

May 20, 2022

Carmen D. Diaz  
Acting Secretary of the Board  
New Jersey Board of Public Utilities  
BPU Docket No. QO20100630  
Submitted electronically to: Board.Secretary@bpu.nj.gov

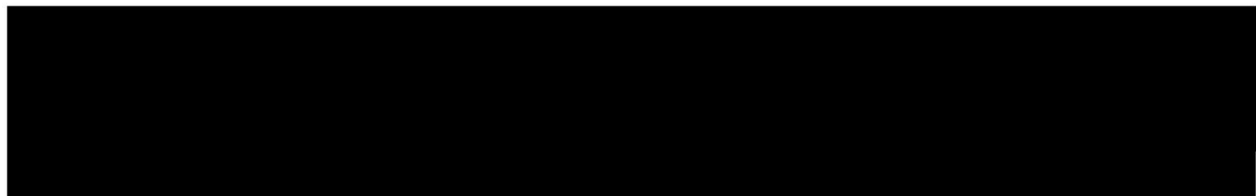
Dear Acting Secretary Diaz:

Mid-Atlantic Offshore Development, LLC (MAOD) hereby responds to the supplemental questions posed by BPU staff on April 27 and May 9, 2022.

*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.**

MAOD understands schedule and commercial operation timing coordination between transmission and generation to be a key risk to the BPU, New Jersey ratepayers, PJM, and any awarded developer's strategic objectives. MAOD's set of technical proposals aim to provide the BPU with flexible but realistic technical and development solutions capable of effectively managing such risk. By designing solutions with locational high-voltage direct current (HVDC) offshore platform flexibility, MAOD would allow OSW developers to optimize generation proposals and ultimately share savings with New Jersey ratepayers.



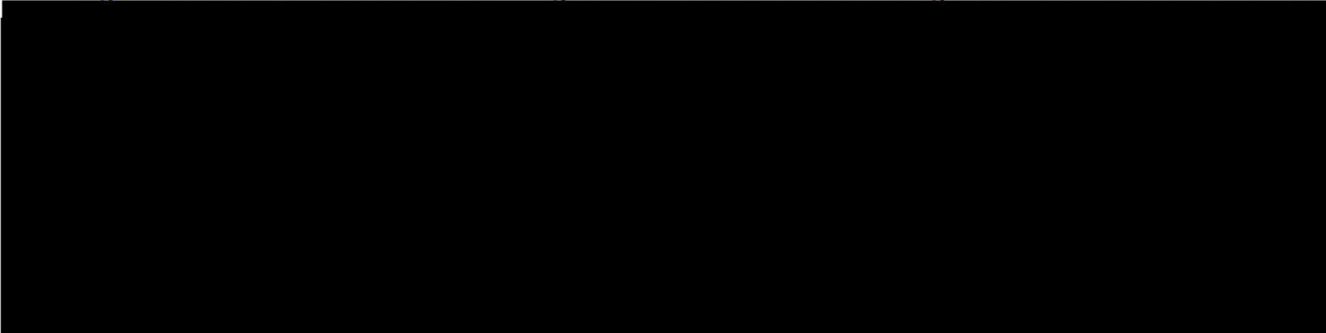
To help mitigate such risks and maintain flexibility, MAOD continues to gather necessary data supporting federal and state permitting by advancing common components across all of its proposals. These activities specifically relate with the nearshore cable corridor, cable landing, transition area, and onshore cable corridor.

**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.**

MAOD believes that properly serving the BPU, New Jersey ratepayers, and PJM requires holistic commercial and financial due diligence such that all possible pass-through funding sources and cost of capital optimizations are captured by its projects. Please see the response to Question 4 considering transmission-specific Federal programs.

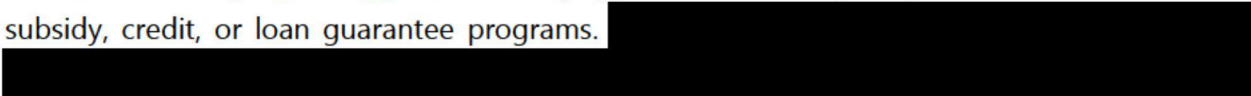
**3. Other than an act of Congress amending the current Federal Investment Tax Credit (“ITC”), might there be an innovative way (such as in collaboration with OSW generation developers) for Option 1b, Option 2, or Option 3 projects that support OSW to qualify for the ITC?**

As discussed in its initial proposals, MAOD includes ITC eligibility and availability in its due diligence items. Based on current legislation and initial screening with internal and external



**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?**

MAOD, through its parent companies, is engaged with the federal government to ensure offshore wind transmission, long-term transmission planning and regional solutions remain an area of focus as the Biden Administration works to achieve net zero greenhouse gas emissions by 2050. MAOD is currently exploring partial funding opportunities through any available state or Federal subsidy, credit, or loan guarantee programs.

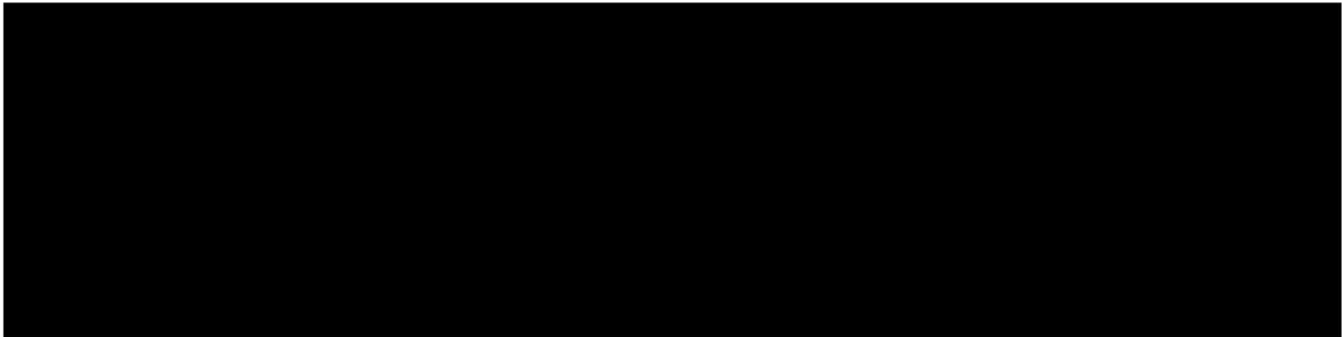


- DOE competitive grant program called Program Upgrading Our Electric Grid and Ensuring Reliability and Resiliency, which will be provided to eligible entities that demonstrate innovative approaches to transmission, storage and distribution infrastructure to harden and enhance resilience and reliability; and to demonstrate new approaches to enhance regional grid resilience.
- DOE has \$3 billion in loan guarantees available for projects utilizing innovative technology, including HVDC systems and offshore wind transmission, to finance transmission projects at commercial scale.
- DOE is authorized to enter public-private partnerships to co-develop projects located in a National Corridor or that are necessary to accommodate an increase in demand for interstate transmission, among other criteria. Such co-development can entail the design, development, construction, operation, maintenance, or ownership of a project.

MAOD hopes to work in coordination with the BPU and PJM to optimally structure its project(s) to capture as much value from state or federally-backed initiatives [REDACTED]

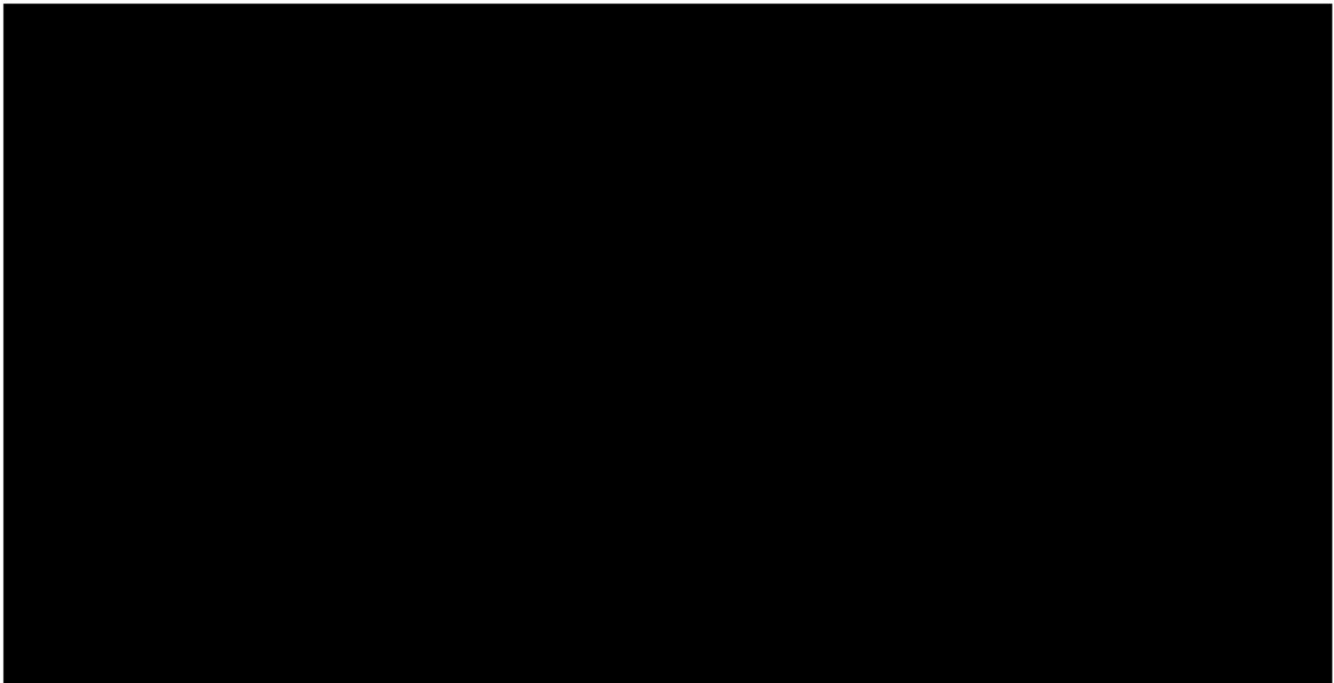
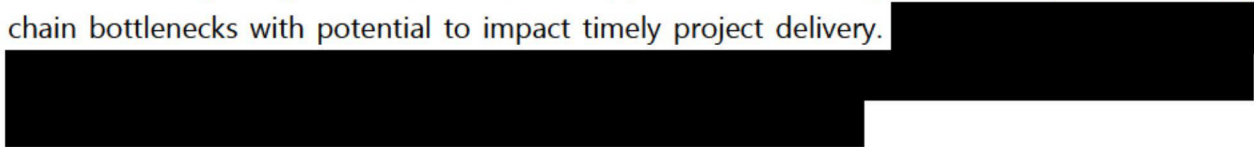
**5. How might transmission developers explore the availability of federally-backed loans for loan guarantees that may be available to support transmission projects? How should developers and the Board coordinate on applying for such opportunities? How would**

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 be related to HVDC?**

MAOD currently recognizes HVDC converter suppliers and HVDC export cables as potential supply chain bottlenecks with potential to impact timely project delivery.



Additionally, MAOD's technical and electrical teams continue to monitor technology developments and is responsive to any noticeable and breaking developments. This approach

aims to provide a technologically advanced and cost-effective solution to ensure the project achieves the best balance of technical performance and cost.

**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?**

**Financial Risk: market / interest rates, labor cost, raw materials, supply chain, insurance, land**

As described in its initial Proposals, MAOD believes analyzing, managing, mitigating or eliminating the risks described is critical to delivering the BPU a timely and affordable transmission solution.

MAOD takes a comprehensive approach to risk management – aiming to ground mitigation strategies and trade-off analysis in quantitative and qualitative frameworks when and where possible. This is achieved through proactive market engagement; detailed cost analysis and benchmarking; frequent cost estimation; broad and narrow scenario planning; appropriate financial and risk control frameworks; and thorough cost containment due diligence.

Financial Risks

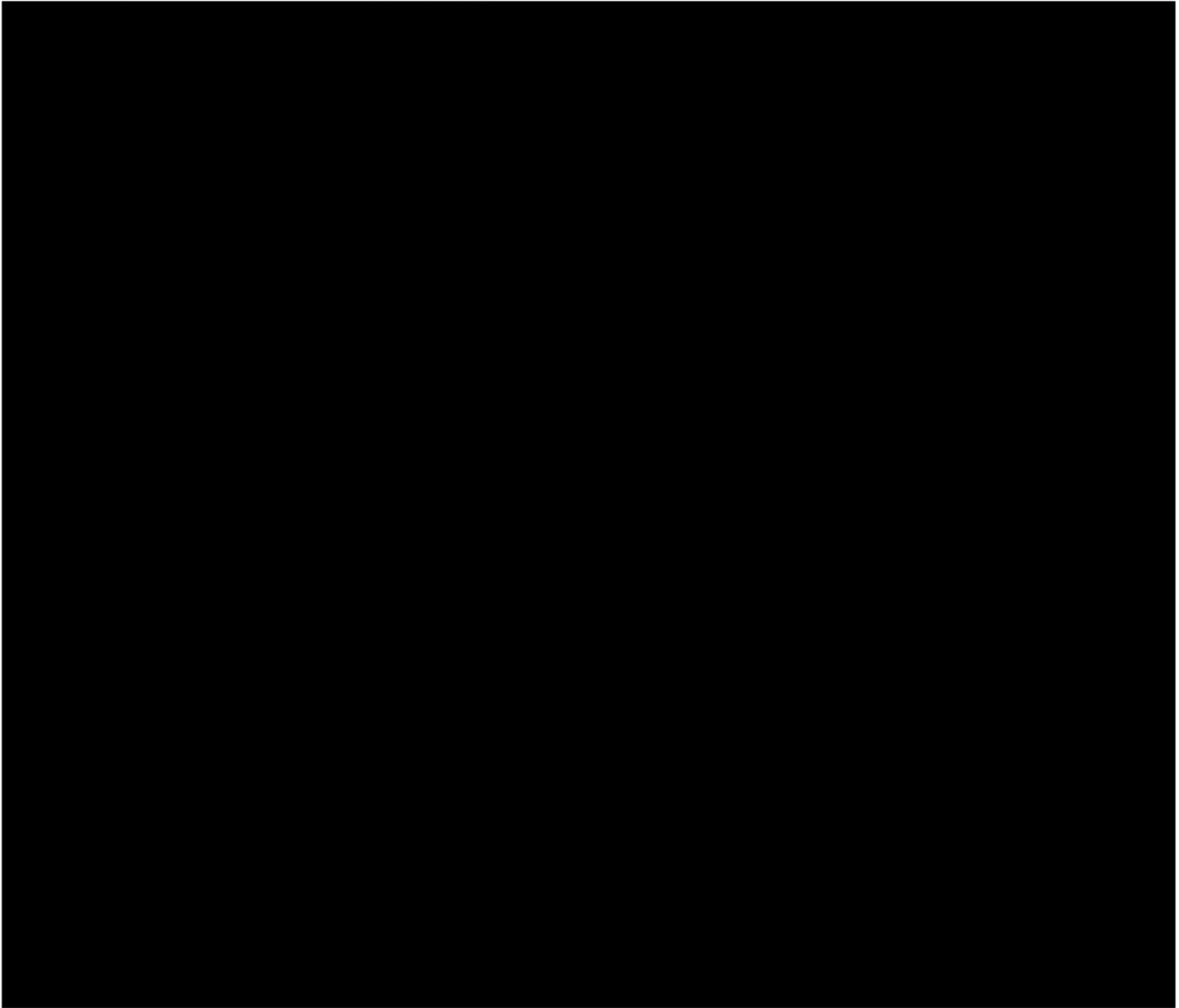
Both pre and post selection, MAOD aims to minimize exposure to and effectively mitigate the financial risks outlined above. Specifically, MAOD aims to continue leveraging affiliate relationships and associated technical due diligence capability and industry-leading EPC procurement and financial / energy markets positions.

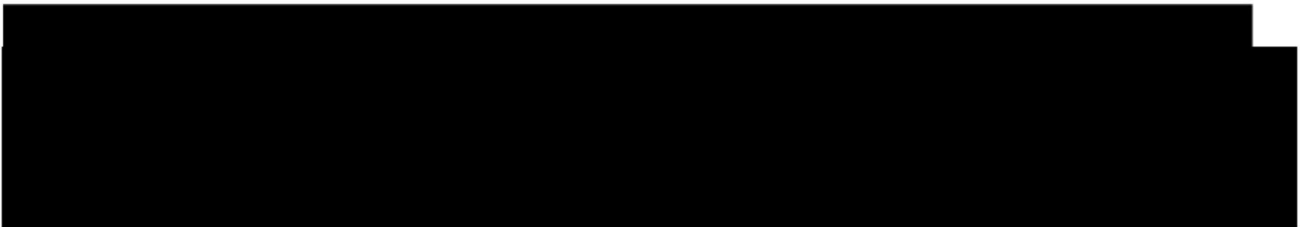
*Interest Rates*

[REDACTED]



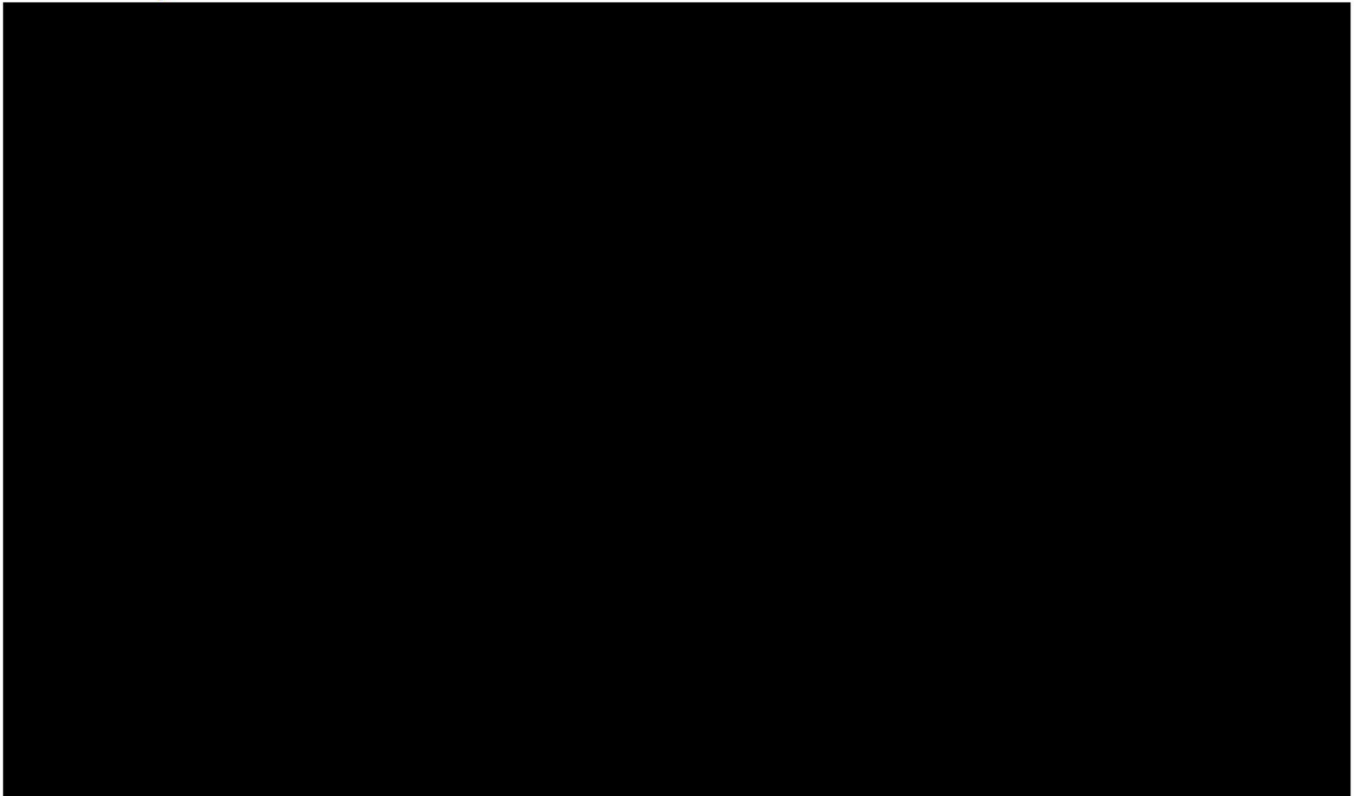
*Labor and Material Cost and Availability*

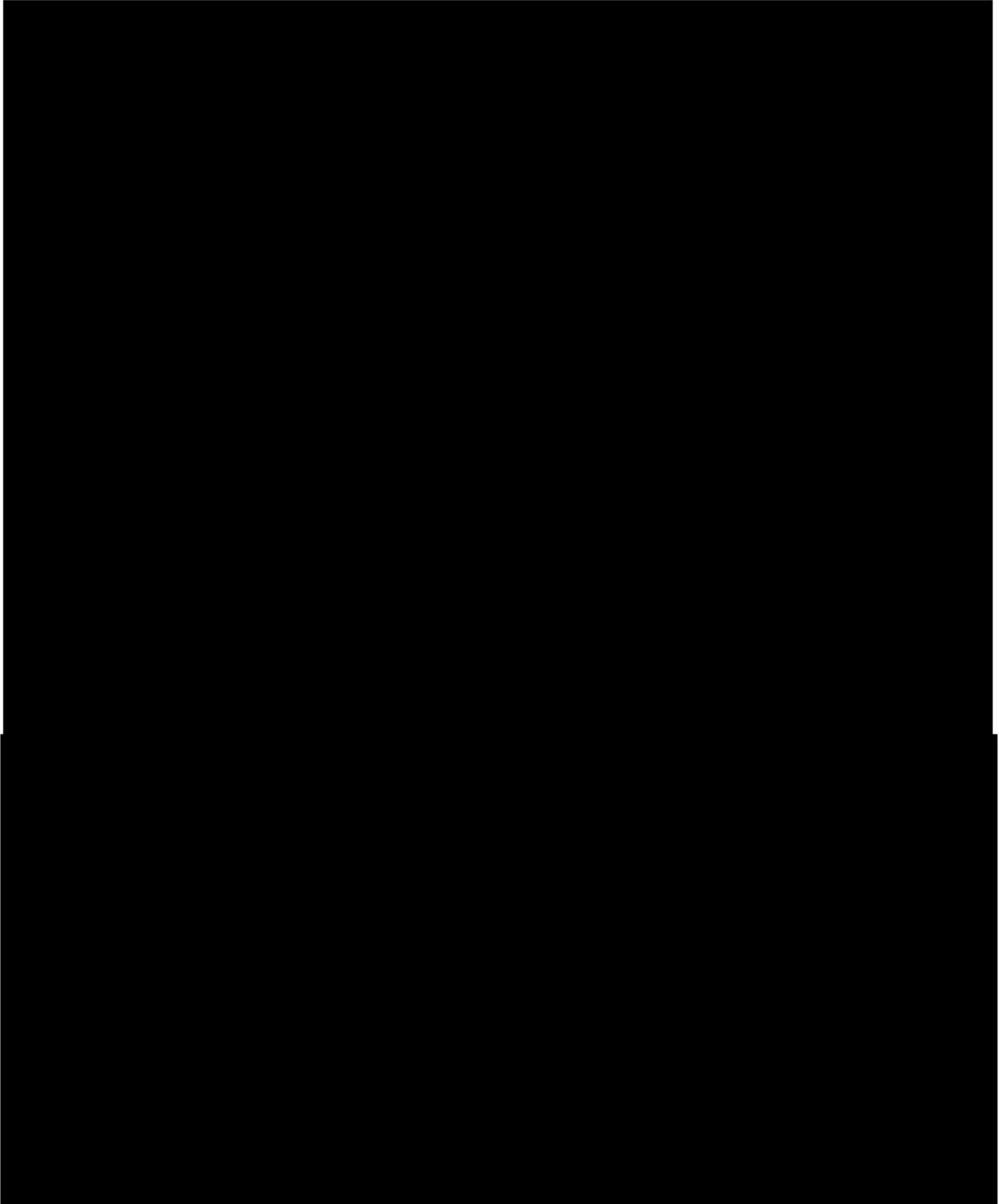




**8. If an Option 2 or Option 3 proposal is selected, please detail the potential reliability and economic benefits.**

*Reliability*



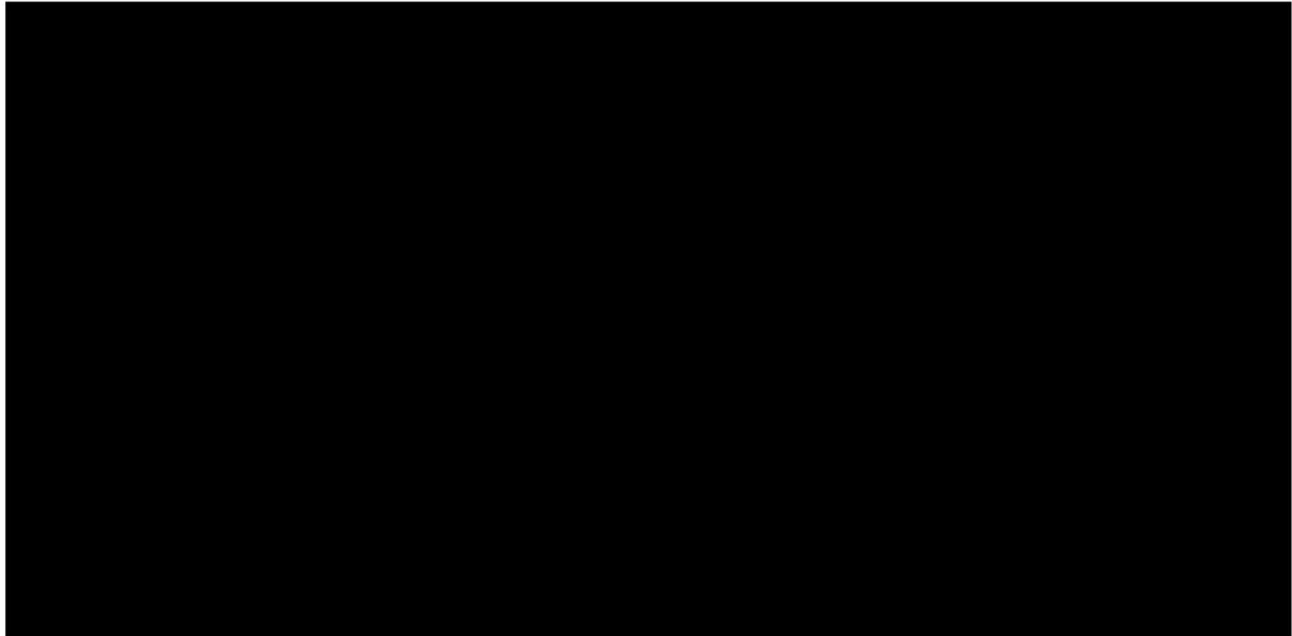
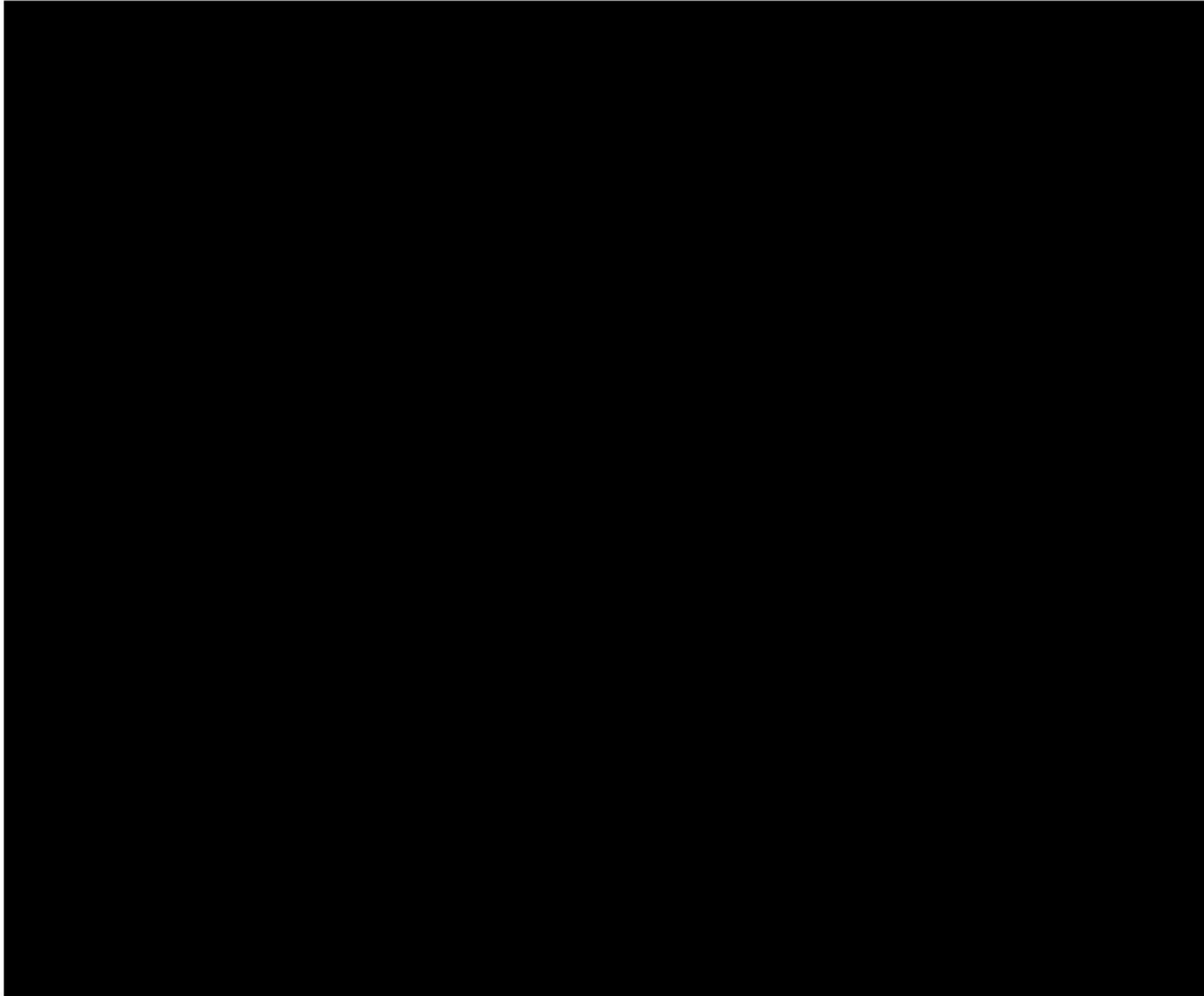






*Economic*







MAOD appreciates the opportunity to respond to the BPU's questions and looks forward to continuing its active participation as the proceeding moves toward conclusion later this year.