

ENVIRONMENT

Atlantic Shores Offshore Wind wants to renegotiate power deal with NJ board



[Amanda Oglesby](#)

Asbury Park Press

Published 5:27 p.m. ET July 11, 2024

TRENTON — A company planning to build New Jersey's first offshore wind energy project off Atlantic City wants to renegotiate the conditions of its electricity agreement with the state Board of Public Utilities.

Atlantic Shores Offshore Wind resubmitted a proposal to build two adjacent energy projects that would generate 2,800 megawatts of electricity for New Jersey customers. The company says the projects could power as many as 1 million homes.

"Our proposal serves to expand and enhance existing strategic partnerships while growing our portfolio of economic development initiatives across the Garden State," Atlantic Shores CEO Joris Veldhoven said in a news release. "Working with our host community partners, we are keen to continue securing critical supply chain investments that will create great paying union jobs, support local workforce development, and contribute to economic prosperity across New Jersey."

Offshore wind experts and critics had anticipated that Atlantic Shores would rebid its projects, which will be located about 9 miles from shore, south of Long Beach Island. The Board of Public Utilities approved a power agreement with Atlantic Shores for its Project 1 in the summer of 2021, before post-pandemic inflation and high interest rates ballooned costs for labor, steel and construction.

In the years since the agreement was put in place, disruptions in the global supply chain for parts and material also helped to create expensive delays for construction projects around the world.

Last fall, Denmark-based offshore wind developer Ørsted announced it would stop all

work on its two energy projects off New Jersey due to inflation, high interest rates and supply chain problems.

Rebidding projects has allowed state officials and offshore wind developers elsewhere to renegotiate prices for ORECs, or offshore wind renewable energy certificates. Offshore developers earn one OREC for each megawatt-hour of electricity produced through wind turbines.

Each OREC price in New Jersey is set in an agreement between the state Board of Public Utilities and the wind developer and is calculated based on federal and state tax credits, operational costs, and electricity customer impacts, among other factors.

Earlier this year, offshore wind developers and the New York State Research and Development Authority renegotiated agreement and price details for two offshore wind projects: Empire Wind 1 and Sunrise Wind. The projects were originally approved in 2019, but New York officials said "macroeconomic and inflationary challenges that have impacted the renewable energy sector" were behind the renegotiation.

"This is the result of something that's frankly not unique to offshore wind, but... any large infrastructure projects are suffering from in the post-COVID economy," said Kris Ohleth, executive director of the Special Initiative on Offshore Wind, an organization that provides objective guidance and expertise to the nation's new and growing offshore wind sector.

Because of the high cost of constructing offshore wind farms — upwards of \$2 billion per project — high interest rates are the largest reasons developers are renegotiating prices, she said.

"Even a half a percent of interest rate increase can be really problematic," said Ohleth.

"Any project, frankly, that was financed or... received its OREC award between 2019 and 2022 or so is really going to be suffering a lot of these similar challenges."

Related: NJ ratepayers could pay billions more if Atlantic Shores wind allowed to rebid contract

Critics of Atlantic Shores's New Jersey projects fear those higher costs will be passed on to electricity customers if the Board of Public Utilities approves the company's new proposal.

Earlier this year, elected officials from eight towns — Long Beach Township, Beach Haven, Ship Bottom, Barnegat Light, Surf City, Harvey Cedars, Brigantine and Ventnor City —

urged the board to reject any attempts by Atlantic Shores to renegotiate its original agreement.

Atlantic Shores' existing agreement for Project 1 has an OREC price below that of two New Jersey wind projects approved earlier this year. In 2021, Atlantic Shores was awarded an OREC price beginning at \$86.62 per megawatt-hour in year one of its 20-year contract, increasing 2.5% annually, according to Board of Public Utilities documents. For comparison, Attentive Energy Two agreed this year to an OREC price of \$131 per megawatt hour in the first year of the project with 3% each year afterward. Leading Light Wind will receive an OREC price of \$112.50 per megawatt hour in year one, then 2.5% increase each year following.

Related: Six offshore wind turbine sites planned off Barnegat Light, draw large crowd to Toms River

Atlantic Shore's Project 1 would raise electricity prices about \$2.21 per month (in 2023 dollars) for the average homeowner under its existing agreement, compared to an estimated \$3.13 for the Attentive Energy Two project and \$3.71 for the Leading Light Wind project, according to Board of Public Utilities' documents.

Whether the Board of Public Utilities accepts Atlantic Shores' rebid proposal remains yet undetermined. The board's decision is expected by the end of this year.

Attentive Energy LLC also announced this week that the company submitted a project proposal to the board that would supplement the Attentive Energy 2 project.

The Board of Public Utilities received the bids as part of its fourth offshore wind solicitation.

Amanda Oglesby is an Ocean County native who covers education and the environment. She has worked for the Press for more than 15 years. Reach her at @OglesbyAPP, aoglesby@gannettnj.com or 732-557-5701.

