



# GREEN NOTES

## OFFSHORE WIND RENEWABLE ENERGY CERTIFICATES (ORECs)

Governor Murphy's administration aims to reduce greenhouse gas emissions through Executive Order 8 and the 2019 Energy Master Plan, among other legislative efforts. Executive Order 8, signed into effect in January 2018, increased the Renewable Portfolio Standard (RPS) to 50% by 2030. It also set provisions to expand offshore wind generation to 3,500 MW and to increase the offshore wind carve-out. Further, the executive order instructs the BPU to implement the Offshore Wind Economic Development Act's (OWEDA) Offshore Wind Renewable Energy Certificate (ORECs) program. And though the 2019 EMP is still being drafted, it will incorporate offshore wind development goals established in Executive Order 8 (2018) and recommendations consistent with provisions of the Offshore Wind Strategic Plans.

ORECs are certificates, issued by the Board of Public Utilities or its designees, representing the environmental attributes of one megawatt hour of electric generation from a qualified offshore wind project. An electric power supplier of basic generation service provider complies with the OREC program by purchasing offshore wind renewable energy certificates at a price and for the time required by the board. If there are insufficient ORECs, the provider shall pay an offshore wind alternative compliance payment established by the BPU. Any compliance payments collected will be refunded directly to the ratepayers by the electric public utilities.

Due to the nature of offshore wind, the wind carve-out has no established timeline. The BPU's previous rules define a system in which standards for any given year is based on projected energy production from operation, eligible offshore wind facilities. The BPU's proposed new rules and amendments to NJAC 14:8-6 to establish the OREC funding mechanism. This rulemaking will set forth the method and processes by which ratepayers will fund an offshore wind (OSW) project

New Jersey is well suited for offshore wind industry development due to its strategic central location on the East Coast, long coastline and shallow outer continental shelf, steady wind resource, and skilled workforce.

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