

ASSEMBLY BILL NO. 5517
(Fourth Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 5517 (Fourth Reprint) with my recommendations for reconsideration.

The bill would require the Board of Public Utilities ("BPU") to conduct a study and submit a report about the feasibility of developing advanced nuclear reactors in New Jersey. Among other things, this study would include BPU's evaluation of suitable locations to deploy advanced reactors, the economic viability and potential cost-saving mechanisms available for advanced reactors, safety precautions, environmental impacts, the ability to integrate advanced reactors with existing energy infrastructure and recover associated costs, and the need for and feasibility of a Statewide pilot program to deploy advanced reactors. While the study is underway, BPU would be required to conduct public stakeholder sessions and consult with the New Jersey Department of Environmental Protection ("DEP") and the Economic Development Authority, as well as the federal Nuclear Regulatory Commission.

I commend the sponsors of this legislation for catalyzing important research and preparation work to support the development of nuclear energy in New Jersey. The study required by the bill will yield key information that can help the State and private industry bolster a clean energy source that will provide much-needed power to New Jersey and our regional grid. There is no better time to lay the foundation for increased clean energy generation in New Jersey, as so many of our residents are struggling under the weight of high electricity bills.

While I fully support the objectives of this bill, I am recommending several revisions to the definition of "advanced reactor" to align with the definition of that term under federal

law, and, in particular, to reinsert information about modular reactors and operational flexibility that had previously been included in the definition.

Specifically, my recommended changes restore the date previously used in the definition of "advanced reactor" to December 27, 2020. Reverting to this date will ensure there is no gap between State and federal laws that define "advanced reactor," particularly where eligibility for federal funding may be implicated. In addition, I propose to reinsert modular sizes of reactors in the definition of "advanced reactors," which were contained in an earlier version of the bill and are in the federal definition of that term as well. If modular reactors are excluded here, the study directed by the bill and future policies built upon it will not encompass small modular reactors, which are expected to play an important role in New Jersey's nuclear development.

Finally, my recommended revisions restore the portion of the definition of "advanced reactors" that pertains to operational flexibility and the integration of advanced reactors with renewable energy or energy storage. A nuclear reactor's ability to respond to changes in electricity demand and integrate with other energy systems are features that will assist the State in meeting its energy goals, and are thus critical components that BPU should consider as part of this study.

Therefore, I herewith return Assembly Bill No. 5517 (Fourth Reprint) and recommend that it be amended as follows:

<u>Page 2, Section 2, Line 30:</u>	Delete "31" and insert "27"
<u>Page 2, Section 2, Line 30:</u>	Delete "2017" and insert "2020"
<u>Page 2, Section 2, Line 37:</u>	After "applications;" delete "and"

Page 3, Section 2, Lines 1-2:

Delete in their entirety and insert "modular sizes to allow for deployment that corresponds with the demand for electricity or process heat; and (11) operational flexibility to respond to changes in demand for electricity or process heat and to complement integration with intermittent renewable energy or energy storage."

[seal]

Respectfully,

Philip D. Murphy

Governor

Attest:

/s/ Kate E. McDonnell

Chief Counsel to the Governor