

Mid-Atlantic Offshore Development, LLC
Quarterly Progress Report for First Quarter 2023

Pursuant to the October 26, 2022 order of the New Jersey Board of Public Utilities (“NJBPU”) in Docket No. QO20100630 (the “Order”), Mid-Atlantic Offshore Development, LLC (“MAOD”) submits this quarterly status report for the first quarter of 2023. In the Order, NJBPU selected MAOD to construct the Larrabee Collector Station AC switchyard (“Larrabee Collector Station”) and acquire property sufficient for siting of HVDC converter stations (collectively, the “Project”). The Order’s quarterly reporting obligations are set forth in Appendix B (Item No. 6) and page 71 of the Order.

Current Permitting and Land Acquisition Status of the Project:

The Project requires that MAOD acquire land sufficient to build the Larrabee Collector Station, and additionally for construction of up to four HVDC converter stations on the property for future interconnection of DC circuits originating from offshore wind generation. The HVDC converter stations will be constructed on the property by offshore wind generators. MAOD is currently in the land acquisition phase of the Project. In this process, MAOD considered several alternate sites for the substation property, including cost assessments for the various sites, to determine a target location for the Larrabee Collector Station.

In concert with land acquisition, MAOD engaged a vendor to support permitting work and is drafting a site development plan, which includes identification of federal, state, and/or local permitting requirements. This site development plan will be finalized following acquisition of the substation property, after on-site environmental and geotechnical studies and surveys have been performed. Once the site development plan is finalized, MAOD will commence drafting the various permit applications, which will include drafting of detailed development plans.

Related to land acquisition and permitting, MAOD has been working to support NJBPU Staff’s preparation of its solicitation guidance document for the NJBPU’s third offshore wind solicitation. These efforts included identification of a demarcation point for bidders to use as an endpoint for prebuild work and delineation of the separate scopes of site preparation and permitting work that will be performed by MAOD and offshore wind generators for their respective projects on the substation property. In support of NJBPU’s third offshore wind solicitation, MAOD also presented at the bidders conference held on March 24, 2023, and currently is assisting NJBPU Staff in responding to information requests from potential bidders and preparing a form of lease agreement for MAOD’s lease of property to offshore wind generators that will construct their HVDC converter stations on the substation property.

Current Engineering and Construction Status of the Project:

MAOD was awarded a component of a larger project that MAOD bid into the State Agreement Approach (“SAA”) solicitation. Since project award, MAOD has been coordinating with NJBPU Staff and its consultant for the SAA solicitation, Brattle, to ensure consensus on the scope and specifications of the awarded project. MAOD also has been assisting NJBPU Staff in their consideration of potential changes to and options for the Project.

In tandem with this work with NJBPU Staff, MAOD has been working to finalize the design concept for the Project. Front-end engineering design (“FEED”) work will commence once the design concept is finalized, which is scheduled to occur in the second quarter of 2023. MAOD already has selected a contractor to perform FEED work.

MAOD is not yet in the construction phase of the Project.

Project Completion Percentage, Including Milestone Completion:

The Project is in the land acquisition, permit scoping, and early engineering stages of development.

Milestone dates will be included in the Designated Entity Agreement (“DEA”), which currently is being negotiated between PJM Interconnection, L.L.C. (“PJM”) and MAOD. The following milestone dates are included in the current draft of the DEA:

Milestone	Date
Execute Interconnection Coordination Agreement	June 1, 2023
Demonstrate adequate project financing	December 31, 2023
Acquisition of all necessary federal, state, county, and local site permits ¹	March 31, 2027
Required project in-service date	December 31, 2027

No milestones have been completed as of the date of this report. In addition to the milestone dates that will be set forth in the DEA, the Project has target phase completion dates, which are addressed in the next section.

Current Target Project and Phase Completion Date(s):

MAOD has the following targets for completion of the following phases:

Phase	Target for Completion
Land acquisition	Q2 2023
Permitting necessary to initiate on-site work	Q3 2024
Detailed engineering and design	Q3 2025
Site preparation work	Q3 2026
Construction	Q3 2027
In-Service	December 31, 2027

Additionally, MAOD is targeting for the Project to provide backfeed power for the three (3) offshore wind generator circuits by January 2028 (Circuit 1), June 2029 (Circuit 2), and June 2030 (Circuit 3). These dates are dependent upon network construction and upgrade work that will be performed by Jersey Central Power & Light Company (“JCP&L”).

¹ The target completion timeline for permitting necessary to initiate site development work (Q3 2024) is significantly earlier than the milestone completion date for acquisition of all necessary federal, state, county, and local site permits.

Cost Expenditures to Date, Including Any Associated Overhead and Fringe Benefits Related Costs and Revised Project Cost Estimates for Completion of the Project:

Capital expenditures (“CapEx”) for the Project (*i.e.*, expenditures since award of the Project) are \$0.88 million, as of March 31, 2023.²

The current CapEx estimate for completion of the Project is \$193 million. This amount is inclusive of cost items that were explicitly excluded from MAOD’s previous CapEx estimate for the Project, including project management, other owner’s costs, permitting, and commercial and financial fees, and an updated estimate for land acquisition. Since award of the Project, MAOD has been working to update the CapEx estimate and has communicated this updated estimate to NJBPU Staff and PJM.

Updates on Construction Activities:

Construction of the Project has not yet commenced.

Community Engagement:

MAOD is committed to engaging with the local community during development and construction of the Project. Among MAOD’s priorities in this effort will be engagement of local officials to ensure that local officials are familiar with the Project and project activities. Such engagement will begin once MAOD obtains the substation property and will proceed as appropriate for the various phases of project development and construction.

PJM and FERC Filings and Updates:

By letter dated December 14, 2022, PJM notified MAOD of its designation as the Designated Entity with construction responsibility for the Project. By letter to PJM dated January 13, 2023, MAOD acknowledged and accepted the designation and provided project development milestones to achieve the required in-service date. On February 2, 2023, PJM provided MAOD a proposed draft of the DEA for the Project. MAOD and PJM have a target date of May 9, 2023 for execution of the DEA.

There are no FERC updates to provide at this time.

Schedule Updates and Notification of Delays:

There are currently no schedule updates or delays in the Project.

² Prior to award of the Project, the SAA solicitation process was a comprehensive solicitation that required engineering, transmission planning, environmental, permitting, regulatory, legal, scoping and estimating, supplier solicitation, financial, site control, and risk assessment efforts on behalf of MAOD to fully respond to the initial solicitation and all follow-on requests that pre-dated award of the Project. Expenditures for these efforts were approximately \$4 million.