

**2019 ANNUAL REPORT  
ON NEW JERSEY OFFSHORE WIND AND  
THE IMPLEMENTATION OF EXECUTIVE ORDER NO. 8**

Prepared by

The New Jersey Board of Public Utilities



on behalf of the  
Interagency Taskforce on Offshore Wind:

The Governor's Office  
The Board of Public Utilities  
The Department of Environmental Protection  
The Economic Development Authority  
The Department of Labor and Workforce Development  
New Jersey Department of Treasury  
Port Authority of New Jersey and New York



January 31, 2019

### **In Recognition of Executive Order No. 8**

"Our organizations applaud Governor Murphy and President Fiordaliso's early, bold leadership to revive New Jersey's Offshore Wind Economic Development Act (OWEDA), including setting the largest offshore wind goal in the nation (3,500 MW) and committing to the most aggressive project selection timeline to achieve it. Together with the development of the state's Offshore Wind Strategic Plan and new Wind Innovation and New Development (WIND) Institute, these actions send a clear, unequivocal signal that the state is firm in its commitment to launching an offshore wind industry. With other regional states also moving offshore wind plans forward, this level of market visibility and certainty at this pivotal moment will spark major investments in New Jersey's ports, infrastructure, and manufacturing sectors – ensuring we maximize the local economic benefits of launching this new clean energy industry." (October 19, 2018).

National Wildlife Federation, on behalf of 62 environmental, labor, faith, community, and business organizations – representing hundreds of thousands of New Jerseyans.

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## I. Introduction

On January 31, 2018, Governor Phil Murphy signed *Executive Order No. 8* (EO8). EO8 directed the New Jersey Board of Public Utilities (BPU), and all agencies with responsibility under the Offshore Wind Economic Development Act (OWEDA), to “take all necessary action” to fully implement OWEDA and begin the process of moving New Jersey towards a goal of 3,500 megawatts of offshore wind energy generation by the year 2030. The solicitation of 1,100 megawatts is the first step in meeting that 2030 goal. Governor Murphy’s bold agenda launched a statewide initiative that has gained broad recognition by industry and stakeholders.

In recognition of the first Anniversary of EO8, the BPU and the members of the Interagency Agency Taskforce (IATF) on Offshore Wind have prepared this *Annual Report on the Implementation of EO8*. The report summarizes progress to date on the implementation of EO8, and the advancement of New Jersey’s offshore wind goals.

## II. 2018 EO8 Accomplishments

During 2018, the BPU worked in coordination with the IATF member agencies to implement each major directive set forth by EO8 (see Appendix A). The following key achievements during 2018 have advanced New Jersey’s offshore wind goals, and will set the stage for further successes in 2019:

- **Establishment of the Interagency Agency Taskforce on Offshore Wind (February 2018)**  
The IATF builds upon the spirit of EO8. It calls upon all state agencies with responsibility under OWEDA to work collaboratively to support Governor Murphy’s offshore wind agenda, and towards the establishment of a vibrant offshore wind market, both in New Jersey and in the Mid-Atlantic region. This coordinated and statewide approach was showcased at the *Offshore Wind Supply Chain Networking Event* at Princeton University (November 21, 2018). It was further highlighted at the series of *Public Offshore Wind Stakeholder Meetings* held across New Jersey during November and December 2018. Industry and public stakeholders alike commented on the impressive level of collaboration among State government agencies - from the Office of the Governor through to agency and department staff. Multiple agencies speaking with one coordinated and mutually-supporting voice fostered stakeholder confidence in New Jersey’s ability to effectively implement EO8 and support an emerging domestic industry. The IATF also improved each agency’s response on key issues, from fisheries to ports development.

- **Board of Public Utilities' Adoption of the Offshore Wind Renewable Energy Credit (OREC) Funding Mechanism Rules (December 2018).** This decision by BPU set the stage for New Jersey's first offshore wind solicitation, and fostered the market certainty required for long-term investment in New Jersey's offshore wind industry. The OREC Funding Mechanism Rules established a new and innovative funding structure that reduces risk for both investors and ratepayers. These rules also gained full stakeholder support, including from the electric distribution companies (EDCs). The OREC Funding Mechanism Rules were a critical hurdle for the solicitation process to move forward, and will be crucial for the full implementation of OWEDA.
- **Launch of New Jersey's Offshore Wind Strategic Plan (August 2018).** Ramboll US Corporation, and its team of sub-consultants, BVG Associates, Stantec, Rutgers University, and InGroup (collectively, the Ramboll Team), have provided expertise and integral support to the IATF. This includes establishing the critical decision-making framework for moving forward in consultation with stakeholders and strategic partners. The Ramboll Team also advised the BPU on the parameters and timing of the solicitation for 1,100 megawatts, and on the full solicitation schedule needed to reach 3,500 megawatts by 2030.

Several IATF member agencies have undertaken research within their respective disciplines which will inform the Ramboll Team's modeling in support of the Offshore Wind Strategic Plan:

- The New Jersey Department of Environmental Protection (DEP) has conducted literature reviews, as well as technical and geospatial analyses, related to the potential environmental impacts of offshore wind development.
- The New Jersey Economic Development Authority (EDA) has focused on gaining a deeper understanding of offshore wind project life cycle, supply chain, and workforce requirements.
- The New Jersey Department of Labor and Workforce Development (LWD) commenced an occupational analysis of the skills and educational attainment needed during the three phases (planning & development, construction, operations & maintenance) of offshore wind development. To ensure a future workforce with training and skills needed for successful careers in offshore wind, LWD announced the launch of the New Jersey Apprenticeship Network, and has engaged with the New Jersey Department of Education, higher education institutions, and the Global Wind Organization regarding curricula for offshore wind-related occupations.

- **Competitive Solicitation for 1,100 Megawatts, and a Framework for Future Solicitations (September 2018)** On September 17, 2018, the BPU opened a solicitation for 1,100 megawatts of offshore wind generation. To date, this is the largest single-state offshore wind solicitation in the United States. The 1,100 megawatt solicitation was released in less than one year, and provides sufficient time for offshore wind project developers to apply for the federal Investment Tax Credit (ITC). The ITC represents approximately 12% of total offshore wind project costs, and will result in significant savings for New Jersey ratepayers. The 1,100 megawatt solicitation closed on December 28, 2018, and applications were received from three offshore wind developers. This solicitation will both establish the first elements of New Jersey’s offshore wind supply chain and set the stage for future solicitations.

EDA and DEP’s input aided BPU in preparing the requirements contained in the Guidance Document for the 1,100 megawatt solicitation. This included new requirements for developers to submit a Offshore Wind Economic Development Plan and a comprehensive Environmental Protection Plan. DEP also met with offshore wind developers and leaseholders to review New Jersey’s permitting requirements, which helped ensure that these stakeholders were prepared for the issuance of the 1,100 megawatt solicitation.

- **Establishment of a Proposed Multi-Year Offshore Wind Solicitation Schedule (September 2018)** The establishment of New Jersey’s proposed multi-year offshore wind solicitation schedule provided visibility for investors and stakeholders on a potential timeline to realize the full 3,500 megawatt commitment by 2030. Governor Murphy called for the BPU to consider two future solicitations for 1,200 megawatts of offshore wind generation, to take place in 2020 and 2022. This proposed solicitation schedule is critical for offshore wind developers, suppliers, and the State to make long-term investment decisions.

**The New Jersey Port Development and Investment Initiative (September 2018)** To spur industry investments, EDA issued a Request for Ideas (RFI) seeking information from qualified entities with perspectives on the development of New Jersey’s offshore wind port infrastructure and supply chain. The RFI received input and guidance from the BPU and the Ramboll Team. The purpose of this RFI was to collect the best information and ideas from the industry and other interested parties on the potential role of the EDA and the State in port development, the best port locations in New Jersey that fit the needs of the industry, and the best ideas to support supply chain

development within the State. In addition to the RFI, EDA has created an offshore wind team within its new Office of Economic Transformation.

- **Offshore Wind Tax Credit January 2019** Most recently, in early 2019, EDA opened applications for its Offshore Wind Tax Credit Program, which is intended to attract investment into New Jersey's offshore wind industry. EDA has undertaken direct business attraction efforts with hundreds of U.S. and foreign companies.

For more information: [https://www.njeda.com/financing\\_incentives/clean\\_energy/Offshore-Wind-Tax-Credit-Program](https://www.njeda.com/financing_incentives/clean_energy/Offshore-Wind-Tax-Credit-Program)

- **Effective Outreach to New Jersey's Fishing Industry Regarding the New York Bight helped New Jersey Both Establish a Strong Policy Position on Fisheries, and Shape Federal and Industry Response.** The DEP and the BPU each voiced strong support at the federal level for outreach to New Jersey's fishing industry, and for responsible offshore wind development that considers the needs of New Jersey's commercial and recreational fishing industries. The DEP diligently reviewed the U.S. Bureau of Ocean Energy Management (BOEM)'s April 2018 Call for Information regarding the New York Bight. DEP then provided substantive feedback, including recommendations from DEP's Marine Fisheries Administration (MFA) to avoid known recreational fishing areas, artificial reefs, shellfish habitat, aquaculture leases, and submerged aquatic vegetation. BPU and DEP feedback to BOEM was considered when BOEM refined the proposed New York Bight Wind Energy Areas in November 2018. DEP's continued outreach to fisheries stakeholders has been instrumental to cultivating broader support for New Jersey's offshore wind objectives.

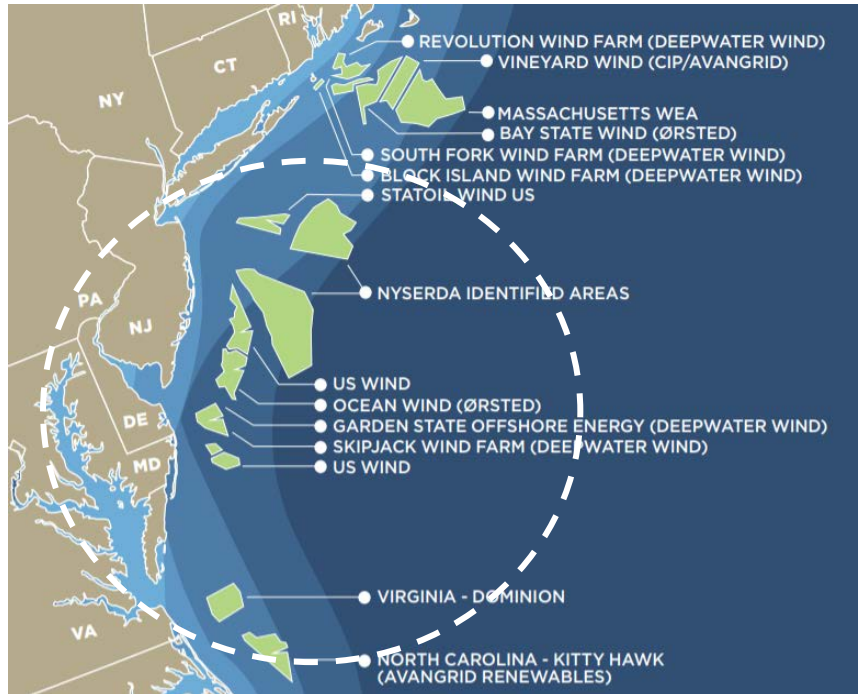
The United States offshore wind industry and New Jersey offshore wind lease holders have also taken note of New Jersey's position regarding fisheries, resulting in the announcement during 2019 of several key initiatives to work collaboratively with the Responsible Offshore Development Alliance (RODA) and other fisheries stakeholders.<sup>1</sup>

- **Regional Offshore Wind Discussions.** New Jersey has met with other States including New York, Delaware, Virginia, Maryland, Connecticut, Rhode Island, and Massachusetts. These discussions aid in outlining issues related to the integration of offshore wind projects into the onshore power grid, as well as the protection, use and development of shared ocean resources.

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<sup>1</sup> "Ørsted partners with US fishing coalition." *Windpower Offshore*. January 17, 2019. <https://www.windpoweroffshore.com/article/1523255/orsted-partners-us-fishing-coalition>.

### III. 2019 Continuing Initiatives for New Jersey Offshore Wind



- **Stakeholder Engagement for the Offshore Wind Strategic Plan.** The robust stakeholder engagement efforts planned for 2019 are instrumental to the success of New Jersey’s offshore wind program. EO8 specifies that stakeholder engagement and input from the public are to be considered in developing the Offshore Wind Strategic Plan. Accordingly, during the first quarter of 2019, New Jersey will convene Roundtable Discussions focused upon key assets and issues of interest to offshore wind development. These stakeholder meetings will be led by BPU in collaboration with the relevant IATF Agencies. Roundtable Meetings topics include:

  - Environmental Protection
  - Fisheries
  - Wholesale Energy Markets
  - Transmission
  - Supply Chain and Workforce Development
  - Ports and Harbors
  
- **BPU Decision on the 1,100 Megawatt Solicitation** This decision will begin the process of realizing New Jersey’s offshore wind generation projects, and will set the stage for supply chain development and private sector investments in ports, workforce development, and research. Based on the results of this first solicitation, New Jersey can then begin to plan for the necessary investments



and strategic objectives for the proposed second (2020) and third (2022) solicitations, each of which would be sized at 1,200 megawatts.

***New Jersey Offshore Wind Proposed Solicitation Schedule***

<b>Round 1:</b>	2018 - 1,100 megawatt OREC Application Window Opened 2019 (July) - BPU Decision 2024 – Commercial Operation Date (COD)
<b>Round 2:</b>	2020 – 1,200 megawatt OREC Application Window Opens 2021 (July) – BPU Decision 2026 – COD
<b>Round 3:</b>	2022 – 1,200 megawatt OREC Application Window Opens 2023 (July) – BPU Decision 2028 – COD
<b>Total:</b>	<b>3,500 MWs of Installed Offshore Wind Capacity by 2030<sup>1</sup></b>

- **Promote New Jersey to the Offshore Wind Supply Chain to build engagement and partnerships** Promotion of New Jersey’s value proposition to supply chain companies will occur in 2019 at 2-3 major industry events, including the **International Partnering Forum (IPF)** in April and the **American Wind Energy Association (AWEA)** Conference in the fall.
- **Advance the NJ WIND Institute** In collaboration with other state agencies, higher education institutions, and other participants, BPU will support the development and launch of the Wind Innovation and New Development (WIND) Institute. This will serve as a State of New Jersey consortium or clearinghouse for education, research, innovation, and workforce training for the future of wind energy.
- **Establish an Offshore Wind Workforce Development Program** This program will be a partnership with the industry and those developers that BPU selects in the 1,100 megawatt solicitation. In support of this objective, LWD is establishing an *Industry Partnerships* program, which is LWD’s new model for building sector partnerships that facilitate business-government collaborations to meet workforce and economic challenges. The goal of *Industry Partnerships* is to facilitate greater collaboration between businesses and government, resulting in business growth through the leveraging of government resources. LWD has a team that is specifically dedicated to support offshore wind.

## APPENDIX A:

## TEXT FROM EXECUTIVE ORDER NO. 8 AND PROGRESS TO DATE

## Text from Executive Order No. 8

NOW, THEREFORE, I PHILIP D. MURPHY, Governor of the State of New Jersey, by virtue of the authority vested in me by the Constitution and the Statutes of this State, do hereby ORDER and DIRECT:

- |  |  |
|--|--|
| <p>1. The Board of Public Utilities (“BPU”), the Department of Environmental Protection (“DEP”), and any other New Jersey state agencies with responsibilities arising under OWEDA shall take <b>all necessary actions to implement OWEDA</b> in order to promote and realize the development of wind energy off the coast of New Jersey to meet a <b>goal of 3,500 megawatts of offshore wind energy generation by the year 2030.</b></p>   | <p><b>BOARD ESTABLISHED INTERAGENCY TASK FORCE ON OSW 2/28/2018.</b></p>                               |
| <p>2. In order to achieve this goal, the President of the BPU shall, with the assistance of the Commissioner of the DEP, <b>develop an Offshore Wind Strategic Plan.</b> In creating the Offshore Wind Strategic Plan, the President and the Commissioner shall engage key stakeholders and solicit input from the public. The Offshore Wind Strategic Plan shall focus on critical components of offshore wind development, including achieving scale to reduce costs, job growth, supply-chain businesses, workforce development, data collection, and appropriate siting of facilities, and shall ensure that natural resources are protected throughout the development and operational stages of offshore wind energy production.</p> | <p><b>IN PROGRESS W/ SUPPORT OF IATF – ROUNDTABLE DISCUSSIONS PLANNED 1Q 2019 DRAFT DUE 6/2019</b></p> |
| <p>3. The BPU shall <b>implement OWEDA’s Offshore Renewable Energy Certificate (“OREC”) program</b> through the approval of OREC Pricing Plans as outlined in OWEDA.</p>   | <p><b>PENDING SOLICITATION &amp; FINAL BOARD ACTION IN 2019</b></p>                                    |
| <p>4. The Department of the Treasury shall work with the BPU and the DEP to ensure that <b>necessary resources and expertise, including an offshore wind economic consultant,</b> are available to advise and assist in the implementation of OWEDA and this Order.</p>  | <p><b>EXECUTED: OWSP CONTRACT, SOLICITATION RFQ, EVALUATION RFQ (AWARD PENDING)</b></p>                |
| <p>5. Following the establishment of an OREC Pricing Plan application process consistent with this Order, the BPU shall issue a <b>solicitation calling for proposed offshore wind projects for the generation of 1,100 megawatts of electric power,</b> the nation’s largest such solicitation to date.</p>   | <p><b>EXECUTED: BOARD APPROVAL 9/17/2018. BID RESPONSES RCV’D 12/28/2018</b></p>                       |
| <p>6. <b>Within sixty (60) days of the date of this Order, BPU shall initiate the administrative rulemaking process to establish the OREC Funding Mechanism,</b> through which rules and regulations shall describe the flow of payments for ORECs from suppliers to offshore wind developers. The OREC</p>  | <p><b>EXECUTED: BOARD APPROVED PROPOSED RULE 7/25/2018. FINAL</b></p>                                  |

Funding Mechanism regulations shall also define the administrative steps to ensure, verify and account for OREC payments to offshore wind developers.

**ADOPTION  
APPROVED  
12/18/2018**

7. The President of the **BPU shall initiate discussions with sister states** in the Northeast and Mid-Atlantic region to explore the potential benefits of a regional collaboration on offshore wind and other opportunities to combat climate change.

**PENDING: PJM STATES  
ROUNDTABLE ON  
TRANSMISSION AND  
OTHER OSW ISSUES**

8. Should any part of this Order be declared to be invalid or unenforceable, or should the enforcement of or compliance with any part of this Order be suspended, restrained or barred by the final judgment of a court of competent jurisdiction, the remainder of this Order shall remain in full force and effect.



## New Jersey Interagency Taskforce on Offshore Wind

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As of January, 2019