



STATE OF NEW JERSEY
Board of Public Utilities
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www.nj.gov/bpu/

OFFICE OF STATE ENERGY SERVICES

IN THE MATTER OF THE IMPLEMENTATION OF <u>L.</u>)	ORDER APPROVING
2018, <u>C.</u> 16 REGARDING THE ESTABLISHMENT OF A)	EXTENSION REQUEST FOR
ZERO EMISSION CERTIFICATE PROGRAM FOR)	DETERMINING THE FORWARD
ELIGIBLE NUCLEAR POWER PLANTS;)	STEPS IN THE ZEC PROGRAM
)	AND CURRENTLY APPROVED
AND)	APPLICATIONS
)	
APPLICATION FOR ZERO EMISSION CERTIFICATES)	DOCKET NO. EO18080899
OF SALEM 1 NUCLEAR POWER PLANT)	
)	
APPLICATION FOR ZERO EMISSION CERTIFICATES)	DOCKET NO. EO18121338
OF SALEM 2 NUCLEAR POWER PLANT)	
)	
APPLICATION FOR ZERO EMISSION CERTIFICATES)	DOCKET NO. EO18121339
OF HOPE CREEK NUCLEAR POWER PLANT)	
)	DOCKET NO. EO18121337

Parties of Record:

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William Harla, Esq., Counsel, PJM Power Providers Group
Philip J. Passanante, Esq., for Atlantic City Electric Company
Robert H. Oostdyk, Jr., Esq., for Butler Power and Light Company
Mark A. Mader, Esq., Director, for Jersey Central Power & Light Company
Margaret Comes, Esq., Associate Counsel, for Rockland Electric Company

BY THE BOARD:

I. BACKGROUND

On May 23, 2018, Governor Phil Murphy signed into law L. 2018, c. 16 (C.48:3-87.3 to -87.7) ("Act"). The Act required the New Jersey Board of Public Utilities ("Board") to create a program and mechanism for the issuance of Zero Emission Certificates ("ZECs"), each of which represents the fuel diversity, air quality, and other environmental attributes of one megawatt-hour ("MWh") of

electricity generated by an eligible nuclear power plant selected by the Board to participate in the program. Under the program, certain eligible nuclear energy generators may be approved to provide ZECs for the state's energy supply, which in turn will be purchased by New Jersey's four (4) investor-owned electric distribution companies, i.e., Atlantic City Electric Company ("ACE"), Jersey Central Power & Light Company ("JCP&L"), Public Service Electric and Gas Company ("PSE&G"), and Rockland Electric Company ("RECO"), and municipal electric distribution company Butler Electric Utility ("Butler") (collectively, "EDCs"). The Act identified the basic steps required to establish this program, including program logistics, funding, costs, application, eligibility requirements, selection process, and the timeframes for meeting several undertakings or activities.

II. PROCEDURAL HISTORY

On August 29, 2018, the Board approved an Order initiating the creation of the ZEC program.¹ In its November 19, 2018 Orders, the Board approved the ZEC applications, the program process, and the tariffs associated with collection of the funds.² By its December 18, 2018 Order, the Board approved the selection of Levitan & Associates, Inc. ("Levitan" or "LAI") to serve as consultant to Board Staff ("Staff") and directed Staff to execute a contract for services.³ With its February 27, 2019 Order, the Board approved the ranking criteria established to rank eligible units against one another for determination of how many of the eligible units would receive ZECs without exceeding the cap established in the Act.⁴ On April 18, 2019, the Board determined that the Hope Creek,

¹ I/M/O the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants, BPU Docket No. EO18080899 (August 29, 2018).

² I/M/O the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants, BPU Docket No. EO18080899 (November 19, 2018) (Agenda Item 9A: Order Establishing the Program, Application, and Procedural Process; I/M/O the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants and I/M/O the Application of Jersey Central Power and Light Company for Approval to Implement a Zero Emission Certificate ("ZEC") Charge and Tariff Page(s) Related Thereto in Support of the ZEC Program Authorized by N.J.S.A. 48:3-87.3 et seq. and a Board Order Initiating the ZEC Program, BPU Docket Nos. EO18080899 & EO18091002 (November 19, 2018) (Agenda Item 9C); I/M/O the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants and I/M/O the Application of Atlantic City Electric Company for Approval to Implement a Zero Emission Certificate ("ZEC") Charge and Tariff Page(s) Related Thereto in Support of the ZEC Program Authorized by N.J.S.A. 48:3-87.3 et seq. and a Board Order Initiating the ZEC Program BPU Docket Nos. EO18080899 & EO18091003 (November 19, 2018) (Agenda Item 9D); I/M/O the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants and I/M/O Public Service Electric and Gas Company's Request for Approval of a Zero Emission Certificate Recovery Charge, BPU Docket Nos. EO18080899 & EO18091004 (November 19, 2018) (Agenda Item 9E); I/M/O the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants and I/M/O Rockland Electric Company's Filing for Review and Approval of the Zero Emission Certificate Recovery Charge, BPU Docket Nos. EO18080899 & EO18091005 (November 19, 2018) (Agenda Item 9F); I/M/O the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants and I/M/O the Application of Butler Electric Utility for Approval to Implement a Zero Emission Certificate ("ZEC") Charge and Tariff Page(s) Related Thereto in Support of the ZEC Program Authorized by N.J.S.A. 48:3-87.3 et seq. and a Board Order Initiating the ZEC Program, BPU Docket Nos. EO18080899 & EO18091018 (November 19, 2018) (Agenda Item 9G).

³ I/M/O the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants, BPU Docket No. EO18080899 (December 18, 2018).

⁴ I/M/O the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants, BPU Docket No. EO18080899 (February 27, 2018).

Salem 1, and Salem 2 plants were eligible for the ZEC program and that the applicant units shall receive ZECs in accordance with the Act.⁵ Consequently, the Board directed the EDCs to submit final tariffs consistent with the Board's Order, effective April 18, 2019. The Board further directed Staff to return to the Board by July 31, 2019 with recommendations on the program's continued and forward implementation.

In the July 10, 2019 Order, the Board authorized and directed Staff to present the ZEC price annually in August of each year (for the prior energy year) that selected units are eligible to receive ZECs. The Board accepted Staff's recommended ZEC pricing methodology for the initial "stub period" between April 18 and May 31, 2019. The Board also directed the EDCs to purchase the number of ZECs in accordance with the Act and the July 10, 2019 Order and to make payments to the generators by August 30 in the years 2019, 2020, 2021, and 2022; directed the owner(s) of each selected unit to submit a signed and certified notification of continued operations to the Board by July 30 of 2020 and 2021 during the initial eligibility period in accordance with the Act and the July 10, 2019 Order; directed the owner(s) of each selected unit to submit a personnel plan by April 18, 2021; and directed the owner of each selected unit to submit to the Board by July 30 of each year that the unit is eligible to receive ZECs and a lay-off certification that no employees have been laid off by the unit except for reasons enumerated in the Act. Additionally, the Board agreed that the ten-year ZEC efficacy study requirement be revisited after completion of the first ZEC eligibility period.

The Board also recognized and agreed with Staff about the need for a stakeholder process to solicit additional comments, recommendations, and input on the following aspects of continued implementation of the ZEC program: (1) the timeline and submission schedule for applications for the second ZEC eligibility period; (2) the basis on which and by how much the Board would modify the ZEC charge; (3) the definition of "near full" capacity; (4) revenue information that should be submitted to the Board annually by selected units, including what monies will qualify as revenues for fuel diversity, resilience, air quality, or other environmental attributes and by what methodology the Board would reduce the number of ZECs received by the selected unit(s); (5) logistics and parameters of the dry cask study; and (6) parameters of the ten-year study about the "efficacy" of the ZEC program and what information should be collected for the study. The Board therefore directed Staff to implement the stakeholder process pursuant to the schedule above and to return to the Board with final recommendations in December 2019. In particular, the Board directed Staff to present to the Board recommendations for an updated ZEC application, as well as updated eligibility and ranking criteria, applicable to nuclear power plants seeking to demonstrate eligibility to the Board for the second three-year eligibility period by April 30, 2021.

Staff initiated the stakeholder process as directed by the Board. On August 21, 2019, Staff published a notice (Appendix A) regarding the ZEC forward requirements and a stakeholder meeting to be held on September 4, 2019 in New Brunswick, New Jersey for the purpose of soliciting comments on the above listed "going forward" ZEC criteria. The notice included multiple questions on the six specific sections of the Act enumerated above.

Approximately fifteen members of the public attended the meeting, and nine individuals spoke on behalf of interested entities on the record to offer input, including the New Jersey Division of Rate

⁵ I/M/O the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants; Application for Zero Emission Certificates of Salem 1 Nuclear Power Plant; Application for Zero Emission Certificates of Salem 2 Nuclear Power Plant; Application for Zero Emission Certificates of Hope Creek Nuclear Power Plant, BPU Docket Nos. EO18121338, EO18121339, & EO18121337 (April 18, 2019) (Order Determining the Eligibility of Hope Creek, Salem 1, and Salem 2 Nuclear Generators to Receive ZECs).

Counsel (“Rate Counsel”), PSEG Services, the New Jersey Energy Coalition, the Nuclear Energy Institute, ERM, Exelon Generation Company (“Exelon”), and Local 94. Rate Counsel, PSEG Nuclear, LLC and Exelon jointly, ERM, RECO, the NorthBridge Group, and PJM Power Providers also submitted written comments by September 30, 2019. Staff has reviewed these comments.

In the December 20, 2019 Order, the Board authorized Staff an extension to finalize the ZEC forward process and directed Staff to present these recommendations to the Board by March 31, 2020. Staff successfully engaged Levitan to assist in completing this task.

However, due to extenuating circumstances and complexities in completing plans for the forward process, Staff requests an additional extension through May 2020 to finish developing recommendations to the Board regarding forward implementation of the ZEC program.

III. DISCUSSION AND FINDINGS

The Board understands the extenuating circumstances and complexities in completing plans for the forward process, as well as the importance of ample time for Staff to finalize the recommendations that will apply to the next phase of the ZEC program. Therefore, the Board **GRANTS** Staff an extension to complete this work. The Board **DIRECTS** Staff to present its recommendations for continued implementation of the ZEC Act to the Board by the end of May 2020.

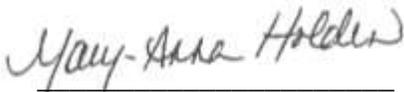
This Order shall be effective on March 31, 2020.

DATED: March 27, 2020

BOARD OF PUBLIC UTILITIES
BY:



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PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

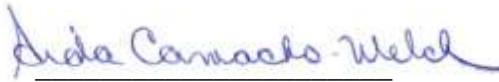


UPENDRA J. CHIVUKULA
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ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

**In the Matter of the Implementation of L. 2018, c. 16 Regarding the Establishment of a
Zero Emission Certificate Program for Eligible Nuclear Power Plants
AND
Application for Zero Emissions Certificates of Salem 1 Nuclear Power Plant
Application for Zero Emissions Certificates of Salem 2 Nuclear Power Plant
Application for Zero Emissions Certificates of Hope Creek Nuclear Power Plant**

**BPU DOCKET NOS. EO18080899,
EO18121338, EO18121339, & EO18121337**

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