



April 29, 2022

Aida Camacho-Welch
Secretary of the Board
New Jersey Board of Public Utilities
Docket No. QO20100630
Submitted electronically to: Board.Secretary@bpu.nj.gov

Re: IN THE MATTER OF OFFSHORE WIND TRANSMISSION - Docket No. QO20100630

Dear Ms. Camacho-Welch,

Atlantic Shores Offshore Wind, LLC, a 50/50 joint venture between EDF-RE Offshore Development, LLC (a subsidiary of EDF Renewables, Inc.), and Shell New Energies US LLC ("Atlantic Shores"), currently holds one of the largest portfolios of offshore wind lease areas in the US, adding up to a total of 262,404 acres and an expected capacity potential of over 4.5 GW ("Portfolio"). Atlantic Shores' Portfolio includes the areas within Lease OCS-A-0499 and Lease OCS-A 0549, which amounts to 183,353 acres, collectively, and hosts Project 1, a 1,510 MW project awarded an OREC from the New Jersey Bureau of Public Utilities ("NJBP") in June 2021; and Lease OCS-A-0541, which totals 79,351 acres and was awarded to Atlantic Shores by BOEM pursuant to the recent ATW 8 Bight Auction. Out of the full Atlantic Shores' Portfolio, 1.5 GW is under firm offtake contract, leaving over 3 GW of uncommitted capacity strategically positioned to meet the offshore wind procurement goals of its target markets, including New Jersey.

Atlantic Shores appreciates the opportunity to submit comments concerning the above-referenced matter. These comments are submitted as a follow up to the stakeholders meetings held on March 22, March 30, April 4, and April 12, 2022.

Atlantic Shores congratulates the NJBP for taking a proactive, first step through the State Agreement Approach ("SAA") to implement planned transmission to support New Jersey Offshore Wind goals. Atlantic Shores supports the need for onshore and offshore transmission solutions that will help integrate offshore wind energy ("OSW") into the grid at a lower cost to the ratepayers, and with lower risks, consolidated landfalls, and less impact on the environment and local communities. However, Atlantic Shores urges the NJBP to ensure that along with its selection of SAA transmission proposals, it maintains flexibility for the development of OSW projects with interconnection solutions that may provide opportunities for a lower ratepayer impact or faster project delivery.

Atlantic Shores has been working closely with PJM since 2018 to support the development of its Portfolio, including the filing of (8) queue positions. Following the NJBP's offshore wind renewable energy credit ("OREC") award to Atlantic Shores' 100%-owned subsidiary for its 1,510 MW project ("Project 1"), the Atlantic Shores team has particularly focused collaboration with PJM on maturing its Project 1 radial interconnection plan and queue positions at the Cardiff substation. The execution of the Interconnection Service Agreement ("ISA") for Project 1 is planned for Q2/Q3-2022. In addition, the

Atlantic Shores team has been actively working on studying, de-risking and securing the onshore and offshore routes for Project 1, including securing real estate for the landfall and onshore substation. In parallel, Atlantic Shores has been actively assessing and securing onshore and offshore route options to, and working diligently with PJM to mature its other queue positions at, Larrabee, to support the deliverability of additional projects to be submitted to the NJBPU in upcoming State procurements. The ISA for Larrabee is planned for Q2/Q3-2022.

In summary, the Atlantic Shores lease areas hold a set of mature projects readily deliverable to the Garden State and is highly invested in supporting New Jersey in reaching their OSW goals. ensure a successful implementation of the SAA projects, mitigate OSW deliverability and operability risks, reduce uncertainties and complexity, and increase visibility and transparency, we suggest the NJBPU take into account the following key considerations during the evaluation of SAA proposals:

1. The NJBPU should still provide OSW developers with the flexibility to opt-out of using the SAA capability if they can demonstrate similar or additional benefits of an alternative radial connection. Such benefits may include an earlier commercial operation date and proven (greater) deliverability that will allow the state to meet its 7.5 GW OSW goal by 2030 and support continuous development and operation of its growing supply chain, cost effective transmission upgrades benefiting ratepayers, and fewer environmental impacts. We believe this optionality will bring forward the best possible outcomes for New Jersey – as it keeps all entities focused on delivering the best possible outcomes for New Jersey that will work for transmission companies and generation assets alike.
2. As described above, Atlantic Shores took a proactive approach in its interconnection strategy for its projects through the interconnection requests made in 2018 at both Cardiff and Larrabee. Our strategy allowed us to secure an OREC for Project 1 with an attractive and deliverable interconnection plan to Cardiff, which is progressing on time and within original cost assumptions¹. Additionally, our efforts to mature our interconnection plan to Larrabee now provides for an ISA expected in Q2/Q3-2022 with attractive interconnection costs, acceptable environmental & community impacts and a competitive construction timeline. This will directly benefit ratepayers by allowing us to offer a project ready to come online well prior to the expected availability date of any of the proposed option 1b or 2 SAA projects. This specific example supports point 1 above, as it may allow the state to secure a low-cost, deliverable project outside of the SAA framework.
3. Additionally, maintaining flexibility in the interconnection options can also directly benefit the nascent New Jersey supply chain, as phasing commercial operation of multiple projects delivering to the state will allow suppliers to plan steady manufacturing activity without large gaps in demand. A continuous book of orders will have a positive impact on production costs and job retention in the state.
4. The NJBPU should promote strong and effective collaboration between transmission and OSW developers. On one side, transparency during the planning phase (design, schedule, cost, permitting, etc.) is needed to ensure that projects are delivered per the state's expectations and

¹ To be fully confirmed in the ISA.

OREC requirements – as the combination of an OSW and a transmission project effectively creates a project-on-project risk. On the other side, collaboration during execution is indispensable to further manage quality and deliverability risks including transmission reliability, and should be maintained during operations to de-risk OSW generation loss due to transmission failure or poor performance.

5. The NJBPU should ensure that the transmission schedule and in-service date are driven by OSW projects' required back-feed date rather than by COD. Back-feed from the point of interconnection is usually required at least six months before COD, therefore the transmission scope should be complete by the back-feed date to allow an OSW project to meet its target COD. As a result, it is crucial that transmission developers incorporate coordination time and efforts in their solutions design and consider back-feed requirements in their planning.
6. The NJBPU should consider leveraging the benefits of HVDC given the location of the different leases, acknowledging the overall advantages of this technology, scaling opportunities, and reduced number of circuits needed. HVDC will lower environmental impacts and the cumulative cost of connecting several GW of OSW to the PJM grid.
7. The SAA framework should clearly define roles and responsibilities, risk allocation, ownership and accountability for mitigation measures between transmission and OSW developers. All parties including the state, and the SAA deliverability at large, will benefit from a clear line of sight on scope and asset ownership.
8. The selected SAA proposals should demonstrate both financeability and deliverability, but ultimately, the final SAA framework should provide for solid mitigation plans for the OSW developers if the SAA projects do not deliver as expected, including if they are over budget, delayed, cancelled, or terminated.
 - On the schedule side, SAA offers should back up OSW projects' COD commitments to the state as stated in their (future) project OREC as well as milestone commitments in their contracts with third parties. In particular, they should define compensation and incentive mechanisms if the OSW farm is back-feed ready and the transmission work is delayed. Compensation should take into account liquidated damages, default provisions as planned in the OREC order (e.g. requirements re; timely FID or COD) as well as in contracts with suppliers or ports (e.g. late NTP, delayed funding, knock-on effects to sequential projects) and finally, impacts to OSW projects' business case with regards to late or incomplete power generation.
 - On the cost side, the SAA offers should provide for a clear scope and cost accountability of the transmission owners, so that costs over budget do not unduly impact the OSW projects' business case and their ability to deliver to the state at the awarded OREC price.
9. The NJBPU should carefully review the experience, reputation, and track record of the transmission developers, especially as it relates to technical and financial capabilities, stakeholder relationships and approach to working with local communities to secure rights of ways (ROW) and local permits.


In addition to our proposed considerations on the SAA proposal evaluation, Atlantic Shores suggests the NJBPU take into account the following questions, and seek to address them in designing their upcoming Round 3 solicitation:

- What are the contingencies in place if an awarded SAA project is over budget, cancelled, abandoned, or delayed? Are there financial relief options considered to compensate the OSW developer to mitigate the additional cost or production loss or delay? Are there schedule relief options vs. the target project COD brought forward in a proposal which becomes an OREC commitment?
- What will the NJBPU require with regards to queue positions maturity, cost certainty and timeline? What will be the expected timing of submitting interconnection requests for new POIs (Option 1b)?
- How does the NJBPU expect bidders to demonstrate "Likelihood of successful commercial operation" and general project deliverability with a connection to a SAA project? What specific NJBPU requirements should bidders expect to address project-on-project risks?
- The SAA FERC filing mentions that OSW developers must submit an interconnection request to use SAA capability. As part of the interconnection process, studies will be performed, and the interconnection customer might be responsible for additional upgrades not included in SAA projects. Given the interconnection process timeline and backlog, has there been discussions on how to gain visibility and transparency on those additional costs? Would the NJBPU consider using a line item for the additional transmission cost?
- Will the NJBPU request the same level of Interconnection Plan requirements as in the previous solicitation (Section 3.12 of New Jersey Offshore Wind Solicitation #2 Solicitation Guidance Document dated September 10, 2020)?
- How does the NJBPU envision its role as part of the coordination between the OSW developer and transmission developer during planning, execution and operations?
- If the NJBPU offers the option to submit proposals with radial interconnection or SAA, how will the NJBPU evaluate and compare proposals with different interconnection options?
- Will the NJBPU maintain a cost sharing mechanism for proposals with a SAA interconnection? If yes, would this sharing mechanism involve the transmission owner?

Atlantic Shores is excited to work with the NJBPU and applauds the effort to implement a coordinated offshore transmission network with the State Agreement Approach. Our comments are not meant to question the potential value and benefits of a coordinated offshore transmission system, which is clear. Rather these comments are designed to highlight the risks and key considerations that must be accounted for as the state embarks on this innovative effort.

Sincerely,

Joris Veldhoven,
Commercial Director & President
Atlantic Shores Offshore Wind, LLC

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