

March 27, 2024

Ms. Sherry L. Golden
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Ave.
1st Floor Post Office Box 350
Trenton, NJ 08625-0350

Re: In the Matter of the Opening of New Jersey's Fourth Solicitation for Offshore Wind Renewable Energy Certificates (ORECs)

Docket No. QO24020109

Dear Ms. Golden, NJBPU Commissioners and Staff,

Please accept my comments here as a ratepayer and concerned citizen and resident of New Jersey. These comments supplement my March 20th testimony on the NJBPU's Zoom Virtual Webinar.

The NJBPU's Fourth Solicitation Guidance Document contains significant flaws from legal, analytical/methodological and process grounds as detailed below. As such, the process must be halted in the best interest of New Jersey Ratepayers.

Fourth Solicitation Exceeds NJBPU Statutory Authority

The Board's role and mission is to provide safe, adequate, and reliable utility services at affordable rates to all members of the public who desire such. The NJBPU's authority and mission does not include the advancement of a political agenda and policy goals at NJ ratepayer expense.

In undertaking this Fourth Solicitation the NJBPU exceeds its statutory authority by seeking to advance the Governor's climate agenda by arbitrarily soliciting rate increases to subsidize offshore wind electrical generation off the NJ Coast.

To advance this arbitrary agenda in prior solicitations, the NJBPU misapplied scientific methodologies, including a "social cost of carbon" analysis, on a global scale rather than to the benefit of NJ Ratepayers. **Application submissions in this Fourth Solicitation must satisfy the conditions set forth in OWEDA absent similar misapplications of scientific methodologies.**

Fourth Solicitation Violates Due Process

With prior OSW Solicitations, the NJBPU has violated due process by conducting proceedings out of public view following an initial check-the-box hearing and brief comment periods. This Fourth Solicitation is being conducted under similar processes and guidance.

These covert, non-public proceedings deny public access to the records upon which the NJBPU bases its decisions, making it impossible for the public to determine whether Board acted in good faith for NJ Ratepayers or even within its Authority.

Further, by sub-contracting with third parties to conduct analysis on whether bids submitted satisfy conditions set forth in OWEDA, the Board also is illegally outsourcing and abandoning its decision-making authority.

OWEDA requires proposed projects to demonstrate a net economic and environmental benefit to the state. The Board has yet to provide any evidence that ANY of the awards granted under previous solicitations to date satisfy these conditions. In fact, based on what little has been disclosed, it appears that using reasonable assumptions or even the mandated correct ones, the conclusions would fail.

Based on the SGD, this Fourth Solicitation is expected to employ a similar secretive process and rely on incorrect third-party analysis with no opportunity for the public to comment on such prior to any awards being granted.

Likewise, the Fourth Solicitation process also illegally denies NJ Ratepayers the ability to review and evaluate NJ Division of Rate Counsel analysis. This too violates due process for and is an abuse of NJBPU authority as NJDRC represents NJ Ratepayers as a party in any awarded contracts.

It is formally requested that all analysis conducted by third parties and NJDRC, on behalf of ratepayers, be released unredacted for public review and comment prior to any Orders being issued by the Board in awarding this Fourth Solicitation.

Re-Bid Project Provision Violates Ratepayer Rights

The Fourth Solicitation Guidance Document provides limited opportunity for applicants to submit applications for Re-Bid Projects as set forth in Section 1.6.

The companies holding previously awarded contracts for ORECs are multinational energy conglomerates. They signed a contract to provide electricity to NJ Ratepayers a little more than two years ago. At that time they were required to submit full financial analysis of the project including cash flow projections for a 20-year period. These projections should have included foreseeable stressed inflationary, interest rate, and supply chain scenarios that were clearly evident at that time.

By allowing these already contracted parties to Re-Bid prior awards, the NJBPU favors the financial interests of such energy providers and disadvantages NJ Ratepayers as parties in the process. As such:

The entirety of the Re-Bid Project provisions covered in Section 1.6 must be stricken from the Fourth Solicitation.

Additional comments transcribed from the NJBPU March 20, 2024 Fourth Solicitation Zoom Virtual Webinar are included as addendum below.

The opportunity to comment publicly is appreciated.

Sincerely,

Michael Dean e/sig

Michael Dean

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NJBPU Fourth Solicitation Stakeholder Call

3/20/2024

- Thank you for the opportunity to speak today.
- Michael Dean, Monmouth County, Ratepayer, Taxpayer, Concerned Citizen. I am not being paid by any group to speak today. I have no fossil fuel connections.
- I speak on my own behalf and on behalf of anyone that is as alarmed as I am by the NJBPU's ongoing crusade to industrialize our ocean and coastal communities with offshore wind generation and transmission projects.
- I will be submitting detailed written comments but given time limits here I'll touch on just a couple points including:
 - NJBPU's breach of the public trust;
 - This covert and private solicitation process;
 - Disenfranchisement of ratepayers in favor of multinational energy conglomerates

- First, w/r/t the NJBPU's breach of public trust – With its pursuit of OSW industrialization off the NJ coast, the Board has willfully abandoned its core principles and mission – which are to provide safe, adequate, and reliable utility services at affordable rates to all members of the public who desire such – And instead set out on a path to advance a political agenda and policy goals that provide zero benefits economically or environmentally to the people here in New Jersey.
- And in doing so, the Board has also unlawfully determined it appropriate to use ratepayer dollars to fully fund these OSW projects and enrich developers.
- It's clear Board members fail to understand the financial implications of its actions or the strains they will place on the people and families of NJ.
- To put some numbers on this, the two projects just awarded to Attentive and Invenergy/Leading Light – the two most expensive contracts for electricity awarded in state history – will cost ratepayers some \$44 billion, with the gratuitous inflation adjustments, over their lifetimes.
- Every reason to believe that this Fourth Solicitation will be at least as expensive, pushing total ratepayer funded OSW subsidies here in NJ well over the \$100 billion mark for all projects awarded. \$100 billion of ratepayer dollars.
- Important to note these are not tax dollars. This is our after-tax take home pay. This is what we use to buy food and clothes, spend on ourselves and families for basic provisions and leisure, and pay bills, yes including the skyrocketing electric bills. That's what the Board is tapping into to build, operate and maintain, insure and award outside profit margins to project developers.
- As the Board should know, electricity rates are regressive. That is they inflict more and more harm as they regress down the income scale to the

lowest income ratepayers, who are hurt the most. Where is the Social Justice in that?

- While we did see in the last round the new contracts or one of them contains a low-income subsidy fund. This is a farce. It's like telling certain consumers that their electric bills are going to rise \$100 but here's \$9 to help pay for it. And the \$9 coupon is paid for with the higher rates by all including the person receiving it. It's insulting.
- The Board also fails to consider the compounding factors of higher electric rates on society overall - for municipalities, schools, hospitals, rail services, for small and large businesses, factories... the list goes on. All these higher rates will also be borne by the people of NJ in the form of higher taxes and higher costs for goods and services.
- Often hear Board members quoting jobs as a benefit of this. Creating jobs is not the Board's role. Period.
- As far as covertness and lack of open public proceedings, these solicitation processes lack transparency and purposely deny public access to the records upon which the NJBPU bases its decisions; that is after these initial check-the-box hearings and comment gathering exercises.
- This is a violation of Due Process in the State of NJ.
- Also, by sub-contracting with third parties to conduct analysis and satisfy conditions set forth in OWEDA, the Board also has illegally outsourced and abandoned its decision-making authority.
- OWEDA, governing law for OSW development here in NJ, requires proposed projects to demonstrate a net economic and environmental benefit TO THE STATE. The Board has yet to provide any evidence that ANY of the awards granted to date satisfy these conditions.

- In fact, based on what little has been disclosed, it appears that using reasonable assumptions or even the mandated correct ones the conclusions would fail.
- Of particular concern are improper assumptions related to the “social cost of carbon” benefits to the State of NJ and its ratepayers.
- Redactions to the third party and rate counsel analysis make it nearly impossible for public to determine whether or not Board acted in good faith of Ratepayers. Or even within it’s Authority.
- Yet even with these redactions, clear mistakes were made in assumptions and calculations, exposing the failure to satisfy conditions set forth.
- Ratepayers have also been denied the ability to even review Ratepayer Counsel analysis and comments on the proposed bids. Why is that? NJDRC represents me as a party in these contracts.
- As a party to these contracts, with NJDRC on my behalf, I have a right to view the analysis conducted upon which the NJBPU makes its decision.
- It is formally requested here that all analysis conducted by third parties and NJDRC, on behalf of ratepayers, be released unredacted for public review and comment prior to any Orders being issued by the Board in awarding this Fourth Solicitation.
- As for the re-bids allowable in this round. This is a multinational JV among Shell and EDF, two multinational energy conglomerates. They signed a contract to provide electricity to NJ little more than two short years ago.
- Atlantic Shores was required to submit full financial analysis of the project including cash flow projections for a 20-year period. Were they that far off that they can no longer make good on their obligations? I think they were

projecting 15-20% IRRs on the project and now it's down to the high single digits, which is in line with typical regulated utility returns.

- Put simply, they want more of our take home pay to juice their returns. And the Board is enabling this at ratepayer expense and detriment as an already contracted party in the original transaction.
- Why are ratepayers bearing the failure of a private company's inability to assess their own financial risks.
- This provision is egregious and insane. Is Atlantic Shores signature on any contract worth anything? And why would NJBPU even consider entering into another contract with such an entity.
- Similarly, why are ratepayers bearing Inflation risks again in this round. Do NJ ratepayers now comprise the OSW industry's financial risk management and hedging departments?
- If it's not obvious to the Board members that this scenario will repeat itself – that is Orsted, Atlantic Shores, Attentive, Invenergy whoever...begging back for more ratepayer dollars throughout the life of this project – then you need to find new occupations. You've lost our trust.
- The Board is entrusted with being a steward of our money to provide basic utility services. Not to fund and advance political agendas.
- You are effectively using the future cash flows of people who can afford it least for projects the people of NJ do not need or want.
- Thank you again.