

ASSEMBLY, No. 5330

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED DECEMBER 14, 2017

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblyman ADAM J. TALIAFERRO

District 3 (Cumberland, Gloucester and Salem)

Assemblyman SEAN T. KEAN

District 30 (Monmouth and Ocean)

SYNOPSIS

Establishes Nuclear Diversity Certificate program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/21/2017)

1 AN ACT concerning nuclear energy and supplementing P.L.1999,
2 c.23.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. a. The Legislature finds and declares that:

8 (1) New Jersey has historically relied on a diverse mix of energy
9 supply sources, including nuclear power, to meet the needs of its
10 residents and businesses.

11 (2) The December 2015 Update to the New Jersey Energy
12 Master Plan recommends that this State ensure that 70 percent of
13 the State's electric needs are generated by clean energy sources by
14 2050. Nuclear power is a critical source of zero emissions energy
15 as the State reduces its reliance on fossil fuels and transitions to
16 clean energy.

17 (3) Nuclear power is a critical component of the State's clean
18 energy portfolio because nuclear power plants do not emit
19 greenhouse gases and other pollutants; in addition, nuclear power is
20 an important element of a diverse energy portfolio that currently
21 supplies approximately 40 percent of New Jersey's electric power
22 needs.

23 (4) Nuclear power plants that currently provide electricity in
24 New Jersey are at risk for premature retirement due to a variety of
25 factors.

26 (5) There is a trend toward a less diverse energy portfolio
27 nationwide as: the share of coal-fired power plants is declining; the
28 share of clean energy, such as wind and solar, may be limited by
29 external constraints in the near-term; and the share of natural gas-
30 fired power plants is increasing.

31 (6) The North American Electric Reliability Corporation, the
32 entity charged by federal law to develop and enforce reliability
33 standards for the bulk power system, issued its 2016 Long-Term
34 Reliability Assessment in December 2016, stating that "reliance on
35 a single fuel increases vulnerabilities, particularly during extreme
36 weather conditions," that "over the past decade several areas have
37 significantly increased their dependence on natural gas," and that
38 regulators and legislators should consider the uncertainties in
39 generation retirements and generation mix changes that can
40 manifest and have reliability impacts.

41 (7) Fuel assurance is a growing consideration for the electric
42 power delivery system. Capacity challenges on existing natural gas
43 pipelines combined with the difficulty in siting and constructing
44 new natural gas pipelines, along with competing uses for natural
45 gas, such as building heating, have created supply constraints in the
46 past, and those constraints could impact system reliability.

47 (8) Recent severe weather events have demonstrated the need to
48 improve the resilience of the electric power delivery system. The

1 mix of generation resources serving New Jersey residents must be
2 capable of handling high-impact, low probability weather events.
3 Having a mix of resources and fuels available when a major
4 disturbance occurs is essential.

5 (9) The electric power demand in this State currently met by
6 nuclear power plants would not be met by renewable energy sources
7 if those nuclear power plants cease production. Therefore, electric
8 demand in this State would be met in the near term primarily by
9 increased reliance on existing and new natural gas-fired generation
10 and, secondarily, by increased reliance on coal-fired generation.

11 b. The Legislature therefore determines that:

12 (1) In light of the primacy of natural gas use for heating
13 buildings in New Jersey, increased reliance on natural gas-fired
14 power plants will render the electric generation and delivery
15 systems less resilient and more vulnerable to the impacts of extreme
16 winter weather, natural gas pipeline accidents, and other factors
17 affecting the deliverability of natural gas to electric power plants in
18 and around this State.

19 (2) An increase in the proportion of New Jersey's electricity
20 demand met by natural gas and coal caused by the premature
21 retirement of nuclear power plants will result in a substantial
22 increase in emissions of several pollutants and associated adverse
23 public health and environmental impacts.

24 (3) Increased reliance on natural gas and coal-fired power plants
25 will substantially impede the State's ability to meet its existing air
26 quality and emissions standards and requirements.

27 (4) In this State, the model of providing credits to zero- or low-
28 emission energy generation sources as compensation for their
29 environmental attributes has proven successful for generators of
30 Class I and Class II renewable energy, which receive renewable
31 energy certificates, including solar electric power generators, which
32 receive solar renewable energy certificates.

33 (5) A program that recognizes and compensates nuclear power
34 plant operators in a manner similar to other non-emitting energy
35 generation resources, to the extent required to prevent the loss of
36 nuclear energy, which the State's residents and businesses rely on
37 for approximately 40 percent of their electricity needs, would
38 further this State's interest in environmental protection and
39 maintaining a diverse mix of energy sources.

40

41 2. As used in this act:

42 "Board," "electric public utility," and "energy year" or "EY"
43 shall have the same meaning as provided in section 3 of P.L.1999,
44 c.23 (C.48:3-51).

45 "Eligible nuclear power plant" means a nuclear power plant
46 certified by the board to allow it to be selected to participate in the
47 program established pursuant to section 3 of this act.

1 “Eligibility period” means the period of time, measured in
2 energy years, during which a selected nuclear power plant may
3 receive a NDC pursuant to section 3 of this act.

4 “Nuclear diversity certificate” or “NDC” means a certificate,
5 issued by the board or its designee, representing the environmental
6 and fuel diversity attributes of one megawatt-hour of electricity
7 generated by an eligible nuclear power plant selected by the board
8 to participate in the program established pursuant to the provisions
9 of section 3 this act.

10 “Nuclear power plant” means an individual electric generating
11 unit utilizing nuclear fuel to produce electric power.

12 “Selected nuclear power plant” means an eligible nuclear power
13 plant selected by the board to participate in the program established
14 pursuant to section 3 of this act.

15

16 3. a. No later than 30 days after the effective date of this act, a
17 nuclear power plant seeking to participate in the program
18 established by this act shall provide to the board certified cost
19 projections over the next three energy years, including operation
20 and maintenance expenses, fuel expenses, non-fuel capital
21 expenses, the cost of operational and market risks that would be
22 avoided by ceasing operations, and any other information, financial
23 or otherwise, to demonstrate that the nuclear power plant’s fuel
24 diversity and air quality attributes are at risk of loss because the
25 nuclear power plant is cash negative on an annual basis, or
26 alternatively is not covering its costs including its cost of capital on
27 an annual basis. A nuclear plant seeking to participate in the
28 program shall further provide, no later than 30 days after the
29 effective date of this act, a certification that the nuclear power plant
30 will cease operations within three years unless the nuclear power
31 plant experiences a material financial change, and the certification
32 shall specify the necessary steps required to be completed to cease
33 the nuclear power plant’s operations. The financial and other
34 information required pursuant to this subsection may be submitted
35 on a confidential basis and shall be treated and maintained as
36 confidential by the board and not subject to public disclosure,
37 notwithstanding any law to the contrary, including the common law.

38 b. Notwithstanding any law, regulation, rule, or order to the
39 contrary, the board shall complete a proceeding no later than 180
40 days after the effective date of this act to allow for the
41 commencement of a program allowing for the issuance by the board
42 of a nuclear diversity certificate. In this proceeding, the board shall
43 adopt, after notice, the opportunity for comment, and public
44 hearing, an order establishing a NDC program for selected nuclear
45 power plants which shall include, but need not be limited to:

46 (1) a method and application process for the determination of
47 the eligibility and selection of nuclear power plants; and

1 (2) the establishment of a mechanism for each electric public
2 utility to purchase NDCs from selected nuclear power plants and a
3 mechanism for the board to effectuate the provisions of subsection
4 i. of section 3 of this act.

5 c. No later than 210 days after the effective date of this act, a
6 nuclear power plant seeking to participate in the program
7 established by this act shall submit its application to the board.

8 d. Notwithstanding any law, regulation, rule, or order to the
9 contrary, the board shall complete a proceeding no later than 300
10 days after the effective date of this act and shall adopt, after notice,
11 the opportunity for comment, and public hearing, an order
12 establishing a rank-ordered list of the nuclear power plants eligible
13 to be selected to receive NDCs, and establishing which eligible
14 nuclear power plants have been selected to receive NDCs, pursuant
15 to this section. If the board determines, in its discretion, that no
16 nuclear plant that applies in accordance with subsection c. of
17 section 3 of this act satisfies the objectives of this act, then the
18 board shall be under no obligation to certify any nuclear power
19 plant as an eligible nuclear power plant.

20 e. In order to be certified by the board as an eligible nuclear
21 power plant, in addition to the requirements imposed by subsection
22 a. of this section, a nuclear power plant shall:

23 (1) be licensed to operate by the United States Nuclear
24 Regulatory Commission by the effective date of this act and through
25 2030 or later;

26 (2) demonstrate to the satisfaction of the board that it makes a
27 significant and material contribution to the diversity and resiliency
28 of the energy resource mix for electricity delivered in this State;

29 (3) demonstrate to the satisfaction of the board that it makes a
30 significant and material contribution to the air quality in this State
31 by minimizing emissions that result from electricity consumed in
32 New Jersey, it minimizes harmful emissions that adversely affect
33 the citizens of this State, and if the nuclear power plant were to
34 retire, that retirement would significantly and negatively impact
35 New Jersey's ability to comply with State air emissions reduction
36 requirements;

37 (4) demonstrate to the satisfaction of the board, through the
38 financial and other confidential information submitted to the board
39 pursuant to subsection a. of this section, and any other information
40 required by the board, which information may be submitted on a
41 confidential basis and shall be treated and maintained as
42 confidential by the board and not subject to public disclosure,
43 notwithstanding any law to the contrary, including the common law,
44 that the nuclear power plant's fuel diversity and air quality
45 attributes are at risk of loss because the nuclear power plant is cash
46 negative on an annual basis, or alternatively is not covering its costs
47 including its cost of capital on an annual basis, and that the nuclear

1 power plant will cease operations within three years unless the
2 nuclear power plant experiences a material financial change;

3 (5) certify annually that the nuclear power plant does not receive
4 any direct or indirect payment or credit under a law of this State,
5 other state or federal law, or regional compact, despite its
6 reasonable best efforts to obtain any such payment or credit, for its
7 fuel diversity, resilience, or environmental attributes that will
8 eliminate the need for the nuclear power plant to retire prematurely,
9 except for any payment or credit received under the provisions of
10 this act; and

11 (6) submit an application fee to the board in an amount to be
12 determined by the board, but which shall not exceed \$250,000, to be
13 used to defray the costs incurred by the board to administer the
14 NDC program.

15 f. In ranking eligible nuclear power plants from first to last, the
16 board shall consider how well the nuclear power plants satisfy the
17 criteria set forth under the provisions of this act, and shall also
18 consider other relevant factors such as sustainability or long-term
19 commitment to nuclear energy production in a manner that benefits
20 New Jersey's air quality and fuel diversity. Two or more eligible
21 nuclear power plants shall not have the same ranking.

22 g. (1) The board shall select eligible nuclear power plants to
23 receive NDCs according to their ranking. Beginning with the top-
24 ranked eligible nuclear power plant and continuing in rank order,
25 the board shall continue to select nuclear power plants until the
26 combined number of megawatt-hours of electricity produced in EY
27 2017 by all selected nuclear power plants equals 40 percent of the
28 total number of megawatt-hours of electricity distributed by electric
29 public utilities in this State in EY 2017. The board shall not select
30 an eligible nuclear power plant to receive NDCs if the addition of
31 the electricity produced by that nuclear power plant in EY 2017 to
32 the electricity produced in EY 2017 by the selected plants ranked
33 ahead of that plant on the rank-ordered list exceeds 40 percent of
34 the total number of megawatt-hours of electricity distributed by
35 electric public utilities in this State in EY 2017.

36 (2) A selected nuclear power plant shall be eligible to receive
37 NDCs 300 days after the effective date of this act. In the first
38 energy year in which an eligible nuclear power plant is selected, the
39 nuclear power plant shall receive a number of NDCs equal to the
40 number of megawatt-hours of electricity it produced in that energy
41 year starting on the date of the eligible nuclear power plant's
42 selection. In each energy year thereafter, each selected nuclear
43 power plant shall receive a number of NDCs equal to the number of
44 megawatt-hours of electricity that it produced in that energy year.

45 h. (1) Selected nuclear power plants shall initially receive
46 NDCs for an eligibility period that shall run through the end of the
47 first energy year in which the nuclear power plant is selected, plus
48 an additional three energy years.

1 (2) No later than 13 months prior to the conclusion of the initial
2 eligibility period established pursuant to paragraph (1) of this
3 subsection, and no later than 13 months prior to the conclusion of
4 each three energy year eligibility period thereafter, a nuclear power
5 plant may demonstrate its eligibility to the board and the board may
6 certify the nuclear power plant's eligibility to receive NDCs for
7 additional eligibility periods of three energy years, consistent with
8 the provisions of this act.

9 (3) A selected nuclear power plant shall annually certify to the
10 board that it will continue operations at full or near full capacity for
11 the duration of the period of its eligibility to receive NDCs, except
12 with respect to nuclear power plant shutdowns for necessary
13 maintenance and refueling.

14 i. (1) The board shall determine the price of a NDC each energy
15 year by dividing the total number of dollars held by electric public
16 utilities in the accounts established pursuant to paragraph (1) of
17 subsection j. of this section at the end of the prior energy year by
18 the greater of: 40 percent of the total number of megawatt-hours of
19 electricity distributed by the electric public utilities in this State in
20 the prior energy year, or the number of megawatt-hours of
21 electricity generated in the prior energy year by the selected nuclear
22 power plants.

23 (2) Each electric public utility in this State shall be required to
24 begin to purchase NDCs on a monthly basis from each selected
25 nuclear power plant with payment to follow within 90 days after the
26 conclusion of the first energy year in which selected nuclear power
27 plants receive NDCs and within 90 days after the conclusion of
28 each subsequent energy year. The number of NDCs an electric
29 public utility shall be required to purchase shall equal the total
30 number of NDCs received by the selected nuclear power plants for
31 the prior energy year pursuant to paragraph (2) of subsection g. of
32 this section multiplied by the percentage of electricity distributed in
33 this State by the electric public utility as compared to other electric
34 public utilities in this State.

35 (3) To ensure that a selected nuclear power plant shall not
36 receive double-payment for its fuel diversity, resilience, or
37 environmental attributes, the board shall annually determine the
38 dollar amount received by the selected nuclear power plant in an
39 energy year pursuant to a law of this State, other state law or federal
40 law, or regional compact referenced in paragraph (5) of subsection
41 e. of this section. Notwithstanding paragraph (2) of subsection i. of
42 this section, the number of NDCs purchased by each electric public
43 utility from a selected nuclear power plant for an energy year shall
44 be reduced by the number of NDCs equal in value to the dollar
45 amount determined by the board in this paragraph, multiplied by the
46 percentage of electricity distributed in this State by the electric
47 public utility as compared to other electric public utilities in this
48 State.

1 j. (1) The board shall order the full recovery of all costs
2 associated with the electric public utility's required procurement of
3 NDCs, and with the board's implementation of the NDC program
4 under this act, through a non-bypassable, irrevocable charge
5 imposed on the electric public utility's retail distribution customers.
6 Within 150 days of the effective date of this act, each electric public
7 utility shall file with the board a tariff to recover from its retail
8 distribution customers a charge in the amount of \$0.004 per
9 kilowatt hour, unless the board elects to reduce this charge pursuant
10 to paragraph (3) of this subsection. Within 60 days of the tariff
11 filing required pursuant to this paragraph, after notice, the
12 opportunity for comment, and public hearing, the board shall
13 approve the tariff, provided that it is consistent with the provisions
14 of this subsection. No later than the date of the board's order
15 establishing the initial selected nuclear power plants to receive
16 NDCs, each electric public utility shall implement the tariff and
17 begin collecting from its customers the approved charge. Revenues
18 collected by the electric public utility from the non-bypassable,
19 irrevocable charge shall be placed in a separate, interest-bearing
20 account and shall be used solely to purchase NDCs, and to
21 reimburse the board for reasonable, verifiable costs it incurs to
22 implement the NDC program pursuant to this act to the extent the
23 board's costs exceed the application fees collected by the board
24 pursuant to paragraph (6) of subsection e. of this section.

25 (2) Notwithstanding any provision of this act to the contrary, an
26 electric public utility shall not be required to purchase any
27 additional number of NDCs if the cost of the additional number of
28 NDCs exceeds the revenues deposited in the electric public utility's
29 separate, interest-bearing account, created pursuant to paragraph (1)
30 of this subsection, for that energy year, after subtracting the
31 reasonable, verifiable costs incurred by the board during that energy
32 year to implement the NDC program pursuant to subsections b., c.,
33 and d. of this section, which costs shall be remitted to the board
34 from the NDC fund each energy year in a manner to be determined
35 by the board. Excess monies in an electric public utility's separate,
36 interest-bearing account shall be refunded to its retail distribution
37 customers at the end of each energy year.

38 (3) (a) Notwithstanding the provisions of (1) of this subsection,
39 and to ensure that the NDC program remains affordable to New
40 Jersey residents, the board may, in its discretion, reduce the per-
41 kilowatt hour charge imposed in paragraph (1) of this subsection,
42 provided that the board determines that a reduced charge will
43 nonetheless be sufficient to achieve the State's fuel diversity and air
44 quality objectives by preventing the premature retirement of the
45 nuclear power plants that meet the eligibility criteria established
46 pursuant to subsections e. and f. of this section.

47 (b) If the board reduces the per-kilowatt hour charge imposed in
48 paragraph (1) of this subsection pursuant to subparagraph (a) of this

1 paragraph and makes the reduction applicable to the initial
2 eligibility period described in paragraph (1) of subsection h. of this
3 section, the board shall make its determination no later than 120
4 days after the effective date of this act. Within 30 days thereafter,
5 each electric public utility shall file, in lieu of the tariff described in
6 paragraph (1) of this subsection, a tariff consistent with the board's
7 determination. Within 60 days after the filing of the tariff, after
8 notice, the opportunity for comment, and public hearing, the board
9 shall approve the revised tariff, provided that it is consistent with
10 the board's determination.

11 (c) For the second three energy year eligibility period described
12 in paragraph (2) of subsection h. of this section, the per-kilowatt
13 hour charge shall be the charge set forth in paragraph (1) of this
14 subsection, unless the board reduces the per-kilowatt hour charge
15 pursuant to subparagraph (a) of this paragraph. The board may
16 reduce the per-kilowatt hour charge as provided for in paragraph (1)
17 of this subsection for the second eligibility period if, during any of
18 the two prior energy years, there is a .75 percent increase in the load
19 weighted residential statewide basic generation service rate for the
20 Statewide average residential customer based on two prior basic
21 generation service auctions. The load weighting shall be based
22 upon the kilowatt hours included in each public utility's approved
23 basic generation service. If the board reduces the per-kilowatt hour
24 charge provided for within paragraph (1) of this subsection for the
25 second three energy year eligibility period, the board shall make its
26 determination no later than 10 months prior to the commencement
27 of the second eligibility period. Within 30 days thereafter, each
28 electric public utility shall file a tariff consistent with the board's
29 determination. Within 60 days after the filing of the tariff, after
30 notice, the opportunity for comment, and public hearing, the board
31 shall approve the tariff, provided that it is consistent with the
32 board's determination pursuant to this paragraph.

33 (d) For every subsequent eligibility period provided for in
34 paragraph (2) of subsection h. of this section other than the first
35 eligibility period, the per-kilowatt hour charge shall be the charge
36 established pursuant to paragraph (1) of this subsection, unless the
37 board reduces the per-kilowatt hour charge pursuant to
38 subparagraph (a) of this paragraph. The board may reduce the per-
39 kilowatt hour charge provided for within paragraph (1) of this
40 subsection for subsequent eligibility periods other than the first
41 subsequent eligibility period if, during any of the three prior energy
42 years, there is a .75 percent increase in the load weighted residential
43 Statewide basic generation service rate for the statewide average
44 residential customer based on three prior basic generation service
45 auctions. The load weighting shall be based upon the kilowatt
46 hours included in each electric public utility's approved basic
47 generation service. If the board reduces the per-kilowatt hour
48 charge, the board shall make its determination no later than 10

1 months prior to the commencement of that period. Within 30 days
2 thereafter, each electric public utility shall file a tariff consistent
3 with the board's determination. Within 60 days after the filing of
4 the tariff, after notice, the opportunity for comment, and public
5 hearing, the board shall approve the tariff, provided that it is
6 consistent with the board's determination pursuant to this
7 paragraph. In such a case, the reduced per-kilowatt charge shall be
8 applicable to the remainder of the subsequent eligibility period.

9 k. (1) A selected nuclear power plant shall be excused from
10 performance, including but not limited to the sale of NDCs, and a
11 payment from an electric public utility shall not be due to the
12 selected nuclear power plant, if:

13 (a) A selected nuclear power suspends or ceases operations,
14 despite the selected nuclear power plant's reasonable efforts
15 continue operations, due to an event beyond its control, including,
16 but not limited to, acts of God, flood, drought, earthquake, storm,
17 fire, lightning, epidemic, war, riot, labor dispute, labor or material
18 shortage, sabotage, or explosion. The selected nuclear power plant
19 shall no longer be excused from performance, and a payment from a
20 public utility shall be due, after the conclusion of the event.

21 (b) A State law is enacted imposing a significant new tax,
22 special assessment, or fee on the generation of electricity, the
23 ownership or leasehold of a generating unit, or the privilege or
24 occupation of the generation, ownership, or leasehold of generation
25 units by a selected nuclear power plant.

26 (c) A State or federal law is enacted that materially reduces the
27 value of a NDC, or the board exercises its discretion to reduce the
28 amount of the per-kilowatt hour charge pursuant to paragraph (3) of
29 subsection j. of this section.

30 (d) The selected nuclear power plant requires capital
31 expenditures in excess of \$40,000,000 that were neither known nor
32 reasonably foreseeable at the time it was selected to receive NDCs,
33 and the capital expenditures are expenditures that a prudent owner
34 or operator of a selected nuclear power plant would not undertake.

35 (e) The United States Nuclear Regulatory Commission
36 terminates the selected nuclear power plant's license.

37 (2) If a selected nuclear power plant ceases operations during an
38 eligibility period for any reason other than those specified in this
39 subsection, the selected nuclear power plant shall pay a charge to
40 the electric public utilities that purchased NDCs from the selected
41 nuclear power plant in an amount equal to the compensation
42 received for the sale of NDCs since the board's last determination
43 of the selected nuclear power plant's eligibility to receive NDCs.
44 An electric public utility shall provide a refund to its retail
45 distribution customers in an amount equal to the charge paid by a
46 selected nuclear power plant to the electric public utility pursuant to
47 the provisions of this paragraph.

1 (3) If a selected nuclear power plant ceases operations for any
2 reason prior to the end of its United States Nuclear Regulatory
3 Commission license, the plant's owner shall, within 90 days of
4 filing with the Nuclear Regulatory Commission to cease operations,
5 submit a plan to the board to retain, retrain, or compensate
6 personnel whose employment would be eliminated as a direct result
7 of the cessation of the selected nuclear power plant's operations,
8 including an alternative economic development plan for
9 communities that rely on the selected nuclear power plant for a
10 substantial portion of their tax revenues.

11

12 4. This act shall take effect immediately.

13

14

15

STATEMENT

16

17 This bill directs the Board of Public Utilities (board) to establish
18 a Nuclear Diversity Certificate (NDC) program. Under the bill, an
19 NDC is a certificate, issued by the board or its designee,
20 representing the environmental and fuel diversity attributes of one
21 megawatt-hour of electricity generated by an eligible nuclear power
22 plant selected by the board to participate in the NDC program.

23

24 Under the bill, to participate in the NDC program, a nuclear
25 power plant is to: be licensed to operate by the United States
26 Nuclear Regulatory Commission by the effective date of this bill
27 and through 2030 or later; (2) demonstrate to the satisfaction of the
28 board that it makes a significant and material contribution to the
29 diversity and resiliency of the energy resource mix for electricity
30 delivered in this State; (3) demonstrate to the satisfaction of the
31 board that it makes a significant and material contribution to the air
32 quality in this State by minimizing emissions that result from
33 electricity consumed in New Jersey; (4) provide financial
34 information demonstrating that the plant will cease operations; (5)
35 certify annually that the nuclear power plant does not receive any
36 direct or indirect payment or credit under a law of this State, other
37 state or federal law, or regional compact, despite its reasonable best
38 efforts to obtain any such payment or credit; and (6) submit an
39 application fee to the board in an amount to be determined by the
40 board, but which is not to exceed \$250,000, to be used to defray the
41 costs incurred by the board to administer the NDC program.

41

42 The board is to determine the price of a NDC each energy year
43 under the formula provided in the bill. Within 90 days after the
44 conclusion of an energy year, each electric public utility (utility) in
45 this State is to be required to pay each nuclear power plant that
46 received NDCs for that prior energy year for a quantity of NDCs
47 equal to the total number of NDCs received by the nuclear power
48 plant multiplied by the percentage of electricity the utility
distributed in this State as compared to other utilities in this State.

1 The board is to order the full recovery of all costs associated
2 with the utility's procurement of NDCs through a non-bypassable,
3 irrevocable charge imposed on the customers of the utility.

4 A selected nuclear power plant is to initially receive NDCs
5 through the end of the first energy year in which the plant was
6 selected, plus an additional three energy years thereafter, and then
7 is subject to review by the board triennially for renewed eligibility
8 for additional, three energy year periods.

9 A selected nuclear power plant may suspend or cease operations
10 under certain circumstances, including circumstances in which
11 events prevent the selected nuclear power plant from continuing
12 operations despite the selected nuclear power plant's reasonable
13 efforts continue operations. If a selected nuclear power plant ceases
14 operations during an eligibility period for any reason other than
15 those specified in the bill, the selected nuclear power plant is to pay
16 a charge to the utilities that purchased NDCs from the selected
17 nuclear power plant in an amount equal to the compensation
18 received for the sale of NDCs since the board's last determination
19 of the selected nuclear power plant's eligibility to receive NDCs.

20 New Jersey has historically relied on a diverse mix of energy
21 supply sources, including nuclear power, to meet the needs of its
22 residents and businesses. An increase in the proportion of New
23 Jersey's electricity demand met by natural gas and coal caused by
24 the premature retirement of nuclear power plants will result in a
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26 associated adverse public health and environmental impacts.

27 In this State, the model of providing credits to zero- or low-
28 emission energy generation sources as compensation for their
29 environmental attributes has proven successful for generators of
30 Class I and Class II renewable energy, which receive renewable
31 energy certificates, including solar electric power generators, which
32 receive solar renewable energy certificates.

33 A program that recognizes and compensates nuclear power plant
34 operators in a manner similar to other non-emitting energy
35 generation resources, to the extent required to prevent the loss of
36 nuclear energy, which the State's residents and businesses rely on
37 for approximately 40 percent of their electricity needs, would
38 further this State's interest in maintaining a diverse mix of energy
39 sources and in environmental protection.