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Fact Sheet: The Rising Cost of Electricity in New Jersey

Why rates are increasing, what's driving the electricity shortfall, and how state policy choices have shaped New Jersey's energy profile

Why did electricity rates in New Jersey rise so dramatically in 2024 and 2025?

A shortfall in dependable power supply has led to significant rate increases. This shortfall is the result of prematurely retiring reliable energy sources while mandating the adoption of less dependable renewable alternatives. Unfortunately, those renewable options failed to come online at the scale and speed anticipated—both in New Jersey and across the broader PJM regional grid.

Since 2018, New Jersey has retired more than 1,744 megawatts (MW) of grid-scale electricity capacity. In contrast, only 668 MW have been added—538 MW from natural gas and 122 MW from solar. As a result, New Jersey now relies more heavily on electricity imports from the PJM grid and is increasingly vulnerable to out-of-state suppliers.
Sources:

- Tariff Revision for Reliability Resource Initiative, PJM Interconnection LLC, Dec 13, 2024 (FERC Docket ER25-712-000)
- *New Jersey Energy Grid Developments During the Murphy Administration*, Tristate Infrastructure News Network, May 8, 2025

When will rate increases stabilize?

Rates are expected to plateau once sufficient, dependable supply is restored to meet demand. PJM has recognized an urgent threat to grid reliability—with reserve capacity projected to fall below required levels by as early as 2026—and has launched a ”catch-up” plan to add more reliable capacity over the next three years.

Notably, this plan includes 550 MW in upgrades to the Salem nuclear plant and four existing natural gas plants in New Jersey, but no new plant construction. Across the PJM region, planned additions are focused on natural gas, nuclear, and battery storage (primarily to support Virginia's offshore wind project), with only one small onshore wind development.
Source:

- *Reliability Resource Initiative Additional Summaries*, Donnie Bielak, PJM Planning Committee, May 6, 2025

Would a successful rollout of NJ's offshore wind plan have prevented these rate hikes?

No. Ocean Wind 1—the only offshore wind project originally targeted for commercial operation in 2024—collapsed in 2023 due to stark financial realities, despite substantial subsidies. The next planned project, Atlantic Shores 1, was not scheduled to be operational until September 2027, but it has also stalled due to similar financial challenges.

Even if these projects had remained on schedule, their capacity would not have offset the combined impact of shuttered plants and rising demand. Moreover, the enormous cost of implementing the offshore wind program would have driven rates even higher.

How much would New Jersey's offshore wind plan cost ratepayers?

A 2023 study by Whitestrand Consulting LLC estimated that:

- The 7,500 MW plan would cost ratepayers **$66 billion** above market prices.
- The full 11,000 MW plan would cost over **$100 billion**.

Under the full plan, over the 20-year guaranteed rate period, average additional costs would be:

- **Residential customers**: $11,000
- **Commercial customers**: $95,000
- **Industrial customers**: $796,000

An updated 2025 analysis projects that if the offshore wind plan proceeds:

- **Electricity rates** will rise 33% by 2035 and 89% by 2045.

- If the full **Energy Master Plan** is implemented, rates will rise even more—90% by 2035 and 214% by 2045.

Annual electric bills would rise as follows:

- **Residential**: From $1,395 in 2025 to $2,991 in 2035, and $5,692 in 2045
- **Commercial**: From $9,618 in 2025 to $21,594 in 2035, and $42,282 in 2045
- **Industrial**: From $67,252 in 2025 to $155,441 in 2035, and $311,791 in 2045

Sources:

- *Impact of NJ Offshore Wind Program on State Electric Rates*, Whitestrand Consulting LLC, Nov 2023
- *Analysis of the New Jersey Energy Master Plan,* Whitestrand Consulting LLC, May 2025

How should New Jersey meet its growing power needs?

New Jersey should build new low-carbon natural gas and zero-emissions nuclear plants on previously used generation sites with existing transmission infrastructure. This approach would:

- Add dependable, in-state capacity
- Reduce dependence on PJM imports
- Stabilize prices

According to a January 2025 Whitestrand report, new natural gas plants (even with carbon capture) and modern nuclear facilities have significantly lower levelized costs of energy (LCOE) than offshore wind projects.

Source:

- *A Comparison of the Levelized Cost of Energy of Various Generating Sources*, Whitestrand Consulting LLC, Jan 2025

Would New Jersey‘s offshore wind plan limit climate change or sea level rise?

Not "measurably" - according to federal environmental impact statements.
Projected reductions in greenhouse gas emissions from offshore wind would **not**

prevent sea level rise, but would delay projected increases by only **a few days**. In fact, reducing groundwater withdrawals to prevent coastal land subsidence would have a greater local impact on perceived sea level rise than offshore wind development.
Sources:

- *Atlantic Shores South Final Environmental Impact Statement*, Appendix F, Section 3.4.1-17

- *New Jersey's Rising Seas and Changing Coastal Storms: Report of the 2019 Science and Technical Advisory Panel*, Rutgers University

- *The Benefits and Risks of an Offshore Wind Project,* Save LBI, Section 4, June 10, 2025

How should New Jersey respond to climate change and sea level rise?

New Jersey alone cannot meaningfully impact climate change or sea level rise. That requires a truly global commitment - which has not happened. The state's priority should be to implement resilience plans for the reasonably anticipated changes.

It can also invest in technological innovation and process improvements which can produce reduced energy use and lower carbon emissions. If these innovations prove cost-effective, they will be adopted globally— generating impact far beyond New Jersey's borders.

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