

Oct. 19, 2018

State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350

Re: BPU Docket No. E018080899, 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

Thank you for the opportunity to comment in the matter of the New Jersey Board of Public Utilities (the Board) creating a program and mechanism for the issuance of zero emission certificates (ZECs) to eligible nuclear energy generators. This document constitutes the comments of the Center for Climate and Energy Solutions (C2ES). C2ES is an independent, nonprofit, nonpartisan organization dedicated to advancing strong policy and actions to reduce greenhouse gas emissions, promote clean energy, and strengthen resilience to global climate change. We prefer an economy-wide pricing mechanism for addressing climate change, but in the absence of that, we believe the BPU should ensure that the fuel diversity, air quality and other environmental benefits of in-state, nuclear power are adequately compensated. The views expressed here are those of C2ES alone and while informed by our conversations with business leaders, do not necessarily reflect the views of members of the C2ES Business Environmental Leadership Council (BELC).

Key comments:

- The Board should allow all operational, in-state nuclear plants to apply for ZEC payments to prevent backsliding in state emissions, maintain fuel diversity, and air quality.
- To gain eligibility, plant owners should provide certified financial statements and data that clearly support the at-risk, loss-making nature of the facility. The Board should hold this sensitive information in confidence.

- To maintain ZEC-payment eligibility, plant owners should regularly update certified financial data.

We appreciate the Board's efforts to thoughtfully implement the ZEC payment program.

We believe that nuclear power's contribution to fuel diversity, air pollution, and other environmental benefits in New Jersey's is currently undervalued.

Maintaining New Jersey's existing reactors and potentially running them longer (i.e., up to 80 years with additional license extensions) and improving their efficiency avoids backsliding in emissions reductions in the short- and medium-term. In the long run, it also buys time to deploy greater quantities of renewables, energy storage, and other zero-emission technologies.

New Jersey with its advantage of existing nuclear capacity should take reasonable steps to prevent the premature retirement of these essential clean energy sources while federal, regional, and additional state policies are being developed to facilitate renewable energy, energy efficiency, and other clean energy technologies (e.g., energy storage, advanced nuclear, and fossil fuel-fired electricity using carbon capture and storage).

Criteria for determining ZEC eligibility

We believe that all operational in-state nuclear facilities should be eligible to apply for ZEC payments to prevent emissions backsliding and a further erosion in the state's fuel diversity. In 2017, nuclear power provided 45 percent of in-state electricity generation (95 percent of the state's zero-emission electricity) and natural gas provided nearly 50 percent. With the closure of the Oyster Creek Nuclear Generating Station earlier this year, fuel diversity has already eroded further – an even larger percentage of New Jersey's electricity is being provided by natural gas, and there will be an all but certain increase the state's carbon dioxide emissions in 2018.

We believe that it is reasonable to provide ZEC payments to nuclear facilities when the revenue they receive from wholesale electricity markets (i.e., for

energy, capacity and ancillary services) is no longer sufficient or is projected to be insufficient to preserve their environmental, air quality, and fuel diversity benefits (i.e., they are facing a shutdown decision). Wholesale markets do not consider environmental benefits of zero-emission generation (among other things), and a ZEC payment is a transparent mechanism of remedying that failure or omission.

To become an eligible facility, we believe that it is incumbent on plant owners to provide certified financial statements and data to the Board that clearly demonstrate the at-risk, loss-making nature of the facility. We expect that the Board would hold this sensitive, competitive information in confidence for a sufficient time period. We expect that plant owners and the Board can agree on the length of that time period.

Once a facility is deemed eligible for ZEC payments, we believe that it should continue to provide updated certified financial statements and data at regular intervals and that the Board would hold subsequent filings in confidence for an agreed time period.

As a further condition of eligibility, we believe that plants should be deemed to be operating at the highest safety levels, which could be determined by criteria reported to the Nuclear Regulatory Commission. Plant owners would be disqualified from receiving ZEC-payments should it be determined that they are operating in an unsafe manner or have not taken appropriate corrective actions (e.g., updated operating practices or procedures) within a reasonable time frame.

If other state, regional, national or other solutions (e.g., a carbon price is added to the PJM wholesale power market) should emerge which provide additional payments to ZEC-qualified facilities, we would expect that ZEC-payments to qualified facilities would be reduced accordingly.

Sincerely,



Bob Perciasepe

Bob Perciasepe
President
Center for Climate and Energy Solutions
2101 Wilson Boulevard
Suite 550
Arlington, VA 22201
703-516-4146
perciasepeb@c2es.org