

Skipjack Wind Farm

FAST-41 Initiation Notice

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Confidential Business Information

Sections 4 and 6 of this FAST-41 Initiation Notice (FIN) contain confidential and privileged trade secrets and commercial or financial information of Skipjack Offshore Energy LLC (“SJOE or Skipjack”) and are protected from disclosure under exemption 4 of the Freedom of Information Act, 5 U.S.C. § 552(b)(4).

SJOE would face significant commercial harm if Sections 4 and 6 of this FIN were disclosed to the public, or to other entities that may not be obligated to protect their confidentiality. Since this exemption is designed to encourage submitters to voluntarily provide confidential commercial information to the government, while at the same time safeguarding them from the competitive disadvantages that could result from disclosure, SJOE requests confidential treatment of Sections 4 and 6 of this FIN.

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1 Project Information

1.1 Title

The title of the proposed project is the Skipjack Offshore Energy Project ("Skipjack Wind," "SJW" or the "Project").

1.2 Sector

The Fast-41 project sector is "Renewable Energy Production."

1.3 Type

The Fast-41 project type is "Wind: Federal Offshore."

1.4 Project Sponsor Information

The Project Sponsor is Skipjack Offshore Energy, LLC ("SJOE"), a wholly owned subsidiary of Orsted North America Inc. ("Orsted").

1.5 Location

The Project Sponsor (through one or more affiliated special purpose entities) is proposing to build an offshore wind project located on the Outer Continental Shelf off the coast of Delaware within the area encompassed by the by the U.S. Bureau of Ocean Energy Management ("BOEM") Commercial Lease of Submerged Lands for Renewable Energy Development on the Outer Continental Shelf (OCS-A 0519) (the "Lease").

1.6 Contact

The official point of contact for SJOE for the purposes of this FIN is:

Esther Siskind
Permitting Manager, Skipjack Wind
Orsted North America Inc.
Email: estsi@orsted.com
Phone: (857) 278-2404

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2 Eligibility as a Covered Project

The Project is a Covered Project under 42 USC § 4370m(6), as it:

- i. is subject to the National Environmental Policy Act (“NEPA”),
- ii. will require a total investment well in excess of \$200 million,
- iii. does not qualify for abbreviated authorization or environmental review processes under any applicable law,
- iv. is likely to benefit from enhanced oversight and coordination because the Project will require authorization from several federal agencies,
- v. will require an Environmental Impact Statement (“EIS”), and
- vi. is not subject to 23 U.S. Code § 139 or 33 U.S. Code § 2348.

SJOE filed its Construction and Operation Plan (COP) with BOEM on April 23, 2019 and understands that BOEM is both conducting a sufficiency and completeness review of the COP and preparing a Notice of Intent (“NOI”) for the Project under NEPA. SJOE believes that designating the Project as a Covered Project is consistent with and help further the important public policy objectives underlying the FAST-41 program; namely, to improve the timeliness, predictability, and transparency of the Federal environmental review and authorization process for infrastructure projects. Furthermore, the decision by the Maryland Public Service Commission, on May 11, 2017, to approve SJOE’s application for approval of a qualified offshore wind project and thereby have the right to receive payments for the sale of offshore wind energy credits (“ORECs”) to the state, further demonstrates the need for and importance of this Project. FAST-41 designation would help enable both SJOE and Maryland ensure that the Project will timely assist the state in meeting its energy, economic and environmental goals. The transparency, accountability and inter-agency coordination that are the hallmarks of the FAST-41 process are essential to helping Maryland achieve these goals.

Designating the Project as a Covered Project is consistent with the broad consensus view of the Department of Interior, the Permitting Council, and Congress that early coordination is a key to success for energy infrastructure projects. SJOE understands that the Secretary of the Interior has made it a priority to streamline the environmental review and permitting process for offshore wind projects without compromising the Nation’s conservation values. Adding the Project to the FAST-41 Dashboard will enhance interagency coordination and streamline permitting such that the Project is likely to achieve commercial operation sooner, while remaining protective of marine and other resources near the Project area.

SJOE is mindful of the Department’s need to efficiently deploy scarce administrative resources in meeting its many responsibilities to its diverse stakeholders. However, if the Department adopts the flexibility measures identified above, SJOE believes that the designation of the Project as a Covered Project would not create burdens for purposes of NEPA initiation by BOEM or other federal agencies.

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3 Project Purpose and Objectives

SJOE intends to develop, build, operate, and own (through one or more affiliated special purpose entities) an offshore wind farm located approximately 19 miles off the coast of Delaware within Lease Area OCS A-0519 (the “Project”).

The purpose of the Project is to construct and operate a new offshore wind farm designed to help the State of Maryland meet its clean energy goals, while satisfying the requirements of the *Maryland Offshore Wind Energy Act* of 2013. Through Maryland Public Service Commission Order 88192, the Project committed to offering positive net environmental and economic benefits to the State of Maryland in return for an offshore wind renewable energy credit (OREC) award for a period of 20 years. The Project will help to diversify Maryland’s energy supply, which is largely reliant on nuclear and fossil fuel-based sources. It will deliver clean energy to Maryland residents and help the state achieve its self-established goals for greenhouse gas emissions reductions. Finally, the Project will establish Maryland as a regional hub for the U.S. wind industry through key investments in port infrastructure.

The Project may be developed and constructed in phases and would consist of up to 16 wind turbine generators (“WTG”), associated inter-array cabling, new onshore and offshore substations, transmission cables and onshore works for connection to the wholesale electric grid administered by PJM Interconnection L.L.C. (“PJM”). Total Project costs are estimated to be approximately \$720 million.

The expected operating life for the Project is at least 25 years and potentially more. Some physical aspects, such as onshore transmission components and any required transmission system upgrades, may have a longer expected operating life.

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4 Project Description

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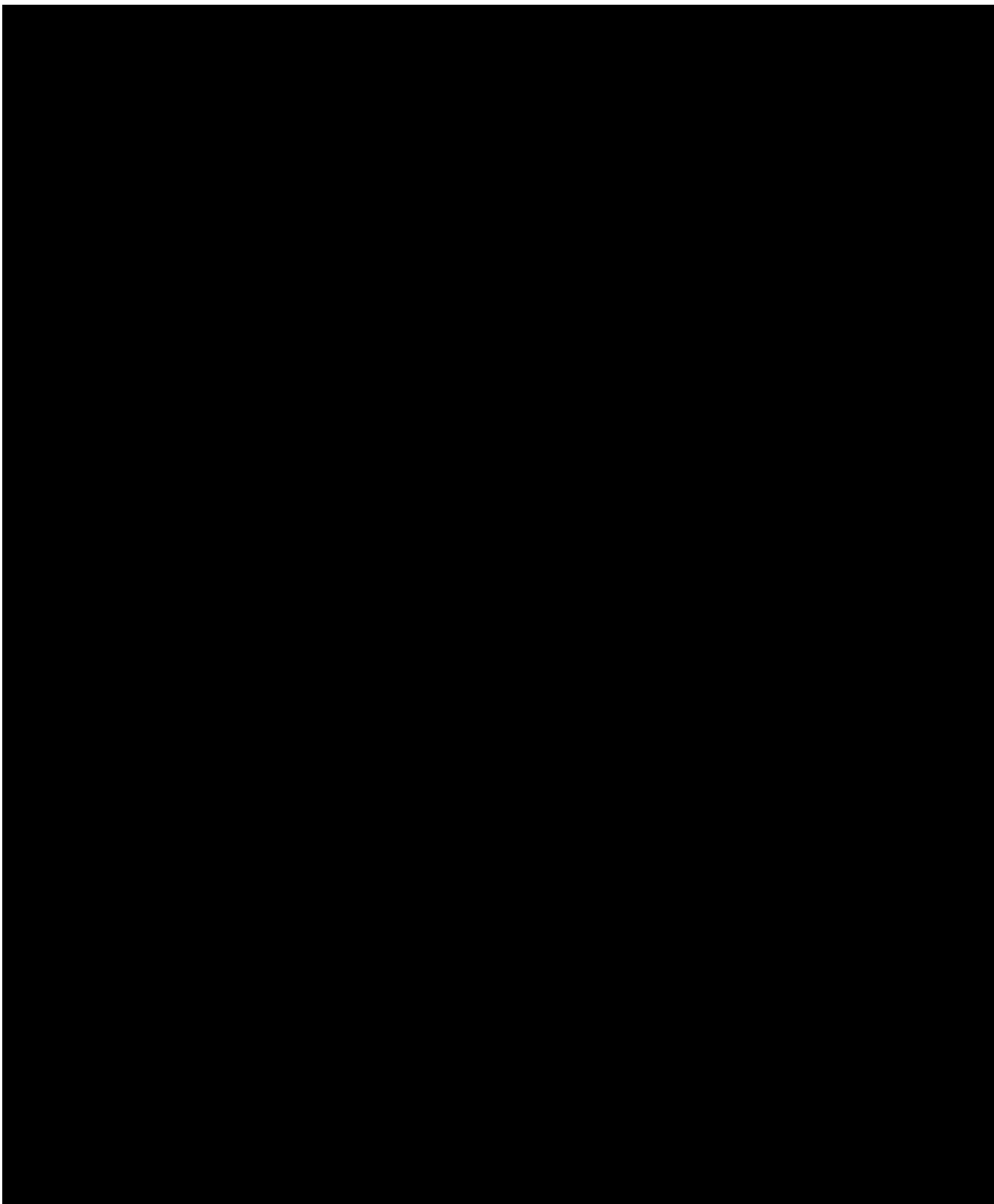
[REDACTED]

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¹ Based on Memorandum of Understanding Implementing One Federal Decision Under Executive Order 13807. <https://www.whitehouse.gov/wp-content/uploads/2018/04/MOU-One-Federal-Decision-m-18-13-Part-2-1.pdf>

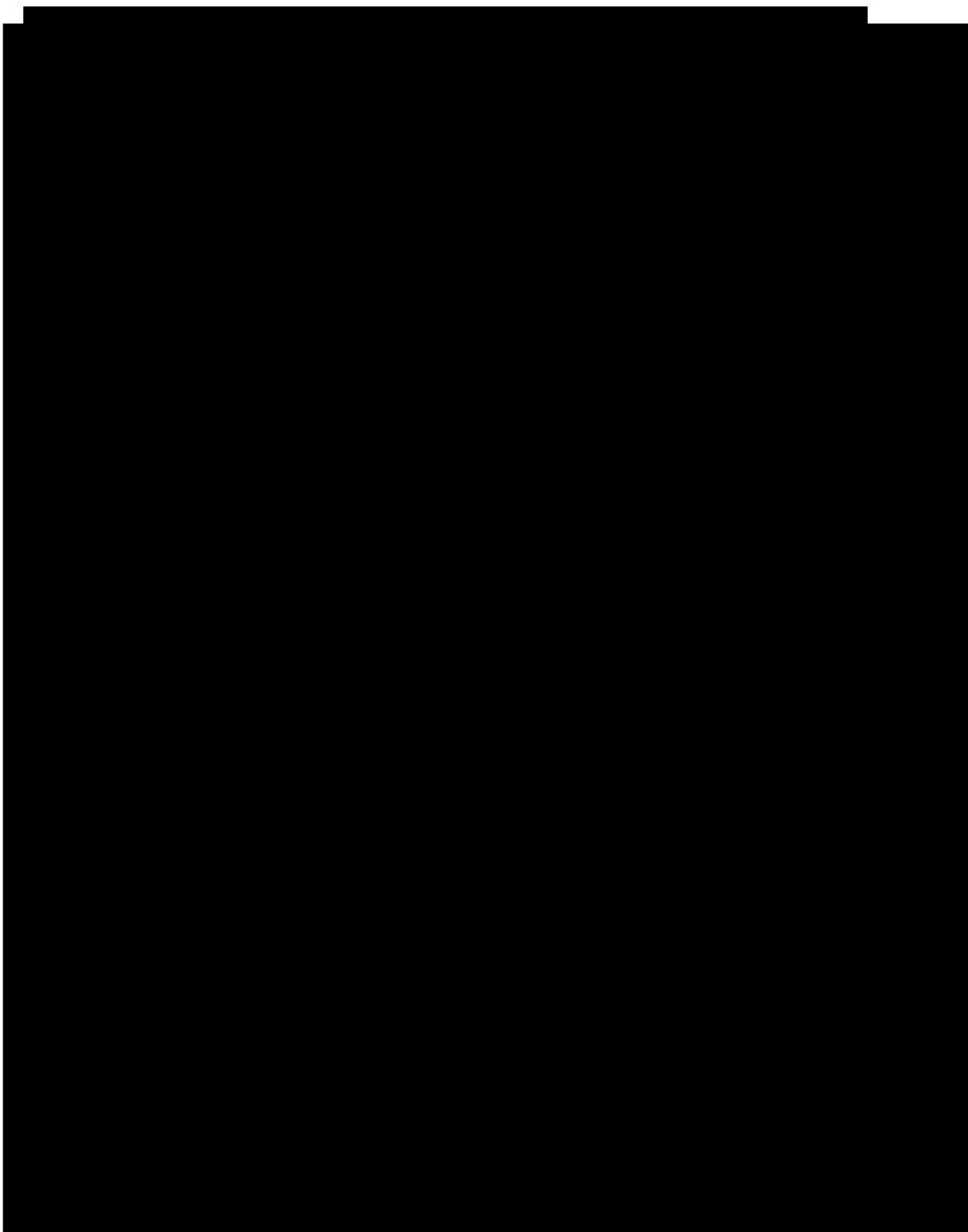
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5 Technical and Financial Abilities of Project Sponsor

SJW benefits from Orsted's extensive experience in developing, constructing, and operating complex energy projects. Orsted's affiliates have developed more offshore wind projects than any other company in the world.

5.1 Technical Viability

Through its European affiliates, Orsted has industry leading experience and exposure to the rigors and challenges of the offshore wind business. Headquartered in Denmark, the company's existing business activities span Denmark, the United Kingdom, Germany, the Netherlands, the United States, and Taiwan, as with a growing portfolio in the United States see Figure 5.1 below. As a result, Orsted is well practiced in adapting to, and thriving within, new regulatory, consenting, and political landscapes. Its affiliates have constructed 5.6 GW of offshore wind capacity as of September 2019, delivering approximately one-third of all global capacity installed, encompassing some of the largest and most technologically advanced offshore wind farms in the world. Collectively, there are 25 offshore wind farms in operation and five under construction. Technical design and constructability is retained in-house and is based on almost three decades of experience of engineering, procuring, and constructing offshore wind farms and complex onshore transmission lines. This in-house experience and technical know-how is what sets the Project apart from all other offshore wind developers.

Orsted's and its affiliates' experience in offshore wind development, construction, operation, and decommissioning is relevant to the Project. Specific examples of expertise in development and operations of offshore wind energy projects include:

- Permitting of complex projects with input and consent required from numerous stakeholders including regulatory agencies, NGOs, and the fishing industry;
- Design and planning of high-voltage transmission solutions capable of delivering power from offshore wind projects to the identified onshore grid connection point, from as far away as 55 miles;
- Design and construction of offshore wind farms in challenging marine environments, including far-from-shore projects, high wave heights, high wind speeds and rough sea conditions; and
- Planning and execution of operations and maintenance strategy for offshore wind farms.

By combining the lessons learned and experience gained from the development, construction, and operation of offshore projects in Europe, Orsted will be capable of designing and implementing technical solutions that are appropriate and proven.

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Figure 5.1: Ørsted North American Offshore Wind Experience

5.2 Financial Viability

Ørsted's financial capability to construct and operate the Project is based on several factors, including financial strength as well as experience in financing, constructing, and operating offshore wind globally.

Ørsted brings unrivaled financial capacity to the Project. Ørsted's ultimate parent company (Ørsted A/S) ("Ørsted") is a stable and diverse energy company with strong balance sheets indicative of the financial strength needed to complete and operate the Project, as demonstrated by the credit ratings in Table 5.1 and the selected financial data in Tables 5.2 and 5.3 below:

Table 5.1 Ørsted Credit Ratings

Sponsor	S&P	Moody's	Fitch
Ørsted A/S	BBB+ (stable)	Baa1 (stable)	BBB+ (stable)

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Table 5.2 Ørsted Selected Consolidated Financial Data – Balance Sheet and Income Statement

(Millions of Dollars)	2017	2016	2015
<i>Balance Sheet Data</i>			
Total Assets	21,978	20,473	22,119
Capital Employed	10,548	9,144	9,140
<i>Income Statement Data</i>			
Revenue	8,926	9,180	9,817
EBIT	2,435	2,082	281

From Ørsted 2017 Annual Report

Assumes DKK to USD exchange rate of 0.15

Table 5.3 Ørsted Selected Consolidated Cash Flow Data – Funds from Operations and Debt Issuances

(Millions of Dollars)	2017 ^[1]	2016	2015
Cash flow from operating activities	153	1,691	1,128
Interest-bearing net debt	-228	519	1,379

From Ørsted 2017 Annual Report

Assumes DKK to USD exchange rate of 0.15

^[1] The decrease in cash flow from operating activities between 2016 and 2017 is largely driven by a change in funds tied up in working capital of \$1,185 million in 2017 compared with \$225 million in 2016.

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6 Anticipated Financing, Environmental Reviews, and Authorizations

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7 Attachment 1: Permit Matrix

Skipjack Wind Permit Table

Permit / Approval and Statute/Regulation	Regulatory Authority	Date of Approval or Anticipated Approval
FEDERAL		
Approval of COP, pursuant to BOEM regulations (30 CFR 585.626)	BOEM	Q4 2021/Q1 2022
Issuance of Individual Permit, pursuant to Section 10, <i>Rivers and Harbors Act</i> (33 U.S.C. 333, 403) and Section 404, <i>Clean Water Act</i> of 1972 (CWA) (33 U.S.C 1344)	USACE, Philadelphia District	Q1 2022
OCS Air Permit, pursuant to <i>Clean Air Act</i> (40 CFR 55, 60; 42 U.S.C. 7627)	USEPA Region 3—delegated to Delaware—see below	Q2 2021
Approval of Incidental Harassment Authorization (IHA), pursuant to the <i>Marine Mammals Protection Act</i> (50 CFR 216, 16 U.S.C. 1361 et seq)	NMFS	6–9 months prior to construction start
Approval for Private Aids to Navigation, pursuant to USCG regulations (33 CFR 64.11)	USCG	3–6 months prior to construction start
STATE		
Delaware		
Concurrence with Coastal Zone Management Plan (CZMP) Federal Consistency Determination pursuant to <i>Coastal Zone Management Act</i> (16 U.S.C. 1451 et seq, 15 CFR 585.61(b), 627(b), and Delaware Coastal Zone Management Program policies Delaware Administrative Code Del. Admin. C.] §108.)	DNREC	Prior to COP approval
Issuance of Subaqueous Lands Permit pursuant to Delaware State Regulations Governing the Use of Subaqueous Lands (7 Del. Admin. C. §7508.)	DNREC	Q2 2021
Issuance of Wetland Permit pursuant to Delaware State Wetlands Regulations (7 Del. Admin. C. §7502.)	DNREC	Q2 2021
Water Quality Certification, pursuant to Section 401 of the <i>Clean Water Act</i> and Implementing Regulations (7 Del. Admin. C §7401.)	DNREC	Q2 2021

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Permit / Approval and Statute/Regulation	Regulatory Authority	Date of Approval or Anticipated Approval
Issuance of Beach Construction Permit and Letter of Approval, pursuant to the <i>Beach Preservation Act</i> and the Delaware State Regulations Governing Beach Protection and the Use of Beaches (7 Del. Admin. C. §68, 7 Del. Admin. C. §5102.)	DNREC	Q2 2021
Issuance of OCS Air Permit, pursuant to <i>Clean Air Act</i> (40 CFR 55, 60; 42 U.S.C. 7627 and 7 Del. Admin. C. §1150)	DNREC, Division of Air Quality	Q2 2021
Issuance of National Pollutant Discharge Elimination System (NPDES) General Stormwater Discharge Permit for Construction, pursuant to the <i>Clean Water Act</i> and the Delaware State Regulations Governing the Control of Water Pollution (7 Del. Admin. C. §7201.)	DNREC	6–9 months prior to construction start
Issuance of Utility Construction Permit, pursuant to the Delaware State Utilities Manual Regulations (2 Del. Admin. C. §2401.)	Delaware Department of Transportation (DelDOT)	3–6 months prior to construction start
Issuance of a Delaware Antiquities Act Permit (State of Delaware 2018a:§5309)	DE Division of Historical and Cultural Affairs	2019–2020
STATE		
Maryland		
Concurrence with CZMP Federal Consistency Determination pursuant to Coastal Zone Management Act (CZMA) (16 U.S.C. 1451 et seq, 15 CFR 930, and 16 U.S.C. 1451 et seq, 15 CFR 585.61(b), 627(b), and Maryland Enforceable Coastal Policies)	MDE	Prior to COP approval

Notes:

Q1 = January, February, March

Q2 = April, May, June

Q3 = July, August, September

Q4 = October, November, December