



STATE OF NEW JERSEY
Board of Public Utilities
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www.nj.gov/bpu/

CLEAN ENERGY

ORDER

IN THE MATTER OF THE CLEAN ENERGY
PROGRAMS AND BUDGET FOR FISCAL YEAR
2021

DOCKET NO. QO20080539

IN THE MATTER OF THE MEMORANDUM OF
UNDERSTANDING (MOU) BETWEEN SOUTH
JERSEY PORT CORPORATION AND THE
BOARD OF PUBLIC UTILITIES

DOCKET NO. QO20120770

Party of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board" or "BPU") approves the terms and conditions of the Memorandum of Understanding ("MOU") between the Board and the South Jersey Port Corporation ("SJPC") (collectively, "Parties") regarding funding for the construction of a manufacturing facility for offshore-wind energy components at the Port of Paulsboro and authorizes the execution of the MOU by the Board President.

I. EXECUTIVE SUMMARY

Staff recommends the Board and the SJPC enter into an MOU to support the development of critical, first-of-their-kind, manufacturing facilities to support New Jersey's growing offshore wind industry. The MOU will enable the transfer of \$1.8 million in Societal Benefits Charge ("SBC") funding to the SJPC which will directly aid in the development of the Paulsboro Marine Terminal.

II. BACKGROUND AND PROCEDURAL HISTORY

On August 19, 2010, OWEDA¹ was signed into law, which amended and supplemented the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. As required by OWEDA, on February 10, 2011, the Board adopted rules that provided an application process and evaluation framework for offshore wind facilities.² The Board readopted N.J.A.C. 14:8-6.1 et seq. with amendments on January 23, 2013.

These rules provide an application process and a framework under which the Board will consider and, if appropriate, approve applications for qualified OSW projects and ORECs. The rules include application requirements, the ability for the Board to designate the application windows, the ability for the Board to impose appropriate conditions upon any OREC award, and OSW renewable portfolio standards.

On January 31, 2018, Governor Phil Murphy signed EO8, calling upon the Board to fully implement OWEDA and to issue a solicitation for 1,100 MW of OSW capacity.³ The purpose of EO8 was to reinvigorate the implementation of OWEDA and to set a goal of 3,500 MW of offshore wind energy capacity by the year 2030. EO8 also directed the Board to begin the rulemaking process to establish the OREC Funding Mechanism to set forth the method and processes by which New Jersey ratepayers will fund offshore wind projects and how all revenues from these projects will be refunded and delivered to ratepayers.⁴

On February 28, 2018, the Board directed Staff to take specific actions to implement EO8, including to prepare for the solicitation of the initial 1,100 MW of offshore wind capacity, and to initiate the rulemaking process to establish the OREC Funding Mechanism.

On November 19, 2019, Governor Murphy signed EO92 increasing the State's offshore wind energy goal from 3,500 MW by 2030 to 7,500 MW by 2035. Governor Murphy found that expanding the offshore wind goal will ensure that the State can "meet the State's goals of 50 percent renewable energy by 2030 and 100 percent clean energy by 2050, in addition to creating a significant number of good-paying jobs."

The State's 2019 Energy Master Plan (EMP) set a goal of 100 percent clean energy by 2050 while outlining a strategy to expand the Clean Energy Innovation Economy in New Jersey through workforce training, investments in developing clean energy, and the growth of world-class research and development. The EMP identifies the offshore wind sector to be critical for accelerating the development of renewable energy and reinforces New Jersey's commitment to offshore wind.

On September 17, 2018, the Board opened its first solicitation window from September 20, 2018, to December 28, 2018. As a result, on June 21, 2019, the Board approved the Ocean Wind 1,100 MW project for the State's first Qualified Offshore Wind Project eligible to receive ORECs.

¹ N.J.S.A. 48:3-87d(4) and N.J.S.A. 48:3-87.1 to -87.2.

² N.J.A.C. 14:8-6.1 et seq.

³ EO92, signed by Governor Murphy on November 19, 2019, changed the State's OSW goal to 7,500 MW by 2035. All other provisions of EO8 remain in full force and effect.

⁴ N.J.A.C. 14:8-6.6.

On June 21, 2019, the Board approved the Ocean Wind 1,100 MW project proposed by Ørsted as a qualified offshore wind facility. As part of the Ocean Wind project, Ørsted proposed to work with a German monopile foundation manufacturing company, EEW Group (“EEW”), to construct a monopile manufacturing facility at the Port of Paulsboro. By selecting the Ocean Wind project, the Board jump-started the establishment of an offshore wind supply chain in New Jersey that would not only support New Jersey’s offshore wind projects, but also position New Jersey to become a supply chain hub for offshore wind projects along the east coast.

Critical to the development of offshore wind and attainment of 7,500 MW by 2035 is the anchoring and growth of an offshore wind supply chain, including manufacturing, within the State. Not only will this bring tremendous economic benefits to the State through jobs and supporting business development, it is expected to help reduce the cost of meeting our clean energy goals while accelerating the delivery of renewable energy.

III. MOU

The SJPC is a state-created corporation, in but not of the Department of Treasury, which provides facilities and services which support and accommodate the transportation of goods and commodities, both by water and by land, and fosters regional economic development. Among other facilities, the SJPC owns and operates the Paulsboro Marine Terminal at the Port of Paulsboro.

The SJPC and BPU share a common interest in promoting the growth of the offshore wind industry, which is necessary to achieving the Governor’s goal to make New Jersey into the premier hub for offshore wind development along the Eastern Seaboard and vital to the cost-effective and timely deployment of offshore wind in the state. The development of offshore wind manufacturing facilities at the Paulsboro Marine Terminal will bring hundreds of jobs to the region to support the state’s burgeoning offshore wind industry.

To achieve these goals, the Parties developed an MOU which sets forth the following:

1. BPU will provide to SJPC \$1.8 million in funding upon execution of the MOU to support the development of a manufacturing facility dedicated to the manufacture of monopiles and related activities by EEW, in coordination with offshore wind developer Ørsted at the Port of Paulsboro (the “manufacturing facility”).
2. SJPC will dedicate the funds exclusively to support the development of the manufacturing facility.
3. SJPC agrees to return any funds not so spent to the BPU within 60 days of the completion of the manufacturing facility, and to rely on other sources of funding to support the manufacturing facility before spending the money supplied by the BPU.
 - a. The SJPC may assign the funds to a third-party as necessary to further the goals of the MOU, subject to receiving written approval from the Director of the Office of Clean Energy, subject to the same terms and conditions as set forth in the MOU.
 - b. If SJPC chooses to not undertake the support of the proposed manufacturing facility, SJPC shall notify the BPU and may propose amendments to the MOU.

The BPU may also propose amendments to the MOU and to the manufacturing facility.

- c. SJPC may, in its discretion, utilize the assistance of consultants or contractors for manufacturing facility development; provided that none of the funds provided under the MOU shall be used for that purpose or for overhead expenses.
 - d. SJPC shall provide an update to BPU within 90 days of the MOU's effective date and shall include financial estimates for uses of the dedicated funds, and shall provide quarterly updates thereafter, or as requested by BPU.
4. The MOU shall become effective on the date it is fully executed by both Parties and shall continue for a period of five (5) years. The MOU may be extended only by prior written agreement by the Parties. At the expiration of the MOU, SJPC will return any unused BPU funds remaining.
 5. The funding that BPU will provide under the MOU is subject to appropriations and the availability of funds.

IV. DISCUSSION AND FINDINGS

The funding provided by the Board will contribute to activities essential to positioning New Jersey as a hub for offshore wind development, and to support the development and delivery of programs and facilities that empower New Jerseyans to participate in the offshore wind industry. The development of the Paulsboro Marine Terminal at the Port of Paulsboro will bring additional jobs to New Jersey residents as well as foster economic development. Finally, the development of this port for manufacturing could increase timely development of offshore wind in the State as well as decrease the cost for development of offshore wind due to the proximity of offshore wind turbine components to New Jersey projects.

The use of SBC funds to support manufacturing activities at the Port of Paulsboro is authorized by N.J.S.A. 48:3-60, which allows such expenditures to support Class I renewable energy projects, such as offshore wind, and authorizes the BPU to spend SBC funds to eliminate existing market barriers with the objective of transforming markets, among other things.

Having thoroughly reviewed the MOU, the Board **HEREBY FINDS** that the MOU sets the proper terms and conditions for SJPC's use of BPU funding.

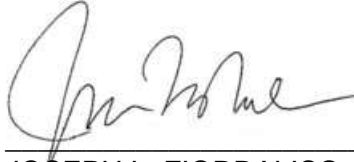
V. CONCLUSION

The Board, **HEREBY APPROVES** the terms and conditions of the MOU and **HEREBY AUTHORIZES** the execution of the MOU by the President.

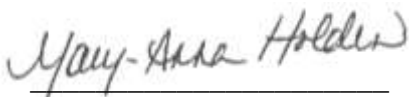
The effective date of this Order is January 7, 2021.

DATED: January 7, 2021

BOARD OF PUBLIC UTILITIES
BY:



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PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER




UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

**DOCKET NO. QO20080539 – IN THE MATTER OF THE CLEAN ENERGY PROGRAMS AND
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