



Agenda Date: 7/18/12
Agenda Item: 8B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

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| IN THE MATTER OF THE OFFSHORE WIND REBATE |) | ORDER GRANTING |
| PROGRAM FOR THE INSTALLATION OF |) | EXTENSION OF TIME TO |
| METEOROLOGICAL TOWERS |) | GARDEN STATE |
| |) | OFFSHORE ENERGY |
| |) | |
| |) | DOCKET NOs. EO08110971 |
| |) | EO08121064 |

Parties of Record:

Robert Gibbs, Vice President, Garden State Offshore Energy

BY THE BOARD¹:

This Order memorializes action taken by the Board of Public Utilities (Board) at a public agenda meeting held June 15, 2011 regarding applicant's, Garden State Offshore Energy's (GSOE), request for an extension on a previously approved project.

BACKGROUND AND PROCEDURAL HISTORY

At the December 17, 2008 public agenda meeting, the Board approved, pursuant to Offshore Wind Rebate Program for the Installation of Meteorological Towers, a rebate commitment to Garden State Offshore Energy for up to \$4 million (EO08121064). The initial term of the rebate expired on January 9, 2010. At its August 19, 2009 public agenda meeting, as memorialized in an Order dated September 16, 2009 in Docket Nos. EO08110971, EO08121062, EO08121063, and EO08121064, the Board granted petitioner a one-year extension of the rebate commitment, making the new expiration date January 9, 2011. At its March 30, 2011 public agenda meeting, Docket Nos. EO08110971, EO08121064, the Board approved a second rebate extension for the installation of a buoy-based system, SeaZephIR LIDAR, from January 9, 2011 to May 31, 2011.

At its June 15, 2011 Board agenda meeting, Docket numbers EO08110971, EO08121064, (June 15, 2011 Order) the Board granted a third extension until July 31, 2012 to the petitioners due to a total loss of the buoy system on April 4, 2011. In the June 15, 2011 Order, and as a condition of the third extension, the Board directed GSOE to provide Staff with status updates and directed staff to closely monitor the project. The Board also ordered Staff and GSOE to develop project milestones to ensure timely completion of the project.

¹ Commissioner Joseph L. Fiordaliso did not participate.

Since receiving its third extension, GSOE has provided periodic milestone updates to Staff and has revamped the buoy's design. In December 2011, GSOE entered into an EPC contract (engineering, procurement, and construction) for a new buoy, the New Jersey Offshore Research Device (NJORD). As part of the permitting process for deployment of the NJORD off the coast of New Jersey, GSOE was required by the U.S. Department of Interior's Bureau of Ocean Energy Management (BOEM) to hire a Certified Verification Agent (CVA), which GSOE did in early 2012. GSOE subsequently submitted its project plan to BOEM on March 23, 2012. To date, the final CVA report and BOEM approval are pending.

GSOE has reported to Staff that the CVA recommended certain modifications to the project to enhance results and safety margins, and that the CVA found the global design of the buoy and mooring system to be "fit for purpose." GSOE anticipates completing the modifications and other design review items prior to deploying NJORD off the coast of New Jersey. The modifications, however, have delayed the buoy deployment timeline by approximately eight (8) weeks.

GSOE informed Board Staff in a status meeting conducted on June 20, 2012 and by letter dated June 25, 2012, that despite the ongoing modifications they are able to deploy NJORD off of New Jersey by the current deadline of July 31, 2012. However, to meet the July deadline, GSOE would shorten the validation period of the NJORD from eight (8) weeks to approximately four (4) weeks. The company indicates that deployment based on a four (4) week validation period is not advisable because it would inhibit GSOE's ability to test whether alternative technologies are reliable for the purpose of site validation and project financing. Additionally, an accelerated deployment schedule would not allow for potential weather-related delays.

Last, GSOE claims that an extension of time is needed because it is still awaiting the final CVA report and BOEM approval. GSOE estimates that BOEM is likely to approve the project plan within a few weeks of receiving the CVA's final report, which was delayed because of the modifications discussed above. Therefore, GSOE explains that an extension of the rebate deadline also would provide them with time to resolve outstanding federal regulatory issues.

Thus, based on the foregoing, Staff recommends an extension of the rebate deadline through October 31, 2012 to ensure: (a) sufficient validation period in Rhode Island and cushion in the NJ deployment schedule to account for any potential weather delays; and (b) sufficient time for federal regulatory review. This request is consistent with the general purpose and intent of the Meteorological Tower Rebate Program and public policy.

DISCUSSION AND FINDINGS

When the Board granted petitioner's previous requests for extensions, it applied the standard articulated in the Board's Order dated November 26, 2008, In the Matter of the Offshore Wind Rebate Program for the Installation of Meteorological Towers, Docket No. EO08110971 (November 26th Order). The November 26th Order states, in part, "in the event the construction of the meteorological tower is delayed by an event which is not within the reasonable control of the applicant, then applicant shall promptly notify the Board of such event and shall consult with Board Staff to determine whether a revised schedule is appropriate." The criteria in the November 26th Order applies to petitioner's request for a fourth extension. The Board may also consider GSOE's compliance with the June 15, 2011 Order and whether the extension is in

accord with the general purpose and intent of the Meteorological Tower Rebate Program and public policy.

Based on facts and circumstances specific to this matter as set forth herein above, the Board concurs with the Office of Clean Energy's recommendations. The Board **FINDS** that GSOE has complied with the reporting requirements set forth in the June 15, 2011 Order, and has achieved milestones in a timely manner. Considering modifications to the project and the date of GSOE's submission to BOEM, the Board also **FINDS** that the timing of the federal review process is beyond the control of GSOE.

Although GSOE represents that it has the capacity to conduct an abbreviated validation period and complete the project by July 31, 2012, the Board **FINDS** that an 8-week validation period is appropriate and consistent with public policy. In addition, the Board **FINDS** that allowing additional time for weather-related delays is reasonable.

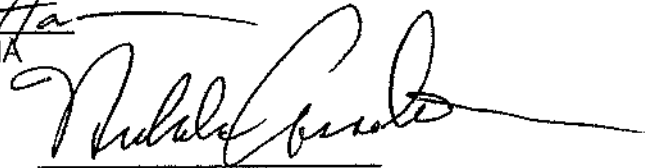
The Board **HEREBY FINDS** an extension is warranted based on the specific facts and circumstances made in the petitioner's filing. In light of the facts presented before the Board, and the commitment to supporting alternative, renewable energy sources, the Board **HEREBY GRANTS** the petition of GSOE to extend the installation deadline, from July 31, 2012 to October 31, 2012. The Board **HEREBY FINDS** that a fourth extension is consistent with public policy described in the Board's Order of September 16, 2009 in Docket Nos. EO08110971, EO08121062, EO08121063, and EO08121064, wherein the Board granted the first extension.


The Board **HEREBY DIRECTS** the petitioner and Staff to comply with the monitoring and reporting requirements set forth in the June 15, 2011 Order. The Board **AUTHORIZES** the Office of Clean Energy to issue an extension to the commitment letter to GSOE, consistent with this Order.

DATED: 7/18/12

BOARD OF PUBLIC UTILITIES
BY:

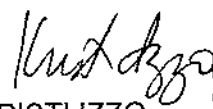

ROBERT M. HANNA
PRESIDENT


NICHOLAS ASSELTA
COMMISSIONER

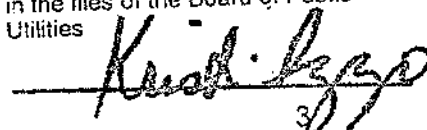

JEANNE M. FOX
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

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


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BPU DOCKET NOS. EO08110971
EO08121064

IN THE MATTER OF THE OFFSHORE WIND REBATE PROGRAM
FOR THE INSTALLATION OF METEOROLOGICAL TOWERS

DOCKET NOs. EO08110971 and EO08121064

SERVICE LIST

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| <p>Kristi Izzo Secretary of the Board NJ Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350</p> | <p>Joseph Carpenter NJDEP P.O. Box 409 401 East State Street Trenton, NJ 08625-0409</p> |
| <p>Michael Winka, Director Office of Clean Energy NJ Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350</p> | <p>Felicia Thomas- Friel, Esq. NJ Division of Rate Counsel 31 Clinton Street, 11th Floor P.O. Box 46005 Newark, NJ 07101</p> |
| <p>Benjamin Scott Hunter Office of Clean Energy NJ Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350</p> | <p>Robert Gibbs Vice President Garden State Offshore Energy 36-42 Newark Street, Suite 402 Hoboken, NJ 07030</p> |
| <p>Allison E. Mitchell Office of Clean Energy NJ Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350</p> | <p>Leslie Garrison NRG Bluewater Wind 22 Hudson Place, 3rd Floor Hoboken, NJ 07030</p> |
| <p>Marisa Slaten, DAG Dept. of Law and Public Safety 124 Halsey Street P.O. Box 45029 Newark, NJ 070101</p> | <p>Daniel Cohen Fishermen's Energy of New Jersey P.O. Box 555 Cape May, NJ 08204</p> |
| <p>Miguel Payano Occidental Development & Equities, LLC 10 Oak Street Bayonne, NJ 07002</p> | <p>Erich Stephens Vice President Offshore MW 387 Herrontown Road Princeton, NJ 08540</p> |
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