

New Jersey Board of Public Utilities
44 S. Clinton Avenue
Trenton, NJ 08625

Submission of Ocean Wind 2 Best And Final Offers

April 2nd, 2021

Dear President Fiordaliso,

Your ref. President J. Fiordaliso
Our ref. Ocean Wind 2

On behalf of Ocean Wind II, LLC ("Ocean Wind II") we are excited to hereby submit our Best and Final Offers (BAFOs) for the Second New Jersey Offshore Wind Solicitation. The required pricing forms are attached.

The Ocean Wind II team has been working diligently to improve its initial Ocean Wind 2 ("OCW2") bids since submission on December 10, 2020. In these months, the team left no stone unturned as it sought to maximize the clean energy and economic development benefits to New Jersey, while minimizing the ratepayer impact from its offering. Our new offers will provide a much-needed boost to New Jersey's economy following the COVID-19 pandemic, each adding more than \$4.8 billion in net benefits (2020\$), while the average monthly adder over 20 years to residential ratepayers would be only 87 cents and 93 cents, respectively for our two bids. Ocean Wind II's goal is to create opportunity for *all* New Jersey residents across the State, with improved pricing and additional commitments benefitting underserved and environmental justice communities that cannot be left behind in New Jersey's nation-leading energy transition. Thanks to several business case improvements (described below), the team was able to decrease its offer prices for Bid A and Bid B [REDACTED]

Business Case and TSUC Sharing Mechanism Improvements

One major boon to the OCW2 business case was new tax credit legislation. The new 30% offshore wind ITC passed on December 27, 2020 through H.R. 133 is beneficial to New Jersey ratepayers and paved the way for a substantial improvement in our offer price, as evidenced in the responses to the second round of clarifying questions. However, our proposed BAFO prices reflect other significant price reductions which are well beyond those enabled purely by the offshore wind ITC.

We have worked with our suppliers since bid submission to secure more competitive pricing. We were able to leverage OCW2's and Ocean Wind 1's positions as anchor projects for GE in the State of New Jersey. Our partnership and commitment to GE allowed them to share with us significant improvements to the generation from the Haliade-X platform, as well as decrease the turbine's cost of sourcing components



manufactured here in New Jersey, which combined allow Ocean Wind II to share this Levelized Cost of Energy reduction with New Jersey ratepayers..

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Substantial progress has also been made with EEW since the initial bid submission. This progress has put the Paulsboro project on an even more stable and highly favorable path, allowing us to further de-risk the record-breaking local content offerings to the benefit of the New Jersey ratepayers. [REDACTED]

[REDACTED]

Furthermore, the enclosed OCW2 BAFOs contain a number of enhancements to Annual Energy Production (AEP) enabling the generation of more clean energy for the State at a lower cost to ratepayers. [REDACTED]

[REDACTED]

[REDACTED] This improvement over the initial bid is one of the main reasons that we are able to offer the Board such a substantially lower price for Ocean Wind 2 ORECs. [REDACTED]

[REDACTED]

[REDACTED] All in all, the business case, wind farm design and configuration optimizations have brought about significant price improvements that, in aggregate, exceed the tax credit improvements.

Not only have we been able to significantly lower our bid prices for this BAFO, we have also materially improved the estimated interconnection cost scenarios. [REDACTED]

[REDACTED]

Expanded Commitment to New Jersey and its Workers

At the interview with the Board Staff on March 10, 2021, we reemphasized Ørsted's continued commitment to New Jersey as a core strategic market in the U.S. through the announcement of our soon-to-be Digital Operations Headquarters, which will be located in Newark, NJ (this was also included in the follow up submission to the interview). This

new Digital Operations HQ will support not only Ørsted's U.S. offshore wind business and operations but also Ørsted's rapidly growing U.S. onshore business, focused primarily on wind and utility-scale solar. Ørsted expects this location to house at least 50 well-paying positions in Newark within the next few years mostly consisting of Digital Operations, but also other NJ-based development, EPC, operations, and other roles supporting our activities in the U.S.

Our ref. Ocean Wind 2

Newark was strategically selected due to its close proximity to top-tier schools, such as the New Jersey Institute of Technology ("NJIT"), and to ensure that the development of the clean energy industry in New Jersey benefits all communities, especially the historically underserved environmental justice communities. Ocean Wind II is therefore extremely proud to announce, that in conjunction with the Digital Operations HQ in Newark, it has decided to allocate \$1.5m of the \$8m commitment to the Pro-New Jersey Grantor Trust 2 to a 10-year *Ørsted Opportunity Scholarship* program in collaboration with NJIT. The executed MOU between NJIT and Ørsted is attached to this letter. This gift to NJIT will fund a needs-based scholarship program for prospective undergraduates, NJIT's Center for pre-College Programs and the NJIT-Newark Math Success Initiative. The common objective of all these initiatives is to allow deserving students from underserved communities in and around Newark to obtain high quality STEM education and be able to attend and graduate from one of the State's most prominent universities. This grant is contingent upon an OREC award to Ocean Wind II.

Ørsted is the only offshore wind developer with a nationwide MOU with the North America's Building Trades Unions (NABTU). The agreement ensures all of Ørsted's projects in the U.S. will be constructed under collectively bargained agreements, inclusive of all trades necessary for both onshore and offshore construction scopes. Additionally, it sets out a vision of cooperation between Ørsted and NABTU to establish agreements on training, scopes of work, and other details to fulfill our pipeline of projects. This MOU not only stabilizes the relationship with the Building Trades and improves development timelines, it is also a concrete step underlining our profound belief that the clean energy industry should create well-paying, family-sustaining jobs for highly trained and skilled individuals. Conversations with New Jersey's organized labor have already begun, and we anticipate initiating formal tripartite discussions in the near future.

Making New Jersey the Heart of the U.S. Offshore Wind Industry

We firmly believe that this Second New Jersey Offshore Wind solicitation is an exceptional opportunity for the State to anchor itself as the heart of the U.S. offshore wind industry. Through an OREC award to Ocean Wind II, New Jersey can reap the fruits of 18 months of hard work with the state, EEW, the South Jersey Port Corporation, and the Gloucester County Improvement Authority and enable the full build-out of the Paulsboro monopile manufacturing facility. This Phase II of the facility is fundamental to its longevity and sustainability and will allow EEW and New Jersey to become both the go-to suppliers for monopiles in the entire U.S. offshore wind industry, and generate the jobs required for their manufacturing for many years to come. The recent progress with all parties involved in the development of the Paulsboro facility is a testament to the value of the strong relationship between EEW and Ørsted globally, as

well as the tremendous efforts deployed with local stakeholders to reach these milestone agreements and build this facility.

Our ref. Ocean Wind 2

In addition to the progress and opportunity with EEW at Paulsboro, OCW2 creates the ability to locate GE's only North American nacelle assembly facility (and the United States' first offshore wind nacelle assembly facility) at the New Jersey Wind Port, a project of unparalleled scale and prestige in this industry. The major supply chain components for this burgeoning industry are being sited across the country, as we speak. GE's commitment to New Jersey through an Ocean Wind II award is an unique opportunity to not only supply nacelles to both local and non-New Jersey projects, but also establish a new anchor supply chain facility that will surely enable future localization of other incremental facilities in New Jersey for the manufacturing of the hundreds of subcomponents for these highly advanced technical modules.

Conclusion

With significantly improved prices, more clean energy generated for all New Jersey residents with very low ratepayer impact, once-in-a-lifetime manufacturing opportunities, meaningful initiatives for the environmental justice communities, and an ever-present focus on organized labor, we are confident we have put forward two very attractive bids from Ocean Wind II. Ørsted is excited to build on its unique real-world experience in developing projects globally and in New Jersey to bring another 1,200 MW project to fruition and to make New Jersey the heart of the manufacturing supply chain of the U.S. offshore wind industry!

Yours sincerely,

Ørsted Offshore North America Inc. & Ocean Wind II, LLC

David Hardy
CEO

Christian Bjøl
Bid Development Director

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE APPLICATION OF :
OCEAN WIND II LLC FOR APPROVAL AS A : STATEMENT OF
QUALIFIED OFFSHORE WIND PROJECT, :
PURSUANT TO N.J.S.A. 48:3-87.1 and N.J.A.C. :
14:8-6.1, et seq. :

[REDACTED], of full age, states:

1. I am the Mid-Atlantic Project Development Director for Ørsted North America Inc., the sole member of Ocean Wind II, LLC (“Ocean Wind II”), and I am authorized to make this Statement on behalf of Ocean Wind II.

2. On this date, April 2, 2021, Ocean Wind II has, as invited by the New Jersey Board of Public Utilities (“BPU”) Staff on March 10, 2021, uploaded its Best and Final Offer (the “BAFO”) for consideration by the BPU in connection with the New Jersey Offshore Wind Solicitation #2.

3. Ocean Wind II has submitted a Confidential Copy (unredacted) and a Public Copy (redacted) of such BAFO.

4. All of the information redacted by Ocean Wind II in the Public Copy was redacted because the portions redacted are Trade Secrets of Ocean Wind II.

5. The material redacted consists of, *inter alia*, very specific project development information; proprietary technology to Ocean Wind II; Trade Secret transactions with suppliers to Ocean Wind II; bid strategy of Ocean Wind II; and similar information relative to Ocean Wind II’s affiliates and subsidiaries.

6. Because the BAFO is somewhat focused, substantially all of the materials have been redacted. Specifically, the information redacted consists of formulae, practices, processes,

designs, instruments, patterns, commercial methods, or compilations of information not generally known or reasonably ascertainable by others by virtue of which Ocean Wind II obtains an economic advantage over its competitors. This is valuable commercial information that provides Ocean Wind II with an advantage over its competitors who do not have that information, and is not generally available.

7. These Trade Secrets are exempt from disclosure under the Open Public Records Act, N.J.S.A. 47:1A-1 et seq. and the Board's regulations at N.J.A.C. 14:1-12.1(b).

8. The information redacted from the Public Copy should remain confidential until Ocean Wind II agrees otherwise.



Dated: April 2, 2021

Attachment

**Memorandum of Understanding between
Ørsted and New Jersey Institute of Technology**

REDACTED FROM PUBLIC COPY