



**CAPE MAY COUNTY COMMENTS PREPARED IN RESPONSE TO  
NEW JERSEY'S FOURTH SOLICITATION FOR OFFSHORE WIND  
RENEWABLE ENERGY CERTIFICATES**

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Dear Ms. Golden,

Our firm represents Cape May County and submits these comments in response to the New Jersey Board of Public Utilities' (BPU) fourth solicitation for offshore wind renewable energy certificates (OREC's). Cape May County has had significant issues with the proposed offshore wind projects and has long sought to better understand the BPU's evaluation of tradeoffs related to offshore wind projects and how they affect ratepayers in Cape May County. Even against the direction of Rate Counsel, the BPU has taken repeated actions that will inevitably increase costs for ratepayers in Cape May County. The County also takes issue with the BPU allowing developers who failed to meet their contractual obligations to re-bid their projects at prices that are significantly higher than previous bids.

Cape May County is currently paying the highest costs of electricity in the State of New Jersey. This is based on Atlantic City Electric's (ACE) wholesale purchase price of roughly \$23.3 per megawatt hour from the PJM grid, whose prices are set by the aggregate mixed price of all electricity sold to the PJM grid. The electricity price paid by ratepayers resulting from BPU's third offshore wind solicitation is represented by the OREC (Offshore Wind Renewable Energy Credit) price, which is at least four times higher than ACE's wholesale price. Undoubtedly, this will significantly increase wholesale price of electricity, raising electricity costs for residential, commercial, and industrial ratepayers as more offshore wind projects are brought online.

Furthermore, the price that consumers are expected pay for offshore wind is also far greater than portrayed because the actual price incurred by ratepayers for offshore wind power includes *both* the baseload power produced by offshore wind projects and the cost of backup power that must remain online and dispatchable during low output days for offshore wind. With an average wholesale cost of \$23.3 per megawatt hour, compared to the \$106 Levelized OREC Purchase Price (LOPP) Atlantic Shores is expecting to receive for

its production, it is clear that New Jersey ratepayers will be paying an exorbitant premium for their electricity costs.

In fact, the BPU estimates that its third solicitation alone will increase residential household electricity prices by \$82.02 per year, amounting to an increase of roughly \$289 million annually solely from household ratepayers and at least \$5.78 billion over the lifetime of the project.<sup>1</sup> This does not include increases for commercial and industrial users, which are significantly higher. As more offshore wind projects (and the requisite backup power sources) are introduced to the grid, electricity prices can only go one direction – up. The County urges the BPU to seek more cost-effective means for procuring electricity production.

## **COMMENTS REGARDING SECTION 1.6 - APPLICATIONS FROM PROJECTS PREVIOUSLY SELECTED AS QUALIFIED PROJECTS**

The County strongly disagrees with Section 1.6, which sets a dangerous precedent for the BPU by allowing delinquent applicants to resubmit their applications without consequences. While the County understands and appreciates the BPU’s commitment to developing renewable energy, this action appears desperate and undermines the integrity and public trust in the BPU. Section 1.6 only benefits offshore wind developers, who will simply enjoy higher profits at the expense of ratepayers. Cape May County objects to the BPU’s position and firmly believes such applicants should be disqualified from re-bidding.

Section 1.6 also authorizes previous Qualified Projects to be automatically terminated by consent upon submittal of a re-bid while waiving the right to object to termination. This theoretically allows a non-investable Qualified Project to terminate its agreements with the State without financial consequences simply by bidding, with or without any intent of winning the bid.

Cape May County has good reason to be skeptical of the BPU’s offshore wind awards. In its first solicitation for offshore wind, the Board declared the “Ocean Wind 1,100 MW project demonstrates financial integrity and sufficient access to capital to allow for a reasonable expectation of completion of construction of the project.”<sup>2</sup> The Board was wrong.

In its second solicitation for offshore wind, the Board declared that the “Ocean Wind 2 Project demonstrates financial integrity and sufficient access to capital to allow for a reasonable expectation of completion of construction of the Ocean Wind 2 Project.”<sup>3</sup> The Board was wrong a second time, and not just about a second project, but possibly a third – Atlantic Shores.

Now, despite the Board’s incompetence for procuring offshore wind energy from developers, here it stands again soliciting more offshore wind energy projects while also allowing those that failed to re-bid. It appears to be the Board’s intent to allow the non-investable Atlantic Shores project to be re-bid, along with Ocean Wind 1 and 2. Based on these inherent risks to ratepayers, the County cannot support this practice and therefore urges the BPU to remove all language that enables re-bidding by Orsted, Atlantic Shores, or any other applicant and their partners of a Qualified Project.

Thank you for your consideration of these comments.

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<sup>1</sup> NJBPU Approves Over 3,700 MW of Offshore Wind Capacity in Combined Award (1.24.2024) <https://www.nj.gov/bpu/newsroom/2023/approved/20240124.html>

<sup>2</sup> NJBPU First Solicitation Board Order (6.21.2019) <https://www.nj.gov/bpu/bpu/pdf/boardorders/2019/20190621/6-21-19-8D.pdf>

<sup>3</sup> NJBPU Second Solicitation Board Order (1.7.2021) <https://www.nj.gov/bpu/bpu/pdf/boardorders/2021/20210630/ORDER%20Solicitation%202%20Board%20Order%20OW2%20Revised.pdf>