



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: September 11, 2024

SUBJECT: Offshore Wind Applied Research Administration Grant Challenge

Request:

The Members are asked to approve:

1. The creation of the Offshore Wind (“OSW”) Applied Research Fund Administration Grant Challenge (“Grant Challenge”) - a pilot whereby NJEDA will award a single grant of \$6.35 million to a qualified entity (“Administrator”) who will develop and administer a grant program for OSW applied research and innovation (“Sub-Grant Program”) open to universities and colleges located in New Jersey over a five-year period.
2. Capitalization of the Grant Challenge utilizing \$6.35 million in funding received by NJEDA via two separate grant agreements with the New Jersey Department of Treasury dated February 24, 2023 and February 26, 2024 (“Treasury Agreements”) covering Fiscal Year 2023 and Fiscal Year 2024 appropriations in support of NJEDA’s Wind Institute for Innovation and Training, (“Wind Institute”).
3. Delegation of authority to the Chief Executive Officer to approve an application for the Grant Challenge in accordance with the terms set forth in this memo and attached program specifications.
4. Delegation of authority to the Chief Executive Officer to accept additional program funds and to impose additional requirements as may be required by law as a condition of accepting, provided that the requirements are consistent with the parameters of the program.
5. Application fee waiver for the Grant Challenge since the funding source for the Grant Challenge covers the Authority’s administrative costs.

Background:

In April 2020, Governor Murphy released the Wind Council report calling for a coordinated effort to support OSW workforce development, education, research, and innovation. Since that time, the

Wind Institute for Innovation and Training, housed within NJEDA, has been developing programs and partnerships to meet that objective. In an effort to leverage the deep OSW expertise and capacity for tech transfer at New Jersey universities and colleges, NJEDA is launching a Grant Challenge to select an Administrator who can independently develop and manage a Sub-Grant Program that will support OSW research and development (“R&D”) and innovation at NJ colleges and universities. This investment will support the establishment of New Jersey as a national leader in OSW innovation and help commercialize technologies and innovative solutions that advance the state’s OSW industry.

Funding for the Grant Challenge is provided through a portion of the \$10 million received by NJEDA via the Treasury Agreements for Fiscal Year 2023 and Fiscal Year 2024 appropriations (\$5,000,000 each year) for the Wind Institute to develop and execute programs that support offshore wind workforce development, and research and innovation in offshore wind technologies. A total of \$2,204,632 will be provisioned through the Treasury Agreement dated February 24, 2023, and a total of \$4,145,368 will be provisioned through the Treasury Agreement dated February 26, 2024 and deposited into the Economic Recovery Fund. The assignment of the funds to the Economic Recovery Fund (ERF) will allow the Authority to authorize a grant pursuant to N.J.S.A § 34:1B-7.13(a)(13), which states that ERF Funds can be utilized “to provide grants or competition prizes either directly or through a not-for-profit entity, that is consistent with economic development priorities as defined by the authority's board, where funds have been specifically allocated to the economic recovery fund for this purpose, including but not limited to an appropriation or transfer from another government entity”. The Grant Challenge, which is directly aligned with FY 2023 and 2024 State appropriations to Treasury for the Wind Institute, will support OSW industry research and growth, and is therefore an eligible use of ERF funding.

Program Details:

This Grant Challenge is a competitive program that will provide grant funding to an eligible entity that can both develop and autonomously manage a competitive Sub-Grant Program through which multiple solicitations will be administered to provide funding to NJ universities and colleges for conducting applied research and tech transfer activities for the OSW industry. NJEDA has set both the minimum and maximum funding amount for the Grant Challenge at \$6.35 million. No more than twelve percent (12%) of the total grant, or \$762,000 of the \$6,350,000, can be used for the Administrator’s direct and indirect costs. All remaining funds (\$5,588,000) must be used for the applied research project activities awarded through the Sub-Grant Program.

Members are asked to approve delegation of authority to the Chief Executive Officer to accept additional funding, should it become available, to grant to the Administrator so that it can continue to administer and grow the funding pool for the Sub-Grant Program. This additional funding may come from other entities with an interest in growing the Sub-Grant Program funding pool, including from OSW developers, original equipment manufacturers, start-up incubators or accelerators, and others with aligned interests in advancing OSW technologies. One recipient will be awarded through this Grant Challenge. Additional program specifications can be found in Exhibit A.

Eligibility:

To be eligible for the Grant Challenge, applicants must be a non-profit entity with direct experience overseeing and administering a minimum of one prior offshore wind R&D solicitation. Universities and colleges located in New Jersey are not eligible to apply for the Grant Challenge, as they are the eligible primary applicant pool for awards through the Sub-Grant Program.

In addition, the applicant must be in substantial good standing with the New Jersey Department of Labor and Workforce Development (NJDOL) and New Jersey Department of Environmental Protection (NJDEP). The applicant must also provide a current tax clearance certificate when the grant is executed to verify they are properly registered to do business in New Jersey and in good standing with the New Jersey Division of Taxation.

Proposal Scope:

Grant Challenge applicants must submit proposals that provide a compelling plan for successfully accomplishing the following:

1. Solicitation Development and Management
 - a. Administrator will draft Requests for Proposals (RFPs) for the Sub-Grant Program, stipulating solicitation scope of work, timelines, project eligibility criteria, scoring and evaluation factors, and other key information.
 - a. Scoring and evaluation factors must include preference for research projects conducted in collaboration between two or more NJ universities and/or colleges.
 - b. Indirect costs for Sub-grant awards must cap at 12% of the awarded amount.
 - b. Administrator will advertise the Sub-Grant Program solicitations, once public, to NJ colleges and universities.
 - c. Administrator will run a minimum of two (2) competitive solicitations to their Sub-Grant Program within five (5) years of receiving the Grant Challenge award and host informational webinars or other activities to ensure prospective applicants are aware of the solicitation opportunity.
 - d. Administrator will respond to Sub-Grant Program application inquiries as appropriate via email and/or through an established questions and answer process during the open proposal submission period. Administrator will develop a “frequently asked questions” document or other supports as needed to facilitate applicants.
2. Scoring and Award Selection
 - a. Administrator will perform quality control checks on all proposals received for the Sub-Grant Program to ensure that all submitted proposals meet the minimum requirements for consideration and all required documentation has been provided.
 - b. Administrator will organize and facilitate scoring committee(s) for each solicitation topic area. The scoring committee will consist of subject matter and technical experts in the relevant fields. The Administrator will collect confidentiality agreements from each scorer and establish timelines for scoring to be completed; upon completion, the Administrator will rank proposals by averaging each scoring committee expert’s score.

- d. Administrator will establish a process to select and award the top-scoring proposals.
 - e. Administrator will integrate processes and protocols to ensure bias and conflicts of interest are mitigated for the scoring and selection of Sub-Grant Program awards.
 - f. Administrator will provide NJEDA with access to all data associated with project proposals.
3. Project Management
- a. Administrator will manage contract negotiations and enter into contracts with Sub-Grant Program award recipients.
 - b. Administrator will assign members of its staff to manage project awards, keep track of progress against project milestones and deliverables, and process payments.
 - c. Administrator will be responsible for the review and payment of invoices for the Sub-Grant Program and ensuring they comply with the Grant Challenge terms and conditions.
 - d. Administrator shall submit quarterly reports to the Authority detailing Administrator's use of grant funds, including the Administrator's direct and indirect costs as well as disbursement of Sub-Grant funds and any associated deliverables submitted by the Sub-Grantees.
 - d. For each Sub-Grant research project, Administrator will form an industry advisory board comprised of at least three (3) subject matter experts who can support its commercialization.
 - e. Administrator will conduct monthly check-ins with project award recipients and maintain a public project dashboard on a website that details key project information.
 - f. Administrator will coordinate with Sub-Grant Program award recipients to provide an annual presentation on research projects and research findings to NJEDA and relevant stakeholders.
 - g. Administrator will conduct regular check-ins with NJEDA to provide program updates.

Eligible Uses of Funding:

Eligible uses of the Grant Challenge funding include:

- Costs incurred by the Administrator for:
 - Planning, developing, and managing competitive solicitations for the Sub-Grant Program
 - Scoring and awarding proposals received for the Sub-Grant Program.
 - Managing awards through the Sub-Grant Program, including legal agreements, compliance, data, milestones, and budgets, and reporting to NJEDA.
- Costs for the Sub-Grant awards, which will cover research-related expenses incurred by New Jersey universities or colleges awarded through the Sub-Grant Program.

Any expenditures that do not comply with the above will be required to be returned by the Administrator to NJEDA at the end of the Grant Agreement term.

NJEDA has set forth the following additional stipulations and restrictions for funding awarded through this grant challenge:

For the Grant Administrator

- No more than twelve percent (12%) of the grant, or \$762,200 of the \$6,350,000 funding available, can be used for the Administrator's direct and indirect costs. The remaining eighty-eight percent (88%) of the grant, or \$5,588,000, must go to awardees of the Sub-Grant Program.
- The Administrator cannot use its funding for capital costs.
- Staff from NJ universities or colleges who have applied for a Sub-Grant Program solicitation may not participate in the proposal evaluation committee(s) for that particular solicitation and the Administrator must ensure any other conflicts of interest are mitigated for the funding awarded through the Sub-Grant Program.
- Within thirty (30) calendar days after the Grant Challenge grant agreement term expires, any unspent funds or disallowed costs must be returned by the Administrator to NJEDA.

For the Sub-Grantees

- NJEDA will not require tax clearance or due diligence checks with other New Jersey agencies for the Sub- Grant awardees.
- Capital costs are allowable costs for research projects awarded through the Sub-Grant Program. Sub-Grantees who identify capital costs as an expected use of funding will be required to acknowledge as part of their application for the Sub-Grant Program that they will be subject to New Jersey labor compliance laws and regulations, including New Jersey affirmative action and prevailing wage, and New Jersey Contractor Registration and that they may be audited.
- Research project proposals submitted for the Sub-Grant Program must at a minimum:
 - Focus on one or more of the following research priority areas:
 - Climate-smart modeling for high performance wind farms;
 - Technological solutions for environmental impact assessments;
 - OSW transmission and grid integration;
 - Power-to-X and energy storage solutions;
 - OSW component design; and/or other OSW research priority areas subject to approval by NJEDA staff.
 - Demonstrate a connection to potential commercialization or innovation in technology, construction and operations practices, or other practices that advance OSW development.
 - Include a holistic timeline for the research project that does not exceed a period of three years and is no less than three months from project start to end.
 - Include a budget proposal that features clearly defined payment milestones tied to the requested Sub-Grant award amount. The budget milestones must include specific research activities and outcomes throughout the duration of the project with specific verification method(s) outlined to confirm the milestone has been met.
 - Agree to present and share research data and findings with the NJEDA at least once annually while the research project is active, excluding any information that is or will be protected as intellectual property.
 - Submit completed research to be featured on the Research with New Jersey website (www.researchwithnj.com)

Application and Evaluation Process:

Applications will be accepted during a defined application window, which NJEDA will make all potential applicants aware of through a Notice of Funding Availability and other information posted to NJEDA's website.

After the defined application window has closed, NJEDA staff will review all Grant Challenge applications for completeness and compliance with required documentation and minimum requirements. Following the completeness review, applicants with missing or incomplete documentation, or requiring additional clarification, will receive an email notification from NJEDA and will have ten (10) business days to cure any deficiencies or provide any needed clarifications, including but not limited to, submitting any missing or requested documentation. After the ten business days, any application that is not complete or for which clarification has not been provided will be deemed incomplete and will not be evaluated or scored. All complete and compliant applications will be evaluated, scored, and ranked by an Evaluation Committee comprised of NJEDA staff.

The Evaluation Committee will review, score, and rank applications based on four (4) Scoring Criteria (see Exhibit A for more details).

Criteria 1 – Experience developing and administering research solicitations for offshore wind (up to 40 points)

Criteria 2 – Approach for engaging subject matter and technical experts to score and select research proposals (up to 20 points)

Criteria 3 – Approach for project management of research grant awards (up to 30 points)

Criteria 4 – Administration Budget (up to 10 points)

The minimum score required to be considered for an award is 80 points, with the highest score possible being 100 points. NJEDA will fund the top-scoring proposal with the grant funding amount of \$6.35 million. See Exhibit A for additional details on scoring criteria.

Delegated Authority:

The Members are requested to approve delegated authority to approve an individual application to the Grant Challenge in accordance with the terms set forth in the attached product specifications.

Entities whose Grant Challenge applications are declined will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter. As a pilot program, decisions based on non-discretionary reasons are subject to the existing delegated authority. For appeals from declinations based on discretionary reasons, including scoring, the Board is the final decision maker. Managing Director of Legal Affairs will assign a Hearing Officer to review the appeal and any relevant documentation and prepare a recommendation for Board decision.

Funding Disbursement:

The Administrator will enter into a grant agreement with NJEDA, and funds will be disbursed on the following schedule:

- Upon execution of the grant agreement, NJEDA will provide a disbursement equal to the agreed upon amount for the Administrator's direct and indirect costs.
- The remaining balance will be disbursed upon the launch of each Sub-Grant Program solicitation, with the disbursement amount equal to the total funding made available through each respective Sub-Grant Program solicitation.

Fee Waiver:

The NJEDA rules require that the NJEDA charge a non-refundable \$1,000 application fee for products (N.J.A.C. 19:30-6.1(a)). However, an exception to this rule (N.J.A.C. 19:30-6.1A(b)3) permits the Board to waive application fees when there are other sources of funding for the Authority's administrative costs. This Grant Challenge is funded through two grant agreements with the New Jersey Department of Treasury; both Treasury Agreements include NJEDA administrative costs as an allowable expense. Because there is sufficient funding in the New Jersey Department of Treasury grant agreements to cover NJEDA administrative costs, staff requests that the Board approve an application fee waiver for the Grant Challenge.

Recommendation:

The Members are requested to approve: (1) the creation of the OSW Applied Research Fund Administration Grant Challenge - a pilot grant product whereby NJEDA will award a \$6.35 million grant to a qualified entity who will develop and administer a grant program for OSW applied research and innovation open to NJ universities and colleges over a five-year period; (2) Capitalization of the Offshore Wind Applied Research Fund Administration Grant Challenge utilizing \$6.35 million in funding received by NJEDA via two separate grant agreements with the NJ Department of Treasury covering Fiscal Year 2023 and Fiscal Year 2024 appropriations for the Wind Institute; (3) Delegation of authority to the Chief Executive Officer to approve eligible applications for the Offshore Wind Applied Research Fund Administration Grant Challenge in accordance with the terms set forth in this memo and attached program specifications; (4) Delegation of authority to the Chief Executive Officer to accept additional program funds and to impose additional requirements as may be required by law as a condition of accepting, provided that the requirements are consistent with the parameters of the program; and (5) Applicant fee waiver for the Grant Challenge.



Tim Sullivan, CEO

Prepared by: Lloyd Lomelino

Attachments