

Will Regulatory Hurdles Leave New Jersey Wind Farms Blowing in the Breeze?

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While most of us agree that the United States needs to decrease its reliance on foreign oil and develop more [renewable power sources](#), the consensus ends there. One of the biggest sources of controversy is what role federal, state, and local governments should play in the process, particularly when it comes to funding and regulating power sources like wind and solar farms.

The state of New Jersey is a perfect example. In 2010, Gov. Chris Christie signed the [Offshore Wind Economic Development Act](#) into law in the hopes of promoting the creation of wind farms off the coast of New Jersey. Among other things, the law established an [offshore wind renewable energy certificate program \(OREC\)](#) and made financial assistance and tax credits available for businesses that construct manufacturing, assemblage, and water access facilities to support the development of qualified offshore wind projects.

In addition to this Act, New Jersey has also enacted several additional laws designed to make it easier to build wind farms, relaxing the permitting restrictions for wind facilities sited in industrial zones and on piers. Christie also signed a [Memorandum of Understanding](#) with other nine other East Coast governor's establishing the Atlantic Offshore Wind Energy Consortium. Its aim is to facilitate federal-state cooperation for commercial wind development on the Outer Continental Shelf off of the Atlantic coast.

The laws appear to make New Jersey extremely wind-farm friendly. However, proposed projects have struggled to even make it out of the gate. So far, the hurdle has largely been economic. In order to qualify for subsidies from gas and electric customers, which are largely used to fund these projects, wind farm companies must be able to demonstrate that the net economic benefits outweigh the costs.

The Fishermen's Energy project, which was recently rejected by consultants hired by the state, demonstrates that this is not an easy task. The team of experts ultimately concluded that the proposed wind farm failed to show that it would provide net benefits to New Jersey ratepayers. In fact, the consultants found that the project would result in the loss of almost 30,000 jobs, and drive up electricity rates by \$286 million.

Despite the setbacks, officials with the N.J. State Department of Environmental Protection and Division of Rate Counsel remain optimistic about the viability of future projects. Fisherman's Energy has indicated that it will resubmit its project and eleven other developers have expressed interest in leasing blocks of tracts off the New Jersey coast.

It will be interesting to see if subsequent projects will be able to clear the regulatory hurdles. If not, New Jersey may have to go back to the drawing board and decide if the state is willing to endure higher costs now in hopes of being on the forefront of renewable energy in the future.