energy Transition and Consumer Protection Fund"</u>;

(2) any other moneys as may be appropriated to the fund by the Legislature or otherwise provided to the fund; and

(3) any return on the investment of moneys deposited in the fund.

c. In each State fiscal year, the amount credited to the Forest Stewardship Incentive Fund shall be appropriated to the fund for the purposes set forth in this section.

d. The department may award individual grants of up to $1,500 from the fund to pay for the cost of developing a forest stewardship plan pursuant to section 3 of P.L.2009, c.256 (C.13:1L-31). If the cost of developing a forest stewardship plan exceeds $1,500, the department may also award 80 percent of the cost that exceeds $1,500 to the owner, up to a maximum grant of $2,500. Grants from the fund may be made to local government units, nonprofit organizations, and private owners of forest land. Notwithstanding the provisions of this subsection to the contrary, the amount of the grants prescribed by this subsection may be adjusted annually by the department in direct proportion to the increase in the Consumer Price Index for all urban consumers in the New York City area as reported by the United States Department of Labor.

e. The department may award individual grants through a cost-sharing program established pursuant to subsection c. of section 8 of P.L.2009, c.256 (C.13:1L-36) to private owners who have obtained a forest stewardship plan approved by the department pursuant to section 3 of P.L.2009, c.256 (C.13:1L-31). The department shall expend no more than $150,000 in any State fiscal year for grants awarded through the cost-sharing program.

(cf: P.L.2009, c.256, s.5)

7. Section 1 of P.L.2022, c.86 (C.26:2C-8.58) is amended to read as follows:

1. a. No later than six months after the effective date of P.L.2022, c.86 (C.26:2C-8.58 et al.), the Department of Environmental Protection shall implement a three-year "Electric School Bus Program" to determine the operational reliability and cost effectiveness of replacing diesel-powered school buses with electric school buses for the daily transportation of students.

b. On or after the date of implementation of the program developed pursuant to subsection a. of this section, and once each year for the next two years thereafter, the Department of Environmental Protection shall, subject to available funding, select for participation in the program no less than six school districts and school bus contractors that operate school buses, as described in section 1 of P.L.1996, c.96 (C.39:3B-1.1), so that during the third year of the program, no less than a total of 18 school districts or school bus contractors shall have been selected for participation in the program amongst the northern, central, and southern regions of the State. The department shall choose school districts and school bus contractors to participate in the program based on a competitive grant solicitation.

In each year, the department shall use its best efforts to select a mix of school districts that operate their own bus fleets and school

districts that contract for school bus services; provided that, in each year, the department shall award no more than half of the grants to school bus contractors. Any school bus contractor applying to participate in the program shall apply in conjunction with a specific school district. In each year, at least half of the school districts or school bus contractors selected by the department, and at least half of the grant funding awarded by the department in each year shall be located in a "low-income, urban, or environmental justice community" as defined in section 2 of P.L.2019, c.362 (C.48:25-2) and from those selected, the department shall use its best efforts, in each year, to select, an equal number of grantees from the northern, central, and southern regions of the State respectively, subject to deviation based on the applicant pool. Grants shall be awarded in a manner that both prioritizes equity and tests a variety of technological and funding approaches, including but not limited to outright purchase, leased buses, leveraging of other funding sources, and vehicle-to-grid or vehicle-to-building technologies.

For purposes of this subsection: "northern," when referring to regions of the State, means the counties of Bergen, Essex, Hudson, Morris, Passaic, Union, Sussex, and Warren; "central," when referring to regions of the State, means the counties of Hunterdon, Mercer, Middlesex, Monmouth, and Somerset; and "southern," when referring to regions of the State, means the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem.

c. (1) Under the program, the department shall award grants to school districts or school bus contractors selected to participate in the program to purchase or lease electric school buses and to purchase or lease and install electric school bus charging infrastructure in coordination with any State department, board, bureau, commission, agency, public utility as defined pursuant to R.S.48:2-13 that provides electric service to end users in the State, municipal public utility as defined in N.J.S.40A:1-1 that provides electric service to end users in the State, authority as defined in section 3 of P.L.1983, c.313 (C.40A:5A-3) that provides electric service to end users in the State, or rural electric cooperative organized under the general corporation laws of this State as necessary. Pursuant to any outright purchase or lease arrangement entered into by a school district or school bus contractor participating in the program, an electric school bus and charging infrastructure vendor purchase or lease arrangement shall include, at a minimum, the following:

(a) an electric school bus having a minimum range of 90 miles per full charge, or 30 percent more range per full charge than the daily maximum miles used by the school district or school bus contractor, whichever is greater, and having telematics system capabilities. The department shall collect data from on-board telematics monitoring systems in order to evaluate parameters such

as idle time, driving time, energy consumption, and frequency of charging;

(b) an electric school bus and charging infrastructure, as appropriate;

(c) appropriate training for bus maintenance personnel and bus drivers, and other relevant personnel, which shall be provided at no cost to a bus driver, bus maintenance personnel, or other relevant personnel; and

(d) electric school bus and charging infrastructure shop manuals and wiring schematics for troubleshooting and a complete list of component parts.

(2) Monies for the "Electric School Bus Program" shall be used by the Department of Environmental Protection to provide grants, pursuant to this subsection, over the three-year period. In the first year, grants shall be provided in accordance with P.L.2022, c.86 (C.26:2C-8.58 et al.) in the amount of $15,000,000 for electrification. Subject to the availability of funds, grants shall continue to be provided in accordance with P.L.2022, c.86 (C.26:2C-8.58 et al.) in the amount of $15,000,000 per year for a total of $45,000,000 over the three-year period. The department may use available monies to provide grants, pursuant to this subsection, singly or in combination, from the following sources: societal benefits charge revenues received pursuant to section 12 of P.L.1999, c.23 (C.48:3-60); the "Global Warming Solutions Fund" established pursuant to section 6 of P.L.2007, c.340 (C.26:2C-50); the “New Jersey Energy Transition and Consumer Protection Fund” established pursuant to section 5 of P.L. , c. (C.) (pending before the Legislature as this bill); any available monies from utility programs to upgrade electrical infrastructure for purposes of electric vehicle charging; any appropriations made by the Legislature for the program established pursuant to P.L.2022, c.86 (C.26:2C-8.58 et al.); or any other sources of available funding. Up to five percent of the monies made available to the program may be used to administer the program.

The department shall determine the amount of each grant provided pursuant to this subsection and shall award grants in a manner that provides for the most efficient and highest efficacy use of the grant.

d. At least once every six months, the school districts or school bus contractors selected to participate in the program shall submit a report to the department detailing the cost to operate the electric school buses, the electric school bus maintenance records and transponder data, and any reliability issues related to the operation or delivery and procurement of the electric school buses. The first report shall be submitted six months after the school district or school bus contractor first completes its initial procurement of electric school buses.

e. (1) The department shall, no less than twice per calendar year, convene a working group which includes a representative of the Board of Public Utilities, the New Jersey Economic Development Authority, the Department of Transportation, the Department of Education, and the New Jersey Motor Vehicle Commission. The working group shall review the reports and, as appropriate, troubleshoot and recommend solutions to any issue raised in a report submitted by a program participant. The working group shall consider issues raised in the reports submitted by program participants and make recommendations regarding program implementation. The department may convene the working group on a more frequent basis as may be required for the effective administration of the program. The department shall collect any additional information and data necessary to complete any report required to be submitted to the Governor and Legislature pursuant to subsection f. of this section.

(2) The department shall permit a recipient of any grant under any State agency-administered program for the provision of an electric school bus and electric school bus charging infrastructure prior to the effective date of P.L.2022, c.86 (C.26:2C-8.58 et al.) to submit any additional information and data to the department to complement any data received by the department from program participants pursuant to this subsection.

f. The department, in collaboration with the Board of Public Utilities and the New Jersey Economic Development Authority shall submit an "Electric School Bus Program" report to the Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature. The report shall be submitted within six months after the conclusion of the program.

The department may use available monies, singly or in combination from the following sources, to procure professional services to assist with the development of the report: societal benefits charge revenues received pursuant to section 12 of P.L.1999, c.23 (C.48:3-60); the "Global Warming Solutions Fund" established pursuant to section 6 of P.L.2007, c.340 (C.26:2C-50); the “New Jersey Energy Transition and Consumer Protection Fund” established pursuant to section 5 of P.L. , c. (C.) (pending before the Legislature as this bill); any available monies from utility programs to upgrade electrical infrastructure for purposes of electric vehicle charging; any appropriations made by the Legislature for the program established pursuant to P.L.2022, c.86 (C.26:2C-8.58 et al.); or any other sources of available funding.

The submitted report shall include:

(1) a description and comprehensive review of the program, including but not limited to, an evaluation of the program's effectiveness;

(2) a summary description of all grants provided under the program, including the names of the recipients, the amount of

funding each recipient received, the current status of the funds provided to each recipient, and an itemization of the total project budget including vehicle costs, hardware costs, installation costs, training costs, and administrative costs;

(3) an analysis of the operational reliability and cost effectiveness of the use of electric school buses and charging infrastructure by each grantee and steps taken by the grantee to fix any operational problems;

(4) an estimate of the emission benefits of the electric school buses and charging infrastructure funded under this program;

(5) any preliminary findings from grant recipients pertaining to design or operation of electric school buses and charging infrastructure and potential improvements to make the buses and charging infrastructure safer, more economical or environmentally advantageous;

(6) as applicable, depending on deployment of grant recipients, an analysis of the potential costs and benefits of using electric school bus batteries for storing power to be returned to the electric grid or to school buildings during periods of peak electric power demand;

(7) an assessment of reliability of electric school buses and charging infrastructure; and

(8) an analysis of any additional external changes that the use of electric school buses and charging infrastructure may require regarding electric service rate schedules, school bus inspection standards, or any other major considerations.

In addition to the information included pursuant to paragraphs (1) through (8) of this subsection, the final report shall include recommendations regarding the establishment of grant and loan programs to provide assistance to school districts and school bus contractors for the replacement of their bus fleets, other types of financial agreements to assist school districts and school bus contractors with implementing and using electric school buses, and the optimization of electric school bus grant programs to most efficiently and effectively distribute available funds to maximize environmental and health benefits.

The final report shall also include recommendations for how additional funding may be distributed in the most efficient and effective manner to maximize the number of electric school buses operating in the State.

(cf: P.L.2022, c.86, s.2)

8. Section 3 of P.L.2007, c.340 (C.26:2C-47) is amended to read as follows:

3. a. <u>After a public hearing is conducted pursuant to subsection e. of section 3 of P.L. , c. (C.) (pending before the Legislature as this bill), the Legislature may authorize the State's participation in the Regional Greenhouse Gas Initiative and</u>

implementation of a greenhouse gas emissions allowance trading program consistent with the RGGI Model Rule and associated guidance documents, if it passes a concurrent resolution stating the report required pursuant to subsection b. of section 3 of P.L. , c. (C.) (pending before the Legislature as this bill) has been reviewed and the necessary conditions to participate in the Regional Greenhouse Gas Initiative have been met.

b. (1) **[**The**]** No later than 60 days after the passage of the concurrent resolution required pursuant to subsection a. of this section, the department shall establish a greenhouse gas emissions allowance trading program consistent with the RGGI Model Rule and associated guidance documents, in order to participate in the Regional Greenhouse Gas Initiative for the purposes of reducing or preventing emissions of greenhouse gases. The department shall adopt rules and regulations, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to implement this greenhouse gas emissions allowance trading program, and shall take into consideration the principles and goals of the New Jersey Energy Master Plan in the rule making process. The department shall cooperate and coordinate with other states or countries that are participating in regional, national, or international carbon dioxide emissions trading programs with the same or similar purpose. In doing so, the department shall exclude from the requirement to purchase or acquire any allowances under any greenhouse gas emissions trading program any cogeneration facility or combined heat and power facility that is an "on-site generation facility" as that term is defined in section 3 of P.L.1999, c.23 (C.48:3-51) and sells less than 10 percent of its annual gross electrical generation.

(2) Approval and notice by the department of specific procedures and requirements for any auction or other sale of allowances which are formulated by a for-profit or non-profit corporation, association or organization which the department and the board participate in pursuant to section 11 of P.L.2007, c.340 (C.26:2C-55) shall not be subject to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), provided that the specific procedures and requirements are consistent with the process and general requirements outlined in rules and regulations adopted by the department, and the public is afforded an opportunity for review and comment on such specific procedures and requirements.

[b.**]** c. Any auction to convey allowances:

(1) shall be conducted based on the schedule and frequency adopted by the department in consultation with other entities participating in a regional program;

(2) shall include auction design elements that minimize allowance price volatility, guard against bidder collusion, and mitigate the potential for market manipulation;

(3) shall include provisions to ensure the continued market availability of allowances to entities regulated under a greenhouse gas emissions allowance trading program, taking into account the outcomes of auctions and monitoring of the allowance market, which may include the adoption of a flexible process that allows for ongoing modification of auction design and procedures in response to allowance market conditions and allowance market monitoring data, provided that the process allows for public comment and input; and

(4) may be open to all qualified participants, and all qualified participants may sell or otherwise agree to transfer any or all allowances to any eligible entity.

[c.**]** d. The department shall review its position with the Regional Greenhouse Gas Initiative, or any subsequent regional auction, on an annual basis, including the amount of allowances that should be included in a regional auction. This annual review shall include consideration of the environmental and economic impact of the auction, leakage impacts, and the impact on electric generation facilities and ratepayers in the State. The department shall submit a written report of this review to the Governor and to the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1). The report shall also be posted on the department's website.

(cf: P.L.2019, c.328, s.2)

9. Section 7 of P.L.2019, c.362 (C.48:25-7) is amended to read as follows:

7. a. There is established in the Board of Public Utilities a special, nonlapsing fund to be known as the Plug-in Electric Vehicle Incentive Fund. The fund shall be administered by the board and shall be credited with:

(1) moneys deposited into the fund by the board pursuant to subsection b. of this section;

(2) moneys that are appropriated by the Legislature; and

(3) any return on investment of moneys deposited in the fund.

b. (1) The board shall deposit into the fund, each year, $30 million of moneys received from the societal benefits charge established pursuant to section 12 of P.L.1999, c.23 (C.48:3-60), moneys made available to the board pursuant to the implementation of the Regional Greenhouse Gas Initiative and P.L.2007, c.340 (C.26:2C-45 et seq.), moneys made available pursuant to "New Jersey Energy Transition and Consumer Protection Fund," and moneys available from other funding sources, as determined by the board, to make disbursements under the light duty plug-in electric vehicle incentive program established pursuant to section 4 of P.L.2019, c.362 (C.48:25-4).

(2) The board may deposit into the fund, each year, such additional amounts from the societal benefits charge, as the board deems necessary, to make disbursement under an incentive program

for in-home electric vehicle service equipment established pursuant to section 6 of P.L.2019, c.362 (C.48:25-6).

c. Moneys in the fund shall be used by the board solely for the purpose of disbursing the incentives established pursuant to sections 4 and 6 of P.L.2019, c.362 (C.48:25-4 and C.48:25-6). The board shall recover any administrative costs incurred in connection with P.L.2019, c.362 (C.48:25-1 et al.) separately from moneys received from the societal benefits charge.

d. The board shall provide no less than $30 million in disbursements under the light duty plug-in electric vehicle incentive program established pursuant to section 4 of P.L.2019, c.362 (C.48:25-4) each year for 10 years.

(cf: P.L.2019, c.362, s.7)

10. (New section) The Department of Environmental Protection and the Board of Public Utilities shall, in accordance with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt rules and regulations as necessary to implement P.L. , c. (C.) (pending before the Legislature as this bill).

11. This act shall take effect immediately.

STATEMENT

This bill would require the State to cease its participation in the Regional Greenhouse Gas Initiative (RGGI). Current law requires the State to establish an emissions trading program in accordance with the RGGI Model Rule in order to participate in the RGGI. This bill would provide certain requirements for when the State would be authorized to participate in the RGGI and establish an emissions trading program in accordance with the RGGI Model Rule.

The bill would require the Commissioner of Environmental Protection to provide written notice to the RGGI Board of Directors and each of the RGGI participatory states, that New Jersey is terminating any and all of its contracts with RGGI, Inc. and would no longer be a participatory state in the RGGI.

Under the bill, the Department of Environmental Protection (DEP), in conjunction with the Board of Public Utilities (BPU), would be required to, within 18 months of the bill's effective date and annually thereafter, until the State has joined the RGGI as a participatory State, prepare and submit to the Governor, and to the Legislature, a report to evaluate certain environmental and energy concerns as enumerated in the bill. Additionally, the report would be required to include the DEP's and BPU's determination on whether or to what extent the conditions necessary for the State to

responsibly participate in the RGGI have been met, according to the bill's provisions.

If the DEP and the BPU determine in the report that the conditions necessary for the State to responsibly participate in the RGGI have been met, the Senate Environment and Energy Committee and the Assembly Environment and Solid Waste Committee, or their designated successors, would be required to jointly conduct a public hearing concerning the contents of the report and whether the State should implement a greenhouse gas emissions allowance trading program consistent with the RGGI Model Rule and associated guidance documents, in order to participate in the RGGI. After the public hearing is conducted, the Legislature would be permitted to authorize the State's participation in the RGGI and implementation of a greenhouse gas emissions allowance trading program consistent with the RGGI Model Rule, if it passes a concurrent resolution stating the report has been reviewed and the necessary conditions to participate in the RGGI have been met.

Additionally, the bill would authorize the DEP, beginning 30 days after the bill's effective date, to levy a carbon dioxide emission mitigation fee (emissions fee) of $7.00 per ton of carbon dioxide an electric generation unit in the State emits. The bill would not set a limit on the amount of carbon dioxide an electric generation unit would be authorized to emit. The bill would require the DEP, in conjunction with the BPU to establish a carbon dioxide emission reporting system and a collection mechanism necessary to implement the emissions fee. The DEP would not be allowed to levy an emissions fee upon an owner or operator of an electric generation unit if the State implements any greenhouse gas emissions allowance trading program for which the owner or operator would be required to purchase or acquire any allowances.

Finally, the bill would create the "New Jersey Energy Transition and Consumer Protection Fund" (fund) in the Department of the Treasury which would be credited with all revenues collected from the emissions fee. The fund would be administered by the State Treasurer and disbursed upon a warrant from the DEP and the BPU. Monies in the fund would be used for certain purposes and to supplement certain funding sources as enumerated in the bill.