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January 5, 2023

Ms. Carmen Diaz
Acting Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue, 1st Floor
PO Box 350
Trenton, NJ 08625 – 0350

Via email to: Board.Secretary@bpu.nj.gov

Re: In the Matter of the Opening of New Jersey's Third Solicitation for Offshore Wind Renewable Energy Certificates (OREC), Docket No. QO22080481

Dear Acting Secretary Diaz,

Rise Light & Power, LLC, on behalf of our wholly-owned subsidiary Outerbridge New Jersey, LLC (collectively, "Rise") appreciates the opportunity to provide the New Jersey Board of Public Utilities ("Board" or "BPU") with comments in support of its Third Solicitation for OREC.

We commend the BPU and the Murphy Administration for their nation-leading offshore wind ("OSW") energy program, and on the recently completed State Agreement Approach ("SAA") for offshore wind. Rise is firmly committed to supporting the implementation of New Jersey's OSW energy program to deliver major benefits to the State's environment, economy, and ratepayers.

As the BPU finalizes the Solicitation Guidance Document ("SGD"), Rise respectfully requests that the Board consider granting developers the option to propose supplemental points of injection ("POI") on additional Projects under 1,200 MW. Based on Rise's experience in offshore wind generation and transmission development[1], such an approach would enhance the LTCS[2], lower costs to ratepayers, increase competition, reduce project execution risk, and accelerate progress towards the 11,000 MW OSW energy goal.

In the pages that follow, Rise provides additional information to support its request for consideration:

1. New Jersey is Served by the Most Expensive OSW Lease Areas in the US;
2. Design of LTCS is Not Congruent with OSW Lease Areas Eligible to Serve New Jersey;
3. Use of Supplemental POI for Additional Projects Under 1,200 MW Could Lower OREC Prices;
4. Benefits of Allowing Additional Projects Under 1,200 MW to Utilize Supplemental POI; and
5. Guiding Principles on Supplemental POIs In Upcoming OREC Solicitations.

[1] Several members of the Rise team previously held senior roles at Deepwater Wind, where they were instrumental in the development and construction of the Block Island Wind Farm, and later at Ørsted, where they led the development of the Ocean Wind 1 project. Further details regarding Rise and its team are available at: www.RiseLight.com
[2] Larrabee Tri-Collector System – the SAA awarded solution

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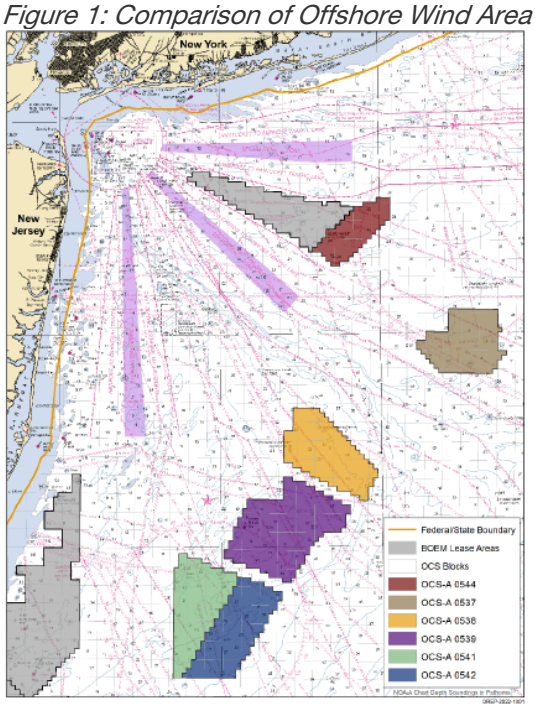
#1: New Jersey is Served by the Most Expensive OSW Lease Areas in the US

The root of the issue is the extremely high cost of the OSW lease areas that are eligible to serve New Jersey. The Federal Government sold these leases to OSW Developers for prices ranging from $245 million to over $1 billion, which could account for as much as 10% of the expected cost of the OSW projects that can be constructed within them. The per-acre cost of these lease areas is three to five times higher than other areas in the US, as show in Figure 1 below.

Figure 1: Comparison of Offshore Wind Area Lease Costs



Lease Area ID	Lease Price ($M)	Estimated Developable Area (km²)[1]	Lease Price per Unit ($M/km²)	
NY Bight Lease Areas (February 2022)				
537	$ 765	289.45	$ 2.64M	Average: $ 2.29M / km²
538	$ 795	321.48	$ 2.47 M	
539	$ 1,100	462.47	$ 2.38 M	
541	$ 780	308.13	$ 2.53 M	
542	$ 645	311.19	$ 2.07 M	
544	$ 285	174.25	$ 1.64 M	
Carolina Long Bay Lease Areas (May 2022)				
545	$ 160	222.32	$ 0.72 M	Average: $ 0.71M / km²
546	$ 155	223.21	$ 0.69 M	
California Lease Areas (December 2022)				
561	$ 157.7	256.33	$ 0.62 M	Average: $ 0.51M / km²
562	$ 173.8	279.36	$ 0.62 M	
563	$ 130.0	324.01	$ 0.40 M	
564	$ 150.3	325.45	$ 0.46 M	
565	$ 145.3	325.45	$ 0.45 M	

Notes:
[1] Converted acres from US BOEM Final Sale Notice to km²

The surest way to reduce ratepayer impacts is to maximize energy production from these lease areas so that the cost of the OSW lease can be spread over more units of energy – minimizing the impact of lease costs on OREC prices over the 20-year term.

#2: Design of LTCS is Not Congruent with OSW Lease Areas Eligible to Serve New Jersey

The LTCS is designed to connect 4 OSW projects sized between 1,200 MW to 1,400 MW each, based on technical limitations and PJM reliability requirements. This presents an issue because OSW developers have stated publicly that their lease areas have capacity of 1,700 MW or more.

It is unlikely that OSW Developers will propose additional Projects outside 1,200 MW to 1,400 MW, which optimizes the cost of a single HVDC circuit, as these will not be competitively priced. Faced with the inability to maximizing energy potential in their lease areas, OSW Developers will be forced to recover the cost of unutilized lease areas in their OREC bids – leading to higher OREC prices for ratepayers.

Conversely, it would not be in the BPU's interest to permit additional Projects outside 1,200 MW to 1,400 MW to interconnect at the LTCS as the design only allows for up to 4 HVDC circuits. Doing so would lead to a SAA solution that is not fully utilized, leading to higher SAA cost to ratepayers (as the capital cost is spread over fewer units of energy).

#3: Use of Supplemental POI for Additional Projects Under 1,200 MW Could Lower OREC Prices

The BPU can help minimize ratepayer costs while ensuring that the LTCS is fully utilized by:

(a) Requiring OSW Developers to submit at least one 1,200 MW Project that interconnects at the LTCS (a "Base Proposal"); and

(b) Granting OSW Developers an option to interconnect at another POI ("Supplemental POI") for additional Projects under 1,200 MW

The option to interconnect an additional project to a supplemental POI will not adversely impact the development and construction of the LTCS. First, Applicants will need to submit a Base Proposal as part of their bid to the 3rd OREC Solicitation. Second, OSW Developers with large lease areas will utilize LTCS to interconnect more than 1 OSW project to benefit from optimizing the cost of a single HVDC circuit.

Rather, the option to utilize a supplemental POI will help level the playing field for OSW Developers who can only propose a single 1,200 MW to 1,400 MW within their lease area, with significant unutilized areas remaining. In addition, the option to connect to a supplemental POI will help the BPU ensure that the LTCS is fully utilized by maximizing the capacity connected from each of the 4 lines as designed. Moreover, it allows the BPU to evaluate the cost differences and ratepayer impacts of a project that utilizes the LTCS alone, compared to one that utilizes the LTCS and a supplemental POI.

Given the robust response to the SAA process, the NJ BPU can expect robust proposal submissions that include additional Projects interconnecting at supplemental POIs. Rise estimates that the potential savings on OREC prices could be as much as $10/MWh should OSW Developers be allowed to utilize Supplemental POIs on Additional Projects as an add-on to their Base Proposal[3]. **As an example, Rise's Outerbridge Site in South Amboy can interconnect up to 600 MW into the Werner 230 kV substation, all while requiring very little to zero network upgrade costs[4].**

As with the SAA and other projects awarded under New Jersey's OREC solicitation, connections to supplemental POIs would need to meet the State's standards and requirements for environmental & community impacts including avoiding beach crossings and other public property impacts, permitting, constructability, and cost.

[3] In 2022 dollars; proportionate lease cost on stranded area applied to 1,200MW project (plus 7% overbuild to compensate for transmission losses) at 42.6% capacity factor; 20-year OREC term, and 8% weighted average cost of capital.

[4] Based PJM system impact studies for injections at Werner 230 kV substation, using updated PJM 2028 summer peak model, including the network upgrades associated with Larrabee Tri-Collector Solution (as per the SAA award)

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#4: Benefits of Allowing Additional Projects Under 1,200 MW to Utilize Supplemental POI

Allowing OSW developers the option to propose connections to supplemental POIs to enhance the Base Proposal offers the State and ratepayers several benefits:

- Minimizes Cost to Ratepayers. Supplemental POIs provide flexibility for developers to propose additional Projects that are more congruent to the OSW lease area – leading to lower OREC prices as the lease cost is spread over more units of energy.

- Maximizes Capacity of the LTCS and Prebuild Infrastructure. Enabling offshore wind developers to propose a supplemental POIs maximizes the capacity of the LTCS and Prebuild Infrastructure – spreading the cost across the highest possible number of megawatts.

- Reduces Risk of Delays to Delivering Offshore Wind. Interconnecting into the LTCS requires developing and constructing a ~12-mile onshore route – presenting its own unique risks. OSW developers with supplemental POIs may be able to interconnect projects into New Jersey's grid sooner – particularly if the POI is close to the shore.

- Accelerates New Jersey's Progress Towards 11 GW Offshore Wind Goal. Utilization of the LTCS, by its design, requires sequential deployment through the Prebuilt Infrastructure and LTCS interconnection. By enabling consideration of supplemental POIs, the BPU preserves the opportunity to capitalize on increasing procurements beyond the 1,200 MW to 1,400 MW increments that optimizes the LTCS.

#5: Guiding Principles on Supplemental POIs in Upcoming OREC Solicitations.

Rise offers the following guiding principles on supplemental POIs to ensure that the SAA decision is not weakened or eroded and that the ratepayers truly benefit.

i. Developers must submit at least one 1,200 MW project that utilize the LTCS POI (i.e., the "Base Proposal"). Any additional project that utilizes a supplemental POI must be for capacities less than 1,200 MW, with an OREC price that cannot exceed that of the Base Proposal.

ii. Projects that utilize supplemental POIs must adhere to the State's standards and requirements covering environmental and community impacts including avoiding beach crossings and other public property impacts, permitting, constructability, and cost.

iii. The BPU could also consider requiring Applicants to tie connections to supplemental POIs with corresponding project(s) that assist the State in meeting its goals under the Energy Master Plan – including: energy storage, green hydrogen, microgrid, decarbonizing transportation, etc.

iv. Developers that propose projects with supplemental POIs must provide an additional fee to cover the additional costs for the BPU to undertake its evaluation. Rise recommends that the BPU request Applicants submit an additional $100,000 per supplemental POI location.

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Rise appreciates this opportunity to provide our comments to the BPU and its staff. Please do not hesitate to reach out to us if we can be of further assistance.

Respectfully,

Richmond Young
Director of Development
Rise Light & Power