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Board of Public Utilities



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NOTICE

REQUEST FOR ADDITIONAL INFORMATION

IN THE MATTER OF DECLARING TRANSMISSION TO SUPPORT OFFSHORE WIND A PUBLIC POLICY
OF THE STATE OF NEW JERSEY

Docket No. [QO20100630](#)

In addition to the four stakeholder meetings recently held and public comments received and to be received on the State Agreement Approach (“SAA”), the New Jersey Board of Public Utilities (“Board”) would like your feedback on the below questions.

Specifically, Board Staff seeks comment from offshore wind (“OSW”) developers, transmission developers, and the New Jersey Division of Rate Counsel (“Rate Counsel”), who may provide specific insight on the detailed questions below. These unique perspectives will assist and inform the Board’s eventual decision on the SAA. All stakeholders are invited to comment, however, Board Staff would appreciate it if the specific stakeholder groups mentioned below would provide feedback on the questions targeting their specific group.

Board Staff appreciates that in fully replying to some of these questions, it may be helpful to include confidential information and New Jersey law allows you to request protection of:

any information ... which in the person's or entity's opinion constitutes trade secrets, energy trade secrets or other energy information submitted pursuant to N.J.S.A. 52:27F-18, proprietary commercial or financial information, or information which if disclosed, would be likely to cause damage to either a competitive or bidding position or national security, may assert a confidentiality claim by following the procedures set forth in this subchapter. N.J.A.C. 14-1-12.1(b).

Please submit comments directly to the specific docket listed above using the “Post Comments” button on the Board’s [Public Document Search](#) tool. Comments are considered “public documents” for purposes of the State’s Open Public Records Act and any confidential information should be submitted in accordance with the procedures set forth in N.J.A.C. 14:1-12.3. Written comments may also be submitted to: Board of Public Utilities 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350, or by email at Phone: 609-292-1599 Email: board.secretary@bpu.nj.gov

Please include the caption and docket noted above with your responses.

*** The deadline for comments on the below questions is 5 P.M. ET on May 20, 2022.**

Offshore Wind Developers:

1. What are the most significant risks to completing your OSW generation project(s) on time and within budget if your project relies on one or more SAA transmission projects? How can those risks be best mitigated?

2. For new Bureau of Ocean Energy Management (“BOEM”) leaseholders, are there concerns about obtaining a PJM queue position given that a Board decision on the SAA may constrain the potential points of interconnection (“POIs”) for future New Jersey OSW projects? Please describe the considerations related to utilizing SAA POIs and how OSW developers might switch from their queue positions (if already acquired) to the SAA-provided POI.
3. If the Board were to select one or more Option 2 proposals under the SAA—onshore substations to offshore collector platforms (see, the November 18, 2020 Board Order under this same docket for more information on the Options¹)—please provide additional details and considerations for connecting and coordinating OSW generation projects in terms of the costs, timing and operability of the OSW generation projects.
4. If the Board were to select one or more Option 3 proposals under the SAA—offshore network connecting lease areas and substations to each other—please provide additional details and considerations for connecting and coordinating OSW generation projects in terms of the costs, timing and operability of the OSW generation projects.
5. If an SAA Option 2 or Option 3 proposal is selected, is there any situation in which an OSW generation project would not be able to use the SAA Option 2 or Option 3 solution?
6. How should the Board consider the optimal locations for Option 2 substations? Should such determinations occur at the time of the Board’s SAA decision or following the Board’s OSW generation solicitations? If the location is determined *after* the generation solicitations, what type of coordination between generation and transmission developers would be required?
7. Describe if and how the primary transmission line technology used for the Option 2 proposal, HVAC or HVDC, affects the development – timing, sizing, locational considerations and costs – of new OSW projects.
8. For an Option 2 or Option 3 scenario, do you believe that the selection of HVAC or HVDC will affect the ability to receive federal funding that may prioritize “innovative” technologies? Please address availability of federal funding for transmission and/or federally-backed loans/loan guarantees.
9. Describe how risks of cable outages are managed with HVAC versus HVDC technology, particularly where using large single HVDC lines for any offshore segment.
10. For an Option 2 or Option 3 scenario, please address whether an HVAC or HVDC would better integrate into a multi-state or multi-regional offshore wind transmission grid? Should coordination or future computability opportunities affect the Board’s evaluation of proposals?

¹ For more information, please see the PJM website at <https://www.pjm.com/-/media/committees-groups/committees/teac/2021/20210505-special/20210505-item-01-new-jersey-offshore-wind-proposal-window.ashx>

11. How does the selection of an Option 2 transmission solution affect the permitting risk for OSW generation projects? What about an Option 1b?
12. Please share any other important risks associated with an Option 2 solution that can impact project development.
13. Through what mechanisms should the risk of Option 2 or Option 3 cable failures be allocated? Does the potential risk for failure impact the preference for HVAC versus HVDC cables?
14. If an Option 2 or Option 3 proposal is selected, please detail the potential reliability and economic benefits.
15. For the build out of transmission facilities under the current generator radial lines approach, please provide additional details and considerations on the costs, feasibility, timing and operability of requiring OSW developers of future projects to utilize certain specified technology types, including potentially identifying common Original Equipment Manufacturers, requiring mesh-ready² offshore substations, or other future-proofing specifications. Further, please detail the anticipated coordination that would be required to eventually interconnect between mesh-ready substations, including any anticipated unavailability of OSW generation or other foreseeable risks.
16. For an Option 2 and Option 3 proposal, please provide additional details and considerations on the costs, feasibility, timing and operability of requiring OSW developers of future projects to utilize certain specified technology types, including potentially identifying common Original Equipment Manufacturers, requiring mesh-ready³ offshore substations, or other future-proofing specifications. Further, please detail the anticipated coordination that would be required to eventually interconnect between mesh-ready substations, including any anticipated unavailability of OSW generation or other foreseeable risks.

New Jersey Division of Rate Counsel:

1. If an SAA solution is selected by the Board, should those costs be assigned and allocated among New Jersey ratepayers on a load-ratio share? Is there an existing load-ratio share methodology that the Board could adopt? If you recommend a methodology other than load-ratio share, please describe that methodology and its comparative advantages/disadvantages.
2. How should the Board evaluate Option 2 transmission solutions that have less impact on the public (i.e. avoid beach crossings), but inherently entail greater costs?
3. How should the Board weigh Option 1b transmission solutions against each other that have less impact on the environment (i.e. wetlands), but may inherently entail greater costs?

² Offshore wind collector substations are “mesh-ready” when sized and designed to be able to eventually interconnect to other mesh-ready offshore wind collector substations.

³ Id.

4. How should the Board evaluate the cost differences of HVAC versus HVDC transmission solutions?
5. How should the Board evaluate the risk of failure and associated economic implications of HVAC versus HVDC transmission solutions?
6. How should the Board evaluate the costs of the SAA versus the baseline scenario (radial export cables) and how should the Board consider non-price benefits?
7. How should the Board weigh intangible or other economic benefits (parks, recreation opportunities, and economic development) against proposal costs?
8. How should the Board consider the varying cost-cap proposals?
9. If the Board selects one or more Option 2 or 3 solutions, where should the measurement of energy delivered to the distribution system, for calculation of ORECs, take place?

Transmission Developers:

1. How should the Board ensure that projects are completed on schedule given upcoming OSW generation projects' timelines? Please explain how changes in a future OSW generation project schedule may affect a selected SAA project, if at all.
2. Please outline any anticipated changes in tax policy and any federal sources of money transmissions developers might seek for a selected SAA project—or that New Jersey could seek.
3. Other than an act of Congress amending the current Federal Investment Tax Credit ("ITC"), might there be an innovative way (such as in collaboration with OSW generation developers) for Option 1b, Option 2, or Option 3 projects that support OSW to qualify for the ITC?
4. How might transmission developers explore the availability of federal funding opportunities that may be available to support transmission projects? How would receipt of such funding be incorporated into bids or financing arrangements? How might the Board coordinate on applying for such opportunities?
5. How might transmission developers explore the availability of federally-backed loans for loan guarantees that may be available to support transmission projects? How should developers and the Board coordinate on applying for such opportunities? How would receipt of such loans or loan guarantees be incorporated into bids or financing arrangements?
6. How might a selected SAA project manage and mitigate material and equipment supply chain risks and any associated costs, particularly as they might related to HVDC?
7. How might a selected SAA project manage financial risk, including, but not limited to, market and interest rate dynamics, labor costs, raw material and supply chain costs, land procurement costs, and insurance?

8. If an Option 2 or Option 3 proposal is selected, please detail the potential reliability and economic benefits.

Carmen D. Diaz

Carmen D. Diaz
Acting Secretary of the Board

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