



Agenda Date: 2/14/24
Agenda Item: 8C

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF A MEMORANDUM OF)
AGREEMENT BETWEEN THE NEW JERSEY BOARD OF)
PUBLIC UTILITIES AND THE NATIONAL OFFSHORE)
WIND RESEARCH AND DEVELOPMENT CONSORTIUM)
(NOWRDC) FOR ENSURING LONG-TERM)
AVAILABILITY AND BANKABILITY OF OFFSHORE WIND)
THROUGH HURRICANE RISK ASSESSMENT AND)
MITIGATION)

ORDER

DOCKET NO. QO24010008

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND/PROCEDURAL HISTORY

On January 31, 2018, Governor Murphy issued Executive Order No. 8 (“EO8”), requiring New Jersey State agencies with responsibilities arising under the Offshore Wind Economic Development Act (“OWEDA”), N.J.S.A. 48:3-87.1, including the New Jersey Board of Public Utilities (“Board” or “BPU”), to take the steps necessary to implement OWEDA and promote the development of offshore wind (“OSW”) generation in the State. EO8 further required the President of the BPU to develop an Offshore Wind Strategic Plan focusing on “critical components of [OSW] development, including achieving scale to reduce costs, job growth, supply-chain businesses, workforce development, data collection, and appropriate siting of facilities” and to “ensure that natural resources are protected throughout the development and operational stages of [OSW] energy production.”

By Order dated September 9, 2020 the Board released the Offshore Wind Strategic Plan (“OWSP”) whereby the Board recommended, among other things, that New Jersey “[j]oin other states to coordinate regional monitoring and research” to “[s]upport[] scientific and technical research at state and regional levels to address issues related to [OSW] energy project planning, siting, construction, operation, and monitoring.”¹

¹ In re the Development of an Offshore Wind Strategic Plan in Furtherance of the Implementation of Executive Order Number 8 and Executive Order Number 92, BPU Docket No. QO20080560, Order dated September 9, 2020.

Pursuant to the OWSP, on July 6, 2021, the BPU submitted a letter of intent to the National Offshore Wind Research and Development Consortium (“NOWRDC” or “Consortium”) to join NOWRDC as a Public Sponsor Member (“Member”) in accordance with Section 1.2(c) of the Consortium’s Bylaws, subject to formal approval by NOWRDC’s Board.² On July 14, 2021, through an affirmative vote of a majority of the Consortium’s Board of Directors and in accordance with Section 1.1 of the Consortium’s Bylaws, the Consortium approved the BPU’s Public Sponsor Membership.

Public Sponsor Membership in the Consortium requires each Member to commit to contribute a total of \$1,000,000 to the Consortium over four (4) years to support research initiatives in OSW, as well as to provide \$25,000 per year in annual membership dues to support Consortium operations and administration.

By Memorandum of Agreement dated December 20, 2021 (“MOA”), the BPU and NOWRDC agreed that New Jersey’s \$1,000,000 commitment to the Consortium (“Funds”) would be provided over the period from January 1, 2022 through December 31, 2025 in such amounts and at such times as the Board and NOWRDC may agree. Pursuant to the MOA, the Funds will be used for successful proposals responding to the Consortium’s competitive research solicitations that, as determined by the Board, (1) include research activities undertaken in New Jersey by New Jersey-based institutions as part of Consortium-funded projects; or (2) that benefit New Jersey. In addition, a portion of the Funds may be offset through in-kind services provided by the BPU or other New Jersey government entities for planning and managing activities related to OSW, as agreed to by the BPU and the Consortium’s Board.

New Jersey previously contributed \$200,000 to fund Phase I of NOWRDC’s “Ensuring Long-term Availability and Bankability of Offshore Wind Through Hurricane Risk Assessment and Mitigation” project (“Project”). The Project seeks to quantify the risk of hurricane damage and downtime to individual wind farms and to regions of OSW farms along the Atlantic coast. The approved Project period for Phase I was March 1, 2022 through February 29, 2024.

Project Phase II

By letter dated November 16, 2023, NOWRDC requested a Notice to Proceed from the Board for Phase II of the Project (“Phase II”), requesting that the Board release an additional \$200,000 in funding to the Consortium (“Letter”). NOWRDC also provided a statement of work (“SOW”) detailing the work to be performed in Phase II. The SOW detailed that Phase II is intended to build upon Phase I to construct a more accurate hurricane prediction model to reduce uncertainty associated with conjectures about hurricane risk. The SOW further explained that Phase II will add task areas focused on climate-change-informed hurricane modeling, winter storm hazard maps, impacts from wind and waves, loss of load risk for PJM, and development stage cost risk estimates for the risk of blade and geotechnical failure. Phase II will conclude in February 2026

² NOWRDC was established in 2018 as a not-for-profit corporation to facilitate and enhance development and implementation of offshore wind power technology through scientific research for the public purpose of increasing the performance and capability of the electric power supply and delivery system. Initial funding for the Consortium came from the U.S. Department of Energy and the New York State Energy Research and Development Authority (“NYSERDA”), with additional, later, funding from the Commonwealths of Virginia and Massachusetts and the States of Maryland and Maine. The Consortium is dedicated to managing industry-focused research and development of offshore wind to maximize economic benefits for the United States and reduce the levelized cost of energy of OSW.

with a report containing recommendations regarding whether and how industry best practices should be updated.

NOWRDC emphasized that the primary benefit to the State of New Jersey gleaned from Phase II would be the general reduction of uncertainty around major infrastructure risks crucial to the success of OSW. Specifically, NOWRDC noted that the outcomes of this research will help inform policymaking in the State to shape New Jersey's energy future by providing accurate hurricane modeling and ensure efficient and safe operation of OSW, especially considering that there currently exists little modeling and analysis.

By the Letter, NOWRDC requested that, to maintain Project funding following the conclusion of Phase I on February 29, 2024, the Board authorize distribution of Phase II funding to allow Phase II to begin on March 1, 2024.

DISCUSSION AND FINDINGS

Atlantic hurricanes pose a significant potential threat to the State's burgeoning OSW sector. Despite this risk, relatively little technical research has been devoted to quantifying and assessing Atlantic hurricane impact upon OSW projects. As a result, regulators, developers, and insurers have limited tools at their disposal to mitigate this risk or ascertain whether the risk warrants design modifications. The prevailing uncertainty surrounding what is widely perceived as a substantial threat to OSW, largely without scientific or engineering backing, serves as a considerable obstacle to the development of OSW. Development of advanced technical research quantifying and assessing hurricane risk is therefore necessary to aid developers, regulators, and insurers in mitigating hurricane risk and providing improved design standard baselines.

The purpose of the Project is to construct a better, more accurate hurricane prediction model for use across the OSW industry. Developers, researchers, financial firms, and insurance companies are expected to utilize the completed model. Phase II will continue research aimed at reducing uncertainty surrounding risks to major infrastructure crucial to the success of OSW, specifically with respect to hurricane impacts on OSW capability and functionality. Accurate modeling of hurricanes is essential to the efficient and safe operation of OSW to allow industry actors to best construct projects for long-term viability and maximize productivity in the event of extreme weather.

After review of the record in this proceeding, including the MOA, the Letter and the SOW, the Board **HEREBY FINDS** that Phase II is consistent with the goals of increasing the performance and capability of the electric power supply and delivery system for New Jersey ratepayers and is consistent with the goals of OWEDA. The Board **FURTHER FINDS** that, because the report anticipated at the close of Phase II will enable the Board and the State to make better-informed policy decisions regarding OSW hurricane resiliency, Phase II serves a direct benefit to the State of New Jersey. As such, the Board **HEREBY APPROVES**, pursuant to the MOA, distribution of a further \$200,000 in funds for Phase II.

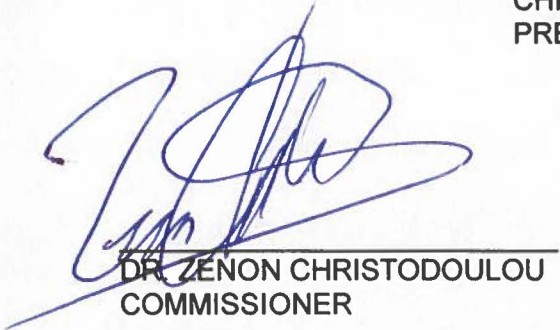
The Board **HEREBY ORDERS** Staff to take steps necessary to distribute \$200,000 in funds to NOWRDC for use in Phase II.

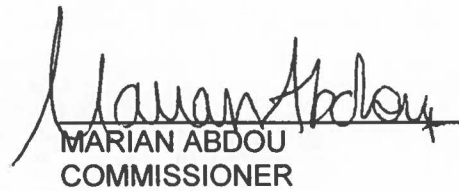
This Order shall be effective on February 21, 2024.

DATED: February 14, 2024

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST: 
SHERRI L. GOLDEN
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF A MEMORANDUM OF AGREEMENT BETWEEN THE NEW JERSEY BOARD OF PUBLIC UTILITIES AND THE NATIONAL OFFSHORE WIND RESEARCH AND DEVELOPMENT CONSORTIUM (NOWRDC) FOR ENSURING LONG-TERM AVAILIBLTY AND BANKABILITY OF OFFSHORE WIND THROUGH HURRICANE RISK ASSESSMENT AND MITIGATION

Docket No. QO24010008

SERVICE LIST

Board of Public Utilities

44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, NJ 08625-0350

Sherri L. Golden, Secretary
board.secretary@bpu.nj.gov

Robert Brabston, Esq., Deputy Executive
robert.brabston@bpu.nj.gov

Stacy Peterson, Deputy Executive Director
stacy.peterson@bpu.nj.gov

Office of General Counsel

Michael Beck, General Counsel
michael.beck@bpu.nj.gov

Carol Artale, Deputy General Counsel
carol.artale@bpu.nj.gov

Michael Hunter, Regulatory Officer
michael.hunter@bpu.nj.gov

Division of Clean Energy

Veronique Oomen, Director
veronique.oomen@bpu.nj.gov

Matthew Rossi, Administrative Analyst
matthew.rossi@bpu.nj.gov

Kira Lawrence, Acting Deputy Director
kira.lawrence@bpu.nj.gov

Bailey Wild, Program Specialist
bailey.wild@bpu.nj.gov

Earl Thomas Pierce, Administrative Analyst
earl.pierce@bpu.nj.gov

Department of Law and Public Safety

Division of Law
Public Utilities Section
25 Market Street, Post Office Box 112
Trenton, NJ 08625

Daren Eppley, Section Chief, DAG
daren.eppley@law.njoag.gov

Pamela Owen, DAG, Assistant Section Chief
pamela.owen@law.njoag.gov

Terel Klein, DAG
terel.klein@law.njoag.gov

New Jersey Division of Rate Counsel

140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Brian O. Lipman, Esq., Director
blipman@rpa.nj.gov

Susan McClure, Esq., Assistant Deputy Rate Counsel
smcclure@rpa.nj.gov

National Offshore Wind Research & Development Consortium

Post Office Box 38019
Albany, NY 12203

Lyndie Hice-Dunton, Executive Director
lyndie.hice-dunton@nationaloffshorewind.org

Julian Fraize, Program Manager
julian.fraize@nationaloffshorewind.org