

New Jersey Offshore Wind

Applicant Technical Conference
September 29, 2020



**New Jersey Board of Public Utilities
Offshore Wind Second Solicitation
Guidance Document
Application Submission for Proposed Offshore Wind Facilities**

Agenda

- **Welcome**

Christine Sadovy, BPU Chief of Staff

- **Agenda and Process**

Jim Ferris, Bureau Chief for New Technology, Clean Energy Division

- **Presentation of the Guidance Document**

Richard Levitan and Sara Wilmer, Levitan & Associates

- **Q&A with Applicants**

Jim Ferris



Disclaimer

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 on the Solicitation website 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.

Key Highlights

New Jersey Offshore Wind Second Solicitation

Solicitation Guidance Document

Application Submission for Proposed Offshore Wind Facilities



Overview

- Seeking Applications to become a Qualified Offshore Wind Project
 - “Qualified Offshore Wind Projects are wind turbine electric generation facilities located in the Atlantic Ocean in designated BOEM lease areas and connected to the electrical transmission system in New Jersey, including the associated transmission-related interconnection facilities and equipment, that have been approved by the BPU”
- Applicants specify the all-in OREC Purchase Price
- Pricing is on a pay-for-performance basis, only for ORECs delivered
- Project revenues returned to ratepayers

New Jersey Offshore Wind 2nd Solicitation Schedule

- 1st solicitation awarded 1,100 MW in June 2019
- 2nd solicitation seeks to secure ORECs for approximately 1,200 -2,400 MW of Qualified Offshore Wind Projects

Event	Date
Board Consideration of Solicitation	September 9, 2020
Solicitation Issued	September 10, 2020
Technical Conference for all prospective Applicants	September 29, 2020
Deadline to Submit Questions	November 13, 2020
OREC Application Submission Deadline	December 10, 2020
Administrative Completeness Determination Deadline	January 9, 2021
Board Decision	June 2021
Post Application Meeting (if requested)	August 2021

Key Highlights

New Jersey Offshore Wind Second Solicitation

Solicitation Guidance Document

Application Submission for Proposed Offshore Wind Facilities



Requirements

- Offer Projects of any size, up to approximately 2,400 MW
 - Encouraged to submit a range of Project sizes, including smaller than 1,200 MW
 - No limit on the number of Projects submitted
- Any variation in attributes represents a separate Project
 - Examples: Size, price, point(s) of interconnection, infrastructure investments, economic impacts
- Application Deposit: \$500,000 for first three Projects, \$25,000 for each additional Project
 - Paid by check

Key Highlights

New Jersey Offshore Wind Second Solicitation

Solicitation Guidance Document

Application Submission for Proposed Offshore Wind Facilities



OREC Purchase Price

- OREC Purchase Price is an “all-in” cost-based price:
 - “represent[s] the calculation of the price 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 value of the electricity and related capacity payments associated with the ORECs shall not be deducted when calculating the OREC price.”
- Price can be levelized over 20 years or escalated at a fixed rate not exceeding 3%

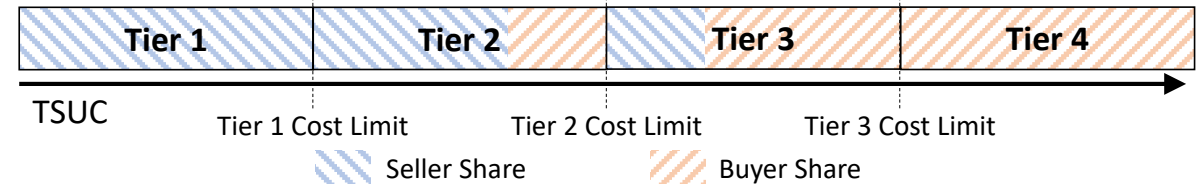
Key Highlights

New Jersey Offshore Wind Second Solicitation
Solicitation Guidance Document
Application Submission for Proposed Offshore Wind Facilities



Transmission System Upgrade Costs

- Onshore transmission owner upgrades necessitated by the Project’s interconnection request
 - Excludes the offshore substation and all associated facilities up to the POI
- Applicant can internalize or share risk
- Use Input parameters to determine OREC Purchase Price adjustment:
 - Tier 1, Tier 2 and Tier 3 cost limits
 - Tier 2 and Tier 3 Seller Share



- P50 (expected) and P90 (conservative) estimates of required TSUC for use in evaluation

Key Highlights

New Jersey Offshore Wind Second Solicitation

Solicitation Guidance Document

Application Submission for Proposed Offshore Wind Facilities



Meetings with BPU and Other Parties

- Applicants must meet with Board Staff, Division of Rate Counsel, and New Jersey Department of Environmental Protection no less than 30 days prior to submission of an Application
- Email contacts for each party are posted to the website:
 - Board Staff: Jim Ferris
 - Rate Counsel: Stefanie Brand
 - NJDEP: Megan Brunatti

Key Highlights

New Jersey Offshore Wind Second Solicitation

Solicitation Guidance Document

Application Submission for Proposed Offshore Wind Facilities



Required Application Content

- Requirements set forth in N.J.A.C. 14:8-6.5
 - Repeated in Guidance Document for reference
- Supplemental information deemed necessary by the Board in order to conduct a thorough review of the Application, per N.J.A.C. 14:8-6.5(a)(16)
- Administrative Completeness Checklist (Attachment 2) lists all requirements
- Confidential and Public versions
- Applicant Commitment Form

Key Highlights

New Jersey Offshore Wind Second Solicitation

Solicitation Guidance Document

Application Submission for Proposed Offshore Wind Facilities



Application Narrative Components

- Applicant Information
- Project Descriptions
 - New and innovative technologies
 - Energy storage capability (if applicable)
- Energy Production Estimate
- Financial Analysis
 - LCOE using 7% discount rate and expected output
 - Identify costs of generator lead line and design elements to facilitate future delivery capability
- Project Financing Plan
- Documentation of Financial Incentives

Key Highlights

New Jersey Offshore Wind Second Solicitation

Solicitation Guidance Document

Application Submission for Proposed Offshore Wind Facilities



Application Narrative Components

- **Project Revenue Plan & Strategy**
 - Approach to capacity price forecast
 - Realization of capacity revenue if not eligible for Base Residual Auction in light of MOPRx
- **Economic Development Plan**
 - Plans to use already-planned OSW infrastructure in NJ, such as the New Jersey Wind Port, as well as plans to use alternative infrastructure
 - In-state spending to support environmental justice communities
- **Environmental Protection Plan and Emissions Impacts**
 - Commitments to fund research
 - Design elements that will facilitate the future expansion of OSW delivery capability

Key Highlights

New Jersey Offshore Wind Second Solicitation

Solicitation Guidance Document

Application Submission for Proposed Offshore Wind Facilities



Application Narrative Components

- Fisheries Protection Plan
- Project Timeline
- Interconnection Plan
 - Support for the State's future offshore development goals
- Permitting Plan
- O&M Plan
 - Climate resilience, potential for cable exposure
- Decommissioning Plan
- Cost-Benefit Analysis

Key Highlights

New Jersey Offshore Wind Second Solicitation

Solicitation Guidance Document

Application Submission for Proposed Offshore Wind Facilities



Application Form Components

- Project Summary
 - Allows for phased commercial operation dates
- Performance Data
 - 12x24 generation profile
 - Delivered energy as a fraction of expected generation
 - Storage efficiency (if applicable)
- OREC Pricing Schedule
- Revenues
- Emissions Impacts
- Bills-of-Goods
 - Economic modeling inputs
- Economic Impacts

Key Highlights

New Jersey Offshore Wind Second Solicitation

Solicitation Guidance Document

Application Submission for Proposed Offshore Wind Facilities



Eligibility

- To be eligible to win an award for the sale of ORECs, an Applicant must, among other things:
 1. Submit an Application found to be administratively complete by the BPU;
 2. Submit an OREC Purchase Price offer that meets all requirements of OWEDA and N.J.A.C. 14:8-6.5 et seq.;
 3. Demonstrate a positive net benefit, subject to confirmation by Board Staff, reflecting in-State economic and environmental benefits;
 4. Have a reasonable ratepayer impact in the eyes of the BPU; and
 5. Demonstrate that the Project is viable and is likely to begin commercial operation on time.

Key Highlights

New Jersey Offshore Wind Second Solicitation

Solicitation Guidance Document

Application Submission for Proposed Offshore Wind Facilities



Evaluation Criteria

1. OREC Purchase Price
2. Economic Impacts
3. Ratepayer Impacts
4. Environmental and fisheries impacts
5. The strength of guarantees for economic impacts
6. Likelihood of successful commercial operation

Criterion	Weight
OREC Purchase Price and Ratepayer Impacts	50%
Economic Impacts and Strength of Guarantees for Economic Impacts	20%
Environmental and Fisheries Impacts	20%
Likelihood of Successful Commercial Operation	10%

Key Highlights

New Jersey Offshore Wind Second Solicitation

Solicitation Guidance Document

Application Submission for Proposed Offshore Wind Facilities



Website and Application Submission

- Solicitation website: <https://njoffshorewind.com>
 - Information and documents
 - Q&A
 - Announcements
- Application submission will be through the BPU External Access Portal
 - Instructions to set up access are on the solicitation website
 - Recommended that Applicants begin the process of registering no later than 30 days prior to the submission deadline
 - File size limit of 100 MB
 - Documents can be uploaded any time prior to the deadline, but will not be reviewed until after the deadline

Key Highlights

New Jersey Offshore Wind Second Solicitation

Solicitation Guidance Document

Application Submission for Proposed Offshore Wind Facilities



Post-Application Activities

- Administrative completeness review completed within 30 days of submission deadline
 - Applicants will be notified regarding deficiencies and will have one week to respond
 - Applicants will be notified once an Application is deemed complete
- BPU will approve, conditionally approve, or deny Applications within 180 days of receipt of an administratively complete Application
 - Clarifying questions
 - Interviews
 - Best and Final Offers

Q&A



