

## **EXECUTIVE ORDER NO. 316**

WHEREAS, global atmospheric warming, driven largely by human activities that emit greenhouse gases and other climate pollutants, is leading to significant changes in climate patterns here in New Jersey and around the world, presenting an existential threat to residents of New Jersey and their health, communities, businesses, environment, and way of life; and

WHEREAS, New Jersey's overburdened communities disproportionately bear the burdens of climate change; and

WHEREAS, it is the policy of this State that, as a key part of its efforts to curtail the serious impacts of global climate change caused by greenhouse gas emissions, New Jersey must pursue an equitable and smooth transition to clean and renewable energy sources while building a stronger and fairer economy; and

WHEREAS, New Jersey's first Scientific Report on Climate Change, issued by the Department of Environmental Protection ("DEP") on June 30, 2020 pursuant to Executive Order No. 89 (2019), described impacts of climate change that are presently occurring in New Jersey as a result of increased atmospheric levels of greenhouse gases; including increasingly mild winters and related ecosystem harms, more intense rainfall, more severe flooding, sea level rise, damage to aquatic habitats, increased air pollution, more severe droughts, and damage to agricultural and marine resources; all of which threaten public health, safety, and the State's infrastructure and economy, and will likely be more severe in years to come; and

WHEREAS, the DEP's October 15, 2020 Global Warming Response Act ("GWRA") 80x50 Report found that, without steep and permanent reductions in greenhouse gas emissions, New Jersey will increasingly experience significant adverse effects of climate change; and

WHEREAS, on July 6, 2007, the State enacted the GWRA, P.L.2007, c.112, which established a statewide goal of reducing greenhouse gas emissions to 80 percent below 2006 levels by 2050; and

WHEREAS, on July 23, 2019, I signed into law P.L.2019, c.197, which reinforced the GWRA by requiring action in the short-term to better enable the State to meet its goal of reducing greenhouse gas emissions to 80 percent below 2006 levels by 2050; and

WHEREAS, on November 10, 2021, I signed Executive Order No. 274, setting a policy for the State of reducing greenhouse gas emissions to 50 percent below 2006 levels by 2030, to complement the GWRA's goal of an 80 percent reduction in emissions by 2050; and

WHEREAS, today, in Executive Order No. 315 (2023), in furtherance of these emission reduction goals, I set a goal that 100 percent of the electricity sold in the State be derived from clean sources of electricity by January 1, 2035, including through clean energy market mechanisms; and

WHEREAS, pursuant to Executive Order No. 28 (2018), on January 27, 2020, the New Jersey Board of Public Utilities ("BPU") released New Jersey's 2019 Energy Master Plan ("EMP"), which provided a comprehensive, forward-thinking blueprint for an equitable and smooth transition from reliance on fossil fuels that contribute to climate change to 100 percent clean energy sources on or before January 1, 2050; and

WHEREAS, the EMP found that building space and water heating, appliances, and industrial uses are responsible for 28 percent of state emissions and 62 percent of the State's total end-use energy consumption; identified electrification as a significantly more cost-effective means of meeting emissions targets than switching

to carbon-neutral fuels; and called for electrification of 90 percent of building space and water heating by 2050; and

WHEREAS, the BPU's August 2022 New Jersey EMP Ratepayer Impact Study, which incorporated the findings of the EMP into a comprehensive model of customer rate and energy cost impacts; found that if the State continues to follow the approach laid out in the EMP; retail natural gas sales will fall by 25 percent by 2030 and an average residential customer will pay 25 to 30 percent more for natural gas heat, and have higher overall non-vehicle energy costs, in 2030 than in 2020; while a customer adopting electric heating and energy efficiency will have lower overall non-vehicle energy costs; and

WHEREAS, today, in Executive Order No. 317 (2023), I directed the BPU to initiate a proceeding to engage with stakeholders and develop recommendations concerning decarbonization of the natural gas industry; and

WHEREAS, on February 6, 2021, the BPU entered into a memorandum of understanding with the Rutgers Center for Green Building and the Northeast Energy Efficiency Partnerships to convene the New Jersey Energy Code Collaborative; to engage stakeholders, including building design and construction industry, energy efficiency contractors, representatives from labor and environmental organizations, university-based organizations, municipal staff, the Division of Codes and Standards within the Department of Community Affairs ("DCA"), and the DEP; to develop a Zero Energy Buildings Roadmap; and

WHEREAS, on October 3, 2022, I announced the launch of the Clean Buildings Working Group, led by my Office of Climate Action and the Green Economy ("OCAGE") and the BPU, in collaboration with the DEP, the DCA, the Economic Development Authority ("EDA"), the Housing and Mortgage Finance Agency ("HMFA"), the Department of

Labor and Workforce Development, the Department of the Treasury, and external stakeholders; which I charged with informing New Jersey's pathways to reducing building sector emissions through building decarbonization, defined to include energy planning, installation of building energy efficiency and energy consumption reduction measures, installation of behind-the-meter renewable energy generation and demand response technology, and beneficial electrification of building space and water heating and cooling systems;

NOW, THEREFORE, I, PHILIP D. MURPHY, Governor of the State of New Jersey, by virtue of the authority vested in me by the Constitution and by the Statutes of this State, do hereby ORDER and DIRECT:

1. It is the policy of the State to advance the electrification of commercial and residential buildings with the goal that, by December 31, 2030, 100,000 additional dwelling units and 20,000 additional commercial spaces and/or public facilities statewide will be electrified, and an additional 10 percent of residential units serving households earning less than 80 percent of area median income will be made ready for electrification through the completion of necessary electrical system repairs and upgrades. For purposes of this Order, "electrification" shall be defined as the retrofitting or construction of a building with electric space heating and cooling and electric water heating systems. For purposes of this Order, a "dwelling unit" shall include a single-family home, an individual dwelling unit in a two-family dwelling, or an individual dwelling unit in a multiple-unit dwelling.

2. The OCAGE, informed by the Clean Buildings Working Group, shall develop and release by March 2024, a strategic roadmap to building decarbonization, which shall include recommendations

for policy, legislative, regulatory, workforce development, and funding strategies to achieve the goal for building electrification described in Paragraph 1; and create cleaner, greener buildings that support and benefit New Jersey families and workers.

3. To the extent permitted by law, the BPU, the DCA, the EDA, and the HMFA shall endeavor to ensure that the following existing programs and any similar new programs are implemented and coordinated to provide maximum support for building electrification, with a primary focus on the needs of low- and moderate-income customers:

- a. Comfort Partners Energy Efficiency Program;
- b. Residential, Commercial, and Industrial Energy Efficiency Programs;
- c. Energy Benchmarking Program;
- d. New Jersey Whole House Program;
- e. Weatherization Assistance Program (WAP);
- f. Low-Income Home Energy Assistance Program (LIHEAP);
- g. Federal Home Energy Performance-Based, Whole-House Rebates (HOMES) Program;
- h. Federal High-Efficiency Electric Home Rebate (HEEHR) Program;
- i. Commercial, industrial, and mixed-use new construction and building rehabilitation loans through implementation of the New Jersey Green Fund at the EDA; and
- j. HMFA programs to finance new construction and residential building rehabilitation.

4. The DCA, in consultation with the New Jersey Energy Code Collaborative, the OCAGE, and the BPU, shall develop guidance for builders to facilitate achievement of the objectives described in

Paragraph 1 of this Order, which shall include voluntary enhanced building standards consistent with applicable law that builders may choose to utilize.

5. As permitted by law, and subject to the availability of funds, the BPU, the EDA, the HMFA, and other State agencies as applicable, shall develop and continue to offer incentives for utilization of the voluntary enhanced building standards developed pursuant to Paragraph 4.

6. The BPU shall track and publicly report annual progress of the State toward the targets set in Paragraph 1 of this Order. To facilitate such tracking:

- a. The EDA, the HMFA, and any other State agencies which disburse federal or State incentives for building electrification shall track such dispersals and provide the information to the BPU with a frequency and in a form agreed to by the agency and the BPU; and
- b. The DCA shall develop systems to track building rehabilitation and new construction projects that incorporate electric building space heating and cooling and water heating systems and provide the information to the BPU with a frequency and in a form agreed to by the DCA and the BPU; and
- c. Other State agencies that receive information relevant to tracking building electrification shall provide such information to the BPU upon request, either on a one-time or recurring basis as requested.

7. Nothing in this Order shall be construed to confer any legal rights upon entities whose activities are regulated by State entities; nothing shall be construed to create a private right of

action on behalf of any such regulated entities or other persons; and nothing shall be used as a basis for legal challenges to rules, approvals, permits, licenses, or other action or inaction by a State entity. Nothing in this Order shall be construed to supersede any federal, State, or local law.

8. This Order shall take effect immediately.

GIVEN, under my hand and seal this  
15<sup>th</sup> day of February,  
Two Thousand and Twenty-  
three, and of the  
Independence of the United  
States, the Two Hundred and  
Forty-Seventh.

[seal]

/s/ Philip D. Murphy

Governor

Attest:

/s/ Lisa M. Almeida

Deputy Chief Counsel to the Governor