



## Public Service Commission

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### **Commission Announces Extension of Nuclear Power Credit Program**

#### **Commission Provides Owner of 4 Nuclear Reactors in New York With Necessary Financial Certainty to Assist in Federal License Renewal Process**

#### **Extension of Critically Important Support Keeps Upstate Nuclear Plants Financially Viable Through 2049**

**ALBANY** — The New York State Public Service Commission (Commission) today approved the 2025 zero-emissions credit program (ZEC) extension proposal to provide necessary financial certainty for New York’s existing fleet of upstate nuclear power plants to ensure that they continue to operate. These four nuclear reactors provide 21 percent of New York State’s power and more than 40 percent of the state’s zero-emission power and support the state’s pursuit of a clean, reliable electric grid. The ZEC program is one of the most cost-effective options to retain energy resources with low emissions and ensure the safe operation of these facilities for years to come.

“Extending the ZEC program through 2049 will help provide the upstate nuclear generators with the financial support they need to continue operating,” **said Commission Chair Rory M. Christian.** “Failing to extend the ZEC program creates a risk of these plants closing, which could have significant impacts on reliability, resource adequacy, and achievement of Statewide clean energy goals.”

New York is a national leader in clean energy development. By investing in the nuclear power industry in New York, the Commission is helping to create a cleaner, more reliable and affordable electric grid that will benefit all New Yorkers for decades to come. Maintaining the safe and reliable operation of the existing nuclear fleet is critical to an all-of-the-above approach to energy to keep the lights on, supporting energy independence, and preserving thousands of good-paying jobs.

To protect ratepayers, the Commission’s action includes safeguards such as contract performance requirements, a mechanism for reducing ZEC payments in the event other financial support becomes available, and a periodic program review process to ensure the funding provided through the ZEC program remains just and reasonable.

The Commission’s decision was based on several factors, including the reality that, should these facilities close, statewide greenhouse gas emissions would increase. While the state continues to build new renewable energy projects, doing so without nuclear would increase the costs of the state’s transition to a cleaner electric grid.

Additionally, without New York's four nuclear reactors (Ginna, Nine Mile with two nuclear reactors, and Fitzpatrick) the state would face unacceptable system reliability risks as a result of insufficient power. The Commission also recognized the need for new investments at these facilities to reduce age-related risks among other considerations before acting to continue the existing ZEC program to support the extended operation of upstate nuclear generators through 2049.

The Commission's action today is also part of Governor Hochul's initiative to catalyze new, advanced nuclear energy development in New York. In June, Governor Hochul directed the New York Power Authority (NYPA) to develop and construct a zero-emission advanced nuclear power plant in upstate New York to support a reliable and affordable electric grid, while providing the necessary zero-emission electricity to achieve a clean energy economy.

As New York transitions to a zero-emission electric grid, the state must ensure reliable and cost-effective power to keep homes, businesses, and critical infrastructure running at all hours. Following the Governor's directive last year, the Department of Public Service (Department) staff is working with the NYPA to advance the 1 GW goal. Staff is also collaborating with the New York State Energy Research and Development Authority (NYSERDA) to develop a Master Plan for new nuclear projects.

In her recently announced State of the State plan, Governor Hochul called on the Department to facilitate a cost-effective pathway to 4 additional gigawatts of new nuclear energy, that will combine with existing nuclear generation and NYPA's previously announced 1 gigawatt project to create an 8.4 gigawatt "backbone" of reliable energy for New Yorkers. Further details on how this new target will be achieved will be developed through a Commission proceeding where all stakeholders will have an opportunity to provide input on the best pathway to realize this goal.

Today's action builds on two PSC proceedings — Zero Emissions by 2040 and Clean Energy Standard —that are investigating the role of zero-emissions resources like advanced nuclear.

Extending the ZEC program through 2049 will help provide the upstate nuclear generators with additional financial support needed to continue operating, beyond what they earn in the markets and from available federal tax credits. Conversely, failing to extend the ZEC program creates a risk of these plants closing, which could have significant impacts on reliability, resource adequacy, and achievement of statewide climate goals. To protect ratepayers, the Commission opted to include safeguards such as contract performance requirements, a mechanism for reducing ZEC payments in the event other (e.g., federal) financial support becomes available, and a periodic program review process to ensure that the ZEC program remains just and reasonable.

In its decision, the Commission made some minor changes to the ZEC program, most notably with some updated formulae such as the Social Cost of Carbon (SCC) and revenues related to the Regional Greenhouse Gas Initiative (RGGI). The Commission opted to continue the current ZEC 1.0 program structure and cost recovery methodology whereby NYSERDA assesses each New York load-serving entity (LSE) a uniform wholesale per-MWh charge that is applied to the LSE's actual wholesale load, to calculate their monthly ZEC obligation payments. Currently, the ZEC program costs ratepayers in New York approximately \$408 million annually. In New York, Constellation Energy Generation LLC owns four nuclear reactors in Oswego and Ontario, in Oswego and Wayne counties, respectively. The company has applied to federal authorities to relicense the facilities.

Further, the Commission decided that the extension of the ZEC program (ZEC 2.0 program) should be administered in two-year tranches, with an initial bridge tranche to align the program with the calendar year. Most comments received in the proceeding favored continued support for the upstate

nuclear facilities. The ZEC extension provides the necessary financial certainty for Constellation to commence the license renewal process with the Nuclear Regulatory Commission.

In terms of next steps, the Commission directed NYSERDA to develop and file an updated ZEC implementation plan to reflect the ZEC 2.0 Program. The updated implementation plan must, among other things, detail how any savings from federal tax credits received by the upstate nuclear facilities will be reflected in the amounts collected from ratepayers for the ZEC 2.0 Program. NYSERDA must file the plan within 60 days from today's decision.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Number 15-E-0302 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.