



Agenda Date: 11/17/2023
Agenda Item: 8G

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE OPENING OF A)
SOLICITATION FOR A TRANSMISSION)
INFRASTRUCTURE PROJECT TO SUPPORT)
NEW JERSEY'S OFFSHORE WIND PUBLIC)
POLICY)

ORDER INITIATING A
PREBUILD
INFRASTRUCTURE
SOLICITATION

DOCKET NO. QO23100719

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board”) opens a Board-run solicitation for the Prebuild Infrastructure as discussed further below (the “Prebuild Solicitation”). This Prebuild Solicitation is open to all entities pre-qualified (“Pre-qualified Applicants”) by PJM Interconnection, L.L.C. (“PJM”) through PJM’s pre-qualification planning process¹ as eligible to be a Designated Entity² prior to responding to the Prebuild Solicitation. The Prebuild Solicitation follows the Board’s recent rejection of all of the Prebuild Infrastructure proposals submitted in response to the third solicitation for offshore wind (“OSW”) renewable energy credits (“Third Solicitation”).³ The Board encourages transmission developers, transmission owners, OSW generation developers, and other qualified entities to respond to the Prebuild Solicitation.

The Board’s action today is the next step toward procuring necessary coordinated OSW transmission facilities required to satisfy Governor Phil Murphy’s OSW goal of 11,000 megawatts

¹ See Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“PJM Operating Agreement”), Schedule 6, section 1.5.8(a).

² A “Designated Entity” is a PJM pre-qualified transmission developer who PJM has selected as the designated entity to construct and own and/or finance a transmission project included in the PJM Regional Transmission Expansion Plan (“RTEP”).

³ In re the Opening of New Jersey’s Third Solicitation for Offshore Wind Renewable Energy Certificates (OREC), BPU Docket No. QO22080481, Order dated October 25, 2023 (“October 25, 2023 Order”).

("MW") of OSW by 2040.⁴ This Board action also builds upon New Jersey's national leadership in OSW generation and transmission procurement, including the selection of over 3,700 MW of OSW generation and the utilization of the State Agreement Approach ("SAA") process set forth in the PJM Operating Agreement. As with prior actions relating to transmission needs for OSW, the Board continues ongoing collaboration with its regional grid operator, PJM, to assess and develop approaches that will lower costs, reduce the chance of delays in OSW project development and energy transmitted from these generation resources to PJM, and minimize community and environmental impacts.

BACKGROUND

New Jersey's Offshore Wind Regulatory Landscape & Public Policy

On August 19, 2010, the Offshore Wind Economic Development Act ("OWEDA") was signed into New Jersey law.⁵ OWEDA directed the Board to establish a program for Offshore Wind Renewable Energy Certificates ("ORECs") to support at least 1,100 MW of OSW generation capacity from Qualified Offshore Wind Projects ("QOWPs").⁶

Within his first of month of taking office, on January 31, 2018, Governor Phil Murphy signed Executive Order 8 ("EO 8"), which directed the Board to fully implement OWEDA and begin the process of moving the State toward a goal of 3,500 MW of OSW by 2030.⁷ In late 2019, Governor Murphy more than doubled the State's OSW goal, to 7,500 MW by 2035, when he signed EO 92 ("EO 92").⁸ In 2022, Executive Order 307 ("EO 307") once again expanded the state's goal to the current 11,000 MW of OSW by 2040.⁹

The Board has long recognized that limits on the existing transmission system, as well as the challenges associated with expanding or replacing transmission facilities, represent a major source of cost uncertainty and potential risk of delays in meeting the State's OSW goals. Accordingly, New Jersey's 2019 Energy Master Plan ("EMP") recommends expanding New Jersey's electric grid to accommodate New Jersey's then-current goal of 7,500 MW of OSW by 2035.¹⁰ The EMP explains how "planned transmission to accommodate the State's [OSW] goals

⁴ Exec. Order No. 307 (September 21, 2022), 54 N.J.R. 1945(a) (October 17, 2022) ("EO 307").

⁵ See OWEDA, N.J.S.A. 48:3-87.1 to -87.2, L. 2010, c. 57, eff. Aug. 19, 2010; amended by 2019 c. 440, §2, effective Jan. 21, 2020; 2021, c.178, §1, effective July 22, 2021.

⁶ An OREC is defined as "a certificate issued by the Board or its designee, representing the environmental attributes of one megawatt hour of electric generation from a qualified offshore wind project." N.J.A.C. 14:8-6.1. For each MWh delivered to the transmission grid, an OSW project that is a qualified offshore wind project ("QOWP") will be credited with one OREC.

⁷ See Exec. Order No. 8, (January 31, 2018), 50 N.J.R. 887(a) (February 20, 2018). In 2018, the Legislature also directed the Board to establish an OREC program to support "at least 3,500 MW" of OSW generation by 2035. See OWEDA, supra note 4.

⁸ Exec. Order No. 92 (November 19, 2019), 51 N.J.R. 1817(b) (December 16, 2019).

⁹ Exec. Order No. 307 (September 21, 2022), 54 N.J.R. 1945(a) (October 17, 2022).

¹⁰ EMP, Goal 2.2.1 ("Develop Offshore Wind Energy Generation") at 114.

provides the opportunity to decrease ratepayer costs and optimize the delivery of [OSW] generation into the [S]tate’s transmission system.”¹¹ The EMP further states that “[c]oordinating transmission from multiple projects may lead to considerable ratepayer savings, better environmental outcomes, better grid stability, and may significantly reduce permitting risk.”¹² The EMP envisions that the Board “should endeavor to collaborate with PJM to ensure that transmission planning and interconnection rules accommodate [OSW] resources.”¹³ The EMP also recognizes that transmission must be planned and that the Board must exercise its regulatory authority to “actively engage in transmission planning.”¹⁴

On November 12, 2019, Board Staff (“Board Staff” or “Staff”) held an OSW transmission technical conference (“Technical Conference”) to solicit input from stakeholders on transmission considerations and solutions.¹⁵ On March 27, 2020, the Board authorized a contract with Levitan & Associates, Inc. (“LAI”) to prepare an OSW transmission study (“Transmission Study”). LAI completed the Transmission Study in December 2020 and concluded that a coordinated transmission approach would provide significant benefits.¹⁶

Also in late 2020, the Board, in close coordination with other State agencies, issued the New Jersey Offshore Wind Strategic Plan (“Strategic Plan”).¹⁷ The Strategic Plan found that “[i]nvestments in planning and infrastructure are necessary to build the transmission infrastructure and regional markets needed for offshore wind energy to support a clean energy future.”¹⁸ Specifically, the Strategic Plan recommends that meeting New Jersey’s then-current 7,500 MW OSW goal requires “[c]ollaborat[ing] with PJM, as set forth in the [EMP], to assure transmission infrastructure accommodates renewable energy such as offshore wind.”¹⁹ The Strategic Plan also recommends “[w]ork[ing] with PJM and local utilities to develop a grid transmission study. . . .”²⁰

New Jersey Coordinated Transmission and the State Agreement Approach

¹¹ Id. at 117.

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.; Goal 5.2.1 (“Exercise Regulatory Jurisdiction to Review and Approve the Need for Transmission Projects”) Id. at 182.

¹⁵ [Offshore Wind Transmission Stakeholder Meeting 11-12-19.pdf \(nj.gov\)](#)

¹⁶ LAI, [Offshore Wind Transmission Study Comparison of Options](#) (December 29, 2020), <https://www.nj.gov/bpu/pdf/publicnotice/Transmission%20Study%20Report%2029Dec2020%202nd%20FINAL.pdf>.

¹⁷ Ramboll US Corporation, [New Jersey Offshore Wind Strategic Plan](#) (September 2020), https://www.nj.gov/bpu/pdf/Final_NJ_OWSP_9-9-20.pdf.

¹⁸ Id. at 77.

¹⁹ Id. at 78.

²⁰ Ibid.

The same week that Governor Murphy issued the EMP, he also signed legislation authorizing the Board to conduct one (1) or more competitive solicitations for open access OSW transmission facilities.²¹ In this legislation, the New Jersey Legislature enshrined the concept of an “open access offshore wind transmission facility” into State law, defined as “an open access transmission facility, located either in the Atlantic Ocean or onshore, used to facilitate the collection of offshore wind energy or its delivery to the electric transmission system in this State.”²² Further, the Legislature provided the Board the authority to “conduct one or more competitive solicitations for open access offshore wind transmission facilities designed to facilitate the collection of offshore wind energy from qualified offshore wind projects or its delivery to the electric transmission system in this State.”²³

Under this authority, and consistent with the findings and directives of the EMP and Strategic Plan, on November 18, 2020, the Board formally requested that PJM incorporate the State’s then-current goal of 7,500 MW of OSW by 2035 into the PJM transmission planning process through the SAA.²⁴ Under this transmission planning process, Staff worked with PJM to include the State’s OSW public policy requirement in a PJM Regional Transmission Expansion Planning (“RTEP”) window that was opened in April 2021.²⁵ Pre-qualified entities submitted competitive transmission proposals to PJM by the close of the NJ SAA RTEP window on September 17, 2021, providing a wide variety of detailed OSW transmission solutions, cable corridors, cost estimates, delivery dates, proposals to phase construction, and other project details (“SAA 1.0”).

At the close of the SAA 1.0 proposal window, PJM received 80 project proposals from 13 project proposers. After a thorough review by Board Staff, PJM, and The Brattle Group, Inc. (“Brattle”), the Board’s SAA consultant, the Board awarded a series of projects to construct the onshore transmission facilities necessary to successfully deliver 7,500 MW of OSW to the electric transmission system in this State.²⁶ The savings New Jersey ratepayers will realize from the selection of these transmission projects were estimated to be approximately \$900 million, compared to the estimated cost of transmission facilities that otherwise would be necessary to achieve New Jersey’s then-current 7,500 MW of OSW energy goal in the absence of the SAA 1.0 solicitation.²⁷

The Prebuild Infrastructure

²¹ N.J.S.A. 48:3-87.1(e).

²² N.J.S.A. 48:3-51.

²³ N.J.S.A. 48:3-87.1.

²⁴ In re Declaring Transmission to Support Offshore Wind a Public Policy of the State of New Jersey, BPU Docket No. QO20100630, Order dated November 18, 2020 (“November 2020 Order”).

²⁵ See PJM Competitive Planning Process webpage at <https://www.pjm.com/planning/competitive-planning-process>.

²⁶ In re Declaring Transmission to Support Offshore Wind a Public Policy of the State of New Jersey, BPU Docket No. QO20100630, Order dated October 26, 2022 (“October 2022 Order” or “SAA 1.0 Order”) at Appendix A.

²⁷ Id. at 61.

As part of the SAA 1.0 project awards, the Board gave special attention to the duct banks and associated access cable vaults that would be installed in a single construction effort for the use by subsequent QOWPs (“Prebuild Infrastructure” or “Prebuild Facilities”).²⁸ The Prebuild Facilities would be constructed between the landing point identified in SAA 1.0, the Sea Girt National Guard Training Center (“Sea Girt NGTC”), and the awarded Point of Interconnection (“POI”) with the PJM high-voltage electric grid, the Larrabee Collector Station (“LCS”). These Prebuild Facilities were originally envisioned as a part of the “Option 2” facilities identified by the November 2020 Order and included in the SAA 1.0 solicitation.²⁹

Notably, the ongoing consideration and evaluation of multiple pathways to procure the Prebuild Facilities stems naturally from the structure of PJM’s competitive procurement process for transmission and the initial SAA 1.0 solicitation. As a result of PJM’s “sponsorship” model of procurement (i.e., where the proposer and designer of a transmission project also is selected as the Designated Entity for construction), a wide range of innovative designs were submitted, with no two bidders proposing identical routes and technology types. On the basis of these designs, and following additional consideration during the SAA 1.0 solicitation evaluation process, Staff sought to expand the potential Prebuild Facilities options through the use of clarifying questions, including confirming “whether such transmission developers would be willing to construct the Option 1b-only portion of their Option 2 proposals”³⁰ The Option 1b-only components would form the Prebuild Infrastructure.

However, even with similar requests from Staff to each SAA 1.0 bidder, the widely varied submitted designs limited the available comparisons between proposals. Some proposers declined to offer Option 1b-only designs altogether. Bidders that did elect to provide Option 1b-only designs, provided those designs such that they were structured to the design of their own specific submitted project and not to the Sea Girt NGTC to LCS design which the Board ultimately determined to be necessary, with only one exception. This one Option 1b-only design submitted through SAA 1.0 was designed to support the SAA 1.0 awarded projects.

As a result, the SAA 1.0 project awards contemplated these Prebuild Facilities being procured in a subsequent OSW generation solicitation, later determined to be New Jersey’s Third Solicitation.³¹ However, the Solicitation Guidance Document for the Third Solicitation (“SGD” or “Solicitation 3 Guidance Document”) indicated that the SAA might be modified to include the Prebuild Infrastructure.³²

²⁸ *Id.* at 65-66. “Duct banks” are the concrete structure between cable vaults that house the necessary number of physically separate conduits (empty pipes) in which transmission cables can be installed (pulled through, from one point to another). “Cable vaults” are physically-separate, underground vaults (accessible through manhole covers), located at certain distances along the onshore cable route of the PBI, to allow each QOWP to install and maintain its own transmission cables without impacting other QOWPs’ transmission cables.

²⁹ *See* November 2020 Order at 4; October 2022 Order at 43.

³⁰ SAA 1.0 Order at 53.

³¹ *Id.* at 53-54.

³² BPU, [Solicitation 3 Guidance Document](#) at A10-2 (“The Board and its Staff will notify Applicants, as early as possible, if the SAA Project is chosen to develop the Prebuild Infrastructure.”).

On March 6, 2023, the Board approved and issued the SGD. The SGD required each applicant to submit a separate application for the construction of the Prebuild Infrastructure in accordance with the requirements contained in the SGD, and required that all Third Solicitation applicants utilize the Prebuild Infrastructure. Applications for the Third Solicitation projects and the Prebuild Infrastructure were to be submitted by June 23, 2023.³³ On June 7, 2023, the Board extended the application due date to August 4, 2023.³⁴

On August 4, 2023, Third Solicitation applications were received from four (4) OSW developers for OSW generation projects, and separate applications were received from these same four (4) OSW developers for the Prebuild Infrastructure, in accordance with the SGD.

In its October 25, 2023 Order, the Board rejected all of the Prebuild Infrastructure proposals submitted in the four (4) Prebuild Infrastructure applications submitted in response to Third Solicitation and directed Staff to develop a separate solicitation guidance document for Prebuild Infrastructure only (“PSGD” or “Prebuild Solicitation Guidance Document”) and to present such PSGD for a Prebuild Infrastructure solicitation (“PBI Solicitation” or “Prebuild Infrastructure Solicitation”) to the Board for its consideration within 30 days.³⁵

STAFF RECOMMENDATION

In the midst of the ongoing analysis and pursuit of coordinated OSW transmission described above, Staff continued to explore regulatory avenues to pursue the stated goals of the Board (increasing competition in future OSW generation solicitations, reducing permitting and land acquisition requirements associated with an OSW generation developer’s necessary onshore transmission facilities, and coordinating access to the POI), while maximizing opportunities for further ratepayer cost savings.³⁶ Notably, the SAA 1.0 process created significant cost savings by attracting a wide range of innovative proposals that identified an efficient design of an integrated transmission system for delivering OSW to New Jersey customers. However, as described above, because of the structure of the SAA 1.0 solicitation, identification of the preferred design of the Prebuild Infrastructure could not be finalized prior to the Board’s selection of the SAA projects awarded. As a result, all of the SAA 1.0 bidders did not have an opportunity to submit a proposal for the Prebuild Infrastructure as ultimately designed.

The SAA 1.0 solicitation demonstrated the benefits of receiving proposals from multiple qualified developers. Opening this Prebuild Solicitation with a further refined scope as set out in the Prebuild Solicitation Guidance Document, included as Attachment A to this Order, will enable the Board to harness and focus the benefits of competition, maximizing ratepayer benefits and

³³ In re the Opening of New Jersey’s Third Solicitation for Offshore Wind Renewable Energy

Certificates (OREC), BPU Docket No. QO22080481, Order dated June 7, 2023 (“June 7, 2023 Order”) at 1.

³⁴ Id. at 2.

³⁵ October 25, 2023 Order, supra note 2 at 6.

³⁶ See SAA 1.0 Order at 54.

minimizing costs by enabling a broader range of transmission developers to compete together with OSW generation developers in submitting proposals for the Prebuild Infrastructure to further enable achieving New Jersey's OSW goals.³⁷ Any qualified and interested developer, including those who submitted Prebuild Infrastructure proposals in the Third Solicitation, can participate. In addition, this Prebuild Solicitation is consistent with the Third Solicitation SGD guidance that the SAA may be "modified to include the Prebuild infrastructure" ³⁸ Staff believes that any additional administrative burden of conducting this Prebuild Infrastructure Solicitation is outweighed by the potential ratepayer benefits that may be captured by issuing such solicitation.

Staff recommends the Board structure the Prebuild Solicitation as follows.

Initiate a Board Solicitation for Prebuild Facilities from Pre-qualified Applicants

Staff recommends the Board open the Prebuild Solicitation based on the requirements included in the PSGD.

The Board is authorized to solicit open access offshore transmission facilities, defined as those "designed to facilitate the collection of offshore wind energy from qualified offshore wind projects or its delivery to the electric transmission system" in New Jersey.³⁹ The Prebuild Facilities meet this definition.

Staff recommends that the Prebuild Solicitation be open to all Pre-qualified Applicants. To meet this requirement, entities must receive pre-qualification status through PJM's pre-qualified process prior to submitting their proposals.

As set out in the PSGD, Staff recommends that the Prebuild Solicitation be run by the Board, not by PJM. Board Staff and its consultant will review and evaluate Prebuild Solicitation proposals received, with support from PJM, as requested by Staff. Should the Board select a Prebuild Infrastructure proposal for award, Staff recommends that the Board identify the selected proposal as a Public Policy Project under PJM's SAA process, for inclusion in the RTEP under the SAA-specific provisions of Schedule 6 of the PJM Operating Agreement.⁴⁰

³⁷ Solicitation 3 Guidance Document at A10-2 ("The Board and Board Staff will notify Applicants, as early as possible, if the SAA Project is chosen to develop the Prebuild Infrastructure.")

³⁸ *Id.* at 41.

³⁹ N.J.S.A. 48:3-87.1(e).

⁴⁰ Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., Sch. 6, § 1.5.9(b), PJM Docket No. ER22-451-000 (Effective Date January 19, 2022) at 30. ("...the state(s) responsible for cost allocation for a Supplemental Project or a state public policy project in accordance with the Operating Agreement, Schedule 6, section 1.5.9(a) may submit to the Office of the Interconnection the entity(ies) to construct, own, operate and maintain the state public policy project from a list of entities supplied by the Office of the Interconnection that pre-qualified to be Designated Entities pursuant to the Operating Agreement, Schedule 6, section 1.5.8(a)).

Consistent with the approved cost allocation provisions associated with the SAA, the costs of any selected Prebuild Facilities will be recovered through PJM Schedule 12 - SAA Cost Allocation Methodology.⁴¹

Staff also recommends that Pre-qualified Applicants commit to deliver their project by the expected in-service date specified in the PSGD. Staff further recommends that Pre-qualified Applicants may voluntarily commit to automatically applied reductions in the project's equity returns for late delivery and to filing such automatically applied reductions with the Federal Energy Regulatory Commission ("FERC") as part of the proposed formula rate provisions and Designated Entity Agreement with PJM.

Staff also recommends that bonus provisions be available to Prebuild Facilities developers that deliver the Prebuild Infrastructure ahead of schedule. Preferred Prebuild Infrastructure proposals will also include a binding cost-containment commitment, including reduced return-on-equity associated with recovery of capital costs in excess of a cost cap. Further details on these and all elements of the Solicitation are in the PSGD, which appears as Appendix A to this Order.

Also, Staff recommends that the Board require any State or private entities wishing to partner with New Jersey in the future to bear a pro rata share of any development and operating costs associated with the Prebuild Infrastructure.

DISCUSSION AND FINDINGS

Based on the description and the ultimate purpose of the Prebuild Infrastructure, to facilitate the delivery of OSW energy to New Jersey's electric transmission system, the Board **HEREBY FINDS** that a stand-alone, Board-run solicitation for the Prebuild Infrastructure, for eventual inclusion in the PJM RTEP, is consistent with the authority granted to the Board by N.J.S.A. 48:3-87.1(e).

Accordingly, based on the Board's careful consideration of the benefits identified by Staff and described above, and in conjunction with the findings and requirements of the October 25, 2023 Order, the Board **HEREBY FINDS** that it is in the best interest of the State and its ratepayers to open an application window for the Prebuild Solicitation. The Board **HEREBY OPENS** an application window for Prebuild Infrastructure projects, open to all Pre-qualified Applicants, commencing on the effective date of this Order until 5:00 pm Eastern Time on April 3, 2024. Further, the Board **HEREBY APPROVES** the use of the PSGD included as Appendix A to this Order, including the schedule and cost containment commitments, to inform Applicants of the Prebuild Solicitation process and application requirements under the PSGD.

The Board **HEREBY ORDERS** that any Prebuild Infrastructure project selected as a result of this Prebuild Solicitation would be a Public Policy Project under the SAA, for inclusion in the RTEP under the SAA-specific provisions of Schedule 6 of the PJM Operating Agreement and that all costs of any such project would be recoverable from customers in the State according to a FERC-accepted cost allocation methodology that is agreed to by the Board; provided that any State or

⁴¹ See 181 FERC ¶ 61,178 (2022). "PJM Schedule 12," particularly Appendix C thereto, covers SAA cost responsibility within the context of PJM Open Access Transmission Tariffs ("OATT"). See PJM, Intra-PJM Tariffs, OATT Table of Contents (51.0.0), Schedule 12 – SAA Cost Responsibility.

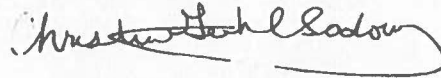
private entities wishing to partner with New Jersey in the future would be expected to bear a pro rata share of any development and operating costs associated with the Prebuild Infrastructure.

The Board further **HEREBY ORDERS** that no assignment of costs is authorized until such time, if any, that the Board evaluates the outcome of this Prebuild Solicitation and affirmatively agrees to bind New Jersey ratepayers to pay for any associated transmission expansion.


The effective date of this Order is November 17, 2023.

DATED: November 17, 2023

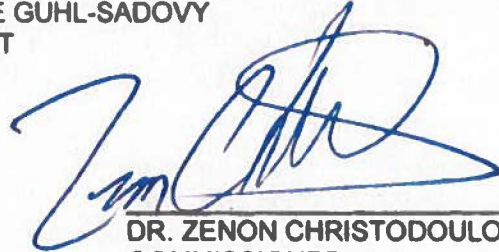
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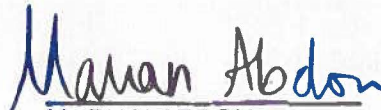
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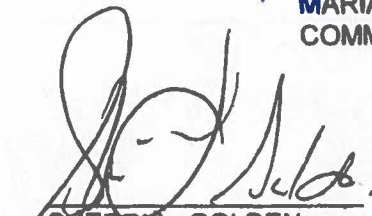


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MARIAN ABDOU
COMMISSIONER

ATTEST:



SHERRIL L. GOLDEN
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

I/M/O THE OPENING OF A SOLICITATION FOR A TRANSMISSION INFRASTRUCTURE
PROJECT TO SUPPORT NEW JERSEY'S OFFSHORE WIND PUBLIC POLICY

DOCKET NO. QO23100719

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Attachment A

Prebuild Solicitation Guidance Document



**New Jersey Offshore Wind
Prebuild Infrastructure Solicitation
Solicitation Guidance Document
Application Submission for Proposed
Prebuild Infrastructure Project**

New Jersey Board of Public Utilities

44 S. Clinton Ave, Trenton, NJ

November 17, 2023

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Attachment 1: Application Form

Attachment 2: Administrative Completeness Checklist

Attachment 3: Applicant Commitment Form

Attachment 4: Proposed Non Standard Terms and Conditions
Attachment 5: Development Schedule

List of Acronyms and Defined Terms

Additional Information, additional relevant information beyond the listed requirements, submitted at Applicant's discretion.

Application, a submission by an Applicant into this Prebuild Solicitation, as described in this document.

Applicant, a participant in this Prebuild Solicitation, as described in this document.

Board or BPU, the New Jersey Board of Public Utilities.

Board Decision, a Board Order, awarding the Prebuild or closing this Prebuild Solicitation.

Board Staff or Staff, the staff of the Board.

Cable Vault, physically-separate underground vaults (manholes and associated access vaults enabling maintenance access), located at certain distances (such as every 2,000 feet) along the Corridor, to allow each Qualified Project to install and maintain its own transmission cables without impacting other Qualified Projects' transmission cables.

Circuit, the set of power export cables used to deliver a Qualified Project's power through the Prebuild Infrastructure that uses one of the four Conduits available.

Clarifying Questions, questions asked of Applicants by the Board's Prebuild Solicitation evaluation team throughout the evaluation period.

Cofferdam, an enclosed work area, generally consisting of a large pile driven into the waterbed.

Commission or FERC, the Federal Energy Regulatory Commission.

Conduit (or Cable Conduit), the empty pipes installed as part of the Prebuild Infrastructure capable of future installation of cables to be pulled through from end to end. Also called cable duct, or Duct Bank, for multiple conduit/cable sets.

Corridor, the cable route from the transmission cable's landfall location on the shoreline to the POI into the regional electric grid.

Cost Cap, the amount of capital costs that an Applicant commits it will not exceed with respect to the Prebuild Infrastructure.

Designated Entity, a PJM pre-qualified Transmission Owner or Nonincumbent Developer designated by PJM with the responsibility to construct, own, operate, maintain and finance a transmission project included in the RTEP.

Designated Entity Agreement or DEA, a pro forma agreement set forth in the PJM Tariff at Attachment KK. The DEA is entered into PJM and the Designated Entity as required under Schedule 6 of PJM's Operating Agreement.

DMAVA, New Jersey Department of Military and Veterans Affairs.

DPP, New Jersey Division of Purchase and Property.

Duct Bank, the concrete structure between Cable Vaults that house the necessary number of physically-separate Conduits in which transmission cables can be installed (pulled through, from one point to another).

EMF, electric and magnetic fields.

FERC, the Federal Energy Regulatory Commission.

Firm Cap, the integrated set of provisions related to the preferred Cost Cap mechanism, including a set of declining ROE recovery provisions for costs in excess of the Cost Cap, and preferred Uncontrollable Force provisions (see Attachment 4).

Good Utility Practice, shall mean any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, and acts generally accepted in the region.

HDD or Horizontal Directional Drilling, a trenchless method of installing Conduits for underground cables with limited above ground disruptions between the locations of the drilling equipment. Also called “directional boring.”

HVAC, High Voltage Alternating Current.

LCS or Larrabee Collector Station, a new substation adjacent to the existing JCP&L Larrabee substation awarded to enable offshore wind interconnection through SAA 1.0.

Lease Agreement, an agreement entered into between Prebuild Developer and one or more Qualified Projects that sets out the terms of coordination, access, operations and maintenance responsibilities, and other aspects of operating the Prebuild.

Maximum Power Delivery, the amount of power, measured in MW, expected to be delivered from a Qualified Project’s HVDC system as measured at the POI on the HVAC system.

MW, megawatts.

NJDEP, the New Jersey Department of Environmental Protection.

OBC, overburdened communities within New Jersey as identified by New Jersey’s Environmental Justice Law N.J.S.A.13:1D-157.

OPRA, Open Public Records Act, N.J.S.A. 47:1A-1 et seq.

PJM or PJM Interconnection, L.L.C., is the FERC-approved independent regional transmission organization or the PJM Region covering all or parts of 13 states and the District of Columbia, including New Jersey.

PJM Tariff, is the PJM Open Access Transmission Tariff including any schedules, appendices, or exhibits attached thereto, on file with FERC and as amended from time to time..

Point of Demarcation, location where the change of ownership occurs between entities for supporting ancillary infrastructure. Conceptually, this location represents the terminus of the Prebuild Infrastructure, which will be at or near the Larrabee Collector Station. The current coordinates for this location, and additional details, are located in the *Corridor Details – Larrabee Collector Station* section below. The coordinates of the Point of Demarcation are: Latitude: 40°6'56.84"N; Longitude: 74°11'24.72"W.

POI, Point of Interconnection.

Prebuild or Prebuild Infrastructure or PBI, a concept that requires the construction of the necessary Duct Banks and Cable Vaults associated with the Prebuild for one or more Qualified Projects needed to fully utilize the Larrabee Tri-Collector Solution. For clarity, the Prebuild involves only the necessary infrastructure (Duct Banks and Cable Vaults) to house the transmission cables, but not the cables themselves.

Prebuild Developer, the Applicant ultimately selected by the Board Decision to construct and own the Prebuild.

Prebuild Solicitation or Prebuild Infrastructure Solicitation, the Prebuild solicitation being conducted within the parameters set forth in this Prebuild Solicitation Guidance Document.

Prebuild Solicitation Guidance Document or PSGD, this Solicitation Guidance Document.

Project, a Prebuild Infrastructure project proposed in this Prebuild Solicitation.

Q&A, Question and Answer.

Qualified Project or Qualified Offshore Wind Project, a wind turbine electricity generation facility in the Atlantic Ocean and connected to the electric transmission system in this State, and includes the associated transmission-related interconnection facilities and equipment, and approved by the Board pursuant to section 3 of P.L. 2010, c. 57 (N.J.S.A. 48:3-87.1) and N.J.S.A. 48:3-51.

Rate Counsel, the New Jersey Division of Rate Counsel.

ROE, return on equity.

ROW or Right of Way, a proposed right to make way over a certain portion of land or in offshore waters.

RTEP, the PJM Regional Transmission Expansion Plan.

SAA, the State Agreement Approach.

SAA 1.0, the inaugural SAA process conducted by the Board, resulting in the selection of the LCS and related transmission infrastructure.

Sea Girt or Sea Girt NGTC, the National Guard Training Center at Sea Girt.

Solicitation Website, <https://offshorewind.nj.gov/prebuild-solicitation/>, the website for information regarding this Prebuild Solicitation and the main point of information exchange between the Board and potential Applicants.

SMWVBE, New Jersey small, minority, woman, or veteran-owned business enterprise that meets certain criteria and is certified by the New Jersey Division of Revenue.

TEAC, the PJM Transmission Expansion Advisory Committee.

Third Solicitation, the Board's third solicitation for offshore wind generation.

Transition Vault, the underground vault structure used at the shore crossing at Sea Girt NGTC to facilitate transitions between land cables and submarine cables. Also called "transition splice/joint bay."

Uncontrollable Force, has the meaning ascribed to it in Attachment 4.

USACE, the United States Army Corps of Engineers.

1 OVERVIEW

1.1 Background

In the midst of the New Jersey Board of Public Utility's ("Board") analysis of offshore wind ("OSW") transmission options to optimally enable the State's OSW goals and minimize costs and risks to ratepayers, Board Staff continued to explore regulatory avenues to pursue the stated goals of the Board. Notably, these goals include increasing competition, reducing environmental impacts, reducing permitting/land acquisition requirements, and coordinating access to Points of Interconnection ("POI").¹ The Board's first State Agreement Approach, SAA 1.0, conducted in close coordination with PJM Interconnection, LLC. ("PJM"), represented an initial step in furtherance of these goals, creating significant cost savings by attracting a wide range of innovative proposals and resulting in an efficient design of an integrated transmission system for delivering OSW to New Jersey customers.

1.2 Prebuild Overview

As part of the SAA 1.0 project awards, the Board described the benefits of the Prebuild, which is the infrastructure between the identified landing point at Sea Girt National Guard Training Center ("NGTC") and the POI with the PJM high-voltage electric grid, the Larrabee Collector Station, enabling 3,742 MW of OSW generation needed to reach the then-current goal of 7,500 MW of OSW by 2035 to be connected to the grid. The Board explained that the Prebuild envisioned a single construction effort to install the necessary Duct Banks and associated access Cable Vaults to house transmission Conduits for future use of up to four (4) OSW Qualified Projects, thereby enabling these projects to access the wholesale transmission system.² The SAA 1.0 Award Order contemplates the Prebuild being procured as part of the Third Solicitation.³ However, the Third Solicitation Guidance Document ("Solicitation 3 Guidance Document") noted that the potential remained for the SAA to be modified to include the Prebuild.⁴

After this Prebuild Solicitation is conducted by the Board, the Board will submit any awarded Project to PJM for incorporation into the RTEP. The Board will also submit the awarded Project for cost recovery through the cost allocation provisions for Public Policy Projects, approved by FERC, agreed to by the Board, and ultimately recovered from ratepayers through a FERC-approved transmission rate design, as described more fully below.⁵ The successful Project will therefore become a baseline Public Policy Project included in PJM's RTEP.

¹ [In the Matter of Declaring Transmission to Support Offshore Wind a Public Policy of the State of New Jersey](#), BPU Docket No. QO20100630, Order dated October 26, 2022 at 54 ("SAA 1.0 Award Order").

² [Id.](#) at 65-66. Technical specifications for each element of the Prebuild Infrastructure are provided in Section 3 below. Capitalized terms appearing on these pages in the SAA 1.0 Award Order are defined in the Attached List of Acronyms and Defined Terms.

³ [Ibid.](#)

⁴ [Solicitation 3 Guidance Document](#) at A10-2 ("The Board and Board Staff will notify Applicants, as early as possible, if the SAA Project is chosen to develop the Prebuild Infrastructure.").

⁵ See Section 4.5. [See also](#) PJM Operating Agreement, Schedule 6 § [1.5.9\(a\)](#) (describing Public Policy Projects).

The scope of the Prebuild includes all Cable Vaults, Duct Banks, and related facilities for four (4) separate Qualified Projects, enabling Qualified Project developers to install their cables into the Prebuild by pulling them through the completed Prebuild Infrastructure facilities, as described more fully in Section 3 below. The Prebuild spans from the Cable Vaults at the Point of Demarcation beside the LCS, covering all Cable Vaults and Duct Banks up to the Transition Vaults set to be built and installed at Sea Girt. It continues beyond the Transition Vaults through Horizontal Directional Drilling boreholes, reaching offshore to specified locations enabling future use of the four (4) Qualified Projects.

The design of the Prebuild must ensure that each individual Qualified Project's transmission Circuit can be installed, operated, and maintained independently from other Circuits. There cannot be a single or common point of failure that would result in an outage of more than one Circuit at one time for a single outage event.⁶ This aspect of the Prebuild design is of critical importance. In addition, the Prebuild developer will be responsible for the operation and maintenance ("O&M") of the Duct Banks and Cable Vaults consistent with Good Utility Practice, including readiness for installation of future cables, and for developing a lease agreement with future Qualified Projects for coordinating O&M activities on the cables within the Prebuild, as described more fully below.⁷

1.3 Eligibility to Bid

This Prebuild Solicitation is open to companies that are pre-qualified through PJM's planning process to be a Designated Entity pursuant to the PJM Operating Agreement Schedule 6, § 1.5.8 (a) by the Application Submission Deadline described in Section 2, below.⁸ The Board encourages various types of entities capable of achieving this PJM pre-qualification to submit proposals into this Prebuild Solicitation, including but not limited to OSW generation developers previously proposing projects in the Board's Third Solicitation, other OSW generation developers that become PJM pre-qualified Applicants, transmission developers, or civil works construction firms.

PJM's Operating Agreement requires Applicants to submit the following information to become pre-qualified Designated Entities:⁹

Pre-qualification applications shall contain the following information: (i) name and address of the entity; (ii) the technical and engineering qualifications of the entity or its affiliate, partner, or parent company; (iii) the demonstrated experience of the entity or its affiliate, partner, or parent company to develop, construct, maintain, and operate transmission facilities, including a list or other evidence of transmission facilities the entity, its affiliate, partner, or parent

⁶ This includes avoiding designs that would result in a NERC Category P7 Multiple Contingency (Common Structure). For more information, see [TPL-001-5 — Transmission System Planning Performance Requirements, https://www.nerc.com/pa/Stand/Reliability%20Standards/TPL-001-5.pdf](https://www.nerc.com/pa/Stand/Reliability%20Standards/TPL-001-5.pdf), at 24.

⁷ See Section 4.9.

⁸ PJM Operating Agreement Schedule 6, § [1.5.8 \(a\)](#) ("*Development of Long-lead Projects, Short-term Projects, Immediate-need Reliability Projects, and Economic-based Enhancements or Expansions – Pre-Qualification Process*"), <https://agreements.pjm.com/oa/4777>.

⁹ [Id.](#) at § [1.5.8 \(a\)\(1\)](#). PJM has confirmed that this Prebuild Solicitation is "good cause" for entities to request pre-qualification status outside the typical annual window. See [Id.](#) at § [1.5.8 \(a\)\(4\)](#).

company previously developed, constructed, maintained, or operated; (iv) the previous record of the entity or its affiliate, partner, or parent company regarding construction, maintenance, or operation of transmission facilities both inside and outside of the PJM Region; (v) the capability of the entity or its affiliate, partner, or parent company to adhere to standardized construction, maintenance and operating practices; (vi) the financial statements of the entity or its affiliate, partner, or parent company for the most recent fiscal quarter, as well as the most recent three fiscal years, or the period of existence of the entity, if shorter, or such other evidence demonstrating an entity's or its affiliates, partner's, or parent company's current and expected financial capability acceptable to the Office of the Interconnection; (vii) a commitment by the entity to execute the Consolidated Transmission Owners Agreement, if the entity becomes a Designated Entity; (viii) evidence demonstrating the ability of the entity or its affiliate, partner, or parent company to address and timely remedy failure of facilities; (ix) a description of the experience of the entity or its affiliate, partner, or parent company in acquiring rights of way; and (x) such other supporting information that the Office of Interconnection requires to make the pre-qualification determinations consistent with this Operating Agreement, Schedule 6, section 1.5.8(a).

1.4 Solicitation Overview

The complete set of requirements associated with submitting a response to this Prebuild Solicitation (“Application”) are provided in Section 3 below. The Prebuild shall allow for two (2) 1,500 MW Circuits at 525 kV and two (2) 1,360 MW Circuits at 320 kV.

Each Application must include one Corridor, with a specific Right of Way. Additional Applications can be submitted with alternative Corridors. Each submitted Corridor can utilize either a single ROW or split ROW as discussed further in Section 3.

Key aspects of the requirements for this Prebuild Solicitation are summarized below, with detailed requirements contained in subsequent sections of this document.

- **Cost Containment:** While cost containment is voluntary for Applicants, Applications utilizing the cost containment mechanisms specified in Section 4.5 and Attachment 4 are preferred. The preferred cost containment measures include a set of Firm Cap provisions that include eligibility to earn a full ROE (as submitted pursuant to Section 4.5 below and approved by FERC, and within the FERC-approved equity ratio), on up to 100% of the capital Cost Cap amount submitted by the Applicant, conditioned on a progressively declining ROE applied to capital costs over 100% of the Cost Cap. The level of the Cost Cap will be subject to adjustment based on the Uncontrollable Force provisions included in Attachment 4, which limits triggering of Uncontrollable Force to unforeseeable events or circumstances, and the Inflation Adjustment, as defined below. Such ROE adjustments and determinations related to Uncontrollable Force would ultimately occur during the Prebuild Developer’s FERC rate recovery filing.
- **Inflation Adjustment:** The preferred Cost Containment commitments will utilize an inflation adjustment, specified in Section 4.5 and Attachment 4 that will automatically adjust the level of the submitted Cost Cap.

- **Schedule Commitments:** While schedule commitments are voluntary for Applicants, Applications utilizing the schedule commitment mechanism specified in Section 4.3 and Attachment 4 below are preferred.¹⁰ The preferred schedule commitment includes downward ROE adjustments as a consequence for failure to complete the Project by the Expected In-Service Date (as defined in Section 2.1, Table 1). As a consequence for late-completion, the Project’s ROE will be progressively declining (starting from the rate design submitted pursuant to Section 4.5 and approved by FERC, within the FERC-approved equity ratio) with a 35-basis point reduction for each 90 days of delay, with this reduction applied to the ROE associated with the Project’s entire capital cost, and with a minimum return set at the Applicant’s cost of debt. Performance-based return adders are available for delivery of the Prebuild ahead of the Project schedule, up to 50-basis points.

2 TIMELINE AND MECHANICS OF THE SOLICITATION

The Board retains the right to amend this Prebuild Solicitation Guidance Document if needed. Any such amendment(s) will be posted to the Solicitation Website, described below.

Timeline for Submission and Evaluation

Table 1: Timeline for Submission and Evaluation of Proposals

Event	Date
Board Consideration of Prebuild Solicitation	November 17, 2023
Solicitation Issued	November 17, 2023
Bidders’ Conference for all prospective Applicants	December 1, 2023
Deadline for prospective Applicants to Submit Questions	February 14, 2024, 5 PM Eastern Time
Notice of Intent to Respond Submitted	February 28, 2024, 5 PM Eastern Time
Application Submission Deadline	April 3, 2024, 5 PM Eastern Time
Administrative Completeness Determination Deadline	April 19, 2024, 5pm Eastern Time
Board Decision on Submitted Applications	Q3, 2024
Post-Application Meeting (if requested by Board Staff or Applicant)	Q4, 2024
Expected In-Service Date- Full Scope	January 17, 2029
Expected In-Service Date-Onshore Only	October 18, 2028

2.1 Website and Bidders’ Conference

Staff has created a Solicitation Website for this Prebuild Solicitation.¹¹ The Prebuild Solicitation Website will host all Prebuild Solicitation documents and serve as the main point of information exchange between the Board and potential Applicants. Stakeholders can subscribe to Solicitation-related announcements by e-mailing [njowprebuild@levitan.com](mailto:njoswprebuild@levitan.com) with the subject “Subscribe” and providing the name, affiliation, and e-mail address of each person who should receive announcements. Solicitation Website updates will include notifications of posted Questions and Answers (“Q&A”).

¹⁰ The schedule commitment is distinct from the performance bond set out in section 4.10 below.

¹¹ Solicitation Website, <https://offshorewind.nj.gov/prebuild-solicitation/>.

Stakeholders can also find information related to this Prebuild Solicitation using the Board's Public Document Search tool under Docket No. QO23100719.¹² Additionally, Stakeholders can subscribe to Prebuild Solicitation updates posted in this Docket through Public Document Search tool. Updates will include notification of notices released by the Board, comments received (if public), and Board Orders.

A Bidders' Conference will be held for all prospective Applicants via webinar. Prospective Applicants must register for the Bidders' Conference no later than 5:00 p.m. Eastern Time on November 29, 2023, by e-mailing [njowprebuild@levitan.com](mailto:njoswprebuild@levitan.com). Once registered, prospective Applicants will receive an e-mail confirmation and webinar link.

During the Bidders' Conference, Staff will review key details of the Prebuild Solicitation, including Application requirements and evaluation criteria. Representatives of Sea Girt NGTC will also participate in the Bidders' Conference and be available to answer questions about the required landing point and the Sea Girt NGTC property. An agenda and any additional details on the Bidders' Conference will be released prior to the Bidders' Conference.

To ensure that all Applicants have the same information, a Q&A page will be established on the Solicitation Website. At the Bidders' Conference, Board Staff may verbally respond to questions that are submitted in advance of the Bidders' Conference. Applicants will have the opportunity to submit questions during the Bidders' Conference, which may be answered in real-time or deferred to written responses on the Q&A page of the Solicitation Website. Only written responses on the Q&A page of the Solicitation Website will constitute official guidance. Written responses to questions submitted through the Solicitation Website or during the Bidders' Conference will be posted to the Solicitation Website and will be available to all Applicants. Names and other identifying details of persons submitting questions will be removed from the submitted questions to maintain confidentiality.

2.2 Application Submission, Notice of Intent to Respond

Applications must be submitted by the Application Submission Deadline shown in Table 1. Prospective Applicants must e-mail [njowprebuild@levitan.com](mailto:njoswprebuild@levitan.com) no later than 5:00 p.m. Eastern Time 30 days prior to the Application Submission Deadline. The e-mail must contain the subject line "Notice of Intent to Respond" and must identify the Applicant, a primary contact person, a secondary contact person, and the respective contact information for each (name, title, e-mail address, and phone number). The e-mail must also specify whether the Applicant is already a PJM pre-qualified Designated Entity. Submitting a Notice of Intent to Respond does not bind the Applicant to submit Applications, however the Applicant must submit such item as a prerequisite for submitting Applications.

After submitting the Notice of Intent to Respond, the Applicant will receive instructions via e-mail for accessing the portal to submit Application materials. Applicants will be able to upload documents to the portal for transmittal to the Board at any time after receiving the instructions. Applicants are encouraged to begin uploading their Application documents well in advance of the Application Submission Deadline to ensure a successful submission. Applicants will receive a receipt confirmation via

¹² See In the Matter of the Opening of a Solicitation for a Transmission Infrastructure Project to Support New Jersey's Offshore Wind Public Policy, BPU Docket No. QO23100719, Public Document Search at https://publicaccess.bpu.state.nj.us/CaseSummary.aspx?case_id=2112376.

e-mail after submitting their Applications in full. Files larger than 100 MB should be separated into multiple files and named with “Part [X of Y]” added to the end of the file name for each file.

2.3 Application Requirements

The required contents of each Application are detailed more fully in Section 4 below.

Applicants shall meet with representatives of NJDEP no less than 30 days prior to the Application Submission Deadline. Prior to this pre-Application meeting with NJDEP, Applicants must complete and submit a Permit Readiness Checklist to the NJDEP’s Office of Permitting and Project Navigation.¹³ The checklist can be submitted electronically to David Pepe (David.Pepe@dep.nj.gov) and Katherine Nolan (Katherine.Nolan@dep.nj.gov). In addition, the DMAVA will conduct a site walkthrough of Sea Girt NGTC, no less than 30 days prior to the Application Submission Deadline, which Applicants must attend as a prerequisite to submitting their Applications. Instructions for scheduling meetings with NJDEP, and regarding the DMAVA site walkthrough of Sea Girt NGTC, will be posted to the Solicitation Website.

Once Applications are submitted, Staff will make an initial determination of administrative completeness. Staff will notify Applicants by e-mail within approximately one week after the Application Submission Deadline regarding any identified Application deficiencies (“Deficiency Notice”). Applicants will then have one week following the date on which this Deficiency Notice e-mail was sent to respond to it. Failure to respond satisfactorily to a Deficiency Notice may constitute grounds for disqualification of an Application.

Board Staff expects to ask questions of Applicants regarding administratively complete Applications (“Clarifying Questions”) throughout the Application evaluation period. Applicants will generally have one (1) week to respond to Clarifying Questions, although Board Staff reserves the right to establish a shorter response period or to extend the response period. Board Staff may also schedule interviews with Applicants.¹⁴ These activities – Clarifying Questions and interviews – are expected to occur in Q2 2024. All materials provided and statements made during these activities will be considered binding on the Applicant and will be considered as part of Staff’s formal evaluation. Staff will endeavor to provide Applicants with as much advance notice as possible regarding expected engagement as the evaluation proceeds.

2.4 Communications with Commissioners and Staff

The Board’s rules of practice prohibit Applicants and Commissioners of the Board from discussing the Prebuild Solicitation, or topics directly related to the Prebuild Solicitation, from the date the Prebuild Solicitation is issued until the date the Board Decision is issued in this docket.

If an Applicant has a need to meet with one or more Commissioner(s) on matters unrelated to the Prebuild Solicitation, which is discouraged during the time that the Prebuild Solicitation is open, Applicants must request the Board’s Office of General Counsel to review their request to meet with such

¹³ NJDEP, [Permit Readiness Checklist](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fdep.nj.gov%2Fwp-content%2Fuploads%2Fopn%2Fpermit_readiness_checklist.docx&wdOrigin=BROWSELINK), https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fdep.nj.gov%2Fwp-content%2Fuploads%2Fopn%2Fpermit_readiness_checklist.docx&wdOrigin=BROWSELINK.

¹⁴ The venue and format for interviews will be determined when the interviews are scheduled. Remote participation generally will be permitted.

Commissioner(s). Applicants may continue to communicate with other State agencies and with Staff in the normal course of business.

2.5 Confidentiality of Applications

To facilitate the review process, the Board will require all Applicants to submit public (redacted) and confidential (unredacted) versions of their Applications by the Application Submission Deadline, per the Board's Rules of Practice and Procedure governing submission of confidential materials, N.J.A.C. 14:1-12.1, et seq., and the Open Public Records Act, N.J.S.A. 47:1A-1 et seq. ("OPRA"). Each uploaded file must include "Public" or "Confidential" at the beginning of the file name, and the remainder of the file name must be identical for both the public and confidential versions. All public and confidential versions of all documents must be searchable PDF files, except where a different file type, such as Excel, is required.

The Board intends to make all public versions of submitted Applications available to the general public following the Board Decision. The Applications will be available to the general public by using the Board's Public Document Search tool under BPU Docket No QO23100719.

For the confidential version of the Application, Applicants must include a statement identifying each type of data or materials it asserts are exempt from public disclosure under OPRA and/or the common law, and explaining the basis for the proposed redaction. Assertions that the entire Application and/or costs are exempt from public disclosure under OPRA, the common law, or the U.S. Copyright Act of 1976¹⁵ are overbroad and will not be honored by the Board. If Board Staff determines that an Application is excessively redacted, it may request that the Applicant submit a revised public version of one or more documents. If an Applicant elects not to seek confidential treatment of its Applications in its initial submittal, the entirety of the Application may be subject to public release.

Additionally, to facilitate public transparency, any winning Applicant will be required to make additional materials in its Application publicly available post-award, including, but not limited to, all materials necessary for members of the public to understand the Applicant's commitments to cost and schedule obligations. While there may be limited instances where material may remain confidential after submission of an Application (e.g., specific supply arrangements, Project financial information), the Board will look to the guidance provided by the New Jersey Division of Purchase and Property ("DPP") regarding the release of formal procurements as persuasive authority. The DPP rules state, in pertinent part, that "[a]fter the opening of sealed proposals, all information submitted by bidders in response to a solicitation of proposals is considered public information . . . except . . . as may be exempted from public disclosure by the Open Public Records Act, N.J.S.A. 47:1A-1 et seq. (OPRA), and the common law." N.J.A.C. 17:12-1.2(b).

The Board notes that it may elect to share confidential portions of the Application materials with other New Jersey government entities, including, but not limited to, NJDEP, Rate Counsel, DMAVA, and NJEDA, during the evaluation period or post-award.

¹⁵ 17 U.S.C. §§ 101 – 810.

3 PREBUILD INFRASTRUCTURE SPECIFICATIONS

Each Project must include the Cable Vaults at the Point of Demarcation, the Corridor extending from the Point of Demarcation to Sea Girt NGTC, the Transition Vaults at Sea Girt NGTC, and the HDD bores under the shoreline interface from the Transition Vaults to the offshore termination area, in a manner that meets the specifications of this Section 3. The Prebuild includes only the necessary infrastructure to house the transmission cables, and does not include the cables themselves. The Prebuild will consist of Duct Banks and Cable Vaults to accommodate the transmission Circuits selected in the Third Solicitation and future generation solicitations, and must accommodate a total of four (4) total Circuits for Qualified Projects.

Each Application must incorporate the design, as described below for the Prebuild Infrastructure enabling two (2) Circuits operating at 320 kV (capable of at least 1,360 MW) and two (2) Circuits operating at 525 kV (capable of at least 1,500 MW).

3.1 Reliability Considerations

In each Project, Applicants must ensure that each individual transmission Circuit can be installed, operated, and maintained independently. There cannot be a single or common point of failure that would result in an outage of more than one Circuit at one time for a single event. This aspect of the Prebuild design is of critical importance.

3.2 Maximum Power Delivery (MW) at POI

The maximum power transfer capability requirements for Circuits using the Prebuild must include two (2) Circuits capable of at least 1,360 MW operating at 320 kV, and two (2) Circuits capable of at least 1,500 MW operating at 525 kV.

The Prebuild must be capable of enabling these specified levels of maximum power delivery. These transmission capability ratings and circuit ampacities shall be for continuous operation occurring during the most restrictive seasonal conditions. Applicants are required to include thermal ampacity and total power capability assumptions for the Circuits that will utilize and share the Prebuild. As noted above, each Circuit must be electrically independent from all other Circuits in the shared Prebuild, with every attempt made to limit thermal interference from one Circuit to another that could reduce any of these Projects' applicable Maximum Power Delivery targets.

3.3 Design and Configuration Assumptions

The Third Solicitation required HVDC-based cable and converter technology. Future solicitations for Projects that will utilize the Prebuild will also require HVDC technology. The Duct Banks should be able to accommodate HVDC cables from all major vendors. Applicants are encouraged to consider the future-proof nature of their proposed design while allowing downward compatibility (i.e., Conduits sized for 525 kV cables should also accommodate installation of 320 kV cables).

Each Duct Bank should be structured to accommodate one spare cable per Circuit. For 320 kV cables operating as a monopolar system, this will require three (3) Conduits in total, including one (1) serving as a spare. For 525 kV cables with metallic return in a bipolar system, this will require four (4) Conduits in total, including one (1) serving as a spare. In addition to these primary cable Conduits, each Circuit will

require a smaller fiber optic control Conduit(s). These Circuits, their Conduits, and associated design elements (i.e., vault spacing, pulling lengths, and bending radii) should be downward compatible, so that 525 kV design should also be able to accommodate lower voltage cables (i.e., 320 kV).

3.4 Corridor Details – Sea Girt NGTC Landfall and HDD

The Applicant must consider landfall approaches at Sea Girt NGTC. Conducting the directional drilling/boring at landfall for a total of four (4) parallel Conduits is a required part of each proposed Prebuild design. Each Circuit will require an independent Transition Vault for cable splicing and terminating the HDD Conduits/pipe at landfall for a total of four (4) Circuits, consistent with the voltages and Maximum Power Delivery targets. Each Transition Vault will need to be accessed by an individual Qualified Project. Each Transition Vault and associated equipment at landfall must be installed with appropriate access and physical separation between Transition Vaults.

Applicants must design a Corridor with plans for Project sequencing to accommodate access to installation and maintenance of future cables which will avoid future conflicts or constraints. Applicants must identify any known limitations related to the order of installation for each Qualified Project in the respective Circuits when developing the Prebuild design in the Application.

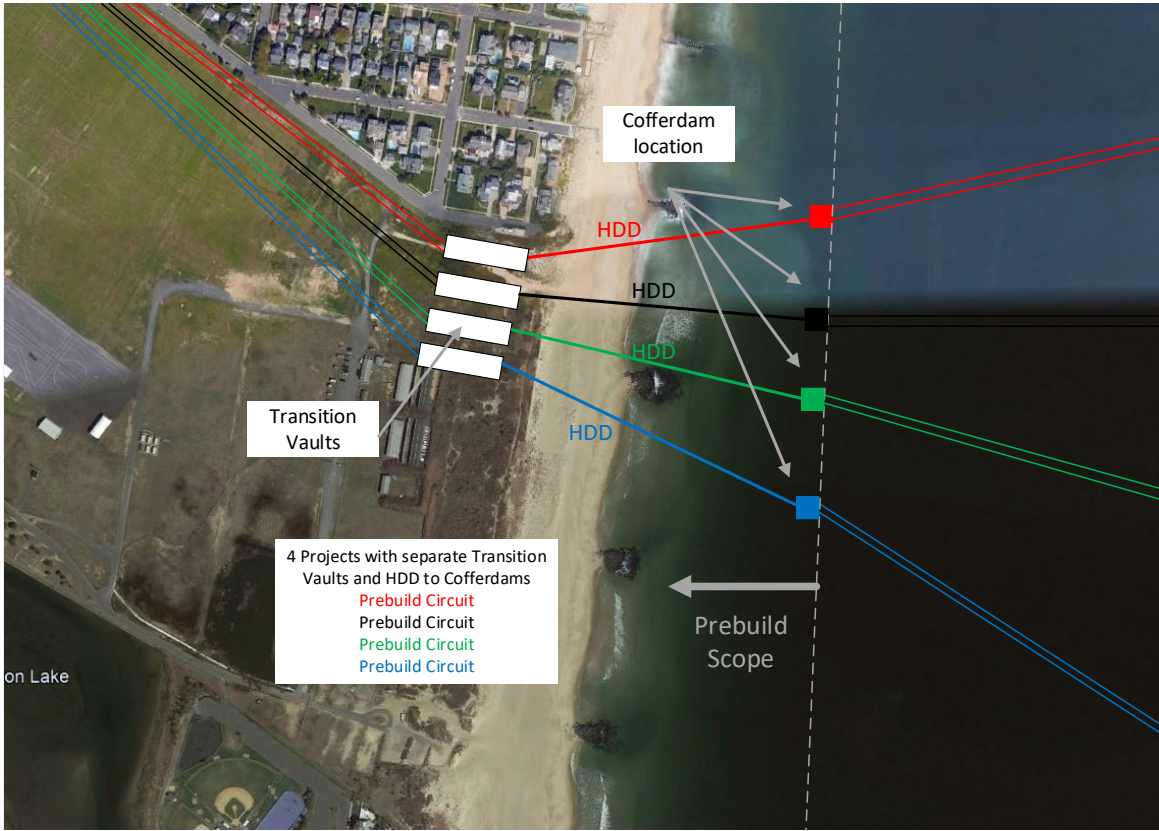
The Prebuild must include the HDD Conduit installation from the Transition Vaults extending to a specified location where the future cable installation will proceed via jet plow as shown in Figure 1. The Application must specify the exact location of the termination of the HDD. Reliability considerations will require independent HDD bores for each Circuit as part of the Prebuild installation to prevent impacts from adjacent Qualified Projects during normal and emergency O&M activities. Cofferdams themselves are not required, but debris containment is expected, consistent with the requirements of the environmental protection plan set out section 4.7.

3.5 Landfall Construction Specification

The parallel HDD bores should be installed as appropriate to maintain adequate separation between bores. The Applicant must keep all elements of the Prebuild, including HDD bores, related Conduits, and submarine exit points, accessible and maintained until such time that they are transferred to or accessed by each Qualified Project that will install cables therein, as described in Section 4.9 below.

For illustrative purposes only, Figure 1 below indicates the general concept for arrangement at the landfall point. It is not intended to indicate specific design requirements or locations of equipment.

Figure 1: Illustrative Example of Circuit Arrangement at Landfall



3.6 Corridor Details – Land Cable

Subject to the Maximum Power Delivery targets, proposed Corridors that demonstrate maximum flexibility to accommodate four (4) Circuits in the Prebuild in a single ROW would be preferred and evaluated favorably. Applicants are encouraged to identify limitations, conflicts, or constraints that can be mitigated to reduce both technology design risk and operating risk during the Project lifetime.

Prebuild designs must provide one proposed Corridor per Application to deliver each Circuit from landfall at Sea Girt NGTC to the Point of Demarcation. Alternate Corridors can be submitted in additional Application(s).

Applicants proposing to utilize Corridors that minimize or avoid land use constraints will be viewed favorably. However, Board action in this proceeding shall not be construed as providing approval for the proposed Corridor(s). The Board is not responsible for obtaining any required property rights or permitting obligations, including any rights associated with landfall at Sea Girt NGTC.

3.7 Special Cable Vaults, Duct Bank Cross Sections, and Crossings

Consistent with the Prebuild design requirements in this Section 3, Applicants must ensure that each Circuit in the Prebuild has its own independent Cable Vault access areas, even for “special” installations at areas of constraints or where HDD is required, to prevent impacts from (or to) adjacent Qualified Projects during normal and emergency O&M activities. Similar to the thermal loading requirements

stated above, each of the Circuits in these special Duct Bank or Conduit sections is required to be electrically independent from the others as well as having limited thermal interference (not impacting the target Maximum Power Delivery for each Circuit).

3.8 Proposed Cable Vault Locations and Configuration

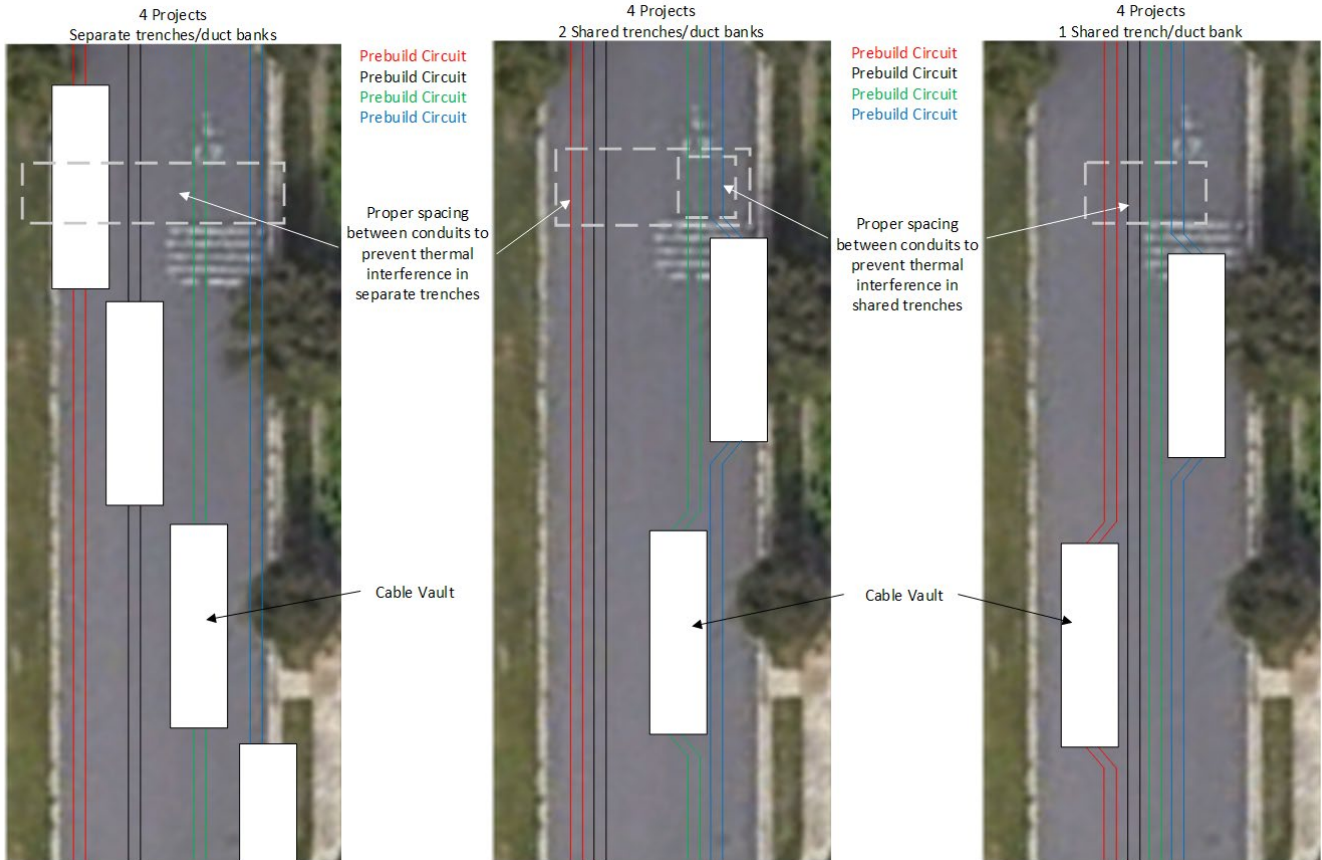
The Duct Bank and Cable Vault system for each Qualified Project is required to be independent from those utilized by the other Qualified Projects. There may be special considerations, however, that cover the planning, positioning, and sequencing of Cable Vault installation along the Corridor to gain the benefits of a single ROW approach. Emphasis on the avoidance of conflicts with local communities is required. When there is sufficient room in the proposed Corridor, the Cable Vaults for each Circuit should be slightly offset from one another so the overall width of the Prebuild can remain within the public ROW.

As previously discussed above, if there are other utilities in the street (or other constraints) which prevent the installation of the Cable Vaults necessary for installing multiple Project Circuits in a single ROW, it may be necessary to use two (2) adjacent streets (e.g., for up to two (2) Circuits each) in a split ROW approach. Each Application must select one Corridor for description in the Application Narrative, and Applicants are encouraged to submit additional Applications for alternative Corridors.¹⁶ Staff recognizes that the conditions between Sea Girt NGTC and the Point of Demarcation may challenge the ability to install independent Cable Vaults and Duct Banks for four (4) Circuits in a single ROW. In certain narrow sections of the ROW, it may be necessary that Cable Vaults be installed with additional space between them, even in a single ROW, most notably at areas where there is a bend or at turns. Staff encourages Applicants to consider viable alternatives.

For illustrative purposes only, Figure 2 indicates the general concepts described above. Figure 2 is not intended to indicate specific design requirements or location of specific equipment.

¹⁶ See id.

Figure 2: Illustrative Example of Duct Bank and Cable Vault Layout



The Cable Vaults for each Circuit must be isolated from one another and contain their own access points and sufficient space for performing necessary cable pulling and joint splicing activity in accord with Good Utility Practice for both safety and reliability purposes, while the other Circuits can be in operation at the same time. Applicants are encouraged to include a plan to ensure all other Circuits may be operational during these installation or maintenance activities. Applicants shall provide a typical layout design and identified probable locations for Cable Vaults along the entire Corridor. Any special vaults for surface conflicts and constrained or challenging areas, as well as designs for the Transition Vaults at Sea Girt NGTC landfall location must be designated.

3.9 Corridor Details – Larrabee Collector Station

Applicants should consider the general arrangement of Project Circuits approaching the Point of Demarcation at or near the LCS, along with the consideration of the future sequencing of cables subsequently installed in the Prebuild. The coordinates of the Point of Demarcation are: Latitude: 40°6'56.84"N; Longitude: 74°11'24.72"W. The approach to the LCS will have independent, parallel, and separated Duct Banks and Cable Vaults with the appropriate cable installation sequencing considered to minimize future conflicts. The awarded Applicant will coordinate final locations of the Cable Vaults at the point of demarcation with MAOD, the LCS developer, after the Project award.

MAOD will be responsible for the scope from the Prebuild Cable Vaults at the Point of Demarcation to the HVDC converter stations. The final design and layout at the Point of Demarcation will need to be coordinated with MAOD after the Prebuild is awarded.

Applicants must consider the appropriate sequencing of Circuit utilization, if required, to minimize any conflicts between Qualified Projects.

4 MATERIALS REQUIRED FROM APPLICANTS

There are two (2) primary components to the Application: (i) the Application Narrative and (ii) the Application Form. Each Application Narrative must be a stand-alone document with “Application Narrative” in the file name that includes the information described in each of the following subsections, with a detailed table of contents. Each Application Narrative must address each requirement of this Section 4. Each Application Narrative must be a fully-searchable PDF document. Each Application Narrative must match the structure of this Section 4. For example, “Applicant Information,” as explained in further detail in Section 4.1 below, must be presented in Section 1 of the Application Narrative. If specific content is relevant to multiple sections of the Application Narrative, or multiple Applications (i.e. multiple cable routes), it does not need to be repeated in each of those sections, but instead should be cross-referenced as needed.

Applicants can include additional relevant information beyond the listed requirements at their discretion (“Additional Information”). Additional Information should be included in the most relevant section of the Application Narrative. If the Additional Information does not reasonably fit into one of the required sections, an Applicant may append an additional section titled “Additional Information.”

Additional components of the Application include required attachments as noted below and any additional attachments that the Applicant believes provide Additional Information that is necessary to fully describe the included Project Scenarios. Unless specifically required to be provided in a different format such as Excel, attachments for each section of the Application Narrative should be consolidated into a single searchable PDF file with numbered pages, with “Attachments to Section [#]” in the file name.

The Application Form (Attachment 1 below) is an Excel file that requires entry of summary information and standardized quantitative components, including financial details. An Applicant must submit each Application Form as a working Excel (.xlsx) file. An Applicant must submit a separate Application Form for each Application, with “Application Form – [Project Scenario Name]” in the file name.

To assist Applicants in preparing their Applications, an “Administrative Completeness Checklist” Excel file with a condensed statement of the requirements deemed necessary and included in this SGD – is included as Attachment 2 below. Each Applicant must submit as a working Excel (.xlsx) file a single, completed Administrative Completeness Checklist, with the file name “Administrative Completeness Checklist.” This Administrative Completeness Checklist is intended to allow Applicants and evaluators to assess whether an Application is administratively complete. However, this checklist is only a tool for Applicants and evaluators. The ultimate requirements are those contained in this Prebuild Solicitation Guidance Document. Each Applicant must submit a single Application Completeness Checklist that will apply to all Applications.

Each Applicant must submit a single, completed Applicant Commitment Form (see Attachment 3) that will apply to all Applications, (Attachment 3 below) signed by an authorized officer who possesses signing authority on behalf of the Applicant, with “Applicant Commitment Form” in the file name. By signing the Applicant Commitment Form, the Applicant’s authorized officer acknowledges that the Applicant will comply with all commitments made in the Applicant Commitment Form that will be conditions of the Board Decision. Notably, the Applicant Commitment Form will bind the Applicant to the terms of the voluntary Cost and Schedule Commitments submitted in the Application.¹⁷ The Applicant Commitment Form also contains an acknowledgement that the Board may share confidential information the Applicant provides with other New Jersey agencies, with PJM, and with federal agencies with jurisdiction over the interconnection and permitting of the Project.

The proposed Cost and Schedule Commitments, which appear as Attachment 4, sets forth Staff’s preferred binding cost containment and schedule containment commitments. If the Applicant objects to specific terms in these proposed terms and conditions, or proposes an alternate cost and schedule commitment, the Applicant must provide clean and redline (against Attachment 4) versions of the conditions that the Applicant is committing as a condition of accepting the Application. If the Applicant submits revisions to the cost or schedule containment provisions set out in the proposed Cost and Schedule Commitments, they will apply to all Applications, that is, the same cost and schedule containment terms will apply to all Applications a particular Applicant submits.

4.1 Applicant Information

Section 1 of the Application Narrative must contain the following information:

- A demonstration of the Applicant’s applicable experience in projects of similar size and scope to the proposed Project,
- List of all of the Applicant’s key employees,¹⁸ including resumes for each that detail their individual experience in construction and operation of transmission lines and cable systems of comparable voltages, similar size and scope, including HVDC facilities,¹⁹
- Description of any work done to date by the Applicant’s key employees in developing projects of similar scope,
- If the work described was not performed by the entire team of key employees, the Applicant must delineate the experience or work performed by the applicable key employees,
- A detailed disclosure of any prior business bankruptcies, defaults, disbarments, investigations, indictments, stock exchange de-listings, rating downgrades, or other actions against either the Applicant, its parent company, affiliates, subsidiaries, or any key employees identified above.

¹⁷ These Cost and Schedule Commitments will ultimately be submitted for inclusion as non-standard terms in a Designated Entity Agreement with PJM.

¹⁸ “Key employee” means any individual employed by the Applicant in a supervisory capacity or empowered to make discretionary decisions with respect to the Project.

¹⁹ Resumes for each key employee can be provided in an attachment.

Attachments to Section 1 of the Application Narrative must contain the following information:

- Certification and evidence demonstrating Applicant's status as a PJM pre-qualified Designated Entity.

4.2 Project Descriptions

Section 2 of the Application Narrative must contain the following information, consistent with the Prebuild infrastructure specifications specified in Section 3 of this PSGD:

- A detailed description of the Project, including an explanation of how the Project satisfies each element of the Prebuild infrastructure specifications specified in Section 3, with emphasis placed on safety, reliability, and constructability for four (4) Circuits,
- Maps, surveys, and other visual aids that support the detailed description of the Project,
- A demonstration that the selected technology, construction techniques, and selected materials are technically viable,
- Affirmation that the expected Circuit capacities that the proposed Prebuild can accommodate and meet the Maximum Power Delivery requirements, and
- Overall Corridor diagrams and maps for the Prebuild (Corridor can be a single ROW or split ROW, as described in Section 3 above), including:
 - Sea Girt NGTC landfall location,
 - The locations of the Transition Vaults,
 - The overall Corridor,
 - The locations of all Cable Vaults,
 - The Point of Demarcation, and
 - The locations of any expected conflicts or constraints.
- Details of the estimated landfall configuration:
 - Location of Transition Vaults, including indications in the GIS shapefiles provided with the Application,
 - Installation details of the Transition Vaults, including, but not limited to, the identification of potential approaches and HDD /boring locations at landfall for a total of four (4) parallel Conduits to accommodate multiple Qualified Projects' access to the Prebuild,
 - Design of Transition Vaults (physical dimensions, cable and splicing arrangements within the Transition Vaults, and separation between Transition Vaults and Conduits/pipe),

- Duct Bank arrangement and Corridor leaving Transition Vaults toward POI (cross section of the Conduit/cable configuration, maximum cable sizes accommodated or assumed, and spare power and/or communication Conduits),
 - Directional drilling/boring method and details,
 - Specification, including GIS maps and feasibility evaluation, of termination areas where future cable installations of Qualified Projects will proceed, and
 - Assumptions used for thermal resistivities of soils, slurries, concrete, and backfill materials.
- A description of the reasons why Applicant selected the Corridor, with a list of any potential problems, constraints or limitations with siting the Prebuild along the selected Corridor, including identification of the locations where the Project will encounter specific and known challenges from a thermal and physical perspective,
- Information regarding the configuration of the Prebuild between Sea Girt NGTC and Point of Demarcation:
 - Typical Duct Bank cross sections (diameters, separation, height, width, and burial depth in various sections) for (i) occupied Conduits, (ii) spare Conduits, (iii) telecommunication Conduits, and (iv) Conduits for cable grounding and bonding connectors,
 - Separation between Duct Banks in separate trenches, and
 - Analysis of thermal interference between Duct Banks, including assumptions used for thermal resistivities of soils, concrete, and backfill materials.
- Information regarding Cable Vault design layouts:
 - Physical dimensions (size and installation depth) for Transition Vaults and Cable Vaults located along the Prebuild Corridor,
 - Cable Vault spacing along each Circuit,
 - Separation/offset between Cable Vaults for adjacent Circuits,
 - Cable and splicing arrangements within Cable Vaults, and
 - Access and Maintenance assumptions.
- Details for any special Cable Vaults or Duct Bank/Conduit segments including, but not limited to:
 - Location and explanation of constraints (tight curves or bending radius issues, narrow ROWs, limitations of cable sizes/types to be pulled, surface constraint requiring drilling, etc.) and method/technique to mitigate the constraints (e.g., directional bores, microtunnels, etc.) and

- Separation between Duct Banks of adjacent Circuits, including a review of thermal interference between Duct Banks and assumptions used for soil and backfill thermal resistivity at specific locations.
- Information regarding the Prebuild configuration at or near the Point of Demarcation:
 - Relative arrangement of Circuits,
 - Layout of the Prebuild Corridor into vaults at the Point of Demarcation,
 - Sequencing constraints for Circuit utilization, and
 - Identification of any local limitations, special crossings, or conflicts.
- Identification of primary obstructions and other underground facilities located along the Corridor in the plans, including any plans for mitigation (e.g., proposed course of action, timing, involved stakeholders, and estimated costs),
- The assumptions used in the thermal calculations to verify that the Scenario requirements are met, including:²⁰
 - Cable voltage (kV),
 - Cable ampacity (A),
 - Cable outer diameter (in or mm),
 - Conductor size (kCmil or mm²) and material,
 - Maximum conductor operating temperature,
 - Insulation thickness (in or mm),
 - Minimum bending radius,
 - Maximum pulling tension, and
 - Other cable construction details (shielding, sheath, outer jacket, armor, bundling).
- Study results to demonstrate Maximum Power Delivery:
 - When two (2) Circuits are operating at 1,360 MW at 320 kV and two (2) Circuits are operating at 1,500 MW at 525 kV, and
 - When four (4) Circuits are operating at 1,360 MW at 320 kV.
- An identification of the nature of the Applicant’s land ownership and lease requirements for all aspects of the Project, a plan for accomplishing remaining steps toward acquiring necessary leases

²⁰ Assumptions must also be entered in the Application Form.

or land ownership, and a demonstration of adequate financial resources to acquire any land and/or leases needed to undertake the Project,

- A demonstration of the ways in which specific features of the Project strengthen grid reliability objectives, including appropriate separation and independence of each transmission circuit,
- A plan to procure the proposed materials and equipment, including key milestones, status of the procurement process, and expected manufacturer warranty terms for major types of equipment, and
- A description and illustration of the ways in which the Applicant addresses Good Utility Practice in the design of the Prebuild by providing technical documentation for all portions of the Prebuild design and Corridor, including:
 - Duct Bank cross sections,
 - Separation between Duct Banks,
 - Analysis of thermal interference between Duct Banks, including assumptions used for concrete, soil and backfill thermal resistivity,
 - Details of the cable vaults,
 - The installation details of the HDD path, locations and details of transition cable vaults, locations of any expected conflicts, and a description of the method used to install the marine portion of the cable vault and the target depth of cable vault burial, and
 - Demonstration of due separation and independence of each transmission Circuit, and
- Identification of any facilities that will be used to support construction of the Project,

Attachments to Section 2 of the Application Narrative must contain the following information:

- A Letter of Intent (“LOI”) or Memorandum of Understanding (“MOU”) from the proposed engineering, procurement, and construction contractor, balance of plant contractor, and/or key construction contractors or vendors.

4.3 Schedule Commitment, Consequences, and Incentives

Timely delivery of the Prebuild is of paramount importance to the success of the Board’s OSW goals and the SAA. Accordingly, the Board retains a strong preference for Applicants who commit to the proposed schedule commitments as described in this Section for late Project delivery. Staff may delay the Expected In-Service Date of the Prebuild at its discretion.²¹ The Application must include a detailed timeline and descriptions for major Project milestones that enable the Project to be completed and in-service (as specified further in Section 4.9) by the Expected In-Service Date specified in Section 2 above, which forms the basis for Schedule Commitments. This timeline must also be included and submitted by

²¹ The Expected In-Service Date will not be before January 17, 2029 for the full scope, or October 18th, 2028 for the onshore only scope.

the applicant by completing Attachment 5. The ability for the Project to meet these identified Schedule Commitments and be completed by the Expected In-Service Date is also a criteria for evaluation, as described further in Section 5.

While the Schedule Commitment remains voluntary for Applicants, Applications that provide Schedule Commitments consistent with the structure described in this Section and specified in Attachment 4 will be preferred. Should Applicants desire to submit different elements or a different structure of Schedule Commitment, the Application must include a redlined (against Attachment 4) set of Applicant proposed terms implementing Applicant's proposed commitments. These schedule commitments will ultimately be submitted for inclusion as non-standard terms in a Designated Entity Agreement with PJM.

In the preferred Schedule Commitment structure as set out in Attachment 4, as a consequence for not completing the awarded Project by the Expected In-Service Date, the Project's ROE will progressively decline, with a 35-basis point reduction (as submitted pursuant to Section 4.5 and approved by FERC, and within the FERC-approved equity ratio) for each 90 days of delay beyond the Expected In-Service Date, applied to the Project's entire capital cost, with a minimum ROE set at the Applicant's cost of debt.²² Each ROE adjustment becomes effective on the first day following each 90-day period of delay of the Expected In-Service Date until the minimum ROE is reached or the project is deemed placed in-service, whichever comes first. Specific terms implementing this preferred Schedule Commitment are included in Attachment 4.

The preferred schedule commitment also includes performance-based return adders, applied for placing the Prebuild facilities in-service ahead of the Expected In-Service Date. For delivery between 30-120 days in advance of the Expected In-Service Date, a 25 basis-point incentive adder will be available; for delivery 121+ days in advance of the Expected In-Service Date, a 50 basis-point incentive adder will be available for the Project.

The preferred Schedule Commitment also provides a definition of Uncontrollable Force, intended to govern exceptions from the Schedule Commitments. Similar to the other terms of the Schedule Commitment, if the Applicant proposes an alternate definition of Uncontrollable Force, the Application must include a redlined (against the Uncontrollable Force provisions in Attachment 4) set of provisions.

In order for their Project to meet the Expected In-Service Date for purposes of this Schedule Commitment, Applicant will commit to provide formal engineering documentation and certification by a third-party engineer of the integrity, based on standard industry requirements, of the full scope of the Prebuild Infrastructure. Applicant will commit to provide such documentation as part of the Applicant Commitment Form. Applicant will provide such documentation regarding Duct Banks, Cable Vaults, HDD bores, Conduits, and any submarine exit points in an informational filing to the Board prior to the utilization by a Qualified Project. Such informational filing will qualify the Prebuild Infrastructure to meet the Expected In-Service Date, for the purposes of this Section.

As detailed in Section 5, Staff will assess the likelihood of timely commercial operation and the constructability of an Applicant's proposed Project on the basis of the timeline and milestones provided

²² These ROE Adjustments would be additive to the adjustments for preferred Cost Cap measures discussed in Section 4.5, but the preferred measures in no case envision that the Applicant's ROE be set to an amount lower than the cost of debt. See examples in Tables 4 and 5.

in such Applicant's Application and memorialized in Attachment 5. The ability for the proposed Project to meet the stated schedule milestones in the Application will serve as a threshold criteria in the evaluation process as described further in Section 5, below.

Section 3 of the Application Narrative must contain the following information:

- A detailed timeline specifying the sequencing and specific milestone dates for completion of major elements of Project schedule, including permitting (reflecting the Permitting Plan described in Section 4.8), engineering, design, procurement, construction (including HDD), licensing, Expected In-Service Date (as specified in Section 2, above), etc., and
- A detailed explanation of each milestone identified in the provided timeline.
- A description of the Schedule Commitment and Uncontrollable Force provisions proposed to be utilized by the Applicant. If the preferred Schedule Commitment mechanism set out in Attachment 4 is utilized by the Applicant, no further information (beyond the Applicant Commitment Form in Attachment 3) needs to be provided except an indication that Applicant has elected the preferred Schedule Commitment; if an alternate Schedule Commitment is proposed, Applicant must provide a redline set of Applicant proposed terms and conditions (against the Staff proposed terms and conditions that appears as Attachment 4).

Attachments to Section 3 of the Application Narrative must contain the following information:

- An identification of all known potential sources of delays in the Project schedule, and how those delays could be mitigated, or if not mitigated, how they would affect the overall Project schedule.
- Sufficient documentation to support any alternate proposed Schedule Commitment mechanism.

4.4 Cost Estimate

In support of the Project's cost containment measures, discussed in Section 4.5 below, Applicant must submit detailed cost estimates for each discrete element of the Project's construction. These elements must include, but are not limited to engineering, permitting, site control, materials/equipment, construction, construction management, overhead & miscellaneous, and contingency. Applicants are encouraged to supplement these categories with additional details as available. Submitted cost estimates should form the basis of the Project's binding cost containment, described below.

The Application must also describe any tax credits, subsidies, grants, or other federal benefits the Project is anticipating utilizing. Each Application must also fully describe the manner in which the development of its cost estimate or cost containment measures are reliant on any of these identified programs or benefits. Applicant should further assess the likelihood of successfully utilizing the identified programs or benefits.

Section 4 of the Application Narrative must contain the following information:

- A description of the cost estimates for each discrete element of Project construction, including engineering, permitting, site control, materials/equipment, construction, construction management, overhead & miscellaneous, and contingency,²³
 - A description of the cost estimate for each element set out above related to all work on the offshore side of the Transition Vaults (i.e., HDD at landfall and offshore termination areas)
 - A description of the cost estimate of the remainder of the scope, up to and including the Transition Vaults, excluding all elements on the offshore side of the Transition Vaults (i.e., HDD at landfall and offshore termination areas)
- The total Project cost,²⁴ and
 - The total project cost from the cable vaults at the Point of Demarcation up to and including the Transition Vaults, excluding all elements on the offshore side of the Transition Vaults (i.e., HDD at landfall and offshore termination areas)
- A description of the process utilized by the Applicant to verify and confirm the provided cost estimate.

Attachments to Section 4 of the Application Narrative must contain the following information:

- A detailed cost build-up of the Project incorporating each discrete element identified by the Applicant, presented in an Excel file and
- The feasibility study used to determine each of these cost components.

4.5 Cost Containment and Rate Design

Cost control over the approved Project remains a priority of the Board. To further this objective, this Prebuild Solicitation includes the design of a preferred cost containment approach. Applicants are encouraged to commit to the form of cost containment set out in Attachment 4. However, cost containment submissions are voluntary; Applicants are free to propose their own cost containment approach, no cost containment approach, or a revised version of the preferred cost containment approach described in this Section 4.5. Similar to the approach outlined in Section 4.3, any alternate cost containment submission must provide a redline of Applicant’s proposed terms and conditions against the preferred terms and conditions found in Attachment 4. Any cost containment approach submitted by an Applicant will be binding on that Applicant (under the terms submitted by Applicant) under the terms of the Applicant Commitment Form. These Cost Commitments will ultimately be submitted for inclusion as non-standard terms in a DEA with PJM.

As reflected in the proposed nonstandard terms and conditions in Attachment 4, the preferred terms also provide a definition of Uncontrollable Force, intended to govern exceptions from cost containment.

²³ Cost component data is also required to be entered in the Application Form (see Attachment 1).

²⁴ Total Project cost is also required to be entered in the Application Form (see Attachment 1).

Any alternative proposed cost containment approach must also include a redlined set of Uncontrollable Force provisions (against Attachment 4).

Preferred cost containment commitments will consist of standard regulated cost recovery via FERC revenue requirement, subject to Applicant’s commitment to cap all capital and investment costs pursuant to the “Firm cap” provisions outlined in this Section, and the related Uncontrollable Force described above. This Firm cap structure limits the ROE associated with Project capital expenses over the level of the capital Cost Cap and does not limit recovery of prudently-incurred costs subject to FERC review. Specifically, the preferred cost containment provision results in larger ROE reductions as the level of cost overrun grows. For costs incurred between 100-110% of the binding Cost Cap, the allowable ROE (subject to proposed and approved equity structures) will be limited to the midpoint between the Project’s FERC-allowed ROE (including incentive-adders, if any) and the Project’s cost of debt. For costs incurred over 110% of the binding Cost Cap, the allowable ROE will be limited to the Project’s cost of debt.²⁵ In either case, the allowable ROE on all costs incurred up to 100% of the binding costs will remain at the requested level pursuant to FERC approval (and subject to schedule commitment adjustments described in Section 4.3 above).

Table 2: Preferred Cost Containment Commitment Provisions

Costs Incurred as a Percent of Cost Cap	Cost Recovery
Up to 100%	FERC-allowed ROE
Between 100-110%	Midpoint between FERC-allowed ROE (including approved adders, if any) and approved cost-of-debt
Over 110%	Approved cost-of-debt.
Note that all other aspects of the FERC formula rate submitted by the Applicant in Section 4.5 and approved by FERC will remain in force, with only the ROE for the designated equity percentage subject to change as a result of these cost containment provisions.	

To account for future changes in underlying component cost while preserving aggressive competition, the level of the capital Cost Cap contained within the Firm Cap paradigm of preferred cost containment commitments described in this Section will be subject to an inflation adjustment mechanism. This mechanism will account for the change in input costs due to inflation across a number of specified indices, between the time of the Application and 18 months before the Expected In-Service Date. The change in the capital cost as a result of the inflation adjustment will be limited to 15%, that is, capital costs subject to the cost containment mechanism will be neither increased nor decreased more than 15%, even if a larger adjustment is indicated by the index values.

This inflation adjustment will alter the total Project costs subject to the capital Cost Cap and contained within the Firm Cap. No petition to the Board will be required to operate the inflation adjustment mechanism; to institute this mechanism, Applicants are expected to include the adjustment within their submitted draft FERC formula rate protocols, which will also include the Firm Cap provisions described

²⁵ These ROE adjustments are applied to the incremental cost overrun that falls within each tier (e.g. between 100%-110%), and not the entire capital cost of the Project.

above and the Uncontrollable Force provisions outlined in Attachment 4 (or contained in Applicant’s proposed alternate cost containment mechanism, as reflected in Applicant’s redline of Attachment 4).

The inflation adjustment mechanism is calculated as below:

$$CapCost_{inf} = CapCost_{base} \times \sum \frac{Index_{M,i}}{Index_{I,i}} \times F_i$$

Where,

- $CapCost_{inf}$ is the capital cost after inflation adjustment at the time of FERC’s approval of the DEA, to be used as the Firm Cap level for the purposes of preferred cost containment;
- $CapCost_{base}$ is the as-bid Capital Cost, i.e., the level of the Firm Cap, submitted under the terms of the Uncontrollable Force and recovery provisions outlined in this Attachment;
- $Index_{M,i}$ is the average index value for cost component i over the three months before and three months after FERC’s approval of the DEA;
- $Index_{I,i}$ is the average index value for cost component i over the twelve months prior to the Application Submission Deadline; and
- F_i is the fraction associated with cost component i , set out in Table 3 below.

Table 3: Fractions Associated with Price Components

Price Component	F Value	Index ²⁶
Fixed	0.25	N/A
Labor	0.25	BLS Employment Cost Trends Data Series CES2000000003 Average hourly earnings of all employees, construction, seasonally adjusted
Ready-Mix Concrete	0.25	BLS PPI Data Series WPU13330101A: PPI commodity data for Ready-mix Concrete, Northeast Region
Construction Equipment Rental and Leasing	0.25	BLS PPI Data Series PCU5324125324121: PPI industry data for Other Heavy Machinery Rental and Leasing: Construction Equipment Rental and Leasing

The Application must also include a template FERC rate design (stated or FERC formula rate) with all known inputs, and a detailed explanation of this design accounting for the cost containment and Schedule Commitment penalties described in this Section and Section 4.3 above. The description and template should include, but not be limited to, proposed ROE, proposed cost of debt, proposed equity percentage, depreciation schedules, and a list and justification for all incentive adders that will be pursued by Applicant if awarded. This template must also account for the descriptions of any tax-advantaged financing or other federal benefits relied on by the project provided in Section 4.4.

²⁶ Bureau of Labor Statics (placeholder)

The Schedule Commitment, Firm cap, and performance bonus provisions of this Prebuild Solicitation work together to provide an integrated suite of incentives to Applicants in support of the Board’s goals. Two examples are provided below, for illustration purposes only, to clarify the manner in which these provisions are intended to work together.

- **Example 1** - Project Z is placed in-service two (2) months ahead of the Expected In-Service Date, at 115% of its capital Cost Cap.

Table 4: Example 1: Project Z

Costs Incurred as a Percent of Cost Cap	Cost Containment ROE	Schedule Commitment Incentive	After-Adjustment ROE	Weighted Average ROE
0-100%	10%	+0.25%	10.25%	
100-110%	7.5%	+0.25%	7.75%	
110-115%	5%	+0.25%	5.25%	
				9.16%
Note: Requested ROE after FERC incentives assumed to be 10%, cost of debt assumed to be 5%, and that all other aspects of the FERC formula rate submitted by the Applicant in Section 4.5 and approved by FERC will remain in force, with only the ROE for the designated equity percentage subject to change as a result of these cost containment provisions.				

- **Example 2** - Project Y is placed in-service four (4) months after the Expected In-Service Date, at 105% of its capital Cost Cap.

Table 5: Example 2: Project Y

Costs Incurred as a Percent of Cost Cap	Cost Containment ROE	Schedule Commitment Reduction	After-Adjustment ROE	Weighted Average ROE
0-100%	10%	-0.7%	9.3%	
100-105%	7.5%	-0.7%	6.8%	
				9.18%
Note: Requested ROE after FERC incentives assumed to be 10%, cost of debt assumed to be 5%, and that all other aspects of the FERC formula rate submitted by the Applicant in Section 4.5 and approved by FERC will remain in force, with only the ROE for the designated equity percentage subject to change as a result of these cost containment provisions.				

Section 5 of the Application Narrative must contain the following information:

- A description of the proposed FERC formula rate spreadsheets associated with existing or new rate design that will be used to recover the cost of the Project, including all known inputs as described below²⁷,
- A description of the proposed FERC formula Rate protocols associated with existing or new rates that will be utilized to recover the cost of the Project, including how the Applicant has included the proposed cost containment commitment provisions and Schedule Commitment provisions,²⁸
- A description of all FERC rate incentive adders that will be sought by the Applicant, the justification for applying for each adder, and the scope of application for each adder,
- A description of the cost containment, schedule commitments and Uncontrollable Force provisions proposed to be utilized by the Applicant. If the preferred terms set out in Attachment 4 are utilized by the Applicant, no further information (beyond the Applicant Commitment Form in Attachment 3) needs to be provided except an indication that Applicant has elected the preferred terms. and
- A description of any tax advantaged financing, loans, or grants, pursued or awarded to the Applicant, including the financial impact on the Project anticipated from any such awards.

Attachments to Section 4.5.5 of the Application Narrative must contain the following information:

- Editable Excel spreadsheets of draft FERC formula rates, proposed or existing (that will be used for the Project), accounting for proposed cost containment provisions and required Schedule Commitment provisions,
- Proposed or existing FERC formula rate protocols,
- Details on revenue requirement inputs, including:
 - O&M, G&A Costs
 - ▶ Cost estimates for Operations, Maintenance, and G&A FERC US of A 560-570 series, 920 series.
 - ▶ O&M escalation rates
 - ▶ Clarification if O&M, G&A expenses are covered in cost containment,
 - Capital Structure
 - ▶ Debt-to-Equity ratio (specify if actual or hypothetical)
 - ▶ Cost of debt
 - ▶ Proposed ROE (identify any embedded/anticipated FERC adders described above),
 - Depreciation
 - ▶ Book life by asset class
 - ▶ Tax depreciation method e.g., 5-year MACRS, half-year convention

²⁷ While the Board and Staff will review this information, please note that the review shall not constitute consent or agreement with these documents when they are ultimately filed at FERC.

²⁸ Same as Footnote 27.

- ▶ Book and tax depreciation schedule for CapEx and On-going CapEx,
- Taxes
 - ▶ Federal and state income tax rates
 - ▶ Description of blended income tax rate calculations, if any
 - ▶ Property tax rate
 - ▶ Deferred income tax schedule, if appropriate,
- Discount Rate, and
- Revenue Requirement
 - ▶ Estimated annual revenue requirement for each proposed solution from commercial operation through the book life of the plant.
 - ▶ Provide revenue requirement build-up workbook, including depreciation, cost of debt, return on equity, federal and state income tax, property tax, and other costs e.g., O&M, G&A other income tax.
- Sufficient documentation to support any alternate proposed cost containment mechanism.

4.6 Stakeholder Engagement

Section 6 of the Application Narrative must contain the following information:

- A description of the Applicant’s values and philosophy related to stakeholder engagement;
- Identification of key stakeholders by category and specific organizations or entities, and goals for engagement with these stakeholders, including, but not limited to, tribal nations, community-based organizations, local and county elected officials, recreational and commercial fisheries, labor unions, higher education, coastal residents and business owners, economic and workforce development organizations, environmental and environmental justice groups, OBCs, and New Jersey SMWVBEs;
- A plan for engaging all identified stakeholders, to take place after any award associated with this Prebuild Solicitation.

4.7 Environmental Protection Plan

Projects must be planned to avoid impacts to natural resources, minimize impacts when avoidance is not possible, and mitigate impacts where necessary. Environmental protection measures must span all phases and components of a Project, including on-shore and off-shore HDD and any Cofferdam activities at the termination area, pre-construction surveys, construction, and operation and decommissioning.

Where necessary environmental protection measures are not defined or fall outside the environmental resource categories described below, the Applicant shall commit, as part of its environmental protection plan, to:

- Work collaboratively with the State, federal agencies, and other stakeholders to identify such impacts and to develop approaches that avoid impacts on the environment, biodiversity and ecosystem services,

- Where avoidance is not possible, minimize such impacts,
- When impacts are predicted to occur notwithstanding the implementation of practical avoidance and mitigation measures, rehabilitate or restore ecosystems, and
- Where significant residual impacts are predicted to remain, offset such impacts.

Section 7 of the Application Narrative must contain the following information:

- Description of how the Applicant intends to avoid, minimize, and/or mitigate adverse impacts to biota and habitats, and shall address the following environmental resource categories:
 - Physical Resources:
 - ▶ Air quality,
 - ▶ Geological resources,
 - ▶ Airborne sound (noise),
 - ▶ Water quality,
 - ▶ Underwater acoustics, and
 - ▶ Wetlands and waterbodies,
 - Biological Resources:
 - ▶ Benthic & shellfish,
 - ▶ Coastal & terrestrial habitats,
 - ▶ Finfish & essential fish habitats,
 - ▶ Marine mammals & sea turtles,
 - ▶ Avian and bat species,
 - ▶ Terrestrial wildlife, and
 - ▶ Submerged aquatic vegetation,
 - Cultural Resources:
 - ▶ Above-ground historic properties,
 - ▶ Marine archaeology, and
 - ▶ Terrestrial archaeology,
 - Socioeconomic Resources:
 - ▶ Visual resources,
 - ▶ Commercial and recreational fisheries,
 - ▶ Commercial shipping,
 - ▶ Vessel & vehicle traffic,
 - ▶ Environmental justice,
 - ▶ Land use and zoning,
 - ▶ Existing cables,
 - ▶ Tourism,
 - ▶ Public health & safety,
 - ▶ Workforce, economy, and

- ▶ Demographics,
 - Open Space/Recreation:
 - ▶ Green Acres encumbered lands,
 - ▶ State-owned lands, and
 - ▶ Wildlife management areas,
 - Hazardous waste, and
 - Electric and magnetic fields (“EMF”),
- A comprehensive description of the anticipated environmental benefits and environmental impacts of the Project including an analysis of the onshore Corridor chosen. If more than one ROW is necessary for the Corridor (e.g., a split ROW as discussed in Section 3), documentation must be provided as to why multiple ROW are needed, how many Circuits will be installed in each ROW, and the environmental impacts and benefits (if any) of multiple ROWs,
 - An acreage calculation of habitat disturbance, especially related to wetlands, forested areas, or other sensitive habitats,
 - Projected vessels traffic and/or vehicles needed for Project surveys, construction, operation, and project closeout,
 - An assessment of the impact to fisheries including:
 - A scientifically rigorous description of the marine resources that exist in the Project area, including biota and commercial and recreational fisheries, that is informed by published studies, fisheries-dependent data, and fisheries-independent data, and identifies species of concern and potentially impacted fisheries,
 - A scientifically rigorous plan to detect impacts to marine resources, including biota and recreational and commercial fisheries,
 - Identification of all potential impacts on fish and on commercial and recreational fisheries off the coast of New Jersey from pre-construction activities through Project close out,
 - An explanation of how the Applicant will provide reasonable accommodations to commercial and recreational fishing for efficient and safe access to fishing grounds, and
 - A description of the Applicant's plan for addressing loss of or damage to fishing gear or vessels from interactions with offshore wind related infrastructure or equipment,
 - A description of how the Applicant will identify (or has identified) environmental and fisheries stakeholders, any outreach that has occurred to date, and how the Applicant proposes to communicate with those stakeholders during pre-construction activities through decommissioning, as well as a plan for transparent reporting of how stakeholders’ concerns were addressed, consistent with Section 4.6, above,

- A description of how onshore elements of the Project will be compatible with surrounding land use and communities, and will safeguard environmentally and culturally sensitive areas,
 - A description of the potential impact of the Project on OBCs. If impacts to an OBC are anticipated during or after construction, including, but not limited to, increased noise, dust, impervious surface, truck traffic, or loss of tree canopy or open space, the Applicant shall (1) include a stakeholder engagement plan specific to the impacted OBC, as part of the required content described in Section 4.6, (2) identify relevant impacted-OBC stakeholders including local government entities and community-based organizations, (3) propose draft control measures to avoid, minimize, or otherwise offset those impacts, (4) utilize the stakeholder engagement plan to seek feedback from the impacted OBC on the proposed draft control measures, and (5) propose final control measures and provide explanation for how the final proposal of control measures address public feedback,

Attachments to Section 7 of the Application Narrative must contain the following information:

- A GIS Desktop Study of potential impacts to sensitive resources including tabular summaries of acreage and distance calculations,
- GIS Shapefiles of the Corridor from Sea Girt to the Point of Demarcation, including landfall locations, Transition Vault locations, and ROW(s), that show:
 - ROW width,
 - Descriptions of cable installation methods with locations identified,
 - General footprint and extent of HDD boreholes and cable landings,
 - Footprint of all construction activities related to wetlands, forested areas, or other sensitive habitats,
 - Footprint and extent of all other pre-construction and construction activities, and
 - Any needed exclusion zones around Project infrastructure including any offshore Cofferdams.

4.8 Permitting Plan

Section 8 of the Application Narrative must contain the following information:

- A list of all State and Federal regulatory agency approvals, permits, or other authorizations required pursuant to State, local, and Federal law,
- An identification of all applicable Federal and State statutes and regulations and municipal code requirements, with the names of the Federal, State, and local agencies to contact for compliance,
- An identification of State Lands or Green Acres encumbered lands that may be impacted, and the expected time to obtain such permits and/or approvals,

- A land use compatibility / consistency matrix to identify local zoning laws and the consistency of Applicant’s activities in each local jurisdiction, and
- A strategy, including the expected timeline (aligned with the Schedule Commitment described in Section 4.3), to obtain each required permit and/or approval.

Attachments to Section 8 of the Application Narrative must contain the following information:

- Documentation of consultation with the US Army Corps of Engineers (“USACE”) regarding beach replenishment projects and sand borrow areas, if applicable and
- Copies of all submitted permit applications and any issued approvals and permits.

4.9 O&M Plan / Ownership Transfer

The Board anticipates that it will submit the awarded Prebuild Project, as designated in the Board Decision, to PJM for inclusion in the RTEP as a New Jersey-sponsored Public Policy Project. Accordingly, the selected Prebuild Project will become a transmission facility subject to the PJM Tariff, the selected Applicant must apply for PJM membership as a Transmission Owner consistent with the PJM Operating Agreement, Tariff and Consolidated Transmission Owners Agreement, and costs associated with the Prebuild (including O&M costs) will be subject to recovery pursuant to the PJM Tariff and any FERC-approved rate (see Section 4.5 above).

As part of certifying the Prebuild for commercial operations, the Applicant (who will become the Prebuild developer and owner as a result of the Board Decision) will provide timely certification of the integrity, based on standard industry requirements, of the full scope of the Prebuild, including but not limited to Duct Banks, Cable Vaults, HDD bores, Conduits, and any submarine exit points in an informational filing to the Board prior to the utilization by a Qualified Project. This filing will require formal engineering documentation and certification by an independent third-party engineering firm to be arranged and delivered by the Prebuild owner to the Board and developers who will utilize the Prebuild, as discussed in Section 4.3 above.

The Applicant will also provide a Form of Lease Agreement as part of the Application. Although this Lease Agreement will not be finalized at the time of the Application or Board Decision, Applicant will be expected to negotiate and execute a Lease Agreement that meets the requirement of this Section with each Qualified Project selected by the Board to utilize the Prebuild Infrastructure. To be clear, the Board will not be approving any lease agreement that is ultimately negotiated between the Applicant and each Qualified Project, but any such lease agreement, upon execution, shall be shared with Staff for informational purposes.

Section 9 of the Application Narrative must contain the following information:

- A proposed O&M plan (including activities, schedules and proposed coordination procedures) for conducting O&M on the Prebuild and coordinating the performance by each Qualified Project developer of its own O&M activities on its own transmission cable and,
- A detailed description of the Form of Lease Agreement.

Attachments to Section 9 of the Application Narrative must contain the following information:

- A Form of Lease Agreement which addresses the following items:
 - Commitment to (a) lease cable conduits to each Qualified Project owner for a nominal cost, (b) perform O&M activities on the Prebuild, and (c) coordinate the performance by each Qualified Project developer of its own O&M activities on its own transmission cable (including any ancillary facilities) in accordance with PJM maintenance requirements,
 - Identification of the facilities to which the Lease Agreement applies,
 - Commitment to use Good Utility Practice in connection with the design, engineering, construction, operation and maintenance of the Prebuild Infrastructure,
 - Requirement to make application for, prosecute, obtain and hold all permits, licenses, authorizations, consents, decrees, waivers, privileges and approvals from, and filings with any governmental department, agency, or authority, as required by law to commence, prosecute and complete construction of the Prebuild in accordance with terms of any Board Order and the Form of Non-Standard DEA,
 - Remedies for failure to perform, including options for a third party to step in to complete the construction of or operate the Prebuild,
 - Financial penalties for failure to perform,
 - Milestones that show key dates including related to land rights; permit/siting approvals; design completion; engineering completion; construction milestones; ISD; etc.,
 - Commitment to milestone schedule, including Schedule Commitments,
 - Standard of performance or availability that would apply after service begins,
 - All proposed FERC formula rate incentives consistent with the description in Section 4.5, and
 - Annual audit rights on cost-of-service rates; requirement to maintain records and accounts.

4.10 Performance Bond

Within 90 days after the effective date of the Board Decision, the Prebuild Developer shall make a compliance filing with the Board (“Compliance Filing”) that binds the awarded Prebuild Developer and their successors or assigns to meet the commitment to place the awarded Prebuild Project in-service within one year of, which may be extended upon submission of the Prebuild Developer’s petition to the Board for good cause and a finding by the Board that good cause in fact exists, of the Expected In-Service Date as described below. The Compliance Filing shall also include a detailed description and copy of the proposed financial instrument(s) to be used to secure the Prebuild Developer’s commitments under this Section (“Commitment Security”). This security is separate and uncoupled from the Schedule Commitment described in Section 4.3.

Upon providing Staff the formal engineering documentation and certification, described in section 4.3 above, which documentation shall include information and supporting documentation demonstrating with reasonable specificity that the awarded Project is complete, Staff shall have 90 days to review this written notice in order to verify the reasonableness of such representation(s) before providing its recommendation to the Board. The Board will issue a Board Order, within 90 days of the conclusion of Board Staff's review, allowing or disallowing the Commitment Security to be returned. Staff may request additional information from the Project Developer about its filing, including additional documentation, access to company personnel, or other information. Upon Staff's receipt of the requested documentation or clarification from the Prebuild Developer, the 90-day review period for Board Staff's application review will re-set and start anew.

4.10.1 Financial Commitment

The Prebuild Developer is required to post Commitment Security in the amount of 10% of the Project's estimated cost. A Prebuild Developer shall post this Commitment Security within six (6) months of the Board Decision.

The Commitment Security may be in the form of:

- i. one or more parent company guarantees, if the parent is investment grade (defined as having one or more credit rating of BBB or above from Standard and Poor's or Baa3 or above from Moody's, or comparable alternative rating agency),
- ii. one or more letters of credit from an investment-grade third-party financial guarantor (defined as an institution with a rating of BBB or above from Standard and Poor's or Baa3 or above from Moody's), and/or
- iii. upon submission of a petition to the Board, one or more other financial instruments acceptable to the Board that provides to ratepayers a level of security comparable to a parent company guarantee or letter of credit, including, but not limited to, corporate guarantees and performance bonds.²⁹ In the case of a Prebuild Developer with multiple parent companies or parent companies involved in a joint venture, the Prebuild Developer may request that responsibility for the Commitment Security be split between the parent companies, which allocation of proportional share of responsibility the Prebuild Developer shall specify clearly.

A Prebuild Developer shall provide Staff with the final, fully executed version of each Commitment Security described in its Compliance Filing within seven (7) days of the date on which the Commitment Security is fully executed. A Prebuild Developer shall also provide Staff with copies of any amendment made to a Commitment Security, within seven (7) days of the date on which such amendment is fully executed. A Prebuild Developer shall keep Staff informed regularly of the anticipated date of execution of each such Commitment Security or amendment, as applicable.

²⁹ The performance bond must be issued by a qualified surety that is authorized to do business in the state of New Jersey and listed on the most current edition of the U.S. Treasury Department's Circular 570.

4.10.2 Treatment of Commitment Security

Notwithstanding anything described above, the Commitment Security can otherwise only be terminated upon receipt of Board approval.

Any funds so forfeited will either be committed to development of offshore wind infrastructure in New Jersey, including but not limited to, as appropriate, Prebuild Infrastructure, or returned to ratepayers, in the Board's sole discretion.

5 CRITERIA FOR EVALUATION

This section provides an overview of the criteria for evaluating Applications. To be eligible to win an award for the construction of the Prebuild, an Applicant must satisfy the following threshold criteria:

- Submit an Application found to be administratively complete by Staff, including having conducted the necessary pre-Application meetings described in Section 2,
- Demonstrate to the satisfaction of the Board that the Project is viable, permittable, and likely to begin commercial operation on time, consistent with the Expected In-Service Date and Applicant's commitment to guarantee schedule performance, as described in Section 4.3, and
- Demonstrate to the satisfaction of the Board that the Project meets all applicable environmental requirements, as described in Section 4.7.

Applications determined by Staff to have satisfied the above threshold criteria will be subject to the evaluation scoring framework set out in Table 6.

Table 6: Evaluation Scoring Framework

Criteria	Weight
Threshold Criteria	Yes/No
Price Factors: <ul style="list-style-type: none">• Cost, rate impact• Quality of cost and schedule containment commitment measures and exclusions	80%
Non-Price Factors: <ul style="list-style-type: none">• Community impacts• Developer experience• Quality of Environmental Protection Plan/Permitting Plan	20%

5.1 Price Factors

- Projects are preferred that result in lower ratepayer impacts to New Jersey customers, on the basis of the details provided in Sections 4.4 and 4.5 above, including all aspects of FERC rate design,

proposed revenue requirements, line item operating expenses, assumed federal tax benefits under federal Inflation Reduction Act of 2022 (“IRA”)³⁰ and/or other federal or state tax benefits, and

- Given that schedule and cost containment commitments are voluntary in this Prebuild Solicitation, the quality of the schedule and cost containment commitments provided by Applicants will impact the Price Factors score of the Project. The binding nature of the Cost Cap and schedule commitments will also be considered for evaluation, including any exclusions, exceptions, or Uncontrollable Force provisions associated with the commitments. Projects utilizing the preferred Cost Cap and schedule commitment framework described in this PSGD will be scored higher in this category than those that do not.

5.2 Non-Price Factors

Applicants will be evaluated on Non-Price Factors including:

- Minimum number of Corridors and construction efforts on each Corridor which will limit the overall disturbance of the construction to both communities and the environment. Scenarios that enable achievement of the state’s OSW goals with fewer Corridors are preferred, under the condition that these solutions do not increase the risk of a permitting or construction delay,
- Developer experience building, managing, and timely delivering construction projects of similar types in similar terrain, and
- Quality of environmental protection measures proposed by Applicant to minimize potential environmental impacts set out in Section 4.7 above and to minimize permitting/approval risks set out in Section 4.8 above.

³⁰ IRA, 136 Stat. 1818.

Attachment 1

Application Form

Application Form - Prebuild Solicitation

Applicant	<input type="text"/>	Field is required
Applicant Website	<input type="text"/>	Field is required
Project Scenario Name	<input type="text"/>	Field is required

Primary Contact		
Name	<input type="text"/>	Field is required
Phone 1	<input type="text"/>	Field is required
Phone 2	<input type="text"/>	Field is required
E-Mail	<input type="text"/>	Field is required
Address	<input type="text"/>	Field is required

Secondary Contact		
Name	<input type="text"/>	Field is required
Phone 1	<input type="text"/>	Field is required
Phone 2	<input type="text"/>	Field is required
E-Mail	<input type="text"/>	Field is required

Application Form - Prebuild Solicitation

Applicant Enter on Applicant Information Worksheet

Project Scenario Name Enter on Applicant Information Worksheet

	Capacity (MW)	Voltage (kV)	
Circuit 1			Field is required
Circuit 2			Field is required
Circuit 3			Field is required
Circuit 4			Field is required

	Value	Units	
Cable ampacity		A	Field is required
Cable outer diameter			Field is required
Conductor size			Field is required
Conductor material			Field is required
Maximum conductor operating temperature			Field is required
Insulation thickness			Field is required
Minimum bending radius			Field is required
Maximum pulling tension			Field is required

Application Form - Prebuild Solicitation

Applicant	Enter on Applicant Information Worksheet	
Project Scenario Name	Enter on Applicant Information Worksheet	
	Total Project Scope	Onshore-Only Scope
Estimated Total Project Cost (\$000)	<input type="text"/>	<input type="text"/> Both fields are required
Component Cost Estimates (\$000)	Total Project Scope	Onshore-Only Scope
Engineering	<input type="text"/>	<input type="text"/> Both fields are required
Permitting	<input type="text"/>	<input type="text"/> Both fields are required
Site Control	<input type="text"/>	<input type="text"/> Both fields are required
Materials/Equipment	<input type="text"/>	<input type="text"/> Both fields are required
Construction	<input type="text"/>	<input type="text"/> Both fields are required
Construction Management	<input type="text"/>	<input type="text"/> Both fields are required
Overhead & Miscellaneous	<input type="text"/>	<input type="text"/> Both fields are required
Contingency	<input type="text"/>	<input type="text"/> Both fields are required
Using Standard Cost Containment?	<input type="text"/>	<input type="text"/> Both fields are required
Firm Cap for Total Project (\$000)	<input type="text"/>	<input type="text"/> Both fields are required
Firm Cap subject to inflation adjustment mechanism?	<input type="text"/>	<input type="text"/> Both fields are required

Attachment 2

Administrative Completeness Checklist

**New Jersey Board of Public Utilities
Prebuild Solicitation
Solicitation Guidance Document Attachment 2
Administrative Completeness Checklist**

This Checklist is meant to serve as an overview of the requirements contained in the Solicitation Guidance Document and will serve as a tool for judging administrative completeness of the Application. Applicants will ultimately be judged against the requirements and are encouraged to review those requirements confirm their ultimate compliance. In the Reference column, please enter the Application Narrative section(s) and/or page number(s) or the Attachment and page number where the information can be found.

Number of Prebuild Scenarios included in the Application (if more than 10, please email njoswprebuild@levitan.com for an expanded file)

**Number of Scenarios
is Required**

Section	Requirement	Complete?	Reference
	Applicant Commitment Form	No	
1 - Applicant Information	A demonstration of the Applicant’s applicable experience in projects of similar size and scope to the proposed Project	No	
	List of all key employees, definition of key employees, including resumes for each that detail their individual track record in construction and operation of transmission lines and cable systems of comparable voltages, similar size and scope, including HVDC facilities	No	
	Description of any work done to date by the key employees in developing projects of similar scope	No	
	If the work described was not performed by the entire team of key employees, the Applicant must delineate the experience or work performed by key employees	No	
	A detailed disclosure of any prior business bankruptcies, defaults, disbarments, investigations, indictments, or other actions against either the Applicant, its parent company, affiliates, subsidiaries, or any key employees identified above	No	
	Certification and evidence demonstrating Applicant’s status as a pre-qualified PJM Designated Entity	No	
2 - Project Descriptions	A detailed description of the Project, including an explanation of how the Project satisfies each element of the Prebuild infrastructure specifications specified in Section 3, with emphasis placed on safety, reliability, and constructability for four (4) Circuits	No	
	Maps, surveys, and other visual aids that support the detailed description of the Project	No	
	GIS shapefiles for planned route (including location of transition vaults), from Sea Girt to Point of Demarcation	No	
	A demonstration that the selected technology, construction techniques, and selected materials are technically viable	No	
	Affirmation that the expected Circuit capacities that the proposed Prebuild can accommodate and meet the Maximum Power Delivery requirements	No	
	Overall Corridor diagrams and maps for the Prebuild (Corridor can be a single ROW or split ROW, as described in Section 3 above), including: Sea Girt NGTC landfall location, the locations of the Transition Vaults, the overall Corridor, the locations of all Cable Vaults, the Point of Demarcation, and the locations of any expected conflicts or constraints	No	
	Details of the estimated landfall configuration	No	
	Location of Transition Vaults, including indications in the GIS shapefiles provided with the Application	No	
	Installation details of the Transition Vaults, including, but not limited to, the identification of potential approaches and HDD /boring locations at landfall for a total of four (4) parallel Conduits to accommodate multiple Qualified Projects’ access to the Prebuild	No	
	Design of Transition Vaults (physical dimensions, cable and splicing arrangements within the Transition Vaults, and separation between Transition Vaults and Conduits/pipe)	No	

Section	Requirement	Complete?	Reference
	Duct Bank arrangement and Corridor leaving Transition Vaults toward POI (cross section of the Conduit/cable configuration, maximum cable sizes accommodated or assumed, and spare power and/or communication Conduits)	No	
	Directional drilling/boring method and details	No	
	Specification, including GIS maps and feasibility evaluation, of Cofferdam areas where future cable installations of Qualified Projects will proceed	No	
	Assumptions used for thermal resistivities of soils, slurries, concrete, and backfill materials	No	
	A description of the reasons why Applicant selected the Corridor, with a list of any potential problems, constraints or limitations with siting the Prebuild along the selected Corridor, including identification of the locations where the Project will encounter specific and known challenges from a thermal and physical perspective	No	
	Information regarding the configuration of the Prebuild between Sea Girt NGTC and Point of Demarcation	No	
	Typical Duct Bank cross sections (diameters, separation, height, width, and burial depth in various sections) for (i) occupied Conduits, (ii) spare Conduits, (iii) telecommunication Conduits, and (iv) Conduits for cable grounding and bonding connectors	No	
	Separation between Duct Banks in separate trenches	No	
	Analysis of thermal interference between Duct Banks, including assumptions used for thermal resistivities of soils, concrete, and backfill materials	No	
	Information regarding Cable Vault design layouts	No	
	Physical dimensions (size and installation depth) for Transition Vaults and Cable Vaults located along the Prebuild Corridor	No	
	Cable Vault spacing along each Circuit	No	
	Separation/offset between Cable Vaults for adjacent Circuits	No	
	Cable and splicing arrangements within Cable Vaults	No	
	Access and Maintenance assumptions	No	
	Details for any special Cable Vaults or Duct Bank/Conduit segments	No	
	Location and explanation of constraints (tight curves or bending radius issues, narrow ROWs, limitations of cable sizes/types to be	No	
	Separation between Duct Banks of adjacent Circuits, including a review of thermal interference between Duct Banks and assumptions	No	
	Information regarding the Prebuild configuration at or near the Point of Demarcation	No	
	Relative arrangement of Circuits	No	
	Layout of the Prebuild Corridor into vaults at the Point of Demarcation	No	
	Sequencing constraints for Circuit utilization	No	
	Identification of any local limitations, special crossings, or conflicts	No	
	Identification of primary obstructions and other underground facilities located along the Corridor in the plans, including any plans for	No	
	The assumptions used in the thermal calculations to verify that the Scenario requirements are met, including: Cable voltage (kV), Cable ampacity (A), Cable outer diameter (in or mm), Conductor size (kCmil or mm ²) and material, Maximum conductor operating temperature, Insulation thickness (in or mm), Minimum bending radius, Maximum pulling tension, and other cable construction details (shielding, sheath, outer jacket, armor, bundling).	No	
	Study results to demonstrate Maximum Power Delivery when two (2) Circuits are operating at 1,360 MW at 320 kV and two (2) Circuits are operating at 1,360 MW at 320 kV	No	
	Study results to demonstrate Maximum Power Delivery when four (4) Circuits are operating at 1,360 MW at 320 kV	No	
	An identification of the nature of the Applicant's land ownership and lease requirements for all aspects of the Project, a plan for acquisition of land	No	
	A demonstration of the ways in which specific features of the Project strengthen grid reliability objectives, including appropriate security of supply	No	
	A plan to procure the proposed materials and equipment, including key milestones, status of the procurement process, and expected completion dates	No	

Section	Requirement	Complete?	Reference
	A description and illustration of the ways in which the Applicant addresses Good Utility Practice in the design of the Prebuild by providing technical documentation for all portions of the Prebuild design and Corridor, including: Duct Bank cross sections, separation between Duct Banks, analysis of thermal interference between Duct Banks, including assumptions used for concrete, soil and backfill thermal resistivity, details of the cable vaults, the installation details of the HDD path, locations and details of transition cable vaults, locations of any expected conflicts, and a description of the method used to install the marine portion of the cable vault and the target depth of cable vault burial, and demonstration of due separation and independence of each transmission Circuit	No	
	Identification of any facilities that will be used to support construction of the Project	No	
	A Letter of Intent ("LOI") or Memorandum of Understanding ("MOU") from the proposed engineering, procurement, and construction contractor, balance of plant contractor, and/or key construction contractors or vendors	No	
3 - Schedule Commitment, Penalties, and Incentives	A detailed timeline specifying the sequencing and specific milestone dates for completion of major elements of Project schedule, including permitting (reflecting the Permitting Plan described in Section 4.8), engineering, design, procurement, construction (including HDD), licensing, Expected In-Service Date (as specified in Section 2, above), etc.	No	
	A detailed explanation of each milestone identified in the provided timeline	No	
	A description of the Schedule Commitment and Uncontrollable Force provisions proposed to be utilized by the Applicant. If the preferred Schedule Commitment mechanism set out in Attachment 4 is utilized by the Applicant, no further information (beyond the Applicant Commitment Form in Attachment 3) needs to be provided except an indication that Applicant has elected the preferred Schedule Commitment; if an alternate Schedule Commitment is proposed, Applicant must provide a redline set of Applicant proposed terms and conditions (against the Staff proposed terms and conditions that appears as Attachment 4)	No	
	An identification of all known potential sources of delays in the Project schedule, and how those delays could be mitigated, or if not mitigated, how they would affect the overall Project schedule	No	
	Sufficient documentation to support any alternate proposed Schedule Commitment mechanism	No	
4 - Cost Estimate	A description of the cost estimates for each discrete element of project construction including engineering, permitting, site control, materials/equipment, construction, construction management, overhead & miscellaneous, and contingency	No	
	A description of the cost estimate for each element set out above related to all work on the offshore side of the Transition Vaults (i.e., HDD at landfall and offshore Cofferdams)	No	
	A description of the cost estimate of the remainder of the scope, up to and including the Transition Vaults, excluding all elements on the offshore side of the Transition Vaults (i.e., HDD at landfall and offshore Cofferdams)	No	
	The total project cost	No	
	The total project cost related to all work on the offshore side of the Transition Vaults (i.e., HDD at landfall and offshore Cofferdams)	No	
	The total project cost for the remainder of the scope, up to and including the Transition Vaults, excluding all elements on the offshore side of the Transition Vaults (i.e., HDD at landfall and offshore Cofferdams)	No	
	A description of the process utilized by the Applicant to verify and confirm the provided cost estimate	No	
	A detailed cost build-up of the Project incorporating each discrete element identified by the Applicant, presented in an Excel file	No	
The feasibility study used to determine each of these cost components	No		
5 - Cost Containment and	A description of the proposed FERC formula rate spreadsheets associated with existing or new rate design that will be used to recover the cost of the Project, including all known inputs as described below	No	

Section	Requirement	Complete?	Reference
Rate Design	A description of the proposed FERC formula Rate protocols associated with existing or new rates that will be utilized to recover the cost of the Project, including how the Applicant has included the proposed cost containment commitment provisions and Schedule Commitment provisions	No	
	A description of all FERC rate incentive adders that will be sought by the Applicant, the justification for applying for each adder, and the scope of application for each adder	No	
	A description of the cost containment, schedule commitments and Uncontrollable Force provisions proposed to be utilized by the Applicant. If the preferred terms set out in Attachment 4 are utilized by the Applicant, no further information (beyond the Applicant Commitment Form in Attachment 3) needs to be provided except an indication that Applicant has elected the preferred terms	No	
	A description of any tax advantaged financing, loans, or grants, pursued or awarded to the Applicant, including the financial impact on the Project anticipated from any such awards	No	
	Editable Excel spreadsheets of draft FERC formula rates, proposed or existing (that will be used for the Project), accounting for proposed cost containment provisions and required Schedule Commitment provisions	No	
	Proposed or existing FERC Formula rate protocols	No	
	Details on revenue requirement inputs	No	
	O&M, G&A Costs	No	
	Cost estimates for Operations, Maintenance, and G&A FERC US of A 560-570 series, 920 series	No	
	O&M escalation rates	No	
	Clarification if O&M, G&A expenses are covered in cost containment	No	
	Capital Structure	No	
	Debt-to-Equity ratio (specify if actual or hypothetical)	No	
	Cost of debt	No	
	Proposed ROE (identify any embedded/anticipated FERC adders described above)	No	
	Depreciation	No	
	Book life by asset class	No	
	Tax depreciation method e.g., 5-year MACRS, half-year convention	No	
	Book and tax depreciation schedule for CapEx and On-going CapEx	No	
	Taxes	No	
	Federal and state income tax rates	No	
	Description of blended income tax rate calculations, if any	No	
	Property tax rate	No	
	Deferred income tax schedule, if appropriate	No	
	Discount Rate	No	
	Revenue Requirement	No	
	Estimated annual revenue requirement for each proposed solution from commercial operation through the book life of the plant	No	
	Provide revenue requirement build-up workbook, including depreciation, cost of debt, return on equity, federal and state income tax, property tax, and other costs e.g., O&M, G&A other income tax	No	
	Sufficient documentation to support any alternate proposed cost containment mechanism	No	
	6 - Stakeholder	A description of the Applicant's values and philosophy related to stakeholder engagement	No

Section	Requirement	Complete?	Reference
Engagement	Identification of key stakeholders by category and specific organizations or entities, and goals for engagement with these stakeholders, including, but not limited to, tribal nations, community-based organizations, local and county elected officials, recreational and commercial fisheries, labor unions, higher education, coastal residents and business owners, economic and workforce development organizations, environmental and environmental justice groups, OBCs, and New Jersey SMWVBes	No	
	A plan for engaging all identified stakeholders, to take place after any award associated with this Prebuild Solicitation	No	
7 - Environmental Protection Plan	Description of how the Applicant intends to avoid, minimize, and/or mitigate adverse impacts to biota and habitats	No	
	Physical Resources: a) air quality, b) electric and magnetic fields (EMF), c) geological resources, d) airborne sound (noise), e) water quality, f) underwater acoustics, g) wetlands and waterbodies	No	
	Biological Resources: a) benthic & shellfish, b) coastal & terrestrial habitats, c) finfish & essential fish habitats, d) marine mammals & sea turtles, e) avian and bat species, f) terrestrial wildlife, g) submerged aquatic vegetation	No	
	Cultural Resources: a) above-ground historic properties, b) marine archaeology, c) terrestrial archaeology	No	
	Socioeconomic Resources: a) visual resources, b) commercial and recreational fisheries, c) commercial shipping, d) vessel & vehicle traffic, e) environmental justice, f) land use and zoning, g) existing cables, h) tourism, i) public health & safety, j) workforce, economy, k) demographics	No	
	Open Space/Recreation: a) Green Acres encumbered lands, b) State-owned lands, c) wildlife management areas	No	
	Hazardous waste	No	
	Electric and magnetic fields ("EMF")	No	
	A comprehensive description of the anticipated environmental benefits and environmental impacts of the Project including an analysis of the onshore Corridor chosen. If more than one ROW is necessary for the Corridor (e.g., a split ROW as discussed in Section 3), documentation must be provided as to why multiple ROW are needed, how many Circuits will be installed in each ROW, and the environmental impacts and benefits (if any) of multiple ROWs	No	
	An acreage calculation of habitat disturbance, especially related to wetlands, forested areas, or other sensitive habitats	No	
	Projected vessels traffic and/or vehicles needed for Project surveys, construction, operation, and project closeout	No	
	An assessment of the impact to fisheries	No	
	A scientifically rigorous description of the marine resources that exist in the Project area, including biota and commercial and recreational fisheries, that is informed by published studies, fisheries-dependent data, and fisheries-independent data, and identifies species of concern and potentially impacted fisheries	No	
	A scientifically rigorous plan to detect impacts to marine resources, including biota and recreational and commercial fisheries	No	
	Identification of all potential impacts on fish and on commercial and recreational fisheries off the coast of New Jersey from pre-construction activities through Project close out	No	
	An explanation of how the Applicant will provide reasonable accommodations to commercial and recreational fishing for efficient and safe access to fishing grounds	No	
	A description of the Applicant's plan for addressing loss of or damage to fishing gear or vessels from interactions with offshore wind related infrastructure or equipment	No	
	A description of how the Applicant will identify (or has identified) environmental and fisheries stakeholders, any outreach that has occurred to date, and how the Applicant proposes to communicate with those stakeholders during pre-construction activities through decommissioning, as well as a plan for transparent reporting of how stakeholders' concerns were addressed, consistent with Section 4.6, above	No	

Section	Requirement	Complete?	Reference
	A description of how onshore elements of the Project will be compatible with surrounding land use and communities, and will safeguard environmentally and culturally sensitive areas	No	
	A description of the potential impact of the Project on OBCs. If impacts to an OBC are anticipated during or after construction, including, but not limited to, increased noise, dust, impervious surface, truck traffic, or loss of tree canopy or open space, the Applicant shall (1) include a stakeholder engagement plan specific to the impacted OBC, as part of the required content described in Section 4.6, (2) identify relevant impacted-OBC stakeholders including local government entities and community-based organizations, (3) propose draft control measures to avoid, minimize, or otherwise offset those impacts, (4) utilize the stakeholder engagement plan to seek feedback from the impacted OBC on the proposed draft control measures, and (5) propose final control measures and provide explanation for how the final proposal of control measures address public feedback	No	
	A GIS Desktop Study of potential impacts to sensitive resources including tabular summaries of acreage and distance calculations	No	
	GIS Shapefiles of the Corridor from Sea Girt to the Point of Demarcation, including landfall locations, Transition Vault locations, and ROW(s), that show: a) ROW width, b) descriptions of cable installation methods with locations identified, c) general footprint and extent of HDD boreholes and cable landings, d) footprint of all construction activities related to wetlands, forested areas, or other sensitive habitats, e) footprint and extent of all other pre-construction and construction activities, and f) any needed exclusion zones around Project infrastructure including offshore Cofferdams.	No	
8 - Permitting Plan	A list of all State and Federal regulatory agency approvals, permits, or other authorizations required pursuant to State, local, and Federal law	No	
	An identification of all applicable Federal and State statutes and regulations and municipal code requirements, with the names of the Federal, State, and local agencies to contact for compliance	No	
	An identification of State Lands or Green Acres encumbered lands that may be impacted, and the expected time to obtain such permits and/or approvals	No	
	A land use compatibility / consistency matrix to identify local zoning laws and the consistency of Applicant's activities in each local jurisdiction	No	
	A strategy, including the expected timeline (aligned with the Schedule Commitment described in Section 4.3), to obtain each required permit and/or approval	No	
	Documentation of consultation with the US Army Corps of Engineers ("USACE") regarding beach replenishment projects and sand borrow areas, if applicable	No	
	Copies of all submitted permit applications and any issued approvals and permits	No	
9 - O&M Plan / Ownership Transfer	A proposed O&M plan (including activities, schedules and proposed coordination procedures) for conducting O&M on the Prebuild and coordinating the performance by each Qualified Project developer of its own O&M activities on its own transmission cable	No	
	A detailed description of the Form of Lease Agreement	No	
	A Form of Lease Agreement	No	
	Commitment to (a) lease cable conduits to each Qualified Project owner for a nominal cost, (b) perform O&M activities on the Prebuild, and (c) coordinate the performance by each Qualified Project developer of its own O&M activities on its own transmission cable (including any ancillary facilities) in accordance with PJM maintenance requirements	No	
	Identification of the facilities to which the Lease Agreement applies	No	
	Commitment to use Good Utility Practice in connection with the design, engineering, construction, operation and maintenance of the Prebuild Infrastructure	No	

Attachment 3

Applicant Commitment Form

Attachment 3

Applicant Commitment Form

The Applicant makes the following commitments for the duration of each of the Prebuild options, should they be accepted by the BPU:

1. The Applicant certifies that the cost, terms, and conditions of the Application are valid and shall remain open, without modification or revision except as authorized by the Board, until the Board issues an Order in response to this Prebuild Solicitation, including but not limited to Applicant's commitment with respect to:
 - a. cost commitment;
 - b. scheduling and completion;
 - c. required PJM and FERC filings (including any Designated Entity Agreement (with standard and/or non-standard terms) or formula rate filings);
 - d. operation, maintenance and use of the Prebuild Infrastructure;
 - e. financing and ownership of the Prebuild Infrastructure; and
 - f. provision of necessary engineering documentation and certifications to allow the Prebuild Infrastructure to be placed "in-service".
2. The Applicant commits to meeting the required January 17, 2029, in-service date for the Prebuild Infrastructure and to meeting the interim milestone dates specified in the Application.
3. Except to the extent specifically modified by the Applicant or authorized by the Board, Applicant agrees to the provisions in the Designated Entity Agreement (including any non-standard terms) included in the Prebuild Solicitation.
4. The Applicant commits to file the submitted schedule containment terms with FERC as part of its non-standard DEA, to be enforceable through regular rate recovery proceedings and the Applicant's FERC formula rate.
5. The Applicant commits to file the submitted cost containment terms with FERC as part of its non-standard DEA, to be enforceable through regular rate recovery proceedings and the Applicant's FERC formula rate.
6. The Applicant commits to provide formal engineering documentation and certification by a licensed third-party engineer as to the integrity and completeness of the Project, based on standard industry requirements, of the full scope of the Prebuild Infrastructure, including Duct Banks, Cable Vaults, HDD bores, Conduits, and any submarine exit points in an informational filing to the Board prior to the utilization by a Qualified Project and to qualify the Prebuild Infrastructure to be placed in-service for the purpose of schedule commitments.
7. The Applicant will notify Board Staff, within 30 days, of the departure of any key employee; submit the expertise and qualifications for any new key employee for approval by Board Staff; seek Board Staff approval for any change to the organizational structure of key employee positions and the level of expertise and qualifications of those key employees; and obtain prior Board approval for an entity to assume a ten percent (10%) or greater non-passive ownership interest in the proposed or approved Prebuild Infrastructure.
8. The Applicant will ensure that the Project is designed, constructed and operated in full compliance with all applicable Federal and State statutes and regulations, and municipal code requirements, and will provide proof of such compliance to Board Staff on an ongoing basis.
9. The Applicant shall notify the Board, in writing, of any changes to the Applicant's proposed financing plan for, or equity or other ownership interests (including any change in control of the non-passive ownership interests) in, the Prebuild Infrastructure within 30 days, and such changes will be subject to Board approval.

10. The Applicant will file financial statements with the Board on a quarterly and annual basis as directed in the Board Order approving the Prebuild Infrastructure.
11. In the event that changes in the Prebuild Infrastructure reduce or eliminate tax benefits that Applicant has assumed would be available, or any assumed tax benefits do not materialize for any reason including changes in tax laws, Applicant shall not seek to recover any resulting loss of benefits or increase in Prebuild Infrastructure costs from the Board, electric ratepayers, equipment or material suppliers or providers, users of the Prebuild Infrastructure, or otherwise.
12. The Applicant will pass along all tax credits or other governmental benefits to ratepayers that are received by Applicant and are greater than projected in its proposal, including any increase in the amount of tax credits or benefits received as a result of cost overruns, and any incremental benefits received due to changes in tax law.
13. Under no circumstances will ratepayers be directly or indirectly responsible for any cost overruns associated with the Prebuild Infrastructure, or for costs associated with non-performance by Applicant or the Prebuild Infrastructure.
14. The Applicant shall provide the Board with copies of each local, State and/or Federal permit and/or approval required to build and operate the Prebuild Infrastructure within 14 days of receipt.
15. The Applicant shall supply the Board with filings made to any other regulatory, governmental administrative agency, including but not limited to, any compliance filings or any inquiries by these agencies.
16. The Applicant acknowledges that the Board may share confidential information the Applicant provides with other New Jersey agencies, PJM, and federal agencies with jurisdiction over the interconnection and permitting of the Project.

If the Applicant cannot make any of the above certifications, an explanation must be attached to this Form, making specific reference to each such certification.

Applicant _____

Signature _____

Print Name and Title _____

Date _____

Attachment 4

Proposed Nonstandard Terms and Conditions

ATTACHMENT 4¹

Proposed Non-Standard Terms and Conditions

A. DEFINED TERMS

Capitalized terms have the meaning ascribed to them in the Designated Entity Agreement, except as provided or modified below:

1. “BPU Board” means the New Jersey Board of Public Utilities.
2. “BPU Staff” means the Staff of the New Jersey Board of Public Utilities.
3. “Construction Costs” means any and all costs and expenses (including financing costs and expenses) directly or indirectly incurred by the Designated Entity to develop, construct, complete, start-up and commission the Project and place the Project in service in accordance with Scope of Work, including without limitation any such costs and expenses incurred by the Designated Entity in connection with the following, in each case as and to the extent contemplated by the Scope of Work:
 - a. obtaining permits and other governmental approvals for the Project,
 - b. acquiring land and land rights for the Project,
 - c. performing any environmental assessments or environmental mitigation activities in connection with the Project,
 - d. designing and engineering the Project,
 - e. procuring any equipment, supplies and other materials required to complete construction of the Project and place the Project in service, and
 - f. otherwise performing or completing any and all development and construction-related activities required in connection with the Project as part of Scope of Work including but not limited to all site clearing, equipment assembly and erection, testing and commissioning activities contemplated by the Scope of Work, whether performed directly by Designated Entity or by one or more third parties retained by Designated Entity (without regard to whether such third parties are affiliated or non-affiliated).
4. “Construction Cost Amount” shall mean [REDACTED] Dollars (\$ [REDACTED]).
5. “Construction Cost Cap Amount” means the sum of (i) the Adjusted Construction Cost Amount, as determined in accordance with Section F.1 in this Schedule E, *plus* (ii) Uncontrollable Costs.
6. “Cost of Debt” means [REDACTED] percent ([REDACTED]%).

¹ Subject to completion/modification by Applicant.

7. “Expected In-Service Date” means the Project completion date bid by the Designated Entity on which Project (x) is to be capable of accepting electric cables and other infrastructure form offshore wind generators designated by the Board, and (y) can be placed-in-service for purposes of operation.
8. “Initial Operation” shall mean the date on which: (i) the Project is completed, (ii) Designated Entity provides formal engineering documentation and certification from a licensed third-party engineer as to the integrity and completeness of the Project, based on standard industry requirements, including duct banks, cable vaults, HDD bores, conduits, and any submarine exit points, to the Board in an informational filing, and (iii) the Designated Entity certifies to Transmission Provider, following BPU Board review and approval, that the Project (x) is capable of accepting electric cables and other infrastructure form offshore wind generators designated by the Board, and (y) can be placed-in-service for purposes of operation.
9. “Initial Operation Date” means the date on which Initial Operation is achieved.
10. “Order” means the [REDACTED], issued by the Board on [REDACTED].
11. “Return on Equity” means, exclusive of any FERC-approved adders and incentives, [REDACTED] percent ([REDACTED]%).
12. “Transmission Provider” shall mean PJM Interconnection, L.L.C.
13. “Uncontrollable Costs” means those additional Construction Costs, if any, above the Adjusted Construction Cost Amount which are incurred by the Designated Entity solely as a result of one or more events of Uncontrollable Force.
14. “Uncontrollable Delay” means any delay in achieving the Initial Operation Date on or before the Expected In-Service Date that occurs solely as a result of one of more events of Uncontrollable Force.
15. “Uncontrollable Force” means any occurrence or event (1) that is beyond the reasonable control of the Party claiming Uncontrollable Force, (2) which is not caused by the act or omissions of such Party or the failure of such Party to perform its obligations under this Agreement, and (3) which

such Party has been unable to avoid or overcome by the exercise of due diligence or commercially reasonable efforts.

Notwithstanding the foregoing, Uncontrollable Force shall not include (1) strikes and other labor disputes (including collective bargaining disputes and lockouts) of the labor force under the control of the Party claiming Uncontrollable Force or its affiliates or subcontractors unless the strike is part of a more widespread or general strike extending beyond the Party, affiliate or subcontractor, (2) unavailability, late delivery or failure of equipment or materials, unless the Party claiming Uncontrollable Force can point to an independent event of Uncontrollable Force causing such unavailability, late delivery or failure, (3) a Party's economic hardship or financial inability to perform under this Agreement, (4) delays in transportation, other than resulting from transportation accidents, perils at sea or delays in transportation resulting from (i) closure of roads or other transportation routes (including on-shore or nautical routes) by governmental authorities or (ii) an independent event of Uncontrollable Force to which the Party claiming Uncontrollable Force can point, (5) any delay in obtaining, inability or failure to obtain, suspension, non-renewal or cancellation of any governmental approval to the extent caused by the claiming Party's failure to timely submit a final, complete permit application, renew such governmental approval, or provide any requested responses thereto in accordance with Good Utility Practice, (6) subsurface conditions or environmental contamination at the Project Site that are not caused by Designated Entity, its affiliates or its contractors or subcontractors, but the locations of which are either specifically identified in the studies, reports and assessments provided or reasonably available to Designated Entity, or that were evident or could have been reasonably identified by Designated Entity, or (7) a failure of performance or material increase in cost that is due to an affected Party's own negligence, intentional wrongdoing, or failure to exercise due diligence or use commercially reasonable efforts.

D. COST CONTAINMENT / CONSTRUCTION SCHEDULE

1. Adjusted Construction Cost Amount

This mechanism adjusts the Construction Cost Amount to reflect the change in input costs due to inflation across a number of specified indices prior to the Effective Date of this Agreement. Any change in the Construction Cost Amount as a result of this inflation adjustment will be limited to 15%; that is, capital costs subject to the cost containment mechanism will be neither increased nor decreased more than 15%, even if a larger adjustment is indicated by the index values.

The inflation adjustment mechanism is calculated as below:

$$CapCost_{inf} = CapCost_{base} \times \sum \frac{Index_{M,i}}{Index_{I,i}} \times F_i$$

Where,

- $CapCost_{inf}$ is the Adjusted Capital Cost Amount;
- $CapCost_{base}$ is the Construction Cost Amount;
- $Index_{M,i}$ is the average index value for cost component i over the three months prior to and after the Effective Date;
- $Index_{I,i}$ is the average index value for cost component i over the twelve months prior to **March 27, 2024**; and
- F_i is the fraction associated with cost component i , set out in Table 1 below.

Table 1: Fractions Associated with Price Components

Price Component	F Value	Index
Fixed	0.25	N/A
Labor	0.25	BLS Employment Cost Trends Data Series CES2000000003 Average hourly earnings of all employees, construction, seasonally adjusted
Ready-Mix Concrete	0.25	BLS PPI Data Series WPU13330101A: PPI commodity data for Ready-mix Concrete, Northeast Region
Construction Equipment Rental and Leasing	0.25	BLS PPI Data Series PCU5324125324121: PPI industry data for Other Heavy Machinery Rental and Leasing: Construction Equipment Rental and Leasing

2. Cost of Capital Commitments

a. Return on Equity (“ROE”)

Designated Entity agrees to cap its return on equity for the Project at the lower of: (i) the Return on Equity, plus any FERC-approved incentives or adders, or (ii) the amount approved by FERC for use in the formula rate of the Designated Entity (the “ROE Cap”).

b. Capital Structure

The capital structure to be used by Designated Entity during construction of the Project shall be [REDACTED] percent (equity) and [REDACTED] percent (debt), and on and after the Project Completion Date shall be [REDACTED] percent (equity) and [REDACTED] percent (debt).

3. Construction Cost Cap

The recovery by Designated Entity of any Construction Costs shall be adjusted as follows (each such adjusted amount, an “Adjusted ROE Cap”):

a. For Construction Costs not exceeding the Construction Cost Cap Amount, Designated Entity shall be entitled to recovery at the ROE Cap.

b. For Construction Costs exceeding and up to one hundred ten percent (110%) of the Construction Cost Cap Amount, Designated Entity shall be entitled to recovery at the average of the ROE Cap and the Cost of Debt.

c. For Construction Costs exceeding one hundred ten percent (110%) of the Construction Cost Cap Amount, Designated Entity shall be entitled to recovery at the Cost of Debt.

4. Operation and Maintenance

Designated Entity shall operate and maintain the Project in compliance with applicable law, the Scope of Work, the PJM Tariff, Good Utility Practice, and the provisions of this Agreement.

5. Project Availability

Designated Entity shall ensure that the Initial Operation Date occurs on or before the Expected In-Service Date, subject to extension only for Uncontrollable Delay.

a. Late Completion

In the event the Initial Operation Date occurs after the Expected In-Service Date, as such date may be extended as a result of Uncontrollable Delay, the recovery by Designated Entity of its Construction Costs shall be subject to adjustment as follows. For the avoidance of doubt, the adjustments set forth below are in addition to any other adjustments set forth in this Agreement.

For each ninety (90) day period, or portion thereof, that the Initial Completion Date occurs after Expected In-Service Date, each Adjusted ROE Cap applicable to the Construction Costs (as set forth in Section D.3 above) shall be decreased by 35-basis points; provided, however, in no event shall the such Adjusted ROE Cap, as further adjusted in this Section D.5.a, be reduced to less than the Cost of Debt. By way of example only, if such a delay lasted for 135 days, each applicable Adjusted ROE Cap would be further reduced by 70-basis points (that is, 35-basis points for the first 90-day period, and an additional 35-basis points for the second 90-day period).

b. Early Completion

In the event the Initial Completion Date occurs prior to the Expected In-Service Date, each Adjusted ROE Cap shall be further adjusted as follows. For delivery between 30-120 days in advance of the Expected In-Service Date, a 25 basis-point incentive adder will be available; for delivery 121+ days in advance of the Expected In-Service Date, a 50 basis-point incentive adder will be available for the Project.

Attachment5

Development Schedule

ATTACHMENT 5¹

Development Schedule

Designated Entity shall ensure and demonstrate to the Transmission Provider that it timely has met the following milestones and milestone dates and that the milestones remain in good standing:

Milestones and Milestone Dates
Execute Interconnection Coordination Agreement. On or before _____, Designated Entity must execute the Interconnection Coordination Agreement or request the agreement be filed unexecuted.
Demonstrate adequate Project financing. On or before _____, Designated Entity must demonstrate that adequate project financing has been secured. Project financing must be maintained for the term of this Agreement.
Acquisition of all necessary federal, state, county, and local site permits. On or before _____, Designated Entity must demonstrate that all required federal, state, county and local site permits have been acquired.
Initiation of Construction: On or before _____, Designated Entity must demonstrate that it has issued a full notice to proceed under the engineering, procurement and construction (“EPC”) agreement for the Project for the commencement of on-site construction of the Project.
Expected Project In-Service Date. On or before _____, Designated Entity must: (i) demonstrate that the Project is completed in accordance with the Scope of Work in Schedules B ² of this Agreement; (ii) meets the criteria outlined in Schedule D of this Agreement; and (iii) is under Transmission Provider operational dispatch.

¹ Subject to completion by Applicant.

² Schedules B and D will be completed and agreed upon between PJM and the Applicant in a Designated Entity Agreement, once the Applicant is approved as a Designated Entity at PJM.