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**Board of Public Utilities**  
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**NOTICE<sup>1</sup>**

Docket No. QX18040466

Offshore Wind Renewable Energy Certificate (OREC) Funding Mechanism

The Staff of the Board of Public Utilities (BPU) invites all interested parties and members of the public to a Public Hearing to discuss a Straw Proposal concerning the OREC funding mechanism as detailed below.

On January 31, 2018, Governor Phil Murphy signed Executive Order No. 8 (EO8) directing the New Jersey Board of Public Utilities (BPU or Board), in collaboration with other State agencies, to fully implement the Offshore Wind Economic Development Act (OWEDA). N.J.S.A. 48:3-87.1. To this end, EO8 specifically directs the Board to:

“initiate the administrative rulemaking process to establish the OREC Funding Mechanism, through which rules and regulations shall describe the flow of payments for ORECs from suppliers to offshore wind developers. The OREC Funding Mechanism regulations shall also define the administrative steps to ensure, verify and account for OREC payments to offshore wind developers.”

On February 28, 2018, the Board directed Board staff to begin the OREC Funding Mechanism rulemaking process. Pursuant to law, Executive Order, and Board Order, BPU Staff invites all interested parties to comment on the Straw Proposal contained herein.

OREC Funding Mechanism Public Hearing:

**Date:** May 8, 2018  
**Location:** New Jersey Board of Public Utilities  
44 South Clinton Avenue  
Trenton, NJ 08625  
Merit System Room, 1<sup>st</sup> Floor  
**Time:** 1:00 p.m.

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<sup>1</sup>Not a Paid Legal Advertisement

Written comments are also invited and must be submitted to Aida Camacho, Secretary, New Jersey Board of Public Utilities, 44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314, CN 350, Trenton, New Jersey 08625, on or before May 18, 2018. Written comments may also be submitted electronically to [Rule.Comments@bpu.nj.gov](mailto:Rule.Comments@bpu.nj.gov) in PDF or Word Format. All comments must be received on or before 5:00 p.m. May 18, 2018.

Please note that this proceeding is specifically limited to the OREC Funding Mechanism Rulemaking. The public will be invited to comment on other subjects related to Offshore Wind (OSW) development in New Jersey at subsequent public hearings. Please take further notice that the discussion points contained in the straw proposal pertaining to OREC funding have been prepared by Board staff for discussion purposes only. Consistent with the rulemaking process, the final rule proposal will be carefully reviewed by the Board prior to publication in the New Jersey Register.

The following topics are included for comment at the Public Hearing and by written submissions:

1. The Electric Distribution Companies (EDCs) shall act as payment agents, on behalf of suppliers, to efficiently direct OREC funding from ratepayers to OSW developers.
2. EDCs shall make monthly OREC payments to the OSW developers based on the actual number of MWhs produced by the offshore wind project and consistent with the Board Approved OREC Allowance.
3. An OREC Program Administrator shall be utilized by the EDCs to monitor and verify that OREC payments are correct, that the correct amount of PJM revenues are refunded to ratepayers, and to provide annual true-ups and verification of all obligations and payments.
4. The Board may direct the EDCs to enter into a joint contract to retain an OREC Program Administrator.
5. Reasonable administrative costs related to an OREC Administrator and/or for acting as a payment agent shall be recoverable by the EDCs as pass-through charges.
6. The Board shall establish an OSW carve-out for each OSW approved project to be expressed as a percentage of Supplier load, and which will count against the Suppliers' and BGSPs' Class I RPS obligation.
7. Any adjustments to the OSW carve-out shall be made three-years in advance of the applicable energy year.
8. The OREC Administrator shall assist the BPU in setting the appropriate OSW carve-out, expressed as a percentage of supplier load, and may periodically recommend adjusting the percentage as necessary to meet the OREC Allowance approved by the Board.
9. The OSW project shall transfer the appropriate number of ORECs to each supplier for retirement in compliance with the Supplier's RPS OSW obligation.
10. The OREC for each approved OSW project will reflect an "all-in" price for the construction, operation, maintenance, inter-connection, upgrades to the grid, and decommissioning of the OSW wind farm for the specified term of the program.
11. OREC Funding for each approved OSW project will be based on an initial 20 year term.

12. The total OREC Allowance which reflects the total number of megawatt hours for which a qualified OSW Project is eligible to receive ORECs on an annual basis shall not be subject to reduction or modification during the term of each OREC, unless agreed upon by the parties.
13. All PJM Revenues generated by an approved OSW Project will be returned to ratepayers, through the EDCs, to offset the cost of the OREC.
14. PJM revenues may be held by the OSW developer for up to 3 months for use by a qualified OSW project for some specific uses which may include: to address the lag time for OREC payment; to cover the full obligation until payment is made; or for purposes deemed necessary to ensure that the OSW project receives their full approved OREC revenues on a timely basis.
15. All PJM Revenues shall be independently verified.
16. Rules must address the potential scenario in which an OSW project experiences a period of Insufficient OREC demand.
17. The Board will determine the terms and conditions for an entity to operate the wind farm following the initial OREC period for an OSW project.

Aida Camacho-Welch  
Board Secretary

Dated: April 27, 2018