IN THE MATTER OF THE DETERMINATION OF THE ZERO EMISSION CERTIFICATE PRICE FOR ENERGY YEAR 2023

ORDER DETERMINING ZEC PRICE FOR ENERGY YEAR 2023

DOCKET NO. EO23080551

Parties of Record:

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Aaron I. Karp, Esq., PSEG Nuclear LLC

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board”) determines the Zero Emission Certificate (“ZEC”) price for energy year 2023, beginning June 1, 2022 through May 31, 2023.

I. BACKGROUND AND PROCEDURAL HISTORY

A ZEC represents the fuel diversity, air quality, and other environmental attributes of one megawatt-hour (“MWh”) of electricity generated by a nuclear power plant (“Unit”) selected by the Board to participate in the ZEC Program. As mandated by the ZEC Act, N.J.S.A. 48:3-87.3 et seq (“Act”), every three (3) years the Board conducts a proceeding to certify which, if any, Units are eligible to participate in the ZEC Program and receive ZECs in accordance with the Act. Once the Board certifies one or more Units are eligible to receive ZECs, New Jersey’s four (4) investor-owned electric distribution companies (“EDCs”) and the municipal electric distribution company Butler Electric Utility (“Butler”), subsequently purchase ZECs from the Units, and the proceeds help the Units prevent premature retirement. The EDCs collect monies to purchase

1 See N.J.S.A. 48:3-87.5(e) (criteria to determine eligibility), and N.J.S.A. 48:3-87.5(d) (no obligation to certify any Unit as eligible).
ZECs via a non-bypassable ZEC charge imposed on the customers of the State’s electric distribution utilities.

On August 29, 2018, the Board initiated the ZEC Program. On July 10, 2019, in compliance with the Act, the Board established certain requirements for EDCs and entities receiving ZECs. In the July 2019 Order, the Board directed Staff to present an updated ZEC price in August of each year that selected units are eligible to receive ZECs. The Board further directed the EDCs to provide the Board with data showing 1) the amount of monies held in the ZEC account, including interest collected, established by N.J.S.A. 48:3-87.5(j)(1) and 2) the total number of MWh of electricity distributed (i.e., sold) by the EDCs in the prior energy year. Finally, the Board directed the owners of the selected nuclear Units to provide the Board an accounting of the total MWh of electricity generated by the Units in the prior energy year, collectively (“Filing Requirements”). The Board instructed that “[t]his information must be certified and provided to the Board annually by July 30.”

On April 27, 2021, the Board found the Salem 1, Salem 2, and Hope Creek nuclear plants to be eligible to receive ZECs for the second eligibility period, June 1, 2022 through May 31, 2025 (“ZEC 2”). In addition, the Board found that no reduction in the ZEC charge was warranted for the ZEC 2 period.

II. FORWARD REQUIREMENT: DETERMINING THE ZEC PRICE

Pursuant to the Act, the Board must “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.”

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Pursuant to the July 2019 Order, upon receipt of the Filing Requirements, the Board determines the ZEC price using the following calculation, where all values are for the prior energy year:

\[
\text{Price of ZEC} = \frac{A \text{ ($)}}{\text{The greater of: } B \text{ (MWh)} \text{ or } C \text{ (MWh)}}
\]

Where,
- \(A\) = Total amount in utility ZEC accounts, in dollars
- \(B\) = 40\% of all electricity distributed (i.e., sold) by utilities, in MWh
- \(C\) = Total electricity generated by selected nuclear Units, in MWh

### III. ZEC PRICE FOR ENERGY YEAR 2023

Upon receipt of the Filing Requirements in July 2023, Staff calculated the energy year 2023 ZEC price to be $9.88 per megawatt-hour based upon the following:

<table>
<thead>
<tr>
<th></th>
<th>Energy Year 23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ZEC Rate, $/kWh</strong></td>
<td>0.004</td>
</tr>
<tr>
<td><strong>Retail Sales Volumes (MWh)</strong></td>
<td></td>
</tr>
<tr>
<td>PSE&amp;G</td>
<td>40,150,452</td>
</tr>
<tr>
<td>JCP&amp;L</td>
<td>19,910,241</td>
</tr>
<tr>
<td>ACE</td>
<td>8,624,905</td>
</tr>
<tr>
<td>RECO</td>
<td>1,504,806</td>
</tr>
<tr>
<td>Butler</td>
<td>105,545</td>
</tr>
<tr>
<td><strong>Total Retail Sales Volume</strong></td>
<td>70,295,949</td>
</tr>
<tr>
<td><strong>Utility Revenues in ZEC accounts($)</strong></td>
<td></td>
</tr>
<tr>
<td>PSE&amp;G</td>
<td>160,601,810</td>
</tr>
<tr>
<td>JCP&amp;L</td>
<td>79,640,964</td>
</tr>
<tr>
<td>ACE</td>
<td>34,499,620</td>
</tr>
<tr>
<td>RECO</td>
<td>6,019,222</td>
</tr>
<tr>
<td>Butler</td>
<td>422,180</td>
</tr>
<tr>
<td><strong>Total Utility Revenues ($) (A)</strong></td>
<td>281,183,796</td>
</tr>
<tr>
<td><strong>Nuclear Generation (MWh)</strong></td>
<td></td>
</tr>
<tr>
<td>Hope Creek</td>
<td>9,003,576</td>
</tr>
<tr>
<td>Salem 1</td>
<td>10,247,516</td>
</tr>
<tr>
<td>Salem 2</td>
<td>9,196,553</td>
</tr>
<tr>
<td><strong>Total Actual EY2023 Generation (MWh) (C)</strong></td>
<td>28,447,645</td>
</tr>
<tr>
<td><strong>40% of New Jersey Retail Sales (MWh) (B)</strong></td>
<td>28,118,380</td>
</tr>
<tr>
<td><strong>ZEC Price ($/MWh) (A / (greater of B or C)</strong></td>
<td>9.88</td>
</tr>
</tbody>
</table>
IV. DISCUSSION AND FINDINGS

As set forth above, for energy year 2023, the number of megawatt-hours generated by the nuclear units was greater than 40 percent (40%) of electricity distributed by the EDCs. Accordingly, to determine the ZEC price, the Board must divide the total dollar amount held by all electric public utilities in their separate accounts, established pursuant to the ZEC Act, by the number of megawatt-hours generated by the nuclear units in the prior energy year. For energy year 2023, this calculation yields a ZEC price of $9.88 per MWh.

The Board HEREBY ACCEPTS Staff’s ZEC price for energy year 2023. The Board HEREBY FINDS that Staff’s ZEC price calculations are consistent with the Act and the Board’s direction in the July 2019 Order. Accordingly, the Board HEREBY ORDERS that the ZEC price for energy year 2023 be set at $9.88 per MWh.

This Order shall be effective on August 23, 2023.

DATED: August 16, 2023

BOARD OF PUBLIC UTILITIES
BY:

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CHRISTINE GUHL-SADOVY
COMMISSIONER

MARIAN ABDOU
COMMISSIONER

SHERRI L. GOLDEN
SECRETARY
IN THE MATTER OF THE DETERMINATION OF THE ZERO EMISSION CERTIFICATE PRICE FOR ENERGY YEAR 2023

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