

Status Report: Current Policy



Governor Murphy's February 2023 Executive Order 316 calls for the electrification of 400,000 residences and 20,000 commercial spaces by 2030 AND electrification-readiness of an additional 10% of low-income households by 2030.

The 2019 Energy Master Plan called for more new construction to be net zero carbon. For existing buildings, it called for prioritizing the electrification of buildings currently heated with oil or propane, fuels more expensive and worse for air quality than natural gas.

There are no active mandates banning heating fuels in NJ, nor has the administration proposed any ban.

NJ Heat Pump Incentives Available *Today*:

The good news: New Jersey's utility energy efficiency programs provide incentives for heat pump models that meet stringent efficiency ratings. And the recently expanded Section 25C federal tax credit now allows residents to claim up to 30% of equipment costs (up to \$2,000) for installing a qualifying heat pump in their home.

The bad news: NJ utility incentives are generally too small to cover the incremental cost of a high-efficiency heat pump. Plus—some NJ utilities are still encouraging delivered fuel customers to switch to natural gas, rather than heat pumps.¹ These incentives encourage expensive investments in natural gas infrastructure and appliances that will last for years or decades, slowing down the very real benefits of electrification.

Coming Soon: Federal Rebates

The federal Inflation Reduction Act funded a Home Electrification & Appliance Rebate program, to be administered by states. New Jersey will design its rebate program following these income guidelines:

If your household income is this:

Then you may be eligible for this:

Less than 80%
of area median



100% of project costs up to technology cost maximums; up to **\$8,000** for a qualifying heat pump and **\$14,000** aggregate for all improvements²

80-150%
of area median



50% of costs up to technology cost maximums; up to **\$8,000** for a qualifying unit and **\$14,000** aggregate

These will incentivize thousands of switches—but not nearly enough to meet Gov. Murphy's goal of 400,000 residences.

What NJ Voters Need to Get Heat Pumps:



Heat pumps are good for our wallets, our homes, our economy, and our climate. To help make this forward-thinking technology more accessible for everyone in the Garden State, legislators should:

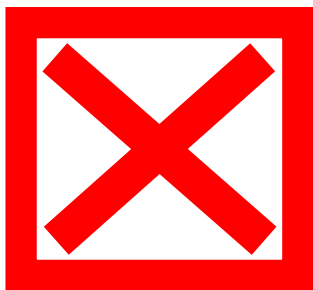
Improve utility incentive programs to reflect the benefits of heat pumps. Current fuel-specific measurements do not accurately reflect the efficiency benefits of heat pumps. **Programs should use a fuel-neutral metric.** Efficiency ratings must also be adjusted to reflect the benefits of cold-climate performance. Additionally, legislators should consider implementing specific beneficial electrification programs.

Ensure the Board of Public Utilities (BPU) is well-resourced to effectively implement the Home Electrification & Appliance Rebate program. The BPU should encourage the use of these rebates for multifamily buildings, especially affordable housing, and focus on reducing high energy burdens. In addition, the BPU should seek industry input on running the Home Electrification & Appliance Rebate program and ensure its coordination with the Weatherization Assistance Program, the forthcoming Home Efficiency Rebate program, and other existing programs so NJ homes can follow critical steps to electrification.

Focus on facilitating access to heat pumps for homes currently dependent on expensive and polluting delivered fuels, like propane and oil. Incentivizing these switches will improve occupant health and lower energy burden, especially for low- and moderate-income customers.

Adopt incentives to encourage heat pump installation in new construction. Focus incentives on the multifamily and affordable housing sectors, where market forces alone are less able to drive the transition.

What NJ Voters Don't Need:



EEA-NJ opposes bills like S2671 & A3935, which prohibit the state from mandating electric heating. These bills demand valuable legislative time and resources to tackle a non-issue—no one in the Murphy administration or legislature is proposing such a mandate. More worrisome, they increase consumer fear and doubt around a proven, beneficial technology, and they create policy confusion that can stymie investment in New Jersey's energy efficiency businesses.

1) PSE&G "Advantages of Natural Gas": nj.pseg.com/saveenergyandmoney/switchingtonaturalgaspage/advantagesofnaturalgas; New Jersey Natural Gas "Convert to Cleaner, Energy-efficient Natural Gas": www.njng.com/my-home/convert-gas/index.aspx

2) See DOE's "Home Energy Rebate Programs" for details: www.energy.gov/scep/home-energy-rebate-programs-frequently-asked-questions