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NEW JERSEY BOARD OF PUBLIC UTILITIES PRESS RELEASE

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NJBPU Approves Three-Year ZECs for Hope Creek, Salem One, and Salem Two Nuclear Power Plants

*Preserving jobs and critical carbon-free energy generation,
Board protects State's economic recovery and clean energy future*

Trenton, N.J.—The New Jersey Board of Public Utilities (NJBPU) today approved three-year Zero Emission Certificates (ZECs) for Hope Creek, Salem One, and Salem Two nuclear power plants located in South Jersey. At a total of \$300 million, the certificates ensure that the plants, which supply the State with over 90 percent of in-state carbon-free generation and 37.5 percent of its overall in-state energy supply will remain operational. The Board's decision secures the single largest source of the State's overall clean energy power supply, which would otherwise be replaced by sources such as fossil gas, increasing emissions at a time when combatting the climate crisis amid a worldwide pandemic is paramount.

“Today's decision prioritizes public health and our environment by ensuring emissions will not go up as a result of losing nuclear power. Keeping the plants running will also maintain the stability of New Jersey's electricity grid and support over 1,000 good-paying jobs, both of which are central in helping the State's economy recover from the COVID-19 pandemic,” said NJBPU President Joseph L. Fiordaliso. “Awarding ZECs to these three plants will underpin a stable, reliable state in the near-term, and Governor Murphy's commitment to a clean energy future in the longer term.”

The Board, in considering its decision, factored in stakeholder input and a wide array of market forces. These include the role the nuclear plants play in helping the State meet its economic, environmental, and clean energy goals, as well as factors such as the plants' maintenance and the financial implications of those realities. Such factors extend beyond what the Board's consultant, Levitan, weighed when analyzing the applications for the three-year subsidies.

The ZEC Law, which the New Jersey Legislature passed in 2018, directs the Board to consider the “moral imperative” of the State investing in carbon-free energy sources. It also shows that closing the plants would lead to “a substantial increase in emissions of several serious pollutants, and associated adverse public health and environmental impacts.” Importantly, the Board is taking several actions to increase procurement of additional carbon-free energy resources, including pursuing the development of 7,500 MW of offshore wind, launching a Solar Successor Program intended to nearly double annual solar capacity, and exploring interconnection reform.

In 2019, the Board [approved a first round](#) of ZECs, citing the urgency of combatting the threat of climate change. This decision was upheld by a unanimous Appellate Division Panel. The Board weighed its decision today within the additional backdrop of the economic upheaval of the past year of the global pandemic, during which many of the State’s businesses were impacted due to the deadly COVID-19 virus. Especially given the respiratory impacts of COVID-19, the Board’s action will ensure the plants continue to operate, avoiding the potential negative impacts that replacing this power with fossil fuel generation would have on New Jersey’s air quality.

PSEG owns the Hope Creek plant and, with Exelon, the Salem One and Two plants, all of which are located in Lower Alloways Creek Township. The collection of funds to pay for the credits the Board approved today will begin immediately and will amount to approximately \$100 million in annual subsidies for each plant for three years, at the rate of \$0.004 per kilowatt hour. At the end of three years, the Board will reevaluate the program, and if more money is collected than needed, those funds will be returned to ratepayers. Additionally, if the companies receive funding via other state or federal subsidies in the future, those funds will be reconciled against the ZECs and returned to the ratepayer.

The ZEC program, which was enacted in May 2018, supports New Jersey’s clean energy program by providing the majority of the State’s carbon-free clean energy supply. The application process for the second three-year ZEC eligibility period opened in August 2020. In October 2020, NJBPU received applications for the Hope Creek, Salem One, and Salem Two plants. NJBPU Staff evaluated the applications for eligibility and ranked the applications.

As part of the evaluation process, the Board [published a redacted version of all applications](#) on its website, held public meetings and an evidentiary hearing, opened a public comment period, and provided the Independent Market Monitor and New Jersey Division of Rate Counsel access to confidential financial information in order to assess each application. The public also had access to a redacted analysis completed by Levitan. Prior to this, NJBPU held a public stakeholder input process in July 2020 on the ZEC application form, which was revised from the version used in 2018 during the first three-year eligibility period.

More information about the ZEC program, including details on the application process and eligibility criteria, is available on [NJBPU’s website](#).

About the New Jersey Board of Public Utilities (NJBPU)

NJBPU is a state agency and regulatory authority mandated to ensure safe, adequate and proper utility services at reasonable rates for New Jersey customers. Critical services regulated by NJBPU include natural gas, electricity, water, wastewater, telecommunications and cable television. The Board has general oversight and responsibility for monitoring utility service, responding to consumer complaints, and investigating utility accidents. To find out more about NJBPU, visit our website at www.nj.gov/bpu.

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