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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

In the Matter of the Application of PSEG Nuclear, LLC and Exelon Generation Company, LLC For the Zero Emission Certificate Program - Salem Unit 1

Docket No. ER20080557

In the Matter of the Application of PSEG Nuclear, LLC and Exelon Generation Company, LLC For The Zero Emission Certificate Program - Salem Unit 2

Docket No. ER20080558

In the Matter of the Application of PSEG Nuclear, LLC For The Zero Emission Certificate Program – Hope Creek

Docket No. ER20080559

**CROSS EXAMINATION QUESTIONS ON LEVITAN
ON BEHALF OF THE PJM POWER PROVIDERS GROUP (P3)**

Question No. 1

In your examination of the costs submitted by PSEG, were any of the costs and risks also reported in their financial statements submitted to the SEC in 10-K or 10-Q filings?

Question No. 2

In any of the PSEG risk analyses, did they provide any explicit probabilities or probability distributions of events that could either adversely or beneficially affect the financial status of the nuclear units? Or was it all adverse effects without probabilities?

Question No. 3

Do any of the LAI suggested revenue adjustments include adjustments to the energy market prices beyond the use of higher forward curves?

Question No. 4

Did LAI examine what would happen if the \$9.05 variance increased energy prices and then looked at profitability need for subsidies? Could LAI provide that?

Question No. 5

Does the LAI reading of the ZEC Act also include room to examine upside risk that would improve financial performance? Or does it not explicitly exclude it?

Question No. 6

Did LAI examine for the 2019/2020 Delivery Year whether the nuclear units would have been profitable absent the ZEC payments of \$10/MWh? If so, would they have still been profitable given energy and capacity prices?

Question No. 7

Can LAI confirm that historically, O&M and capital costs have declined for the nuclear units consistent with industry trends report by NEI? Or have their costs increased, and if so by how much?

Question No. 8

Please opine on whether it is more important for PJM overall to have a higher fuel diversity index (FDI) than New Jersey does in isolation, given that NJ is part of the larger PJM centrally dispatched system.

Question No. 9

Please confirm whether the nuclear unit capacity factors in the next ZEC period as assumed by PSEG are higher or lower than historic capacity factors from the past 10 years.

Question No. 10

Given that PSEG did not provide any work papers regarding the costs associated with operational risk, does LAI believe a generic 10% adder is justified on a financial accounting basis if these costs are not incurred? Please confirm from your reports that Hope Creek, Salem 1, and Salem 2 have not incurred any additional costs associated with operational risks in the last decade.

Question No. 11

Please confirm that actual costs have come in below those projected costs absent operational risks?

Question No. 12

Please confirm the costs of market risks are not incurred costs, do not appear in financial statements, and are not avoidable?

Question No. 13

Would LAI agree that if a decision was made to retire any of the nuclear units, and following retirement market prices increased such that it would have been better to remain in operation, then this “market risk” is not avoided at all?

Question No. 14

Please confirm that the PSEG Board statements and 2019 10-K cited do not mention a level of ZEC prices needed to remain in commercial operation and that these statements do not indicate that without the \$10/MWh payment, the resources will shut down.

Question No. 15

Please indicate if the going forward costs of nuclear units as reported by the PJM IMM are within +/-5% of the PSEG reported historically incurred costs. Are these costs above or below the values used by the IMM? The values used by ICF in the Integrated Planning Model?