

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

**Comments of the PJM Power Providers Group
to the Notice of Request for Comments
In The Matter Of The Implementation of L. 2018 c. 16
Regarding The Establishment of a Zero Emission Certificate
Program For Eligible Nuclear Plants in Docket No. EO18080899**

AND

**Application Of PSEG Nuclear, LLC and Exelon Generation Company, LLC
For The Zero Emission Certificate Program – Salem Unit 1 in Docket No.
ER20080557**

**Application Of PSEG Nuclear, LLC and Exelon Generation Company, LLC
For The Zero Emission Certificate Program – Salem Unit 2 in Docket No.
ER20080558**

**Application Of PSEG Nuclear, LLC For The Zero Emission Certificate
Program – Hope Creek in Docket No. ER20080559**

The PJM Power Providers (“P3”)¹ appreciates the opportunity to again comment in this docket regarding the implementation and establishment of Zero Emission Certificates (“ZECs”). The Board of Public Utilities (“BPU” or the “Board”) issued a Notice on December 21, 2023

¹ P3 is a non-profit organization dedicated to advancing federal, state and regional policies that promote properly designed and well-functioning electricity markets in the PJM Interconnection, L.L.C. (“PJM”) region. Combined, P3 members own over 83,000 MWs of generation assets and produce enough power to supply over 63 million homes in the PJM region covering 13 states and the District of Columbia. For more information on P3, visit www.p3powergroup.com. The comments contained herein represent the position of P3 as an organization, but not necessarily the views of any particular member with respect to any issue.

(“Notice”),² stating that the Board Staff’s preliminary findings were that Staff found no evidence of double-payment, direct or indirect payments, or credits received related to the resilience, air quality or other environmental attributes associated with electricity generated or sold by Salem 1, Salem 2, or Hope Creek during Energy Year 2023 of the Second Eligibility Period. Staff therefore recommended no reduction to the payment obligation to the nuclear plant owners during Energy Year 2023.

As P3 stated in its July 6, 2023 Comments in this docket, the Board has the opportunity to take a fresh look and inventory of the earnings of the nuclear plants without subsidies as well as the upcoming federal tax credits on the horizon for nuclear power plants based on enacted 2022 federal legislation. While P3 will not repeat all the same comments made in its prior comments, it is worth restating that P3 remains opposed to any subsidies that interfere with the competitive, regional, federally regulated wholesale markets. By providing out of market support for selected resources, ZECs not only undermine the competitive market in New Jersey and the entire PJM region, they represent an ill-conceived giveaway that unnecessarily harms consumers. If ZECs remain in place, nuclear plant operators could potentially receive double payments. To be clear, P3 supports nuclear power provided it is competing with other forms of generation on a level playing field. Nuclear power has been a stable source of power in PJM for decades, however, P3’s concern is focused on the market-distorting effects that the ZECs have on the interstate market that has benefited New Jersey enormously for decades. Subsidies distort markets and ultimately lead to the

² NJ Board of Public Utilities Request for Comments, In the Matter Regarding The Implementation of L. 2018 c. 16 Regarding The Establishment of a Zero Emission Certificate Program For Eligible Nuclear Plants in Docket No. EO18080899 AND Application of PSEG Nuclear, LLC and Exelon Generation Company, LLC For The Zero Emission Certificate Program – Salem Unit 1 Docket No. ER20080557, Application of PSEG Nuclear, LLC and Exelon Generation Company, LLC For the Zero Emission Certificate Program - Salem Unit 2 Docket No. ER20080558, Application of PSEG Nuclear, LLC For The Zero Emission Certificate Program – Hope Creek Docket No. ER20080559, December 21, 2023, (“December 21, 2023 NJ BPU Request for Comments”).

devolution of markets as competing suppliers seek subsidies to support their facilities rather than pursuing innovation and efficiency that drive down costs.

As P3 highlighted in its July 6, 2023 Comments, the information reported by the PJM Independent Market Monitor (“IMM”) tells a clear story and the numbers make it obvious that New Jersey ratepayers do not need to be subsidizing nuclear plants. The PJM IMM has shown that that the plants receiving ZECs in New Jersey are producing revenues that are more than sufficient to justify their continued operations without ZECs and the ZEC payments are simply padding the bottom line of these otherwise profitable units. Additionally, the Board should also be mindful that nuclear plants are expected to receive federal tax credits as a result of the passage of the Inflation Reduction Act (“IRA”). This act provides a tax credit up to \$15 per megawatt-hour for the electricity produced by the plants assuming that labor and wage requirements are met. The production tax credit is available for facilities in service in 2024 and would last through 2032.³

Clearly, it is time for the New Jersey ZECs to end based on the ability of nuclear power plants to operate with high earnings without the subsidies as the past several years have shown, as well as based on the federal tax credits that will soon be available to nuclear power plants. Although Board Staff has found no evidence of double-payment, direct or indirect payments or credits related to the resilience, air quality or other environmental attributes associated with generated or sold by Salem 1, Salem 2 or Hope Creek during Energy Year 2023 of the Second Eligibility Period, in the near future they certainly could have double payments if ZEC payments are not ended. The Board owes it to the ratepayers of New Jersey to stop any further ZECs from being paid and avoid any double counting and unnecessary costs to be borne by New Jersey

³ See, <https://www.energy.gov/ne/articles/inflation-reduction-act-keeps-momentum-building-nuclear-power>

consumers. Governor Murphy in his recent January 9, 2024, State of the State address, stated that he was driven to make New Jersey “A state with *greater affordability*, lower taxes for working families, and the best possible quality of life.”⁴ To continue ZEC payments will unnecessarily make New Jersey *less affordable* than it could be and will also be an unnecessary wealth transfer from homes and businesses of New Jersey to the two owners of New Jersey’s nuclear facilities.

P3 again urges the Board to review, reassess and reevaluate the revenues the plants have without the ZECs and the additional federal revenues on their way. The time is now to end the NJ ZEC payments and avoid windfalls and double payments at the expense of New Jersey ratepayers.

P3 respectfully requests that the Board and Board Staff consider its comments herein.

Respectfully submitted,

On behalf of the PJM Power Providers Group

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⁴ <https://www.nj.com/politics/2024/01/read-full-text-of-gov-phil-murphys-2024-state-of-the-state-address.html?gift=d8c30705-afaa-486b-9fc2-086ee25b9892> (emphasis added).