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Siemens Gamesa Renewable Energy comments to New Jersey Offshore Wind Solicitation #3 Solicitation Guidance Document

Siemens Gamesa Renewable Energy (“Siemens Gamesa”) would like to thank the New Jersey Board of Public Utilities for the opportunity to provide feedback to the draft version on the Solicitation Guidance Document for the state’s 3rd Offshore Wind Solicitation. Overall, Siemens Gamesa is excited to work with New Jersey to create the best possible framework for the offshore wind supply chain in the state. There is a strong match between the state’s plans to enable a sustainable local supply chain and Siemens Gamesa’s global experience in developing and implementing local supply chains for offshore wind.

I. General background of Siemens Gamesa Renewable Energy

Siemens Gamesa unlocks the power of wind. For more than 40 years, Siemens Gamesa has been a pioneer and leader of the wind industry, and today our team of more than 25,000 colleagues work at the center of the global energy revolution to tackle the most significant challenge of our generation – the climate crisis. With a leading position in onshore, offshore, and service, Siemens Gamesa engineers, builds and delivers powerful and reliable wind energy solutions in strong partnership with our customers. A global business with local impact, Siemens Gamesa has installed close to 115 GW and provide access to clean, affordable and sustainable energy that keeps the lights on across the world.

- Entity name: Siemens Gamesa Renewable Energy, Inc.
- Entity type (corporation, LLC, partnership, etc.): Corporation
- Jurisdiction of incorporation/registration: Delaware

Siemens Gamesa Renewable Energy Inc.

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II. Feedback to Solicitation Guidance Document

Overall comments

Siemens Gamesa has focused on the following success factors in the evaluation of the extensive documentation provided for review:

- Does the framework enable a long term sustainable and competitive supply chain in the state of New Jersey?
- Does the process provide the Board of Public Utilities New Jersey the ability to choose the investment plans that provide the best value for money?
- Does the framework ensure that financial responsibility is shared fairly between offshore wind developers, suppliers/ sub-suppliers and the state of NJ?

Our feedback focuses on the process, framework, and contents of the provided Draft Solicitation Guidance Document. With this in mind, Siemens Gamesa has identified four main areas for consideration:

Indexation Cap (Pages 6 and 19)

Regarding anticipated effects of inflation, Investment Plans may be linked to indexation mechanisms to address future market uncertainty. Considering the current market conditions Siemens Gamesa is concerned that the 15% indexation cap may not provide sufficient risk mitigation to cover future supply chain uncertainties and avoid implied risk contingencies from project applicants. Therefore, Siemens Gamesa recommends removing or increasing the cap.

Supply chain infrastructure proposals (Page 22)

In addition, we appreciate that the “Board recognizes that different project configurations may have different economic impacts or involve use of different supply chain components or facilities”. We would also recommend that New Jersey consider in the solicitation economic benefits (enabled by NJ3) to the state that derive from projects in other US states. An example of this could be economic benefits from a NJ tower supplier volume for a project in another state post NJ3.

Federal incentives (Page 6)

In addition, we suggest that projects should not have to refund to NJ any tax credits from IRA and we suggest that NJ considers an approach sharing the incentive to pursue new federal incentives. As an example, NJ could find inspiration in the approach in the latest NY solicitation (ORECRFP22-1) with sharing 50% of federal incentives legislated after bid submission.

Economic impacts and guarantees (Pages 23 and 39)

We understand that the shortfall of expected in-state spending guarantees can be applied to a reduction in the OREC price. However, considering the market dynamics and uncertainties related to future estimates, we recommend that New Jersey consider less strict penalties to foster more ambitious supply chain localization plans. If New Jersey elects to proceed with this concept, we expect that the state would also compensate developers accordingly through a corresponding OREC price increase if expected economic benefits are surpassed. Also, we recommend that only the Net-Present-Value (NPV) of the guaranteed value not met is considered in such a reduction or increase.

In addition, we recommend including land lease costs as these are a significant cost commitment into New Jersey and are directly linked to local supply chain investment.

We also appreciate a detailed representation of the “Relative Economic Impacts Weighting”, however it would be beneficial to provide a definition of indirect and induced jobs.

Siemens Gamesa appreciates the opportunity to comment and provide our expertise in this process. We look forward to working together throughout the solicitation to support New Jersey’s clean energy objectives and to implement Governor Murphy’s vision of making New Jersey a leading hub for offshore wind development.