

# SENATE, No. 3560

## STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED DECEMBER 14, 2017

**Sponsored by:**

**Senator STEPHEN M. SWEENEY**

**District 3 (Cumberland, Gloucester and Salem)**

**Senator BOB SMITH**

**District 17 (Middlesex and Somerset)**

**Senator JEFF VAN DREW**

**District 1 (Atlantic, Cape May and Cumberland)**

**Co-Sponsored by:**

**Senator Lesniak**

**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  
15 energy year by dividing the total number of dollars held by electric  
16 public utilities in the accounts established pursuant to paragraph (1)  
17 of 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 any 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 Under the bill, to participate in the NDC program, a nuclear  
24 power plant is to: be licensed to operate by the United States  
25 Nuclear Regulatory Commission by the effective date of this bill  
26 and through 2030 or later; (2) demonstrate to the satisfaction of the  
27 board that it makes a significant and material contribution to the  
28 diversity and resiliency of the energy resource mix for electricity  
29 delivered in this State; (3) demonstrate to the satisfaction of the  
30 board that it makes a significant and material contribution to the air  
31 quality in this State by minimizing emissions that result from  
32 electricity consumed in New Jersey; (4) provide financial  
33 information demonstrating that the plant will cease operations; (5)  
34 certify annually that the nuclear power plant does not receive any  
35 direct or indirect payment or credit under a law of this State, other  
36 state or federal law, or regional compact, despite its reasonable best  
37 efforts to obtain any such payment or credit; and (6) submit an  
38 application fee to the board in an amount to be determined by the  
39 board, but which is not to exceed \$250,000, to be used to defray the  
40 costs incurred by the board to administer the NDC program.

41 The board is to determine the price of a NDC each energy year  
42 under the formula provided in the bill. Within 90 days after the  
43 conclusion of an energy year, each electric public utility (utility) in  
44 this State is to be required to pay each nuclear power plant that  
45 received NDCs for that prior energy year for a quantity of NDCs  
46 equal to the total number of NDCs received by the nuclear power  
47 plant multiplied by the percentage of electricity the utility  
48 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 with  
2 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  
25 substantial increase in emissions of several pollutants and  
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.