

***THE NORTHBRIDGE GROUP***

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March 19, 2021

**Via Electronic Delivery**

Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
P.O. Box 350  
Trenton, New Jersey 08625-0350

**Re: I/M/O the Application of PSEG Nuclear, LLC and Exelon Generation Company, LLC for the Zero Emission Program – Salem Unit 1  
I/M/O the Application of PSEG Nuclear, LLC and Exelon Generation Company, LLC for the Zero Emission Program – Salem Unit 2  
I/M/O the Application of PSEG Nuclear, LLC for the Zero Emission Program – Hope Creek  
BPU Docket Nos. ER20080557, ER20080558, & ER20080559**

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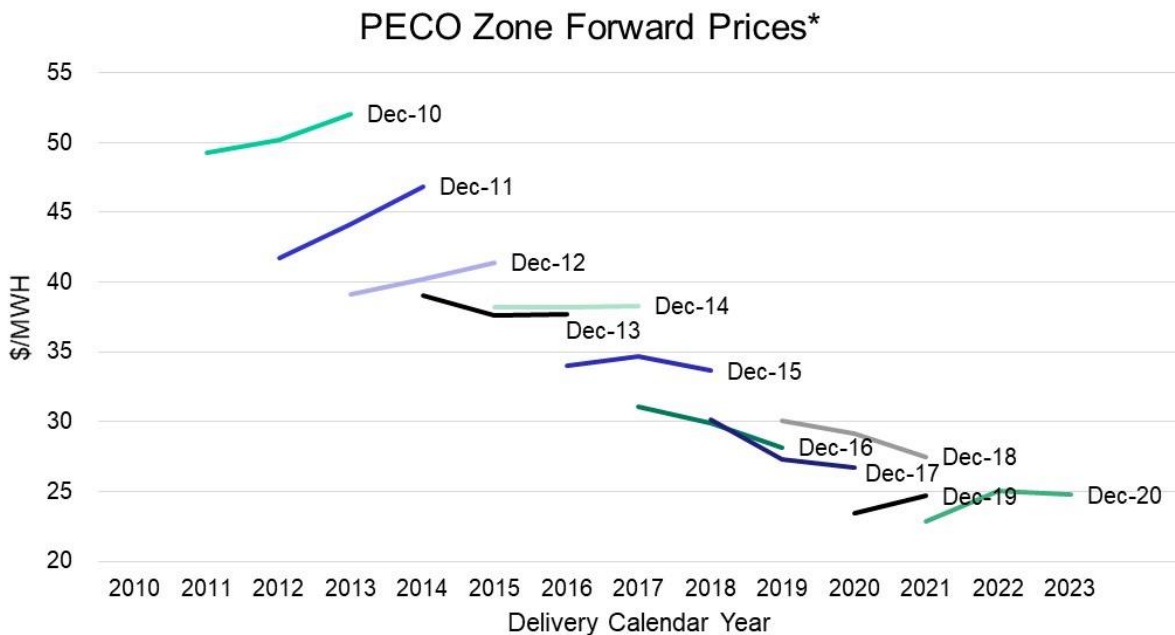
Dear Secretary Camacho-Welch,

My name is Frank Huntowski and I am a partner of the NorthBridge Group which is a consulting firm that provides economic and strategic advice to the electric and natural gas industries. I have been actively involved in the ZEC process here in New Jersey and provided oral comments in the February 1, 2021 public hearing and written comments on February 12, 2021 in this matter. I was also involved in the proceedings to establish and implement the ZEC programs in New York and Illinois.

I am submitting these comments in response the New Jersey Board of Public Utilities' ("Board") December 18, 2020 pre-hearing order providing for final public comments by March 19, 2021 in the above-captioned matter. In my previous comments submitted on February 12, 2021, I discussed three primary conclusions: 1) merchant nuclear plants throughout the country are in financial distress and most plants cannot survive without a payment for their carbon-free

energy; 2) it is uneconomic for a nuclear plant owner to continue to operate a plant without adequate compensation for risk; and 3) current market conditions and benchmarks for reducing the ZEC level in other states suggest that the ZEC level in New Jersey should not be reduced at this time. As a final comment in support of these conclusions, I would like to note that the energy market prices for the New Jersey nuclear plants have fallen by more than 50% over the last ten years.

The chart below shows PECO Zone forward prices as of the end of each year since 2010. The PECO Zone price is representative of the nodal energy price received by the New Jersey nuclear plants (PECO prices have been about \$1/MWH above the energy market clearing prices for the nuclear plants, on average, since 2010). As shown in the chart, PECO Zone forward prices have steadily decreased from over \$50/MWH in December of 2010 to less than \$25/MWH in December 2020.



\*Around-the-Clock (ATC) price based on PJM West Hub forward price adjusted for basis differential to PECO Zone; PJMW forward price for Dec-10 to Dec-19 from Exelon Q4 earnings presentations and forward price for Dec-20 from 12/31/20 ICE futures; basis calculated as the difference in rolling 3-year historic average of day-ahead LMPs.

Thank you for the opportunity to provide these comments.

Sincerely,

/s/ Frank Huntowski

Frank Huntowski, Partner

cc: zec.comments@bpu.nj.gov