

January 13, 2023

President Joe Fiordaliso
Carmen D. Diaz, Acting Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue
1st Floor, PO Box 350
Trenton, NJ 08625

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

Submitted electronically to: board.secreaty@bpu.nj.gov

Dear President Fiordaliso and Secretary Diaz,

On behalf of the BlueGreen Alliance, New Jersey Work Environment Council, and Jobs to Move America, we thank you for your leadership in advancing the U.S. offshore wind industry. We strongly support Governor Murphy's increased offshore wind deployment goal of 11 GW by 2035 and directive to the New Jersey Board of Public Utilities to study the feasibility of further expanding the target while delivering reliable and efficient transmission solutions. We applaud the Board's nation-leading actions to fulfill this vision, including the State Agreement Approach to transmission, the Offshore Wind Strategic Plan, and the recently released Green Jobs for a Sustainable Future report. We appreciate the opportunity to respond to the draft solicitation at this pivotal moment for advancing a high-road offshore wind industry that maximizes economic benefits across a robust supply chain, ensures that communities are protected and have equitable access to jobs and other benefits, and develops projects in an environmentally responsible manner.

The Green Jobs for a Sustainable Future report that was developed with key stakeholders including state agencies, organized labor, environmental justice organizers, advocates, businesses, and academia provides vital information regarding the equitable growth of our clean energy sector. It contains estimates for a net growth of 95,317 job-years related to offshore wind between 2022 and 2031, with further increases expected as projects come online.ⁱ It also highlights a need for action in order to develop training programs that ensure the green economy is powered by a diverse workforce, to create intentional pathways to ensure a unionized workforce and opportunities for legacy energy workers, and to expand necessary infrastructure to ensure new jobs can be filled by New Jersey residents.ⁱⁱ Recommendations for action are centered around the achievement of accessible, high-quality jobs defined as "family-sustaining, high-wage, safe, and with a pathway to a full-time career."ⁱⁱⁱ

In this letter, we provide recommendations that we believe will result in greater alignment of the solicitation guidance document and the Green Jobs for a Sustainable Future report and best position New Jersey to achieve our shared goal of developing an equitable, high-road, environmentally responsible offshore wind industry.

Solicitation Schedule & Size

We support the Board's solicitation schedule that aims to issue solicitations on a consistent basis with not more than a year between the award date and the issue date for the next solicitation. We also strongly support the minimum capacity target between 1,200 and 4,000 MW, or more at the Board's discretion. Larger projects can help to achieve economies of scale and increased efficiencies in several ways including infrastructure planning related to ports and transmission, supply chain, workforce training, community benefits, and mitigation of environmental impacts.

Application Process and Evaluation Framework

We support the Board's requirements for Applicants to submit audited financial statements and disclose in detail business bankruptcies, defaults, disbarments, investigations, indictments, or other actions against either the Applicant, its parent company, affiliates, subsidiaries, or any key employees identified above. In addition to these, we urge the Board to consider additional measures including but not limited to benefits and wages, diversity, corporate governance policies, labor disputes, workplace safety audits, and CEO/median pay ratio. Within the project description, Applicants should also be required to submit standards and procedures related to safety and training and their plans for operating within those standards, including oversight and enforcement.

We strongly recommend that the Board establish an oversight committee to be part of the evaluation process and oversee the selected project through its development. We recommend the oversight committee consist of construction and industrial unions, environmental nonprofits, social justice groups, and coastal overburdened communities meeting the low income and minority criteria as defined by the New Jersey Department of Environmental Protection. This committee would provide critical support in regards to stakeholder engagement, job creation, workforce training, supply chain, and community benefits. In order to ensure transparency and accountability for the jobs and training commitments made by winning bidders, these commitments should be made publicly available and updated with quarterly or annual progress updates. This type of transparency and oversight would ensure that the project(s) selected live up to the potential to be transformative solutions to the intersecting crises of climate change and economic inequality and further establish New Jersey as a leader in offshore wind.

In regards to evaluation, we believe that economic impacts and strength of guarantees and environmental and fisheries impacts should be weighed as two separate criteria at no less than 20% each. Section 4.2 which describes the evaluation of non-price considerations should include greater specificity that aligns with the Green Jobs for a Sustainable Future report and includes not just the number of jobs created, but information related to the quality of those jobs to ensure the creation of high-wage, family sustaining careers with equitable pathways for a diverse workforce. We agree that guaranteed employment impacts should be given more weight than not guaranteed, and urge the Board to further clarify that high-quality jobs will be given more weight than low-quality. To the extent allowable by law, this section should also specify that high-quality jobs allow workers the free and fair choice to join a union, and that employers committed to union neutrality will be given more weight than those that do not. We elaborate on these recommendations in the

next section where we comment on the Board's application requirements related to economic benefits.

Economic Development Plan

Supply Chain & Manufacturing

We appreciate the Board's emphasis on supply chain and making New Jersey a hub for offshore wind within the solicitation guidance document. We believe these goals will be most effectively advanced by establishing a minimum domestic content preference for selected projects and a waiver process for cases where content is not available domestically or in the public interest. Domestic content preferences are often referred to as "Buy America," a long standing practice by the federal government and many state governments to create a procurement preference for American-made goods when they're available in sufficient quality and quantity and are competitively priced in the global marketplace. These preferences have been recognized by U.S. courts as permissible where they are acting as a market participant.

Domestic content preferences would support the critical endeavor of securing a domestic offshore wind supply chain. The March 2022 offshore wind energy supply chain report by the National Renewable Energy Laboratory (NREL) states that supply chain constraints caused by global bottlenecks are one of the greatest risks for achieving the national offshore wind target of 30 GW of offshore wind by 2030. The modeling in the report also shows that maximizing use of domestic content in offshore wind projects deployed to achieve 30 GW by 2030 could support the creation of up to 49,000 jobs annually.^{iv}

According to Princeton University, even a modest increase in domestic content across renewables produces an additional 45,000 good manufacturing jobs per year and an additional \$5 billion in wages through the 2020s, as the U.S. continues greening its electricity grid.^v These increased benefits are also not likely to come at additional cost. In the rare occurrence that domestic content requirements would increase project costs or that unavailability of any component would slow development, waivers can be issued. Consistent with application of Buy America policy in other sectors, waivers are also issued for domestic content requirements if domestically manufactured materials or manufactured goods are not available in the United States, would result in unreasonable price increases for the project, or the waiver issued is in the public interest.

Furthermore, accessing the cost-saving potential of the 10% domestic content bonus in the Production Tax Credit (PTC) and Investment Tax Credit (ITC) within Inflation Reduction Act (IRA) requires that projects utilize at least 25% by 2026, 45% by 2027, and 55% by 2028. Setting a domestic content preference at a capacity equal or greater to what's required in the IRA will help to ensure that projects maximize job creation as well as cost savings of the PTC and ITC. Issuing waivers has been a proven method for ensuring projects aren't slowed down when these requirements cannot be met.^{vi}

In addition, we believe the goals and strategies outlined in the Green Jobs for a Sustainable Future report will be further advanced by asking Applicants to submit available information and data regarding emissions related to intended use of ports, in-state manufacturing, and transmission, and their plans for avoiding, minimizing, and mitigating emission impacts. These plans should include at a minimum consultation with impacted communities and exploration of a legally binding community benefits agreement. We elaborate on community benefits agreements in the following section.

Community Benefits & Equitable Access for a Diverse Workforce

We strongly advocate for the Board to add provisions that require Awardees to meet targeted hire requirements, minimum contracting with Disadvantaged Business Enterprises (DBEs) and to enter into enforceable Community Benefits Agreements (CBAs) that can maximize the public benefit from offshore wind projects. When BPU and relevant agencies enter into contracts with offshore wind developers, manufacturers and operators, these companies should commit to good jobs and equity measures to ensure existing and future workers and their communities also benefit with jobs and training opportunities.

CBAs are binding agreements between a private company and a coalition of community and labor groups. CBAs outline commitments to a range of high road job standards and equity measures including workforce training to meet the specialized needs of relevant industry. CBA goals and commitments are up to the local community coalition and the company and often include union neutrality and at a minimum include commitments to diverse hiring, and a jobs pipeline with skills training. Companies benefit from the broad expertise of community, workforce, education, labor, and environmental partners to hire well-trained people from the local community, focusing particularly on supporting people of color, women, veterans, and returning citizens who face systemic barriers to manufacturing careers.

Public agencies particularly in early EV adopting states like California, New York, and Illinois, are increasingly scoring companies based in part on job quality, training opportunities, and equitable hiring. CBAs are a win-win for communities and offshore wind manufacturers. Manufacturers doing business in the U.S. are facing a shortage of skilled and middle-skilled workers to fill the demand for machinists, welders, computer-controlled machine operators and other key positions. CBAs help manufacturers develop and train a skilled workforce while creating good jobs with benefits for working families. We recommend BPU require the U.S. Employment Plan in the solicitations in order to achieve strong CBAs.

Members of our coalition have developed policy tools like the federally-approved U.S. Employment Plan (USEP)^{vii} that can be utilized in bidding processes to incentivize companies to create good jobs in the U.S. These policy tools allow for community and labor coalitions to negotiate CBAs allow coalitions of community-based groups, workforce development organizations, labor unions, and other social justice advocates to ensure even deeper equity commitments and high-road hiring practices at these sites and facilities.

The USEP could also be used to set commitments for diversity and community-inclusive goals and require that Awardees provide regular reports on their progress towards those goals and the efforts being made to achieve them. This can include diversity within the workforce as well as contractors, including minimum targets for Disadvantaged Business Enterprises (DBEs), Minority- and Women-owned Business Enterprises (MWBs) and veteran-owned business enterprises. Such goals should be established in proportion to the population of New Jersey and efforts should be made to understand the obstacles that these workers and individuals face and targeted efforts to remove these obstacles. We discuss this in greater detail in the next section that contains recommendations that could also be executed through a community benefit agreement.

Equitable Access to Training

The solicitation should require Applicants to submit information about training programs related to the jobs benefits they describe. This information should include strategies to provide equitable training access for a diverse workforce such as partnerships with unions, earn-while-you-learn registered apprenticeship and pre-apprenticeship programs, recruitment strategies such as establishing partnerships with community groups, retention strategies such as providing wrap around services, and career development such as requiring job interviews upon completion of a training program.

Registered apprenticeships and pre-apprenticeship programs, particularly for construction, offer a proven earn-while-you-learn model that creates greater access to training. Apprenticeships and pre-apprenticeships or “workforce readiness” programs combine hands-on training with classroom training to cater to different learning styles and produce a well-trained workforce. Apprenticeship programs registered with the Department of Labor are subject to regulations that include equal employment opportunity which help businesses reach a larger and more diverse pool of workers.^{viii} When these programs are paired with recruitment strategies such as partnering with a community group to provide information about workforce and training opportunities and wrap around services, the benefits can be even greater. Wrap around services at minimum should include transportation, child care assistance, and technology support. Many examples of programs providing such services can be found in a recent White House Fact Sheet.^{ix}

Job Quality

The solicitation should include minimum job quality standards including safety, union neutrality, prevailing wage, employee benefits, and project labor agreements or community workforce agreements. At the very least, these job quality standards should be explicitly considered in the evaluation of projects. Job quality standards will benefit all New Jerseyans and ensure projects maximize the benefits they deliver to the state. Project labor agreements (PLAs) for construction specifically can reduce project cost for developers, save public funds in the long run, and result in increased economic benefits for the local economy.^x Reports indicate that PLAs decrease the significant gap between expected and realized energy savings in various energy efficiency measures.^{xi} PLAs ensure use of a skilled workforce and often avoid labor disputes which allows for a project to move forward with greater efficiency. Workers are also benefited by utilizing PLAs,

even nonunion workers, because they ensure that wages and benefits are defined and protected at local standards. Most importantly, PLAs often lead to safer working conditions. Accidents, including death, are more common in states with low-road contractors.^{xii} A recent report based on OSHA data found that union worksites are 19% less likely to have an OSHA violation and had 34% fewer violations per OSHA inspection than non-union worksites.^{xiii}

Union neutrality agreements are also essential for providing greater benefits for workers outside of the construction sector. Union neutrality commitments ensure that workers have the free and fair choice to join a union without employer involvement. The Bureau of Labor Statistics reports that non-union workers earn 83% of what unionized workers earn and that when workers have unions, wages rise for union and nonunion workers.^{xiv} Furthermore, a White House report, “Working Organizing and Empowerment” states that union approval is at its highest since 1965, with 68% of Americans approving of labor unions. Support rates increase to 74% for workers aged 18 to 24, 75% for Hispanic workers, 80% for Black workers, and 82% for Black women workers.^{xv}

Stakeholder Engagement

Effective stakeholder engagement reduces the burden of stakeholders and creates accountability for Awardees. We recommend that the Board require Awardees to provide quarterly updates made publicly available on their stakeholder engagement plan that includes measures taken to incorporate stakeholder feedback. We also recommend that the Board requires Applicants to describe their plans for reducing the burden of impacted stakeholders such as by setting expectations up front, letting stakeholders know how their input will be used, engaging stakeholders in setting priorities and measuring progress, and identifying what information or resources stakeholders might need to engage. Applicants should also be required to submit a target stakeholder engagement schedule that details the timeframe for engaging diverse groups at key stages of project development and why.

Conclusion

Deploying offshore wind in a way that utilizes high-road employment practices, maximizes economic benefits, provides equitable access to opportunities, and protects the environment provides a transformational solution to the intersecting crises of economic inequality and climate change that New Jerseyans face. We hope that you implement our recommendations and we thank you for your work to advance offshore wind in a way that delivers maximum benefits to our state.

Signed,

Nicole DiPaolo
BlueGreen Alliance

Drew Tompkins
Work Environment Council

Jay Mehta
Jobs to Move America

Endnotes

- ⁱ New Jersey Council on the Green Economy, *Green Jobs for a Sustainable Future*, Page 7. September 2022. Available online: <https://www.nj.gov/governor/climateaction/documents/CGE%20Roadmap.pdf>
- ⁱⁱ Ibid, page 8
- ⁱⁱⁱ Ibid, page 30
- ^{iv} Shields, Matt et al. 2022. The Demand for a Domestic Offshore Wind Energy Supply Chain. Golden, CO: National Renewable Energy Laboratory. Page vii. Available Online: <https://www.nrel.gov/docs/fy22osti/81602.pdf>.
- ^v Erin N. Mayfield and Jesse D.Jenkins, *Working Paper: Influence of High Road Labor Policies and Practices on Renewable Energy Costs, Decarbonization Pathways, and Labor Outcomes*, April 13, 2021. Available online: https://netzeroamerica.princeton.edu/img/Working_Paper-High_Road_Labor_and_Renewable_Energy-PUBLIC_RELEASE-4-13-21.pdf
- ^{vi} For more information on waivers, see “DOT’s Identification of Federal Financial Assistance Infrastructure Programs Subject to the Build America, Buy America Provisions of the Infrastructure Investment and Jobs Act,” January 2022, Available Online: www.transportation.gov/sites/dot.gov/files/2022-01/DOT%20Report%20on%20Financial%20Assistance%20Infrastructure%20Programs.pdf
- ^{vii} Jobs to Move America, U.S. Employment Plan, April 10, 2022. Available Online: <https://jobstomoveamerica.org/resource/u-s-employment-plan-2/>
- ^{viii} How You Can Benefit From Diversity, Equity, Inclusion, and Accessibility in Apprenticeship. Available online: <https://www.apprenticeship.gov/employers/diversity-equity-inclusion-accessibility>
- ^{ix} The White House: FACT SHEET: President Biden Celebrates New Commitments toward Equitable Workforce Development for Infrastructure Jobs, November 2, 2022. Available Online: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/11/02/fact-sheet-president-biden-celebrates-new-commitments-toward-equitable-workforce-development-for-infrastructure-jobs/>
- ^x Frank Manzo et al., *Efficiencies of Project Labor Agreements*, 2015. Available online: <https://illinoisepi.org/site/wp-content/themes/hollow/docs/wages-labor-standards/Illinois-PLAs-in-CDB-Projects-FINAL.pdf>
- ^{xi} Ibid
- ^{xii} Donald Vial et al., *Workforce Issues and Energy Efficiency Programs: A Plan for California’s Utilities*, 2014. Available online: <https://laborcenter.berkeley.edu/pdf/2014/WET-Plan-Appendices14.pdf>
- ^{xiii} Leah Ford, Jeffrey Freund, “The Connection Between Unions and Worker Safety,” U.S. Department of Labor Blog, May 11, 2022. Available online: <https://blog.dol.gov/2022/05/11/the-connection-between-unions-and-worker-safety>
- ^{xiv} U.S. Department of Labor, *The Union Advantage*. Available Online: <https://www.dol.gov/general/workcenter/union-advantage>
- ^{xv} White House Task Force on Worker Organizing and Empowerment, Report to the President. Available Online: www.whitehouse.gov/wp-content/uploads/2022/02/White-House-Task-Force-on-Worker-Organizing-and-Empowerment-Report.pdf