

STATE OF NEW JERSEY)
) ss.
COUNTY OF ESSEX)

**BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES**

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
IN THE MATTER OF THE APPLICATION OF PSEG NUCLEAR, LLC AND EXELON GENERATION COMPANY, LLC FOR THE ZERO EMISSION CERTIFICATE PROGRAM—SALEM UNIT 2	BPU Docket No.: ER20080558

**AFFIDAVIT OF TIMOTHY P. PELLEGRIN
REGARDING CONFIDENTIAL TREATMENT FOR DOCUMENTS SUBMITTED IN
SUPPORT OF PSEG’S APPLICATION SEEKING ZERO EMISSION CERTIFICATES
FOR THE SALEM 2 GENERATING UNIT**

I hereby declare under penalty of perjury that:

1. My name is Timothy P. Pellegrin. I am the Vice President, Finance - Power & M&A for PSEG Services Corporation and I am authorized to make this statement in the above-stated case relating to the Application of PSEG Nuclear, LLC (“PSEG” or the “Company”) for the receipt of Zero Emission Certificates (“ZEC Application”) for the Salem 2 generating unit (the “plant”), pending before the New Jersey Board of Public Utilities (“Board”).

2. This Affidavit is being provided in this proceeding being conducted under N.J.S.A. 48:3-87.3 et seq., and pursuant to applicable Board rules at N.J.A.C. 14:1-12.1 et seq. and the Board’s August 12, 2020 order issued in BPU Docket No. EO18080899.

3. The attachments to PSEG's response to the requests listed below ("Confidential Information") are labeled "confidential" because they contain proprietary, Company sensitive, and/or financially, commercially, and competitively sensitive information that is not available to members of the general public. Without limitation of the foregoing, the release of the Confidential Information would injure PSEG's financial and commercial position in the electricity, nuclear fuel, and other markets by providing an unfair competitive advantage to other market participants, and would therefore be injurious to PSEG shareholders and to consumers, particularly in the eastern United States including New Jersey. The disclosure of this sensitive information would also have negative competitive impacts on the forward capacity markets in the Pennsylvania-New Jersey-Maryland Interconnection ("PJM"), and default load procurements throughout PJM, including the New Jersey Basic Generation Service ("NJ BGS") auction.

4. Disclosure of the Confidential Information submitted in support of PSEG's ZEC Application would be compromising to the Company, and/or the markets in several different ways:

(i) Capacity market information. Disclosing historical or forward looking cost, investment, and operational information related to the plant, and similar information regarding the Company's other nuclear units (the plant and other nuclear units being referred to collectively as the "nuclear units" or the "units"), would aid competitors in forming an accurate outlook of the capacity prices that the nuclear units would require to remain viable in the markets. Understanding this information, competitors could structure their bids to take advantage of the nuclear units' costs and expectations, to inform their bids to the benefit of their own unit positions. Further, the Company's nuclear units collectively comprise almost 10% of the reliability requirement associated with the EMAAC Locational Delivery Area ("LDA"), and about 5% of the reliability requirement associated with the MAAC LDA. Gaining insights into the bid levels of these resources may allow competitors to better gauge market outcomes, and directly impact the otherwise competitive outcomes of the capacity markets. Information that should remain confidential related to this subject include:

- Information related to bidding activity of each unit, and its level of market participation;
- Information related to the historical or future expectations of unit costs and revenues;

- Information related to the expected future performance and operation of the units;
- Information related to the historical and future investment in each of the units;
- Information regarding the company’s cost of capital, or how capital investments are evaluated for the units, including the expected remaining unit life; and
- Information that informs knowledge about potential costs and investments, such as future outage cycles and dates.

(ii) Wholesale energy market participation information. The disclosure of information related to the wholesale market activity of PSEG affiliates PSEG Energy Resources & Trade LLC (“PSEG ER&T”) or PSEG Energy Solutions LLC, or nuclear fuel contracts entered into by PSEG Nuclear LLC would significantly harm the future business activities of the PSEG Power LLC companies. The responses provided contain bidding information, contracts and other detailed information regarding the prices at which PSEG has contracted to buy or sell energy-related products in the past, including detailed breakdowns of the estimated cost to serve electrical loads. This information would provide competitors with otherwise non-public information, provide insights into hedging strategies, and injure PSEG’s financial and commercial position in the electricity markets. Similarly, detailed information regarding the prices at which PSEG has been willing to enter into fuel purchase contracts in the past would injure PSEG’s financial and commercial position in the nuclear fuel market by providing an unfair competitive advantage to other market participants. Providing PSEG market-based information would also negatively impact the competitiveness of the NJ BGS and other default service auctions. PSEG ER&T is one the largest suppliers of NJ BGS, and also active in other state default load auctions throughout the PJM footprint. By providing confidential details around the various cost components PSEG ER&T uses to construct bids, other competitive suppliers would be able to anticipate PSEG offer levels, and negatively impact the overall competitiveness of these solicitations. Responses that should remain confidential related to this subject include:

- Information related to hedges and market activity and information that is informed by market activity, including historical and forecasted financial results;
- Information related to historical or future expectations of cost components, such as fuel or other market based products;
- Information related to historic and future expected market prices; and

- Information related to unit bidding or other market-based activities.

(iii) Unit cost information. The nuclear units purchase various products and materials from outside third parties and require significant support from outside services contractors, including nuclear fuel suppliers and service providers, to maintain their continued operation. The cost and availability of these services directly impact the units' competitiveness in the various markets for products and services. Disclosing information related to the costs of the nuclear units could impact PSEG's competitiveness in negotiations with suppliers and vendors, with negative consequences on the cost structure of the units going forward. Information that should remain confidential related to this subject include:

- Information related to historical and future cost projections;
- Information related to historical and future investment decisions;
- Information related planned outages, and the services that would be required; and
- Information related to historical and future fuel procurement and related services.

(iv) Corporate financial information. The Confidential Information includes certain corporate information that if disclosed could impair the competitiveness of the business, or require additional financial disclosures to the investment community. The business of PSEG includes the buying and selling of assets as part of its overall strategy. Disclosure of certain financial and market information that is used internally as part of these assessments, such as valuation methodologies, cost of capital and future market outlooks, would disadvantage the Company significantly relative to competitors. Further, PSEG does not publicly provide detailed financial information beyond the PSEG Power level, nor does it provide a long-term view on forward market outlooks to the investment community, and would be forced to change its disclosure policy if some of this information was released. Information that should remain confidential related to this subject includes:

- Information related to the overall financial structure of the business including cost of capital estimations;
- Information related to forward financial projections; and
- Unit specific historical or forward revenue or cost information.

(v) Submissions to the Nuclear Regulatory Commission (“NRC”). The Confidential Information also includes certain material that is submitted on a confidential basis to the NRC, and that should similarly be maintained as confidential in this proceeding. I am advised by counsel that this includes material submitted in response to specific NRC Requests for Information (RFI) as well as emergency planning information, which material contains personal privacy, safeguards information, and otherwise proprietary information that is carefully controlled within the NRC and that is not subject to public disclosure pursuant to the Code of Federal Regulations.

5. Given the potential harms to PSEG and to competitive markets associated with the disclosure of certain information as described above, the following responses should remain strictly confidential:

- II-GAIO-7 (energy produced over past 10 years and projected over next 5 years)
- II-GAIO-8 (energy and capacity provided over past 10 years and projected over next 5 years)
- II-GAIO-9 (incidents over past 10 years when energy bid not accepted)
- II-GAIO-11 (run-time over past 10 years)
- II-GAIO-12 (planned maintenance and refueling outages over next 5 years)
- III-ZECJFIN-1 (current net book value)
- III-ZECJFIN-2 (current and historical financial statements)
- III-ZECJFIN-3 (financial analysis of unit performance)
- III-ZECJFIN-5 (shareholder payout over past 10 years)
- III-ZECJFIN-6 (detailed costs over past 10 years)
- III-ZECJFIN-7 (detailed cost projections over next 5 years)
- III-ZECJFIN-8 (current and projected cost of capital)
- III-ZECJFIN-11 (BRA bids for the past 10 years)
- III-ZECJFIN-12 (revenues received over past 10 years)
- III-ZECJFIN-13 (revenue projections over next 5 years)
- III-ZECJFIN-14 (assumptions in revenue projections)
- III-ZECJFIN-18 (estimated costs of operational and market risks)
- III-ZECJFIN-19 (estimated risk-adjusted cost of capital)

III-ZECJFIN-21 (forward-looking projections in presentations to rating agencies)
III-ZECJFIN-22 (comparison of projected versus actual cash flows)
III-ZECJFIN-24 (projected earnings over next 5 years)
III-ZECJFIN-25 (projection of subsidy requirements over next 5 years)
III-ZECJFIN-26 (analyses estimating net benefit of hedges)
IV-ZECJENV-4 (meeting capacity and energy requirements if shut down)
V-IUD-3 (costs that would be incurred to shut down)
V-IUD-4 (projected impact on earnings if the plant were to shut down)
V-IUD-5 (avoidable cost analysis)
V-IUD-7 (status of decommissioning funds)
VI-SSA-4 (analysis of impact of FERC's Minimum Offer Price Rule)
VI-SSA-9 (data provided to NEI and EUCG)

6. I hereby make the following additional statements in support of maintaining confidential treatment of PSEG Confidential Information.

7. The Confidential Information has been clearly labeled "CONFIDENTIAL".

8. PSEG requests that the Board maintain the confidentiality of the Confidential Information for an indefinite period of time.

9. PSEG will at all times take measures to protect the Confidential Information from public disclosure, such measures including but not limited to asserting claims of confidentiality in all regulatory and public proceedings, such as this case, as they arise.

10. PSEG does not make the Confidential Information routinely available to the general public through any manner, including without limitation initial and final orders in contested case adjudications, press releases, copies of speeches, pamphlets and educational materials.

11. PSEG has taken and will take all precautions available to it to prevent the public disclosure of the Confidential Information in proceedings before the applicable state utility commissions, the Federal Energy Regulatory Commission, or other jurisdictional agencies.

12. To the best of PSEG's knowledge, neither the Board, its Custodian, any other State or Federal agency, nor a court of competent jurisdiction, has previously made an adverse determination with respect to the confidentiality of the Confidential Information.

13. PSEG requests that the Board and its Custodian maintain the Confidential Information until such time as PSEG consents to its disclosure upon any request made to disclose such information, or as otherwise ordered by law.

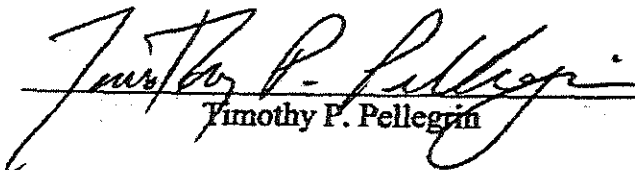
14. I am advised by counsel that the Confidential Information is not subject to the New Jersey Open Public Records Act ("OPRA") because the materials relate to the financial condition of the plant and, as such, are addressed under N.J.S.A. 48:3-87.5(a), which states that "financial and other information required pursuant to this subsection may be submitted on a confidential basis and shall be treated and maintained as confidential by the board and shall not be subject to public disclosure, notwithstanding any law to the contrary, including the common law."

15. I am further advised by counsel that the Confidential Information, even if subject to OPRA, falls within the exemption from classification as a "government record" under OPRA, as the information pertains to "proprietary commercial information," and/or "information which, if disclosed, would give an advantage to competitors or bidders." N.J.S.A. 47:1A-1.1.

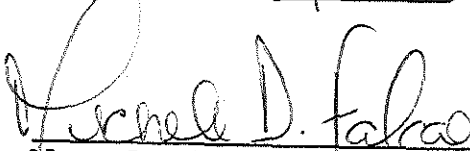
16. PSEG submits the individual identified below as the addressee for communications related to this request:

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By:


Timothy P. Pellegrin

Sworn and subscribed before me
this 26th day of September, 2020


Notary Public

MICHELE D. FALCAO
Notary Public, State of New Jersey
My Commission Expires
November 14, 2021