



Agenda Date: 6/15/11
Agenda Item: 8A

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

CLEAN ENERGY

IN THE MATTER OF THE OFFSHORE WIND REBATE)
PROGRAM FOR THE INSTALLATION OF)
METEOROLOGICAL TOWERS)
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)
DOCKET NO. EO08110971

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

Robert Gibbs, Vice President, Garden State Offshore Energy, LLC, Newark, NJ

BY THE BOARD:

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 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. 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,¹ from January 9, 2011 to May 31, 2011.

The SeaZephIR was installed on or about March 23, 2011. Preliminary data gathered between installation and April 4, 2011, showed a 97% correlation to the land-based LIDAR readings and mechanical anemometer units.

On April 4, 2011 during the validation phase of the SeaZephIR off Block Island, Rhode Island, before a May deployment in New Jersey, the buoy experienced a significant event which resulted in severe structural damage that ultimately lead to its total loss. Although a final report has not been filed, the shackles which held the buoy to the 100-ton clump weight anchor failed (despite being designed to withstand three times the force of the buoy) and allowed the buoy to become detached from the anchor. Being separated from the anchor caused the buoy to experience load stresses for which it was not designed and resulted in the buoy breaking in two places resulting in severe damage to its electronics and other components. Despite GSOE's attempts to mitigate damages, it soon became apparent that the buoy, electronics and other components were damaged beyond repair.

Subsequent investigations of the mooring system by dive teams found that the shackles were broken and lying on the clump weight. The chains and the shackles utilized in the mooring system were certified with a test load of 66 and 37.5 tons respectively and a break load of 95 and 91 tons respectively. The SeaZephIR (including all equipment installed, etc.) was roughly 20 tons total.

In light of these circumstances, on May 10, 2011, GSOE requested a third extension of the rebate from May 31, 2011 to July 31, 2012. The requested fourteen-month extension accounts for the time needed to redesign/certify a new buoy-based platform which can hold the SeaZephIR LIDAR technology correctly, manufacture the unit, deploy and validate the unit off the coast of Block Island for several weeks, and then re-deploy the unit off the coast of New Jersey. Each of these phases takes months to complete and the time requested also takes into account winter weather related deployment restrictions both off the coast of Block Island and New Jersey.

GSOE suggests that the SeaZephIR's failure was unforeseen, in part, because the design and mooring system had been approved in a draft report by a CVA and each component was designed by a reputable experienced company familiar with offshore conditions. GSOE also represents that any subsequent buoy-based platform will likely utilize a different stabilizing and mooring system than that of the damaged SeaZephIR, to eliminate risk factors from its overall operation. Other strategies to improve likelihood of success will include implementation of better quality control procedures by both GSOE and its vendors. GSOE further indicates that an alternative buoy and wind resource assessment technology will provide accurate and reliable data to determine the site's viability and support project financing in the future.

¹ The design of the SeaZephIR, and associated mooring system, was reviewed and approved, in a draft report, by Noble Denton, a Certified Verification Agent ("CVA") hired by GSOE at the request of and approved by the Bureau of Ocean Energy Management, Regulation and Enforcement ("BOEMRE").

Staff recommends granting GSEO's third extension request. To insure this matter moves forward in a timely manner, and in exchange for a third extension, Staff recommends that the progress of the project construction be tightly monitored through status updates, being provided to the Board by petitioner, as was done by the Board in an 8/27/08 Order. In the Matter of Wayne Energy Corporation – Petition to Extend the Solar Electric Project Rebate Commitment, Docket No. EO08060423.

DISCUSSION AND FINDINGS

When the Board granted petitioner's first and second 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, Docket No. EO0811097 ("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 third 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 facts and circumstances specific to this matter as set forth herein above, the Board concurs with Office of Clean Energy's recommendations. The Board **FINDS** that the project was delayed for reasons not within the reasonable control of GSOE. Specifically, GSOE did not anticipate and could not control the severe damage to, and total loss of, the buoy system. The Board **FINDS** that a third extension is consistent with public policy described in the Board's Order of September 16, 2009 in Docket Nos. E008110971, E008121062, E008121063, and E008121064, 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 May 31, 2011 to July 31, 2012.

The Board **DIRECTS** that the progress of project construction is to be closely monitored through status updates, being provided to Board Staff. Due to staff's concerns regarding the timeliness of the project, the Board **DIRECTS** Staff to develop, with input from the Petitioner, project milestones, which are to be submitted to the Office of Clean Energy, to ensure the completion of Petitioner's project no later than July 31, 2012.

The Board **DIRECTS** Petitioner to provide Staff with detailed reports on milestone progress not less than quarterly. The Board **FURTHER DIRECTS** Petitioner to notify Staff immediately of any delays in construction and to simultaneously provide a specific list of the actions it will take to get the project back on schedule. Delay beyond the specified schedule will jeopardize the BPU rebate funding.

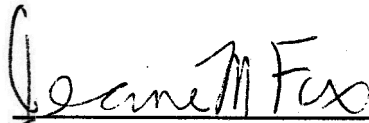

The Board **AUTHORIZES** the Office of Clean Energy to issue an extension to the commitment letter to GSOE, consistent with this Order.

DATED: 6/15/11

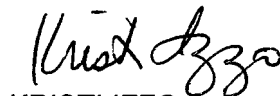
BOARD OF PUBLIC UTILITIES
BY:



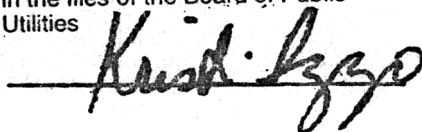
LEE A. SOLOMON
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JEANNE M. FOX
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COMMISSIONER

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

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