

Submitted Via Online Docket Submission

May 1, 2025

Ms. Sherri L. Lewis Secretary of the Board of Public Utilities 44 South Clinton Ave., 1st Floor PO Box 350 Trenton, NJ 08625-0350

## Re: In the Matter of the 2024 New Jersey Energy Master Plan Docket #<u>QO24020126</u>

Dear Secretary Lewis:

The Natural Resources Defense Council ("NRDC") is pleased to submit comments to the NewJersey Board of Public Utilities in the above-referenced proceeding.

Sincerely, David Amanfu Building Decarbonization Advocate NRDC

Donna De Costanzo Director, Northeast, Climate & Energy NRDC The Natural Resources Defense Council (NRDC) uses science, policy, law, and people power to confront the climate crisis, protect public health, and safeguard nature. On behalf of our nearly 18,000 members in New Jersey, NRDC thanks the Board of Public Utilities (BPU) for its efforts to refresh the state's Energy Master Plan (EMP). We appreciate the opportunity to comment in advance of the release of the final document. The 2024 edition of the EMP will be an important guiding document for the state to continue making progress on its climate and energy goals, as it moves towards 100% carbon neutral energy by 2050. NRDC's recommendations will help the state meet its climate goals while managing energy costs and making life more affordable for all Garden State residents.

## 1. Introduction

NRDC urges the BPU to focus efforts on a modelling scenario that emphasizes the urgency of the moment. A path to a high electrification future is the lowest cost way to adequately tackle New Jersey's share of emissions driving the climate crisis. Governor Murphy and the BPU have made significant progress, but as E3's executive summary describes, current policy alone will not be sufficient to achieve the climate goals of the state. E3's presentation also underscores several "no regrets" pursuits that will be needed to optimize emissions reductions across all three of the modeled scenarios. In these comments, we make recommendations on how to best pursue those no regrets items that are needed to maintain steady progress, regardless of which scenario comes closest to reality.

## 2. Key Recommendations

These comments include recommendations covering three sectors: buildings, transportation, and power (including regarding the electric grid and data centers).

- Buildings
  - Expand heat pump deployment to meet established climate goals.
  - Continue to support weatherization and pre-weatherization.
  - Phase out gas equipment incentives for efficiency programs.
  - Expand building electrification programs at every opportunity.
  - Ensure benefits to the power grid of building electrification and energy efficiency are fully recognized.
- Transportation
  - Adopt EV-specific, affordable rate designs to promote charging.
  - Set average and maximum energization timelines for charging infrastructure.
  - Highlight the grid and ratepayer benefits of EV adoption.
  - Ensure utility infrastructure planning and investment supports ZEV compliance.
- Power
  - Electrical Grid

- Aggressively deploy energy storage in New Jersey.
- Use every available option to avoid PJM's interconnection queue.
- Push for reforms at PJM to support New Jersey's goals.
- Data Centers
  - Implement capacity commitment frameworks broadly.
  - Establish accurate forecasts and prevent overbuilding of infrastructure.
  - Ensure consumer protections to prevent cost shifts.
  - Prioritize and incentivize new and deliverable clean energy, ideally funded by data centers.

# 3. Recommendations by Sector

• Buildings

Successful and substantial emissions reductions in the building sector will only be achieved through persistent, policy-driven market transformation. This will require assuming and aggressively pursuing high levels of building electrification; rewarding smart electrification that lowers costs for all electric users; and making it as easy as possible for New Jerseyans who want to electrify their homes to do so.

Several recent analyses demonstrate the imperative and opportunity available to the state. Synapse Energy Economics found that over the next 11 years, vehicle and building electrification in New Jersey will generate more than \$1.5 billion in new utility revenues.<sup>1</sup> This \$1.5 billion will be available for grid management and build out, reducing the per kilowatt hour costs that New Jerseyans will have to pay for their electric energy. Energy Futures Group's analysis of the available grid capacity to support this electrification shows that the state could electrify well over one million homes with electric heat pumps without shifting to a winter peaking grid or incurring substantive grid upgrades.<sup>2</sup> Together, these two analyses show that with strategic and deliberate planning, smart electrification can be a net source of income for the Garden State's energy infrastructure. Building electrification can and should be a win-win for the state, grid operator and utilities, and New Jersey residents.

• Expand Electric Heat Pump Deployment to Achieve Climate Goals and Meet Multistate Zero-Emissions Residential Buildings Memorandum of Understanding Goals

On January 17 2024, New Jersey, along with nine other states, signed onto a Multistate Memorandum of Understanding (MOU) organized by Northeast States for Coordinated Air Use

<sup>&</sup>lt;sup>1</sup> See "How Will Future Electric Vehicle Adoption and Building Electrification Affect Electric Rates?" Synapse Energy Economics, February 2025 ("2025 Synapse Analysis"). {<u>https://www.synapse-energy.com/sites/default/files/NJ-Forward-Looking-Electrification-Factsheet-Final-24-023.pdf</u>}

<sup>&</sup>lt;sup>2</sup> See "New Jersey's Electric Grid Has Headroom to Electrify Heating in Over 1 Million Homes", Energy Futures Group, March 11, 2025. {<u>https://energyfuturesgroup.com/wp-content/uploads/2025/03/NJ-Grid-Headroom-for-</u> <u>Electrification-2025-03-07.pdf</u>}

Management (NESCAUM). The NESCAUM MOU, titled "Accelerating the Transition to Zero-Emission Residential Buildings",<sup>3</sup> was established to coordinate state action to accelerate and facilitate the transition to zero-emission buildings. The goals outlined in the NESCAUM MOU align well with the high electrification Integrated Energy Plan scenario; successfully achieving them will require continued and additional State support and innovation.

Distributed fossil gas is projected to decline over 70% by 2050 across all EMP scenarios, including declining 81% in the High Electrification scenario.<sup>4</sup> Air source heat pumps are projected to constitute north of 80% of the installed residential heating equipment by 2050 across all scenarios, yet under current policy would only achieve north of 30% -- a gap that must be overcome with policy designed to improve market penetration.<sup>5</sup>

Specific actions the State can take to close this gap include: deploying a beneficial building electrification program to achieve defined interim and final emissions reductions goals; creating compliance and reporting requirements for utility companies to achieve beneficial building electrification and decarbonization; and, expanding energy efficiency programs and benefits for LMI households to cover and mitigate the technology cost gap for heat pumps.

Beneficial building electrification programs would encourage the deliberate and strategic electrification of fossil fuel end uses in a cost-effective and emissions-reducing manner.<sup>6</sup> By planning for zonal or grid-informed electrification, the State can provide the regulatory and economic certainty to install electric technologies to the benefit of all. Given the Synapse and Energy Futures Group analyses highlighted above, New Jerseyans can be assured that electrification will not result in additional upward pressure on rates.

# • Continue to Support Weatherization and Pre-weatherization

Prioritizing energy efficiency and improving the building envelope prior to electrification retrofits reduces energy use in buildings and ensures that electrified equipment can be appropriately sized, which will reduce up-front investment costs. This is particularly true in colder climates. Despite federal funding uncertainty around the Low-Income Home Energy Assistance Program (LIHEAP), the State should continue to investigate bolstering funding for important weatherization programs that ease grid strain and statewide energy costs.

Many homes and buildings may need basic health and safety upgrades such as mold abatement and structural repairs before installing any program measures. Electric panels in older buildings may need to be replaced or upgraded to ensure that the building has an adequate and safe power supply. Other electrical infrastructure may also require upgrading for larger buildings. New

<sup>&</sup>lt;sup>3</sup> https://www.nescaum.org/documents/Buildings-MOU-Final-with-Signatures---DC.pdf.

 <sup>&</sup>lt;sup>4</sup> 2024 New Jersey Energy Master Plan, Executive Summary DRAFT, Board of Public Utilities and Energy + Environmental Economics, March 13, 2025 (EMP Executive Summary DRAFT), Slide 19.
<sup>5</sup> Id., Slide 21.

<sup>&</sup>lt;sup>6</sup> See Beneficial Electrification, Environmental and Energy Studies Institute {<u>https://www.eesi.org/electrification/be</u>}.

Jersey can draw on best practices from other states in addressing these pre-weatherization barriers.<sup>7</sup>

Expansion of energy efficiency programs to assist low- and middle-income households in electrifying their heating aligns with both a stipulation of the NESCAUM MOU, and the BPU's recent docket on energy affordability.<sup>8</sup> Ensuring that vulnerable households do not see their energy burdens increase is an equity issue that can be alleviated either through direct subsidization or other targeted programming. The State should make it a priority to pair these efforts with expanding energy efficiency programs to include heat pump support for vulnerable communities.

# • Phase Out Gas Equipment Incentives for Efficiency Programs

To align with New Jersey's climate goals and promote long-term affordability for customers, gas equipment incentives should be phased out of energy efficiency offerings. The Energy Master Plan Ratepayer Impact Study determined that by 2030, a customer that was electrified would face lower total energy costs than a customer that remained on the fossil fuel system.<sup>9</sup> For example, New York will not allow any incentives for natural gas-fired equipment as of January 1, 2026.<sup>10</sup> The New York Public Service Commission ("NY PSC") classified gas equipment incentives as a "Non-Strategic Measure/Program" that would either increase fossil fuel usage, be counterproductive to the advancement of efficiency and/or electrification programs, promote increased usage rather than conservation, have a life of less than 6 years, or would likely be adopted in the absence of incentives or financing.<sup>11</sup> New Jersey should take the opportunity to ensure State and utility customer funds are directed to the highest value uses and phase out gas equipment incentives for efficiency programs.

# • Expand Building Electrification Programs at Every Opportunity to Directly Achieve Reduced Costs for All Ratepayers

As New Jerseyans are facing steep cost increases in not only energy prices, but inflation adjusted hard and soft costs for equipment installations, the State should use the 2024 EMP to take

<sup>&</sup>lt;sup>7</sup> These may include: New York State's ongoing New Efficiency: New York ("NENY") regulatory proceeding; California's TECH program for electrical panel upgrades; and Massachusetts' Mass Save program.

<sup>&</sup>lt;sup>8</sup> See BPU Docket # QO24110853 {<u>https://publicaccess.bpu.state.nj.us/CaseSummary.aspx?case\_id=2113450</u>}; see also NESCAUM MOU at 4, Resolution 6 {<u>https://www.nescaum.org/documents/Buildings-MOU-Final-with-Signatures---DC.pdf</u>}.

<sup>&</sup>lt;sup>9</sup> Brattle, New Jersey Energy Master Plan Ratepayer Impact Study (Aug. 2022).

<sup>&</sup>lt;sup>10</sup> State of New York Public Service Commission, ORDER DIRECTING ENERGY EFFICIENCY AND BUILDING ELECTRIFICATION PROPOSALS, Case 18-M-0084, pg. 35- 36.

https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={E0F27489-0000-CF14-9DBB-3BE183AC4793}.

<sup>&</sup>lt;sup>11</sup> *Id.* at 34-35.

complete stock of its energy efficiency and electrification programs and recommit to a strategic expansion of the most effective, climate-aligned approaches.

# • Ensure Benefits to the Power Grid of Building Electrification and Energy Efficiency are Fully Recognized

Increasing loads and the risk of gas plant failures during winter storms in the PJM territory are the immediate drivers of high capacity costs for New Jersey. Through buildings policy, the State can help address these challenges by altering the state's electric load shape and reducing natural gas consumption. First, energy efficiency efforts should focus on reducing winter load, and New Jersey should ensure that PJM properly recognizes those reductions in forecasting capacity needs. Second, building electrification will reduce natural gas consumption, increasing available supply for electricity generation. As fuel availability is the second most important driver of gas plant winter outages (after mechanical failure at the plant), if done at scale, this should be reflected by PJM in increased capacity ratings for gas plants, reducing capacity costs. Third, as described in more detail in the Electric Grid section, below, PJM is currently incorrectly allocating capacity costs, with the effects of reducing the financial value New Jersey sees from energy efficiency and solar.

Finally, demand response should be incorporated into building electrification programs from the start. Heat pumps, in particular, offer significant demand response potential. Installing the necessary metering, communication, and control infrastructure is much more cost-effective if done with the initial installation. Ideally, demand response capability should be required in building codes.<sup>12</sup> Failing that, any heat pump incentive programs should consider installing demand response infrastructure as part of initial installations. New Jersey should also carefully compare the technical capacity of demand response with what can be realized through PJM rules, and work with PJM to remove any barriers identified. In particular, we are concerned that PJM does not currently recognize the value of seasonal demand response.

# o <u>Transportation</u>

With federal support for clean transportation increasingly uncertain, the role of state leadership in accelerating vehicle electrification is more important than ever. New Jersey's commitment to transitioning cars, trucks, and buses to zero-emission technologies demonstrates how climate action and affordability can be pursued together. Expanding access to electric vehicle (EV) charging lowers transportation fuel costs for households and businesses, spreads electric system costs across more customers, and delivers cleaner air to communities most burdened by pollution. Strengthening near-term actions on transportation electrification are

<sup>&</sup>lt;sup>12</sup> See *Demand Response in Residential Energy Code,* Pacific Northwest National Laboratory (2024). Available at https://www.energycodes.gov/sites/default/files/2025-01/TechBrief\_GEB\_Demand\_Response.pdf.

critical to meeting the State's climate, equity, public health, and economic development goals, while positioning New Jersey as a national leader during a period of federal retrenchment.

The EMP's modeling appropriately identifies transportation electrification as one of the major drivers of future electricity demand growth. However, while the EMP sets forth strong long-term targets, additional near-term action is needed to remove infrastructure barriers and ensure timely progress toward New Jersey's transportation climate commitments.

We offer the following recommendations to strengthen the EMP's treatment of transportation electrification:

# • Adopt EV-Specific, Affordable Rate Designs to Promote Charging

While the EMP emphasizes the importance of affordability, it does not directly address the need for EV-specific rate structures that lower charging costs for consumers and fleet operators. Traditional commercial rates, originally designed for building loads, often impose high demand charges that erode the fuel savings potential of EVs and discourage investment in public and commercial charging infrastructure.

The Board should direct utilities to develop EV-specific rates for residential, commercial, and public EV charging. Rates should reflect the true cost of service, encourage managed charging during off-peak periods, and preserve overall affordability – without requiring cross-subsidies between customer classes.<sup>13</sup> Thoughtful EV rate design will not only make EV ownership and operation more attractive but also support grid reliability and ensure that all ratepayers, particularly low- and moderate-income customers, benefit from the transition to electrified transportation.

# • Set Average and Maximum Energization Timelines for Charging Infrastructure

The EMP appropriately identifies that new electric capacity will be required to support the clean energy transition, but it does not sufficiently address the current barrier posed by delays in energizing EV charging infrastructure. Establishing clear performance expectations—such as average and maximum energization timelines—is critical to overcoming a major bottleneck that could delay or discourage EV infrastructure deployment. Without predictable and timely utility interconnection and energization, New Jersey risks missing critical milestones under its Advanced Clean Cars II (ACC II) and Advanced Clean Trucks (ACT) regulations. The Board should move swiftly to establish energization performance standards, require regular public reporting by utilities, and authorize proactive investment in distribution upgrades necessary to meet anticipated transportation electrification demands.

# • Highlight the Grid and Ratepayer Benefits of EV Adoption

While the EMP discusses affordability broadly, it should more directly emphasize that widespread transportation electrification can lower electric rates for all customers. As EVs

<sup>&</sup>lt;sup>13</sup> National Association of Regulatory Utility Commissioners (NARUC). Electric Vehicles: Key Issues, Trends, and Considerations for State Regulators. November 2020. Available at: <u>https://pubs.naruc.org/pub/55C47758-1866-DAAC-99FB-FFA9E6574C2B</u>.

increase electricity consumption without proportionally increasing system costs, they help spread fixed infrastructure costs over more kilowatt-hours, reducing the price per unit of energy. This dynamic is not theoretical: real-world data already demonstrates that EV adoption benefits all ratepayers. Between 2011 and 2021, EV drivers in New Jersey contributed approximately \$85.3 million more in utility revenues than their associated costs, helping drive rates down for all customers.<sup>14</sup>

Looking ahead, as highlighted above, transportation and building electrification will generate roughly \$1.55 billion more in utility revenues than costs over the next 11 years in New Jersey, putting downward pressure on electric rates to the benefit of all utility customers.<sup>15</sup> Highlighting this dynamic within the EMP would help make the case that smart EV policies are key to achieving broader energy affordability and equity goals across New Jersey.

## • Ensure Utility Infrastructure Planning and Investment Supports ZEV Compliance

The EMP celebrates New Jersey's commitment to electrifying the transportation sector, but it should make more explicit the connection between infrastructure deployment and regulatory compliance efforts. New Jersey's adoption of ACC II and ACT sets legally binding zeroemission vehicle sales targets, particularly for light-, medium-, and heavy-duty vehicles. These regulations allow for New Jersey to undertake a clear, phased approach to the transition to zeroemission vehicles that is occurring, and help entities like the BPU and utilities have a clear glidepath towards success. For this reason, amongst others, it is important for New Jersey to keep these regulations in place. And to achieve these targets, it will require aggressive expansion of public, commercial, and depot charging infrastructure.

The EMP should make clear that utility infrastructure planning, make-ready investments, and capacity upgrades are not merely optional enhancements, but are critical compliance measures necessary to meet the State's transportation electrification requirements, deliver clean air benefits, and support equitable economic development. Utilities should be directed to align their investments with the pace and scale of ZEV adoption required under the regulations.

## • **Power**

# • Electrical Grid

# i. Aggressively Deploy Energy Storage

Large-scale deployment of energy storage is absolutely essential to realizing New Jersey's decarbonization goals and maintaining reliability.

<sup>&</sup>lt;sup>14</sup> Synapse Energy Economics. Electric Vehicles Are Driving Rates Down for All Customers. April 2024. Available at: <u>https://www.synapse-energy.com/sites/default/files/NJ-EV-Rates-Factsheet-Final-24-022.pdf</u>.

<sup>&</sup>lt;sup>15</sup> 2025 Synapse Analysis. Available at: <u>https://www.synapse-energy.com/sites/default/files/NJ-Forward-Looking-Electrification-Factsheet-Final-24-023.pdf</u>.

PJM is currently nearing a potential shortage of generating capacity. This has already raised prices, caused fossil plants to cancel retirement plans, and spurred a new round of gas plant development. If not thoughtfully managed and planned for, projected load growth from both electrification and data centers adds additional pressure. Solar and onshore wind are important sources of carbon-free energy but have relatively low capacity values. Four current carbon-free technologies bring significant capacity value to the grid: nuclear, hydro, offshore wind, and storage. Storage is the only one of the four that does not come with significant siting and development issues. Storage's 20-30 month construction times are a fraction of the other technologies, and storage is rapidly nearing cost parity with traditional technologies.

Given the current capacity situation, New Jersey will only be able to retire fossil fuel power plants to the extent it is able to replace their capacity 1:1 with new carbon-free resources. Current offshore wind plans, if successful, will provide perhaps 10% of New Jersey's capacity needs in 2030 and 20% in 2040. Beyond that, it is no exaggeration to say that the rate at which New Jersey can retire fossil fuel plants will directly hinge on how fast it can install energy storage.

#### ii. Use Every Available Option to Avoid PJM's Interconnection Queue

PJM's interconnection queue is many years behind. Projects proposed today are unlikely to even be able to begin permitting and construction until late 2028. Proposed federal legislation threatens to give priority to fossil and nuclear generation. Given this, it would be prudent for New Jersey to explore every available option to add resources without going through PJM's queue. These options include:

<u>Surplus Interconnection Service (SIS).</u> SIS allows new resources to connect at existing sites with faster review. This is particularly useful in adding storage to wind, solar, or offshore wind plants, as those facilities do not always use their interconnection at full capacity.

<u>Generator replacement</u>. Replacements can be built at the site of retiring fossil plants without going through the interconnection queue. If the replacement has similar capacity value as the retiring plant and can come on-line as the original plant retires, reliability violations that require costly transmission upgrades can be avoided.

Distributed Energy Resources. Under PJM rules, distributed energy resources may be up to 10MW, are on the state jurisdictional distribution system, and avoid the PJM queue entirely. DERs do not have to be co-located with load; even stand-alone greenfield projects are eligible provided they attach to the distribution system. New Jersey should ensure that distribution utility tariffs support efficient interconnection of DERs, and that DERs are eligible to participate in any clean energy procurements.

The EMP should use every option to wield New Jersey's jurisdictional authority to identify retiring plants as priority sites and/or require retiring plants to submit plans far in advance of

their actual retirement to allow for replacement resources to be sited at the same point of interconnection. It should also leverage battery storage for replacements, given its speed and flexibility.

## iii. Push for Reforms at PJM to Support New Jersey's Goals

To achieve the goals of the EMP, New Jersey must closely coordinate with PJM, the regional grid operator. PJM is facing potential reliability challenges through 2030—driven by interconnection backlogs, unreliable gas plants, and rapid load growth. Without reforming PJM's rules and practices, New Jersey will struggle to successfully implement the EMP or deliver clean energy. Over the next five years, the State should prioritize the following actions in PJM:

- Ensure battery storage is treated fairly in PJM. Battery storage is critical to decarbonization and grid reliability, as we described in the last section, but it remains underutilized in PJM, which has only 500 MW deployed across thirteen states. If the EMP aggressively deploys battery storage, PJM may stand in the way. New Jersey should ensure that PJM is treating battery storage fairly in its markets and properly valuing its flexibility and capacity. PJM must also study battery storage accurately in its interconnection processes.
- 2) Push PJM to accelerate interconnection. PJM's interconnection queue is among the most delayed in the nation, with projects waiting up to 6 years. Even with reforms, processing will still take 2 years, and not until 2029. New Jersey should insist PJM fully comply with FERC Order 2023. Faster interconnection should be a central EMP priority to enable clean energy deployment.
- 3) <u>Speed up generator replacement</u>. Replacing retiring fossil plants is vital to prevent capacity shortfalls and price spikes. Building replacements at the same sites avoids costly transmission upgrades. PJM's generator replacement rules ("CIR Transfer"), currently before FERC, are too slow and contain unfair timeline exemptions for gas resources. New Jersey should push PJM to allow faster, ideally same-day, generator replacements and use the EMP to plan ahead for generator retirements.
- <u>Require gas plant winterization</u>. Gas plants have caused major winter reliability failures, including during Winter Storm Elliott. New Jersey should use its authority to mandate winterization of all gas plants, improving reliability and reducing the need for new gas capacity.
- 5) <u>Recognize reliability improvements more quickly.</u> PJM's planning procedures rely on ten to twenty years of historical data and so are very slow to adjust when improvements are made. Current rules mean that it will take a decade or more before improvements in generator reliability (immediately above) and load shaping (see Buildings section) are fully realized in New Jersey's capacity obligations. To the extent that New Jersey undertakes initiatives that either improve power plant reliability (e.g., direct winterization or reducing other demands on the gas system) or shape load (e.g., energy efficiency, time of use rates, smart building electrification), the State should work with PJM to recognize those benefits as quickly as possible.

6) <u>Correct capacity cost allocation.</u> Even though most PJM system risk is in the winter, capacity costs are still allocated based on summertime peak loads. This harms energy planning by creating a mismatch between economics and reliability: measures that improve reliability do not bring corresponding economic benefit, and measures that 'follow the money' do not necessarily improve reliability. There should be perfect alignment between protecting system reliability and protecting New Jersey energy customers. PJM's approach also undervalues New Jersey's investment in solar power: New Jersey is charged for capacity based on summer peaks, when solar is most useful, but the value of the solar is heavily discounted because the reliability need is in winter.

#### • Data Centers

Forecasted energy demand is reaching unprecedented highs, with the main driver being large facilities hosting digital infrastructure that is essential to online services and economies. Data center-driven load growth is unlike any previously seen demand surge in US history, driven to all-time highs by new developments in Artificial Intelligence. Done right, this load growth carries with it potential economic benefits and can establish the country as a leader in advanced technologies.

However, new load growth must be met with least regret solutions that: 1) do not push the risks and costs associated with connecting new large loads to the grid onto other bill payers; and 2) do not compromise State climate goals or increase local air, soil, and water pollution. It is critical to have laws and regulations in place so that when data centers do connect to the grid, consumers are protected from unfair price hikes and New Jersey doesn't backslide on climate commitments. Least regret solutions must prioritize and incentivize new, clean and deliverable zero emission energy resources rather than increasing our reliance on fossil fuels.

#### iv. Implement Capacity Commitment Frameworks

Capacity commitment frameworks provide a regulatory solution by decreasing risks to utility planners and preventing stranded costs in the case a data center's load doesn't materialize. Under a robust capacity commitment framework, contracts with large loads over a certain size would extend over a period sufficiently long enough to adequately recover costs to serve the customer and would allow customers to ramp up their demand over a set period to enable a flexible and efficient scaling of power. Contracts would also establish exit fees in case a large load customer disconnects earlier than expected. This framework would also require data center developers to provide upfront financial commitments to weed out speculative projects that may never come to fruition, pay a minimum load charge to ensure they are paying for the full amount of capacity which they requested, and provide collateral or cash payments to ensure they are reliable and stable enough to uphold the contract terms. A capacity commitment framework is the place to start building a regulatory framework that protects consumers and preserves climate ambition -

and should be implemented through a New Jersey tariff or, better yet, across the entirety of PJM's footprint.

# 4. Conclusion

NRDC appreciates the opportunity to provide comments in advance of the release of the 2024 EMP. Across the state, there are ample opportunities to ensure tighter and more efficient alignment of State programs and State energy and climate goals, both with minimal cost and to great benefit. We hope that the recommendations we have provided will be reflected in the 2024 EMP.

New Jersey is at a critical inflection point in its clean energy future, for which a strong 2024 EMP will play a key role, not only in tackling climate change, but also in improving air quality and public health outcomes, increasing economic development and creating good, family-sustaining jobs, and maintaining affordability. We look forward to continuing to work with the State to ensure the effective implementation of its climate and clean energy vision and the achievement of these goals.