



July 26, 2018

Via Email

Aida Camacho, Secretary  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
CN 350  
Trenton, NJ 08625

Re: Comments of the Mid-Atlantic Renewable Energy Coalition on Offshore Wind Solicitation of 1,100 Megawatts in Docket No. QX18040466

Dear Secretary Camacho:

The Mid-Atlantic Renewable Energy Coalition (“MAREC”) appreciates the opportunity to comment on issues related to the solicitation of 1,100 MW of offshore wind capacity as directed in Governor Murphy’s Executive Order No. 8 (E08). MAREC is a nonprofit organization that was formed to help advance the opportunities for renewable energy development primarily in the region where the Regional Transmission Organization, PJM Interconnection, operates. MAREC’s footprint includes New Jersey and eight other jurisdictions in the region. MAREC members include utility scale wind and solar developers, including offshore wind developers, wind turbine manufacturers, the American Wind Energy Association, and other non-profit organizations dedicated to the growth of renewable energy technologies. MAREC members have developed, owned, and operated thousands of megawatts of renewable energy serving the PJM territory, including projects serving customers in New Jersey.

The Mid-Atlantic Renewable Energy Coalition (MAREC) is pleased the BPU is moving forward to address offshore wind development. MAREC supports Governor Murphy’s E08, which calls for a goal of installing 3,500 MW of offshore wind and, specifically, directing that the Board to issue

a 1,100 MW solicitation for offshore wind projects.<sup>1</sup> We appreciate the forum, which the BPU has instituted, to ensure a efficient process for receiving public comment on the pertinent issues related to fulfilling the requirements of the offshore wind statutes.

As MAREC had stated in our comments on BPU staff's straw proposal on ORECs filed on May 18, 2018, we urge the Board to "move resolutely" on the solicitation in order to capture the benefits of the federal Investment Tax Credit for 2019 (ITC), lowering the overall costs to consumers. Doing so would set New Jersey on pace to become a first mover in the region, whereby the State would be placed in a strong position to gain the economic benefits of the offshore wind industry. Thoughtful implementation of both the initial 1,100 MW procurement and the full 3,500 MW by 2030 goal will bring much-needed jobs and private investment into New Jersey.

The following are comments relating to the specific topic areas from the BPU staff's public notice in this docket dated June 29, 2018.

1. Phasing in of 3500 MW and announcement of schedule

The solicitation of 1,100 MW should be handled promptly and as soon as practicable to ensure that New Jersey doesn't concede economic development benefits of offshore wind to other states that are moving forward with projects. All procurements should be competitively procured. A clear and transparent schedule for all 3,500 MW should be announced up front in a predictable manner that will provide the best opportunity for securing the 3,500 MW by 2030, and establishing a vibrant offshore wind industry in New Jersey. A regular schedule for the remaining 2,400 MW (annually, biannually, etc.). It is imperative to provide certainty to the market to have the procurement commitments scheduled in advance at multiple intervals to achieve the goal of having procured 3,500 MW of offshore wind by 2030, and to ensure that New Jersey becomes an attractive market to for developers and suppliers to invest in the state.

2. Initial BPU structure of 1100 solicitation

MAREC supports a solicitation requiring all bidders to submit a proposal of standard bid sizes while allowing developers to submit additional bids above or below the standard. The reason for this recommendation is to have an apple-to-apples review of the block bids received by all developers. Nevertheless, the BPU would not be restricted by these bids as other bids in different increments would also be reviewed to either make up the needed difference from the required block bid or the BPU could accept other incremental bids instead of the required bid assuming there are advantages to doing so. Procurement should be completed, and final, un-appealable OREC orders in-place by not later than September 2019 in order for developers to qualify projects for the 2019 ITC.

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<sup>1</sup> Page 3 of Executive Order 8, <http://nj.gov/infobank/eo/056murphy/pdf/EO-8.pdf>

### 3. Scaling of proposals?

Our response to this topic is basically the same as 2 but the structure should be designed to produce as competitive result as possible. The allowance of multiple bids is a key component of this recommendation. The BPU should commit now to annual solicitations of a standard block size (same as #2) in order to provide certainty of demand to developers, while at the same time allowing and encouraging bids above and below the standard bid.

### 4. Structure to ensure strong competition

A clear and transparent structure is necessary. There should be clear objectives for each procurement. Bidders should have market confidence that they can bid their projects in subsequent procurements, even if they are not successful in an earlier procurement.

### 5. Conditions to ensure max competition in terms of OREC prices

This too should be transparent. All eligible areas for development should be open for the solicitation process. A process should be developed in a manner that attracts as many bids as possible. This should be designed in a way to take advantage of any incentives, like the ITC. Bids should be considered on an objective and fair basis.

### 6. What measures can be included to optimize revenues to customers?

MAREC's position on this topic is that the BPU should take notice of what individual developers say should be included. Their input would be extremely helpful to determine what level of risk they would be willing to take and the various terms they would agree to in a purchase power agreement. Consideration of risk would play a significant factor in optimizing revenues to customers.

### 7. Demonstration of net economic benefit

The factors to be considered must be transparent, clearly defined in advance of the solicitation so developers know the metrics against which their proposals will be evaluated. The BPU should hire an expert consultant to prepare an independent apples-to-apples comparison of all proposal

### 8. Other elements the BPU should consider in the 1100 MW solicitation

The BPU should allow OSW developers to supplement their proposals with additional elements that may provide added value as determined by the BPU. The BPU has the experience to weigh the cost/benefit of the other elements in a proposal to be considered.

We note that the economic benefits test should be a floor to qualify for ORECs, with other criteria serving as an additional layer of evaluation. These should include the financial strength of the developer, technical capability and experience of the developer, and job and

economic activity creation of the project. The BPU should include in the solicitation appropriate mechanisms to validate and enforce project benefits.

9. Should bids for open access offshore transmission be requested?

MAREC strongly believes the answer should be **no** to the question of open access offshore transmission as it relates to the 1100 MW solicitation. This would delay projects; and as indicated it is important to conduct a prompt solicitation and have projects proceed to get the benefit of the ITC and allow NJ to be a first mover in the region to enable it to obtain the economic benefits of a first mover.

As indicated in these comments, we urge the BPU to move quickly to initiate the initial 1,100 MW procurement to allow developers to take advantage of the ITC and the benefits of being a first mover in the offshore wind arena. A competitive procurement will ensure that New Jersey ratepayers are getting the benefit of lower prices as the state moves forward with larger amounts of development.

MAREC again wants to thank the BPU and its staff for allowing interested parties, like MAREC, to provide these written comments on Offshore Wind Solicitation of 1,100 Megawatts.

Sincerely,



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