

**IN THE MATTER OF THE APPLICATION OF PSEG NUCLEAR LLC AND EXELON
GENERATION COMPANY, LLC FOR THE ZERO EMISSION CERTIFICATE
PROGRAM – SALEM UNIT 1**

**IN THE MATTER OF THE APPLICATION OF PSEG NUCLEAR LLC AND EXELON
GENERATION COMPANY, LLC FOR THE ZERO EMISSION CERTIFICATE
PROGRAM – SALEM UNIT 2**

**IN THE MATTER OF THE APPLICATION OF PSEG NUCLEAR LLC FOR THE
ZERO EMISSION CERTIFICATE PROGRAM – HOPE CREEK**

BPU DOCKET NOs. ER20080557, ER20080558, ER20080559

PSEG NUCLEAR LLC (“PSEG”) CROSS EXAMINATION QUESTIONS TO LEVITAN

I. CAPACITY REVENUES

ZEC2-LEV-XQ-0001

Please state how, in Levitan’s opinion, utilizing historical pricing incorporates the following known inputs:

- a. The impact of PJM’s changes to the cost of new resources in EMAAC, manifested through the calculation of Net Cost of New Entry (“CONE”);
- b. The impact of PJM shifting the demand curve lower by 1%;
- c. Increases in import capability for resources into EMAAC, manifested through the calculation of the capacity emergency transfer limit (“CETL”).

ZEC2-LEV-XQ-0002

Please address the following.

- a. Does Levitan agree that in his June 21, 2019 *Evaluation of New Jersey Solicitation for ORECs for Offshore Wind Capacity*, Levitan’s projected capacity prices for 2022-2026 were lower than the Board’s projection of capacity prices based on historical prices?
- b. What were Levitan’s projected capacity prices for 2022-2026?

II. RISKS

ZEC2-LEV-XQ-0003

In Levitan’s opinion, is there more or less risk associated with an investment in a nuclear plant, or an investment in a public utility?

ZEC2-LEV-XQ-0004

In Levitan's opinion, would an ROE of approximately [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] be appropriate for a regulated public utility?

- a. List all cases of which Levitan is aware where a regulator has approved a ROE of [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] or less for a regulated public utility.

ZEC2-LEV-XQ-0005

In Levitan's opinion, would a negative ROE be appropriate for a regulated public utility?

- a. List all cases where a regulator has approved a negative ROE for a regulated public utility.

ZEC2-LEV-XQ-0006

The ZEC Act defines "operational risks" to include "the risk that operating costs will be higher than anticipated because of new regulatory mandates or equipment failures."

- a. Does Levitan agree that, while a nuclear plant is operating, it faces the risk that costs may increase as a result of new regulatory mandates?
- b. Does Levitan agree that a new regulatory mandate that impacts the cost to operate a nuclear plant could be issued at any time?
- c. Does Levitan agree that, while a nuclear plant is operating, it faces the risk that costs may increase as a result of equipment failures?
- d. Does Levitan agree that a major component of a nuclear power plant could unexpectedly require repair or replacement at any time?
- e. Does Levitan agree that, after a nuclear plant ceases operation, it no longer faces the risk that costs may increase as a result of equipment failures?

ZEC2-LEV-XQ-0007

The ZEC Act defines "operational risks" to include "the risk that per megawatt-hour costs will be higher than anticipated because of a lower than expected capacity factor."

- a. Does Levitan agree that when a nuclear plant is operating it faces the risk of an unanticipated outage?
- b. Does Levitan agree that if a nuclear plant experiences an unanticipated outage, its per-MWh costs will be higher than they would have been without the outage?
- c. Does Levitan agree that after a nuclear plant ceases operation, it no longer faces the risk of an unanticipated outage?
- d. Does Levitan agree that with nuclear plants generally running at all available hours other than refueling outages, that are unavoidable, with forced outage rates in the single digits, there is more downside risk than upside risk?

ZEC2-LEV-XQ-0008

The ZEC Act defines “market risks” to include “the risk of a forced outage and the associated costs arising from contractual obligations.”

- a. Does Levitan agree that, while a nuclear plant is operating, it faces the risk that a forced outage may occur?
- b. Does Levitan agree that, all things equal, when a large baseload generating unit experiences a forced outage, prices tend to rise?
- c. Does Levitan agree that, after a nuclear plant ceases operation, its owner or operator no longer faces the risk that a forced outage may occur?

ZEC2-LEV-XQ-0009

The ZEC Act defines “market risks” to include “the risk that output from the nuclear power plant may not be able to be sold at projected levels.”

- a. Does Levitan agree that, while a nuclear plant is operating, it faces the risk that its output may not be able to be sold at projected levels?
- b. Does Levitan agree that forward energy prices in PJM have generally come down over time in the past ten years?
- c. Does Levitan agree that, after a nuclear plant ceases operation, it no longer faces the risk that its output may not be able to be sold at projected levels?

III. COSTS

ZEC2-LEV-XQ-0010

Please confirm that it is Levitan’s understanding that PSEG remains obligated under federal law to pay for the removal of spent fuel from the Salem and Hope Creek facilities.