



Jersey Strong Coastal Coalition

Waves Not Blades

www.jerseystrong.org

Hon. Chris Smith
Hon. Jeff Van Drew
US House of Representatives
Rayburn House Office Building
Washington, DC 20515

November 30, 2024

RE: HALTING OFFSHORE WIND PROJECTS

Dear Representatives:

We are a growing coalition of more than 50 New Jersey counties, municipalities and citizens groups opposed to the construction of offshore wind projects in lease areas off our shores and those of neighboring states in the Atlantic Ocean. Our opposition is based on the economic, environmental and ecological harm these facilities will impose on our residents, businesses and communities along the shore and throughout the state.

The results of the recent national elections have given us hope that the new Administration and Congress will assist us in our efforts to halt these projects before any construction is underway in the coming year and beyond. We appreciate your past and ongoing support for our cause and are encouraged by campaign statements made by President-Elect Trump who promised on May 11 in Wildwood, NJ that he would “end offshore wind on Day One” if elected.

Now that the election results have confirmed that Donald J Trump will in fact be inaugurated on January 20, 2025 as our 47th President with Republican control of both houses of Congress, it is appropriate to determine what steps can be taken to carry out this commitment and to demonstrate that campaign “Promises Made are Promises Kept.”

Halting offshore wind will require a combination of legislation and executive action to effectively discourage investment in these projects and remove or neutralize actions being taken by state governments, including our own, who continue to support offshore wind projects in the northeast Atlantic region. Towards that end we wish to provide our thoughts on how best to quickly achieve the desired outcome of halting offshore wind development. We believe the following early actions can and should be taken by the incoming Administration and Congress:

- Repeal of Tax Credits Enacted in the 2022 Inflation Reduction Act (IRA)

The repeal of the Investment Tax Credit (ITC) in the IRA for offshore wind projects would be the single most effective way a new Trump administration and Republican Congress could halt existing projects and prevent any new ones from proceeding.

The developers absolutely require the minimum 30% ITC provided in the IRA and most are counting on 40% under newly relaxed IRS rules which enable them to get a 10% bonus just by putting a data center in a nearby port facility. They cannot meet their investment targets without these credits which can be used or sold to recoup billions in capital costs when the facilities go into operation. This is why Orsted insisted on the extra ITC (up from 12% to 30%) for its Ocean Wind projects which otherwise would have gone to NJ ratepayers. Even after the NJ legislature granted this additional subsidy, they ended up cancelling these projects in part because they couldn't then qualify for the 10% bonus as well.

In the case of the 2837 MW Atlantic Shores South project, which has pending bids for new contracts with the NJ Board of Public Utilities (BPU), a 30-40% ITC will provide them with \$5-7 billion of Federal taxpayer subsidies and will enable the BPU to award contracts to them which will saddle NJ ratepayers with paying \$190/MWH or more for their power, three times the wholesale market price, while allowing their foreign owners (Shell and EDF) to realize a 20% or more return on their investment, more than twice the 9% allowed to regulated utilities¹.

As an alternative to the ITC, the IRA provides the opportunity for a developer to receive a Production Tax Credit (PTC) of about \$30/MWH for generation produced in the first ten years of operation. While not as lucrative to the developer as the ITC, it still would provide a substantial taxpayer subsidy of over \$2 billion to the Atlantic Shores South project.

We believe that removal of both the ITC and PTC will prevent Atlantic Shores or other offshore wind developers from meeting their minimum investment targets in which case they would opt to cancel any awarded contracts or bids outstanding or in the future. It is simply not feasible for them to obtain equity or project financing without this Federal tax subsidy. We therefore encourage you to introduce legislation early in the new term which will strip both the ITC and the PTC for offshore wind projects from the IRA.

- Executive Action on Environmental Protection Agency (EPA) Social Cost of Carbon (SCC) Rules

Another area where a new Trump Administration could help push back on offshore wind, and other green energy initiatives, is by directing EPA to revert to its former treatment of the Social Cost of Carbon (SCC) in regulatory cost-benefit analysis. In March 2017 in his prior administration, President Trump issued an Executive Order (EO 13783²) which, among other things, directed agencies to follow EPA guidance in monetizing greenhouse gas (GHG) emissions benefits limited to those accruing only to the US and using the interagency Working Group (IAWG)³ estimates based on a minimum 3% discount factor. This resulted in a value of less than \$6/ton of CO2 equivalent.

¹ Economic Analysis of the Atlantic Shores Offshore Wind Project, Whitestrand Consulting, August 2024.

² Promoting Energy Independence and Economic Growth, EO 13783, March 2017

³ Technical Support Document: Technical Update of the Social Cost of Carbon. Methane and Nitrous Oxide Interim Estimates Under EO 13990, February 2021.

When President Biden came in on January 20, 2021, he rescinded the 2017 Trump order and issued EO 13990⁴, directing EPA to require agencies to consider worldwide global benefits at the 3% discount factor which resulted in a SCC value of \$51/ton. Then, in November 2023 EPA lowered the discount factor to 2% which raised the SCC to \$190/ton⁵.

This more than thirty-fold increase in purported benefits of GHG reductions has allowed Federal and state agencies to assign enormous (and imaginary) benefits to justify higher costs of offshore wind, solar, battery storage, carbon capture and just about any green technology which can reduce carbon emissions.

In NJ, the BPU has used the \$190/ton value to justify large ratepayer subsidies in the Third Offshore Wind Solicitation and no doubt will use it in the pending Fourth Solicitation unless the EPA guidance is changed. For the Atlantic Shores South project, this will allow them to assign an environmental benefit of \$24 billion to GHG reductions. This is the equivalent of \$200/MWH of Offshore Renewable Energy Credit (OREC) pricing, so they could justify an OREC award that much higher than if they used \$6/ton.

We recommend that, upon taking office, President Trump issue a new Executive Order rescinding the Biden EO 13990 and directing EPA to require agencies to limit monetization of GHG emissions reduction only to the extent they result in domestic, rather than global, benefits and to utilize IAWG values based a 3% discount factor. This treatment is consistent with long standing Office of Management and Budget (OMB) guidelines for agencies conducting regulatory cost-benefit analyses.

- Rescission of EO 14008 -Executive Order on Tackling the Climate Crisis at Home and Abroad

President Trump should immediately rescind EO 14008⁶, issued by President Biden which, among other things, directed Federal agencies to take all necessary steps to increase offshore wind generation in Federal waters in support of his goal of achieving 30 GW of offshore wind by 2030.

We hope these recommendations will be helpful in formulating a plan of action on carrying out the pledge to halt offshore wind and we encourage you to share this with members of the Transition Team and designated heads of the agencies that will carry out this promise. We will be glad to meet or have further discussions on this matter, which is critical to our members and to your constituents.



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⁴ Protecting Health and the Environment and Restoring Science to Tackle the Climate Crisis, EO13990, January 20,2021

⁵ Report on the Social Cost of Greenhouse Gases: Estimates Incorporating Recent Scientific Advances” U.S. Environmental Protection Agency, November 2023.

⁶ Executive Order on Tackling the Climate Crisis at Home and Abroad, EO 14008, January 27, 2021.

Signatories:

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Barnegat Twp	Defend Our Beaches NJ	Keyport	North Arlington	Ship Bottom
Barnegat Light	Elk Twp	Lavalette	North Hanover	Stafford Twp
Bay Head	Florence	LBT10 Taxpayers	Pemberton	Stop High Risk Cables
Beach Haven	Florham Park	Little Egg Harbor	Plumsted	Totowa
Beachwood	Hainesport	Long Beach Twp	Protect Our Coast-LINY	Ventnor
Berkeley Twp	Harvey Cedars	Mahwah	Point Pleasant Boro	Wallington
Brick Twp	Hawthorne	Manasquan	Raritan Twp	Wall Twp
Brielle	Howell	Mantoloking	Save the East Coast	Washington Twp
Brigantine	Jackson	Margate	Sea Girt	Wildwood Crest
			Seaside Heights	Wyckoff

Signatures:



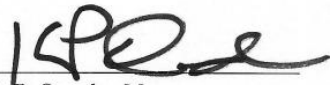
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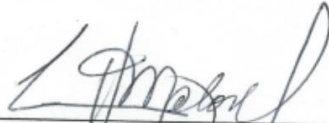
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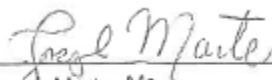
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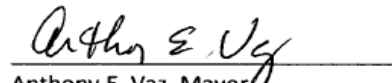



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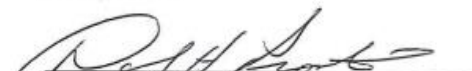



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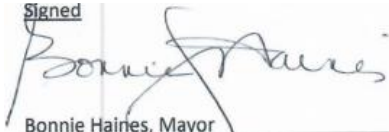


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Mayor Robert Klingel
On behalf of the Washington Township Committee



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