



Agenda Date: 2/28/18
Agenda Item: 8E

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu

CLEAN ENERGY

IN THE MATTER OF THE IMPLEMENTATION OF)
EXECUTIVE ORDER NO. 8 ON OFFSHORE WIND)
AND THE INITIATION OF AN OREC FUNDING)
MECHANISM AND RULEMAKING PROCESS) ORDER
DOCKET NO. QO18020151

BY THE BOARD:

On January 31, 2018, Governor Phil Murphy signed Executive Order No. 8 ("EO8"). According to EO8, the New Jersey Board of Public Utilities ("BPU"), in collaboration with other State agencies, is to fully implement the Offshore Wind Economic Development Act ("OWEDA") and begin the process of moving the State toward a minimum goal of 1,100 megawatts of offshore wind ("OSW") energy capacity consistent with OWEDA.

EO8 further calls upon the BPU, within sixty (60) days, to "initiate the administrative rulemaking process to establish the OREC Funding Mechanism, through which rules and regulations shall describe the flow of payments for ORECs from suppliers to OSW developers. The OREC Funding Mechanism regulations shall also define the administrative steps to ensure, verify, and account for OREC payments to offshore wind developers." (EO8 at ¶6).

BACKGROUND

On June 28, 2010, the New Jersey Legislature passed the Offshore Wind Economic Development Act ("OWEDA"), N.J.S.A. 48:3-87 et seq., which was signed into law on August 19, 2010. OWEDA amended and supplemented the Electric Discount and Energy Competition Act ("EDECA"), N.J.S.A. 48:3-49 to -107, as amended, to allow for the development of an offshore wind renewable energy certificate ("OREC") program.

OWEDA mandated that the BPU, within 180 days after the date of enactment of OWEDA, establish an offshore wind renewable energy certificate program to require that a percentage of the kilowatt hours sold in this State by each electric power supplier and each basic generation service provider be from offshore wind energy in order to support at least 1,100 megawatts of generation from qualified offshore wind projects. N.J.S.A. 48:3-87(d)(4).

On February 10, 2011, the Board adopted N.J.A.C. 14:8-6.1 et seq., providing an application process and a framework under which the Board would review any application and ultimately approve, conditionally approve, or deny the application. By Order dated May 16, 2011, in Docket No. EO11050290V, the Board opened an application window for 30 days for offshore wind projects in New Jersey territorial waters pursuant to N.J.S.A. 48:3-87.2. The Board received one application, which eventually was determined not to be a qualified offshore wind project.

The Board readopted N.J.A.C. 14:8-6.1 et seq. with amendments on January 23, 2013. See 45 N.J.R. 336(a). The Board has not yet promulgated rules on the funding mechanism to date. See N.J.A.C. 14:8-6.6.

On November 9, 2015, Interior Department's Bureau of Ocean Energy Management ("BOEM") held a competitive lease sale for renewable energy in federal waters, which offered nearly 344,000 acres offshore New Jersey for potential wind energy development. This is the largest competitive offshore wind lease area along the Mid Atlantic Coast, able to support over 3000 megawatts of installed capacity depending on project design.

The commercial wind energy leases were signed by BOEM on February 4, 2016, and went into effect on March 1, 2016. Lease OCS-A 0499 in the northern zone was assigned to US Wind Inc. On April 14, 2016, BOEM received an application to assign 100% of commercial lease OCS-A 0498 in the southern zone to Ocean Wind LLC which is owned by Orsted. BOEM approved the assignment on May 10, 2016. These lease areas are now available for development subject to the federal and state laws and regulations governing offshore wind development.

On January 31, 2018, Governor Phil Murphy signed Executive Order No. 8, calling upon the Board to fully implement OWEDA and initiate an Offshore Wind Strategic Planning Process with the assistance of the DEP. In support of this action, the Department of the Treasury is directed to work with the BPU and the DEP "to ensure that necessary resources and expertise, including an offshore wind economic consultant, are available to advise and assist in the implementation of OWEDA and this Order [Executive Order No. 8]" (EO8 at ¶4).

Executive Order No. 8 further calls upon the BPU, to within sixty (60) days, "initiate the administrative rulemaking process to establish the OREC Funding Mechanism, through which rules and regulations shall describe the flow of payments for ORECs from suppliers to OSW developers. The OREC Funding Mechanism regulations shall also define the administrative steps to ensure, verify, and account for OREC payments to offshore wind developers." (EO8 at ¶6).

FINDINGS AND DISCUSSION

EO8 calls upon the BPU to commence action on OWEDA. Therefore the BPU will take immediate steps to marshal the necessary expertise and resources to effectuate EO8.

The Board **HEREBY DIRECTS** Staff to initiate the rulemaking process to establish the OREC Funding Mechanism.

The Board **FURTHER DIRECTS** Staff to take the following actions within thirty (30) days of this Board Order:

Initiate an Interagency Offshore Wind Taskforce by convening a meeting with the executive leadership of the State Agencies responsible for the implementation of OWEDA and Executive Order No. 8, and to develop the Offshore Wind Strategic Plan.

Further, the Board **HEREBY DIRECTS** Staff to:

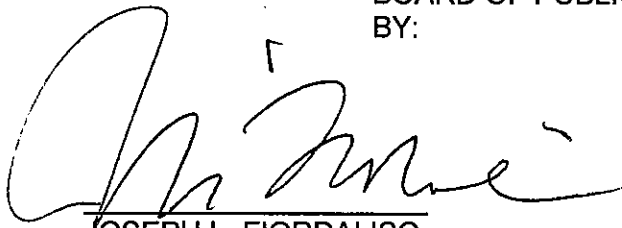
1. Develop an Offshore Wind Strategic Plan ("OSW Strategic Plan") in collaboration with the DEP and other New Jersey state agencies with responsibilities arising under OWEDA, and in consultation with stakeholders to ensure competition, competitive pricing, net economic benefits, and the best value for New Jersey ratepayers. To this end, Staff shall work to establish a Scientific and Technical Advisory Committee to inform and guide this process as well as identify a timeline and opportunities for stakeholders to participate in the planning process. To facilitate the development of the OSW Strategic Plan, Staff shall solicit the necessary contracts for professional services to facilitate outreach, technical inputs and to compile and draft the report;
2. Commence the administrative rulemaking process, in accordance with the New Jersey Administrative Procedure Act, to develop and establish the OREC Funding Mechanism. Staff shall consult with key stakeholders on the minimum requirements of an OREC Funding Mechanism in compliance with OWEDA and the BPU rules. Staff shall develop and publish a timeline for broader stakeholder engagement and a formal rulemaking process;
3. Staff shall work with Treasury to ensure that necessary resources and expertise are available to advise and assist in the implementation of OWEDA and specifically in the establishment of an OREC Program through the approval of OREC Pricing Plans as outlined in OWEDA;
4. Prepare for the solicitation of the initial 1,100 megawatt goal of offshore wind capacity. Staff shall examine other State solicitations for offshore wind capacity and in conjunction with the OSW Strategic Planning Process, engage offshore wind developers and stakeholders in defining minimum requirements for the solicitation;
5. Within sixty (60) days, Staff shall recommend to the Board plans for a Regional Offshore Wind Energy Roundtable to initiate discussions with sister states in the Northeast and Mid-Atlantic region and other stakeholders such as Rate Counsel and PJM Independent System Operator to explore the potential benefits of regional collaboration on offshore wind; and
6. Staff shall identify and recommend to the Board the necessary resources, staffing, and expertise needed to take these actions and fulfill Governor Murphy's Executive Order No. 8.

The Board **HEREBY DIRECTS** that this Order be posted on the Board website.

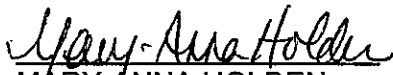
This Order shall be effective February 28, 2018.

DATED: 2/28/18

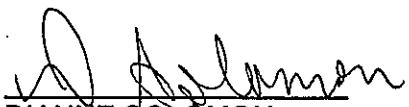
BOARD OF PUBLIC UTILITIES
BY:



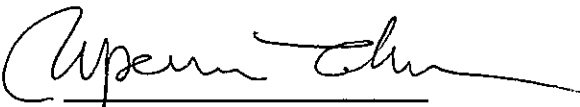
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COMMISSIONER




DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



RICHARD S. MROZ
COMMISSIONER

ATTEST: 

AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.