

Ocean Wind Offshore Wind Farm

Green Acres Diversion Application

Section 12

Compensation Proposal

12. Compensation Proposal

This section of the application package provides a description of the compensation proposal in accordance with the Green Acres regulations at N.J.A.C. 7:36-26.11(b)5.

12.1 Proposed Diversion

Ocean Wind 1 is seeking to acquire permanent easements totaling 0.647 acres across lands owned by Ocean City. The lands in question are encumbered by State of New Jersey Green Acres restrictions and therefore are subject to this application for diversion. The acquisition of a permanent easement by Ocean Wind 1 is a major diversion requiring approval through the Green Acres Program of the Commissioner of the Department of Environmental Protection and the State House Commission.

12.2 Compensation Required by N.J.S.A. 48:3-87.1(f)(2)

On February 2, 2022, Ocean Wind 1 petitioned the New Jersey Board of Public Utilities (BPU) pursuant to N.J.S.A. 48:3-87.1(f)(2) to acquire the permanent rights of way and easements needed for the Project across Green Acres encumbered parcels owned by Ocean City. Pursuant to N.J.S.A. 48:3-87.1(f)(2), Ocean Wind 1 is required to provide funds for the acquisition of three times the area proposed for diversion for additional land for recreation and conservation purposes within Cape May County. These funds may be provided to the NJDEP, Green Acres Program; a local government unit; or a qualifying tax-exempt nonprofit organization. Since the total area of the diversion is 0.647 acres, Ocean Wind 1 must provide funds for the acquisition of at least 1.941 acres of property within Cape May County.

Although compensation for the diversion is prescribed by N.J.S.A. 48:3-87.1(f)(2), Ocean Wind 1 looked to the Green Acres Regulations as a guidepost, which require the application of various ratios to either the acreage or market value of diverted lands. These ratios vary depending on whether (1) the diversion is for aboveground or belowground easements; (2) the sponsor of the project is a private or public entity; and (3) whether the compensation to be provided is money or replacement land. Because the sponsor (Ocean Wind 1) is a private entity and monetary compensation is proposed, the regulations would typically require that the permanent right of way be compensated for by at least a ten-to-one ratio. See N.J.A.C. 7:36-26.10(g).

On December 22, 2021, Ocean Wind 1 offered the City of Ocean City (City) \$202,000 for the property rights which Ocean Wind proposes to acquire from the City in connection with the Project. That offer was calculated based on ten times the appraised value of the permanent easements, consistent with the Green Acres regulations.

Following Ocean Wind's December 22, 2021 offer, Ocean Wind's appraiser, Lee Ann Kampf, MAI, ASA, IFAS, CTA, revised her appraisal of the required easement across the Bay Lot (i.e., Block 3350.01, Lot 17) and determined the market value to be \$500.00 (originally \$200.00) in accordance with guidance from the Green Acres Program. In addition, the acreage of the permanent easement on the Beach Lots (i.e., Block 611.11, Lots 137 and 145; and Block 3500, Lot 1 (including riparian grant)) was reduced from 0.770 acres to 0.579 acres. The appraisal of the Beach Lots was updated to reflect the reduction in acreage impacts. Ocean Wind 1's appraiser determined the appraised value of permanent easement across the Beach Lots to be \$15,000.

Based on the revised appraisals, the minimum compensation under the Green Acres regulations would have been \$155,000.00. See N.J.A.C. 7:36-26.10(g). On April 15, 2022, despite the reduction in the acreage of the permanent easement, Ocean Wind 1 provided an updated offer of compensation of \$205,000, which is more than thirteen times the appraised value of the permanent easements.

In addition to providing compensation for the replacement of 1.941 acres, N.J.S.A. 48:3-87.1(f)(2) requires that Ocean Wind 1 compensate Ocean City for the fair market value of the easements. Ocean Wind 1's appraiser has determined the fair market value of the easements to be \$15,500.00.

12.3 Final Compensation

Ocean Wind 1 proposes to pay \$205,000.00 for the diversion of Green Acres encumbered lands, which is more than thirteen times the appraised value of the easements and exceeds the minimum required under the Green Acres Regulations. Ocean Wind 1 will discuss with the NJDEP, Green Acres Program the appropriate entity to receive these funds. The compensation for the diversion must be used for land acquisition within three years from the date of the issuance of an order by the BPU granting Ocean Wind 1 the permanent easements. Consistent with the Green Acres Regulations, the proposed replacement land must be of reasonably equivalent or superior quality to the parkland proposed for disposal or diversion, including, but not limited to, location, accessibility, usefulness for recreation purposes, and value for ecological, natural resource and conservation purposes. See N.J.A.C. 7:36-26.10(d)6.

Ocean Wind 1's proposed compensation would be more than enough to acquire 1.941 acres and the administrative costs associated with acquisition.

Further, as set forth in Section 2 of this application, Ocean Wind 1 is still evaluating the feasibility of an alternate route that would avoid the Bay Lot, which would reduce acreage impacts from 0.647 acres to 0.579 acres. If this alternative is feasible, Ocean Wind 1 would then be required to provide compensation to replace 1.737 acres. Regardless of this potential acreage reduction, Ocean Wind 1 is committed to still paying \$205,000.00 in compensation. Ocean Wind 1 will also pay the fair market value of the easements to Ocean City in accordance with N.J.S.A. 48:3-87.1(f)(2).