

# CLEAN ENERGY & CLIMATE POLICY IN THE GARDEN STATE



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# Governor Murphy's Commitments

- 100% Clean Energy by 2050 – Energy Master Plan
- Regional Greenhouse Gas Initiative
- 3,500 MW Offshore Wind by 2030
- Climate Alliance
- Ban Offshore Oil Drilling
- Zero-Emission Vehicle MOU

# Clean Energy Legislation

- Renewable Portfolio Standard
- Community Solar
- Energy Efficiency
- Offshore Wind
- Energy Storage
- Zero-Emission Credits

# Energy Master Plan

- 10-year plan for energy production, distribution, consumption, and conservation
- Executive Order No. 28:
  - *Update Energy Master Plan*
  - *Blueprint for conversion to 100% clean energy by 2050*
  - *Energy Master Plan Committee:*
    - Board of Public Utilities
    - Economic Development Authority
    - Department of Environmental Protection
    - Department of Health
    - Department of Human Services
    - Department of Community Affairs
    - Department of Transportation
    - Treasury
- Due June 1, 2019

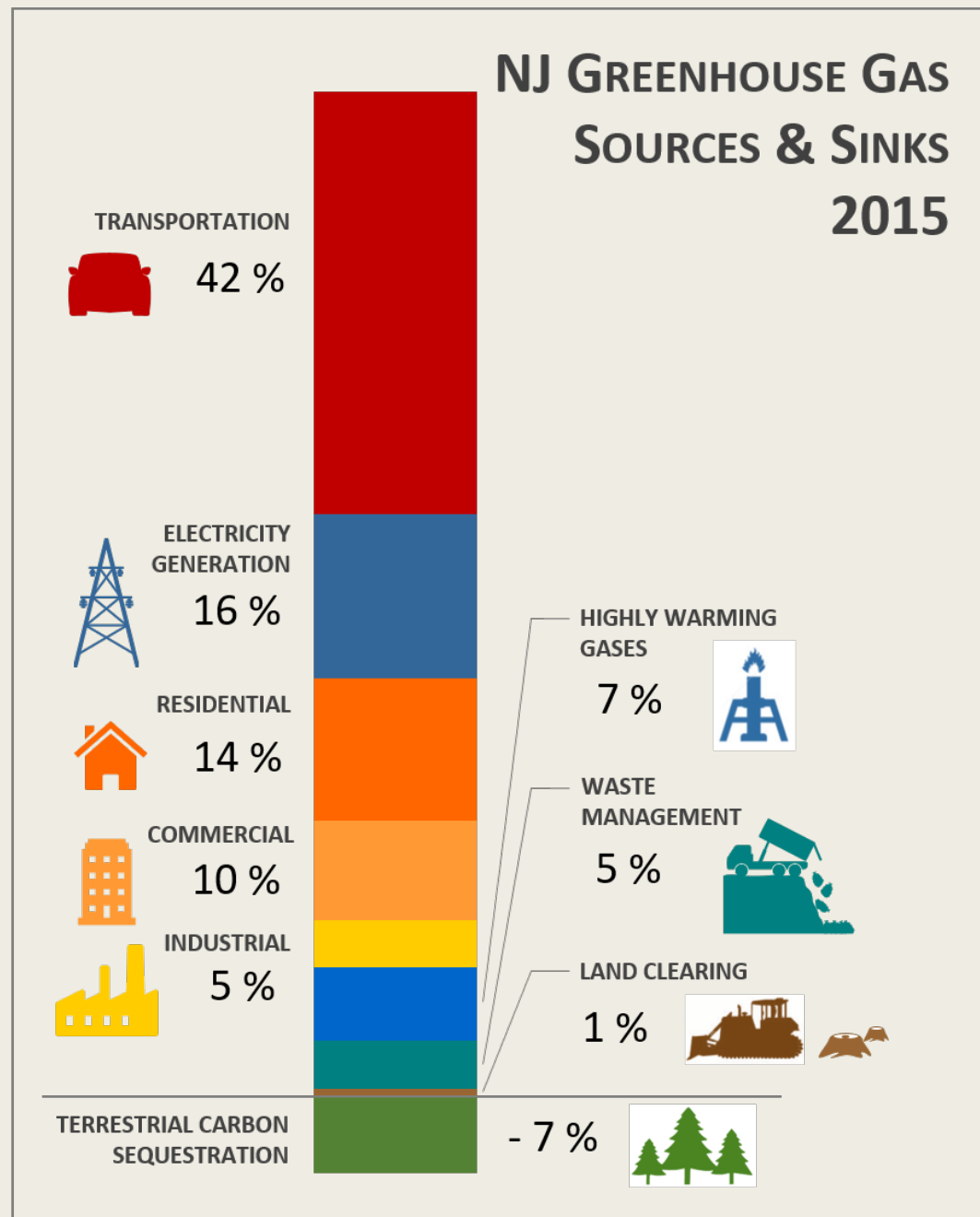
# Deep Dive: RGGI



# Global Warming Response Act

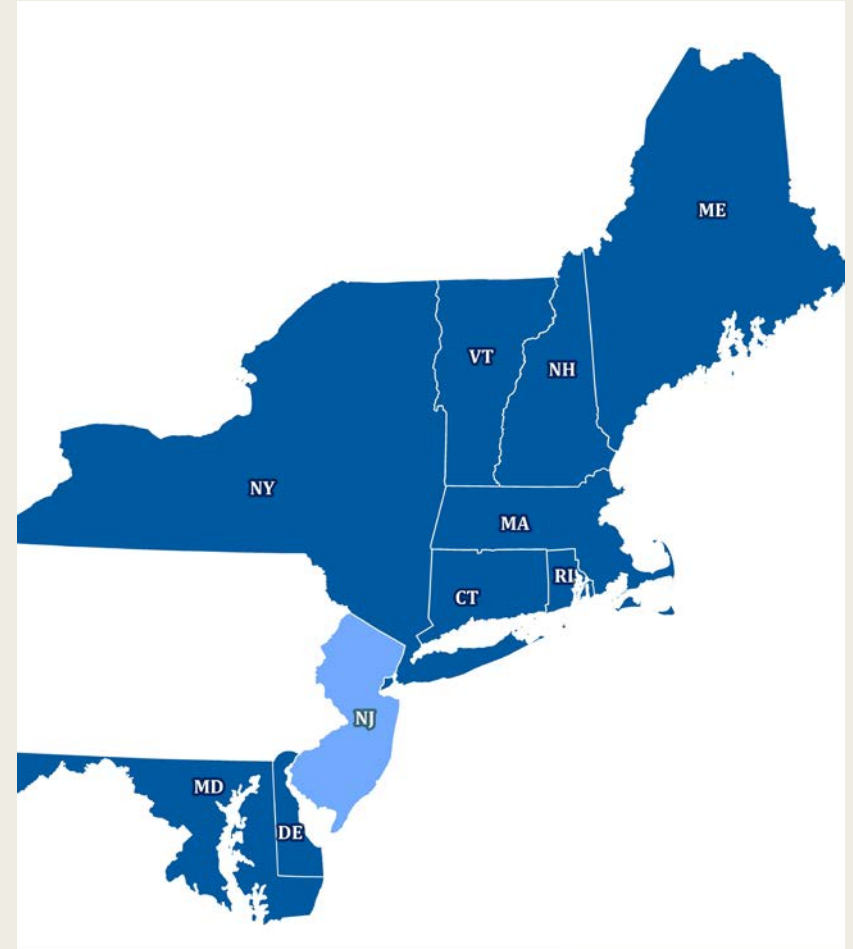
- Enacted July 6, 2007
- Calls for 80% reduction in Greenhouse Gas (GHG) emissions from baseline year 2006 by 2050
  - *Regional Greenhouse Gas Initiative*
  - *Renewable Energy Portfolio*
  - *Offshore Wind*
  - *Zero-Emission Vehicles*

# New Jersey GHG Profile



# Regional Greenhouse Gas Initiative

- Cap and Trade program
  - *Establishes Regional Cap on CO<sub>2</sub>*
  - *States offer allowances for sale in quarterly auction*
  - *Electric Generating Units purchase allowances to equal emissions for 3-year control period*
  - *States receive revenues from quarterly auctions to invest in energy efficiency and GHG reductions*





# How RGGI Works

- RGGI Regulates Utility Fossil Fuel Electric Generating Units at or above 25 MW capacity
- New Jersey:
  - *38 Power Plants*
  - *103 Electric Generating Units*

Period Year	RGGI Cap Million Tons of CO <sub>2</sub>
2009-2011	188
2012-2013	165
2014	91
2015	88
2016	86
2017	84

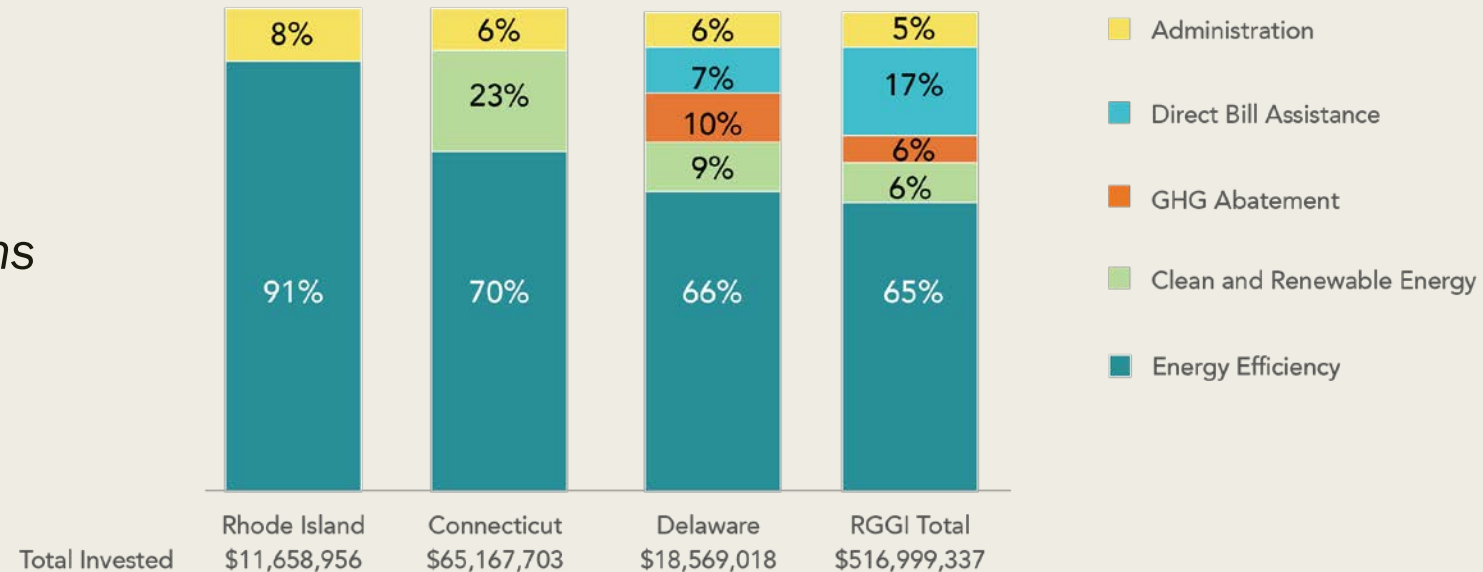
# Investing RGGI Proceeds

## ■ Consumer Benefits Programs:

- *Energy efficiency*
- *Renewable energy*
- *Direct bill assistance*
- *GHG abatement programs*

## ■ Investment Results:

- *Reducing energy bills*
- *Supporting energy reliability*
- *Job growth*

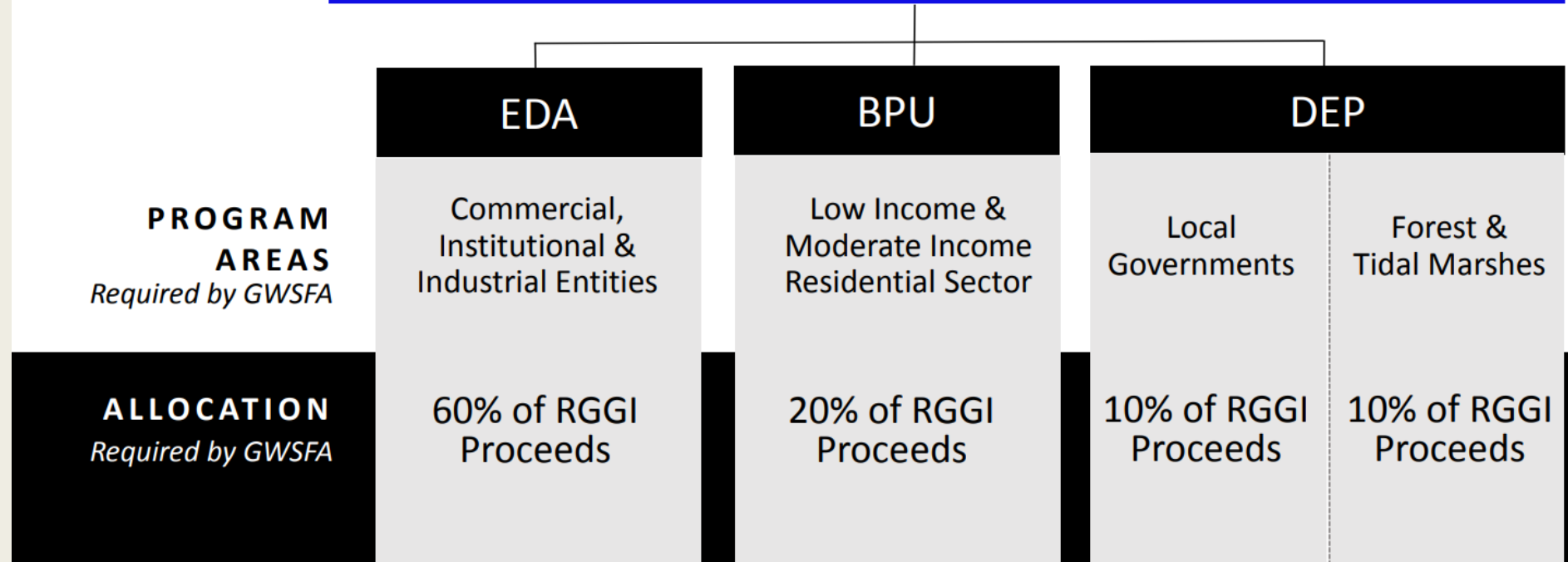


# New Jersey and RGGI

## GLOBAL WARMING SOLUTIONS FUND ACT (GWSFA)

N.J.S.A 26:2C-52

- Enacted in 2008
- Allocates funding by percentages to three NJ Agencies
- Requires Agencies to spend RGGI funds within specific program areas



# Primary Considerations for RGGI Funds

## Agencies are Required to Select Programs & Projects Based on 6 Primary Considerations

GWSFA § 26:2C-52. Guidelines and priority ranking system for allocation of funds

Result in Net Reduction in GHG Emissions	Relative Cost	Reduction in Energy Use	Co-Benefits	Responsive to Recommendations Submitted to the Legislature	Executive Order 7 Alleviate Conditions Faced by Impacted Communities
<ul style="list-style-type: none"> <li>• GHG emissions in the State</li> <li>• GHG emissions from electricity produced out of the State, but consumed in NJ</li> <li>• Net sequestration of carbon</li> </ul>	<p>Result in significant reductions in GHG relative to the cost of the project/program</p> <ul style="list-style-type: none"> <li>• The reduction of impacts on ratepayers attributable to the implementation</li> <li>• Contribute to achievement of the 2050 GWRA limit, relative to the cost of the program or project</li> </ul>	<p>Direct investment in low to moderate income residential sector</p> <ul style="list-style-type: none"> <li>• Energy audits</li> <li>• Efficiency measures</li> <li>• Financial assistance to electricity customers</li> <li>• Urban area focus</li> </ul>	<ul style="list-style-type: none"> <li>• Job creation</li> <li>• Reduction of air pollutants</li> <li>• Reduce Consumer Energy Costs</li> <li>• Improve local grid reliability</li> <li>• Contribute to regional GHG reductions</li> <li>• And others</li> </ul>	<p>Actions for future impact by sector: <i>NJGWRA Recommendations Report 2009</i></p> <ul style="list-style-type: none"> <li>• Electric generation</li> <li>• Industrial</li> <li>• Residential &amp; Commercial</li> <li>• Waste Management</li> <li>• Highly Warming Gases</li> <li>• Terrestrial Sequestration</li> <li>• Transportation &amp; Land Use</li> <li>• Environmental &amp; Economic Analysis</li> </ul>	<p>“...Serve communities that are disproportionately impacted by the effects of <b>environmental degradation and climate change</b>, and which will alleviate negative effects on <b>human health and the environment...</b>”</p>

# Roadmap to Re-enter RGGI



# Offshore Wind



# Executive Order #8



- 3,500 MW by 2030



- Interagency approach



- Offshore Wind Strategic Plan



- Offshore Renewable Energy Certificate (OREC) program & funding mechanism

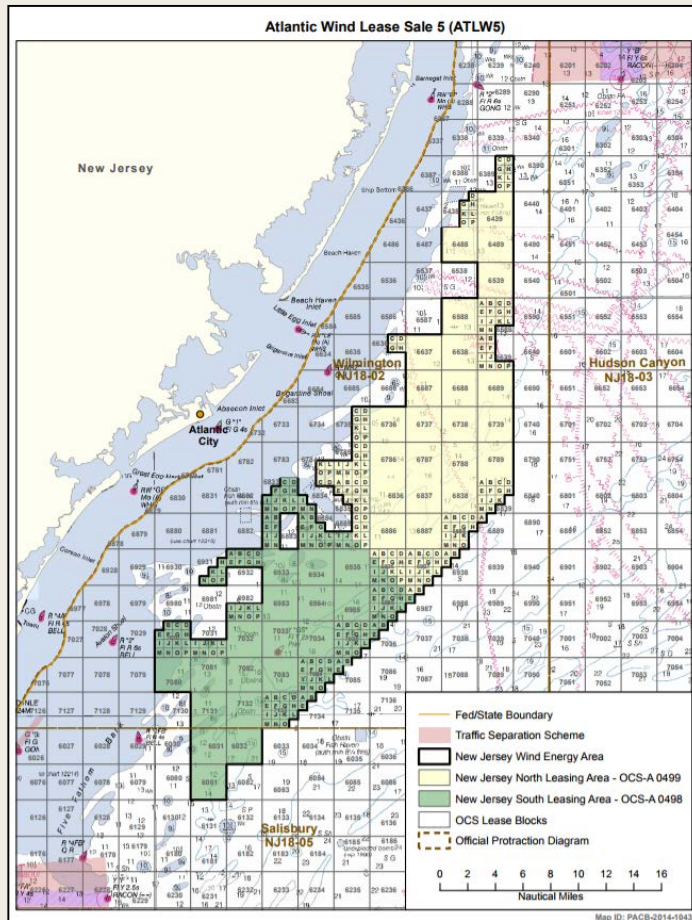


- Initial 1,100 MW solicitation



- Regional collaboration

# Overview of NJ Offshore Wind Lease Areas



New Jersey lease areas present some of the most favorable conditions for offshore wind development which will help lower costs.

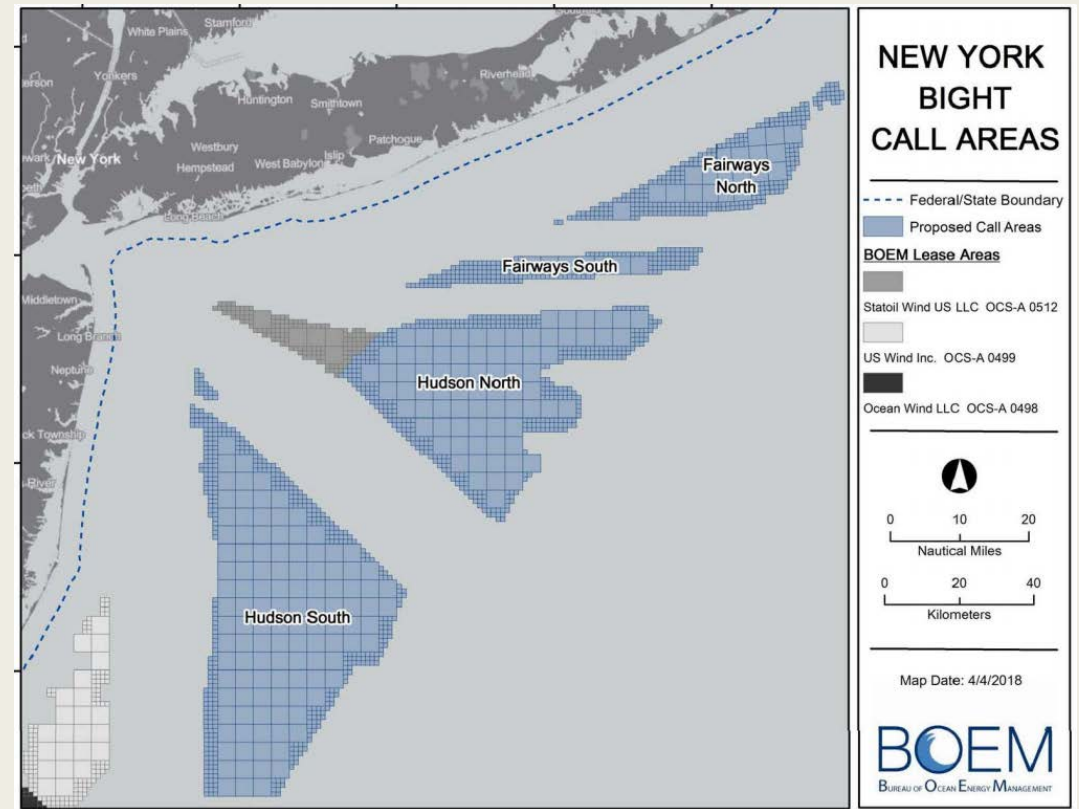
- Relatively close to shore (10 nm out to 21nm);
- Water depths throughout the lease area are generally shallow (under 30m);
- Wind speeds are fairly strong (Avg. Annual Wind Speed 8.5 m/s but significantly higher during peak hours);
- 344,000 acres directly offshore of New Jersey. Each Lease supports at least 1,100 MWs
- Designed for Utility Scale Development
- ORSTED (Ocean Wind) and US Wind
- Deepwater Wind (DE) and Statoil Lease (NY)

**Next Step: Consider Additional Lease Areas to Support 3,500 MW Goal**

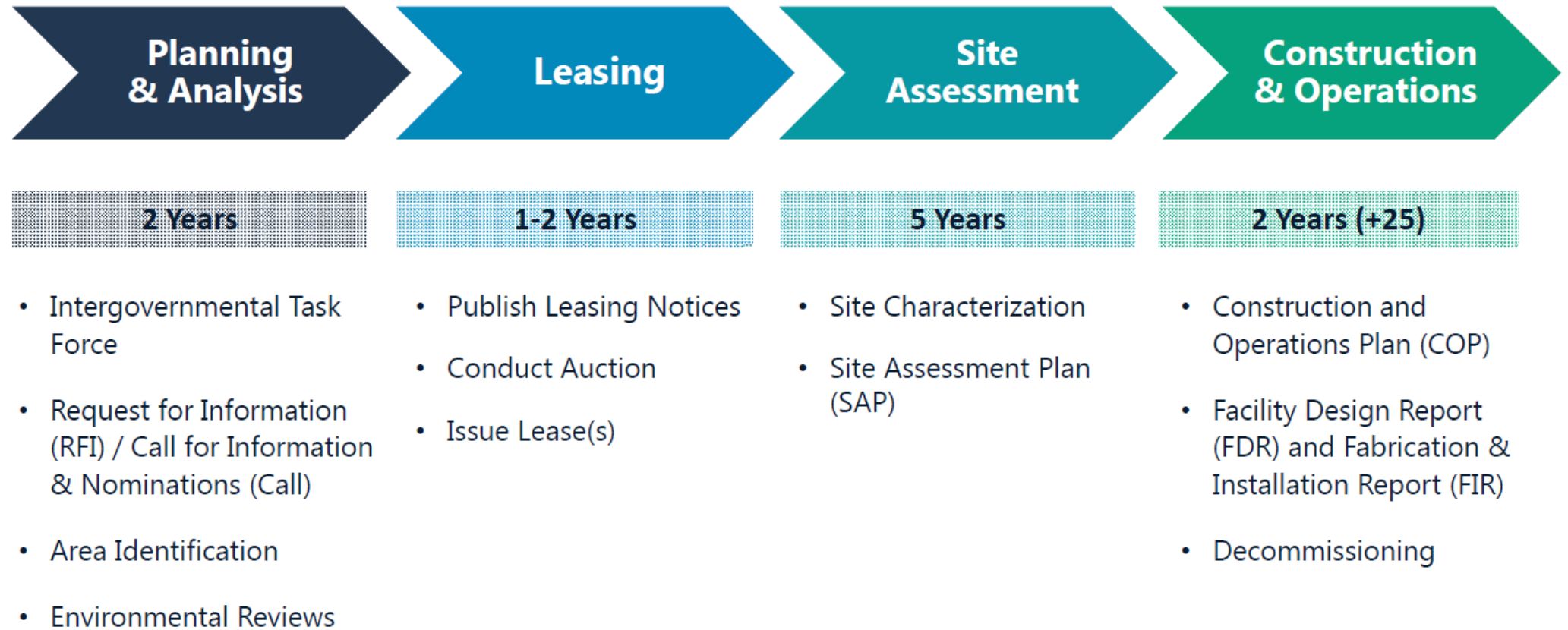


# New York Bight

- BOEM Call for Information on potential new lease areas
- Challenges:
  - *Commercial and recreational fishing*
  - *Navigation and safety*
  - *Wildlife*
- Comment period extended to July 30, 2018



# BOEM Offshore Lease Process



# Offshore Wind Strategic Plan

The Offshore Wind Strategic Plan will focus on critical components of offshore wind development, including:

- achieving scale to reduce costs
- job growth
- supply-chain businesses
- workforce development
- data collection
- appropriate siting of facilities
- shall ensure that natural resources are protected throughout the development and operational stages of offshore wind energy production.

# OREC Process-Funding Offshore Wind

BPU released an Offshore Wind Renewable Energy Certificate (OREC) Funding Mechanism rulemaking straw proposal on April 27<sup>th</sup>.

BPU conducted a Public Hearing on the straw proposal on May 8<sup>th</sup>

Public comments were due by May 18<sup>th</sup>.

**Next Step:** Draft Rule Proposal for Board Consideration

Thank You!

