



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE OPENING OF OFFSHORE) ORDER OPENING THE
WIND RENEWABLE ENERGY CERTIFICATE) APPLICATION WINDOW FOR THE
(OREC) APPLICATION WINDOW FOR 1,200 TO) SECOND OFFSHORE WIND
2,400 MEGAWATTS OF OFFSHORE WIND) SOLICITATION
CAPACITY IN FURTHERANCE OF EXECUTIVE)
ORDER NO. 8 AND EXECUTIVE ORDER NO. 92) DOCKET NO. QO20080555

Party of Record:

Stefanie Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board" or "BPU"), in accordance with the Offshore Wind Economic Development Act ("OWEDA"), N.J.S.A. 48:3-87(d)(4) and N.J.S.A. 48:3-87.1 to -87.2, Executive Order No. 8 ("EO8"), and Executive Order No. 92 ("EO92"), opens the application window for the second offshore wind ("OSW") solicitation, inviting all interested parties to submit applications for consideration by Thursday, December 10, 2020.

I. EXECUTIVE SUMMARY

The Board hereby considers the opening of its second application window for Qualified Offshore Wind Projects¹, in furtherance of OWEDA and Governor Murphy's EO8 and EO92.

This second solicitation is intended to build on the Board's first offshore wind solicitation by making New Jersey a leading hub in offshore wind development and to meet the State's aggressive clean energy goals. The Board also seeks to promote robust competition in this solicitation and future solicitations to support the continued development of the offshore wind industry in New Jersey.

By opening this application window, the Board invites all interested parties to submit applications consistent with the requirements established under OWEDA and in compliance with the Board rules in order for their proposed projects to be deemed eligible by the Board to receive state subsidies in the form of Offshore Wind Renewable Energy Certificates ("ORECs"). The rules specifically provide

¹ As defined at N.J.S.A. 48:3-51 and N.J.A.C. 14:8-6.1.

that "[t]he Board will announce the open and close dates for all application periods, which shall be set at the Board's discretion." N.J.A.C. 14:8-6.3(b).

II. BACKGROUND AND PROCEDURAL HISTORY

On August 19, 2010, OWEDA² was signed into law, which amended and supplemented the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. As required by OWEDA, on February 10, 2011, the Board adopted rules that provided an application process and evaluation framework for offshore wind facilities.³ The Board readopted N.J.A.C. 14:8-6.1 et seq. with amendments on January 23, 2013.

These rules provide an application process and a framework under which the Board will consider and, if appropriate, approve applications for qualified OSW projects and ORECs. The rules include application requirements, the ability for the Board to designate the application windows, the ability for the Board to impose appropriate conditions upon any OREC award, and OSW renewable portfolio standards.

On January 31, 2018, Governor Phil Murphy signed EO8, calling upon the Board to fully implement OWEDA and to issue a solicitation for 1,100 MW of OSW capacity.⁴ The purpose of EO8 was to reinvigorate the implementation of OWEDA and to set a goal of 3,500 MW of offshore wind energy capacity by the year 2030. EO8 also directed the Board to begin the rulemaking process to establish the OREC Funding Mechanism to set forth the method and processes by which New Jersey ratepayers will fund offshore wind projects and how all revenues from these projects will be refunded and delivered to ratepayers.⁵

On February 28, 2018, the Board directed Staff to take specific actions to implement EO8, including to prepare for the solicitation of the initial 1,100 MW of offshore wind capacity, and to initiate the rulemaking process to establish the OREC Funding Mechanism.

On February 19, 2019, after a notice and comment period, the Board adopted new rules and amendments to N.J.A.C. 14:8-6.6, establishing the OREC funding mechanism ("OREC Funding Mechanism Rules"). The OREC Funding Mechanism Rules set forth the method and processes by which ratepayers will fund an OSW project in accordance with all applicable laws, rules, and Board Orders, and how all revenues earned from an OSW project will be refunded and delivered to ratepayers. The OREC Funding Mechanism Rules also mandate that the OREC price reflect the total capital and operating costs for an OSW project, offset by any State or Federal tax or production credits and any other subsidies or grants, as approved by the Board.

On September 17, 2018, the Board opened its first solicitation window from September 20, 2018, to December 28, 2018. As a result, on June 21, 2019, the Board approved the Ocean Wind 1,100 MW project for the State's first Qualified Offshore Wind Project eligible to receive ORECs.

² N.J.S.A. 48:3-87d(4) and N.J.S.A. 48:3-87.1 to -87.2.

³ N.J.A.C. 14:8-6.1 et seq.

⁴ EO92, signed by Governor Murphy on November 19, 2019, changed the State's OSW goal to 7,500 MW by 2035. All other provisions of EO8 remain in full force and effect.

⁵ N.J.A.C. 14:8-6.6.

On November 19, 2019, Governor Murphy signed EO92 increasing the State's offshore wind energy goal from 3,500 MW by 2030 to 7,500 MW by 2035. Governor Murphy found that expanding the offshore wind goal will ensure that the State can "meet the State's goals of 50 percent renewable energy by 2030 and 100 percent clean energy by 2050, in addition to creating a significant number of good-paying jobs."

On February 28, 2020, Governor Murphy proposed the below solicitation schedule to achieve the goal of 7,500 MW by 2035. Governor Murphy called on the BPU to take all necessary actions to implement the schedule.⁶

Solicitation	Capacity Target	Issue Date	Submittal Date	Award Date	COD
1	1,100	Q3 2018	Q4 2018	Q2 2019	2024
2	1,200	Q3 2020	Q4 2020	Q2 2021	2027
3	1,200	Q3 2022	Q4 2022	Q2 2023	2029
4	1,200	Q2 2024	Q3 2024	Q1 2025	2031
5	1,400	Q2 2026	Q3 2026	Q1 2027	2033
6	1,400	Q1 2028	Q3 2028	Q1 2029	2035

In preparation for the second solicitation, on March 27, 2020, the Board approved a contract with Levitan & Associates ("LAI") to act as the Board's offshore wind consultant for the development and evaluation of the second solicitation. LAI's scope of work included the preparation of a Solicitation Guidance Document for the second solicitation ("Second Solicitation Guidance Document"). The Second Solicitation Guidance Document provides the timeline and mechanics for the second solicitation, the application requirements, and the criteria for evaluating applications.

On July 22, 2020, a draft Second Solicitation Guidance Document was released for public comment, and on August 5, 2020, a public stakeholder meeting was held to receive comments on the draft Second Solicitation Guidance Document. Commenters at the stakeholder meeting were generally in favor of the approach and content of the Second Solicitation Guidance Document, with concerns expressed by several commenters regarding the impact of OSW development to New Jersey fisheries.

A window for receiving written comments was open on July 22, 2020 and closed on August 19, 2020.

Comments received during the public meeting and the written comments received during the written comment period window were reviewed by Staff and LAI, and appropriate revisions were made to the Second Solicitation Guidance Document.

III. APPLICATION PROCESS

This solicitation seeks to secure ORECs targeting 1,200 MW to 2,400 MW of Qualified Offshore Wind Project(s) ("Qualified Projects"). The Board reserves its discretion to select less than 1,200 MW or more than 2,400 MW.

Consistent with OWEDA, the Board rules at N.J.A.C. 14:8-6.3 establish the timeframe for an application process as follows:

⁶ State of New Jersey, "Governor Murphy Announces Offshore Wind Solicitation Schedule of 7,500 MW through 2035," February 28, 2020. <https://www.nj.gov/governor/news/news/562020/20200228a.shtml>.

- a) An entity seeking to receive ORECs in connection with an offshore wind project shall submit an application to the Board for approval as a qualified offshore wind project. The application must meet the requirements set forth in N.J.A.C. 14:8-6, as well as all applicable State and Federal laws.
- b) The Board will announce the open and close dates for all application periods, which shall be set at the Board's discretion.
- c) The Board shall approve, conditionally approve, or deny an application within 180 days of the receipt of an administratively complete application. The parties may consent to an extension beyond 180 days.
- d) The applicant shall meet with Board staff and representatives of the Division of Rate Counsel no less than 30 days prior to submission of an application to discuss all aspects of the application.
- e) All applications must be consistent with Board application standards as set forth in Title 14 of the New Jersey Administrative Code.

Board Staff must notify the applicant within 30 days of the submission if the application is administratively complete or is deficient. If the application is deficient, the applicant will be advised which items must be remedied to correct the deficiency or deficiencies.

IV. OFFSHORE WIND SOLICITATION GUIDANCE DOCUMENT

The Second Solicitation Guidance Document which will be available on September 10, 2020 [here](#), is consistent with the Board's rules governing the application requirements and provides further clarification on the State's goals and Board's rules governing the application for ORECs. The Second Solicitation Guidance Document includes all of the requirements and provides guidance on the preparation of the Application, standards and assumptions to be used in preparing the Application, the formats to be used for submittal of the information required under the rules, evaluation criteria, the solicitation schedule, and key dates, including Application Open and Close Dates, the date of a Technical Bidder's Conference, as well as dates for scheduled meetings with Rate Counsel and BPU Staff. The Second Solicitation Guidance Document is intended to:

- a) Simplify the application process by compiling all relevant requirements in one place;
- b) Ensure a fair and competitive solicitation process by giving all potential bidders equal access and opportunity to ask questions and receive guidance; and
- c) Facilitate the evaluation of bid proposals.

OWEDA permits the Board and the State to be reimbursed for "all reasonable costs incurred for regulatory review of the project, including but not limited to consulting services, oversight, inspections, and audits." N.J.S.A. 48:3-87.1(c)(4). In accordance with N.J.A.C. 14:8- 6.5(a)(15), Staff examined the expected costs and recommended that each applicant provide a \$500,000 USD deposit which includes a base bid and two additional project bids, and \$25,000 USD for each additional project bid. The funds will reimburse the Board for the costs of consultants and other costs associated with the review of the application. Additional funds may be requested as necessary and determined by Board Staff.

V. DISCUSSION AND FINDINGS

Upon review and consideration of all comments and input received by stakeholders, Staff recommends that the Board open an application window for qualified offshore wind projects to be deemed eligible to receive ORECs. Staff recommends that the Board open an application window from September 10, 2020 to December 10, 2020 to allow interested applicants sufficient time to prepare and submit their applications for review. The Solicitation should follow the guidelines outlined in the Second Solicitation Guidance Document.

Consistent with OWEDA, the Board rules at N.J.A.C. 14:8-6, EO8, and EO92, the Board has carefully considered Staff's recommendations. The Board **HEREBY FINDS** that it is in the best interest of the State and its ratepayers to open an application window for the second offshore wind solicitation.

Pursuant to N.J.A.C. 14:8-6.3(b), the Board **HEREBY OPENS** an application window commencing on **Thursday, September 10, 2020, and ending on Thursday, December 10, 2020**, for offshore wind projects in federal waters off the outer continental shelf of the coast of New Jersey.

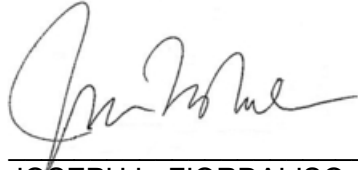
Further, the Board **HEREBY APPROVES** the use of the Second Solicitation Guidance Document to inform applicants of the solicitation process and application requirements consistent with the rules at N.J.A.C. 14:8-6. The Board **HEREBY DIRECTS** applicants to place \$500,000 USD on deposit, which includes a base bid and two additional project bids, and \$25,000 USD for each additional project bid. In addition, Staff is **HEREBY AUTHORIZED** to require applicants to place additional amounts on deposit, as necessary.

Therefore, the Board, pursuant to OWEDA, the Board regulations, EO8, and EO92, **HEREBY INVITES** any and all interested parties to submit applications for offshore wind projects in federal waters off the coast of New Jersey that are able to interconnect to the transmission system in New Jersey.

The effective date of this Order is September 9, 2020.

DATED: September 9, 2020

BOARD OF PUBLIC UTILITIES
BY:



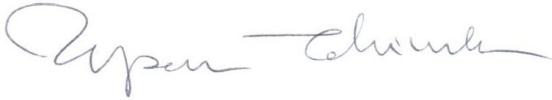
JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

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SERVICE LIST

Division of Rate Counsel

Post Office Box 003
Trenton, NJ 08625-0003

Stefanie A. Brand, Esq., Director
sbrand@rpa.nj.gov

Brian Lipman, Esq., Litigation Manager
blipman@rpa.nj.gov

Felicia Thomas-Friel, Esq.
ftomas@rpa.nj.gov

Henry Ogden, Esq.
hogden@rpa.nj.gov

Division of Law

Public Utilities Section
R.J. Hughes Justice Complex, 7th Floor West
25 Market Street, P.O. Box 112
Trenton, N.J. 08625

Daren Eppley, Deputy Attorney General
Section Chief
daren.eppley@law.njoag.gov

Pamela L. Owen, Deputy Attorney General
Assistant Section Chief
pamela.owen@law.njoag.gov

Alex Moreau, Deputy Attorney General
alex.moreau@law.njoag.gov

Board of Public Utilities

Post Office Box 350
Trenton, NJ 08625-0350

Aida Camacho-Welch
Secretary of the Board
board.secretary@bpu.nj.gov

Paul Flanagan, Executive Director
paul.flanagan@bpu.nj.gov

Abe Silverman, Chief Counsel
abe.silverman@bpu.nj.gov

Kelly Mooij, Director of Clean Energy
kelly.mooij@bpu.nj.gov

Jim Ferris, Director of New Technology
jim.ferris@bpu.nj.gov

Cynthia Holland, Esq.
cynthia.holland@bpu.nj.gov

Joe DeLosa
joseph.delosa@bpu.nj.gov

Andrea Hart, Esq.
andrea.hart@bpu.nj.gov