Will New Jersey's New Wind Port Be A Game Changer Or A Financial Boondoggle?

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New Jersey Governor Phil Murphy announced last week that he has chosen a site along Delaware Bay in Salem County to become what is being called the New Jersey Wind Port, billed as the first port in the nation to be built specifically to support the development of offshore wind farms. The Wind Port is planned to promote the development of such power along both the New Jersey Shore specifically and elsewhere along the East Coast of the United States.

The facility will be built on the existing Artificial Island that is presently home to New Jersey's three nuclear facilities, two of which remain active, and will include a future offshore expansion of that island as the facility is expected to grow. The Wind Port is proposed to serve as the terminal to assemble turbines to power offshore wind farms along the East Coast, starting with the planned 1,100 MW Ocean Wind project to be located about 15 miles offshore from Atlantic City that was approved by the State Board of Public Utilities last year. It is expected to become operational in 2024. New Jersey hopes to solicit bids later this year to commence building the Ocean Wind project.

Currently, the only operating offshore wind farm in the United States is a small 30 MW demonstration facility called the Block Island Wind Farm, which is located just 3.8 miles from the island of the same name in the Atlantic Ocean, off the coast of Rhode Island.

The New Jersey Wind Port hopes eventually to attract manufacturers and purveyors of cables, foundations, turbines and other components for offshore wind farms throughout the Atlantic Seaboard. Governor Murphy hopes this will jumpstart New Jersey's goal of 100% clean energy by 2035. By that date, New Jersey has scheduled an eventual 7,500 megawatts of electricity annually to be provided by wind farms at several locations offshore from the State, including the initial 1,100 MW Ocean Wind project mentioned above.
Not surprisingly, the wind industry has lauded the Wind Port project as a major breakthrough. It is hoped that this facility will become an embarkation point for many national and even international offshore wind projects, and make New Jersey a world leader in the field.

The devil for the Wind Port, of course, will be in the details. The New Jersey Economic Development Authority is hoping to finance the estimated $300-400M cost of the project through a combination of public, private and mixed public-private sources. But as of now, the EDA can provide no specifics other than a concept plan.

Meanwhile, as the wind industry applauds the project, the natural gas industry looks skeptically at it. Natural gas interests note that they do not look for any similar subsidies, just the right to build transmission pipelines to service New Jersey (and New York) customers. Governor Murphy has taken a hard line on this, mimicking New York Governor Andrew Cuomo, and denying all new gas pipeline projects that would come into the State.

For Murphy, New Jersey's energy position is a question of environmental stewardship. He aims to be a leader in moving the country away from fossil fuels and toward renewables.

It will be interesting to see how the Murphy Administration structures the Wind Port deal. Already some New Jersey residents fear that Administration will socialize the financial risk among State taxpayers while privatizing any economic benefit to private interests. They hope the Administration will reserve much of that upside for the people of New Jersey. We shall see.

However, the fact that the State needs to be involved at all evidences that the project would probably not succeed financially without public assistance, at least at this stage in the push toward 100% clean energy. If that public assistance empowers a cleaner world, then that would be a strong incentive for the project. Nevertheless, the major problem for offshore wind remains that it has yet to show that it can be anything beyond sporadic and inefficient. And there also remains that vexing problem of how such electricity will be conveyed to the homes, offices, and factories where it is most needed if we do not also improve our energy conveyance and storage infrastructure. As an addition to the overall energy mix, wind is a great and promising source. Converting it to become a key component in a "green energy" mix, if not the very cornerstone of that mix for states, like New Jersey, blessed with access to offshore winds, remains practically unproven at this time.

For all of our sakes, we should hope for the success of the New Jersey Wind Port. For our economic and social future, though, we must watch closely how this deal will be financed and how well and efficiently it will help to produce actual and fully reliable power from wind in the future. As we close down our nuclear facilities and stop our oil and gas pipeline buildout, it becomes even more important to ensure that we will be able to supply enough power for our futures, especially on a consistent and dependable basis throughout the country. There would be little economically or environmentally sound about failing to do so.

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