TESTIMONY OF THE PJM POWER PROVIDERS GROUP (P3)

New Jersey Senate Bill 4876

December 1, 2025

P3 Position: Opposed.

The PJM Power Providers Group (P3) is opposed to Senate Bill 4876 as it represents a costly and risky retreat from New Jersey's competitive market structure that if passed could harm both affordability and reliability in the Garden State.

P3 represents competitive power suppliers that invest private capital to provide reliable electricity to New Jersey and the entire PJM region. Our members finance, construct, operate, and maintain power generation resources at their own risk—without shifting costs to ratepayers through regulated rates. Combined, our members own over 108,000 MWs in the PJM footprint and build, own and operate most of the power generation facilities in New Jersey.[1]

While P3 appreciates the Legislature's interest in advancing certain power technologies, Senate Bill 4876, as written, moves New Jersey in the wrong direction. It creates expensive new subsidies in unproven technology while undoing decades of progress toward competitive power markets that protect consumers and encourage reliability at the least cost. P3 respectfully urges the Legislature to reject this bill and pursue ideas that can address New Jersey's power aspirations through lower cost alternatives.

I. The Advanced Nuclear Subsidy Program Is Costly, Risky, and Strikingly Similar to New Jersey's Troubled Offshore Wind Program

The bill creates a massive new ratepayer-backed subsidy structure for "advanced" or "small modular" nuclear reactors. P3 opposes these provisions for several reasons.

1. New Jersey ratepayers will bear extraordinary financial risk.

Under the bill, New Jersey customers would be responsible for:

- A new **Advanced Nuclear Development Charge (ANDC)** added to every electric bill that will be funded during the construction phase – meaning that New Jerseyans will pay before power is even produced.

[1] The view expressed in this testimony represent the views of P3 as an organization and not necessarily the views of any P3 members. For more information on P3: www.p3powergroup.com. A list of the assets P3 members own in New Jersey is attached.

- A requirement that suppliers purchase **Advanced Nuclear Energy Certificates (ANECs)** at prices set through a negotiation process, not competition; and at prices that are basically without limits.

The bill does not require competitive procurement. It does not protect customers from escalating costs. It effectively commits New Jersey families and businesses to underwriting a first-of-its-kind technology whose ultimate cost and performance are unknown and whose power could flow to other states. There is no cap on the cost of the ANEC's - potentially exposing New Jersey ratepayers to even higher power prices compared to New Jersey's neighbors. This bill sends New Jersey down a very consequential road and should be thoroughly discussed – not rushed through in the lame duck session.

2. The bill embraces costly and unproven technology—echoing New Jersey's offshore wind missteps.

New Jersey has already seen the consequences of committing ratepayers to large, speculative projects based on optimistic projections of cost, capabilities and performance. The trajectory of the State's offshore wind program—initial enthusiasm followed by failed projects, escalating costs, and cancellations—should serve as a cautionary tale.

Advanced nuclear reactors—particularly small modular reactors—remain:

- **Commercially unproven**, with no U.S. SMR project in commercial operation;
- **Marked by escalating construction costs**, including the widely publicized termination of NuScale's flagship project due to prohibitive economics[2]; and
- **Dependent on federal subsidies**, loan guarantees, and long-term above-market revenue requirements that run the political risk of being terminated.

The bill relies on the same model that failed in offshore wind: large customer-funded subsidies for a technology whose real-world costs are far from settled. New Jersey should learn from its experience—not repeat it.

Moreover, recent experiences with large nuclear development in the United States demonstrate just how costly and risky these projects can be for customers and taxpayers. The Vogtle expansion in Georgia—Units 3 and 4—was originally expected to cost **$14 billion** and begin service in 2016–2017. Instead, the project ballooned to **more than $35 billion**, became the most expensive power plant in U.S. history, and required repeated construction extensions, federal loan guarantees, and billions of dollars in customer-backed financing.[3]

---

[2] See, https://fortune.com/2023/11/09/nuscale-shares-smr-small-modular-reactor-cfpp-utah-rolls-royce-microsoft/#:~:text=NuScale%20shares%20plunge%20as%20flagship,Sign%20in

[3] See, https://apnews.com/article/georgia-nuclear-power-plant-vogtle-rates-costs-75c7a413cda3935dd551be9115e88a64

South Carolina's V.C. Summer expansion fared even worse: after spending approximately **$9 billion** on two partially constructed reactors, utilities abandoned the project entirely, leaving ratepayers responsible for years of stranded costs with nothing to show for the investment.[4] These projects were built by experienced utilities using established reactor designs—yet both suffered from massive overruns, unrealistic cost estimates, supply chain problems, and construction delays. If traditional nuclear projects with decades of operating history carry this level of financial and execution risk, it is unreasonable to assume that advanced or small modular nuclear reactors—technologies with no commercial track record—will deliver lower or more predictable costs for New Jersey customers.

3. If advanced nuclear is viable, it should succeed in competitive markets, not through legislated ratepayer mandates.

P3 supports resource diversity and innovation. If advanced nuclear reactors can compete on price, performance, and reliability, PJM's competitive markets will enable them to participate. But subsidizing an unproven generation type—outside competitive processes—will crowd out private investment, distort PJM markets, and expose customers to long-term risks.

II. Allowing Utilities to Build and Rate-Base Battery Storage is a Major Retreat from New Jersey's Competitive Market Structure

The bill also authorizes New Jersey's electric distribution companies (EDCs) to build, own, and rate-base 500 MW of battery storage. P3 opposes this provision because it represents a significant step backward from two decades of New Jersey leadership in competitive electricity markets.

1. New Jersey has long recognized that generation should be provided competitively—not with monopoly ratepayer funding.

Since restructuring in 1999, New Jersey has maintained a clear line between:

- **Competitive generation**, developed by private entities at their own risk; and
- **Monopoly distribution services**, provided by utilities under cost-of-service regulation.

Battery storage is a generation asset, used to arbitrage energy, provide capacity and ancillary services, and manage price volatility. There is no policy, operational, or economic justification for returning such functions to monopoly utilities—especially when competitive developers are ready and willing to build storage without ratepayer guarantees.

2. Re-monopolizing storage will increase costs to ratepayers.

[4] See, https://en.wikipedia.org/wiki/Nukegate_scandal

Rate-basing utility-owned storage means:

- All investment costs are recovered from customers, regardless of performance;
- Utilities earn a guaranteed return, even if lower-cost private competitors exist;
- Private investment is crowded out, ultimately raising project costs; and
- PJM markets are distorted by rate-based entrants insulated from risk.

This is the opposite of least-cost, competitive procurement. There is no reason for New Jersey to go down the path offered by Senate Bill 4876 – especially when affordability is so important to New Jersey ratepayers.

3. If New Jersey wants more energy storage, it should procure it competitively.

New Jersey has tools to encourage storage that do not undermine competitive markets. Competitive procurement has successfully delivered renewable energy, efficiency resources, and grid services across the region. Rather than handing battery storage procurement to the utilities to finance through utility rate base, New Jersey should develop market-based options that will use the competitive pressures to increase storage capacity in the state.

III. The Demand Optimization Program Also Risks Eroding Competitive Market Participation

While demand optimization and virtual power plants can provide real benefits, the bill again places these programs within the rate-based utility structure. P3 supports demand response and distributed energy resources—but they should compete in PJM markets through aggregators, not be utility-controlled assets financed by ratepayers.

Competitive providers already deliver demand response cost-effectively. New Jersey should reinforce—not replace—this competitive model.

IV. Conclusion

Senate Bill 4876, as drafted, would commit New Jersey ratepayers to billions of dollars in new subsidies, risk a repeat of the State's offshore wind struggles, and roll back more than 20 years of progress toward competitive markets. It is a major shift toward monopoly utility investment in assets traditionally provided by competitive suppliers—and it does so at a time when New Jersey customers are already facing rising energy costs.

For these reasons, the PJM Power Providers Group strongly opposes the "New Jersey Energy Security and Affordability Act" and urges the Committee to reject it.

We respectfully urge the Legislature to preserve competitive markets, protect consumers from unnecessary costs, and reject this bill and refocus attention on the solutions that will use the pressure of competitive markets to drive down costs for consumers while preserving reliability and meeting New Jersey's other energy goals.

P3 Power Generation Facilities in New Jersy

- **Alpha Gen**
    - Bergen - 1,245 MW (natural gas)
    - Burlington - 168 MW (natural gas)
    - Essex - 81 MW (dual-fuel)
    - Kearny - 456 MW (natural gas)
    - Linden - 1,639 MW (natural gas)
    - Sewaren 538 MW (natural gas)
- **Calpine**
    - Cumberland Energy Center - 191 MW (dual-fuel)
    - Sherman Ave Energy Center - 92 MW (dual-fuel)
    - Vineland Energy Center - 4 MW (solar)
- **Cogentrix**
    - Lakewood - 280 MW (natural gas)
    - Ocean Peaking – 374 MW (natural gas)
- **Constellation**
    - Salem Generating Station - 995 MW (nuclear) (43% ownership)
- **LS Power**
    - MARS Solar Facility - 2.2 MW (solar)
    - West Deptford - 738 MW (natural gas)
    - Yards Creek - 420 MW (hydroelectric)
- **Red Oak**
    - Sayerville - 832 MW (natural gas)
- **Vistra**
    - Sayreville CCGT - 349 MW (natural gas)
- **CPV**
    - Woodbridge Energy - 725 MW (natural gas)