



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

**MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF PUBLIC UTILITIES**

A special Board meeting of the Board of Public Utilities was held on June 30, 2021, via Teleconference: 1 301 715 8592 – Webinar ID: 987 9063 6363 or view online @ <https://youtu.be/uruCM4SGOKM>

Public notice was given pursuant to N.J.S.A. 10:4-18 by posting notice of the meeting at the Board's Trenton Office, on the Board's website, filing notice of the meeting with the New Jersey Department of State and the following newspapers circulated in the State of New Jersey:

Asbury Park Press
Atlantic City Press
Burlington County Times
Courier Post (Camden)
Home News Tribune (New Brunswick)
North Jersey Herald and News (Passaic)
The Record (Hackensack)
The Star Ledger (Newark)
The Trenton Times

The following members of the Board of Public Utilities were present:

Joseph L. Fiordaliso, President
Mary-Anna Holden, Commissioner
Dianne Solomon, Commissioner
*Upendra J. Chivukula, Commissioner
Robert M. Gordon, Commissioner

*Commissioner Chivukula participated by phone.

President Fiordaliso presided at the meeting and Aida Camacho-Welch, Secretary of the Board, carried out the duties of the Secretary.

It was also announced that the next regular Board Meeting would be held on July 14, 2021 at 10:00 a.m. via teleconference with details to follow.

The Board recognized and thanked Executive Director, Paul E. Flannigan and by unanimous vote, adopted a Resolution commending him for his contributions and years of service to the Board and to the citizens of the State of New Jersey.

8. CLEAN ENERGY

James Ferris, P.E., CEM, Bureau Chief of New Technology, Division of Clean Energy, presented this matters.

A-1. Docket No. QO20080555 – In the Matter of the Opening of Offshore Wind Renewable Energy Certificate (OREC) Application Window for 1,200 to 2,400 Megawatts of Offshore Wind Capacity in Furtherance of Executive Order No. 8 and Executive Order No. 92.

Docket No. QO21050824 - In the Matter of the Board of Public Utilities Offshore Wind Solicitation 2 for 1,200 to 2,400 MW – Atlantic Shores Offshore Wind Project 1, LLC.

BACKGROUND AND DISCUSSION: This matter involved Staff's recommendations regarding the Board's Second Solicitation for offshore wind projects and the designation of qualified offshore wind facilities to receive Offshore Wind Renewable Energy Certificates (ORECs).

Developing New Jersey's offshore wind resources is a core strategy of Governor Murphy's clean energy agenda. Governor Murphy has set forth an ambitious goal of reaching 100 percent clean energy by 2050 and augmented the original goal of 3,500 megawatts of offshore wind by 2030 to 7,500 megawatts of offshore wind by 2035 to ensure New Jersey meets the State's goals of 50 percent renewable energy by 2030.

Staff recommendations reinforce Governor Murphy's goals and furthers New Jersey's leadership in the fight against climate change which is an eminent threat to New Jersey's economy and the health, safety, and welfare of New Jersey's residents.

Additionally, Staff's recommendations would also advance visionary policy and innovative programs while continuing to improve the quality of energy service while mitigating costs and ensuring that energy is affordable and accessible for all residents of the State.

Furthermore, Staff's recommendations would ensure that New Jersey's natural resources, including fish, marine mammals, birds, and other wildlife are protected, and will provide valuable employment and economic benefits to New Jersey residents.

New Jersey's commitment to protect its natural resources and significant cultural and tourism economies is of the utmost importance. New Jersey enjoys a geographic location and ocean wind profile well suited to the development of a robust offshore wind program. The work of harnessing the ocean wind must be done through responsibly developed and sited wind Farms.

New Jersey remains committed to ensuring that natural resources, including fish, marine mammals, birds and other wildlife are protected throughout the development and operation of current and future wind projects.

Through this Second Solicitation award we will have new resources to collect and share valuable data to inform future development and to protect the natural resources that comprise a critical part of New Jersey's rich tapestry of biological diversity.

As a background, on September 9, 2020, the Board opened the Second Solicitation application window seeking to secure ORECs targeting 1,200 to 2,400 megawatts of offshore wind capacity. At the close of the application window on December 10, 2020, applications were received from two developers:

Atlantic Shores Offshore Wind Project 1, LLC, a joint venture between EDF-RE Offshore Development, LLC, and Shell New Energies, US, LLC (Atlantic Shores), and Ocean Wind 2, LLC (Ocean Wind 2), a direct 100 percent subsidiary of Ørsted Offshore North America, Inc.

Applications were evaluated against multiple factors set forth in the Offshore Wind Economic Development Act and the rules at N.J.A.C. 14:8-6 et seq. These factors included:

- OREC purchase price;
- Ratepayer impact; environmental and fisheries impact;
- Economic impact;
- The strength of guarantees for economic impacts; and
- The likelihood of successful commercial operation.

In the Second Solicitation staff weighted these factors as follows:

- OREC purchase price and ratepayer impact, 50 percent;
- Environmental and fisheries impact, 20 percent;
- Economic impact and strength of guarantees for economic impact, 20 percent; and
- Likelihood of successful commercial operation, 10 percent.

Additionally, Staff identified the following additional elements for consideration:

- Diversification of the risk of successful project completion;
- Providing economic benefits to more communities around different ports and manufacturing facilities;
- Diversification in all tiers of the supply chain;
- Incorporation of alternative construction methods and/or technology selection; and
- Heightening the prospect of more robust competition and subsequent procurement rounds through diversity in selected applicants.

Staff consulted with other New Jersey agencies for their expertise in specific areas related to offshore wind development, such as New Jersey Department of Environmental Protection (NJDEP) on environmental, wildlife, and fisheries' impact; the New Jersey Division of Rate Counsel on ratepayer impacts; and the New Jersey Economic Development Authority on certain economic benefits.

Staff and Board's consultant, Levitan & Associates, conducted a portfolio analysis to test the potential price, economic benefits, and costs attributable to the selection of a project from each applicant.

Staff believed that a portfolio solution with two awardees has the potential to position New Jersey favorably to achieve greater manufacturing capability to support both New Jersey's and neighboring states' offshore wind procurement goals while conferring valuable employment and economic benefits.

Staff recommended awards to each applicant for projects that not only offer generations of clean energy to combat climate change, but also provide significant economic benefits in manufacturing and related the supply chain developments through the use of New Jersey ports and infrastructure and commitments to jobs and economic growth that will be enjoyed in New Jersey for decades to come.

Both recommended projects meet the eligibility requirements needed to win an award. The recommended projects will result in a total of 2,658 megawatts of offshore wind capacity and will power a total of over 1.15 million homes. These projects will result in a net greenhouse gas emissions reduction of over 5 million short tons annually, which represents approximately 26 percent of New Jersey's current greenhouse gas emissions from the electricity sector, all while protecting New Jersey's natural resources, wildlife, and fisheries to the fullest extent possible.

Combined, these projects will inject an estimated \$3.5 billion into New Jersey's economy and are estimated to create approximately 7,000 full- or part-time jobs across the development, construction, and operational phases of the project. This will yield approximately 56,000 full-time equivalent job years, and some jobs will be shorter term and others will last for many years.

These projects will both utilize the foundation manufacturing facility at the Port of Paulsboro, will both establish manufacturing facilities at the New Jersey Wind Port, and will both utilize the New Jersey Wind Port for marshalling activities.

In addition, the diversity in offshore wind developers will create robust competition, which will drive down the cost of future solicitations. The diversity in economic benefits, including supply chain, port utilization, and support services will provide benefits to a broader range of New Jersey residents than any single award.

Moreover, the specific economic benefits associated with the recommended projects will further position New Jersey as an offshore wind hub for all projects along the Atlantic coast.

Through the research and monitoring fee charged to each developer, New Jersey will have over \$26 million in new resources for research initiatives and the regional monitoring of wildlife and fisheries related to the introduction of offshore wind projects.

In addition, the developers will work with Staff and the NJDEP to identify and implement best practices for the avoidance, minimization, and mitigation of adverse impacts throughout the life of the projects.

The first project is the Atlantic Shores, 1,509.6 megawatt project and is designated as Project C in Atlantic Shores' application. The project is located in the southern portion of the Atlantic Shores lease area, approximately 10.5 miles from shore and is expected to utilize the 13.6 megawatt turbine manufactured by MHI Vestas. The project is expected to be operational in two phases, in 2027 and 2028.

The first year OREC price is \$86.62 per megawatt-hour, and the estimated levelized net OREC cost after project revenues are returned to ratepayers is \$58.81 per megawatt-hour. The project includes commitments to use the foundation manufacturing facility at the Port of Paulsboro, and commitments to establishing the assembly facility in collaboration with MHI Vestas at the New Jersey Wind Port. The project also includes a green hydrogen pilot facility. Direct, induced, direct, indirect and induced economic benefits will inject an estimated \$1.869 billion into the New Jersey economy.

Staff recommended that the Board approve the Atlantic Shores 1,509.6 megawatt project as a qualified offshore wind facility.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

| | | |
|------------------------|-------------------------------|------------|
| Roll Call Vote: | President Fiordaliso | Aye |
| | Commissioner Holden | Aye |
| | Commissioner Solomon | Aye |
| | Commissioner Chivukula | Aye |
| | Commissioner Gordon | Aye |

8A-2. Docket No. QO20080555 - In the Matter of the Opening of Offshore Wind Renewable Energy Certificate (OREC) Application Window for 1,200 to 2,400 Megawatts of Offshore Wind Capacity In Furtherance of Executive Order No. 8 and Executive Order No. 92

Docket No. QO21050825 - In the Matter of the Board of Public Utilities Offshore Wind Solicitation 2 for 1,200 to 2,400 MW – Ocean Wind II, LLC

BACKGROUND AND DISCUSSION: This matter involved the second project which is the Ocean Wind II, LLC (Ocean Wind II) 1,148 megawatt project, designated as Project B in Ocean Wind's application. The project is located adjacent to the Ocean Wind 1 project, approximately 13.8 miles from shore, and is expected to utilize the 14-megawatt turbine manufactured by General Electric. The project is expected to be operational in three phases, in 2028 and 2029.

The first year OREC price is 84.03 per megawatt-hour, and the estimated levelized net OREC cost after project revenues are returned to ratepayers is \$42.30 per megawatt-hour. The project includes commitments to use the foundation manufacturing facility at the Port of Paulsboro and includes a commitment to provide funding to complete the development of that facility. The project also includes commitments to establish a nacelle assembly facility in collaboration with General Electric at the New Jersey Wind Port and commitments to conduct marshalling activities from the New Jersey Wind Port.

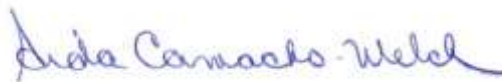
The project also includes a truck electrification pilot project at Port Newark intended to reduce emissions impacting communities around the ports. Direct, indirect, and induced economic benefits will inject an estimated \$1.657 billion into the New Jersey economy.

Staff recommended that the Board approve the Ocean Wind II, 1,148 megawatt Project B as a qualified offshore wind facility.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

| | | |
|------------------------|-------------------------------|------------|
| Roll Call Vote: | President Fiordaliso | Aye |
| | Commissioner Holden | Aye |
| | Commissioner Solomon | Aye |
| | Commissioner Chivukula | Aye |
| | Commissioner Gordon | Aye |

There being no further business before the Board, the meeting was adjourned.



AIDA CAMACHO-WELCH
SECRETARY OF THE BOARD

Date: August 18, 2021