

**Ørsted's Reply Comments to the New Jersey Board of Public Utilities
on its Resource Adequacy Investigation
Docket No. E020030203**

I. INTRODUCTION

Ørsted appreciates the opportunity to provide reply comments on the New Jersey Board of Public Utilities' (BPU or the Board) Investigation of Resource Adequacy Alternatives (Docket No. E020030203). Ørsted develops, constructs, and operates offshore and onshore wind farms, solar farms, energy storage facilities, and bioenergy plants, and is the largest developer of offshore wind projects in the world. The Ocean Wind Project to be developed by Ørsted will contribute 1,100 megawatts (MW) of clean, sustainable electricity to New Jersey residents and is a first step towards the Governor's 2019 Energy Master Plan ("EMP") goal of developing 7,500 megawatts of offshore wind by 2035. We sincerely appreciate the opportunity to partner with New Jersey to achieve these clean energy objectives, which are so important to improving the health of our environment and providing resources to power New Jersey's economic growth.

Ørsted aspires to create the fundamental building blocks in New Jersey's clean energy future by continuing to invest in renewable energy infrastructure in New Jersey, and in the mid-Atlantic region broadly. We firmly believe that the development of offshore wind projects along the Atlantic coast that begins with Ocean Wind will unlock substantial economic and environmental benefits for New Jersey and beyond. Pursuing resource adequacy strategies that contribute to the state's environmental and energy objectives will simultaneously maximize the economic value of the offshore industry as the two goals are intertwined.

These comments build on our prior submission in this proceeding and reinforce Ørsted's support for the Board's exploration of potential resource adequacy constructs. Ørsted is listening to all voices in the proceeding and respectfully offers the following observations:

- Ørsted is committed to helping to identify resource adequacy solutions that are in the best interests of New Jersey ratepayers.
- Offshore wind will enhance socioeconomic and human health outcomes for New Jersey residents. Ørsted's continued investment in the state will promote this symbiotic relationship.
- The development of clean energy infrastructure will bring more jobs and economic opportunities to the area. Especially during these times of economic uncertainty brought on by COVID-19, local job creation through the development of sustainable, reliable offshore wind electricity sources will address short- and long-term economic concerns for New Jersey residents.

- Carbon pricing can be a powerful tool in properly valuing the negative impact carbon emissions have on the environment health and can help accelerate the development of cleaner resources in the region. Notably, we agree with the host of other commenters that carbon pricing represents a potentially meaningful step towards achieving the state’s energy policy goals. Like other commenters, Ørsted supports the continued investigation of any regional or national carbon pricing mechanism that would promote this outcome.

II. OFFSHORE WIND WILL BRING ECONOMIC OPPORTUNITIES TO NEW JERSEY

The development of offshore wind will bring broad and large economic development opportunities to New Jersey. The Ocean Wind Project will create an estimated 1,000 jobs per year during its three-year construction cycle and thousands of additional jobs over its lifetime. The Project will generate an estimated \$2.5B of economic activity in New Jersey according to a study conducted by Rutgers University. Additionally, the 1,100 megawatts Ocean Wind produces will supply more than half a million New Jersey residences with clean and reliable electricity for years that help stabilize energy bills.

According to the Bureau of Labor Statistics, the coronavirus caused a spike in unemployment in New Jersey from 3.7% in March 2020 to 15.3% in April.¹ The economic uncertainty that follows this uncharted territory could have lasting impacts on the local and regional economy. The development of clean resources, such as offshore wind, will counter these impacts by bringing thousands of jobs into New Jersey, not only in the electricity sector, but in indirect and induced economic activity as well as clean energy spending multiplies throughout the economy. As a significant part of this activity, Ørsted will continue to invest and create jobs in New Jersey.

III. THE BOARD SHOULD CONTINUE TO INVESTIGATE CARBON PRICING

Ørsted believes that carbon pricing can be a powerful tool to facilitate New Jersey’s transition to a clean energy mix. An efficient carbon price should reflect the marginal damage carbon emissions have on the environment and the overall health of the population. In theory, applying this carbon price to the energy offers of emitting resources will allow the markets to internalize the negative externality of carbon pollution and will result in high emission resources to be dispatched less frequently. Carbon intensive resources would only be called upon when system conditions require additional energy production and the carbon price would then be reflected in higher system locational marginal prices (“LMP”). Therefore, reliability would not be sacrificed because the carbon emitting resources will still be dispatched and compensated as long as and only if they are needed. Simultaneously, the carbon price would accelerate the transition to a cleaner resource mix because higher LMPs

¹ U.S. Bureau of Labor Statistics, June 12, 2020.

will incentivize the investment of more economic, non-carbon emitting energy infrastructure in the area.

Ørsted understands that both the value of the carbon price and the region or sub-regions across which the carbon price would be implemented has a dramatic impact on the effectiveness of the policy. We also note that, in our review of the initial submissions, carbon pricing enjoyed strong support among a diverse group of commenters. Therefore, Ørsted encourages the Board to support any national, regional, or sub-regional efforts to investigate various carbon pricing constructs and, in particular, to use this instant proceeding to determine whether carbon pricing can serve as an effective policy to help drive investment in non-emitting renewable resources while mitigating the negative effects of FERC's MOPR rule on the economic viability of these technologies.

IV. CONCLUSION

New Jersey has been a national leader in driving policy that promotes a transition to a cleaner, more sustainable energy mix. The BPU's investigation into evaluating alternative means of achieving resource adequacy that align with the 2019 EMP goals is a continuation of that leadership. Ørsted encourages the BPU in this effort and is confident that the ultimate solution will both further reliability and improve environmental and social health outcomes for New Jersey residents.

Ørsted looks forward to continuing its partnership with New Jersey to realize the State's clean energy future.