



Agenda Date: 5/24/23  
Agenda Item: 8D

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**44 South Clinton Avenue, 1<sup>st</sup> Floor**  
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**Trenton, New Jersey 08625-0350**  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

CLEAN ENERGY

IN THE MATTER OF THE BOARD OF PUBLIC UTILITIES )	ORDER REGARDING
OFFSHORE WIND SOLICITATION FOR 1,100 MW – )	TRANSFER EQUITY
EVALUATION OF THE OFFSHORE WIND APPLICATIONS )	OWNERSHIP
)	
IN THE MATTER OF PSEG RENEWABLE GENERATION, )	DOCKET NO. QO18121289
LLC AND OCEAN WIND, LLC – REQUEST APPROVAL OF )	
EQUITY INTEREST IN THE OCEAN WIND QUALIFIED )	DOCKET NO. QO21030665
OFFSHORE WIND PROJECT )	

**Parties of Record:**

**Brian O. Lipman, Esq.**, Director, New Jersey Division of Rate Counsel  
**Gregory Eisenstark, Esq.**, attorney for Ocean Wind LLC  
**Matthew Weisman, Esq.**, attorney for PSEG Renewable Generation LLC  
**Aaron Bullwinkle, Esq.**, Senior Legal Counsel, Orsted Offshore North America

**BY THE BOARD:**

By this Order, the New Jersey Board of Public Utilities (“Board” or “BPU”) considers the request of Ocean Wind LLC (“Ocean Wind”), submitted in a January 18, 2023 letter in lieu of formal petition (“January 2023 Letter”), regarding the request of PSEG Renewable Generation, LLC (“PSEG Renewable”) to transfer its twenty-five percent (25%) equity ownership interest (“25% Ownership Interest”) in the 1,100 MW offshore wind generation project, Ocean Wind 1 Qualified Offshore Wind Project (“Project”) to Orsted Ocean Wind HoldCo, LLC (“Orsted”).<sup>1</sup>

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<sup>1</sup> According to the January 2023 Letter, Orsted North America, Inc. (“Orsted North America”) holds 100% of the equity ownership interest in Orsted Ocean Wind HoldCo, LLC. Currently, Orsted Ocean Wind HoldCo, LLC holds a 75% equity ownership interest in Ocean Wind JV HoldCo, LLC, and PSEG Renewable Generation, LLC holds a 25% equity ownership interest in Ocean Wind JV HoldCo, LLC. Ocean Wind JV HoldCo, LLC holds 100% of the equity interest in Ocean Wind LLC, the owner of the Ocean Wind 1 Qualified Offshore Wind Project. Orsted Ocean Wind HoldCo, LLC, therefore, would receive the reversion of the 25% Ownership Interest, thereby giving it a 100% equity ownership interest in Ocean Wind JV HoldCo, LLC. See January 2023 Letter, at 1, n.1.

## I. BACKGROUND

New Jersey Governor Phil Murphy signed Executive Order No. 8 on January 31, 2018.<sup>2</sup> The purpose of EO 8 was to reinvigorate the State's implementation of the Offshore Wind Economic Development Act of 2010 ("OWEDA"), and to proceed with an initial Solicitation ("Solicitation") of offshore wind capacity as a first step in meeting the State's "goal of 3,500 MW of offshore wind energy generation by the year 2030," as set in EO 8.<sup>3</sup>

In September 2018, the Board issued a solicitation for 1,100 MW of offshore wind energy generation ("First Solicitation").<sup>4</sup> In June 2019, the Board approved Ocean Wind's First Solicitation application for the Project to become a qualified offshore wind project ("Application"), granting this award for this Project ("Project Award") under Docket No. QO18121289.<sup>5</sup> Upon the Board's issuance of the June 21, 2019 Order granting the Project Award, Orsted maintained a one hundred percent (100%) ownership interest in the Project.

In first quarter 2021, PSEG Renewable, which is part of the Public Service Enterprise Group ("PSEG"), sought Board approval to acquire the 25% Ownership Interest in the Project from Orsted. PSEG Renewable offered as evidence in support of this request PSEG's extensive experience in New Jersey and its expertise in energy market trading and marketing.<sup>6</sup> PSEG Renewable also suggested that PSEG's being responsible for "scheduling and dispatch of the Project's energy output once in operation" would ensure that PSEG would optimize Offshore Wind Renewable Energy Certificate<sup>7</sup> ("OREC") revenues, revenues which, in accordance with N.J.A.C. 14:8-6.1 et seq. ("OREC Rules"), are returned to ratepayers. On March 24, 2021, the Board approved PSEG Renewable's acquisition of the 25% Ownership Interest in the Project.<sup>8</sup>

### The January 2023 Letter

On January 18, 2023, Ocean Wind filed its January 2023 Letter with the Board. The January 2023 Letter provided notice to the Board of PSEG Renewable's request to transfer its 25% Ownership Interest in the Project back to Orsted. According to the January 2023 Letter, the

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<sup>2</sup> Exec. Order No. 8, 50 N.J.R. 887(a) (Feb. 20, 2018) ("EO 8").

<sup>3</sup> See OWEDA, N.J.S.A. 48:3-87.1 to -87.2, L. 2010, c. 57, eff. Aug. 19, 2010; amended by 2019 c. 440, §2, effective Jan. 21, 2020; 2021, c.178, §1, effective July 22, 2021; EO 8.

<sup>4</sup> In the Matter of the Opening of Offshore Wind Renewable Energy Certificate (OREC) Application Window for 1,100 Megawatts of Offshore Wind Capacity in Furtherance of Executive Order No. 8, BPU Docket No. QO18080851, Order dated September 17, 2018 ("Sept. 17, 2018 Order").

<sup>5</sup> In the Matter of the Board of Public Utilities Offshore Wind Solicitation for 1,100 MW - Evaluation of the Offshore Wind Applications, BPU Docket No. QO18121289, Order dated June 21, 2019 ("June 21, 2019 Order").

<sup>6</sup> See In the Matter of the Board of Public Utilities Offshore Wind Solicitation for 1,100 MW - Evaluation of the Offshore Wind Applications AND In the Matter of PSEG Renewable Generation, LLC and Ocean Wind, LLC – Request Approval of Equity Interest in the Ocean Wind Qualified Offshore Qualified Wind Project, BPU Docket Nos. QO18121289 and QO21030665, Order dated March 24, 2021 ("March 24, 2021 Order") at 2.

<sup>7</sup> OREC means a certificate, issued by the Board or its designee, representing the environmental attributes of one megawatt hour of electric generation from a qualified offshore wind project. It is the mechanism by which offshore wind project developers are paid.

<sup>8</sup> See generally Id.

reversion of the 25% Ownership Interest back to Orsted would result in Orsted once again holding a one hundred percent (100%) equity ownership interest in the Project, the same ownership interest in the Project that Orsted maintained at the time of the Project Award. The January 2023 Letter further requested that the Board approve the reversion of the 25% Ownership Interest, if the Board, in its discretion, deemed such approval necessary.

## II. DISCUSSION AND FINDINGS

In its Application, Ocean Wind agreed to meet certain requirements under the OREC Rules. Among these requirements, N.J.A.C. 14:8-6(a)(1)(v) requires that Ocean Wind, “for the duration of the Project,” obtain “prior Board approval for an entity to assume a controlling interest” in the Project. Orsted currently possesses a 75% ownership interest in the Project. The reversion of the 25% Ownership Interest from PSEG Renewable back to Orsted would not change the controlling interest in the Project that Orsted already possesses.

Under the OREC Rules, N.J.A.C. 14:8-6.5(a)(4)(iv), the Project is also required, among other things, to provide “[a] detailed financial plan” that specifies “if and under what conditions equity or other ownership interests in the [P]roject can be transferred *to other parties* and consideration involved” (emphasis added). The June 21, 2019 Order states that “Ocean Wind submitted a reasonable and appropriate financing plan.” Accordingly, in the March 24, 2021 Order, the Board approved the transfer of the 25% Ownership Interest in the Project to PSEG Renewable. Here, because Ocean Wind is not seeking to transfer an ownership interest in the Project “to other parties,” but rather is itself receiving back from PSEG Renewable a 25% Ownership Interest in the Project, Ocean Wind is in compliance with N.J.A.C. 14:8-6.5(a)(4)(iv).

Additionally, the type of consideration, or even whether or not PSEG Renewable is providing Orsted any consideration at all – financial or otherwise – regarding the reversion of the 25% Ownership Interest to Orsted, is irrelevant for purposes of this Board Order. With respect to the June 21, 2019 Order, the Project Award was, in part, based on the Project’s demonstrated “financial integrity and sufficient access to capital to allow for a reasonable expectation of completion of construction of the project.”<sup>9</sup> Orsted, therefore, must meet its financial commitments to effectuate the completion of construction of the Project, independent and irrespective of any additional monies or other forms of consideration it receives from other sources, including from PSEG Renewable with respect to Orsted’s acquisition of the 25% Ownership Interest.

Having carefully reviewed the January 2023 Letter, the OREC Rules, the June 21, 2019 Order, and the March 24, 2021 Order, the Board **HEREBY FINDS** the request of Ocean Wind to permit PSEG Renewable to transfer its 25% Ownership Interest in the Project to Orsted, as expressed in the January 2023 Letter, to be reasonable and in accordance with the law. Accordingly, the Board **HEREBY APPROVES** such request. As a 100% equity owner of the Project, Orsted remains subject to all Board Orders, rules, and laws applicable to the Project.

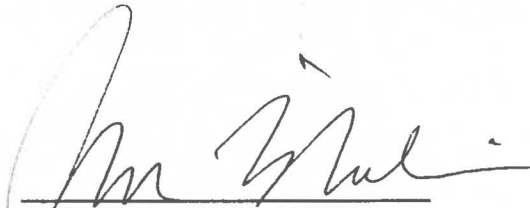
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<sup>9</sup> Id. at 14.

The effective date of this Order is May 24, 2023.

DATED: May 24, 2023

BOARD OF PUBLIC UTILITIES  
BY:

  
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JOSEPH L. FIORDALISO  
PRESIDENT

  
\_\_\_\_\_  
MARY-ANNA HOLDEN  
COMMISSIONER

  
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DIANNE SOLOMON  
COMMISSIONER

  
\_\_\_\_\_  
DR. ZENON CHRISTODOULOU  
COMMISSIONER

ATTEST:   
\_\_\_\_\_  
SHERRI L. GOLDEN  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public Utilities.

IN THE MATTER OF THE BOARD OF PUBLIC UTILITIES OFFSHORE WIND SOLICITATION FOR 1,100 MW –  
EVALUATION OF THE OFFSHORE WIND APPLICATIONS  
DOCKET NO. QO18121289

IN THE MATTER OF PSEG RENEWABLE GENERATION, LLC AND OCEAN WIND, LLC – REQUEST APPROVAL  
OF EQUITY INTEREST IN THE OCEAN WIND QUALIFIED OFFSHORE WIND PROJECT  
DOCKET NO. QO21030665

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