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Sea Girt
New Jersey
WHERE THE CEDARS MEET THE SEA

Don Fetzer, Mayor
Justin Macko, MAS, CPM, ACE-A
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August 16, 2024

Hon. Donald E. Fetzer, Mayor
Borough of Sea Girt
321 Baltimore Blvd.
Sea Girt, New Jersey 08750
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Hon. Sherri L. Golden, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
PO Box 350
Trenton, NJ 08625-0350

RE: IN THE MATTER OF NEW JERSEY'S FOURTH SOLICITATION FOR OFFSHORE
WIND RENEWABLE ENERGY CERTIFICATES (ORECs)
Docket No. QO24020109

Dear Madam Secretary:

We the undersigned are deeply concerned with the large subsidies and rate increases supporting offshore wind development. In particular, we object to permitting Atlantic Shores to re-bid its existing contract for Offshore Renewable Energy Certificates (ORECs) pursuant to the subject solicitation. As the Board's procedures do not permit our direct involvement in this procurement, we wish to hereby register our concerns and objections to any potential award of revised or new contracts to this contractor.

Atlantic Shores has indicated that their bid comprises projects located in their Atlantic Shores South (AS South) lease area OCS-A-0499, which include the Atlantic Shores One (AS1) and the Atlantic Shores Two (AS2) projects, both of which have been previously bid into BPU Solicitations. The AS1 project currently has an existing OREC contract awarded in the Second Solicitation in 2021. The AS2 project unsuccessfully bid into the Third Solicitation. From a ratepayer cost perspective, both these factors raise grave concerns regarding any potential awards to Atlantic Shores under this Fourth Solicitation:

- Atlantic Shores has not formally requested that the existing AS1 contract be changed or vacated. As such any revised or new contract with higher OREC pricing or more favorable terms should not be allowed.
- Any AS2 bid that again exceeds the OREC pricing of recent awards (\$140-165/MWH) will entail significantly higher ratepayer subsidies than the existing AS1 contract or those awarded in the Third Solicitation, which are the subject of ratepayer challenge.

To further detail our concerns, we have provided the attached analysis of the likely impact of any new awards to Atlantic Shores which may result from this Fourth Solicitation. The conclusions of this report are clear. At the likely OREC prices for potential awarded AS1 and AS2 bids:

- It is estimated that the project subsidies, together with the Third Solicitation awards, would increase electric bills by 21% for residential users, 25% for commercial users, and 28% for industrial users. These added costs amount to direct rate-payer subsidies of \$65 billion over the lifetime of the projects. As a result, the ratepayer subsidies and increases in retail customer bills will exceed levels that are reasonable and just under NJ law.
- Total present value costs of the AS South projects outweigh benefits by \$72 billion and a factor of more than 5 to 1. Thus, a positive benefit-cost ratio or net economic or environmental benefits cannot be achieved as required by the Offshore Wind Economic Development Act (OWEDA).
- With Federal tax credits and rate subsidies the project's owners will realize an annual return on investment of 18-22%, far more than the 9% allowed to regulated utilities. At this level, a fair balance of financial risks and rewards between ratepayers and Atlantic Shores shareholders cannot be achieved and thus would fail to comply with OWEDA.

Indeed, the same conclusions can be reached based on the existing AS1 OREC agreement, which has a levelized OREC price of \$106/MWH. Therefore, unless the Atlantic Shores bid is significantly below those previously awarded OREC prices, no award can be made in compliance with applicable state law.

It is important to note that the costs involving the direct ratepayer subsidies and the effect of those higher electric rates on NJ economy are directly associated with lost jobs and lower wages, as well as lost tourism dollars, as detailed in the attached report. These highly regressive economic burdens all fall disproportionately on lower income residents and communities who can least afford them and would be forced to seek more affordable places to live.

Accordingly, we the undersigned representing Borough of Sea Girt residents and businesses in our community, call upon the BPU to entertain only bids by Atlantic Shores that significantly reduce the approved OREC pricing for AS1. Any bid seeking to increase the approved OREC prices must be rejected as it would violate OWEDA and cause economic harm to the state and ratepayers. Should the Board persist in making such awards under this Fourth Solicitation, we will pursue all available legal avenues to ensure that any resultant contract is challenged and overturned in accordance with applicable state law.

Attachment: Economic Analysis of the Atlantic Shores South Offshore Wind Project

Respectfully,

Hon. Donald E. Fetzer, Mayor
Borough of Sea Girt