

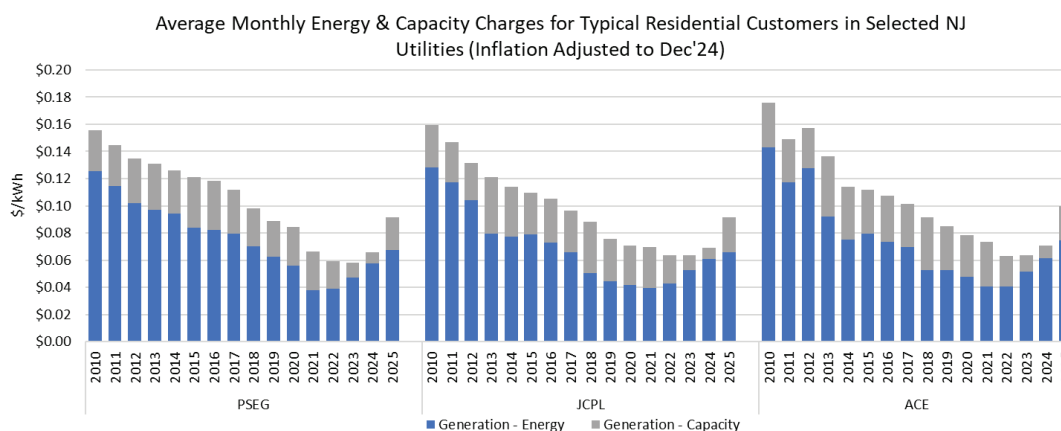
Utility-Owned Generation Threatens Competition and Consumer Benefits

New Jersey's electricity reliability and affordability are at risk and discussions about allowing utilities to directly saddle ratepayers with the costs and risks of new generation will make the problem worse, not better. A costly policy shift proposal in New Jersey threatens to undermine the benefits of electricity market deregulation, which has created a competitive, efficient marketplace that has benefited consumers.

The proposed reintegration of power generation under utility control risks reversing these gains, leading to higher costs, reduced innovation, and compromised reliability.

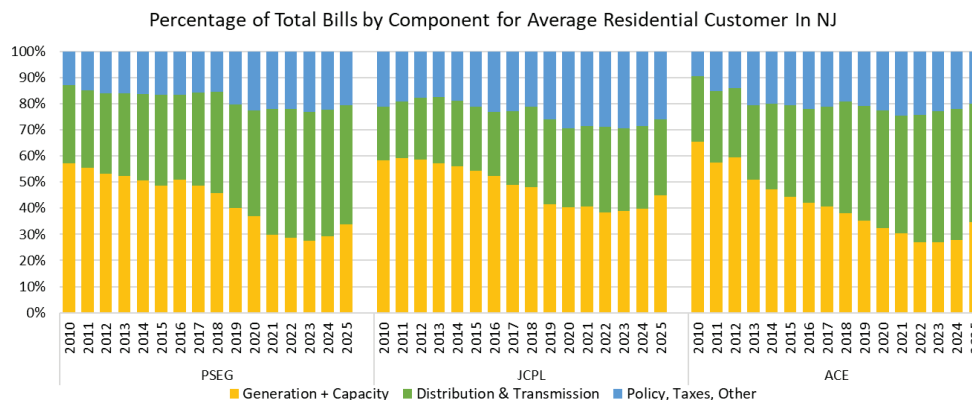
A competitive market structure benefits consumers

In 1999, New Jersey's Electric Discount and Energy Competition Act restructured the electricity market by separating generation from transmission and distribution to reduce high electricity costs through competition. This reform, supported by utilities and upheld by the State Supreme Court, lowered prices and improved service through generator competition.



Data indicates that generation energy and **capacity costs have decreased in real terms since 2010**, as detailed in a recent [Energy Tariff Experts study](#).

The generation portion of customer bills decreased, even with a projected June 1 capacity price increase, while transmission, distribution, and public policy costs have risen proportionally.



Utility-owned generation shifts financial risk to ratepayers

The risks associated with new power generation investments would be transferred from investors to utility ratepayers. This creates a risk-free financial environment for utilities while obligating ratepayers to subsidize generation projects, regardless of performance or market competitiveness. While New Jersey policy makers have expressed concerns about PJM capacity prices at \$270/Mwday, the price of capacity in Virginia where utilities build and own generation is over \$460/Mwday.

PSEG and other utilities can build and own generation under current law through competitive affiliates

Three years ago, PSEG sold nine modern and highly efficient natural gas-fired power plants in New Jersey and Maryland so as “to realize a more predictable earnings profile.” At one point, all of New Jersey’s utilities had competitive affiliates that offered generation services and operated on a level playing field with other competitive power producers and without the ability to charge captive ratepayers directly for the costs of operating those facilities. Nothing in New Jersey law prevents any of New Jersey’s utilities from building generation through a competitive affiliate that does not have consumers assuming the costs and risks associated with construction and operation.

Strengthening competition is the best path forward

We believe that properly designed, fairly regulated and well-functioning competitive wholesale electricity markets without artificial market subsidies are the most effective means of:

- Ensuring a reliable supply of power to the PJM region
- Facilitating the investment of at-risk capital in both new and existing technologies to deliver competitively priced power to consumers
- Complementing State and federal environmental objectives

About the PJM Power Providers Group (P3)

P3 is a non-profit organization that supports the development of properly designed and well-functioning power generation markets in the PJM region. All of New Jersey is located within the PJM footprint. P3 members own over 88,000 megawatts of generation assets and produce enough power to supply over 63 million homes in the PJM region.

Our members have invested tens of billions of dollars into facilities in the PJM marketplace without any regulatory guarantee of a return on that investment. P3 members own and operate virtually all forms of electricity generation (gas, wind, solar, nuclear, coal, hydrogen, battery storage), and provide demand response and battery storage services in certain markets and serve end-use consumers through retail affiliates.

P3 MEMBER NJ ASSETS

Alpha Gen

- Bergen – 1,245 MW (dual-fuel)
- Burlington – 168 MW (dual-fuel)
- Kearny – 456 MW (dual-fuel)
- Linden – 1,639 MW (dual-fuel)
- Sewaren 538 MW (dual-fuel)

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)

CPV

- Woodbridge Energy Center – 725 MW (natural gas)

JERA Americas

- Linden – 980 MW (gas and steam)

LS Power

- MARS Solar Facility – 2.2 MWdc (solar)
- West Deptford – 738 MW (natural gas)
- Yards Creek – 420 MW (hydroelectric)

Red Oak

- Sayreville – 832 MW (natural gas)

Vistra

- Sayreville CCGT – 349 MW (natural gas)