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Save LBI Urges NJ BPU to Disclose All Costs in its Analysis of the Multibillion Dollar Atlantic Shores South Wind Project

BEACH HAVEN, NEW JERSEY, November 7, 2024 – Save LBI is urging the New Jersey Board of Public Utilities (BPU) to conduct a comprehensive cost-benefit analysis of the Atlantic Shores Offshore Wind South project that takes into account costs omitted in previous economic analyses of the controversial plan to place two-hundred 1,048-foot-tall wind turbines off the coast of southern Long Beach Island, Brigantine, and Atlantic City.

If the additional anticipated subsidies for the project are approved, the project would cost New Jerseyans an estimated **\$110 billion** over its lifespan, almost twice the amount of the entire State budget for 2025 of \$55.9 billion, according to Save LBI. This staggering amount includes **\$73 billion** in generic costs that occur for all such projects and an additional **\$37 billion** in costs associated with siting large wind turbines radically close to the coast. (See generic and site-specific cost breakdowns below.)

The State's Offshore Wind and Economic Development Act requires a cost-benefit analysis showing a net benefit to the State before electric rate subsidies can be awarded to an offshore wind project. In a letter dated October 30, Save LBI asked the NJ BPU to include costs that were not factored into the previous financial calculus for the Atlantic Shores South project, including the sizeable cost associated with siting the turbines closer to shore than anywhere else in the world.

"The BPU is looking at spending an enormous amount of public money on a single project," said Bob Stern, president and co-founder of Save LBI. "It's no wonder potential recipients of that largess show up in droves at wind-energy-sponsored events such as the Offshore Windpower Conference & Exhibition held last week in Atlantic City."

The total lifetime project cost is \$110 billion with \$37 billion of that coming from the close to shore siting. Save LBI has provided this cost information to the BPU and awaits the Board's award decision and cost-benefit analysis to see: (1) the *full costs* of the Atlantic Shores South project, (2) what possible benefit would outweigh this huge cost in order to satisfy the State's "net benefit" test, and (3) how the extra \$37 billion could be justified compared to other projects.

Save LBI has also called on NJ State legislators to review and hold hearings on these costs and determine whether or not the Atlantic Shores South project is a wise use of the State's limited resources.

Generic Costs of Atlantic Shores South

1. Substantially higher electricity rates across the State’s residential, commercial, and industrial sectors. The BPU is considering a more highly subsidized price for the Atlantic Shores project that would increase average bills by around 12% (11% residential, 13% commercial, and 15% industrial). Based on 2024 numbers, the cost of this increase over the lifetime of the project would be **\$20 billion**¹. It’s worth noting that the NJ BPU has underestimated prior electric bill increases by about 40%².

2. State investment in the Paulsboro, Salem County, and Sea Girt facilities. In addition to direct subsidies of individual offshore wind projects, the State is investing substantial NJ taxpayer money to provide infrastructure support for the Atlantic Shores South project and other offshore wind projects. To date it has committed at least \$250 million for the Paulsboro marine terminal³, \$637.6 million (with another \$462 million planned) for the Salem county windport,⁴ and another \$1.2 billion for the Sea Girt/Larrabee transmission system/upgrade (with an additional \$7.1 billion expected to follow)². Combined, we’re looking at another **\$9.7 billion**. And this does not take into account a new, even more costly offshore transmission system, now on the drawing boards, that would divert power from wind projects off NJ to New York. All of these additional State costs should be proportionally allocated to each project that will use them when evaluating costs versus benefits, with an assumed **\$3 billion** allocated to this project.

3. Loss in business revenue and jobs due to electric rate increases. A 2011 study⁵ found that a 2 percent increase in Statewide electric rates results in an annual loss of 2,219 jobs, with an average decrease in wages of \$111 per year, which adds up to a Statewide loss of \$330 million in annual disposable income. A 12 percent rate increase from the Atlantic Shores project would result in a present (2024) value cost increase of **\$40 billion**¹. Costs such as these have been omitted from previous BPU cost-benefit analyses, but are major and should be included.

4. State cost of removal and onshore processing of wind turbines at the end of their useful life. These costs are likely to fall to the State because there are no federal or State requirements for the company to remove the turbines. What’s more, Atlantic Shores or government agencies have never disclosed a feasibility study or cost analysis for the removal and onshore processing of the turbines — a massive undertaking that could approach the cost of installation, on the order of **\$10 billion**. The BPU cost benefit analysis should clearly state whether turbine removal and processing is included in the project decommissioning plan, what cost was allocated toward that, and what provision was made to provide for financial assurance for funding that cost. It should be noted that any failure to address this issue, resulting in the turbines left in place after their useful life, would incur additional costs such as those discussed below in items 6, 7 and 8 for the very long term.

5. Energy back-up costs and the “wake effect.” The introduction of intermittent wind-powered energy to the regional electric supply system requires more back-up sources, potentially within New Jersey. In addition, the BPU has not considered the “wake effect”: how wind is diminished in a row of turbines that is downwind from another row, which will significantly reduce the power output of the Atlantic Shores project due to the close spacing between turbines. A recent study⁹ of a wind complex close to the Atlantic Shore South area indicates that the internal wake effect within the complex itself is significant in terms of reductions in wind speed. The nature and cost of the necessary energy back-up should be included to attain an accurate cost-benefit analysis.

Additional Costs Associated with Siting Wind Turbines Close to Shore

6. Loss in tourism. A 2024 study⁶ estimated the Atlantic Shores project would cause a \$668 million loss in annual tourism revenue and the loss of 6,700 tourism-related jobs per year in Ocean County, NJ, attributable to the project off Long Beach Island. The present (2024) value of that lost tourism revenue would add up to \$12 billion over the first 20 years of turbine operations. Another 2024 study⁷ estimates an additional annual \$1.6 billion loss in tourism revenue in neighboring Atlantic County, with related job losses of 10,700 per year and a total cost to Atlantic County of \$21 billion over the lifetime of the project. The total expected loss in tourism revenue over the life of the Atlantic Shores project for both areas is **\$33 billion**. Such costs have not been addressed in prior BPU cost-benefit analyses, but are major and should be included.

7. Decline in property values. Government agencies and wind developers like to cite a Block Island (Rhode Island) study to conclude that offshore wind development will have no impact on property values. But this is highly misleading because Block Island only has only *five small wind turbines* located off rocky coasts and cliffs, much farther and less visible from popular beaches. Five turbines is a long way from 200, each three times the height of the Statue of Liberty and less than 9 miles from shore at their closest point.

A study commissioned by the NJ BPU⁸ that examined how the visibility of offshore wind turbines would impact property values found that oceanfront and ocean-view properties would lose significant value. It assumed that an oceanfront or ocean-view property would drop to the value of the row behind it with turbines visible. Applying that principle to the 1,100 oceanfront properties on LBI predicts a reduction in property value of 38 percent for each home, for a total loss in property value of \$1.6 billion; homes one house away from the beach would each experience a 25 percent reduction in value for an additional loss of \$0.6 billion. A similar analysis conducted for Brigantine Beach⁷ shows losses of up to \$0.8 billion per home for the first two rows of houses nearest the ocean. This results in a **total loss of \$3 billion** just for the first two rows closest to the ocean in these two towns, and would likely have a cascading effect on other property values. Anticipated losses in property value and tax revenue for all affected structures were missing from prior BPU cost benefit analyses and should be included in the cost-benefit analysis of the Atlantic Shores South project.

8. State costs for beach cleanups of debris from wind-turbine component failures. These costs are uncertain because offshore wind companies and government agencies have not released an analysis of the frequency and consequences of turbine component failures. But, as we know from the Vineyard Wind turbine failure off the coast of Nantucket in July, the cost of removing fiberglass and other debris from beaches is substantial, as is the comparable cost of cleaning up beaches in the aftermath of vessel wrecks, which have run into tens to hundreds of millions of dollars. Depending on failure frequency, the cost of such cleanups over the project's lifetime could approach **\$1 billion**, or even more if failures occur during tourist season. Costs covering the eventuality of turbine failures have not been factored into prior BPU cost benefit analyses but should be accounted for in the cost-benefit analysis of the pending Atlantic Shores South project.

About Save LBI

Save Long Beach Island (Save LBI) is an organization of citizens and businesses on and off the Island working together to protect the ocean and Long Beach Island and neighboring communities from the destructive impact of offshore wind projects. As a not-for-profit, non-partisan entity, we do not endorse any political candidates but vigorously pursue policies and actions that protect the Island and New Jersey communities. The organization is led by Beach Haven resident Bob Stern, a Ph.D. engineer with experience in environmental law who previously managed the U.S. Department of Energy's office overseeing environment protection related to energy programs and projects.

Save LBI is fighting to stop this ill-conceived project. Please visit [SaveLBI.org](https://www.saveLBI.org) to join the fight and consider making a donation.

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