



Update: New Jersey's Offshore Wind Renewable Energy Certificate Program



Anne MarieMcShea
New Jersey Board of Public Utilities

*BOEM NJ Task Force Meeting
December 18, 2012*



New Jersey Board of Public Utilities, Office of Clean Energy





New Jersey Approach for RE Program

- Existing framework and experience with solar / recs.
 - Stakeholder engagement to identify needs, challenges and requirements
 - Open and Transparent process
 - Platform for long term financing & development (vs. single project)
 - Regulatory certainty
 - Economic development
-
- **NJ ratepayers benefits**





NJ Policy & Regulatory Framework

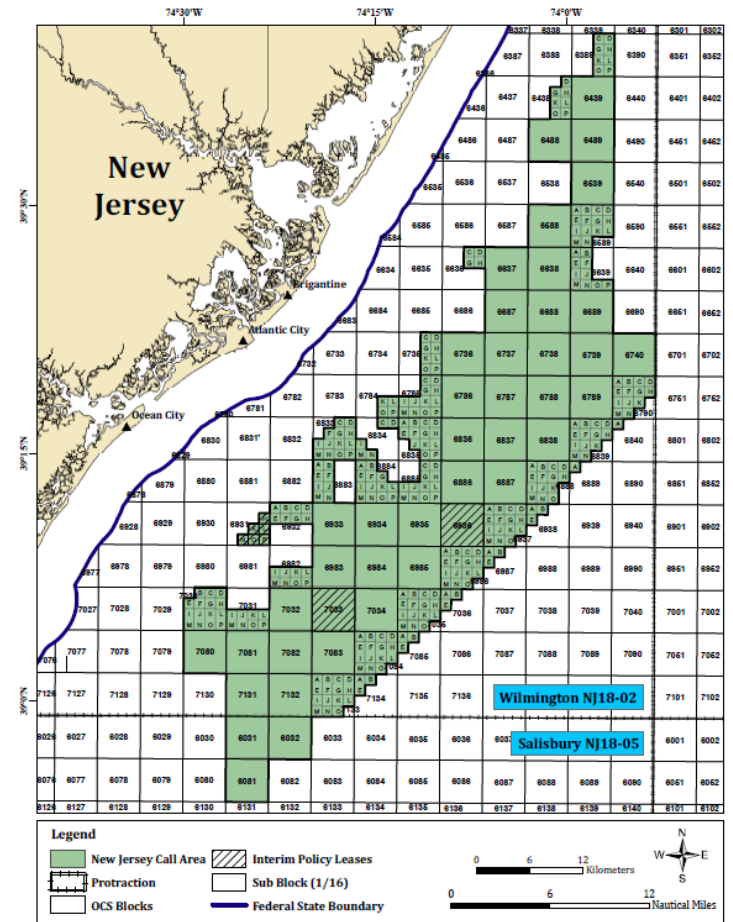
- EDECA: NJ Renewable Portfolio Standards (1999)
- REC Based Financing (2004)
- OSW Feasibility Studies (2002 – 2004)
- OSW Blue Ribbon Panel (2004)
- ACUA Coastal Wind Farm (2005)
- Met Tower Rebates (2007)
- NJ Energy Master Plan (2008)
- NJ DEP Baseline Ecological Studies (2008)
- Offshore Wind Economic Development Act (2010)
- BPU Rules for OSW applications / ORECs (2011)





BOEM NJ Renewable Energy Task Force

- Delineate Area of Interest to meet the goals of 1,100 MW of offshore wind;
- Attract investment in NJ OSW resources;
- Encourage and maximize competition;
- Identify ecologically or environmentally sensitive areas;
- Identify areas of potential conflict due to competing uses;
- **RESULT:** 11 Responses to BOEM Call for Information and Nominations released Apr. 2011
- **NEXT Step:** Notice of Proposed Sale



New Jersey Board of Public Utilities, Office of Clean Energy





Offshore Wind Economic Development Act

- Directs BPU to develop an OREC Program to support at least 1100 MWs of OSW
- Establishes Class I RPS requirement for OSW
- Obligates NJ Suppliers to procure ORECs based on their share of statewide load
- Sets criteria for OSW application process and “qualified offshore wind project”
- Mandates 180 day review and approval process
- Creates financial assistance & tax credits for manufacturers



New Jersey Board of Public Utilities, Office of Clean Energy





OWEDA: Statutory Requirements for OSW

- Consistency with New Jersey Energy Master Plan
- Cost-benefit analysis and economic development benefits key to success of application
- OREC based on actual electrical output of project
- Balances the risks / benefits between ratepayers and developers
- Costs of non-performance borne by developers
- Developer must demonstrate financial integrity and sufficient capital





Application Evaluation Checklist

1. Business Information
2. Project Description
3. Financial Analysis
4. Financing
5. Incentives & Tax Credits
6. Revenues
7. O&M Plan
8. CO2 Emissions Impact
9. Decommissioning Plan
10. Regulatory Approvals, Permits or Authorizations
11. Cost Benefit Analysis
12. Proposed OREC Pricing Method
13. Interconnection Plan
14. Escrow Account for Evaluation Costs





Application Evaluation Framework

1. Analysis of Developer's Experience and Financing Capability;
2. Financial Analysis;
3. Technical Analysis;
4. **Compliance with Regulations;**
5. Cost-Benefit Analysis, and
6. OREC Pricing.



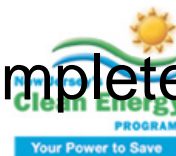
New Jersey Board of Public Utilities, Office of Clean Energy

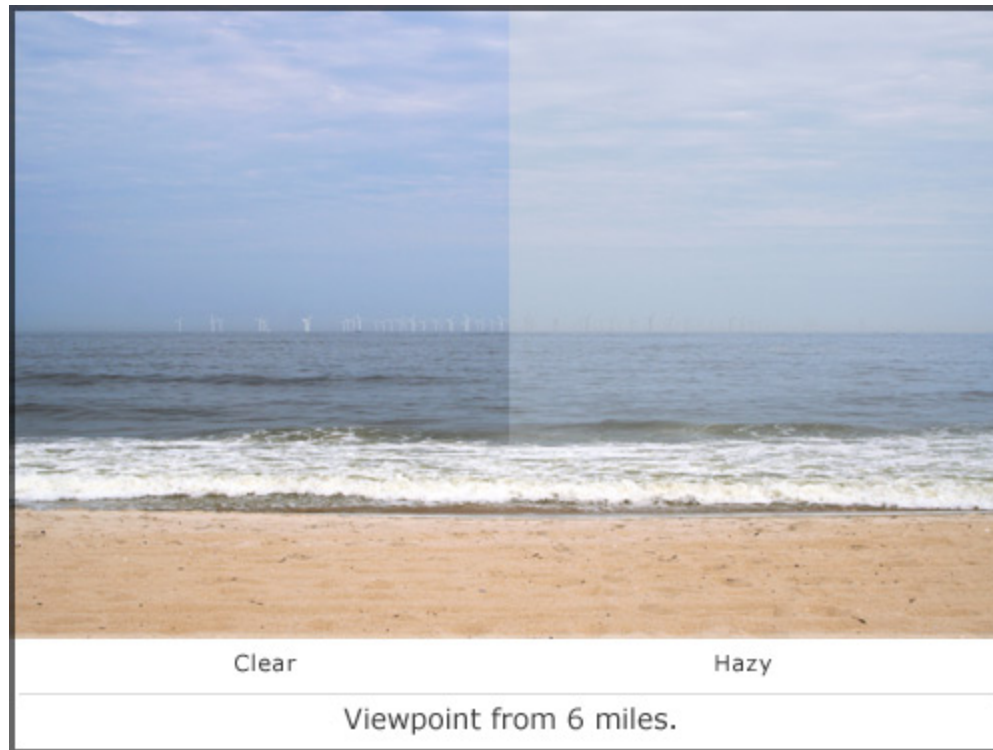




UPDATE: BPU Rules for OSW Applications

- Rules set to expire August 2012 / Proposed readoption w/ amendments July 2012 / Adoption due February 2013
- OREC Funding Mechanism “Reserved” to allow for further development / Stakeholder process begun July 2011
- Boston Pacific hired to develop OREC Funding Mechanism Proposal / Rule Proposal 2Q 2013
- BPU Board to announce OSW application window following OREC Funding Mechanism Rule Proposal.
- Boston Pacific hired to evaluate OSW Applications
- 180 day application review period once deemed complete





New Jersey Board of Public Utilities, Office of Clean Energy

