

SENATE, No. 3061

STATE OF NEW JERSEY
217th LEGISLATURE

INTRODUCED MARCH 6, 2017

Sponsored by:

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District 16 (Hunterdon, Mercer, Middlesex and Somerset)

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District 17 (Middlesex and Somerset)

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Senator Greenstein

SYNOPSIS

Requires BPU to conduct study concerning zero emission credits.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT requiring the Board of Public Utilities to conduct a study
2 concerning zero emission credits.

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

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7 1. a. Within one year after the effective date of this act, the
8 Board of Public Utilities shall conduct a study and submit a written
9 report to the Governor and, pursuant to section 2 of P.L.1991, c.164
10 (C.52:14-19.1), to the Legislature concerning the feasibility and
11 benefits of adopting an energy policy in this State that includes a
12 zero emission credit program. In conducting this study, the board
13 shall:

14 (1) consider how implementation of a zero emission credit
15 program may benefit ratepayers by incentivizing the production of
16 carbon-free energy in the State;

17 (2) consider whether zero emission credits are an appropriate
18 financial incentive to aid in the development and promotion of
19 nuclear energy and other carbon-free energy production
20 technologies in the State;

21 (3) evaluate methods to value zero emission credits, considering
22 the potential benefits and costs to ratepayers, local governments,
23 and electric public utilities, and any impact on renewable energy
24 certificates and solar renewable energy credits;

25 (4) determine the optimal amount of zero emission credits and
26 the price thereof in order to provide the maximum benefit to
27 ratepayers; and

28 (5) calculate the cost to the State's ratepayers of adding the
29 optimal amount of zero emission credits.

30 b. In conducting the study concerning a zero emission credit
31 program required by this section, the board shall consult with public
32 and private entities in other states that have conducted studies
33 concerning, or are implementing, zero emission credit programs or
34 other carbon-free energy incentives.

35 c. The board's written report shall: (1) summarize the study
36 conducted pursuant to subsection a. of this section; (2) discuss and
37 quantify the potential benefits and costs associated with
38 implementing zero emission credits; (3) recommend appropriate
39 methods to value zero emission credits taking into account costs to
40 ratepayers; and (4) include any other mechanism determined by the
41 board to be a feasible alternative to incentivize the production of
42 carbon-free energy in the State.

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44 2. This act shall take effect immediately.

STATEMENT

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This bill requires the Board of Public Utilities (board) to conduct a study concerning the feasibility and benefits of implementing a zero emission credit (ZEC) program in this State.

In conducting the study required by the bill, the board would:

(1) consider how implementation of a ZEC program may benefit ratepayers by incentivizing the production of carbon-free energy in the State;

(2) consider whether ZECs are an appropriate financial incentive to aid in the development and promotion of nuclear energy and other carbon-free energy production technologies in the State;

(3) evaluate methods to value ZECs, considering the potential benefits and costs to ratepayers, local governments, and electric public utilities, and any impact on renewable energy certificates and solar renewable energy credits;

(4) determine the optimal amount of ZECs and the price thereof in order to provide the maximum benefit to ratepayers; and

(5) calculate the cost to the State’s ratepayers of adding the optimal amount of ZECs.

The bill directs the board to consult with public and private entities in other states that have conducted studies concerning, or are implementing, ZEC programs or other carbon-free energy incentives.

The bill requires the board to prepare and submit, within one year after enactment of the bill into law, a written report to the Governor and the Legislature concerning zero emission credits needs and opportunities in the State. The report would: (1) summarize the study conducted pursuant to the bill; (2) discuss and quantify the potential benefits and costs associated with implementing ZECs; (3) recommend appropriate methods to value ZECs taking into account costs to ratepayers; and (4) include any other mechanism determined by the board to be a feasible alternative to incentivize the production of carbon-free energy in the State.

The term “zero emission credit” refers to a mechanism intended to compensate nuclear power plants for their carbon-free attributes. They are similar in nature to solar renewable energy credits. Illinois and New York recently adopted policies concerning ZECs as a means to retain existing nuclear power plants in those states. Under these programs, a nuclear plant would receive a credit, i.e., a payment at a set rate, for every megawatt-hour of carbon-free electricity it generates