

New Jersey is pulling cast iron out of the ground by the billion-dollar program — while the state races to 2035.

The four gas utilities that heat most of New Jersey are running accelerated main-replacement programs on a safety clock, even as the state's clean-energy targets and building-electrification goals put a question mark over long-horizon gas demand. Every one of those forces reshuffles the projects on your list. Invizion helps gas utilities re-sequence a capital portfolio in a click — and defend every decision to the BPU.

\$1.4B¹ PSE&G's GSMP III gas-modernization program, BPU-approved in 2025 to run over three years.	600+ mi¹ Cast-iron and unprotected-steel main GSMP III alone is designed to replace.	~2.84M² Residential natural-gas consumers in New Jersey — most homes in the state heat with gas.	2035³ New Jersey's accelerated 100% clean-energy target — 15 years earlier than the original 2050 goal.
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THE NEW JERSEY LANDSCAPE

Four forces are moving your project list at once

None of these is theoretical, and none of them waits for your next budget cycle. Together they mean the multi-year gas plan you filed last year may already need re-sequencing.

SYSTEM INTEGRITY — AGING PIPE**Cast iron and bare steel, on a safety clock**

New Jersey's gas network still carries decades-old cast-iron and unprotected-steel main, and replacing it is now a mandated, capital-intensive priority. PSE&G's Gas System Modernization Program III — \$1.4 billion over three years, approved by the BPU in 2025 — is designed to replace at least 600 miles of that pipe, on top of the 400 miles targeted by the \$902 million GSMP II extension.¹

PHMSA tracks the leak-prone cast-iron and unprotected-steel main still in the ground state-by-state, and the replacement obligation stretches well past any single program.⁴ South Jersey Gas alone operates roughly 6,815 miles of distribution main — the scale of the system that has to be inspected, upgraded, and eventually replaced.⁵

DECARBONIZATION — ELECTRIFICATION**A 2035 clean-energy target over a gas system**

Executive Order 315 accelerated New Jersey's 100% clean-energy goal from 2050 to 2035, and set a target to install zero-carbon heating and cooling in 400,000 homes and 20,000 commercial buildings by 2030.³ The Energy Master Plan makes building decarbonization a stated policy direction.⁶

For a gas LDC, that is a throughput and stranded-asset question, not just an environmental one. Every mile of pipe you replace has a 40-to-80-year book life against a customer base the state is actively trying to shrink — which is exactly the tension a long-horizon capital plan has to price in.

SUPPLY — WINTER PEAKS

No in-state gas, and a winter design day

New Jersey produces virtually no natural gas of its own; the BPU reviews each LDC's gas-supply portfolio to confirm it has enough capacity and supply to meet forecast demand, and utilities recover commodity cost through Basic Gas Supply Service (BGSS) true-ups rather than base rates⁷

Winter volatility flows straight to the bill. New Jersey Natural Gas's June 2026 BPU filings lowered customer bills by 8.9% for the coming heating season while advancing recovery of reliability investments — a reminder that supply, capital, and affordability are recovered through the same regulated pipe⁸

CAPITAL RECOVERY — RATES

Rising bills, and every dollar defended

In October 2024 the BPU approved PSE&G's first base-rate increase since 2018 — a \$17.8 billion rate base at a 9.6% authorized ROE and a 55% equity layer — raising the average combined electric-and-gas bill by roughly 7%, about \$15 a month.¹⁹

With residential gas averaging around \$14 per thousand cubic feet, affordability is now part of every rate case¹⁰ Accelerated-recovery mechanisms move modernization capital faster, but they also mean regulators and customers are watching each project — why this one, why now, why at this cost.

WHO RUNS NEW JERSEY'S GAS SYSTEM

Four investor-owned LDCs, three holding companies

New Jersey’s retail gas service is delivered entirely by investor-owned local distribution companies regulated by the BPU — there are no municipal or cooperative gas utilities. The pressures are shared; the balance sheets that absorb them differ.

Investor-owned gas LDCs

Rates & capital recovery regulated by the NJ BPU

Public Service Electric & Gas (PSE&G) ~1.9M gas customers · largest NJ LDC, Bergen to Gloucester

New Jersey Natural Gas (NJNG) 6 counties · ~1.7M residents in a 1,538 sq-mi territory

South Jersey Gas (SJG) 380,000+ customers · ~6,815 mi of main, 7 southern counties

Elizabethtown Gas (ETG) ~305,000 customers · 7 northern/central counties

PSE&G’s gas modernization alone — GSMP III plus the GSMP II extension — commits well over \$2.3 billion of capital

Ownership & holding companies

Where the capital budgets actually get set

Public Service Enterprise Group (PSEG) Parent of PSE&G · NYSE: PEG

New Jersey Resources (NJR) Parent of NJNG · NYSE: NJR

South Jersey Industries (SJI) Parent of SJG & ETG · privately held by IIF (J.P. Morgan) since 2023

New Jersey has no municipal or cooperative gas distribution utilities — every retail gas decision runs through a holding-company budget and a BPU rate case.

Every capital dollar has to be defensible

New Jersey uses accelerated-recovery mechanisms to move modernization capital, but each one is a filing the BPU scrutinizes and customers ultimately pay.

New Jersey Board of Public Utilities (BPU) regulates rates, capital recovery, and gas-supply adequacy for all four LDCs, reviewing each utility's supply portfolio and setting base rates⁷

PSE&G's October 2024 settlement set a \$17.8 billion rate base at a 9.6% ROE and a 55% equity ratio — its first base-rate increase since 2018, worth roughly 7% (about \$15/month) on the average combined bill.¹⁹

Gas System Modernization Program (GSMP) is PSE&G's accelerated cost-recovery vehicle for cast-iron and unprotected-steel replacement, recovered outside a full base-rate case¹

The Infrastructure Investment Program (IIP) lets NJNG and the other LDCs recover accelerated, non-revenue-producing infrastructure investment between base-rate cases¹¹

SJG and ETG run their own accelerated mechanisms (SHARP and IIP), and NJNG's June 2026 filing lowered winter bills 8.9% while seeking recovery of reliability investments — recovery and affordability decided together.⁵⁸

Little federal gas money — recovery runs through surcharges

Unlike the electric side, there is little federal grant money for gas distribution in New Jersey. Modernization is funded and recovered almost entirely through BPU-approved programs — which is exactly why sequencing them well matters.

GSMP III: \$1.4 billion / ~600+ miles. BPU-approved in 2025, running three years from 2026, targeting cast-iron and unprotected-steel main.¹

GSMP II extension: \$902 million / ~400+ miles. Approved in 2023, a two-year continuation of the pipe-replacement program¹

Infrastructure Advancement Program (IAP): \$511 million. A four-year BPU-approved program (from 2022) for aging substations and gas metering/regulation stations¹

Clean Energy Future – Energy Efficiency II: \$2.9 billion. A six-year program from 2025 spanning gas and electric efficiency — capital that competes for the same crews and dollars¹

Surcharge recovery, not grants. With no meaningful federal gas-distribution funding stream, New Jersey LDCs recover modernization through GSMP, IIP, SHARP and BGSS — every dollar reviewed by the BPU.⁷

NEW JERSEY GAS, IN BRIEF

Questions New Jersey gas leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

Which utilities distribute natural gas in New Jersey?

Four investor-owned LDCs, all BPU-regulated: PSE&G (the largest, ~1.9M gas customers), New Jersey Natural Gas, South Jersey Gas, and Elizabethtown Gas.

There are no municipal or cooperative gas utilities¹¹⁵

How much is PSE&G spending to replace old gas mains?

GSMP III is \$1.4 billion over three years to replace at least 600 miles of cast-iron and unprotected-steel main, following the \$902 million GSMP II extension aimed at another 400 miles.¹

What does New Jersey's 2035 clean-energy goal mean for gas?

Executive Order 315 moved the 100% clean-energy target to 2035 and set a goal of zero-carbon heating and cooling in 400,000 homes and 20,000 commercial buildings by 2030 — a direct throughput and stranded-asset question for gas LDCs.³⁶

Who regulates gas rates and approves these programs?

The New Jersey Board of Public Utilities sets rates, reviews gas-supply portfolios, and approves the GSMP, IIP and SHARP recovery mechanisms. PSE&G's most recent settlement carried a 9.6% authorized ROE.⁷¹

How do New Jersey gas utilities recover infrastructure costs?

Through base rates plus accelerated-recovery surcharges — PSE&G's GSMP, and the Infrastructure Investment Program and SHARP used by the other LDCs — rather than federal grants, which barely touch gas distribution.¹¹¹

How does Invizion help New Jersey gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how an accelerated main-replacement mandate, a shifting electrification forecast, or a BPU rate outcome reshuffles your whole project list, re-sequence the portfolio automatically, and keep a defensible record of every trade-off for the Board.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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8. New Jersey Natural Gas (njng.com) — June 2026 NJBPU filings lowering natural-gas bills 8.9% for the winter heating season while advancing recovery of reliability investments. www.njng.com
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12. Wikipedia — South Jersey Industries: South Jersey Gas serves more than 380,000 customers in seven southern counties; SJI taken private by Infrastructure Investments Fund (J.P. Morgan) on Feb 1, 2023. en.wikipedia.org

ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

Explore Invizion →