



STATE OF NEW JERSEY
Board of Public Utilities
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ENERGY

IN THE MATTER OF THE IMPLEMENTATION OF <u>L.</u>)	ORDER DETERMINING ZEC PRICE
2018, <u>c.</u> 16 REGARDING THE ESTABLISHMENT OF A)	FOR STUB PERIOD AND ENERGY
ZERO EMISSION CERTIFICATE PROGRAM FOR)	YEARS 2020, 2021, AND 2022
ELIGIBLE NUCLEAR POWER PLANTS)	
AND)	DOCKET NO. EO18080899
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

Parties of Record:

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- Joshua R. Eckert, Esq.**, Jersey Central Power and Light Company
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- Grace H. Park, Esq.**, PSEG Nuclear LLC
- Jeffrey W. Mayes, Esq.**, Monitoring Analytics, LLC
- Jennifer Hsia, Esq.**, NRG Energy, Inc.
- William Harla, Esq.**, PJM Power Providers Group
- Steven S. Goldberg, Esq.**, New Jersey Large Energy Users Coalition

BY THE BOARD:¹

I. BACKGROUND

¹ Commissioner Zenon Christodoulou abstained from voting in this matter.

On May 23, 2018, Governor Phil Murphy signed into law L. 2018, c. 16 (C.48:3-87.3 to -87.7) (“Act”) requiring the New Jersey Board of Public Utilities (“Board”) to create a program and mechanism for the issuance of Zero Emission Certificates (“ZECs”) (“Program”). Each ZEC represents the fuel diversity, air quality, and other environmental attributes of one megawatt-hour of electricity generated by an eligible nuclear power plant selected by the Board to participate in the Program. Under the Program, the Board receives and reviews ZEC applications, determines eligibility, and if approved by the Board, the nuclear power plant(s) receive ZECs in accordance with the Act. New Jersey’s four (4) investor-owned electric distribution companies [Atlantic City Electric Company (“ACE”), Jersey Central Power & Light Company (“JCP&L”), Public Service Electric and Gas Company (“PSE&G”), and Rockland Electric Company (“RECO”)], as well as the municipal electric distribution company Butler Power & Light Company (“Butler”) (collectively “EDCs”) then purchase ZECs from selected nuclear plants using funds collected through a non-bypassable charge to retail customers in accordance with the Act.

II. APPLICABLE PROCEDURAL HISTORY

The Board initiated the ZEC Program via an Order dated August 29, 2018.² On November 19, 2018, the Board approved the ZEC applications, the Program process, and the tariffs associated with collection of the funds.³ On April 18, 2019, the Board determined that Salem 1 Nuclear Generating Plant (“Salem 1”), Salem 2 Nuclear Generating plant (“Salem 2”), and the Hope Creek Nuclear Generating Plant (“Hope Creek”) were eligible for the Program, and should receive ZECs in accordance with the Act. As such, the Board awarded ZECs to Salem 1, Salem 2, and Hope Creek for: 1) the period April 18, 2019 through May 31, 2019 (“Stub Period”); and 2) June 1, 2019 through May 30, 2022 (“Initial Eligibility Period”).⁴ The April 2019 Order further directed Board Staff (“Staff”) to provide the Board, on or before July 31, 2019, recommendations regarding the Program’s continued and forward implementation.

III. FORWARD REQUIREMENT: DETERMINING THE ZEC PRICE IN EACH ENERGY YEAR

Per the Board’s directive, on July 10, 2019, Staff returned to the Board with recommendations regarding the next or “forward” steps necessary to implement the Program [“Forward Requirement(s)”]. The Board accepted Staff’s recommendations via a Board Order dated July 10, 2019.⁵

² In re Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants, 467 N.J. Super. 154, 165 (App. Div.), certif. denied, 247 N.J. 414 (2021).

³ Id. at 166.

⁴ Id. at 175; See also In re the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants; 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. EO18121338, EO18121339, & EO18121337, Order dated April 18, 2019 (“April 2019 Order”).

⁵ In re the Implementation of L. 2018, c. 16 Regarding the Establishment of a Zero Emission Certificate Program for Eligible Nuclear Power Plants; 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, Order Determining The Forward Steps in the ZEC Program and Currently Approved Applications, BPU Docket Nos. EO18121338, EO18121339, & EO18121337, Order dated July 10, 2019 (“July 2019 Order”).

One such Forward Requirement, which is the subject of this Order, concerns the Board's responsibility to determine the price of a ZEC in each energy year via a set calculation.⁶ On July 10, 2019, the Board found, among other things, that Staff's recommended pricing methodology and schedule was appropriate.⁷ The Board required the EDCs to provide the Board with the following data: (a) the amount of monies held in the ZEC account ("ZEC"), including interest collected, established in N.J.S.A. 48:3-87.5(j)(1); and (b) the total number of megawatt-hours ("MWh") of electricity distributed ("MWh-DX") by the EDCs in the prior energy year. The Board also required the owners of the selected nuclear units to provide the Board with the total MWh of electricity generated ("MWh-GEN") by the units in the prior energy year, collectively. The Board instructed both the EDCs and the owners of the selected nuclear units that, "[t]his information must be certified and provided to the Board annually by July 30 in the years 2020, 2021, 2022 for the initial eligibility period."⁸ The Board also directed Staff to, "present the ZEC price annually in August of each year that selected units are eligible to receive ZECs."⁹

Per the July 2019 Order, upon receipt of such information, the ZEC price would be determined as follows:

$$\text{Price of ZEC} = \frac{\$ZEC}{0.40 \times \text{MWh-DX} \quad (\text{greater of}) \quad \text{MWh-GEN}}$$

Pursuant to the Board's July 2019 Order, the EDCs provided the Board with the amount of monies held in the ZEC account and the total number of MWh each distributed at the end of July in 2020, 2021, and 2022. Additionally, the owners of the selected units provided the total MWh of electricity generated by the plants in energy years 2020, 2021, and 2022. The EDCs submitted payments to the selected nuclear plants at the end of August, for the Stub Period, and energy years 2020 and 2021. Staff anticipates that the EDCs will issue payments to the selected nuclear plants at the end of August of 2022 for the ZEC payment for energy year 2022.

After determining that the selected nuclear plants were eligible to receive ZECs, the Act required the costs of ZECs to be paid by a non-bypassable charge of \$0.004 per kWh on all retail electric customers within the State. While the Act permits the Board to adjust the ZEC charge imposed on ratepayers in subsequent eligibility periods, subject to specific statutory requirements, the Act did not permit the Board to deviate from the \$0.004 per kWh charge in the first eligibility period.¹⁰ In the formula above, therefore, the value for ZEC is simply the per kWh ZEC charge (\$0.004) multiplied by all of the kWh distributed by the State's EDCs. When this value is divided by 40% of the MWh distributed by the State's EDCs, it results in a \$10 ZEC price. Depending on the Board-approved ZEC charge in subsequent eligibility periods, subsequent ZEC price determinations may be more complicated. Now, with Staff in possession of all relevant data at the conclusion of the ZEC I eligibility period, Staff is presenting the data supporting its ZEC price determination for the Stub Period and energy years 2020, 2021 and 2022 for the Board's ratification.

⁶ See N.J.S.A. 48:3-87.5(i)(1).

⁷ See July 2019 Order at 10.

⁸ Id.

⁹ Id.

¹⁰ In re Implementation of L. 2018, c. 16, 467 N.J. Super. at 187.

IV. ZEC PRICE FOR STUB PERIOD AND ENERGY YEARS 2020, 2021, AND 2022 (INITIAL ELIGIBILITY PERIOD)

Staff's ZEC Price Calculation				
	Stub Period	EY20	EY21	EY22
ZECRC Rate \$/kWh (No SUT)	0.004	0.004	0.004	0.004
Sales Volumes (MWh)¹				
PSE&G	4,197,825.01	39,354,358.49	39,908,753.68	40,451,654.99
JCP&L	1,090,703.70	19,978,350.72	20,074,880.20	20,102,146.89
ACE	886,277.36	8,504,577.42	8,545,356.15	8,863,997.49
RECO	92,082.38	1,504,204.91	1,520,322.74	1,519,312.17
Butler	6,510.23	102,989.39	106,278.48	105,205.37
Total Sales Volumes (A)	6,273,398.67	69,444,480.93	70,155,591.25	71,042,316.91
Utility Revenues (\$) ¹				
PSE&G	16,791,300.03	157,417,433.95	159,635,014.73	161,806,619.94
JCP&L	4,362,814.78	79,913,402.88	80,299,520.80	80,408,587.56
ACE	3,545,109.44	34,018,309.68	34,181,424.58	35,455,989.97
RECO	368,329.50	6,016,819.64	6,081,290.97	6,077,248.68
Butler	26,040.92	411,957.58	425,113.92	420,821.47
Total Utility Revenues (\$) (B)	25,093,594.67	277,777,923.72	280,622,365.00	284,169,267.63
Nuclear Generation & ZEC Price Calculation (\$/mWh)				
Hope Creek ²	1,261,713	8,961,162	9,344,033	10,299,015
Salem 1 ²	-	8,850,485	8,000,571	9,030,410
Salem 2 ²	1,220,847	8,923,879	10,126,916	8,857,071
Actual 2020 Generation³ (mWh) (C)	2,482,560	26,735,526	27,471,520	28,186,496
40% of New Jersey Retail Sales (mWh) (D = (Sum of A) * 40%)	2,509,359	27,777,792	28,062,236	28,416,927
ZEC Price (\$/MWh) (E = B / (Max of C & D))	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Data Sources				
¹ Directly from each EDC.				
² PJM Data acquired from PSE&G Settlements Department.				
³ As detailed in Salem's license renewal application.				

V. DISCUSSION AND FINDINGS

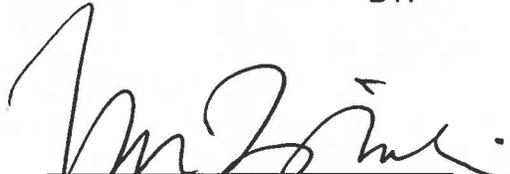
Pursuant to the Act, the Board is required to “determine the price of a ZEC each energy year by dividing the total number of dollars held by electric public utilities” in the separate interest-bearing accounts established under the Act by the greater of “40 percent of the total number of megawatt-hours of electricity distributed by the electric public utilities in the State in the prior energy year, or the number of megawatt-hours of electricity generated in the prior energy year by the selected nuclear power plants.” As set forth above, for the Stub Period and for energy years 2020, 2021, and 2022, 40 percent of electricity distributed by the EDCs was greater than the number of megawatt-hours generated by the nuclear power plants. Accordingly, in order to determine the price of ZECs, Board must divide the total held by all utilities in their separate interest-bearing accounts established pursuant to the ZEC Act by 40 percent of the megawatt-hours of electricity distributed by the State’s EDCs. Performing this calculation in the Stub Period and each energy year, as the table above indicates, yields a ZEC price of \$10.

The Board **HEREBY ACCEPTS** Staff's determination of the ZEC price for the Stub Period April 18, 2019 through May 31, 2019, and the Initial Eligibility Period, June 1, 2019 through May 30, 2022. The Board **HEREBY FINDS** that the ZEC pricing calculations performed by Staff are consistent with the instructions in the Act, and consistent with the Board's direction in the July 2019 Order. Accordingly, the Board **HEREBY DETERMINES** that the price of a ZEC for the stub period and for energy years 2020, 2021, and 2022 is \$10.

This Order shall be effective on August 24, 2022.

DATED: August 17, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



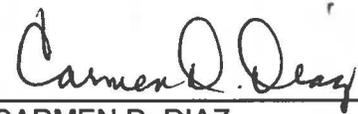
MARY-ANNA HOLDEN
COMMISSIONER



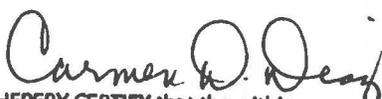
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ROBERT M. GORDON
COMMISSIONER

ATTEST: 

CARMEN D. DIAZ
ACTING SECRETARY


I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

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AND

APPLICATION FOR ZERO EMISSION CERTIFICATES OF SALEM 1 NUCLEAR POWER PLANT;

APPLICATION FOR ZERO EMISSION CERTIFICATES OF SALEM 2 NUCLEAR POWER PLANT; AND

APPLICATION FOR ZERO EMISSION CERTIFICATES OF HOPE CREEK NUCLEAR POWER PLANT

BPU DOCKET NOS. EO18080899, EO18121338, EO18121339, AND EO18121337

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