



GUIDELINES FOR APPLICATION SUBMISSION FOR PROPOSED OFFSHORE WIND FACILITIES

New Jersey Board of Public Utilities
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Section 1.0 INTRODUCTION AND OVERVIEW OF THE OREC PROGRAM

Subsection 1.1 Background

New Jersey Governor Philip D. Murphy signed Executive Order No. 8 on January 31, 2018. The purpose of the Order was to reinvigorate the implementation of the State’s Offshore Wind Economic Development Act (OWEDA or the “Act”).¹

The Governor made his intent clear. With “some of the best offshore wind resources in the world” he said New Jersey could “combat the threat of global climate change” to protect New Jersey and also “provide reliability and relief for the regional electric grid, which is the largest, most congested and most costly in the nation.”²

Moreover, the Governor saw that “an aggressive offshore wind energy production goal” could result in the State housing key parts of the offshore wind supply chain for the Atlantic Coast which in turn would “contribute to a stronger New Jersey economy.”³ To this end, Governor Murphy set a “goal of 3,500 MW of offshore wind energy generation by the year 2030.”⁴

As a significant step toward the Governor’s goal, the New Jersey Board of Public Utilities (BPU) is now soliciting applications for the development of up to 1,100 MW of offshore wind energy generation. The purpose of this Guidance Document is (a) to state all the requirements for an offshore wind developer to apply under this solicitation and (b) to explain how applications will be evaluated.

The Guidance Document explicitly draws from four other, significant documents: (a) OWEDA; (b) the BPU-approved Rules for a project application under OWEDA (N.J.A.C. 14:8-6); (c) Executive Order No. 8; and (d) the proposed OREC Funding Mechanism.⁵ All four of these documents are attached to this Guidance Document because they give essential guidance for the submission of applications to this solicitation.

Separate from this Guidance Document is the attached Offshore Wind Application Form – each Applicant must submit this “at a glance” summary of its Project Proposal. The Form includes important information from the applicant ranging from the calculation of a levelized OREC Purchase Price to a signed agreement that the applicant makes all commitments required to be a Qualified Offshore Wind Project.

¹ P.L. 2010, c. 57, signed into law August 19, 2010.

² Executive Order No. 8 p 1.

³ *Ibid* p 1-2.

⁴ *Ibid* p 2.

⁵ Proposed Amendments and New Section: N.J.A.C. 14:8-6, BPU Docket QX18040466. (“OREC Funding Mechanism”)



In addition, each applicant must submit the attached Project Completeness Checklist to assure that all the materials required of an applicant have been submitted.

Subsection 1.2 Overview of the Solicitation

This solicitation seeks to secure offshore wind renewable energy certificates (ORECs) from up to 1,100 MW of Qualified Offshore Wind Projects (Qualified Projects).

Qualified Offshore Wind Projects are wind turbine electric generation facilities located in the Atlantic Ocean and connected to the electrical transmission system in New Jersey and approved by the BPU.⁶ ORECs represent the environmental attributes of generation from these projects.⁷ For each MWh generated and delivered to the transmission grid, a Qualified Offshore Wind Project will be credited with one OREC.

For each OREC, the Qualified Offshore Wind Project will be paid its stated OREC Purchase Price which reflects the all-in costs of the Project – that is, the total capital and operating cost for that Project offset by any state or Federal tax or production credits and other subsidies or grants, as approved by the BPU.⁸ The OREC Purchase Price will be fixed for each of the first 20 years of the Project’s commercial operation. Since the OREC Purchase Price is fixed and is paid only for actual offshore wind generation, New Jersey ratepayers will NOT bear the risk of a Project suffering cost overruns, poor performance, or failing to come on line at all. This is a pay-for-performance transaction.

Once the BPU approves Qualified Projects as a result of this process, the BPU will establish a Statewide OREC purchase requirement for future Energy Years in an amount to support the output of all Qualified Projects. This output will be an offset to existing State Class I renewable energy requirements.

A Qualified Project may sell ORECs up to a bidder-specified maximum quantity each year – this quantity is called the “Annual OREC Allowance.”⁹ Additional ORECs may be held by the Project and sold in future years. ORECs are eligible to be sold in the Energy Year in which they are generated and for 2 additional Energy Years beyond that.¹⁰ If the Qualified Project falls short of its Annual OREC Allowance, any shortfall may be added to the following year’s Allowance. This is a cumulative effect, so shortfalls in multiple years will continue to increase the Annual OREC Allowance. In these ways, the Applicant will be given the opportunity to realize over the 20-year life of the Project the full OREC Allocation.

In return for the sale of ORECs, Qualified Projects are required to return all revenues received from sales of energy, capacity, ancillary services, and other sources. Sales include all sales – not just those in PJM Markets, but all others including bilateral contract sales. The mechanics for the

⁶ N.J.A.C. 14:8-6.1.

⁷ *Ibid*

⁸ N.J.A.C. 14:8-6.5, (a) 12.vii.

⁹ OREC Funding Mechanism, p 2.

¹⁰ *Ibid* p3, An “Energy Year” means the 12-month period from June 1 through May 31 and is numbered according to the calendar year in which it ends.



transfer of ORECs and market revenues are spelled out in more detail in the BPU's OREC Funding Mechanism, attached to this document.

Note that the OREC Funding Mechanism is currently under consideration by the BPU. The BPU is accepting comments regarding the Funding Mechanism through October 20, 2018. The BPU plans to set a date for consideration of the adoption of the OREC Funding Mechanism Rules before the close of the application window.



Section 2.0 TIMELINE AND MECHANICS OF THE SOLICITATION

Subsection 2.1 Timeline for Submission and Evaluation

The provisional timeline for this procurement is shown below.

Procurement Timeline

Event	Date
Board Consideration of Solicitation	9/17/2018
Procurement Website goes live	10/5/2018
Technical Conference	10/10/2018
Applicants meet with the BPU and Rate Counsel	11/26-11/27/2018
OREC Application Window	9 AM to 5 PM 12/28/2018
Determination of Completeness	1/27/2019
Application Evaluation Window	1/28/2019-6/26/2019
Recommendations to the BPU	5/1/2019
Board Decision	by 6/30/2019
Post-bid Meeting (if requested)	8/2019
Deadline for Qualification for ITC	12/31/2019

Subsection 2.2 Website and Technical Conference

A website will be created for the solicitation by the BPU at <http://NJOffshoreWind.com>. This website will serve as the main point of contact between the BPU and interested developers. The website will also include all procurement documents.

A Technical Conference will be held on October 10, 2018, at 10 A.M. EDT at the Board's offices in Trenton. During this conference, the BPU will review key details of the solicitation, including application requirements and evaluation standards and answer bidder questions.

To assure all applicants have the same information, a Question and Answer (Q&A) page will be set up on the website. All questions asked and answered at the technical conference or at any other time will be posted with bidder names and other identifying details removed to protect bidder confidentiality.



Subsection 2.3 Proposal Submission

Applications from projects seeking to be deemed Qualified Projects are due between 9 AM and 5 PM EDT on December 28, 2018. Applications must be submitted electronically through the website. Registered applicants will be able to upload documents to the website at any time, but submissions will not be reviewed by the BPU until the bid window has closed. Bidders are encouraged to begin uploading documents prior to the bid due date in order to ensure a successful submission.

Subsection 2.4 Bid Requirements

Bidders may offer projects up to 1,100 MW in size. The minimum offer size is 300 MW. Bidders may offer any size project within those parameters. However all bidders must offer at least one bid alternative sized at 400 MW. The purpose of this is to inform the BPU about the cost of diversity, in other words, to see whether there is a price premium if the BPU were to choose multiple, smaller offers in an attempt to minimize risk by diversity across Project sponsors, technology types, and wind resource locations and to facilitate comparison between bids while allowing the BPU flexibility in its procurement of 1,100 MW. Throughout, the effect of Project size on the likelihood of anchoring a New Jersey supply chain also will be assessed.

An estimate of direct transmission interconnection costs must be included in the OREC Purchase Price along with documentation supporting the estimate. That estimate must be provided separately from all other capital and operating costs. Once the winner or winners of the solicitation are known, if an opportunity to reduce interconnection costs is defined, the BPU will work with the winner or winners to identify ways to reduce these costs.

An estimate of Transmission System Upgrade costs must also be included in the OREC Purchase Price along with documentation. While the BPU prefers a fixed price offer, they will entertain offers in which the OREC price is trued up based on the difference between estimated and actual system upgrade costs.

To defray the cost of reviewing the applications, bidders must provide a bid fee of \$150,000 per Project. This base fee covers a single “base” Application plus two variations or “alternatives” of the offer. Variations include changes in project size, interconnection point or additions of other benefits such as energy storage. Additional bid application options will be evaluated for a fee of \$25,000 per option.

Per N.J.A.C. 14:8-6.3.(d) the applicant shall meet with Board staff and representatives of the Division of Rate Counsel, no less than 30 days prior to submission of an application to discuss all aspects of the application. Applicants are also encouraged to meet with the members of the New Jersey Department of Environment Protection and Economic Development Authority.

Once bids are submitted the BPU will make an initial determination of application completeness. The BPU will notify bidders as soon as possible regarding application deficiencies.



Once projects are deemed complete, the BPU will evaluate the offer as described in this document. The BPU may ask for best and final offers from projects deemed to be administratively complete. The BPU has 180 days from the receipt of a completed application to evaluate any offer. The schedule above contemplates a BPU decision in late June in order for developers to have sufficient time to acquire the Federal Investment Tax Credit.

After the Board Decision announcing Qualified Projects is made a post-bid meeting may be requested by each bidder to receive feedback on the proposal and discuss potential areas of improvement for future solicitations.



Section 3.0 MATERIALS REQUIRED FROM APPLICANTS

The materials to be submitted by interested bidders are based on requirements laid out in the New Jersey Administrative Code (N.J.A.C. 14:8-6), which is attached to this document. This section provides a basic overview of the materials to be submitted.

Bidders are required to submit the following materials, the list below also shows the specific cite to the N.J.A.C. which asks for such information (where applicable). More detailed descriptions are provided later in each listed subsection.

- Subsection 3.1 Developer Information (14:8:6.5.(a).1)**
- Subsection 3.2 Project Description (14:8:6.5.(a).2)**
- Subsection 3.3 Financial Analysis (14:8:6.5.(a).3)**
- Subsection 3.4 Project Financing Plan (14:8:6.5. (a).4)**
- Subsection 3.5 Documentation of Financial Incentives (14:8:6.5. (a).5)**
- Subsection 3.6 Project Revenue Plan & Strategy (14:8:6.5. (a).6)**
- Subsection 3.7 O&M Plan (14:8:6.5. (a).7)**
- Subsection 3.8 Emissions Impact (14:8:6.5.(a).8)**
- Subsection 3.9 Decommissioning Plan (14:8:6.5. (a).9)**
- Subsection 3.10 Permitting Plan (14:8:6.5.(a).10)**
- Subsection 3.11 Cost Benefit Analysis (N.J.A.C 14:8:6.5. (a).11)**
- Subsection 3.12 OREC Pricing Schedule (14:8:6.5.(a).12)**
- Subsection 3.13 Project Timeline (14:8:6.5.(a).13)**
- Subsection 3.14 Interconnection Plan (14:8:6.5. (a).14)**
- Subsection 3.15 Environmental Protection Plan N.J.A.C 14:8-6.5 (11)**
- Subsection 3.16 Economic Development Plan N.J.A.C 14:8-6.5 (11)**
- Subsection 3.17 Bid Deposit (14:8:6.5. (a).15)**
- Subsection 3.18 Application Form**
- Subsection 3.19 Additional Information**

To assist bidders in preparing their application, a Project Completeness Checklist – a condensed statement of the requirements from the Act and the N.J.A.C. along with supplemental information deemed necessary by the BPU – is attached to this document. This Project Completeness Checklist is intended to allow applicants and evaluators to assess whether or not an application is administratively complete. However it is only a tool for bidders and evaluators, **the ultimate requirements are those contained in the Administrative Code.**

The bidder should identify any information that they wish to keep confidential.



Subsection 3.1 Developer Information (14:8:6.5.(a).1)

This section should include full business information, including contact names and addresses. This section should also include resumes of key employees and their experience in developing projects of similar scope. The bidder should also provide documentation to substantiate any claims that manufacturing services related to the project will be sourced from a New Jersey location.

Subsection 3.2 Project Description (14:8:6.5.(a).2)

This section should include a full, complete and detailed description of the proposed project and any project alternatives. The bidder should include a project location map and site description and describe any current uses or conflicts of the identified areas. The bidder should detail the project capacity and provide an 8760 hourly estimate along with a wind study supporting such estimate.

Bidders should provide a detailed implementation and construction plan and schedule highlighting key milestone activities and completion dates during permitting, financing, design, equipment solicitation, manufacturing, shipping, assembly, in-field installation, testing, equipment commissioning, and service start-up.

Bidders must demonstrate that the technology is viable, cost competitive and suitable for use in New Jersey. Bidders should identify key equipment to be installed and describe the operating history of such equipment and provide evidence of intent from key vendors to supply such equipment and evidence of the financial strength of vendors. Per the rules, **bidders are permitted to replace or update equipment identified in the proposal with more technologically advanced equipment that is equal to or better than identified equipment, subject to Board approval and provided that there is no increase in OREC Price and no reduction in local content.**

Subsection 3.3 Financial Analysis (14:8:6.5.(a).3)

This section will include a complete financial analysis of the proposed project and any alternate offers. The bidder should include pro forma income statements, balance sheets, and cash flow projections for the project and two years of audited financial statements from the bidder along with a business plan with documentation and support for projected project costs and revenues. The bidder should also show a levelized cost of energy (LCOE) over the 20-year lifespan of the project using a 7% discount rate and the project's P(50) output.

Subsection 3.4 Financing Plan (14:8:6.5. (a).4)

The financing plan details how the bidder proposes to finance the project. The bidder should identify all sources of capital (both debt and equity) and provide evidence of commitments from financing parties. The plan shall specify if and under what conditions equity or other ownership interests in the project can be transferred to other parties and consideration involved. The developer shall notify the Board in writing of any changes in equity or other ownership interests within 30 days and such changes will be subject to Board approval.



Subsection 3.5 Documentation of Financial Incentives (14:8:6.5. (a).5)

The bidder should provide documentation to demonstrate that they have applied for all current eligible State and Federal grants, rebates, tax credits, and programs available to offset the cost of the project or provide tax advantages. These incentives should be reflected in the bidder's project pro forma and pricing proposal. Bidders must commit that any reduction or elimination of these benefit will not increase their OREC price and benefits greater than those projected will be passed on to ratepayers.

Subsection 3.6 Project Revenue Plan & Strategy (14:8:6.5. (a).6)

The Revenue Plan should include a forecast of energy and capacity output and market prices for the anticipated life of the project. The plan should not only forecast revenues but also identify strategies for maximizing those revenues. Revenues include all revenues from PJM markets as well as any other markets for project output.

Subsection 3.7 O&M Plan (14:8:6.5. (a).7)

The bidder should provide a plan for the operation and maintenance of the facility for the life of the project. The plan should demonstrate that the applicant (or its selected O&M contractor) has the financial capacity and technical expertise to perform all necessary upkeep and maintenance over the life of the project. It should detail maintenance protocols and identify risks to the infrastructure and how those risks shall be mitigated and include specific elements to ensure operational and cost control. The O&M plan should be integrated into the financial analysis of the project.

Subsection 3.8 Emissions Impact (14:8:6.5.(a).8)

The bidder should provide an assessment of the impact of the construction, operation and decommissioning of the project on emissions of carbon dioxide, sulfur dioxide, nitrous oxide, and particulate matter.

Subsection 3.9 Decommissioning Plan (14:8:6.5. (a).9)

The Decommissioning Plan should estimate an expected useful life for the proposed technology and provide a plan to decommission the project, including the estimated costs of decommissioning. The plan should provide for the necessary future funding as segregated decommissioning funds shall be required. The bidder must commit that decommissioning costs in excess of the anticipated costs stated in the application shall not be made up by ratepayers, suppliers, or providers.

Subsection 3.10 Permitting Plan (14:8:6.5.(a).10)

The Permitting Plan should list all State and Federal regulatory agency approvals, permits, or other authorizations required and provide a strategy – including a timeline - for acquiring those approvals. Bidders should provide copies of all submitted permit applications and any issued and approved permits for the project. Bidders should also supply the BPU with copies of project filings made to



any other regulatory, governmental administrative agency. This includes, but is not limited to, any compliance filings or any inquiries by these agencies.

Subsection 3.11 Cost Benefit Analysis (14:8:6.5. (a).11)

The bidder must provide a Cost Benefit Analysis. The Analysis must demonstrate net economics and environmental benefits to the State. The Analysis must address and/or include the following methods and elements.

The analysis should be presented with sufficient documentation and explanation to allow for replication by a third party.

3.11.1 Costs

Costs of the project include the costs of OREC purchases over the 20-year contract period. These costs are offset by revenues received from the sale of energy, capacity and ancillary services, and by the avoided costs of all Class I RECs the New Jersey ratepayers would have to buy in the absence of the ORECs.

Bidders may provide their own assessment of such revenues but must, at a minimum, provide a standardized assessment of costs and revenues which uses the project's P (50) net output and the market price projections for energy, capacity, and Class I RECs provided by the BPU on the bidding website. Please see **Attachment Seven** for a description of how these inputs were created. Bidders may not include the value of potential decreases in market prices brought about by the operation of their project.

Project benefits include economic and environmental benefits.

3.11.2 Economic Benefits

Economic benefits refer to the in-state impacts on employment, income, wages, indirect business taxes, output, and value added in the State with an emphasis on in-state manufacturing. Direct, indirect and induced benefits will be considered. Bidders must assess such benefits using an established input-output model that captures New Jersey specific benefits. All assumptions used in the model regarding project costs and in-state spending must be documented with an emphasis on any firm commitments to locate parts of the supply chain within the State. The Analysis should include the elements identified in the Economic Development Plan (described herein).

Bidders should specify, by sector, the project's contribution to in-state employment (in terms of jobs per year), income, wages, taxes, output and gross state product. Bidders should distinguish between direct, indirect and induced effects. Bidders should highlight the effects of the project on manufacturing in the State and clearly separate out the impacts of project construction, operations, and decommissioning. Bidders should propose consequences if claimed benefits do not materialize. The economic impacts must be monetized – shown as a present value in nominal dollars discounted to 2019 at a weighted average cost of capital of 7%.



3.11.3 Environmental Benefits

Environmental benefits refer to the net environmental impact of the project, including but not limited to net emissions changes and impacts of the construction and operation of the project on avian and marine life and the seabed.

The Analysis should show the net reduction, in tons, of carbon dioxide, sulfur dioxide, nitrous oxide and particulate matter created by project construction, operation, and decommissioning. The Applicant may elect, but is not required, to place a dollar value on these net reductions and the BPU may do the same in its analysis.

The Analysis should include the elements identified in the Environmental Protection Plan (described herein) which assesses the net environmental impact from pre-construction activities through decommissioning including, but not limited to, climate change emissions, air pollution emissions, water use, water quality, avian, marine mammals, sea turtle, noise, aesthetics, tourism, navigation and endangered species and describes any measures taken to mitigate such impacts. Impacts should be quantified to the extent they are significant and it is possible to quantify them.

3.11.4 Ratepayer Impact

The Analysis should show the net ratepayer impact of the project for each year of OREC purchase. Impacts should be shown as an increase or decrease in the estimated monthly electric bill and be provided separately for residential and industrial customers.

Subsection 3.12 OREC Pricing Schedule (14:8:6.5.(a).12)

The bidder should provide, for each bid alternative, an OREC pricing schedule, representing the calculation of the OREC price each year based on the total revenue requirements of the project over a 20-year period including the cost of equipment, financing, taxes, construction, operation, and maintenance, offset by any state or Federal tax or production credits and other subsidies or grants. The Bidder should separate out both interconnection and system upgrade costs. The bidder should make it clear if they are offering a fixed price or expect the system upgrade costs to be “trued-up” to actual interconnection costs. The schedule should be consistent with the project pro forma, commercial operation dates, and other project material. The OREC Price must be levelized for 20 years or escalated at a fixed rate over the 20 years; a frontloaded OREC Price is not acceptable. The bidder should explain any differences between the OREC price and the LCOE provided in Subsection 3.3.

Subsection 3.13 Project Timeline (14:8:6.5.(a).13)

The bidder must provide a timeline for the permitting, licensing and construction of the project. The bidder should specify the expected time requirements in the aggregate from start to finish as well as the time required to accomplish each specific activity related to project design, resource monitoring, impact studies, permitting, construction, and decommissioning activities with associated milestones delineated for each category of activity.



Subsection 3.14 Interconnection Plan (14:8:6.5. (a).14)

The bidder should provide a plan for interconnection, including the point of interconnection and estimate of direct interconnection and system upgrade costs. Costs should be reflective of costs in the bidder's proposed OREC price. The bidder should document tasks required for interconnection as well as land acquisition requirements. The plan should address how the proposed project will address and mitigate load constraints in the distribution and transmission systems.

Subsection 3.15 Environmental Protection Plan (14:8:6.5. (a).10) and (14:8:6.5. (a).11)

An Environmental Protection Plan is requested for the project that shall describe the environmental impacts, benefits and mitigation measures as well as the net environmental effects of the project, consistent with the requirements specified at N.J.A.C 14:8-6.5 (11) and in compliance with Federal and State laws. The Environmental Protection Plan shall demonstrate how the bidder will ensure the stewardship and protection of State and Federal lands, waters and associated natural resources.

The **Environmental Protection Plan** shall also summarize the bidder's plans for acquiring all project permits as specified in N.J.A.C. 14:8-6.5 (10). The intent here is not to create an additional set of requirements but rather to show how the applicant plans to ensure the environmental protection measures required under N.J.A.C 14:8-6.5 are fully realized.

The **Environmental Protection Plan** will thus accomplish three specific tasks. The first is describing all environmental impacts - including but not limited to impacts on emissions, seabed conditions, marine and avian species - of the construction, operation and decommissioning of the project. The second task is to detail any measures the bidder proposes to mitigate the identified impacts. The third task is summarizing the bidder's plans for acquiring all necessary project permits.

For reference, the rules under N.J.A.C 14:8-6.5 (11) requires that applicants provide an analysis of the anticipated environmental benefits and environmental impacts of the project throughout its lifetime:

1. Each project must document all **associated impacts from pre-construction activities through decommissioning** including, but not limited to, environmental, water use, water quality, avian, marine mammals, sea turtle, noise, aesthetics, tourism, navigation and **endangered species**. This includes sea-bed disruption of marine life, morbidity or mortality among avian, mammal or benthic populations, emissions of combustion by-products to the air or oil or other toxic releases to the ocean, or solid waste generation.
2. Applicants shall specifically describe how their activities will be **coordinated with the New Jersey Department of Environmental Protection (NJDEP) Ecological Baseline Studies**, and indicate how each resource issue, if impacted, will be addressed.



3. The applicant shall provide information regarding the **direct emissions impacts of the project**, including carbon dioxide, sulfur dioxide, particulate emissions, as well as other relevant environmental impacts, such as impacts on the marine environment.
4. The applicant shall provide an **assessment of environmental impacts** from the project compared to other similar Class I renewable energy projects.
5. **Environmental impacts (direct and comparative) must be quantified** to the extent they are significant and it is possible to quantify them.
6. The **comparative environmental impacts** shall be monetized, to the extent possible, for evaluation as part of the overall cost-benefit analysis.

The **Environmental Protection Plan** shall also show the anticipated carbon dioxide emissions impact of the project and its contribution to the State's greenhouse gas reduction goals.

In addition, the Environmental Protection Plan shall address the project's effect on finfish and shellfish, as well as commercial and recreational fisheries off the coast of New Jersey. Further, the applicant shall ensure that all activities are consistent with the NJDEP Baseline Ecological Studies, and if there will be impacts to a resource, the applicant shall indicate in detail how those impacts will be mitigated. Moreover, in addition to the direct emissions information required in (3) above, the applicant shall also include the project's direct emissions impacts of Nitrogen Oxides (NO_x). Finally, notwithstanding the requirement for an applicant to provide an assessment of direct impacts, cumulative impacts to natural resources shall also be assessed.

An award to build an OSW facility is contingent upon the successful entity obtaining all required local, State and/or Federal permits and/or approvals. Consistent with the rule at N.J.A.C. 14:8-6.5 (10) a list of all **State and Federal environmental regulatory agency approvals, permits, or other authorizations** required pursuant to State and Federal law for the offshore wind project should be provided, as well as copies of all submitted permit applications and any issued approvals and permits for the offshore wind project.

Applicants shall ensure that the protection of environmental resources is a priority when planning an offshore wind project. During the development of the construction and operations plan, successful bidders must ensure the stewardship and protection of State and Federal lands, waters, and associated natural resources, including fisheries and marine mammals.

For reference, the rules under N.J.A.C 14:8-6.5 (10) requests that applicants provide the following:

1. Each applicant shall identify all local, State and/or Federal permits and/or approvals required to build and operate the project and the expected time to obtain such permits and/or approvals. Developers shall provide the Board with copies of each permit or approval within 14 days of receipt by the developer. This is a continuing obligation upon the developer and shall serve as a condition of any OREC award.



2. Applicants shall identify the nature of its ocean lease and land ownership requirements for all aspects of the project including all required interconnection areas.
3. Progress must be demonstrated in securing leases and land required, and applicants shall propose a plan for accomplishing remaining steps toward acquiring leases or land ownership. The type and number of entities securing leases or owning land must be indicated.
4. Applicants shall identify each appropriate State or Federal agencies they will be contacting for land acquisition issues and provide the Board with a summary of the required arrangements.

Applicants are required to demonstrate adequate financial resources to acquire any land or leases needed to undertake this project.

Subsection 3.16 Economic Development Plan (14:8:6.5. (a).11)

The Economic Development Plan should provide detail and a narrative description of the applicant's plan for investments in infrastructure, supply chain, workforce development, and other offshore wind cluster-building programs, and the associated economic benefits for the State. The intent here is not to create an additional set of requirements, but to provide an opportunity for the applicant to provide context for its cost-benefit analysis, outline other expected economic development impacts not captured in the cost-benefit analysis (i.e., impacts that are difficult to quantify), and show how the developer and proposed project plan can attain and deliver the economic benefits described in the application as required under N.J.A.C 14:8-6.5.

The Economic Development Plan should thus reflect and summarize the economic impacts of the proposed project over 20 years as noted in the project's Cost-Benefit Analysis with a focus on investments and impacts in five key areas of economic development: (a) blue-collar workforce development, (b) white-collar workforce development, (c) marshaling ports, (d) manufacturing ports, and (e) O&M ports. The Plan should clearly differentiate what are the direct, indirect, and induced impacts on both jobs and output, and provide rationale for supporting assumptions. Consistent with N.J.A.C 14:8-6.5 (11), The Economic Development Plan should include details of the location, type and salary of employment opportunities to be created by the project with job totals expressed as full-time equivalent positions assuming 1,820 hours per year.

For reference, the Cost Benefit Analysis under N.J.A.C 14:8-6.5.(a).(11) requests that net economic benefits for the State be calculated to include at a minimum:

In-State impacts or benefits that need to be included in the cost-benefit analysis include, but are not limited to:

1. Employment;
2. Wages;
3. Indirect business taxes; and



4. Output, with a "particular emphasis" on manufacturing employment. Output refers to the sales of sectors or industries that would be supplying the offshore wind project with materials (such as turbines, steel and cement for support structures, wire for transmission cables) and services (such as construction and installation services, as well as engineering, legal, finance, and other professional services);

In addition, The Economic Development Plan can include descriptions of other programs, initiatives, or support that the applicant is committing to, but which may be difficult to quantify in the Cost Benefit Analysis. Examples of these sorts of efforts could include:

1. Bringing offshore wind R&D into the State (private or with universities)
2. Catalyzing an offshore wind cluster in New Jersey
3. Actively attracting other supply chain companies to locate in NJ (or supporting State government in these efforts)
4. Participating in / sponsor offshore wind "ecosystem building" activities (e.g., conferences, supplier networking, start-up company mentorship)
5. Partnering with local universities, community colleges, or K-12 education
6. Participation in workforce development programs
7. Providing investment or technical assistance in industry infrastructure development
8. Other corporate responsibility commitments

The Economic Development Plan shall also propose consequences if claimed benefits do not materialize, and the employment impact may become conditions of any OREC award.

Applicants shall also provide information on any State grants or other subsidies from the New Jersey Economic Development Authority or other agencies associated with the proposed wind project that was included as part of the project cost-benefit analysis.

Subsection 3.17 Bid Deposit (14:8:6.5. (a).15)

The bidder should provide a deposit of \$150,000 to cover the expenses incurred in evaluating the bid. The bid fee covers one base and two alternative offers. Additional offers can be evaluated at the cost of \$25,000 per offer.

Subsection 3.18 Application Form

In addition, the bidder should submit a completed Offshore Wind Application Form for each offer variant. The form, attached here and also provided on the bid website, allows bidders to provide one base and one alternative offer. Bidders can download additional copies of the form to provide additional offers. The form is divided into three sections.



3.18.1 Bid Summary

The Bid Summary tab provides an overview of the offers. Bidders should specify, for each alternative, the nameplate capacity of the project, turbine type, P(50) net capacity factor and location information as well as contact information. Bidders are also asked to provide several points of data from their Cost/Benefit Analysis. Economic impacts should be provided as net present values discounted at 7% to the start of 2019. Emissions Reductions should be provided in tons of net reductions for each pollutant. The levelized OREC prices are calculated by the form on separate sheets.

3.18.2 Base/Alt Offer

The bidder should fill out one sheet for each bid variant proposed. The bidder can input the proposed project start year and month. The bidder will then input the proposed OREC price for each calendar year of operation. The sheet will credit the project with 20 full years of project operation. Bidders are asked to provide the "All-in OREC Price" which is the final, ultimate price that ratepayers will pay per OREC in a given year. If the bidder is electing to have their system upgrade cost estimate trued up to actual costs, they should indicate this on the sheet and **show separately** their "System Upgrade" costs. Note that even if the bidder is requesting this option, their All-in OREC Price should be inclusive of these System Upgrade costs.

In addition, bidders should provide, for each of the 20 years during which the project will sell ORECs to ratepayers, estimated market revenues from the project. These should reflect all revenues earned by the project during that time. For years in which the project is only selling ORECS for a portion of the year the market revenues should be shown only for the portion of the year that the State will purchase ORECs. With these inputs, the sheets will automatically calculate levelized prices per MWh for the all-in cost, system upgrades and market revenues.

3.18.3 Commitments

This sheet lists the commitments that each successful bidder is expected to make based on the N.J.A.C. If a bidder is unable to make any of these commitments they should provide a full explanation.

Subsection 3.19 Additional Information

To the extent not covered in the above items, the bidder should provide any information it believes would aid the BPU in assessing their proposed project.



Section 4.0 CRITERIA FOR EVALUATION OF APPLICATIONS

To be eligible to win a contract for the sale of ORECs, an Applicant must:

1. Submit an Application found to be complete by the BPU;
2. Submit an OREC Purchase Price offer that meets all the requirements of the Act and NJAC;
3. Demonstrate a positive net benefit through its cost-benefit analysis reflecting in-state economic and environmental benefits;
4. Have a reasonable ratepayer impact in the eyes of the BPU; and
5. Demonstrate the project is viable – it is likely to come on-line on time and on budget.

Once the bid is received, BPU staff will notify the applicant within 30 days of the submission if the application is administratively complete or is deficient. If the application is deficient, the applicant will be advised which items must be remedied to correct the deficiency or deficiencies.

Once the application is deemed complete, the BPU has 180 days to approve, conditionally approve, or deny the application. The 180-day period will not commence until all deficiencies have been remedied and the filing is deemed by Board staff to be administratively complete.

The Applications will be evaluated by six criteria which reflect the goals of New Jersey's OSW policy. The goals are: to promote economic development by jump-starting an OSW supply chain in the State; to combat the threat of global climate change to New Jersey; and to achieve these first two goals at the lowest reasonable cost and lowest risk to New Jersey ratepayers. The six criteria are:

1. **OREC Purchase Price** - This includes meeting the requirement for a fixed, pay-for-performance price as well as the implied subsidy above market prices.
2. **Economic impacts** – This includes, among other metrics, the number of jobs created by the project, increase in wages, taxes receipts and state gross product for each MW of capacity constructed.
3. **Ratepayer impacts** – This includes the average increase in residential and commercial customer bills. The Board will also consider the timing of any rate impacts.
4. **Environmental impacts** – This includes the net reductions of pollutants for each MWh generated and the feasibility and strength of the applicant's plan to minimize environmental impacts created by project construction and operation.
5. **The strength of guarantees for economic impacts** – This includes all measures proposed to assure that claimed benefits will materialize as well as plans for maximizing revenue from the sales of energy, capacity and ancillary services.



6. **Likelihood of successful commercial operation** – This includes feasibility of project timelines, permitting plans, equipment and labor supply plans and the current progress displayed in achieving these plans.

Ranking and weighting of the six criteria by the BPU will reflect the goals of the solicitation especially as stated in the Governor’s Executive Order No. 8. Those goals include: (a) contributing to a stronger New Jersey economy by anchoring an offshore wind supply chain in the State; (b) combating global climate change to protect New Jersey and also to protect New Jersey’s natural resources; (c) providing added reliability for the transmission network and transmission rate relief for ratepayers and (d) achieving all of this at the lowest reasonable cost and risk to New Jersey ratepayers.

While OREC Prices may be increased at a fixed pace year-by-year, Projects will be evaluated on their levelized price per MWh. As already noted, the BPU also may reflect in its evaluation the possible benefit of having a diversity of Project sponsors, technology types, and wind resource locations.

The BPU will also consider in its evaluation the Applicant’s commitment to storage capability for its Project.