



Governor Sherrill's Executive Orders on Energy Affordability and Initiatives

Client Advisories

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On January 20, 2026, New Jersey Governor Sherrill issued several executive orders, two of which focus on energy affordability and energy initiatives. These two orders will have a significant impact on the state's energy industry.

Executive Order No. 1 (EO1) - Addressing Electricity Affordability

EO1 recognizes the escalating electricity costs in New Jersey, which are among the highest in the nation, and directs several actions to mitigate these costs:

- **Immediate Relief:** The New Jersey Board of Public Utilities (BPU) will provide Residential Universal Bill Credits (RUBCs) to help offset electricity supply cost increases in 2026. Additionally, BPU will review the Societal Benefits Charges (SBCs) on electric bills to identify opportunities for reduction without compromising energy assistance programs.
- **Clean Energy Funding:** Proceeds from the Regional Greenhouse Gas Initiative (RGGI) will be used for ratepayer relief, and BPU will expedite revisions to the state's Clean Energy Program budget.
- **Long-term Solutions:** A study will examine the modernization of the electric distribution business model to achieve long-term cost reductions. BPU is also encouraged to pause rate increase proceedings while this study is conducted.

Impact: These measures aim to provide immediate financial relief to consumers while exploring long-term strategies to stabilize and reduce electricity costs. Energy companies may face increased regulatory scrutiny and potential changes to their business models as the state works toward greater affordability and efficiency.

Executive Order No. 2 (EO2) - State of Emergency and Energy System Overhaul

EO2 declares a state of emergency due to the growing gap between electricity supply and demand, particularly driven by increased electricity use from data centers. Key initiatives include:

- **Accelerating Clean Energy Projects:** The BPU will expedite the development of solar and battery storage projects, including issuing new solicitations under the Competitive Solar Incentive Program and expanding the Community Solar Energy Program to 3,000 megawatts. A new virtual power plant program will also be developed to reduce peak demand and improve grid stability.
- **Regulatory Flexibility:** State agencies will assess which regulations may be waived to fast-track energy infrastructure projects. This includes accelerating the modernization of existing natural gas-fired plants and addressing delays in permitting and interconnections for new energy projects.
- **Nuclear Power Task Force:** The creation of a task force to explore the development of new nuclear generation facilities in New Jersey, aimed at enhancing grid reliability and providing a stable energy supply.

Impact: EO2 seeks to stimulate clean energy growth and improve grid reliability by reducing delays in energy project development. The push for accelerated solar, battery storage, and nuclear power development aims to address long-term energy needs and stabilize electricity prices.

Overall Impact on the New Jersey Energy Industry

Together, these executive orders signal a major shift in New Jersey's energy policy, with a focus on:

1. **Short-term cost stabilization:** Immediate relief for consumers through bill credits and clean energy funding.
2. **Long-term energy reform:** Accelerating clean energy technologies like solar, storage, and nuclear, while modernizing the state's electricity distribution system.
3. **Grid reliability:** Addressing supply shortages and grid stability through diversified generation and improved infrastructure.

These initiatives are expected to create new opportunities for energy developers and could lead to significant investments in New Jersey's clean energy sector. While they promise benefits for consumers, energy providers may need to adjust to new regulations and business models.

Archer is ready to assist with any questions regarding the impact of these executive orders on your business. For questions or more information, please contact **David Weinstein** at dweinstein@archerlaw.com or 856.857.2787.

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