

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

In the Matter of the Opening of Offshore Wind :
Renewable Energy Certificate (OREC) Application :
Window For 1,200 To 2,400 Megawatts of Offshore : DOCKET NO. QO20080555
Wind in Furtherance of Executive Order No. 8 and :
Executive Order No. 92 :

NEW JERSEY OFFSHORE WIND SOLICITATION #2
Ocean Wind II, LLC's Response to Clarifying Questions Set 6

Clarifying Question:

1. Board Staff is considering recommending to the Board that the majority (up to 90%) of the guaranteed economic benefits shortfalls be returned to ratepayers as a dollar for dollar reduction in the total OREC price based on a methodology to be determined under a separate Board proceeding. This direct return to ratepayers of the majority of the guaranteed economic benefits not fulfilled would replace any mechanism of placing these monies in a fund or other financial vehicle as you may have proposed. Please:
 - a. Indicate whether you have any concerns with this approach; and
 - b. If you do have concerns, please describe and explain the reasons for your concerns.

Response:

- a. Ocean Wind II, LLC ("OW 2") thanks the Board Staff for its thoughtful approach to the economic benefits guaranteed by OW 2, and as to which guarantees OW 2 remains fully committed and confident of meeting. Nevertheless, OW 2 fully supports the Board Staff approach of right-sizing the impact to New Jersey ratepayers by making credits against the OREC Price in lieu of making additional deposits to the Pro-NJ Grantor Trust 2.
- b. The inviolable lodestar for establishing the mechanism for making such OREC Price credits must be clearly stated in any Board Order awarding ORECs to OW 2, and must be that OW 2 will be held harmless as a result of changing from the Pro-NJ Grantor Trust 2 mechanism to the OREC Price credit mechanism. The details for accomplishing this objective can be developed in a future Board proceeding but should include, but not be limited to:
 1. Maintenance of the terms and conditions of Section 8 of OW 2's application.
 2. How to treat variable and conditional guarantees; and
 3. Timing, detailed calculation mechanics and implementation of OREC Price adjustment.