

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES**

_____)
Petition of NSTAR Electric Company d/b/a)
Eversource Energy for Approval of Proposed Long-))
Term Contracts for Offshore Wind Energy)
Generation Pursuant to Section 83C of an Act) D.P.U. 22-70
Relative to Green Communities, St. 2008, c. 169, as)
amended by St. 2016, c. 188, §12; St. 2021, c. 8 §§)
91 *et. seq.*)
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Petition of Massachusetts Electric Company and)
Nantucket Electric Company d/b/a National Grid)
for Approval of Proposed Long-Term Contracts for)
Offshore Wind Energy Generation Pursuant to) D.P.U. 22-71
Section 83C of an Act Relative to Green)
Communities, St. 2008, c. 169, as amended by St.)
2016, c. 188, §12; St. 2021, c. 8 §§ 91 *et. seq.*)
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Petition Fitchburg Gas and Electric Light Company)
d/b/a Unitil for Approval of Proposed Long-Term)
Contracts for Offshore Wind Energy Generation)
Pursuant to Section 83C of an Act Relative to Green) D.P.U. 22-72
Communities, St. 2008, c. 169, as amended by St.)
2016, c. 188, §12; St. 2021, c. 8 §§ 91 *et. seq.*)
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**ANSWER OF MAYFLOWER WIND ENERGY LLC
IN SUPPORT OF MOTION FOR A ONE-MONTH SUSPENSION**

Pursuant to 220 CMR 1.04(5)(c), Mayflower Wind Energy LLC (Mayflower Wind) hereby files this Answer in Support of the Motion for a One-Month Suspension of Proceedings filed on October 20, 2022 by Commonwealth Wind, LLC (Commonwealth Wind) (the Motion). Mayflower Wind agrees with Commonwealth Wind that a one-month suspension of the above-captioned proceedings with regard to the review of the power purchase agreements (PPAs) between the Petitioners and both Commonwealth Wind and Mayflower Wind (together, Offshore

Wind Developers) is needed to address the impact of current extraordinary global economic conditions on the PPAs and is consistent with Section 83C.¹ Mayflower Wind requests that the Department of Public Utilities (Department) grant the Motion for a one-month suspension to allow all PPA parties time to explore potential adjustments to their respective PPAs to take into account these conditions.

As set forth below and in the Motion, a one-month suspension would allow the PPA parties time to work together to consider highly relevant developments that have occurred since the Offshore Wind Developers submitted their respective bids into the Section 83C III solicitation in September 2021, the parties signed the PPAs in April 2022 and the EDCs filed the PPAs in May 2022. The suspension would allow the PPA parties to examine the economic impact of unprecedented commodity price increases, interest rate hikes, and supply shortages on the respective projects of the Offshore Wind Developers (the Commonwealth Wind Project and the Mayflower Wind Project, collectively, the Projects) and on the related PPAs.

A one month suspension would enable the parties to consider potential approaches to help ensure these offshore wind projects are economic and financeable under the PPAs. That assurance is especially important in this case, because the Projects are among the few first-mover offshore wind projects in the region. As such, they are critically important Projects to the advancement of the Commonwealth's public policy requirements. These requirements include, among others, substantial reductions in greenhouse gas emissions, significant increase in clean energy supply from offshore wind, and development of the offshore wind industry as an important driver of the Massachusetts economy. Approaches to be explored by the PPA parties

¹ Green Communities Act, St. 2008 c. 169 § 83C, as amended by *An Act to Promote Energy Diversity*, St. 2016 c. 188, *An Act to Advance Clean Energy*, St. 2018 c. 227, *An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy*, St. 2021 c. 8, and *An Act Driving Clean Energy and Offshore Wind*, St. 2022 c. 179.

during the suspension could include cost saving measures, any applicable federal tax incentives under the newly enacted Inflation Reduction Act,² and an appropriate increase in the PPA prices to help establish sound economics and financeability for the individual Projects.

Mayflower Wind also proposes to use the suspension to determine whether additional time, beyond the period requested in the Motion, is needed to resolve the appropriate path forward for the PPAs. Mayflower Wind proposes that the PPA parties, individually or collectively, file a status report before the expiration of the thirty day suspension of the proceeding and specify whether further suspension of the proceeding would be appropriate to allow the PPA parties additional time to discuss potential solutions to identified issues.

A suspension at this time is needed and appropriate because, under the current PPAs, the resource may no longer be economic and financeable without adjustments to the PPAs. A pause now to examine and address the economics and financeability of the Projects under the PPAs would be consistent with Section 83C(a), which states that the purpose of Section 83C is to “facilitate the financing of offshore wind energy generation resources.” A one-month delay would be appropriate because it would give the parties an opportunity to evaluate the current situation facing the Projects and potentially agree in concept upon changes to the PPAs, or other measures, that could help ensure sound economics and financeability for the Projects, consistent with Section 83C, in light of the global inflation and supply chain issues that have only increased and accelerated since the submission of bids for the PPAs, and the execution and filing of the PPAs.³

² Pub. L. No. 117-169, 136 Stat. 1818, signed into law on August 16, 2022.

³ Mayflower Wind believes that a similar pause in the Section 83C II PPA amendment approval proceeding in Docket Nos. DPU 20-16, 20-17 and 20-18 may also be appropriate for the same reasons as discussed herein. A request for such a suspension is the subject of a similar motion from Mayflower Wind in that consolidated proceeding.

A suspension in this proceeding is also appropriate as a matter of administrative efficiency. It would allow the parties an opportunity to assess recent macroeconomic developments in the global economy and supply chain and ensure that the record before the Department reflects current realities. It would be inefficient and unproductive to continue with briefing and deliberations on the PPAs in this proceeding without fully considering the effect of these recent developments on the PPAs under review and whether, in light of the circumstances, amendments to the PPAs are necessary and in the public interest. Otherwise, this process could run its course culminating with a decision on the PPAs, only to have amendments to the as-approved PPAs filed later, triggering an additional adjudicative process.

I. BACKGROUND

On May 25, 2022, the Electric Distribution Companies (EDCs) filed petitions with the Department seeking approval of long-term contracts to purchase offshore wind energy generation with Mayflower Wind and Commonwealth Wind pursuant to Section 83C. The petitions were docketed as D.P.U. 22-70, D.P.U. 22-71, and D.P.U. 22-72. Mayflower Wind petitioned to participate as a limited participant on June 16, 2022; the Department granted that petition on June 22, 2022. On October 20, 2022, Commonwealth Wind filed the Motion seeking a one-month suspension in these proceedings.

II. ANSWER

Mayflower Wind supports the Motion for a one-month suspension of the proceedings, subject to the filing of a status report from the PPA parties, filed individually or collectively, before the expiration of that month indicating whether additional time may be needed to appropriately address the issues described herein.

Pursuant to 220 CMR 1.06(5)(b), the Presiding Officer has discretion to allow for a delay in the conduct of an adjudicatory proceeding. Such delay is necessary in this case in the interest

of efficiency and in the interest of carrying out both the purpose of Section 83C and the public policy requirements of Massachusetts regarding climate change, clean energy and offshore wind.

As described in Commonwealth Wind's motion, recent global commodity price increases, prolonged supply chain constraints, persistent inflation and sudden increases in interests rates have sharply increased the expected cost of constructing the Projects. It is appropriate for the PPA parties to examine now the current economics and financeability of the respective Projects and seek to establish a sound basis for them to move forward. Consequently, in addition to supporting this motion in this proceeding, and for the same reasons, Mayflower Wind today also filed its own motion for a pause in the Section 83C II PPA amendment approval proceeding in dockets D.P.U. 20-16, 20-17 and 20-18.

As stated by Commonwealth Wind, a short delay in the these proceedings "would give the parties critical time to assess the significance of changed global economic circumstances and put all parties and the Department in the best position to fully incorporate these realities into the record and their decision-making processes so as to deliver the best outcome for the Commonwealth and its ratepayers."⁴ Additionally, the recently-passed Inflation Reduction Act (IRA) may provide tax incentives to the Projects that could provide savings for Massachusetts customers.⁵ Accordingly, Mayflower Wind agrees that the PPA parties should examine the economics and financeability of the respective Projects and any opportunities to incorporate federal tax or other benefits into the analysis.

A pause in the proceedings in this case would be appropriate and consistent with Section 83C. The purpose of Section 83C is to facilitate the financing of offshore wind energy

⁴ Commonwealth Wind, LLC's Motion for a One-Month Suspension of the Proceedings under D.P.U. 22-70/22-71/22-72 at 6 (October 20, 2022).

⁵ Pub. L. No. 117-169, 136 Stat. 1818 (2022).

generation resources. Therefore, it would be appropriate to pause this proceeding to allow the PPA parties time to discuss the potential for amendments to the PPAs to help establish sound economics and financeability of the respective Projects, in light of extraordinary economic conditions and the passage of the IRA, and thereby carry out the purpose of Section 83C. Additionally, given current supply chain issues, the PPA parties should also consider whether adjustments to existing milestones in the PPAs are necessary or otherwise appropriate.

Mayflower Wind remains fully committed to its Project and to its related transmission connector projects. Mayflower Wind is committed to having its Project help meet the Commonwealth's important public policy requirements regarding clean energy, climate change, energy security and economic advancement in a cost-effective manner for the benefit of the Commonwealth and the region. The need for the Clean Energy Resource is more evident than ever, given legislative requirements and the need for a diverse and secure energy supply from local clean energy resources.⁶ Failure to appropriately address deficiencies in the PPAs and recognize the impact of the extraordinary macroeconomic conditions that have developed recently, will only be counter to successfully moving the offshore wind industry and its substantial benefits forward for Massachusetts and the region.

⁶ Massachusetts has indicated a strong public policy in favor of diversifying its energy supply to include the reliable energy produced by offshore wind, as well as the economic advancement of the offshore wind industry and the reduction of greenhouse gases by replacing carbon emitting resources with zero-emission resources like offshore wind. *See e.g., Global Warming Solutions Act*, St. 2008 c. 298, *the Green Communities Act*, St. 2008 c. 169, *An Act to Promote Energy Diversity*, St. 2016 c. 188, *An Act to Advance Clean Energy*, St. 2018 c. 227, *An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy*, St. 2021 c. 8, *An Act Driving Clean Energy and Offshore Wind*, St. 2022 c. 179. As has been reported by ISO-NE and governmental authorities, offshore wind facilities in New England can help to reduce power costs and reduce stress on the grid during times of extreme winter weather. *See e.g.,* ISO New England, 2019 Economic Study: Offshore Wind Integration (2020) https://www.iso-ne.com/static-assets/documents/2022/07/2021_ncsp_pjm_nyiso_iso_ne_final.pdf; ISO New England System Planning Department, High-Level Assessment of Potential Impacts of Offshore Wind Additions to the New England Power System During the 2017-2018 Cold Spell (2018) https://www.iso-ne.com/static-assets/documents/2018/12/2018_iso-ne_offshore_wind_assessment_mass_cec_production_estimates_12_17_2018_public.pdf.

Finally, Mayflower Wind agrees that a suspension in the proceedings will aid in administrative efficiency and will prevent the Department, the EDCs, and all other parties to these proceedings from wasting precious resources reviewing PPAs that would have to subsequently be amended. Absent time for the PPA parties to assess the significance of these developments to the PPAs and the ability of the PPAs to advance the purposes of Section 83C, the Department will not be in the best position possible to evaluate the PPAs realistically under applicable law. No one will benefit from a Department decision concerning PPAs that does not allow the Projects to be economic and financeable and carry out the purpose of Section 83C and the public policy requirements of the Commonwealth related to clean energy, climate change and offshore wind. Mayflower Wind remains committed to working with all parties in this proceeding to minimize the impact of this delay and negotiate further in good faith.

III. CONCLUSION

For the reasons set forth herein, Mayflower Wind supports Commonwealth Wind's Motion for a one-month suspension in the proceedings for the benefit of all parties. Mayflower Wind recommends that this suspension be subject to the filing, individually or collectively, of a status report before the expiration of that month indicating whether additional time may be needed to appropriately address the issues described in the Motion, and respectfully requests that the Department suspend the entire proceeding, including the review of the Mayflower Wind PPAs.

Respectfully submitted,

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By its attorney,

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