



State of New Jersey
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Governor

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July 20, 2020

VIA ELECTRONIC MAIL

Honorable Aida Camacho-Welch, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: Applications for Zero Emission Certificate Program
Docket No. EO18080899

Rate Counsel's Initial Comments Regarding ZEC Application

Dear Secretary Camacho-Welch:

Please accept for filing this letter being submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") in response to the July 1, 2020 Request for Written Comments on the Applications for Zero Emission Certificate Program. In that Notice, the Board requested public comments by June 20, 2020.

Preliminarily, Rate Counsel is concerned about transparency throughout this process. As a result of the first application (BPU Docket YY) ratepayers are already paying \$300 million per year for the three operating nuclear units within the state. The public has a right to know as much as possible about why an applicant asserts that these subsidies are in fact needed. Therefore, confidential information should be kept to a minimum and the Board's ultimate decision should be based, to greatest extent possible, upon the public record established before it.

With regard to the specific application, Rate Counsel provides the following comments:

Generation Asset Information and Operation

Rate Counsel notes that in many portions of this part of the current application, the Board seeks information for only the past five years. In the initial application, the Board sought information for the prior ten years. Rate Counsel believes that a ten year review of prior data will likely provide a clearer picture of each unit's actual performance. As to the data requested, applicants should provide the annual capacity factor for each unit for the past ten years and projected for the next five years. The generation information, if not presented in terms of energy years, should be presented on an annual basis to match the financial information. Applicants should be required to provide the scheduled refueling outages for the past ten and next five years. Applicants should provide the annual capital expenditures planned for the next five years. When the applicant provides information, it should be presented for each year separately and not aggregated or averaged. As part of the application, any supporting workbooks should be provided with all formulae intact.

Zero Emission Credit Justification—Financial

The applicant is asked to provide current net book value of the Unit at the time of application. The Board should require the applicant to explain how the initial book value was determined and provide annual year-end gross and net book values through 2019. Along with the current and historical financial statements requested in Part 2, the Board should ask the applicant to provide any internal analysis of past or projected financial performance of the nuclear unit.

With regard to the Cash Flow Analysis portion of the application, the applicant's cash flow analysis should be conducted both with and without the ZEC subsidy. The back-up documentation should include supporting workbooks with formulae intact. The application should require the applicant to include internal financial presentations and analyses conducted by the applicant for planning purposes. The applicants should be required to state whether the calculated market and operational risk are reported in any of the Company's audited financial statements. To the extent they are, those financial statements should be provided. The applicant's subsidy requirements should include scenarios with and without operational and market risk adjustments. To the extent there are any changes in the methodology or results to calculations of risk, the applicant should provide an explanation for those changes.

Zero Emission Credit Justification—Environmental

The applicant's environmental analysis should also include consideration for future federal and New Jersey energy policies including, but not limited to offshore wind, electrification, energy efficiency and future load forecasts.

Impact of Unit's Deactivation

Applicants should provide information on nuclear license extensions. Applicants should be required to model each unit separately from any other nuclear unit.

Miscellaneous

Applicants should provide documentation and analysis commenting on the impact of the December 19, 2019 MOPR decision on each individual unit. Applicants should also detail the impact of a scenario where New Jersey seeks to pursue the Fixed Resource Requirement option.

An electronic copy of this letter will be emailed to zec.comments@bpu.nj.gov.

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May 15, 2020
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Please acknowledge receipt of these comments.

Thank you for your consideration and attention to this matter.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

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Litigation Manager

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