

Publications

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New Jersey BPU Launches Multi-Phase Energy Storage Incentive Program

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

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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.

Next Steps

Whether you are preparing for Phase 1 or exploring distributed storage opportunities in Phase 2, Polsinelli's Energy Practice can help you navigate the program's regulatory requirements, optimize your bid and position your project for success under GSESP. Our team is ready to assist with due diligence, documentation and strategic participation in the competitive solicitation process.