

New Jersey BPU Launches Multi-Phase Energy Storage Incentive Program

Article By:

Christine Soares

Key Takeaways:

- PJM-ready projects are a must. Eligible projects must (1) be transmission-connected (PJM bulk power system) and located in a New Jersey transmission zone; (2) have PJM interconnection approval (or capacity interconnection rights (CIRs) from a deactivating facility); and (3) commit to a commercial operation date (COD) within 30 months of application period close (plus a 150-day grace period). To reach a COD, the project must be fully constructed and interconnected to the PJM transmission network.
- Site control and permitting matter as developers must demonstrate they are ready to secure all required approvals.
- Brownfield redevelopment, community benefits and environmental attributes may be favored over lower bid levels.

The New Jersey Board of Public Utilities (BPU) [approved Phase 1 of the Garden State Energy Storage Program \(GSESP\)](#) after two years of stakeholder engagement. Rules related to the GSESP were also approved for publishing in a future New Jersey Register. Phase 1 is the first of a new, multi-phase incentive program to support the development of 2,000 megawatts (MW) of energy storage by 2030, as required under the Clean Energy Act of 2018 (P.L. 2018, c.17). This is a significant milestone in New Jersey's energy policy, allowing the integration of intermittent renewable energy sources and a critical opportunity for energy storage developers to secure long-term, fixed-price incentives.

Phase 1 targets transmission-scale, front-of-the-meter energy storage systems. Distributed storage incentives will follow in Phase 2 (expected in 2026). Below is a comprehensive breakdown of what developers need to know.

Phase 1: Transmission-Scale Storage Solicitation

To align with the pending [New Jersey Assembly Bill A-5267](#) that would require the BPU to establish a transmission-scale energy storage procurement and incentive program, the BPU limited Phase 1 incentives to transmission-scale energy storage systems, directly interconnected to the bulk transmission system. Both standalone storage and storage additions to existing solar, solar-plus-

storage and other Class I renewable energy resources (solar, geothermal electric generation, landfill gas, biogas, etc.) are eligible provided they are not already receiving incentives from the Competitive Solar Program. Despite a call for increased utility involvement and ownership of energy storage systems, the BPU will limit Phase 1 incentives to private (non-EDC) and governmental entities.

Additional components of Phase 1 include:

- Final awards will determine eligible projects and the size of each project's incentive award.
- Payments will be made annually over a 15-year term.
- "Pay-as-bid" model bidding process where developers propose a fixed annual incentive (e.g., \$/MW/year) for providing energy storage capacity. The projects awarded funding are those that offer the lowest incentive cost per MW, promoting cost-effectiveness.
- Initial solicitation ("Tranche 1") aims to procure 350–750 MW.
- Total Phase 1 goal is 1,000 MW of transmission-scale storage.

The prequalification review for deficiencies for Phase 1 applications opens on June 25, 2025, with a deadline for guaranteed review of July 23, 2025. Final bids are due by August 20, 2025. The BPU will announce awards in October 2025.

Phase 2: Distributed Storage Coming in 2026

Developers with behind-the-meter or distribution-level assets should prepare for Phase 2 in 2026. Expected features include distributed fixed incentives (capacity-based), distributed performance incentives (likely grid-service or dispatch-based), participation from distributed energy resource aggregators and systems co-located with rooftop solar and EVs, and prioritization of projects that serve overburdened communities or improve distribution system resilience.

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National Law Review, Volume XV, Number 175

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