



August 17, 2020

Ms. Aida Camacho-Welch, Secretary of the Board
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, New Jersey 08625-0350

Re: Draft New Jersey Offshore Wind Second Solicitation Guidance Document, Docket No. QO20070478

Dear Secretary Camacho-Welch:

RWE Renewables Americas, LLC (“RWE”) appreciates the opportunity to provide comments on the New Jersey Board of Public Utilities’ (“NJBP”) Draft New Jersey Offshore Wind Second Solicitation Guidance Document (“Draft Guidance Document”) supporting New Jersey’s second offshore wind solicitation in 2020 for Offshore Renewable Energy Credits (“ORECs”).

RWE, founded in 1898, is one of the largest players in the renewable business worldwide and the third largest producer of renewable energy in Europe. RWE's strategy for renewables is geared to growth and we plan to invest an annual amount of \$1.5 billion to expand our wind, solar energy and storage technologies portfolio. Since 2007 we've built nearly 4,000 megawatts (“MW”) of wind, solar and energy storage projects in the United States with more under development. We've invested more than \$6 billion in producing clean, affordable homegrown energy. RWE has established an ambitious CO2 reduction target and has committed to be carbon-neutral by 2040. As the second largest offshore wind developer in Europe, RWE owns 2.5 gigawatts of Offshore Wind and operates an additional 800 MW for our partners.

Solicitation Schedule

RWE appreciates Governor Phil Murphy's announcement of a long-term solicitation schedule in even numbered years through 2028 to provide insight and certainty in the U.S. market. Visibility into the pipeline of projects and knowing when solicitations will occur will allow for the necessary investments to jump start the U.S. offshore wind supply chain, unleashing business opportunities for the manufacturing, construction, transport and installation of offshore wind components across the region, driving down costs and establishing a local workforce.

Proposed 2020 Solicitation Size and Frequency

In the Draft Guidance Document, the NJBPU is seeking to solicit between 1,200 MW and 2,400 MW of ORECs in 2020 and to retain the flexibility to adjust the timing and the quantity to be procured based on market conditions, including the development schedule for transmission solutions to accommodate large new injections of offshore wind, the status of additional Bureau of Ocean Management ("BOEM") lease areas, permitting, port readiness, establishment and evolution of the supply chain, workforce training, and technology progress affecting overall cost trends. In order to capture the greatest benefits and cost savings for New Jersey ratepayers, RWE suggests that the NJBPU should consider the following in determining the size and frequency of procurements:

- Increased competition from the participation of additional leaseholders;¹
- CAPEX costs will continue to decline with the establishment and maturation of a local supply chain;
- Completion of PJM transmission analysis will allow for more efficient system planning, reducing overall system costs associated with the full integration of New Jersey's 7,500 MW offshore wind target;
- The availability of future federal tax incentives.

The collective cost impacts of increased competition in the New York Bight lease area and downward cost trends will yield more creative bids and greater economic benefits in post-2020 procurements. In addition, New Jersey anticipates awarding

¹ BOEM began the leasing process for the New York Bight lease area with the Call for Information and Nominations in April of 2018. A BOEM lease auction is anticipated in 2021.

contracts for the 2020 solicitation in Q1 of 2021 likely making these projects ineligible for the 18 percent federal ITC that will expire at the end of this year. For these many reasons, RWE requests that the NJBPU award less MW in 2020. By awarding less MW in 2020 and more in 2022 and beyond, New Jersey will continue to make progress towards achieving the 7,500 MW offshore wind goal and capture greater cost savings for New Jersey ratepayers.

Weighting of Evaluation Criteria

RWE supports the NJBPU's ranking and weighting of the six evaluation criteria that reflect the goals stated in Executive Order 8 and Executive Order 92. The weighting of the evaluation criteria provides clear guidance and transparency to the developer community that will allow New Jersey to achieve its stated objectives of contributing to a stronger New Jersey economy, combating global climate change, providing added reliability for the transmission network, and achieving all of this at the lowest cost reasonable cost for New Jersey ratepayers.

Sincerely,

Kate McKeever

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