ASSEMBLY, No. 5726

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED OCTOBER 29, 2026

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SYNOPSIS

"Micro-Reactor Incentive Act"; directs BPU to request proposals to construct micro nuclear reactors in State.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 10/29/2026)

AN ACT concerning nuclear energy, amending P.L.2007, c.340, and supplementing Title 48 of the Revised Statutes.

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

1. (New section) Sections 1 through 6 of P.L. , c. (C.) (pending before the Legislature as this bill) shall be known and may be cited as the "Micro-Reactor Incentive Act."

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

(1) Nuclear fission is a cost effective, safe, and reliable method of generating electricity without emitting greenhouse gases;

(2) Solar and wind power do not provide constant power output, rendering them unsuitable for replacing coal and natural gas as the primary methods of electricity generation, meaning that the State will be unable to reach its clean energy goals through the use of solar and wind power alone;

(3) Nuclear reactors, by contrast, provide constant power output, and its fuel prices are not subject to the frequent and unpredictable fluctuations in oil prices;

(4) Private industries, with the support of the federal Department of Energy, are developing a new type of nuclear fission reactor, known as small modular reactors (SMRs), which are designed to be compact, be capable of being factory-assembled and transported to a location for installation, and to generate sufficient electricity to power up to hundreds of thousands of homes;

(5) An SMR with a power output of less than 20 megawatts is known as a "micro-reactor," and is designed to power individual facilities, or to provide temporary power to communities during electricity outages;

(6) Whereas most energy storage systems are designed to provide backup power for no more than four hours, micro-reactors could serve as backup electricity sources for vital facilities, including water treatment facilities, hospitals, police and fire stations, and military bases; and

(7) The United States Air Force is currently conducing a feasibility study of a proposed micro-reactor at Joint Base Anacostia-Bolling in Washington and, separately, is working with the University of Illinois Urbana-Champaign on a proposed research reactor.

b. It is therefore in the public interest for New Jersey to establish a program to incentivize and attract the construction of micro-reactors in the State, in order to provide reliable electricity, help the State meet its clean energy goals, and ensure that the

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.

State's critical services continue to operate during electricity outages.

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

"Board" means the Board of Public Utilities.

"Micro-reactor" means a nuclear fission reactor that: (1) has a rated electric generating capacity of not more than 20 megawatts; (2) is capable of being constructed and operated either alone or in combination with one or more similar reactors if additional reactors are or become necessary at a single site; and (3) is required to be licensed by the United States Nuclear Regulatory Commission.

"Micro-reactor incentive" means a pecuniary incentive, provided per megawatt hour of electric energy produced by a micro-reactor that is selected through the competitive solicitation program established by P.L. , c. (C.) (pending before the Legislature as this bill).

"Transmission and distribution system" means the same as the term is defined in section 3 of P.L.1999, c.23 (C.48:3-51).

4. (New section) a. No later than one year after the effective date of P.L. , c. (C.) (pending before the Legislature as this bill), the board shall develop a competitive solicitation program for awarding micro-reactor incentive contracts to promote the construction of micro-reactors in the State.

b. In order to be eligible to participate in a solicitation process administered by the board pursuant to this section, a project for the construction of micro-reactor shall:

(1) commence after the effective date of P.L. , c. (C.) (pending before the Legislature as this bill); and

(2) be interconnected to a transmission and distribution system operated by a New Jersey electric public utility or local government unit, or be designed to provide electricity exclusively to facilities located in New Jersey.

c. The board may develop additional eligibility criteria and application processes for participation in the solicitation process.

d. Solicitation rounds shall occur at least as frequently as once every 18 months, beginning no later than two years after the effective date of P.L. , c. (C.) (pending before the Legislature as this bill). The solicitation process shall:

(1) be open on a non-discriminatory basis to any entity seeking to construct a micro-reactor that complies with the provisions of P.L. , c. (C.) (pending before the Legislature as this bill);

(2) be carried out in accordance with criteria developed by the board and applied equally to all responses to the solicitation;

(3) award contracts for micro-reactor incentives to promote the construction of micro-reactors, with the first solicitation round

closing no later than three years after the effective date of P.L. , c. (C.) (pending before the Legislature as this bill);

(4) give preference to projects that: (a) are located on the site of former nuclear, natural gas, or coal power plants; (b) include a process to retrain and employ former employees of retired nuclear, natural gas, or coal power plants; or (c) are designed to provide emergency power to a critical facility, including, but not limited to, a water treatment plant, hospital, police or fire station, or military base;

(5) ensure that the length of any award is sufficient to encourage low financing rates, reasonable risks to ratepayers, and to enable the development of affordable energy resources;

(6) mitigate price and delivery risks for ratepayers; and

(7) include requirements designed to ensure successful completion of projects, including, but not limited to, the imposition of appropriate escrow fees, bid maturity requirements, required interconnection milestones, and conditions on when a project must achieve commercial operation.

e. The board may establish confidential high and low bid thresholds prior to conducting a competitive solicitation pursuant to this section, provided that the thresholds promote fiscal responsibility for the State and the likelihood of successful bids, as determined by the board. The thresholds may include a cap on the micro-reactor incentive payments paid to a project developer. The board may also procure more than the minimum quantity of electric power required by this section if bids are below the predetermined bid threshold.

f. The board shall determine, in consultation with the Department of Environmental Protection, if a micro-reactor facility may be sited on a contaminated site or landfill for the purposes of this section.

g. At the end of each bidding round, the board shall:

(1) rank all bids received based on the bid price and any preference awarded pursuant to paragraph (4) of subsection d. of this section;

(2) select bids in ranked order, up to the procurement budget set by the board; and

(3) adjust quantities awarded if prices are above or below any confidential pre-determined thresholds established pursuant to subsection d. of this section.

h. Any moneys placed in escrow by an applicant as part of the competitive solicitation process shall be reimbursed to the applicant in full or in part upon meeting the conditions set forth by the board when the board established the escrow requirement, including, but not limited to, selection in the competitive solicitation or commencement of commercial operation of the micro-reactor facility. The escrow amount shall be forfeited to the General Fund if the facility does not meet the conditions set forth by the board

when the board established the escrow requirement, including, but not limited to, commencing commercial operation within the term specified by the board's requirements established pursuant to paragraph (7) of subsection d. of this section, including any extensions as may be granted pursuant to procedures established by the board.

i. Micro-reactor incentive payments issued pursuant to paragraph (3) of subsection d. of this section may be paid from the "Global Warming Solutions Fund" established pursuant to section 6 of P.L.2007, c.340 (C.26:2C-50).

5. (New section) a. A micro-reactor shall not receive, in the same year, a micro-reactor incentive issued pursuant to P.L. , c. (C.) (pending before the Legislature as this bill) and a grant issued by the New Jersey Economic Development Authority pursuant to paragraph (1) of subsection b. of section 7 of P.L.2007, c.340 (C.26:2C-51).

b. The owner or operator of a micro-reactor that receives a micro-reactor incentive for a unit of energy produced by the reactor shall not otherwise sell, alienate, or dispose of any of the environmental benefits or attributes associated with that energy, in any way apart from its participation in the zero emissions certificate program.

c. The owner or operator of a micro-reactor facility that is selected by the board pursuant to section 4 of P.L. , c. (C.) (pending before the Legislature as this bill) shall be responsible for the payment of an annual administrative fee, in an amount, which does not exceed the board's reasonable expenses in implementing the provisions of P.L. , c. (C.) (pending before the Legislature as this bill), to be determined annually by the board.

d. Each worker employed in the State during the construction of a micro-reactor that is selected by the board pursuant to section 4 of P.L. , c. (C.) (pending before the Legislature as this bill) shall be paid not less than the prevailing wage rate for the worker's craft or trade, as determined by the Commissioner of Labor and Workforce Development pursuant to P.L.1963, c.150 (C.34:11-56.25 et seq.).

e. The issuance of micro-reactor incentives pursuant to P.L. , c. (C.) (pending before the Legislature as this bill) shall be deemed "Board of Public Utilities financial assistance" as provided under section 1 of P.L.2009, c.89 (C.48:2-29.47).

f. The owner, operator, and developer of a micro-reactor that is selected by the board pursuant to section 4 of P.L. , c. (C.) (pending before the Legislature as this bill), as appropriate, shall obtain all necessary permits and other approvals as may be required pursuant to federal, State, or local law, rule, regulation, or ordinance.

g. A qualified project shall not be eligible to receive a micro-reactor incentive for a megawatt hour of electricity generation if the qualified project also receives a zero-emission certificate pursuant to section 3 of P.L.2018, c.16 (C.48:3-87.5) for that megawatt hour of electricity generation.

6. (New section) No later than four years after the effective date of P.L. , c. (C.) (pending before the Legislature as this bill), 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), which summarizes the program developed pursuant to P.L. , c. (C.) (pending before the Legislature as this bill), and includes any recommendations to improve the functioning of the program.

7. Section 7 of P.L.2007, c.340 (C.26:2C-51) is amended to read as follows:

7. a. The agencies administering programs established pursuant to this section shall maximize coordination in the administration of the programs to avoid overlap between the uses of the fund prescribed in this section.

b. Moneys in the fund, after appropriation annually for payment of administrative costs authorized pursuant to subsection c. of this section, shall be annually appropriated and used for the following purposes:

(1) Sixty percent shall be allocated to the New Jersey Economic Development Authority to provide grants and other forms of financial assistance to commercial, institutional, and industrial entities to support end-use energy efficiency projects and new, efficient electric generation facilities that are state of the art, as determined by the department, including but not limited to energy efficiency and renewable energy applications, to develop combined heat and power production and other high efficiency electric generation facilities, to stimulate or reward investment in the development of innovative carbon emissions abatement technologies with significant carbon emissions reduction or avoidance potential, to develop qualified offshore wind projects pursuant to section 3 of P.L.2010, c.57 (C.48:3-87.1), and to provide financial assistance to manufacturers of equipment associated with qualified offshore wind projects. The authority, in consultation with the board and the department, shall determine: (a) the appropriate level of grants or other forms of financial assistance to be awarded to individual commercial, institutional, and industrial sectors and to individual projects within each of these sectors; (b) the evaluation criteria for selecting projects to be awarded grants or other forms of financial assistance, which criteria shall include the ability of the project to result in a measurable reduction of the emission of greenhouse gases or a measurable

reduction in energy demand, provided, however, that neither the development of a new combined heat and power production facility, nor an increase in the electrical and thermal output of an existing combined heat and power production facility, shall be subject to the requirement to demonstrate such a measurable reduction; and (c) the process by which grants or other forms of financial assistance can be applied for and awarded including, if applicable, the payment terms and conditions for authority investments in certain projects with commercial viability;

(2) Twenty percent shall be allocated to the board to support programs that are designed to reduce electricity demand or costs to electricity customers in the low-income and moderate-income residential sector with a focus on urban areas, including efforts to address heat island effect and reduce impacts on ratepayers attributable to the implementation of P.L.2007, c.340 (C.26:2C-45 et al.) **[**or**]** , to support the light duty plug-in electric vehicle incentive program and the incentive program for in-home electric vehicle service equipment established pursuant to sections 4 and 6 of P.L.2019, c.362 (C.48:25-4 and C.48:25-6), or to fund micro-reactor incentive payments issued pursuant to section 4 of P.L. , c. (C.) (pending before the Legislature as this bill). For the purposes of this paragraph, the board, in consultation with the authority and the department, shall determine the types of programs to be supported and the mechanism by which to quantify benefits to ensure that the supported programs result in a measurable reduction in energy demand or accomplishment of the plug-in electric vehicle goals established pursuant to section 3 of P.L.2019, c.362 (C.48:25-3);

(3) Ten percent shall be allocated to the department to support programs designed to promote local government efforts to plan, develop and implement measures to reduce greenhouse gas emissions, including but not limited to technical assistance to local governments, and the awarding of grants and other forms of assistance to local governments to conduct and implement energy efficiency, renewable energy, and distributed energy programs and land use planning where the grant or assistance results in a measurable reduction of the emission of greenhouse gases or a measurable reduction in energy demand. For the purpose of conducting any program pursuant to this paragraph, the department, in consultation with the authority and the board, shall determine: (a) the appropriate level of grants or other forms of financial assistance to be awarded to local governments; (b) the evaluation criteria for selecting projects to be awarded grants or other forms of financial assistance; (c) the process by which grants or other forms of financial assistance can be applied for and awarded; and (d) a mechanism by which to quantify benefits; and

(4) Ten percent shall be allocated to the department to support programs that enhance the stewardship and restoration of the State’s

forests and tidal marshes that provide important opportunities to sequester or reduce greenhouse gases.

c. (1) The department may use up to four percent of the total amount in the fund each year to pay for administrative costs justifiable and approved in the annual budget process, incurred by the department in administering the provisions of P.L.2007, c.340 (C.26:2C-45 et al.) and in administering programs to reduce the emissions of greenhouse gases including any obligations that may arise under subsection a. of section 11 of P.L.2007, c.340 (C.26:2C-55).

(2) The board may use up to two percent of the total amount in the fund each year to pay for administrative costs justifiable and approved in the annual budget process, incurred by the board in administering the provisions of P.L.2007, c.340 (C.26:2C-45 et al.) and in administering programs to reduce the emissions of greenhouse gases including any obligations that may arise under subsection a. of section 11 of P.L.2007, c.340 (C.26:2C-55).

(3) The New Jersey Economic Development Authority may use up to two percent of the total amount in the fund each year to pay for administrative costs justifiable and approved in the annual budget process, incurred by the authority in administering the provisions of P.L.2007, c.340 (C.26:2C-45 et al.) and in administering programs to reduce the emissions of greenhouse gases.

d. The State Comptroller shall conduct or supervise independent audit and fiscal oversight functions of the fund and its uses.

(cf: P.L.2019, c.362, s.12)

8. The board 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 this act.

9. This act shall take effect immediately.

STATEMENT

This bill, to be known as the "Micro-Reactor Incentive Act," would direct the Board of Public Utilities (BPU) to establish a program to solicit bids for the construction of micro-reactors in the State. A micro-reactor is a small modular reactor (SMR) with a power output of less than 20 megawatts, which is designed to power individual facilities, or to provide temporary power to communities during electricity outages.

The bill would authorize the BPU to issue financial incentives to micro-reactors, to be known as micro-reactor incentives, for each megawatt hour of electric energy produced by the reactor. The

amount of the incentive would be determined through a competitive solicitation process. Private entities would submit bids to the BPU, which state the level of micro-reactor incentive they estimate they would require to achieve profitability. The BPU would select the lowest bids, except that the bill authorizes the BPU to give preference to certain projects, for example projects sited at former nuclear energy facilities or fossil fuel power plants. The bill would authorize the BPU to use moneys in the "Global Warming Solutions Fund," which serves as the repository for funds collected by the State under the Regional Greenhouse Gas Initiative (RGGI), in order to fund the micro-reactor incentives.

The bill would direct the BPU to develop the program within one year after the bill's enactment, and to begin the first competitive solicitation round within two years after the bill's enactment. The bill would restrict the owner or operator of a micro-reactor that receives an incentive from otherwise profiting from the environmental attributes of the energy it produces. Finally, the bill would require each micro-reactor that is selected to participate in the incentive program to pay an annual administrative fee to the BPU, to compensate the BPU for its costs in administering the program.