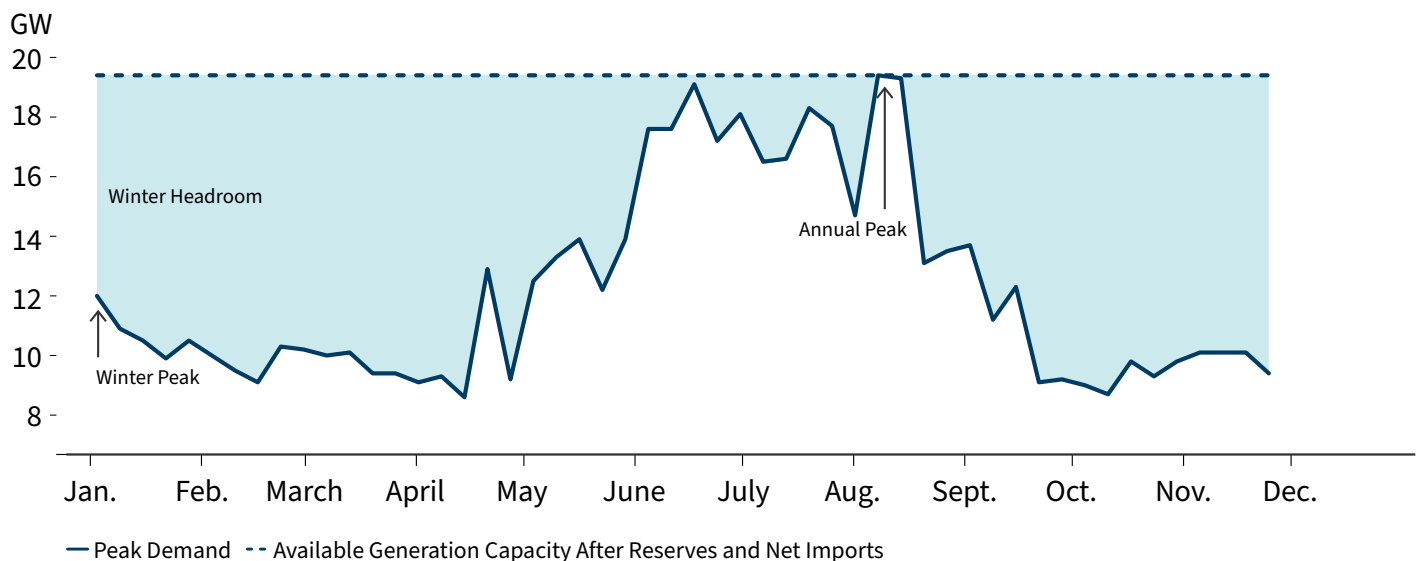


New Jersey can put downward pressure on electricity rates by deploying heat pumps to better utilize the grid

Increase grid utilization



New Jersey has roughly 7.4 gigawatts of winter headroom, resulting in underutilized winter grid capacity. This is enough room to add a mix of all-electric and hybrid heat pumps in 2.9 million homes — **21 times the number today** — within the current grid. This makes better use of New Jersey's existing electric grid.

Reduce electricity rates

23% Heat pumps can increase electricity sales without expanding generation capacity, putting downward pressure on electricity rates. Upgrading all 2.9 million homes with heat pumps could reduce electricity rates for all residential customers by roughly 23% relative to what they would otherwise be, **saving New Jerseyans \$390 annually, or \$1.5 billion per year across all residents.**

Reduce emissions

26% Upgrading all 2.9 million homes to heat pumps could **cut New Jersey's residential emissions by 26%, or 8 million tons of CO₂.**

Policy recommendations

- 1.** The governor should **expand New Jersey's existing goal of electrifying 400,000 additional homes by 2030 and establish an explicit residential heat pump deployment target within the state's electricity affordability strategy**. Growing from roughly 140,000 homes with heat pumps today to 500,000 by 2030 illustrates an impactful, actionable goal given annual HVAC replacements and adopting the below policies.
- 2.** The New Jersey Board of Public Utilities (NJBP) and utilities should **prioritize all-electric heat pumps over conventional AC and fossil fuel equipment in utility incentive programs** to maximize immediate downward pressure on electricity rates.
- 3.** The NJBP should **reform residential electric rates** to more accurately reflect seasonal and marginal system costs and avoid overcharging heat pump customers.
- 4.** The New Jersey Department of Community Affairs (DCA) should **update the New Jersey Uniform Construction Code to encourage heat pumps when central air conditioners are replaced**.
- 5.** The DCA should **update the New Jersey Uniform Construction Code to encourage heat pumps in new construction**.

