



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102
www.nj.gov/bpu/

OFFICE OF CLEAN ENERGY

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 NO. EO08110971

<u>Company</u>	<u>City/Town</u>	<u>Docket Number</u>
Garden State Offshore Energy	Hoboken	EO08121064

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities (Board) at a public agenda meeting held March 30, 2011 regarding applicant's Garden State Offshore Energy's (GSOE) request for an extension, on a previously approved project.

BACKGROUND AND PROCEDURAL HISTORY

At its December 17, 2008 public agenda meeting, the Board approved, pursuant to its Offshore Wind (OSW) Grant Solicitation, a grant of \$4 Million to GSOE for its proposed OSW generation facility. 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. E008110971, E008121062, E008121063, and E008121064, the Board granted petitioner a one-year extension of the rebate commitment for the Installation of Meteorological Towers, making the new expiration date January 9, 2011.

At the Board's August 18, 2010, agenda, it considered whether to grant a request from GSOE to modify the original rebate proposal to include buoy-based technology, rather than meteorological towers. The Board approved the request, because a new alternative buoy-based technology, Light Detection and Ranging (LIDAR), which is claimed to enable faster and more accurate data that is less expensive and less environmentally intrusive to deploy, met the criteria for the rebate awarded to GSOE and would be an acceptable substitute for the previously agreed upon Meteorological Towers. The Board established the offshore wind rebate

program to assist with the cost of wind resource assessment and other resource monitoring to further the goals of offshore wind in the Energy Master Plan, and the switch in technology did not impede that goal. Furthermore, the new buoy-based system allowed the Board to reduce the rebate from \$4 million to \$3 million, while still ensuring effective collection of data. The Board did not recommend an extension of the January 2011 rebate commitment, but indicated that it would evaluate such a request if the GSOE was unable to meet the deadlines.

On or about December 9, 2010, GSOE submitted a letter with the Board requesting the Board to extend the rebate deadline from January 2011 to May 31, 2011 to complete installation, commissioning and payment of necessary components in its September 16, 2010 Order. As this request was received by Board Staff prior to the expiration of the original extension, the Board considers the request timely. The reasons for the extension articulated by GSOE in its December 9, 2010 letter are as follows:

GSOE ordered the LIDAR unit, later designated the ZephIR 178, on April 19, 2010. The unit was shipped from Norway on August 26, 2010 and was received on Block Island, Rhode Island on September 9, 2010 for land-based validation and testing. The spar buoy piece of the assembly was received in the U.S. from Norway on September 27, 2010. After all equipment cleared U.S. customs, the cargo was received at another port facility for assembly and preliminary testing on October 5, 2010. On October 16, 2010, a custom fabricated 100-ton clump weight anchor was delivered, and it was deployed safely from Rhode Island mainland to Block Island on November 2, 2010.

While acquiring the equipment, GSOE also filed for the required permits from;

1. Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE), submitted October 4, 2010
2. United States Army Corps of Engineers (USACOE), Nationwide Permit #5 (NWP #5) submitted September 10, 2010
3. United States Environmental Protection Agency (USEPA), submitted September 14, 2010 and October 1, 2010
4. National Marine Fisheries Service (NMFS), submitted October 18, 2010
5. United States Coast Guard (USCG), submitted November 2, 2010

On November 18, 2010, BOEMRE provided GSOE with several detailed data requests and for the first time verbally notified GSOE that a Certified Verification Agent (CVA) will be required to verify the design, engineering and operations of the ZephIR 178. This delayed BOEMRE's approval of the Project Plan, as it required GSOE to retain a CVA and allow time for the CVA to conduct verifications as requested by BOEMRE. Since BOEMRE decided to verify the ZephIR 178 and clump weight anchor designs via a CVA, it was not possible to begin fabrication of the clump weight anchor for New Jersey until final approval of the design by BOEMRE via an approved Project Plan. The clump weight anchor that is presently off Block Island is too costly to transport and does not require BOEMRE approval where it is; thus, GSOE explains that there is need for a new one to be fabricated.

The USACOE issued Permit #5 on December 29 2010, subject to BOEMRE's approval of GSOE's Project Plan. GSOE is working with BOEMRE to finalize the CVA process and obtain

project plan approval prior to the end of March 2011, anticipating a late April/early May installation of the ZephIR 178 in New Jersey.

Therefore, after Project Plan approval, GSOE must do the following to make the unit operational:

- 1) fabricate and install the clump weight anchor and finalize spar buoy preparations for deployment (Rhode Island to Block Island to New Jersey);
- 2) mobilize installation vessels and install the spar buoy; and
- 3) attach and commission the LIDAR unit, environmental sensors and monitors.

After carefully reviewing the facts presented, the change in technology coupled with the federal government permit requirements, staff has determined that petitioner's request for an extension of time is reasonable.

DISCUSSION AND FINDINGS

When the Board granted petitioner's first request for an extension, 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, Dkt 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 second extension. The Board may also consider whether the extension is in accord with the general purpose and intent of the Meteorological Tower Rebate Program and public policy. Based on status reports and other information provided by GSOE to justify the extension request, installation of the buoy system was delayed for reasons not within the control of GSOE. Specifically, GSOE did not anticipate certain additional data requests from BOEMRE and the need for CVA approvals. GSOE promptly notified Board Staff that the project could not be completed in advance of the January 2011 deadline and provided Staff with documentation of significant progress on the project. In addition, GSOE anticipates installation in May 2011.

Based on facts and circumstances specific to this matter as set forth herein above, the Board concurs with OCE's recommendations. The Board **FINDS** that the project was delayed for reasons not within the control of GSOE. The Board **FINDS** that such delays prevented GSOE from completing the project in advance of the January 2011 deadline. The Board **FINDS** that petitioner has substantially documented its efforts and progress on project completion. In addition, the Board **FINDS** that a second 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.

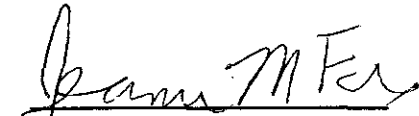
The Board **HEREBY FINDS** a subsequent extension is warranted based on the specific facts and circumstances made in the petitioner's filing. In light of the facts presented before the Board, and the commitment to supporting alternative, renewable energy sources, the Board

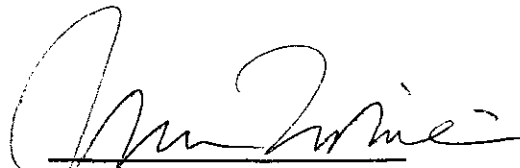
HEREBY GRANTS the petition of GSOE to extend the installation deadline, from January 9, 2011 to May 31, 2011. The Board **AUTHORIZES** the Office of Clean Energy to issue an extension to the commitment letter to GSOE, consistent with this Order.

DATED: 3/30/11

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

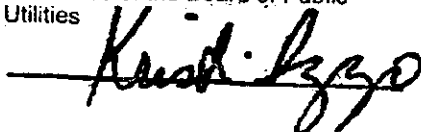

JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

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



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

SERVICE LIST

<p>Kristi Izzo Secretary of the Board NJ Board of Public Utilities Two Gateway Center – Suite 801 Newark, New Jersey 07102</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 P.O. Box 350 Trenton, New Jersey 08625-0350</p>	<p>Felicia Thomas-Friel, Esq. NJ Division of Rate Counsel 31 Clinton Street, 11th Fl P.O. Box 46005 Newark, NJ 07101</p>
<p>Benjamin Scott Hunter Office of Clean Energy Board of Public Utilities P.O. Box 350 Trenton, New Jersey 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 P.O. Box 350 Trenton, NJ 08625-0350</p>	<p>Doug Pfiester BluewaterWind 22 Hudson Place, 3rd Floor Hoboken, NJ 07030</p>
<p>Cynthia L. M. Holland, DAG Division of law Dept. of Law & Public Safety 124 Halsey Street P.O. Box 45029 Newark, NJ 07101</p>	<p>Daniel Cohen Fishermen's Energy of New Jersey, LLC P.O. Box 555 Cape May, NJ 08204</p>
<p>James McGuire, DAG Dept. of Law & Public Safety 124 Halsey Street P.O. Box 45029 Newark, NJ 07101</p>	<p>Miguel Payano Occidental Development & Equities, LLC 10 Oak St. Suite #2 Bayonne, NJ 07002</p>
<p>James P. Kane, Legal Specialist Office of the Chief Counsel NJ Board of Public Utilities Two Gateway Center – Suite 801 Newark, NJ 07101</p>	<p>Erich Stephens Vice President Offshore MW 387 Herrontown Road Princeton, NJ 08540</p>

Docket Nos. EO08110971,
EO08121064