



By electronic mail

October 22, 2018

NJ Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 35
Trenton, New Jersey 08625- 0350
Zec.Comments@bpu.nj.gov
ATTN: Aida Camacho-Welch, BPU Secretary

**Re: 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. BPU Docket No. EO18080899**

Dear Secretary Camacho-Welch,

On behalf of AARP's 1.3 million New Jersey members please accept these comments concerning BPU Docket No. EO18080899, the establishment of a zero emission certificate program for eligible nuclear power plants. AARP is a non-profit, nonpartisan membership organization that believes no one's possibilities should ever be limited by their age and seeks to find new solutions so that more people can live and age as they choose. AARP works to protect all consumers against unreasonable utility rates and to help people save money on their utility bills. Especially in these difficult economic times, we, along with our members, advocate on behalf of families struggling to pay their utility bills. We work to advance regulations and legislation that protects consumers from unfair rate increases, advances consumer protections and shields consumers from harmful cost shifting by utilities.

As we testified during the 2018 state legislative deliberations, AARP opposes a nuke tax in the form of a state-run zero emission credit(s) or ZECs for certain nuclear power plants. As was the case then and now, the nuclear plants in question are profitable assets of a deregulated corporations. We remain skeptical about the threats of possible closure without a new, state run nuke tax program.

AARP participated in the recent public hearings held in Hackensack, Atlantic City and New Brunswick and you have received comments from thousands of our members who live throughout New Jersey during this current comment period.

To date there is no independently verified evidence that a legislatively mandated nuke tax of \$.0004/kwh subsidy payment is needed nor has such been determined to be reasonable. Increased electricity prices are not affordable for many AARP members and those living on low, moderate and fixed incomes. The estimated cost (\$300 million per year in increased electricity rates borne by all NJ employers and residential customers) is a burden on many, particularly those of whom struggle to pay their electricity bills and have many other needs in our high cost-of-living state.

We believe affordability and reasonableness must be considered relevant by this Board and the state of New Jersey.

New Jersey's power plants serve the mid-Atlantic region (PJM) not just the state of New Jersey. A state tax or subsidy interferes with the regional market from which we draw our power. Such an interference could have negative consequences for the marketplace and consumers. Further, PJM has no shortage of electricity. With a robust 28% reserve margin, there is no looming shortage of power in New Jersey or elsewhere.

AARP remains deeply concerned about the lack of transparency in this proceeding, one that will impact the wallets of every single ratepayer, employer and our economy as a whole. Any rate increase should not be evaluated and/or determined behind closed doors.

AARP urges the Board to consider all motions to intervene in any and all portions of this proceeding and to ensure that the NJ Division of Rate Counsel and PJM's Independent Market Monitor are deemed essential to this proceeding.

Relative to several of the Board's specific questions detailed in the notice of public hearing AARP offers the following;

1. What specific metrics should the Board utilize to determine if a nuclear power Unit ("Unit") should be deemed eligible for ZEC credits?

Metrics focusing on reliability and cost to consumers are key. The metrics should include the cost and benefit to consumers of any subsidy plan for qualifying facilities and the ZEC's impact on affordability for all customer classes. The metrics should include whether or not the plants seeking ZECs are needed for reliability in the PJM region.

3. Referencing N.J.S.A. 48:3-87.5(a), the Act requires the Board to consider the cost of "operational risks" and "market risks" for Units. What information should or should not be included in these two categories?

Operational and market risk assessments should determine if a plant is actually at risk of closure and the impact of such closure on reliability in New Jersey and the region. This assessment should include an analysis of the plant's performance in the market, whether or not it has cleared the PJM capacity auctions and how long it has committed to provide capacity to the region under such contract(s). The market risks should include a forecast as to whether or not wholesale power prices are expected to rise and the forecast's impact on

the ZEC program. The impact of forecasted rising prices should be considered in determining whether or not a ZEC is necessary at all and the risk of consumers paying more than is reasonable during the course of the 3 or more year program.

4. Referencing N.J.S.A. 48:3-87.5(a) and (e)(3), what specific financial information should the Board request that Units applying for the ZEC program provide?

Any corporation filing an application for the ZEC Program should provide extensive financial information. A full review of the Company's costs and revenues including all revenues generated by the plant during the last 5 years (and is forecast to receive going forward), is necessary. This includes all revenues from the wholesale market, from bilateral contracts, etc. The company should also file information concerning its operating costs as well as capital costs and its return on income. The question of how much profit ratepayers should be expected to bear and what is enough profit is a key question that this proceeding must address. Ratepayers should not be saddled with funding windfall profits for wealthy energy corporations.

The company should also be required to provide information about the cost of shutting down the nuclear plant and what costs would be avoided if the unit were shut down.

The company should provide the Board with information on the stranded costs it received when New Jersey implemented de-regulation of the generation sector. Ratepayers should not be forced to pay for costs they have already incurred to support the plant.

5. Referencing N.J.S.A. 48:3-87.5(e)(2), what information should be provided to the Board to demonstrate that the Unit makes a significant and material contribution to the air quality in the state? What information should be provided to demonstrate that the Unit minimizes harmful emissions that adversely affect the citizens of the state? What information should a Unit provide to demonstrate that, if the Unit were to be retired, the retirement would significantly and negatively impact New Jersey's ability to comply with State air emissions reduction requirements?

Air quality should be considered in a regional context and include alternatives such as conservation and renewable energy programs. As recommended by the NJ Division of Rate Counsel, the applicant should include detailed regional air dispersion modeling and an examination of the replacement resources that would be required in the event that the unit does shut down. This demonstration must be done on a unit specific basis. Further, a reasonable assessment must be made regarding what types of generation might replace the nuclear unit if it shuts down. Renewable sources of energy now account for at least half of the new generation built in the United States. It is not reasonable to assume that if a nuclear unit closes, the lost capacity will be replaced by natural gas or coal. There may be no adverse impact on air quality.

7. What information about other benefits, subsidies, or tax implications should be provided to the Board as part of a ZEC application?

Information about current and proposed PJM payments and their impact should be provided as well as the possibility of subsidies from new programs mandated by others (FERC, DOE, PJM).

New Jersey is also in the process of re-entering the Regional Greenhouse Gas Initiative, and payments or revenues that result from this initiative must be considered.

9. What other information, confidential or not, should the Board request to fully evaluate whether or not a Unit is at risk of closure due to financial hardship?

The Board should fully evaluate PJM's and the Market Monitor's (Marketing Analytics) assessment.

The Board should require the production of a filing from the plant's owner (s) made at the NRC and PJM that the plants will close.

12. What information about parent or affiliate companies of the nuclear power plant should be requested for the Board to holistically consider the Unit's financial condition?

The parent company's financial records should be requested and considered in order to holistically determine the Unit's financial condition.

In closing, AARP urges the Board to conduct a thorough analysis with independently verified evidence in order to protect consumers and to reject any applicant's request for ZEC's that cannot be determined to be fair, reasonable and in the public interest.

Thank you for considering AARP's comments.

Sincerely,



Evelyn Liebman
AARP NJ Director of Advocacy

Cc: Stephanie Hunsinger, AARP NJ State Director
Kathleen Frangione, Chief Policy Advisor – Office of the Governor of New Jersey
Stefanie Brand, Director, NJ Division of Rate Counsel

AARP is a nonprofit, nonpartisan organization with a membership that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. AARP does not endorse candidates for public office or make contributions to either political campaigns or candidates. We produce AARP The Magazine, the definitive voice for 50+ Americans and the world's largest-circulation magazine with over 35.1 million readers; AARP Bulletin, the go-to news source for AARP's millions of members and Americans 50+; AARP VIVA, the only bilingual U.S. publication dedicated exclusively to the 50+ Hispanic community; and our website, AARP.org. AARP Foundation is an affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. We have staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Island