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PSEG Services Corporation

April 16, 2021

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

and

Application for Zero Emission Certificates
Of Salem 1 Nuclear Power Plant

Application for Zero Emission Certificates
Of Salem 2 Nuclear Power Plant

Application for Zero Emission Certificates
Of Hope Creek Nuclear Power Plant

BPU Docket Nos. EO18080899, EO18121338, EO18121339 and EO18121337

VIA ELECTRONIC MAIL

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Flr.
P.O. Box 350
Trenton, New Jersey 08625-0350

Dear Secretary Camacho-Welch:

I am submitting pursuant to Section 3.k. of the ZEC Act, N.J.S.A. 48:3-87.5.k., the attached "Transition Plan for Personnel at Salem and Hope Creek Nuclear Generating Stations" ("Transition Plan"). The Transition plan is accompanied by the Brattle Group report "Salem and Hope Creek Nuclear Power Plants' Contribution to the New Jersey and Local Economies" ("Brattle Report"), and the Chamber of Commerce of Southern New Jersey report, "New Jersey Nuclear Plant Retirement Economic Impact and Economic Development Plan" ("CCSNJ Report"). These materials are all submitted on behalf of PSEG Nuclear LLC ("PSEG") and Exelon Generation Company, LLC, co-owners of the Salem 1 and Salem 2 nuclear plants, and on behalf of PSEG, owner of the Hope Creek nuclear plant.

The Transition Plan describes separation pay and benefits, outplacement assistance, and retraining/redeployment opportunities for impacted employees. The Brattle Report analyses the period from 2021 through 2030 and evaluates the impact of the plants on net GDP and jobs in

Salem and surrounding counties (specifically Gloucester, Cumberland, Camden, and New Castle, Delaware), and in New Jersey as a whole, and the plants' impact on income tax to New Jersey and Delaware. Brattle looks specifically at impacts at the sector level (e.g., utilities, construction, real estate, retail trade, health care). The CCSNJ Report describes the southern New Jersey economy, including: its leading industries and the changing nature of those industries in the years since the opening of the Salem and Hope Creek nuclear plants; the types of jobs generated by the nuclear plants; the types of industries needed to pull the region out from the recession imposed due to the pandemic; and steps to be taken together by state, county and municipal governments, community and business groups, local business owners, community leaders, and private sector corporations in the event it becomes known that the plants will retire.

Consistent with the Order issued by the New Jersey Board of Public Utilities ("BPU or Board") in connection with In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020, this filing is being electronically filed with the Secretary of the Board. No paper copies will follow.

Thank you very much for your anticipated courtesies.

Very truly yours,

Attachment

C Paul Flanagan

April 16, 2021

Transition Plan for Personnel at Salem and Hope Creek Nuclear Generating Stations

Introduction

This memorandum provides a summary overview of the transition plan for any personnel whose employment would be terminated as a direct result of the cessation of operations of PSEG's Salem and Hope Creek Nuclear Generating stations. In the event of a ceasing of plant operations, all PSEG Nuclear employees would be subject to layoff as their positions would be eliminated. Position eliminations would happen on a rolling basis timed with the safe shut down of each unit and based on the corresponding number of employees who would be needed to operate each unit through the time of cessation, and into plant decommissioning. The engagements with our contractor workforce would also be terminated.

Following permanent cessation of operations, there will be a transition period into plant decommissioning, during which initial staffing reductions are expected to be approximately 50% of the operating staffing levels. During the transition, post-shut down activities will be performed by retained personnel. These activities include, but are not limited to, placing the facilities in a dormancy condition and completing the transfer of the spent nuclear fuel to dry cask storage, and implementation of the Emergency Plan and Security Plan requirements. Staffing levels will be reduced further as planned activities are completed and regulatory requirements continue to be reduced over the next few years, ultimately reducing total staffing to less than 100 personnel for the site.

As explained more fully below, in such a scenario, under PSEG's current separation benefit plans, any employee of PSEG who is not represented by a labor union and is separated from employment would be eligible for separation benefits, including compensation. Eligibility for separation pay and benefits for any union-represented employee of PSEG would be governed by applicable collective bargaining agreements and negotiations with the respective unions. Contractors working for PSEG would not be eligible for separation pay and benefits from PSEG, and would be subject to employment decisions by their employers.

Prior to the layoff, PSEG Nuclear employees would be able to bid on any posted jobs in PSEG's non-Nuclear businesses, and interview for a position if qualified. However, projected hiring trends for PSEG's non-Nuclear lines of business suggest that the number of job postings will be limited and will not be able to provide sufficient employment opportunities for Nuclear personnel, and the vast majority of PSEG Nuclear employees will not be able to place within PSEG.

Separation Pay & Benefits

a) PSEG Employees not Represented by a Labor Union

PSEG's Separation Allowance Benefits Plan for Non-Represented Employees[1] ("Separation Benefits Plan") provides non-represented employees with severance pay calculated based upon the employee's base salary, the number of years of service completed as of the separation date and the employee's level within the organization. Employees who are below the "Key Manager" level (i.e., below director level) receive separation pay as follows:

a) Employees with fewer than 6 years of service receive 12 weeks of base salary; and

b) Employees with 6 or more years of service receive 2 weeks of base salary for each year of service, up to a maximum of 52 weeks of base salary.

Key Managers receive separation pay as follows:

a) Key Managers with fewer than 13 years of service receive 26 weeks of base salary; and

b) Key Managers with 13 or more years of service receive 2 weeks of base salary for each year of service, up to a maximum of 52 weeks of base salary.

Other benefits for non-represented employees under the Separation Benefits Plan include a discretionary, pro-rated annual incentive bonus, and employer contribution to health care coverage during the severance period.

b) PSEG Union-represented Employees

There are two unions representing PSEG employees supporting Salem and Hope Creek Nuclear Generating Stations: plant operations craft workers are represented by the International Brotherhood of Electrical Workers (IBEW) Local No. 94; and the nuclear security workforce is represented by the Nuclear Power Plant Security Officers of America (NPPSOA) Local No. 1. Upon public notification of plant shutdown, PSEG will notify the unions of the outcome and offer to bargain over the effects of the plant closures. These negotiations likely will include discussions relating to separation rules, pay and benefits.

Under the collective bargaining agreement for IBEW-represented employees, individuals are laid off according to seniority through a "bumping" process. Once an employee is laid off, those employees who have completed one year of service are eligible

[1] The PSEG Separation Allowance Benefits Plan applies to all non-officer employees not represented by a labor union. Any officer of PSEG is eligible for separation benefits under a separate plan (i.e., the Key Executive Severance Plan ("KESP")).

for: a) 2 weeks' pay for each full year of service; b) any unused vacation allowance; and c) 3 months' of subsidized COBRA health benefits coverage.

The security workforce represented by NPPSOA Local 1 has no bargained-for rights to severance pay and benefits included in their collective bargaining agreement. These employees may be entitled to severance pay under the New Jersey Millville Dallas Airmotive Plant Job Loss Notification Act, N.J.S.A. 34:21-1 *et seq.*, depending upon the effective date of recent amendments to that law that have been put on hold given the COVID-19 pandemic.

Outplacement Assistance

In support of PSEG Nuclear employees who are impacted by a ceasing of operations, Human Resources will offer interview and resume writing workshops to assist employees seeking employment both inside and outside of the Company. In addition, PSEG offers an outplacement package for all impacted non-represented employees, which includes outplacement coaching, resume writing advice and support, networking skills training, LinkedIn and social network optimization and job network access. This outplacement assistance is provided independent of the Separation Benefits Plan or collective bargaining agreements.

Retraining & Redeployment

PSEG Enterprise has in place an accelerated mobility process for employees impacted by a reorganization or reduction-in-force by which employees can bid on internally posted jobs and be considered for continued employment in a new position even if some on-the-job training is necessary. The process provides flexibility on the baseline skills, requirements and essential experiences that an internal candidate initially needs to qualify for a job. Candidates are considered for positions where certain desired skills and requirements can be acquired within 12 to 18 months.

PSEG Nuclear employees would be able to bid on any posted jobs in PSEG non-Nuclear businesses, and interview for a position if qualified. However, projected hiring trends for PSEG's non-Nuclear lines of business suggest that the number of job postings will be limited, especially compared with the number of employees who would be impacted by aceasing of operations. Furthermore, the projected number of matches between the anticipated new job postings and the skillsets of the Nuclear professionals, along with the geographic distance between the reporting locations for open jobs and the employees' places of residence, indicates that the vast majority of PSEG Nuclear employees would not be able to place within PSEG in the event of aceasing of operations.

Salem and Hope Creek Nuclear Power Plants' Contribution to the New Jersey and Local Economies

Salem and Hope Creek Nuclear Power Plants' Contribution to the New Jersey and Local Economies

PREPARED FOR

PSEG

PREPARED BY

Mark Berkman

Dean Murphy

December 2020

THE Brattle GROUP

Notice

This report was prepared for Public Service Enterprise Group (PSEG) in accordance with The Brattle Group's engagement terms, and is intended to be read and used as a whole and not in parts. All results and any errors are the responsibility of the authors and do not represent the opinions of The Brattle Group or its clients.

The authors would like to acknowledge the invaluable assistance of Alice Shao and Shivangi Pant in preparing this analysis.

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Executive Summary

At the request of Public Service Enterprise Group (PSEG), we have estimated the economic impact of the Salem and Hope Creek nuclear plants at the state and selected county level. These counties include Salem, where the plants are located, and several surrounding counties where plant employees reside and the plants purchase substantial goods and services. Similar to our 2017 Study regarding the contribution of these plants to the state economy,[1] we account for the changes in electricity price and generation that would occur if these plants were to close (relying on estimates developed in conjunction with our 2017 Study), and measure associated changes to gross domestic product (GDP) and employment using a well-known macroeconomic model at the state and county level. We measure these changes by comparing the state and local economies with vs. without these nuclear plants.

Our analysis determined that in 2021 through 2030, the Salem and Hope Creek plants would:

- Contribute approximately $1.2 billion annually to the New Jersey state GDP on net, including $1.2 billion in Salem County, $57 million in surrounding counties, and a loss of $38 million in the rest of the state. Contribute another $171 million GDP in Delaware's New Castle County.
- Account for 4,530 in-state jobs (direct and secondary) including 3,990 jobs in Salem County, 490 jobs in surrounding counties, and 1,670 jobs in Delaware.
- Pay $54 million annually in New Jersey state taxes and $9 million annually in Delaware state taxes.

The majority of the GDP and jobs impact of the plants is a direct result of nuclear plant operations. A secondary factor, accounting for 15% to 20% of the overall impact, is the influence these nuclear plants have on electricity prices. By helping to keep electricity prices lower, the plants provide a further economic boost. We estimate that New Jersey consumers would pay $176 million less annually for electricity with these plants operating than if they were to retire, even after

[1] Mark Berkman and Dean Murphy, "Salem and Hope Creek Nuclear Plants' Contribution to the New Jersey Economy," November 2017 (the "2017 Study").

accounting for the cost of the ZEC program, based on the electricity cost analyses from our 2017 study.[2,3]

The modest GDP loss in the rest of New Jersey reflects a projection that some lost nuclear generation would be made up by increased reliance on existing gas-fired power plants in the short run and by the construction of some new natural gas fired capacity in New Jersey in the latter part of the decade. This does not account for barriers that new gas-fired capacity may face from increased environmental regulations and gas pipeline constraints. If no new gas generation were developed in-state to offset the nuclear loss, the nuclear plants' contribution would be slightly higher, at $1.257 billion to GDP ($1.168 billion in Salem County, $25 million in the surrounding counties, and $64 million in the rest of the State), and would account for 4,940 jobs. No region would experience a GDP or employment loss.

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[2] The 2017 Study calculated average annual gross electricity cost savings of about $400 million (for 2018-2027, in 2017 dollars; adjusting for the 2021-2030 study horizon here and 2020 dollars, this is $414 million). The gross savings estimate of the 2017 study did not net out nuclear support costs, since no program to support the nuclear plants had been proposed at the time, though that study did identify the need to subtract support costs to estimate net savings. The present study does net out ZEC costs, using 2019-2020 ZEC payments as a proxy for future years, at $238 million on average over 10 years (we have not analyzed what level of ZEC support may be necessary to retain these plants). The ZEC cost reduces estimated electricity cost savings to a net value averaging $176 million per year over the horizon. Also, it is important to note that while reductions in wholesale electricity prices can benefit consumers, the offsetting impact on producer revenues must also be considered to determine whether they improve total social welfare. Our analysis of economic impacts—GDP, jobs, and tax revenues—accounts for the producer revenue impacts.

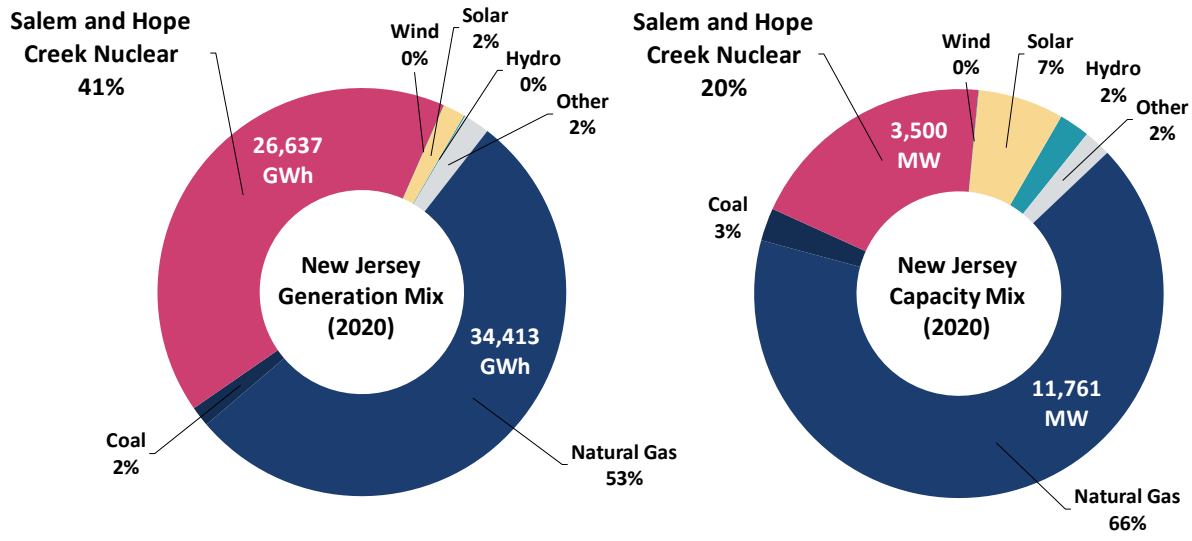
[3] In using the 2017 Study, we implicitly assume that PJM's newly expanded Minimum Offer Price Rule (MOPR) would not prevent the plants from clearing the capacity market. If it did, the electricity cost savings attributable to the plants could be lower or even reversed. We have not analyzed the effect of the MOPR on these plants' participation in the capacity market, nor how that could change with evolving market conditions and ongoing regulatory discussions about MOPR.

Background

Two nuclear power plants, comprising three nuclear reactors, operate in Salem County New Jersey. The Salem Nuclear Power Plant consists of two pressurized water reactors; Units 1 and 2 are licensed to operate until 2036 and 2040, respectively. The Hope Creek Nuclear Generating Station, a single-unit boiling water reactor, is licensed to operate until 2046. The plants are adjacent to one another in Salem County, NJ, about 30 miles south of Wilmington, Delaware. These plants account for 3,500 MW of capacity and almost 27 million MWh of annual generation.

New Jersey is a part of the PJM Interconnection, the electric region operated by the PJM independent system operator. PJM encompasses much more than just New Jersey, both geographically and electrically; New Jersey accounts for about 10% of PJM's total generation and load. Within New Jersey itself, these two nuclear power plants represent a very large share of generation and capacity at 41% and 20%, respectively, as illustrated in Figure 1.

Figure 1: New Jersey Electricity Generation and Capacity Shares by Fuel

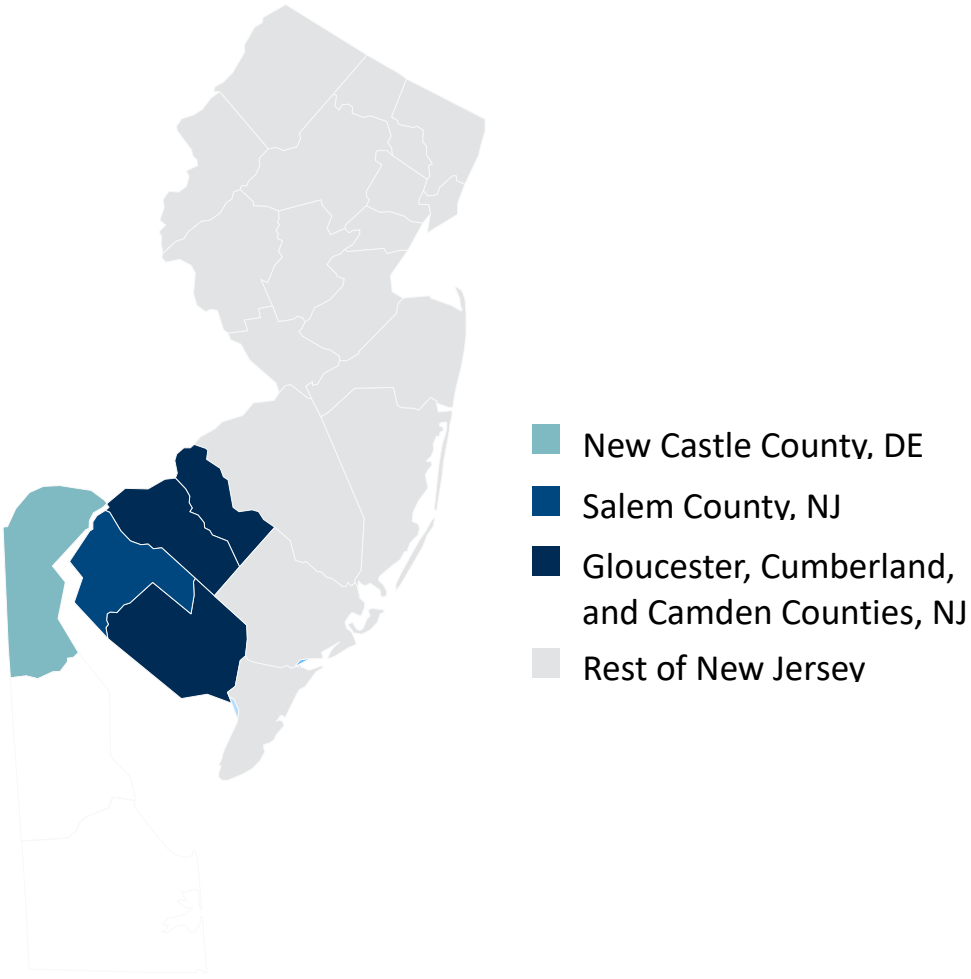


Sources and Notes: EIA Form 923, via Velocity Suite, ABB Inc. Generation is 2019 historical; capacity is as of September 2020.

The Salem and Hope Creek plants are important sources of economic activity in Salem County and the neighboring counties of Gloucester, Cumberland, and Camden, as well as New Castle County in Delaware (see Figure 2 below).

According to PSEG, the plants employ 1,605 workers directly and contracts on average another 500.[4] The contract figure varies depending on whether scheduled outages are underway for maintenance and refueling; it can be as high as 913 in outage months. Thirty six percent of plant workers reside in Salem County, 34 percent live in Gloucester, Cumberland or Camden counties, and another 16 percent live in New Castle County, Delaware. The plants also purchase goods and services totaling over $76 million annually from businesses in these and other New Jersey Counties. About 40 percent of this is spent in Salem, Gloucester, Cumberland, and Camden Counties, with 16 percent spent in New Castle County, Delaware. The remainder is spent in other New Jersey counties and in Pennsylvania.[5]

Figure 2: Study Area



[4] The majority of the plant employees (1,427) reside in New Jersey and Delaware. Most of the others reside in Pennsylvania (133).

[5] Spending does not include other expenditures outside the region including fuel and equipment.

New Jersey's Salem and Hope Creek Nuclear Plants Make a Considerable Contribution to the State and Local Economies

We have estimated the economic value of the Salem and Hope Creek plants to the state of New Jersey and the four smaller regions noted above: 1) Salem County; 2) New Jersey counties of Gloucester, Cumberland and Camden; 3) the rest of New Jersey; as well as 4) New Castle County in Delaware. We utilize REMI, a widely-used regional economic model,[6] and our analysis covers the period 2021–2030. The economic impact of these two plants on New Jersey occurs through two main channels. First, primarily at the local level, there are substantial impacts driven by the plants' contributions to direct and indirect employment in the surrounding region and elsewhere in the state. Salem and Hope Creek employ 1,605 workers annually, plus another 500 on average through contracts for professional services such as engineering and for a wide range of goods and services. These jobs in turn generate additional indirect jobs in the area by increasing the local demand for goods and services and spending by employees.

A second and smaller effect, accounting for only 15-20% of the jobs and GDP benefits, is the impact the nuclear plants have on electricity prices. Electricity costs are lower for New Jersey consumers with the nuclear power plants operating than they would be without them, even after accounting for Zero Emissions Certificate (ZEC) payments to support the plants.[7] The absence of the Salem and Hope Creek plants would increase wholesale prices for energy and capacity in the region, since it would reduce the available supply of both (more costly plants would need to operate, setting higher energy prices; although the nuclear plants' capacity would not need to be replaced immediately, their absence would diminish the current capacity surplus, raising capacity prices). Higher wholesale prices translate directly into higher retail prices and customer costs in a restructured state like New Jersey, and the price increase caused by the loss of the plants is larger than the ZEC cost of maintaining them. That is, even after accounting for the offsetting cost of the ZEC support, power costs for consumers are lower with the nuclear plants operating.

Because the electricity price effect accounts for a relatively small share of the plants' overall GDP and employment impacts (about 15% and 20%, respectively), we judged that it was sufficient to

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6 For more details on the REMI model, see www.remi.com. The version of the model employed here reflects a recent macroeconomic forecast from the University of Michigan's Research Seminar in Quantitative Economics (RSQE), https://lsa.umich.edu/econ/rsqe.

7 The New Jersey legislature established the ZEC program to compensate nuclear generators for their carbon-free generation and prevent their premature closure.

rely on the electricity market analyses that were done in conjunction with the 2017 Study.[8] This approach implicitly assumes that recent expansions of PJM's MOPR would not prevent the plants from clearing in the PJM capacity market, such that capacity prices would be lower with the nuclear plants operating than if they retired. If the plants remained online but failed to clear the capacity market, capacity prices with the nuclear plants operating could be as high as if they were retired, diminishing and possibly even reversing the overall reduction we have estimated for consumer electricity costs. Beyond the MOPR, other factors such as potential future regulatory or legislative actions could affect the treatment of state-subsidized resources, influencing capacity markets and prices. Recognizing the numerous factors that might affect how the nuclear plants influence electricity prices, this study does not attempt to resolve these uncertainties, but adopts the 2017 Study results as a reasonable estimate of the electricity price impacts of these nuclear plants.

The electricity market analysis characterizes the effects of these two nuclear power plants on power prices, power costs to consumers, power plant revenues, and new plant construction activity. These power sector impacts then become part of the inputs to the REMI economic model. This approach allows us to develop an accurate picture of the plants' incremental contribution to the economy, in terms of economic output, employment, and tax revenues.

We analyze the power sector and the economy both with and without the Salem and Hope Creek plants, to determine the economic effects attributable to them. Our analysis indicates that keeping these two plants operating will keep electricity costs lower in New Jersey, even after accounting for ZEC payments that support plant operations in recognition of their contribution to greenhouse gas reduction. The primary contributor to economic impact is the productive economic activity associated with plant operations. Even after netting out the economic contribution of the alternative electric generation that would substitute for them in their absence (some of which may be in New Jersey), these two nuclear power plants are responsible for a positive GDP impact of millions of dollars annually, and accompanying employment and tax revenue effects (they also avoid significant environmental costs, as discussed later).

Our analysis shows that the Salem and Hope Creek plants on net are responsible for $1.2 billion in annual state GDP and 4,530 jobs in New Jersey. Adding New Castle County Delaware increases

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[8] We reviewed the assumptions used in the 2017 analyses and determined that expected natural gas prices are considerably lower now than they were at the time of the 2017 analysis, and gas prices can be a primary driver of electricity prices overall. While the 2017 Study showed that in the range of low gas prices, the particular level of gas price had little effect on how the New Jersey nuclear plants affect regional electricity prices, we have based our current economic analyses on the electricity price impacts found in the 2017 Low Gas Price Case, since current gas prices are more comparable to the Low Gas Price Case of the 2017 Study than to the Base Case. *See* Mark Berkman and Dean Murphy, "Technical Appendix: Salem and Hope Creek Nuclear Power Plants' Contribution to the New Jersey Economy," November 2017. This Technical Appendix, and the 2017 Study itself, give additional detail on the electricity market analysis.

the annual GDP impact to $1.4 billion and jobs impact to 6,200. These job figures represent not only the direct jobs at the plants, which total 1,427 in New Jersey and Delaware, but indirect jobs elsewhere in region.[9] Much of the GDP and jobs effect is indirect, based in part on the demand for goods and services by the plants rather than resulting from economic activity that is directly associated with the plants themselves. Because every sector of the economy depends on electricity, the power price effect is widespread with respect to economic sectors, thus contributing to the substantial overall impact. As found in our 2017 Study, one of the contributors to the gross economic impact of the New Jersey nuclear plants is how they affect electricity costs.[10] Electricity prices are lower with the nuclear plants operating than they would be without the plants, and power prices have further impacts on economic activity throughout the economy.

The owners of these two nuclear power plants also pay significant federal and state taxes, as do businesses providing goods and services to the plants and their employees. In addition, the plants' incremental contributions to the state's economy account for additional tax revenues to state and local governments—considerably more than the direct taxes paid by the plants. The effect of these two nuclear power plants on the New Jersey economy leads to about $54 million in incremental state tax revenues and $146 million in federal tax revenues, beyond the tax revenues that would be available in their absence. The plants contribute another $9 million in Delaware state tax revenues.

Below, we provide further detail regarding the impact of the Salem and Hope Creek plants by region on:

- The electricity generation mix
- The price and cost of electricity
- Economic output and GDP
- Employment
- Federal and state tax revenues

A. Impact on Electricity Generation and Price

With the Salem and Hope Creek plants operating, New Jersey is a modest net importer of power, producing slightly less than it consumes. Without these nuclear plants, the state would become a significant net importer of power, relying on out-of-state sources for over a third of its aggregate

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[9] As discussed above, we estimate the contributions of the plants by comparing the economy with and without the plants. In the absence of these nuclear plants, other sources of power will be utilized, and so the additional jobs supported by these other sources of power must be netted against the nuclear plant employment impacts. This is discussed further below.

[10] Mark Berkman and Dean Murphy, "Salem and Hope Creek Nuclear Plants' Contribution to the New Jersey Economy," November, 2017.

electricity needs. The missing nuclear generation would be replaced by increased reliance on natural gas and coal-fired generation.[11] Some of this would come from in-state sources, but the large majority would be imported from other states.[12]

The other mechanism through which the nuclear plants affect the economy is by keeping the price of electricity lower, which leaves residential, commercial, and industrial consumers with more money to spend and invest in other ways; this boosts jobs, output, and the overall economy. Lack of nuclear supply would increase wholesale energy and capacity prices, causing higher electricity prices for customers in New Jersey and across PJM. As shown in Table 1, average power prices in New Jersey are estimated to be about $2.19/MWh higher without these two nuclear power plants, even after netting off the cost of ZEC support for the plants. Because the PJM-East region that includes New Jersey needs its own local generating capacity, the loss of the large amount of capacity from these plants would cause a notable increase in capacity prices within this region.[13] (There is currently a modest capacity surplus in PJM-East; the loss of these two plants would eliminate much of that surplus in the near term, raising capacity prices.) The overall average price effect in PJM as a whole is considerably smaller at $0.99/MWh, again accounting for the impact of ZEC cost (within New Jersey).

This $2.19/MWh price increase in New Jersey translates to about $1.62 per month for a typical residential ratepayer; across all New Jersey consumers, this represents an increase of $176 million per year in electricity costs. Again, these values already account for the cost of the ZEC support for the plants, and so they reflect the full net effect on electricity consumers. While the cost of the ZEC program to support the nuclear plants offsets part of their power price impact, the net effect is still that New Jersey consumers pay less in total for electricity with the plants operating.

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[11] Although the emissions impact of the nuclear plants is not a focus of this study, losing the nuclear plants and replacing their output with fossil generation will of course cause a massive increase in CO_2 emissions, as well as emissions of SO_2, NO_x, and particulates. The value of the emission offsets attributable to the nuclear plants is not included in the economic impacts calculated in this study – it is in addition to these impacts. It is very unlikely that a meaningful share of the lost nuclear power could be replaced by non-emitting renewable generation in the near term, since doing so would require massive additions of new renewable generation, above and beyond New Jersey's already very ambitious renewable goals.

[12] New Jersey is part of the large, multi-state PJM power market, which dispatches generators to serve load without regard to state boundaries. In normal power system operation, the most economic available generation is used to meet load. If the nuclear plants are absent, the next most economical source of generation to replace their output will often be outside New Jersey.

[13] As noted above, the status of capacity markets in PJM and New Jersey, and thus potentially the capacity price impact of these plants, is in flux. Our analysis estimates the capacity price impact of the plants based on the economic value of capacity in the region, implicitly assuming the nuclear plants will continue to participate and clear in the capacity market. If this is not the case, e.g., if PJM's MOPR rule prevents the plants from clearing the capacity market, capacity prices would be higher even with the nuclear plants operating; this of course would reduce the power price impact of their retirement.

Table 1: Salem and Hope Creek Plants Avoid Higher Electricity Prices
(All-in Power Price and Cost Differences Due to Salem and Hope Creek Plants, 2020 Dollars)

		10-Year Average Annual, 2021 to 2030				
	% of Utility Load[1]	Gross Power Price Change without Nuclear ($/MWh)[2]	Wholesale Electric Demand (million MWh)	Gross Electricity Cost Change (2020 $ millions)	ZEC Payments (2020 $ millions)[3]	Net Electricity Cost Change (2020 $ millions)
New Jersey Average		**$5.17**	**80**	**$414**	**$238**	**$176**
Residential	39%		31	$162	$93	$69
Commercial/Industrial	61%		49	$253	$145	$107
PJM Average		**$1.28**	**829**	**$1,060**	**$238**	**$821**
Residential	38%		312	$399	$90	$310
Commercial/Industrial	62%		517	$661	$149	$512

Sources and Notes:

[1] Load share by customer class is based on data from 2018, EIA Form 861.

[2] The reported Gross Power Price Change includes energy and capacity cost effects. It does not include any potential impact on transmission costs, customer costs, etc. Power price effects are assumed to be the same, on an average per-MWh basis, for all customer classes in the class allocation reflected here; differences in load shape and billing determinants are not distinguished.

[3] Total ZEC payments for 2019 were $271 million (2020 dollars). The ZEC payment is assumed to remain constant in nominal dollars through the study period. I.e., unlike most other costs, the ZEC does not increase over time with inflation, meaning that it falls over time in real dollar terms. Adjusting for this inflation effect to put ZEC costs on the same basis as electricity costs results in an equivalent annual average ZEC cost over the study horizon of $238 million. That is, $238 million in constant real dollars has the same present value as $271 million in constant nominal dollars.

B. Impact on Economic Activity

We measure the economic impacts of the plants at several geographic levels – the region of interest overall and its sub regions: the state of New Jersey, Salem County, the surrounding counties, the rest of New Jersey and New Castle County Delaware Impacts are measured in terms of GDP, output, and employment. [14] First we present the overall results for the region followed by the New Jersey State and local results. Next we present the impacts in New Castle County, Delaware. More details regarding whether economic activities can be attributed to plant operations, construction and electricity cost savings are presented in Section C and in the Appendix.

[14] Gross economic output is an aggregate measure of total industry sales, which includes sales to final users and intermediate sales to other industries. It is useful in comparing relative impacts across industries. However, summing output across sectors can lead to a form of double counting when the output of one sector is an input of another. GDP, the most widely-used measure of economic performance, reflects value added, which includes industry sales to other industries and to final users, net of the value of purchases from other industries. It removes this double counting and is thus a better measure of the aggregate economic effect

1. Overall Regional Impacts

The Salem and Hope Creek plants account for $1.4 billion in GDP annually and 6,200 direct and secondary jobs accounting for New Jersey and New Castle County Delaware, as shown in Table 2. Direct jobs include those positions necessary for plant operations such as engineers and technicians as well as security and administration. The overall jobs impact occurs in large part indirectly; not necessarily as employment within the nuclear and electricity sectors, but as enhanced secondary employment in other sectors.

Table 2: Summary of Average Annual Impacts in All Regions (2021–2030)

	Salem, NJ	Gloucester, Cumberland, and Camden, NJ	Rest of New Jersey	New Jersey Total	New Castle, DE	**Total**
	[1]	[2]	[3]	[4]	[5]	**[6]**
Gross Economic Output Impact, Direct and Secondary*	$1,875	$100	-$73	$1,902	$298	**$2,201**
GDP Impact, Direct, and Secondary	$1,168	$57	-$38	$1,187	$171	**$1,358**
Employment	3,990	490	50	4,530	1,670	**6,200**

Sources and Notes:

[4]: [1]+[2]+[3]

[6]: [4]+[5]

REMI. GDP and Output in $2020 millions, adjusted with AEO 2020 GDP Deflators through 2019.

* Gross economic output is an aggregate measure of total industry sales, which includes sales to final users and intermediate sales to other industries. It is useful in comparing relative impacts across industries. However, summing output across sectors can lead to a form of double counting when the output of one sector is an input of another. GDP, the most widely-used measure of economic performance, reflects value added, which includes industry sales to other industries and to final users, net of the value of purchases from other industries. It removes this double counting and is thus a better measure of the aggregate economic effect.

Table 3: GDP and Gross Output Impacts by Sector in All Regions (Annual Average Annual Direct and Secondary Impacts in Millions of 2020 Dollars, 2021–2030)

Category	Total
Utilities	$1,087
Construction	$410
Real estate and rental and leasing	$169
Retail trade	$73
Professional, scientific, and technical services	$64
Manufacturing	$63
Wholesale trade	$58
Health care and social assistance	$42
Administrative, support, waste management, and remediation services	$32
Finance and insurance	$0
Other	$201
Gross Economic Output Impact (All Sectors), Direct and Secondary*	**$2,201**
GDP Impact, Direct and Secondary	**$1,358**

Sources and Notes: REMI. Numbers may not sum due to independent rounding. "Other" includes: Transportation and warehousing; Accommodation and food services; Arts, entertainment, and recreation; Educational services, private; Information; Mining, Forestry, fishing, and hunting.

Table 4: Net Employment Impacts by Category in All Regions (Direct and Secondary Impacts, Number of Jobs, Annual Average, 2021–2030)

Category	Total
Construction	2,080
Utilities	1,100
Retail trade	690
Professional, scientific, and technical services	380
Accommodation and food services	370
Health care and social assistance	310
Administrative, support, waste management, and remediation services	290
Real estate and rental and leasing	270
Transportation and warehousing	150
Mining	110
Other	450
Total	**6,200**

Sources and Notes: REMI; Numbers may not sum due to independent rounding. "Other" includes: Manufacturing; Wholesale trade; Arts, entertainment, and recreation; Educational services, private; Information; Finance and insurance; Forestry, Fishing, and hunting.

2. New Jersey Impacts

Table 5 summarizes the net economic impacts at the state and more local levels within New Jersey, accounting for potential additions of natural gas plant capacity in New Jersey (proportional to New Jersey load) that could result if the nuclear plants closed. (Section 7 reviews the impact if this capacity is not actually added) Overall, the Salem and Hope Creek plants contribute almost $1.2 billion annually to state GDP ($1.9 billion in output) and support 4,530 jobs. Much of this impact occurs in Salem County, but the plants contribute to the economies of the neighboring counties with respect to GDP and employment as well. The effects include both direct and secondary economic activity attributable to these plants, netting out the economic activity associated with alternative generation in their absence, to the extent this replacement generation occurs within New Jersey. The net impacts also reflect the electricity price impacts described above. Electricity price savings account for as substantial share of the net employment impacts attributable to the plants.[15]

Table 5: Summary of Average Annual Impacts in New Jersey (2021—2030)

	Salem, NJ	Gloucester, Cumberland, and Camden, NJ	Rest of New Jersey	**NJ Total**
Gross Economic Output Impact, Direct and Secondary*	$1,875	$100	-$73	**$1,902**
GDP Impact, Direct, and Secondary	$1,168	$57	-$38	**$1,187**
Employment	3,990	490	50	**4,530**

Sources and Notes:

REMI. GDP and Output in $2020 millions, adjusted with AEO 2020 GDP Deflators through 2019.

* Gross economic output is an aggregate measure of total industry sales, which includes sales to final users and intermediate sales to other industries. It is useful in comparing relative impacts across industries. However, summing output across sectors can lead to a form of double counting when the output of one sector is an input of another. GDP, the most widely-used measure of economic performance, reflects value added, which includes industry sales to other industries.

Table 6 shows the sectors with greatest impacts on output by sector at the state level and the overall impact on GDP. The largest effect is found in the utilities sector, as expected, followed by the construction and real estate sectors.

[15] See the Appendix generally for a breakdown of impacts by electricity price savings, nuclear plant operations, and natural gas fired plant constructions and operations.

Table 6: GDP and Gross Output Impacts by Sector in New Jersey
(Annual Average Annual Direct and Secondary Impacts in Millions of 2020 Dollars, 2021–2030)

Category	Output Impact
Utilities	$1,101
Construction	$274
Real estate and rental and leasing	$138
Retail trade	$58
Wholesale trade	$45
Manufacturing	$44
Professional, scientific, and technical services	$32
Health care and social assistance	$25
Administrative, support, waste management, and remediation services	$23
Finance and insurance	$0
Other	$162
Gross Economic Output Impact (All Sectors), Direct and Secondary*	**$1,902**
GDP Impact, Direct and Secondary	**$1,187**

Sources and Notes: REMI. Numbers may not sum due to independent rounding. "Other" includes: Transportation and warehousing; Accommodation and food services; Arts, entertainment, and recreation; Educational services, private; Information; Mining; and Forestry, fishing, and hunting.

* Gross economic output is an aggregate measure of total industry sales, which includes sales to final users and intermediate sales to other industries. It is useful in comparing relative impacts across industries. However, summing output across sectors can lead to a form of double counting when the output of one sector is an input of another. GDP, the most widely-used measure of economic performance, reflects value added, which includes industry sales to other industries.

Table 7 presents the net employment impacts by sector associated with nuclear plant operations. Note that utility sector presents fewer jobs than attributed to the plants. This is the case because these are net figures. Absent the nuclear plants, as discussed above, other electric generation sources in New Jersey would operate supporting employment. The sectors are affected not only by direct and secondary employment at the plants, but by the lower electricity prices provided by nuclear plant operations. Electricity price savings account for 1,220 jobs at the state level, while nuclear plant operations account for 5,340 jobs, net of those that would be supported by substitute energy generation (mostly natural gas) that would be used in their absence. [16]

[16] *See* Appendix, Table 26. The nuclear plants support 5,340 jobs and additional 1,220 jobs are supported by electricity price savings. These jobs, however, are partially offset by the jobs that would have been supported by the substitute plants totaling 2,030 almost exclusively in the construction and utility sector.

Table 7: Net Employment Impacts by Category in New Jersey
(Direct and Secondary Impacts, Number of Jobs, Annual Average, 2021–2030)

Category	Total
Construction	1,340
Utilities	1,120
Retail trade	500
Accommodation and food services	300
Professional, scientific, and technical services	230
Real estate and rental and leasing	210
Administrative, support, waste management, and remediation services	200
Health care and social assistance	190
Transportation and warehousing	100
Wholesale trade	60
Other	280
Total	**4,530**

Sources and Notes: REMI. Numbers may not sum due to independent rounding. "Other" includes: Manufacturing; Arts, entertainment, and recreation; Educational services, private; Information; Mining; and Forestry, fishing, and hunting; Finance and insurance.

3. Salem County Impacts

Here we present the results separately for Salem County, the region comprised of Gloucester, Cumberland, and Camden Counties, the rest of New Jersey, and New Castle County Delaware. Table 8 summarizes the overall GDP impact and the output impact by sector of the nuclear plants in Salem County. Not surprisingly, the utility sector is the most heavily influenced, accounting for almost 71 percent of the plants contribution to output. The plants' annual county GDP contribution of $1.2 billion is 24 percent of the County's annual total GDP.[17]

[17] U.S. Department of Commerce, County Business Patterns 2018 indicated Salem County's annual GDP was $5 billon.

Table 8: GDP and Gross Output Impacts by Sector in Salem, NJ
(Annual Average Annual Direct and Secondary Impacts in Millions of 2020 Dollars, 2021–2030)

Category	Output Impact
Utilities	$1,337
Construction	$278
Real estate and rental and leasing	$79
Retail trade	$35
Professional, scientific, and technical services	$20
Administrative, support, waste management, and remediation services	$12
Wholesale trade	$4
Health care and social assistance	$4
Transportation and warehousing	$0
Manufacturing	$0
Other	$106
Gross Economic Output Impact (All Sectors), Direct and Secondary*	**$1,875**
GDP Impact, Direct and Secondary	**$1,168**

Sources and Notes: REMI. Numbers may not sum due to independent rounding. "Other" includes: Accommodation and food services; Arts, entertainment, and recreation; Educational services, private; Information; Mining; and Forestry, fishing, and hunting; Finance and insurance.

* Gross economic output is an aggregate measure of total industry sales, which includes sales to final users and intermediate sales to other industries. It is useful in comparing relative impacts across industries. However, summing output across sectors can lead to a form of double counting when the output of one sector is an input of another. GDP, the most widely-used measure of economic performance, reflects value added, which includes industry sales to other industries.

Table 9 presents the number of jobs supported by the nuclear plants in Salem County. Overall, the plants support 3,990 positions annually. This represents about 24% of total employment in Salem County. The largest number of jobs is in the utility sector followed closely by construction. Taken together these sectors represent 73 percent of the jobs supported by the plants. Another 20 percent are in the retail, professional services, real estate, and accommodation and remediation services. Almost all of the employment impacts in the County can be traced to plant operations. Electricity cost savings have a negligible impact. This is case for two reasons. First, the Salem County has only 62,000 residents who rely on a broader geographic market for the goods and services they purchase. The Counties economic sectors are not particularly electricity price sensitive.

Table 9: Net Employment Impacts by Category in Salem, NJ
(Direct and Secondary Impacts, Number of Jobs, Annual Average, 2021–2030)

Category	Total
Utilities	1,510
Construction	1,420
Retail trade	330
Professional, scientific, and technical services	190
Accommodation and food services	160
Real estate and rental and leasing	120
Administrative, support, waste management, and remediation services	120
Transportation and warehousing	70
Health care and social assistance	40
Mining	0
Other	30
Total	**3,990**

Sources and Notes: REMI. Numbers may not sum due to independent rounding. "Other" includes: Manufacturing; Wholesale Trade; Arts, entertainment, and recreation; Educational services, private; Information; Finance and Insurance; Forestry, Fishing, and hunting.

4. Gloucester, Cumberland and Camden County Impacts

Table 10 shows the breakdown for Gloucester, Cumberland, and Camden Counties with respect to output and GDP. The overall impacts on output and GDP are much smaller and in some different sectors than for Salem County. Almost half of the impact occurs in the manufacturing and real estate followed by wholesale and retail trade.

Table 10: GDP and Gross Output Impacts by Sector in Gloucester, Cumberland, and Camden NJ (Annual Average Annual Direct and Secondary Impacts in Millions of 2020 Dollars, 2021–2030)

Category	Output Impact
Manufacturing	$21
Real estate and rental and leasing	$19
Wholesale trade	$15
Retail trade	$14
Health care and social assistance	$9
Construction	$9
Professional, scientific, and technical services	$9
Administrative, support, waste management, and remediation services	$6
Finance and insurance	$0
Mining	-$1
Other	-$1
Gross Economic Output Impact (All Sectors), Direct and Secondary*	**$100**
GDP Impact, Direct and Secondary	**$57**

Sources and Notes: REMI. Numbers may not sum due to independent rounding. "Other" includes: Utilities; Transportation and warehousing; Accommodation and food services; Arts, entertainment, and recreation; Educational services, private; Information; Forestry, fishing, and hunting.

* Gross economic output is an aggregate measure of total industry sales, which includes sales to final users and intermediate sales to other industries. It is useful in comparing relative impacts across industries. However, summing output across sectors can lead to a form of double counting when the output of one sector is an input of another. GDP, the most widely-used measure of economic performance, reflects value added, which includes industry sales to other industries.

Table 11 presents the nuclear plants' impacts on employment. The plants support 490 net jobs in the surrounding counties across diverse sectors. Retail trade, health care, and construction sectors account for just over 57 percent of these jobs. Another 29 percent are in the wholesale trade, professional services and administrative sectors. Nuclear plant operations account for 690 jobs net of jobs associated with natural gas fired electric generation that would occur absent the plants.[18] The remaining 20 jobs are attributable to electricity price savings.[19]

[18] Absent the nuclear plants there would be approximately 220 jobs associated with natural gas fired electric generation.

[19] *See* Appendix, Table 23.

Table 11: Net Employment Impacts by Category in Gloucester, Cumberland, and Camden, NJ (Direct and Secondary Impacts, Number of Jobs, Annual Average, 2021–2030)

Category	Total
Retail trade	120
Construction	80
Health care and social assistance	80
Professional, scientific, and technical services	50
Administrative, support, waste management, and remediation services	50
Accommodation and food services	40
Wholesale trade	40
Real estate and rental and leasing	30
Transportation and warehousing	20
Manufacturing	0
Other	-20
Total	**490**

Sources and Notes: REMI. Numbers may not sum due to independent rounding. "Other" includes: Utilities; Manufacturing; Arts, entertainment, and recreation; Educational services, private; Information; Finance and insurance; Forestry, fishing, and hunting.

5. Rest of New Jersey Impacts

Table 12 presents the output impacts for the region representing the rest of New Jersey. The impacts are actually negative, because in some sectors, closure of the nuclear plants would result in greater economic activity because of demands created by expected substitute power generation (mostly natural gas).[20] This is the case even accounting for the positive impact of electricity price savings.

[20] Note that since we are calculating the net impacts of the plants, the positive impacts attributable to closure associated with increased electricity production elsewhere in the state are presented as negative values.

Table 12: GDP and Gross Output Impacts by Sector in the Rest of New Jersey (Annual Average Annual Direct and Secondary Impacts in Millions of 2020 Dollars, 2021–2030)

Category	Output Impact
Real estate and rental and leasing	$41
Wholesale trade	$26
Manufacturing	$23
Health care and social assistance	$12
Retail trade	$9
Administrative, support, waste management, and remediation services	$5
Professional, scientific, and technical services	$3
Finance and insurance	$0
Mining	-$7
Transportation and warehousing	-$10
Other	-$175
Gross Economic Output Impact (All Sectors), Direct and Secondary*	**-$73**
GDP Impact, Direct and Secondary	**-$38**

Sources and Notes: REMI. Numbers may not sum due to independent rounding. "Other" includes: Construction; Utilities; Accommodation and Food Services; Arts, entertainment, and recreation; Educational services, private; Information; Forestry, fishing, and hunting.

* Gross economic output is an aggregate measure of total industry sales, which includes sales to final users and intermediate sales to other industries. It is useful in comparing relative impacts across industries. However, summing output across sectors can lead to a form of double counting when the output of one sector is an input of another. GDP, the most widely-used measure of economic performance, reflects value added, which includes industry sales to other industries and to final users, net of the value of purchases from other industries. It removes this double counting and is thus a better measure of the aggregate economic effect.

Table 13 presents net employment impacts in the rest of New Jersey by sector. Consistent with GDP and output results, absent the continued operation of the nuclear plants, additional electricity generation would occur outside of Salem and the surrounding counties. As a result, there would be on net about 50 less jobs in other counties absent the plants even accounting for electricity price savings. As the table shows, there are some jobs supported by these price savings in sectors such as accommodation and food services, health care, manufacturing, and retail. These are mostly sectors where increased discretionary spending would be positive. The manufacturing sector could be aided by cost savings to become more competitive. The utilities and construction sectors would experience the largest job losses in the rest of New Jersey (losing approximately 480).

Table 13: Net Employment Impacts by Category in the Rest of New Jersey (Direct and Secondary Impacts, Number of Jobs, Annual Average, 2021–2030)

Category	Total
Accommodation and food services	100
Health care and social assistance	70
Real estate and rental and leasing	60
Retail trade	50
Manufacturing	50
Administrative, support, waste management, and remediation services	30
Wholesale trade	20
Transportation and warehousing	10
Mining	-10
Professional, scientific, and technical services	-10
Other	-320
Total	**50**

Sources and Notes: REMI. Numbers may not sum due to independent rounding. "Other" includes: Construction; Utilities; Arts, entertainment, and recreation; Educational services, private; Information; Finance and insurance; Forestry, fishing, and hunting.

6. New Castle County Delaware Impacts

New Castle is the only region in Delaware that is included in this analysis. The overall impacts are summarized in Table 14. Overall, the plants contribute $298 million to output and $171 million to GDP over the period 2021–2030. The plants support 1,670 jobs. This reflects 0.6% of jobs in New Castle County.

Table 14: Summary of Average Annual Impacts in New Castle, Delaware (2021–2030)

	New Castle, DE
Gross Economic Output Impact, Direct and Secondary*	$298
GDP Impact, Direct, and Secondary	$171
Employment	1,670

Sources and Notes: REMI. GDP and Output in $2020 millions, adjusted with AEO 2020 GDP Deflators through 2019.

* Gross economic output is an aggregate measure of total industry sales, which includes sales to final users and intermediate sales to other industries. It is useful in comparing relative impacts across industries. However, summing output across sectors can lead to a form of double counting when the output of one sector is an input of another. GDP, the most widely-used measure of economic performance, reflects value added, which includes industry sales to other industries and to final users, net of the value of purchases from other industries. It removes this double counting and is thus a better measure of the aggregate economic effect.

Table 15 presents the employment impact breakdown in New Castle County. The largest impact, 740 positions, accounting for 44% of the total annual jobs supported by the nuclear plants, is in the construction sector. Four sectors - retail trade, professional, scientific, and technical services, health care and social services, and mining – each support 100 or more positions. The remaining jobs represent increases in six additional sectors ranging from administrative services to wholesale trade.

Table 15: Net Employment Impacts by Category in New Castle, DE (Direct and Secondary Impacts, Number of Jobs, Annual Average, 2021–2030)

Category	Total
Construction	740
Retail trade	190
Professional, scientific, and technical services	150
Mining	120
Health care and social assistance	120
Administrative, support, waste management, and remediation services	90
Accommodation and food services	70
Real estate and rental and leasing	60
Transportation and warehousing	50
Wholesale trade	30
Other	50
Total	**1,670**

Sources and Notes: REMI. Numbers may not sum due to independent rounding. "Other" includes": Utilities; Manufacturing, Arts, entertainment, and recreation, educational services, private; Information; Finance and insurance; Forestry, fishing, and hunting.

7. New Jersey Impacts – Without Natural Gas Plant Additions

Because the partial replacement of the nuclear capacity with in-state natural gas plants is uncertain, we have also estimated the economic impacts assuming gas additions do not occur within New Jersey. The net impacts (contribution of the nuclear plants) are larger if new gas plants are not constructed. As shown in Table 16, absent the natural gas plant additions, the net impacts of the nuclear plants are higher. The State GDP contribution increases from $1.2 billion to $1.3 billion. Employment contribution in New Jersey from the nuclear plants increases from 4,530 to 4,940. Importantly, absent the construction of natural gas plants, economic impacts in the rest of New Jersey region would be positive rather than negative. Instead of a GDP loss of 38 million and a job gain of only 50, GDP would increase by $25 million and jobs would increase by 420. This reflects the removal of the positive impact of new plant construction and at the same time increased economic activity because of lower electricity costs attributed to the nuclear plants. The impacts in the rest of New Jersey sub region at the sector level are presented in Table 17 and Table 18.

Table 16: Summary of Average Annual Impacts in New Jersey – No NJ Natural Gas Plant Additions (2021—2030)

	Salem, NJ	Gloucester, Cumberland, and Camden, NJ	Rest of New Jersey	**NJ Total**
Gross Economic Output Impact, Direct and Secondary*	$1,876	$113	$36	**$2,025**
GDP Impact, Direct, and Secondary	$1,168	$64	$25	**$1,257**
Employment	3,990	530	420	**4,940**

Sources and Notes: REMI. GDP and Output in $2020 millions, adjusted with AEO 2020 GDP Deflators through 2019.

* Gross economic output is an aggregate measure of total industry sales, which includes sales to final users and intermediate sales to other industries. It is useful in comparing relative impacts across industries. However, summing output across sectors can lead to a form of double counting when the output of one sector is an input of another. GDP, the most widely-used measure of economic performance, reflects value added, which includes industry sales to other industries and to final users, net of the value of purchases from other industries. It removes this double counting and is thus a better measure of the aggregate economic effect.

Table 17 presents the impacts for the sub region regarding GDP and output measured as gains or losses in economic activity attributable to the nuclear plants operations compared to an economy absent the plants. In the analysis presented in the previous section, losses arose in this sub region because, absent the nuclear plants, new natural gas plants were assumed to be developed here, and the increased economic activity of this development offset the losses from higher electricity costs. In this sensitivity analysis we no longer anticipate natural gas plant construction. Consequently, there is no offset to the nuclear plant benefits from this new construction. Thus, overall economic activity attributable to the nuclear plants increase relative to analysis discussed above. Greater reliance on existing natural gas plants absent the nuclear plants in the sub region, however, still reduces the benefits of the nuclear plants in some sectors with respect to GDP and output. These sectors include accommodations, food services, entertainment, and educational services. As shown in Table 18, there are corresponding impacts in terms of employment.

Table 17: GDP and Gross Output Impacts by Sector in Rest of New Jersey – No NJ Natural Gas Plant Additions
(Annual Average Annual Direct and Secondary Impacts in Millions of 2020 Dollars, 2021–2030)

Category	Output Impact - With Natural Gas Construction	Output Impact - No Natural Gas Construction
Real estate and rental and leasing	$41	$47
Wholesale trade	$26	$29
Manufacturing	$23	$27
Health care and social assistance	$12	$14
Retail trade	$9	$13
Administrative, support, waste management, and remediation services	$5	$8
Professional, scientific, and technical services	$3	$9
Finance and insurance	$0	$0
Mining	-$7	-$7
Transportation and warehousing	-$10	-$8
Other	-$175	-$96
Gross Economic Output Impact (All Sectors), Direct and Secondary*	**-$73**	**$36**
GDP Impact, Direct and Secondary	**-$38**	**$25**

Sources and Notes: REMI. Numbers may not sum due to independent rounding. "Other" includes: Transportation and warehousing; Accommodation and food services; Arts, entertainment, and recreation; Educational services, private; Information; Mining, Forestry, fishing, and hunting; and Utilities.

* Gross economic output is an aggregate measure of total industry sales, which includes sales to final users and intermediate sales to other industries. It is useful in comparing relative impacts across industries. However, summing output across sectors can lead to a form of double counting when the output of one sector is an input of another. GDP, the most widely-used measure of economic performance, reflects value added, which includes industry sales to other industries

Table 18: Employment Impacts by Sector in Rest of New Jersey – No NJ Natural Gas Plant Additions (Annual Average Annual Direct and Secondary Impacts in Millions of 2020 Dollars, 2021–2030)

Category	Total - With Natural Gas Construction	Total - No Natural Gas Construction
Accommodation and food services	100	110
Health care and social assistance	70	90
Real estate and rental and leasing	60	80
Retail trade	50	80
Manufacturing	50	50
Administrative, support, waste management, and remediation services	30	50
Wholesale trade	20	30
Transportation and warehousing	10	30
Mining	-10	-10
Professional, scientific, and technical services	-10	30
Other	-320	-120
Total	**50**	**420**

Sources and Notes: REMI. Numbers may not sum due to independent rounding. "Other" includes: Transportation and warehousing; Accommodation and food services; Arts, entertainment, and recreation; Educational services, private; Information; Mining, Forestry, fishing, and hunting; and Utilities.

C. Impact on Federal and State Tax Revenues

The Salem and Hope Creek plants and the businesses providing goods and services to these plants pay substantial state and federal taxes. In addition, since these plants keep electricity prices lower and keep productive activity within the state, they create incremental economic output and associated tax revenues throughout the economy. We used the recent historical relationship between New Jersey GDP and tax payments at both the state and federal levels to estimate the tax revenue impact of the plants. Using this approach, average incremental annual state tax payments attributable to these plants are estimated at $63 million, and average annual federal tax payments at $171 million ($54 million and $146 million annual state and federal tax payments in New Jersey alone) as shown in Table 19.

Table 19: Annual Federal and State Tax Payments Attributable to Economic Activity Related to the Salem and Hope Creek Plants (Annual Average Annual Impacts, in Millions of 2020 Dollars, 2021–2030)

	New Castle, DE	New Jersey	**Total**
Direct and Secondary State Tax Revenues	$9	$54	$63
Direct and Secondary Federal Tax Revenues	$25	$146	$171
Total Federal and State Tax Revenues	**$33**	**$201**	**$234**

Sources and Notes: REMI. Taxes based off of Tax Revenue as % of State and Federal GDP.

Appendix: The Relative Impact of Plant Operations and Lower Electricity Prices

As discussed in the body of the report, the Salem and Hope Creek plants support economic activity through their operations and by keeping electricity prices low. In this appendix, we provide a breakdown of these impacts and account for the impacts of plants that would operate in the absence of these plants.

Table 20 and Table 21 provide this information for the region overall. Tables 22–26 provide the breakdown by region with respect to employment. Tables 27–31 provide the breakdown by region with respect to GDP and output.

Table 20 presents net output, GDP, and employment impacts attributable to nuclear plant operations and electricity price savings for all regions under study. On all three metrics, plant operations account for well over half of the impact. Price impacts account for approximately 15 percent with respect to output and GDP and 20 percent with respect to employment.

Table 20: Average Annual Net Nuclear Energy Sales and Energy Price Impact for All Regions (2021–2030)

	Net Nuclear Energy Sales Impact	Price Impact	**Total**
Gross Economic Output Impact, Direct and Secondary*	$1,862	$338	**$2,201**
GDP Impact, Direct, and Secondary	$1,158	$200	**$1,358**
Employment	4,950	1,250	**6,200**

Notes: Net Nuclear Energy Sales Impact is calculated by subtracting Coal and Natural Gas Impacts from the Nuclear Energy Sales Impact. GDP and Output in $2020 millions, adjusted with AEO 2020 GDP Deflators through 2019.

* Gross economic output is an aggregate measure of total industry sales, which includes sales to final users and intermediate sales to other industries. It is useful in comparing relative impacts across industries. However, summing output across sectors can lead to a form of double counting when the output of one sector is an input of another. GDP, the most widely-used measure of economic performance, reflects value added, which includes industry sales to other industries and to final users, net of the value of purchases from other industries. It removes this double counting and is thus a better measure of the aggregate economic effect.

Table 21 summarizes the calculation of net impacts accounting for economic activities that would be attributable to the alternative (mostly natural gas-fired) power plants that would operate absent the nuclear plants. These plants offset about 25% of output, 24% of GDP, and 28% of employment activities attributable to the nuclear plants, setting aside the impacts of lower electricity costs.[21]

[21] From Table 21: ([1]+[2])/[3]

Table 21: Net Nuclear Energy Sales Impact Calculation

	Coal Effect	Natural Gas Effect	Nuclear Sales Effect	Net Nuclear Energy Sales Impact
	[1]	[2]	[3]	[4]
Gross Economic Output Impact, Direct and Secondary*	-$5	-$627	$2,494	$1,862
GDP Impact, Direct, and Secondary	-$3	-$367	$1,528	$1,158
Employment	150	-2,120	6,920	4,950

[4] = [1]+[2]+[3].

Sources and Notes: REMI. GDP and Output in $2020 millions, adjusted with AEO 2020 GDP Deflators through 2019. Taxes based off of Tax Revenue as % of State and Federal GDP.

* Gross economic output is an aggregate measure of total industry sales, which includes sales to final users and intermediate sales to other industries. It is useful in comparing relative impacts across industries. However, summing output across sectors can lead to a form of double counting when the output of one sector is an input of another. GDP, the most widely-used measure of economic performance, reflects value added, which includes industry sales to other industries and to final users, net of the value of purchases from other industries. It removes this double counting and is thus a better measure of the aggregate economic effect.

Table 22: Salem, NJ Average Annual Employment Impact by Sector for Top Occupations (2021–2030)

Category	Coal Impact	Natural Gas Impact	Nuclear Sales Impact	Price Effect Impact	**Total**
Utilities	0	0	1510	0	**1510**
Construction	0	0	1420	0	**1420**
Retail trade	0	0	330	0	**330**
Professional, scientific, and technical services	0	0	190	0	**190**
Accommodation and food services	0	0	160	0	**160**
Real estate and rental and leasing	0	0	120	0	**120**
Administrative, support, waste management, and remediation services	0	0	120	0	**120**
Transportation and warehousing	0	0	70	0	**70**
Health care and social assistance	0	0	40	0	**40**
Wholesale trade	0	0	0	0	**0**
Manufacturing	0	0	0	0	**0**
Mining	0	0	0	0	**0**
Other	0	0	30	0	**30**
Total	0	0	3990	0	**3990**

Table 23: Gloucester, Cumberland, and Camden, NJ Average Annual Employment Impact by Sector for Top Occupations (2021–2030)

Category	Coal Impact	Natural Gas Impact	Nuclear Sales Impact	Price Effect Impact	**Total**
Retail trade	0	-10	130	0	**120**
Construction	0	-40	100	20	**80**
Health care and social assistance	0	-10	90	0	**80**
Professional, scientific, and technical services	0	-20	70	0	**50**
Administrative, support, waste management, and remediation services	0	-20	70	0	**50**
Accommodation and food services	0	-10	50	0	**40**
Wholesale trade	0	-10	50	0	**40**
Real estate and rental and leasing	0	-10	40	0	**30**
Transportation and warehousing	0	-10	30	0	**20**
Manufacturing	0	0	0	0	**0**
Mining	0	0	0	0	**0**
Utilities	0	-70	0	0	**-70**
Other	0	-10	60	0	**50**
Total	0	-220	690	20	**490**

Table 24: Rest of New Jersey Average Annual Employment Impact by Sector for Top Occupations (2021–2030)

Category	Coal Impact	Natural Gas Impact	Nuclear Sales Impact	Price Effect Impact	**Total**
Accommodation and food services	0	-70	70	100	**100**
Health care and social assistance	0	-90	60	100	**70**
Real estate and rental and leasing	0	-90	30	120	**60**
Retail trade	0	-170	70	150	**50**
Manufacturing	0	0	0	50	**50**
Administrative, support, waste management, and remediation services	0	-100	70	60	**30**
Wholesale trade	0	-40	60	0	**20**
Transportation and warehousing	0	-80	40	50	**10**
Professional, scientific, and technical services	0	-190	110	70	**-10**
Mining	-10	0	0	0	**-10**
Construction	-10	-550	50	350	**-160**
Utilities	0	-320	0	0	**-320**
Other	0	-90	100	150	**160**
Total	-20	-1790	660	1200	**50**

Table 25: New Castle, Delaware Average Annual Employment Impact by Sector for Top Occupations (2021–2030)

Category	Coal Impact	Natural Gas Impact	Nuclear Sales Impact	Price Effect Impact	**Total**
Construction	30	-40	730	20	**740**
Retail trade	10	-10	180	10	**190**
Professional, scientific, and technical services	10	-10	150	0	**150**
Health care and social assistance	0	-10	130	0	**120**
Mining	120	0	0	0	**120**
Administrative, support, waste management, and remediation services	0	-10	100	0	**90**
Accommodation and food services	0	-10	80	0	**70**
Real estate and rental and leasing	0	0	60	0	**60**
Transportation and warehousing	0	0	50	0	**50**
Wholesale trade	0	0	30	0	**30**
Manufacturing	0	0	0	0	**0**
Utilities	0	-20	0	0	**-20**
Other	0	0	70	0	**70**
Total	170	-110	1580	30	**1670**

Table 26: All of New Jersey Average Annual Employment Impact by Sector for Top Occupations (2021–2030)

Category	Coal Impact	Natural Gas Impact	Nuclear Sales Impact	Price Effect Impact	**Total**
Construction	-10	-590	1570	370	**1340**
Utilities	0	-390	1510	0	**1120**
Retail trade	0	-180	530	150	**500**
Accommodation and food services	0	-80	280	100	**300**
Professional, scientific, and technical services	0	-210	370	70	**230**
Real estate and rental and leasing	0	-100	190	120	**210**
Administrative, support, waste management, and remediation services	0	-120	260	60	**200**
Health care and social assistance	0	-100	190	100	**190**
Transportation and warehousing	0	-90	140	50	**100**
Wholesale trade	0	-50	110	0	**60**
Manufacturing	0	0	0	50	**50**
Mining	-10	0	0	0	**-10**
Other	0	-100	190	150	**240**
Total	-20	-2010	5340	1220	**4530**

Table 27: Salem, NJ Average Annual Output and GDP Impact by Top Sectors (2021–2030, $2020 Millions)

Sector	Coal Impact	Natural Gas Impact	Nuclear Sales Impact	Price Effect Impact	**Total**
Utilities	$0.0	-$2.3	$1,334.9	$4.0	**$1,337**
Construction	$0.0	-$0.5	$278.2	$0.4	**$278**
Real estate and rental and leasing	$0.0	-$0.1	$78.7	$0.2	**$79**
Retail trade	$0.0	-$0.1	$34.8	$0.1	**$35**
Professional, scientific, and technical services	$0.0	-$0.2	$20.2	$0.0	**$20**
Administrative, support, waste management, and remediation services	$0.0	$0.0	$11.7	$0.0	**$12**
Wholesale trade	$0.0	$0.0	$4.3	$0.0	**$4**
Health care and social assistance	$0.0	$0.0	$4.0	$0.0	**$4**
Transportation and warehousing	$0.0	$0.0	$0.0	$0.0	**$0**
Manufacturing	$0.0	$0.0	$0.0	$0.0	**$0**
Finance and insurance	$0.0	$0.0	$0.0	$0.0	**$0**
Mining	$0.0	$0.0	$0.0	$0.0	**$0**
Other	-$0.1	-$0.2	$87.8	$0.2	**$88**
Gross Economic Output Impact (All Sectors), Direct and Secondary*	**$0.0**	**-$3.5**	**$1,873.3**	**$5.0**	**$1,875**
GDP Impact, Direct and Secondary	**$0.0**	**-$1.9**	**$1,166.8**	**$3.0**	**$1,168**

Table 28: Gloucester, Cumberland, and Camden, NJ Average Annual Output and GDP Impact by Top Sectors (2021–2030, $2020 Millions)

Sector	Coal Impact	Natural Gas Impact	Nuclear Sales Impact	Price Effect Impact	**Total**
Manufacturing	$0.0	-$2.1	$22.4	$1.1	**$21**
Real estate and rental and leasing	$0.0	-$3.6	$20.9	$1.3	**$19**
Wholesale trade	$0.0	-$1.5	$16.0	$0.3	**$15**
Retail trade	$0.0	-$2.0	$15.3	$0.3	**$14**
Health care and social assistance	$0.0	-$1.0	$10.0	$0.3	**$9**
Construction	-$0.1	-$10.9	$17.2	$2.7	**$9**
Professional, scientific, and technical services	$0.0	-$3.0	$11.4	$0.3	**$9**
Administrative, support, waste management, and remediation services	$0.0	-$1.1	$7.1	$0.2	**$6**
Finance and insurance	$0.0	$0.0	$0.0	$0.0	**$0**
Mining	-$0.6	$0.0	$0.0	$0.0	**-$1**
Transportation and warehousing	$0.0	-$0.7	$0.0	$0.2	**-$1**
Utilities	$0.0	-$30.6	$5.8	$2.0	**-$23**
Other	-$0.3	-$5.4	$27.3	$1.1	**$23**
Gross Economic Output Impact (All Sectors), Direct and Secondary*	**-$1.1**	**-$61.8**	**$153.3**	**$9.9**	**$100**
GDP Impact, Direct and Secondary	**-$0.6**	**-$35.9**	**$87.9**	**$5.7**	**$57**

Table 29: Rest of New Jersey Average Annual Output and GDP Impact by Top Sectors (2021–2030, $2020 Millions)

Sector	Coal Impact	Natural Gas Impact	Nuclear Sales Impact	Price Effect Impact	**Total**
Real estate and rental and leasing	-$0.8	-$30.1	$13.0	$58.5	**$41**
Wholesale trade	-$0.4	-$16.5	$24.5	$18.3	**$26**
Manufacturing	-$0.5	-$16.0	$11.5	$28.0	**$23**
Health care and social assistance	-$0.4	-$10.0	$8.0	$14.4	**$12**
Retail trade	-$0.5	-$19.6	$8.5	$20.8	**$9**
Administrative, support, waste management, and remediation services	-$0.2	-$11.1	$8.1	$8.6	**$5**
Professional, scientific, and technical services	-$0.5	-$35.0	$22.9	$15.4	**$3**
Finance and insurance	$0.0	$0.0	$0.0	$0.0	**$0**
Mining	-$6.9	$0.0	$0.0	$0.0	**-$7**
Transportation and warehousing	-$0.2	-$9.7	$0.0	$0.0	**-$10**
Construction	-$1.4	-$89.1	$8.9	$68.9	**-$13**
Utilities	$0.0	-$244.6	$9.7	$22.1	**-$213**
Other	-$1.1	-$43.3	$39.6	$55.7	**$51**
Gross Economic Output Impact (All Sectors), Direct and Secondary*	**-$12.8**	**-$525.1**	**$154.4**	**$310.6**	**-$73**
GDP Impact, Direct and Secondary	**-$7.4**	**-$307.7**	**$93.3**	**$184.0**	**-$38**

Table 30: New Castle, DE Average Annual Output and GDP Impact by Top Sectors (2021–2030, $2020 Millions)

Sector	Coal Impact	Natural Gas Impact	Nuclear Sales Impact	Price Effect Impact	**Total**
Construction	$5.2	-$6.6	$133.9	$3.3	**$136**
Professional, scientific, and technical services	$1.3	-$2.6	$33.5	$0.6	**$33**
Real estate and rental and leasing	$0.9	-$2.2	$31.3	$1.5	**$31**
Manufacturing	$0.3	-$1.0	$19.4	$0.5	**$19**
Health care and social assistance	$0.3	-$0.7	$16.3	$0.5	**$16**
Retail trade	$0.6	-$1.1	$15.6	$0.5	**$16**
Wholesale trade	$0.3	-$0.7	$13.2	$0.3	**$13**
Administrative, support, waste management, and remediation services	$0.1	-$0.6	$9.3	$0.3	**$9**
Finance and insurance	$0.0	$0.0	$0.0	$0.0	**$0**
Mining	$0.0	$0.0	$0.0	$0.0	**$0**
Transportation and warehousing	$0.0	-$0.3	$0.0	$0.0	**$0**
Utilities	$0.0	-$17.8	$0.0	$3.6	**-$14**
Other	-$0.2	-$2.5	$35.1	$1.6	**$34**
Gross Economic Output Impact (All Sectors), Direct and Secondary*	**$8.8**	**-$36.2**	**$312.9**	**$12.7**	**$298**
GDP Impact, Direct and Secondary	**$5.1**	**-$21.2**	**$179.8**	**$7.6**	**$171**

Table 31: All of New Jersey Average Annual Output and GDP Impact by Top Sectors (2021–2030, $2020 Millions)

Sector	Coal Impact	Natural Gas Impact	Nuclear Sales Impact	Price Effect Impact	**Total**
Utilities	$0.0	-$277.5	$1,350.3	$28.2	**$1,101**
Construction	-$1.5	-$100.5	$304.3	$72.0	**$274**
Real estate and rental and leasing	-$0.8	-$33.8	$112.5	$59.9	**$138**
Retail trade	-$0.5	-$21.7	$58.6	$21.2	**$58**
Wholesale trade	-$0.4	-$18.1	$44.8	$18.7	**$45**
Manufacturing	-$0.5	-$18.2	$33.8	$29.1	**$44**
Professional, scientific, and technical services	-$0.5	-$38.2	$54.5	$15.8	**$32**
Health care and social assistance	-$0.4	-$11.0	$22.0	$14.7	**$25**
Administrative, support, waste management, and remediation services	-$0.2	-$12.2	$26.9	$8.9	**$23**
Finance and insurance	$0.0	$0.0	$0.0	$0.0	**$0**
Mining	-$7.6	$0.0	$0.0	$0.0	**-$8**
Transportation and warehousing	-$0.2	-$10.5	$0.0	$0.2	**-$10**
Other	-$1.5	-$48.9	$154.7	$57.0	**$161**
Gross Economic Output Impact (All Sectors), Direct and Secondary*	**-$14.0**	**-$590.4**	**$2,181.1**	**$325.5**	**$1,902**
GDP Impact, Direct and Secondary	**-$8.1**	**-$345.6**	**$1,348.0**	**$192.7**	**$1,187**

* Gross economic output is an aggregate measure of total industry sales, which includes sales to final users and intermediate sales to other industries. It is useful in comparing relative impacts across industries. However, summing output across sectors can lead to a form of double counting when the output of one sector is an input of another. GDP, the most widely-used measure of economic performance, reflects value added, which includes industry sales to other industries and to final users, net of the value of purchases from other industries. It removes this double counting and is thus a better measure of the aggregate economic effect.

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THE Brattle GROUP

CCSNJ New Jersey Nuclear Plant Retirement Economic Impact and Economic Development Plan

New Jersey Nuclear Plant Retirement
Economic Impact and Economic Development Plan

Introduction

The Chamber of Commerce Southern New Jersey (CCSNJ) is the region's largest and most influential business association. Created in 1873 as the Camden Board of Trade by Campbell Soup Company and RCA Victor Company, over its 148 year existence the CCSNJ evolved from the City of Camden's trade association to the Chamber of Commerce representing the seven most southern counties, greater Philadelphia region and northern Delaware. The CCSNJ currently has 1,100 businesses of varying sizes and industry types, including approximately 100 nonprofit and community organizations, within its membership. It is the longevity of the CCSNJ and its vast footprint within the region that qualifies the organization to provide an economic analysis and economic development plan should the Salem and Hope Creek Nuclear Plants be forced to retire.

Like all areas of the country, New Jersey, and especially those areas that are more economically depressed than others, have suffered from the impact of the global pandemic. The southern portion of the state was certainly not immune to its effect but remains an economically diverse area reliant on several key industries as economic drivers for the region.

One of these key industries is nuclear energy, specifically the Salem and Hope Creek Nuclear Plants in Salem County. The plants are the largest employer in Salem County and the energy they produce amounts to nearly 40 percent of the electricity generated in the state. However, the future of nuclear energy has been at risk in recent years as plants have closed worldwide and many are slated to close in the years ahead.

The following will explore the Salem and Hope Creek Nuclear Plants historical and ongoing impact on the economy of the southern portion of the state, including an analysis of the overall economic landscape of the region and the important role the plants play in South Jersey's economic health. It will also examine other key industries and what the implications would be if the plants were forced to close.

The Southern New Jersey Economy

South Jersey's current economic landscape is unique due to its geographic and demographic characteristics. Positioned in the greater Philadelphia metro area, the region boasts lower property taxes than other areas of the state, as well as ample space for growing industries and a highly educated workforce. According to Stockton University's most recent *South Jersey Economic Review* issued prior to the pandemic, 2019 marked the southern New Jersey economy's best performance since 1984.

However, over the years the region has also experienced economic volatility influenced by changes to the principal industries located in South Jersey. Outside of its clear dominance in the gaming, hospitality and tourism industries, the region was once known for its manufacturing and industrial roots, specifically proficient in glass manufacturing (Salem and Cumberland Counties), oil/gas/petroleum manufacturing (Salem and Gloucester Counties) and food manufacturing and processing (Cumberland County). These industries, that were primarily located in and around the Salem County area experienced a steady decline in the 1990s, forcing many out of work in some of the most economically depressed segments of the state.

The Salem I, Salem II, and Hope Creek Nuclear Plants went online in 1977, 1981, and 1986 respectively. As other industries began their unfortunate decline, the plants became a lifeline for residents of South Jersey, especially those located in Salem, Cumberland and Gloucester counties. Over the years, as the nuclear energy industry grew, the plants consistently added jobs and widened their economic net. This growth resulted in their current position as the top employer in Salem County, but equally important, as a stable and reliable economic driver for South Jersey.

Today, the economic circumstances of southern New Jersey are quite different. While tourism, gaming and hospitality remain perhaps the top economic industries in the region outside of the Joint Base McGuire-Dix-Lakehurst, many new and cutting-edge industries continue to emerge including wind energy, aviation/drone research and development, a reemergence of food manufacturing and high potential for strong cannabis and hash industries given the region's vast farmlands. Still, the Salem and Hope Creek Nuclear Plants remain a critical piece of the economic landscape; one that if forced to close would have a tremendous ripple effect on the South Jersey economy, its residents and therefore, its overall regional health.

Salem and Hope Creek Nuclear Plants Economic Impact

According to a 2020 analysis[1] by the Brattle Group, an economic consulting firm, the Salem and Hope Creek plants currently employ 1,605 full-time employees with salaries above the regional average. The full-time employees are augmented twice a year by contractors hired to assist with refueling and maintenance outages at both plants, critical and necessary work to keep the plants safe and thriving. All of these employees, both the full-time employees and contractors, drive the local economy and support local businesses with thirty six percent of the plant's workers residing in Salem County, while thirty four percent live in Gloucester, Cumberland or Camden counties. In total, it is estimated that the plants account for close to 4,500 direct and indirect jobs throughout New Jersey and over 6,000 jobs when including New Castle County, DE.

It is important to note the type of jobs that the plants generate. Employees range from those with a high school diploma to master's degrees depending on the type of work being conducted, exemplifying the wide range of types of jobs available for residents of all skillsets and skill levels. These jobs also include a

[1] https://brattlefiles.blob.core.windows.net/files/20628_salem_and_hope_creek_nuclear_power_plants_contribution_to_the_new_jersey_and_local_economies.pdf

mix of union and non-union employment. The diversity in recruitment options is critically important to the region proving Salem and Hope Creek to be an employer inclusive to all education levels with many differing job options for all types of applicants.

The economic impact of the Salem and Hope Creek plants go well beyond employment statistics, but to the economic stability of the South Jersey region and entire state of New Jersey. The Brattle Group analysis determined that over the period 2021 through 2030, the nuclear plants contribute approximately $1.2 billion annually to the New Jersey gross domestic product (GDP).

Taken altogether, the nuclear plants are undoubtedly a crucial part of South Jersey's economic fabric, which will be all the more important in the post-pandemic months as the region tries to regain its economic footing.

The South Jersey Economic Landscape Without Nuclear Plants

As outlined previously, Salem and Hope Creek Nuclear Plants have been, and continue to be, an essential standard-bearer of the southern region's economy. However, given the region's growth potential there are many new or expanding businesses and industries outside of nuclear making an impact. As fears of the plants closure continue, it is critical to assess the plant's economic information in comparison to other areas of growth in southern New Jersey.

The unemployment rate of Salem County alone has risen from a pre-pandemic level of 5.3 percent to 14.9 percent at the height of the pandemic in June of 2020 making the importance of the plants' survival more critical than ever. The vast majority of Salem County businesses are small businesses and/or sole proprietors, which were forced to close their doors due to the pandemic, some of which were unable to reopen. However, those that survived rely heavily on the plants for business, especially during the bi-annual refueling and maintenance that attracts upwards of 1,000 people to the area. Not only do small businesses depend on out-of-town workers to use their goods and services, but those hardest hit from the pandemic – Salem, Gloucester and Cumberland County restaurants and hotels – do some of their strongest business during this twice a year, four to six week servicing. To have the plants close would be devastating, but the added significance of the refueling and maintenance being taken away is a second, and in some way just as serious blow to the small business community.

A successful economy, one that is desperately needed to pull the region out from the recession imposed due to the pandemic, will be a combination of existing industries with a long history of strong economic output and new industries that can supplement and grow the economy. Below are economic data points from different industries and areas of the southern New Jersey region. No industry or area is more important than the other, however the below shows how much effort goes into producing real

economic output, how economic success takes time to be impactful and therefore, how serious the implications of the plant closures for South Jersey.

- From 2015 to 2020 Cumberland County, the county neighboring the plants, saw 27 new projects that totaled 4,389 new jobs. While this is excellent news, it highlights Salem and Hope Creek's powerful position in the region as a sole employer with approximately 6,000 direct and indirect jobs available to a wide array of education levels and areas of expertise.
- In late 2020, three large employers in Gloucester and Camden counties (within 55 miles of the nuclear plants) announced layoffs totaling approximately 800 workers, further impacting the region's economic crisis, and significantly raising unemployment rates in South Jersey. Should the plants close, another enormous layoff would be attached to the region directly impacting the well-being of residents and the overall health of South Jersey and the entire state.
- The Brattle analysis also determined that the loss of revenue to the state in taxes would be approximately $54 million annually from 2021 through 2030. The already fragile state budget relies heavily on these revenues, totaling over $500 million during the ten-year period, especially as it attempts to rebound post-pandemic.
- Further north in South Jersey's footprint, Camden County recently reported that new businesses have brought jobs and opportunities to Camden City with more than 1,500 new jobs created in the last three years. These new businesses are welcome additions to the region's economic landscape but demonstrates how difficult and time-consuming it would be to replace the economic activity and jobs that the nuclear plants already provide should they be forced to close.
- The New Jersey Wind Port is an exciting new project for Salem County and neighbor to the Salem and Hope Creek plants. Estimated to create 1,500 jobs and approximately $500 million of new economic activity every year in the state, it is a much-needed project that will, along with the nuclear plants, help rebuild and stabilize the surrounding Salem County economy at a time when it needs it most. Should the plants be forced to close, however, their ability to complement each other economically for the benefit of the larger South Jersey community would be lost.
- Additional wind development could take advantage of the highly skilled work force and transmission infrastructure at the nuclear site, however, the majority of the new jobs are limited to the construction phase of the project and there is only a modest number during operations. Brattle, utilizing a model developed and maintained by the National Renewable Energy Laboratory (NREL), estimates that a 250 MW offshore wind plant could support 1,666 jobs during construction and 90 jobs while operating. A 1000 MW wind plant could support 4,920 jobs during construction and 359 while operating.
- There will be continued jobs at the nuclear plants to support plant decommissioning, however, total employment will ramp down quickly and once the spent fuel is placed in the on-site Dry

Cask Storage location (~3 years after all plants are shutdown), PSEG projects the staffing levels to be less than 100.

Economic Development Plan

As discussed, the loss of the three nuclear plants in Salem County would have a devastating impact on the economy of South Jersey. As soon as it is known that the plants would retire, the following steps are recommended:

1. State, county and municipal governments join with community and business groups, including the CCSNJ, other local, county, regional and statewide business organizations, local business owners, community leaders, and private sector corporations to form a Task Force, which would do the following:
    a. Develop an overall strategic plan.
    b. Establish principals and goals.
    c. Build on the strengths of the local community while linking to regional, statewide and national development.
    d. Consider the formation of a community advisory panel.
2. State government should facilitate market access, develop incentives to attract large employers to South Jersey and create a climate supportive of investment.
3. Partner with the federal government and federal agencies to explore incentives to attract new industry, including grants for workforce development.
4. Develop a marketing strategy to attract large employers to the region. The marketing campaign would tout the advantages of southern New Jersey including:
    a. Proximity to major metropolitan areas (Philadelphia, Wilmington, New York, Washington D.C.)
    b. Rural atmosphere.
    c. Availability of a highly skilled, trained, available, and diverse workforce.
    d. Proximity to a wide variety of higher education institutes.
    e. Recreational and tourism driven opportunities, including access to the "Jersey Shore", proximity to professional sports/concert venues and gaming institutions.
5. To the extent possible, leverage the availability of the highly trained workforce from the nuclear plants to attract additional renewable research and development.
6. Develop a communications strategy to foster community engagement and keep the community/stakeholders informed of plan implementation.
7. Partner with local and regional educational institutions, such as Salem County Community College, Salem County Vo-Tech and other regional universities and colleges, to create new curriculum to further develop the workforce.
8. Create an infrastructure plan that reflects on and supports the new industry's needs.

Conclusion

Though the region hosts a diverse number of industries, a disruption to the market during the precarious economic rebuilding post-pandemic will undoubtedly send ripple effects throughout the region threatening an economic comeback. The loss of 1,600 full-time jobs and 6,000 direct and indirect jobs from the Salem and Hope Creek Nuclear Plants would have to be recovered in new or growing sectors that, while beginning to blossom in the region – such as wind energy, cannabis, and aviation research and development – will take many years to show their full economic strength and significant job creation.

The direct impact of the nuclear plants, and the void that would be left should they close, would be insurmountable and devastating to the South Jersey economy especially as New Jersey continues to tread water due to the pandemic's impact and enormous job loss. The South Jersey business community, and the residents that call the region home, are fully aware of the importance of the nuclear plants and support whatever means necessary to keep the jobs and economic activity from the plants active and thriving.

The Chamber of Commerce Southern New Jersey (CCSNJ) is a 501c6 organization representing business and industries in the seven most southern counties of New Jersey, greater Philadelphia region and northern Delaware. The CCSNJ is a member-driven organization that advocates for economic prosperity by uniting business and community leaders and empowering our members to grow, prosper and build a dynamic community.