



March 27, 2024

Sherri Golden, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 1st Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

**RE: IN THE MATTER OF THE OPENING OF NEW JERSEY'S FOURTH SOLICITATION FOR OFFSHORE WIND  
RENEWABLE ENERGY CERTIFICATES (ORECs) – Docket No. QO24020109**

Dear Secretary Golden,

Bluepoint Wind is pleased to submit these comments to the New Jersey Board of Public Utilities (NJBP) regarding the Draft Solicitation Guidance Document (SGD) for Offshore Wind Renewable Energy Certificates released on March 6<sup>th</sup>, 2024.

**About Bluepoint Wind, LLC**

Headquartered in Newark, NJ, Bluepoint Wind is a partnership between Ocean Winds, an international offshore wind energy company created by EDP Renewables and ENGIE, and Global Infrastructure Partners (GIP). Together, these companies have a successful track record of over 50 years of experience in the development, financing, construction, and operation of renewable energy projects, including more than 15 years on offshore wind projects. Ocean Winds has offshore wind projects currently under development, construction, or operations in communities all over the world, including in the UK, France, Belgium, Portugal, Poland, Korea, California, and – closer to home – in Massachusetts. GIP also has considerable global experience in the development, construction, and operations of offshore wind projects through various investments, the operations of which span Germany, the UK, Sweden, France, Taiwan, South Korea, Japan, Australia, and the United States.

In February 2022, the Bureau of Ocean Energy Management (BOEM) of the U.S. Department of the Interior awarded Bluepoint Wind an offshore wind lease (OCS-A 0537) in the New York Bight lease auction. The Bluepoint Wind lease encompasses 71,522 acres and is located approximately 53 nautical miles (nm) off the coast of New Jersey. At full capacity, the offshore wind farm has the potential to deliver an estimated 1.7 GW of clean wind energy – powering up to 900,000 homes and helping New Jersey meet its ambitious clean energy and carbon emissions reduction goals.

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**General Comments**

Bluepoint Wind commends NJBPU on the quality of the draft guidance document and appreciates the opportunity to comment. We have, below, provided comments regarding several provisions in the draft guidance document, but we would first like to focus on three issues that could have a potentially significant impact on the results of the NJ4 solicitation.

(1)

[REDACTED]

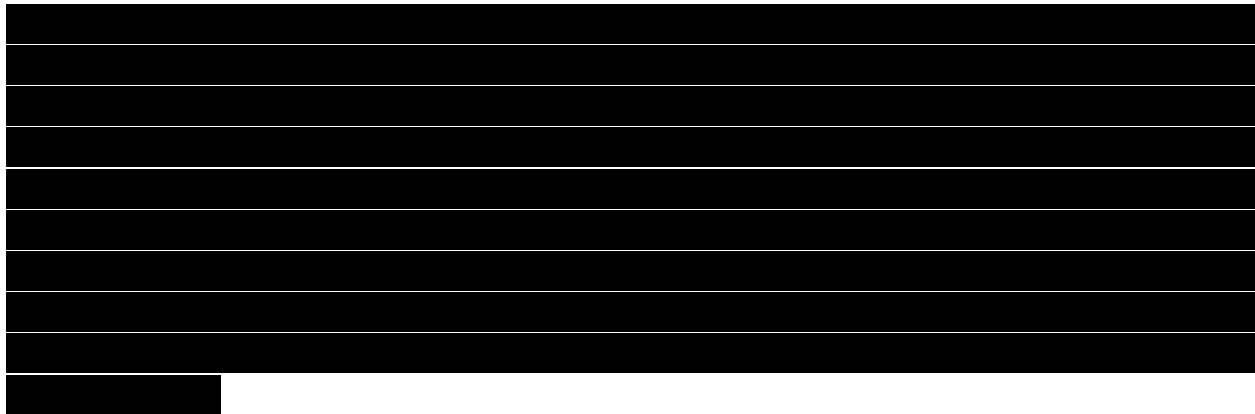
(2) **Clarity regarding the opportunity to use the SAA2 transmission solution by a New Jersey Fourth Solicitation awardee would mitigate transmission-related uncertainties, potentially resulting in lower OREC pricing.**

Bluepoint Wind applauds the NJBPU for taking on the complex task of providing transmission solutions for OREC awardees through its State Agreement Approach (SAA) process. From the NJBPU's previous SAA1 analysis, the New Jersey electric customers are expected to benefit from the provision of Larrabee



Collector Station to the Third Solicitation OREC awardees and it is expected that a Second SAA solution will also benefit New Jersey ratepayers while helping the NJBPU reach the State’s 11 GW offshore wind target by 2040. The sizing of the Second SAA project is understood to be the remaining of the State’s 11 GW offshore wind capacity target, and therefore one expects that any future offshore wind OREC awardee should be encouraged to use this newly created transmission headroom for the specific use of offshore wind awardees under the SAA terms. Assuming that the Fourth Solicitation will award ORECs to offshore wind projects sooner than a decision on any SAA2 award, the fourth solicitation should clarify the conditions by which a later awarded project could use any SAA2 infrastructure once in place.

**(3) The requested base case scenario of 1148 MW might lend itself to inefficient utilization of the HVDC infrastructure leading to Larrabee Collector Station.**



***Comments on Sections of the Draft SGD***

For ease of reference, the following comments have been listed to match the order of sections in the Draft Solicitation Guidance Document and attachments.

***Comments on Section 1.3: Pricing Structure***

*Inflation adjustment factors:* Bluepoint Wind commends the BPU for recognizing the need for an inflation adjustment mechanism, and for identifying many of the major indices which drive the cost of an offshore wind project. Due to the geographical spread of a typical offshore wind farm, both in the distance between turbines and the distance from the offshore substation to shore, many miles of subsea cable with copper conductors are needed to deliver power from the wind farm. For this reason, Bluepoint Wind recommends that the BPU consider incorporating an index for copper into the proposed inflation adjustment.

In addition to a copper index, Bluepoint also recommends the NJBPU include a Consumer Price Index (CPI), as it would cover the impacts of interest rates and inflation on other goods and materials used in the construction of the offshore wind farm.



In recent offshore wind procurement solicitations run by the states of New York, Massachusetts, Rhode Island, and Connecticut, similar inflation adjustment mechanisms have been utilized and have included indices for Copper and CPI. Including these two additional indices would enhance the accuracy and comprehensiveness of the adjustment and ensure that meaningful improvements in macroeconomic factors and interest rates result in reduced OREC prices for NJ ratepayers.

*Inflation Adjustment Period:* Bluepoint Wind applauds the BPU for reconsidering the inflation adjustment period end date for NJ4. However, we believe that the new adjustment period ending date (three years prior to proposed Commercial Operations Date (COD)) should be changed to the date of Financial Close (FC). Developers will fix contract prices with suppliers and service contractors during FC of the project, or shortly after. Therefore, aligning the OREC inflation adjustment period with the FC of the offshore project would result in a better risk mitigation outcome for both the state, and the developers, than the proposed three-year period prior to COD, recognizing that a date “three years prior to COD” is a moving target that may not be relevant to any specific capital expenditure milestone.

*Tax Credit Treatment of ITC Bonus/Adder Incentives:* Bluepoint Wind supports the long-standing policy of the 30% ITC tax incentives to be passed onto ratepayers. However, requesting the full pass-through of the additional ITC bonus adders (possibly 10% for domestic content and another 10% for Energy Communities, as well as any future credits) for NJ4 awardees may not be in the ratepayers’ best interest. Bluepoint would propose that the BPU consider an incentive-sharing agreement to ensure that developers will never be penalized for making additional investments required to achieve any added incentives.

For example, a project may be awarded an OREC contract in NJ4 with a specific supply chain, O&M port, or interconnection solution that does not qualify for the bonus ITC. Post-award, the project may have an opportunity to utilize an advantaged real estate parcel, transmission solution, or domestically sourced project component that would deliver meaningful tax incentives. If such opportunities would cost more than the base costs included in a bid, then the developer will be disincentivized to make those additional investments.

Bluepoint also notes that there has been evolving guidance on how a project can qualify for the ITC adders. As such, we would encourage the BPU to consider a sharing approach that recognizes the potential for guidance changes that meaningfully impact the development plan of a project post-award.

Finally, Bluepoint Wind recommends that the NJBPU reconsider the ITC tax treatment structure demonstrated in Table 3 of the draft solicitation document, as the proposed mechanism appears overly punitive to developers in cases of cost basis overruns caused by inflation. Bluepoint Wind believes that in cases where bonus ITC is obtained, and inflationary overruns are realized, any bonus ITC benefits returned to ratepayers be based on the expected incremental tax benefits from the inflation-adjusted cost basis.

***Comments on Section 2.4: Application Requirements***

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Bluepoint Wind recommends that the BPU allow electronic transfers for application fees to simplify the administrative process for both the board and applicants.

***Comments on Section 2.6: Performance Guarantee***

Bluepoint Wind recognizes the importance of providing firm, committed dates to the BPU and the electric customers of New Jersey, especially regarding the date when commercial operations of the project will begin. To provide certainty regarding the COD, Bluepoint Wind believes it is essential to have an early understanding of the design and schedule for the Pre-Build Infrastructure (PBI) to facilitate an effective estimation of the cost and schedule implications for offshore wind generators participating in the solicitation. Furthermore, the PBI should be subject to control mechanisms throughout construction to limit design alterations and ensure the deliverability of the full capacity of the PBI.

***Comments on Section 3.3: Energy Production Estimate***

During the NJ3 RFP process the BPU confirmed that a third party energy production assessment was an optional deliverable (See: Question 135). Bluepoint Wind requests that the BPU confirm if the precedent previously set will apply here as well.

***Comments on Section 3.13: Interconnection Plan***

As stated at the start of the document, and given the standard available specifications for HVDC equipment, a 1148 MW HVDC capacity would lead to a suboptimal use of the 1500 MW PBI duct bank and the 320 kV HVDC monopole cable, ultimately resulting in a substandard asset utilization factor for the expensive HVDC system. Instead, we suggest that the standard request should be 1200 MW, utilizing all SAA + non-SAA headroom, which is presumably 1500 MW available at Smithburg.

Bluepoint Wind believes that the BPU should consider the alternate POI requirement satisfied if a project designates Smithburg as the POI without using PBI or LCS.

***Comments on Attachment 10: Offshore Transmission Network Preparation Requirements***

Bluepoint Wind believes that the BPU should clarify how developers should account for the risk of lost revenue due to Offshore Transmission Network (OTN) implementation in OREC pricing. Given that the specifics of the meshed grid concept are not yet fully understood by developers, OEMs, or transmission owner operators, incremental changes to the implementation of the OTN over time could significantly impact project delivery schedule during design phase, especially if changes occur after fabrication of the OCP has initiated. Further, given the complexity of the OTN concept and its untested implementation, coordinating integration between developers and different OEMs could lead to further project delivery delays. Lastly, it is important to note that the interplay between connected transmission systems can only be modeled theoretically prior to installation, and unforeseen issues may arise upon energizing the OTN for the first time resulting in impacts to revenues – this is especially the case for interconnected HVDC systems which have only been installed in a handful of locations around the world. Due to the significant



risk that OTN readiness implies, Bluepoint requests clarity from the BPU on how to factor this into the OREC pricing and if the BPU is open to alternative transmission options included in base proposals.

***Comments on Attachment 11: Exhibit A Minimum Base Rent for Marshalling Leases of Parcels A & B1***

The NJEDA price rent escalation is the higher of 5% or CPI, whereas the project's ORECs are currently capped at +/-15% for inflation adjustment over multiple years. Bluepoint Wind recommends aligning the NJEDA rental price escalation for NJWP leases with the project's allowed OREC inflation adjustment rate for the project's lifetime, instead of using the proposed framework.

**Conclusion**

Bluepoint Wind is excited about New Jersey's desire to achieve its nation-leading 11 GW offshore wind goal by 2040. The remarkable progress NJ has made towards meeting its offshore wind targets, amidst a challenging macroeconomic environment, stands as a testament to the BPU's leadership and commitment to renewable energy transition.

We would like to give recognition for the excellent work New Jersey has done to become a leader in the US Offshore Wind industry. In recent years, New Jersey has established a world-class port to support the manufacturing and marshalling requirements of the industry. Additionally, New Jersey's proactive investments in transmission, via the State Agreement Approach (SAA), demonstrates important foresight into how the state will efficiently facilitate the integration of offshore wind energy onto the grid. Both initiatives showcase New Jersey's foresight and dedication to developing a new clean energy industry headquartered in the Garden State.

We hope that these comments provide useful guidance to NJBPU as it considers its fourth offshore wind solicitation.

Sincerely,

A handwritten signature in black ink, appearing to read "John Dempsey", written in a cursive style.

John Dempsey  
CEO, Bluepoint Wind

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