



Agenda Date: 10/04/12

Agenda Item: 8D

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

IN THE MATTER OF THE OFFSHORE WIND) ORDER CANCELLING
REBATE PROGRAM FOR THE INSTALLATION OF) REBATE TO
METEOROLOGICAL TOWERS) NRG BLUEWATER WIND
)
) DOCKET NO. EO08110971

<u>Company</u>	<u>City/Town</u>	<u>Docket No.</u>
NRG Bluewater Wind	Hoboken	EO08121063

Parties of Record:

Peter Stricker, Vice President, Offshore Wind Development, NRG Energy, Inc,

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities ("Board") at a public agenda meeting held October 4, 2012, cancelling the rebate of Bluewater Wind New Jersey Energy LLC, ("Bluewater") for construction of meteorological towers. Bluewater is a wholly-owned subsidiary of NRG Energy, Inc. (NRG Energy)

BACKGROUND AND PROCEDURAL HISTORY

At its December 17, 2008 public agenda meeting, the Board approved, pursuant to its Offshore Wind Grant Solicitation, a grant of \$4 Million each to Bluewater, Garden State Offshore Energy and Fishermen's Energy for their proposed construction of meteorological towers. 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 for the installation of meteorological towers ("Met Towers"), making the new expiration date January 9, 2011.

On or about October 28, 2010, Bluewater requested a two-year extension. In part, Bluewater justified the extension request because of delays in obtaining federal permits. In February 2011, Bluewater provided a detailed list of items that needed to be performed in order to make the Met Tower operational. These items included obtaining project plan approval from the Bureau of Ocean Energy Management ("BOEM") and obtaining various federal permits.

Bluewater also noted that additional time was needed for construction and installation due to potential weather delays.

The Board granted Bluewater's request for a second extension at the Board's April 27, 2011, agenda meeting. The order provided for installation of the Met Towers by January 9, 2013, and lowered the rebate amount to \$3 million. In the Matter of the Offshore Wind Rebate Program for the Installation of Meteorological Towers Docket Nos. EO08110971, EO080121063 (April 27, 2011). (April 27th Order). The April 27th Order also required the company to be closely monitored through the submittal of quarterly status updates. In addition, it specifically stated: "Bluewater is hereby on notice that any further delay may jeopardize its eligibility for the BPU Rebate funding."

The Company submitted quarterly reports on July 5, 2011, October 1, 2011 and January 6, 2012. The July 5, 2011 report set the schedule for future quarterly reports and described the types of permits that Bluewater needed to obtain prior to commencing construction of the Met Tower, including permits from the National Oceanic and Atmospheric Administration, the Environmental Protection Agency, the Army Corps of Engineers, the Coast Guard, and BOEM. The October 1, 2011 report indicated that Bluewater was in the process of developing an alternate foundation design and that it had not made any meaningful progress in obtaining the required permits. Bluewater also suggested that implementation of the Board Offshore Wind Renewable Energy Certificate program was critical to the Met Tower fabrication and installation schedule.

In a December 29, 2011 letter, NRG Energy, on behalf of Bluewater, requested permission to change technology from a meteorological tower to a Light Detection and Range (LiDAR) buoy for wind resource measurement. NRG Energy indicated that changing technology would allow it to meet the January 2013 rebate deadline and would not delay the project. The January 6, 2012 quarterly report, however, did not document progress toward meeting the rebate deadline. Instead, NRG Energy advised Board staff that 1) "NRG is actively seeking a buyer for [Bluewater] and its accompanying assets"; and 2) that "NRG anticipates that active project development will recommence once the federal investment tax credit program is reinstated." The January 6th report also suggested that NRG Energy still intended to meet the rebate deadline.

NRG Energy last contacted Board staff in a March 21, 2012, e-mail message from Laurie Jodziewicz, an employee of the company. In this e-mail Ms. Jodziewicz reported that "[n]o plans for a met tower off New Jersey were submitted" to BOEM. The correspondence also indicated that it would be difficult for the company to deploy a LiDAR buoy in 2012 and that it was no longer planning to deploy offshore meteorological data gathering equipment in 2012.

On or about September 5, 2012, Board staff informed NRG Energy that it planned to recommend that the Board cancel the rebate commitment due to project abandonment and lack of reporting. NRG Energy did not respond to the September 5, 2012 correspondence.

DISCUSSION AND FINDINGS

The Board approved a rebate commitment to Bluewater for a Met Tower in December 2008 and, after two extensions, set the rebate deadline as January 9, 2013. Upon issuing the second extension, the Board required Bluewater to submit quarterly status reports and the Board notified the company that additional project delays may jeopardize the company's Met Tower rebate.

The company submitted quarterly reports through January 2012. The July and October 2011 status reports, however, demonstrated that Bluewater had not made progress in obtaining federal permits. As of January 2012, NRG Energy informed Board staff that the project had stalled. In its last communication of March 21, 2012, NRG Energy stated that it had no intention of installing meteorological equipment off New Jersey in 2012. Neither NRG Energy nor Bluewater have communicated with staff regarding this project since March 2012. Notably, the company did not object or otherwise respond when advised of staff's recommendation to withdraw the rebate commitment, as articulated in the September 5, 2012 correspondence.


Therefore, the Board **FINDS** that the Company has not complied with the April 27, 2011, Order requiring regular status updates since January 6, 2012. The same Order put the Company on notice that any further delays would jeopardize the rebate funding. The Board also **FINDS** that the company has ceased Met Tower construction and has not communicated with Board staff about this project since March 2012. Lack of contact between staff and petitioner over an extended period of time constitutes a failure to pursue its project and justification for the rebate to be canceled.


For these reasons, the Board **HEREBY FINDS** that NRG Energy and Bluewater have abandoned the project and will not meet the rebate commitment requirements. **THEREFORE** the Board cancels Bluewater Wind's Meteorological Tower Rebate and **DIRECTS** staff to reallocate the funding to other New Jersey Clean Energy Programs, subject to Board approval.

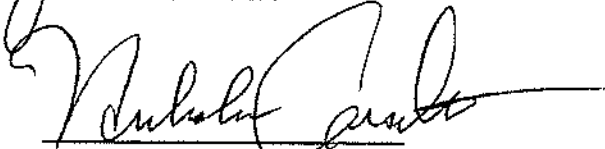
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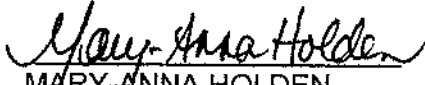
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ATTEST:

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 REBATE PROGRAM FOR THE
INSTALLATION OF METEOROLOGICAL TOWERS- ORDER CANCELLING REBATE TO
NRG BLUEWATER WIND - DOCKET NOs. EO08110971 AND EO08121063

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