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June 30, 2021

Via Electronic Mail

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

**Re: Confidential Submittal of Information**

**In the Matter of the Implementation of L. 2018, c.16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants, BPU Docket No. E018080899**

**Application For Zero Emission Certificates Of Salem 1 Nuclear Power Plant, Docket No. EO18121338**

**Application For Zero Emission Certificates of Salem 2 Nuclear Power Plant, Docket No. EO18121339**

**Application For Zero Emission Certificates Of Hope Creek Nuclear Power Plant, Docket No. EO18121337**

Dear Secretary Camacho-Welch:

PSEG Nuclear LLC (PSEG) hereby submits the attached “confidential” materials in response to the directives of the May 20, 2020 Order issued by the New Jersey Board of Public Utilities (Board) in the above-captioned matters pertaining to the “Annual Revenue Review” being conducted pursuant to N.J.S.A. 48:3-87.5(e)(4) and N.J.S.A. 48:3-87.5(i)(3) in connection with the Board’s award of Zero Emission Certificates (ZECs) to the Salem 1, Salem 2 and Hope Creek nuclear plants in April 2019. PSEG is the sole owner and operator of the Hope Creek plant. PSEG

is also the operator and majority co-owner of the Salem 1 and Salem 2 plants along with Exelon Generation, L.L.C., as co-owner of the minority interests.

The attached materials relate to Staff's recommendations regarding the "Annual Revenue Review" set forth below, as approved by the Board, in the May 20, 2020 order:

Staff recommends that [the Annual Revenue Review] review require all financial documents pertaining to payments, credits, and revenues received by the unit(s) for generation in the prior energy year to be submitted by the unit owner(s). Additionally, the application data pertaining to this information must be updated or supplemented from the application "forecast" to actual values. This will include:

- Federal and state subsidies, and state and local tax incentives;
- All PJM market revenue, including an analysis of energy market revenue attributable to New Jersey's entrance into the RGGI;
- Any other market or direct sale revenue;
- Going forward costs from wholesale markets;
- Costs of buying back market obligations to effectuate a retirement; and
- Any forward sales – including bilateral contracts for output and direct hedges and indirect hedges entered into by any marketing affiliate in both the natural gas or energy markets – that affect the profitability of or are based on the operations of a unit, including any intrinsic or extrinsic value assigned to the continued operation of the unit, i.e., the value of the asset as compared to the strike price (exercise price) and volatility.

The submitted materials relate to the entirety of the ownership interest in Hope Creek and relate to the entirety of the ownership interests in Salem 1 and Salem 2 to the extent that PSEG as plant operator may appropriately share information with Exelon Generation as a co-owner. Information related to Salem 1 and Salem 2 related to Exelon Generation's ownership interests that cannot be shared with PSEG is being supplied by Exelon Generation separately.

Please note the attached materials address all of the elements of Board's directives seeking information notwithstanding PSEG's assessment based on the statutory language that the scope of the information being requested appears to relate to matters that extend beyond the analysis contemplated by N.J.S.A. 48:3-87.5(e)(4) and N.J.S.A. 48:3-87.5(i)(3). Accordingly, PSEG is supplying this information without prejudice and waiver as to its right to seek a determination that

any or all of the information is not relevant or is otherwise inappropriate for the purpose of identifying potential “double payments” under N.J.S.A. 48:3-87.5(e)(4) and N.J.S.A. 48:3-87.5(i)(3).

Finally, please note that the materials and information being supplied are “Confidential” as supported by the attached affidavit of Timothy P. Pellegrin, Vice President, Finance - Power & M&A, PSEG Services Corporation (Attachment 1). Consistent with Board procedures, all of the attachments with the exception of Attachment 1 have been identified as “Confidential.”

Sincerely,

A handwritten signature in blue ink, reading "Matthew Weissman".

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cc:

Paul Flanagan, Executive Director, NJ Board of Public Utilities  
Abe Silverman, General Counsel, NJ Board of Public Utilities  
Joseph F. Accardo Jr., Esq., VP Regulatory & Deputy General Counsel, PSEG

Attachment 1 (Affidavit)  
Confidential Attachments 2-4

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

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

IN THE MATTER OF THE IMPLEMENTATION OF L. 2018, c. 16 REGARDING THE ESTABLISHMENT OF A ZERO EMISSION CERTIFICATE PROGRAM FOR ELIGIBLE NUCLEAR POWER PLANTS	<b>Docket No.: EO18080899</b>
APPLICATION FOR ZERO EMISSION CERTIFICATES OF SALEM 1 NUCLEAR POWER PLANT	<b>Docket No. EO18121338</b>
APPLICATION FOR ZERO EMISSION CERTIFICATES OF SALEM 2 NUCLEAR POWER PLANT	<b>Docket No. EO18121339</b>
APPLICATION FOR ZERO EMISSION CERTIFICATES OF HOPE CREEK NUCLEAR POWER PLANT	<b>Docket No. EO18121337</b>

**AFFIDAVIT OF TIMOTHY P. PELLEGRIN**  
**REGARDING CONFIDENTIAL TREATMENT FOR DOCUMENTS SUBMITTED**  
**REGARDING ANNUAL REVENUE REVIEW PURSUANT TO N.J.S.A. 48:3-87.5(e)(4)**  
**AND N.J.S.A. 48:3-87.5(i)(3)**

I hereby declare under penalty of perjury that:

1. My name is Timothy P. Pellegrin. I am the Vice President, Finance - Power & M&A for PSEG Services Corporation and I am authorized to make this statement in the above-stated matters relating to the applications for the receipt of Zero Emission Certificates (“ZEC”) of PSEG Nuclear LLC (“PSEG”) for the Salem 1, Salem 2 and Hope Creek generating units (the

“plants”) filed with the New Jersey Board of Public Utilities (“Board”) and the subsequent award of ZECs to the plants by the Board.

2. This Affidavit is being provided in connection with the Board’s directives in its May 20, 2020 Order in these matters concerning the “Annual Revenue Review” being conducted by the Board pursuant to N.J.S.A. 48:3-87.5(e)(4) and N.J.S.A. 48:3-87.5(i)(3), for the purpose of establishing confidential treatment for the materials being submitted.

3. The materials supplied by PSEG in response to the directives of the Board in the May 20, 2020 Order and as identified below (“Confidential Information”) are labeled “confidential” because they contain proprietary, Company sensitive, and/or financially, commercially, and competitively sensitive information that is not available to members of the general public. Without limitation of the foregoing, the release of the Confidential Information would injure PSEG’s financial and commercial position in the electricity, nuclear fuel, and other markets by providing an unfair competitive advantage to other market participants, and would therefore be injurious to PSEG shareholders and to consumers, particularly in the eastern United States including New Jersey. The disclosure of this sensitive information would also have negative competitive impacts on the forward capacity markets in the Pennsylvania-New Jersey-Maryland Interconnection (“PJM”), and default load procurements throughout PJM, including the New Jersey Basic Generation Service (“NJ BGS”) auction.

4. Disclosure of the Confidential Information submitted in response to the Board’s directives in the May 20, 2020 Order would be compromising to the Company and/or the markets in several different ways:

(i) Capacity market information. Disclosing historical or projected cost, investment, and operational information related to the plants would aid competitors in forming an accurate outlook of the capacity prices that the nuclear units would require to remain viable in the markets. Understanding this information, competitors could structure their bids to take advantage

of the nuclear units' costs and expectations, to inform their bids to the benefit of their own unit positions. Further, the Company's nuclear units collectively comprise almost 10% of the reliability requirement associated with the EMAAC Locational Delivery Area ("LDA"), and about 5% of the reliability requirement associated with the MAAC LDA. Gaining insights into the bid levels of these resources may allow competitors to better gauge market outcomes, and directly impact the otherwise competitive outcomes of the capacity markets. Information that should remain confidential related to this subject include:

- Information related to bidding activity of each unit, and its level of market participation;
- Information related to historical and projected unit costs and revenues;
- Information related to historical and projected investment in each of the units.

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

- Information related to hedges and market activity and information that is informed by market activity, including historical financial results;
- Information related to the costs of risks facing the plants and how those risks are evaluated;
- Information related to historical or projected cost components such as fuel or other market based products;
- Information related to historic market prices and how those prices compare with projected prices; and
- Information related to unit bidding or other market-based activities

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

- Information related to historical costs and cost projection;
- Information related to historical investment decisions and projected investment decisions; and
- Information related to historical fuel procurement and related services compared to projected fuel procurement and related services.

(iv) Corporate financial information. The Confidential Information includes certain corporate information that if disclosed could impair the competitiveness of the business, or require additional financial disclosures to the investment community. The business of PSEG includes the buying and selling of assets as part of its overall strategy. Disclosure of certain financial and market information that is used internally as part of these assessments, such as valuation methodologies, cost of capital and future market outlooks, would disadvantage the Company

significantly relative to competitors. Further, PSEG does not publicly provide detailed financial information beyond the PSEG Power level, nor does it provide a long-term view on forward market outlooks to the investment community, and would be forced to change its disclosure policy if some of this information was released. Information that should remain confidential related to this subject includes:

- Unit specific historical revenue or cost information as compared with projected revenue or cost information.

5. Given the potential harms to PSEG and to competitive markets associated with the disclosure of the information described above, the materials identified in the May 20, 2020 Order should remain strictly confidential as follows:

- “[D]ocuments pertaining to payments, credits, and revenues received by the unit(s) for generation in the prior energy year” (unit-specific historical revenue).
- “[U]pdate[s] or supplement[s] from the application ‘forecast’ to actual values” for the plants, including:
  - “Federal and state subsidies, and state and local tax incentives” (unit-specific historical revenues);
  - “All PJM market revenue, including an analysis of energy market revenue attributable to New Jersey’s entrance into the RGGI” (unit-specific historical and projected revenues);
  - “Any other market or direct sale revenue” (unit-specific historical revenues)
  - “Going forward costs from wholesale markets” (unit-specific historical costs);
  - “Costs of buying back market obligations to effectuate a retirement” (contract information, bidding activities and projected cost and revenues); and
  - “Any forward sales – including bilateral contracts for output and direct hedges and indirect hedges entered into by any marketing affiliate in both the natural gas or energy markets – that affect the profitability of or are based on the operations of a unit, including any intrinsic or extrinsic value assigned to the continued operation of the unit, i.e., the value of the asset as compared to the strike price (exercise price) and volatility.” (unit-specific historical revenues, contract information and hedging activities).

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

7. The Confidential Information has been clearly labeled “CONFIDENTIAL”.
8. PSEG requests that the Board maintain the confidentiality of the Confidential Information for an indefinite period of time.
9. PSEG will at all times take measures to protect the Confidential Information from public disclosure, such measures including but not limited to asserting claims of confidentiality in all regulatory and public proceedings, such as this case, as they arise.
10. PSEG does not make the Confidential Information routinely available to the general public through any manner, including without limitation initial and final orders in contested case adjudications, press releases, copies of speeches, pamphlets and educational materials.
11. PSEG has taken and will take all precautions available to it to prevent the public disclosure of the Confidential Information in proceedings before the applicable state utility commissions, the Federal Energy Regulatory Commission, or other jurisdictional agencies.
12. To the best of PSEG’s knowledge, neither the Board, its Custodian, any other State or Federal agency, nor a court of competent jurisdiction, has previously made an adverse determination with respect to the confidentiality of the Confidential Information.
13. PSEG requests that the Board and its Custodian maintain the Confidential Information until such time as PSEG consents to its disclosure upon any request made to disclose such information, or as otherwise ordered by law.
14. I am advised by counsel that the Confidential Information is not subject to the New Jersey Open Public Records Act (“OPRA”) because the materials relate to the financial condition of the plant and, as such, are addressed under N.J.S.A. 48:3-87.5(a), which states that “financial

and other information required pursuant to this subsection may be submitted on a confidential basis and shall be treated and maintained as confidential by the board and shall not be subject to public disclosure, notwithstanding any law to the contrary, including the common law.”

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

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

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By: \_\_\_\_\_  
Timothy P. Pellegrin

Sworn and subscribed before me  
this 30<sup>th</sup> day of June, 2021

  
