

# New Jersey Offshore Wind

Bidders' Conference

May 15, 2024



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## New Jersey Board of Public Utilities Fourth Solicitation

# Meeting Instructions

- All attendees will be muted
- Periodic Q&A sessions throughout the presentation. Please either:
  - Raise your “hand” to be called on; or
  - Use the Q&A feature and Board Staff will respond at the next Q&A session
- Please note that the “Chat” function is disabled
- The slides will be made available at: <https://bpuoffshorewind.nj.gov/fourth-solicitation/>
- All questions and answers will be posted to: <https://bpuoffshorewind.nj.gov/fourth-solicitation/questions-and-answers/>





## Agenda

- Welcome
  - BPU President Guhl-Sadovy
  - Kira Lawrence, Senior Policy Advisor
- Overview of the Solicitation Guidance Document
- Next Steps





# Disclaimer

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The material contained in this presentation is intended to provide only generally descriptive and summary information. The documents and Q&A filed with the BPU and posted to <https://bpuoffshorewind.nj.gov/fourth-solicitation/> are controlling. Any conflict between the information conveyed during this conference and what is provided on the website and filed with the BPU is unintentional. This presentation is not meant to constitute advice on whether or how to submit an Application.

# New Jersey Offshore Wind 4<sup>th</sup> Solicitation Schedule

Event	Date
Final SGD Released & Application Window Opened	April 30, 2024
Bidders' Conference	May 15, 2024
Deadline to Submit Questions	May 31, 2024, 5:00 pm EDT
Notice of Intent to Respond Deadline	June 10, 2024
Applications Due	July 10, 2024, 5:00 pm EDT
Administrative Completeness Determination Deadline	August 9, 2024
BAFO Submission Deadline	Mid-November 2024
Board Decision	December 2024



# General Application Requirements

- Application Fee: \$500,000 for first three Projects, \$25,000 for each additional Project
- No limit on the number of submitted Projects
- Applicants *may* submit Projects contingent on outcome of other states' procurements
  - Contingent Projects are subject to conditions (i)-(vi) in Solicitation Guidance Document (SGD), Section 1.5.
- Applicants *may* submit Projects previously selected as Qualified Projects in the First Solicitation or Second Solicitation
  - Re-Bid Projects are subject to the policies in SGD Section 1.6





# Pre-Application Meetings

- Prospective Applicants are required to participate in pre-Application meetings
  - With Board Staff and Rate Counsel
  - With Board Staff and NJDEP
  - With Board Staff and NJEDA
- Available timeslots are posted to the [Announcements](#) page of the Solicitation Website
- Email [njoffshorewind@levitan.com](mailto:njoffshorewind@levitan.com) to request specific timeslots
- Timeslots are available on a first-come, first-serve basis



# Application Requirements

- Applicant Information
- Project Description
- Energy Production Estimate
- Financial Analysis
- Project Financing Plan
- Documentation of Financial Incentives
- Project Revenue Plan and Strategy
- Economic Development Plan
- Stakeholder Engagement
- Environmental Protection Plan and Emissions Impacts
- Fisheries Protection Plan
- Project Timeline
- Interconnection Plan
- Permitting Plan
- O&M Plan
- Decommissioning Plan
- Cost-Benefit Analysis
- Application Form (Excel Workbook)



# Q&A

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# OREC Pricing

- OREC Purchase Price reflects total capital and operating costs for a 20-year term
- Project is paid only for delivered ORECs to New Jersey, up to Annual OREC Allowance
- ORECs in excess of Annual OREC Allowance may be carried over for up to two years
- Must return to ratepayers all PJM market revenues, as well as revenue from other environmental attributes, tax credits, subsidies, grants, and any other funding not previously included in the OREC price calculation



# OREC Pricing

- Must propose a fixed, flat OREC price (\$/MWh) *or* a fixed first year price and a fixed annual escalator
- Applications may include multiple discrete Projects that are not mutually exclusive and awardable individually
  - Standalone pricing for each Project must be provided
  - Pricing that is contingent on the award of multiple Projects may be provided





# Inflation Adjustment

- OREC price will be adjusted for inflation three (3) years before the proposed COD (Inflation Adjustment Date)
  - Preliminary Index<sub>t</sub> values will be published in mid-June for use in Application submission
  - Final Index<sub>t</sub> values will be published in mid-October for use in BAFO submission
- Based on the change in specified published indices for Labor, Fabrication, Steel, Fuel, and Copper between BAFO submission and the Inflation Adjustment Date
- Weightings for each index are fixed in the OREC Price adjustment formula
- Adjustment may be up or down, but cannot change by more than 15%
- See SGD Section 1.3 and Table 2



# Incremental Tax Credits

- Greater than expected tax credits that are the result of increased tax incentive rates are to be returned to ratepayers
- Greater than expected tax credits that are the result of increased cost basis can be retained by the developer
- See SGD Section 1.3 and Table 3



# Transmission System Upgrade Costs (TSUC)

- Applicants are responsible for all incremental TSUC associated with interconnecting the project, unless otherwise specified
  - Projects exclusively utilizing SAA Capability will assume incremental TSUC associated with accessing Smithburg from the LCS
  - Projects seeking greater than SAA Capability at the LCS additionally assume incremental TSUC associated with greater deliverability
  - Projects utilizing alternate POIs assume TSUC
- Applicant may propose to share TSUC between Buyer and Seller to mitigate risk
- See SGD Section 3.13





# Commitment Securities

- Qualified Projects must make a Compliance Filing binding awardee to commitments and specifying Critical Milestones
  - Tier 1 Investment Commitments
  - COD Commitment
  - Re-Bid Commitment (if applicable)
- Commitment securities may be in the form of parent guarantees, irrevocable letters of credit, or another financial instrument acceptable to the Board
- Commitment securities obligations may be reduced upon meeting Critical Milestones
- See SGD Section 2.6 and Attachment 13



# Q&A

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# Economic Development Plan

- Preferred Economic Benefits
  - Source monopiles from EEW-AOS facility in Paulsboro
  - Use of the New Jersey Wind Port—under development and has space for co-located manufacturing and marshalling facilities
  - Tier 1 manufacturing facilities that are not contingent on additional awards in future solicitations (nacelles and cables)
  - Economic benefits for Environmental Justice and Overburdened Communities (described in SGD Section 3.8)
  - Guarantees for direct in-State spending
  - Guarantees for proposed jobs and workforce development
- If in-state spending guarantees are not met, at least 90% of remaining shortfall must be applied to a reduction in OREC price
- See SGD Section 3.8 and Attachment 11





# Environmental and Fisheries Protection

- Must work collaboratively with state and federal agencies and other stakeholders to avoid, minimize and mitigate potential impacts to natural resources
- SGD Attachment 6 and SGD Attachment 9 establish minimum protection requirements for environmental and fisheries resources, respectively
  - Primarily based on BOEM COP Guidelines, recommended Best Management Practices
  - Modifications based on guidance/input from DEP, federal agencies, regional science entities, and other stakeholders
- \$10,000/MW fee to support NJ Research and Monitoring Initiative
- Data Management and Availability Plan (SGD Attachment 7)
- Infrastructure Monitoring Plan (SGD Attachment 8)



# Emissions Impacts

- Avoided emissions and direct emissions of CO<sub>2</sub>, SO<sub>2</sub>, NO<sub>x</sub> and PM<sub>2.5</sub> must be reported on the Application Form in SGD Attachment 1
- Annual data must be provided for each year during Project development, construction, operation, and decommissioning



# Transmission and Interconnection

- Projects may (1) utilize an HVDC cable to land at Sea Girt NGTC and interconnect at the LCS using the PBI and SAA Capability reserved at Smithburg or (2) utilize an HVAC or HVDC cable to interconnect at an alternate POI
  - Board Staff strongly discourages landing at Sea Girt NGTC unless PBI/LCS and SAA capability are utilized
  - Projects that use Smithburg as a POI but do not use the PBI and LCS are not permitted





# Transmission and Interconnection

- Projects using HVDC cables may, but are not required to, be OTN Ready (see Attachment 10)
  - Reservation of space on the Project's offshore platform to potentially accommodate future equipment to enable connection of multiple OSW platforms
  - Not applicable to HVAC Projects
- See SGD Section 3.13



# Prebuild Infrastructure (PBI)

- PBI awardee expected to be selected in Q3 2024
- Either the Full Scope or Onshore Only Scope will be constructed for the PBI
  - If the Onshore Only Scope is constructed, the Qualified Project awardee utilizing the PBI will be responsible for the cofferdam (if needed) and the shoreline HDD, and expected to coordinate the HDD construction with the developers of the other Qualified Projects that will utilize the PBI
  - If the Full Scope is constructed, the PBI developer will be responsible for the cofferdam (if needed) and the shoreline HDD
  - If proposing to utilize the PBI, Applicant must submit separate pricing with and without the cofferdam (as needed) and shoreline HDD



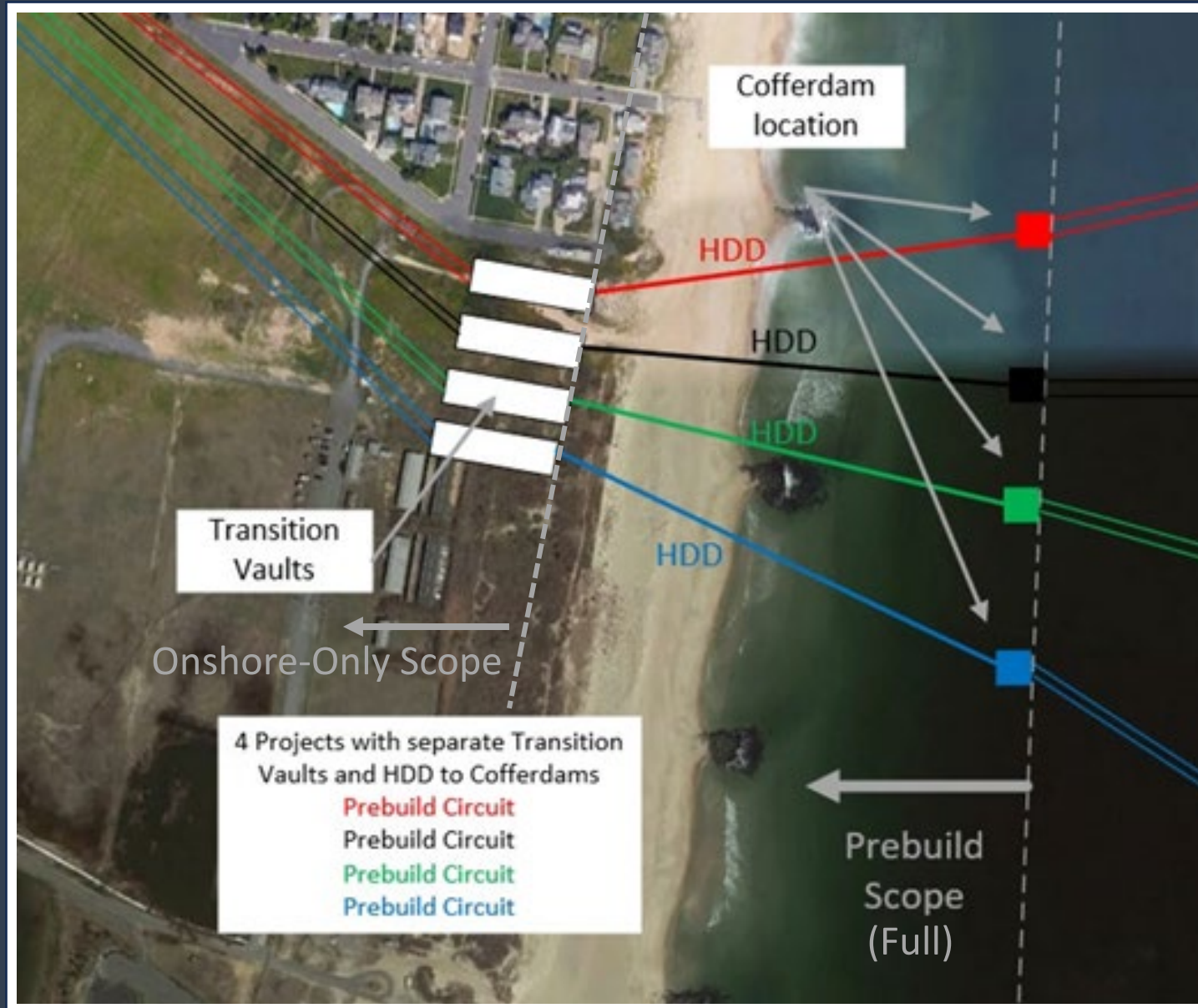
# Prebuild Infrastructure (PBI)

- For Applicants intending to use the PBI, information from DMAVA about Sea Girt NGTC and MAOD about the LCS is available in the Technical Conference presentation for the PBI Solicitation:  
<https://bpuoffshorewind.nj.gov/prebuild-solicitation/announcements/Bidders-Conference-2023-12-01.pdf>
  - DMAVA contact to request document package: Jill Priar ([Jill.Priar@dmava.nj.gov](mailto:Jill.Priar@dmava.nj.gov))
    - Other inquiries related to Sea Girt NGTC or about the PBI should be submitted to Board Staff
  - MAOD contact: Chris Sternhagen ([Christopher.Sternhagen@edf-re.com](mailto:Christopher.Sternhagen@edf-re.com))





# Illustrative Shoreline PBI





# Evaluation Criteria



Evaluation Factors	Weight
OREC Purchase Price and Ratepayer Impacts	60%
Economic Impacts and Strength of Guarantees for Economic Impacts	20%
Environmental and Fisheries Impacts	10%
Likelihood of Successful Commercial Operation	10%
Aspects of likelihood of successful commercial operation related to feasibility of Project design will also be used to determine whether a Project is eligible to become a Qualified Project	

# Q&A

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# Next Steps

- Email [NJoffshorewind@levitan.com](mailto:NJoffshorewind@levitan.com) to request Pre-Application meeting timeslots
- Deadline to submit questions is May 31, 2024 at 5:00 pm EDT
  - Send to [NJoffshorewind@levitan.com](mailto:NJoffshorewind@levitan.com)
- Q&A will be posted to <https://bpuoffshorewind.com/fourth-solicitation/questions-and-answers> on a rolling basis
- Applicants must provide a Notice of Intent to Respond no later than June 10, 2024 at 5:00 pm EDT by emailing [NJoffshorewind@levitan.com](mailto:NJoffshorewind@levitan.com)

**On behalf of the Board and Board Staff, thank you.**