

Statement of the New Jersey Utility Shareholders Association
on the Zero Emission Certificate Program Applications by PSEG Nuclear and Exelon Generating
Company for Salem Units 1 & 2 and by PSEG Nuclear for Hope Creek
BPU Docket Nos. ER20080557, ER20080558, & ER20080559

February 1, 2021

Good evening commissioners, Board staff and interested parties. I am Karen Alexander, president of the New Jersey Utility Shareholders Association. NJUSA is a non-profit organization founded to represent the interests of New Jersey residents who own shares in one or more companies with operating subsidiaries that provide essential utility service in New Jersey. NJUSA's mission is two-pronged: to educate our members on legislative and regulatory matters that can affect the value of their utility shares and to ensure that our members' interests are represented in the public policy forum when decisions on those matters are being made. Membership in NJUSA is open only to individual shareholders. Institutional investors are not eligible to join.

I appreciate the opportunity to share the views of our members on the important issue of continuing financial support for the three remaining nuclear facilities operating in the State. NJUSA strongly supports the continuation of the ZEC program for these critically important facilities and urges the Board to grant the continuation of the current ZEC charge of \$10/MWh through the second eligibility period for all three plants.

The vast majority of NJUSA members are senior citizens for whom utility stocks can represent an important source of supplemental income in their retirement years. They are average New Jerseyans as sensitive, if not more so, to the extraordinary health and economic challenges posed by the COVID-19 pandemic, even more so for those who are seniors.

As both ratepayers and utility shareholders, NJUSA members are acutely aware of the potential impact both of increased rates and of events that can diminish the value of their utility shares. They understand, perhaps better than most, the challenge the Board faces in fulfilling its mission to balance ratepayer and shareholder interests. As New Jersey residents, they have observed the policy shifts from one administration to the next at both the state and federal levels as to whether and to what extent clean energy will be pursued. I cannot speak to the political views of our members or whether individually they support green energy, but I can say with confidence that uncertainty is anathema to people who look to utility investments as a modest and stable source of income.

Not all NJUSA members hold shares in PSEG. As New Jersey residents, all, however, stand to be affected by the Board's decision on this matter. Whether PSEG shareholders or not, certainty and reliability in the supply of electricity is critically important. In terms of electric reliability, PSEG's nuclear assets benefit all New Jerseyans. In terms of certainty, I can tell you that for an older generation of New Jerseyans who remember an energy policy environment pre-EDECA deregulation and who are just starting to get their arms around the concept that electric and gas utilities can still make money even when they sell less energy, there is a desire for more certainty, not less, from energy policy-maker's decisions.

Conservative-minded retail utility investors would not find investment in nuclear plants financially abandoned by the State to be an attractive place for their limited dollars. This is particularly so since investors cannot earmark their dollars for only the regulated utility operations. These are not shareholders who typically find comfort in merchant electric generating plants, which are essentially what Salem 1 & 2 and Hope Creek are without the underpinnings of the ZEC program.

The uncertainties of the merchant electricity marketplace are considerable, buffeted by lower cost fossil fuels and the uncertainty of future FERC and RTO market decisions. This market uncertainty was clearly expressed in PSEG's Q3 2020 Earnings Call, in which Ralph Izzo reported:

“... current market conditions continue to be influenced by lower loads due to COVID-19, low natural gas prices and ample generation.” He continued: “Persistently low PJM day ahead power prices make the (sic) economic pressures on our baseload carbon free nuclear units even more challenging.”

In this environment, absent the support of the ZEC charge, the flow of investment capital needed for ongoing traditional and clean energy utility operations could be put at risk. The ZEC charge is clearly critical for the continued operation of the nuclear units. However, from the investor perspective, BPU's continuation of the full statutorily-authorized ZEC charge would signify that the State understands that while the power generation and utility operations are separate from a regulatory and corporate finance standpoint, they are inseparable in terms of whether the State's actions encourage or discourage continued shareholder investment.

New Jersey's clean energy transformation is underway, with nuclear energy clearly established as an essential leg of a three-legged stool. That stool consists of the carbon-free electricity generated by the nuclear plants and the growing, but not yet comparable, contributions of the yet-to-be-achieved energy efficiency and renewable energy goals. If the stool is to continue to stand, the nuclear leg must be supported with the continuation of the ZEC charge through the next eligibility period.

The Board has accomplished an extraordinary amount of work over the past three years—you substantially revised the Energy Master Plan, created a comprehensive framework for utility-run energy efficiency programs, completed a major transition to the State's solar energy program, advanced the first major offshore-wind project with a second in the offing. These are considerable gains, and that is just in the energy arena! But even with these advancements, absent a continued commitment to nuclear generation through the \$10/MWh charge, the State simply will not be able to achieve its important clean energy goals.

I appreciate the opportunity to share our views and wish everyone continued good health and safety.