

# COMMONWEALTH OF MASSACHUSETTS EXECUTIVE OFFICE OF ENERGY AND ENVIRONMENTAL AFFAIRS

# DEPARTMENT OF ENERGY RESOURCES

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Maura T. Healey Governor

Rebecca L. Tepper Secretary

Kimberley Driscoll Lt. Governor Elizabeth Mahony Commissioner

May 2, 2023

Mark D. Marini, Secretary Department of Public Utilities One South Station, 5<sup>th</sup> Floor Boston, MA 02110

Re: <u>Long-Term Contracts for Offshore Wind Energy Generation Pursuant to Section 83C of</u> Chapter 169 of the Acts of 2008 – D.P.U. 23-42

Dear Secretary Marini:

The Massachusetts Department of Energy Resources (DOER) in coordination with Fitchburg Gas and Electric Light Company d/b/a Unitil (Unitil), Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid (National Grid), NSTAR Electric Company d/b/a Eversource Energy (Eversource), (collectively, Distribution Companies), jointly request the Department of Public Utilities (Department) approve the attached request for proposals (RFP) to solicit and enter into cost-effective Long-Term Contracts for Offshore Wind Energy Generation and associated Renewable Energy Certificates (RECs), pursuant to Section 83C of Chapter 169 of the Acts of 2008 et seq., as amended by the Energy Diversity Act and the Act Driving Clean Energy and Offshore Wind (Section 83C). The RFP seeks to procure at least 400 MW and up to the maximum amount remaining of the statutory requirement of 5,600 MW of offshore wind energy generation under Section 83C, subject to the provisions hereof, and taking into account offshore wind energy generation under contract at the time when proposals are due, in any event not to exceed 3,600 MW. Bidders are allowed to offer proposals of at least 200 MW, and up to 2,400 MW, of offshore wind energy generation. The DOER, in consultation with the

<sup>&</sup>lt;sup>1</sup> Long Term Contracts for Energy and RECs, and for RECs only, will include rights to all associated Environmental Attributes.

<sup>&</sup>lt;sup>2</sup> St. 2016, c. 188, s. 12 amended St. 2008, c. 169, s. 83. This section was later supplemented by St. 2018, c. 227, s. 21(a), and amended by St. 2021, c. 24, s. 69 and St. 2022, c. 179, s. 60-61.

<sup>&</sup>lt;sup>3</sup> The statutory requirement is a total of 5,600 MW of Offshore Wind Energy Generation and the Distribution Companies have each entered into contracts and received final Regulatory Approval for their load-ratio share of approximately 2,000 MW of Offshore Wind Energy Generation, with another 1,200 MW of Offshore Wind Energy Generation pending resolution of an appeal.

Independent Evaluator (IE) (collectively, the Selection Team) may select any cost-effective project or portfolio of projects that meet the criteria outlined in the RFP; however, the Selection Team is not obligated to select any specific amount.

This is the fourth solicitation pursuant to Section 83C and is part of a staggered procurement schedule developed by the DOER, in coordination with the Distribution Companies, in accordance with the authority granted to DOER under Section 61 of Chapter 179 of the Acts of 2022 to require the Distribution Companies to jointly and competitively conduct offshore wind generation solicitations and procurements to ensure that the Distribution Companies jointly solicit and enter into cost-effective contracts for offshore wind energy generation equal to approximately 5,600 MW of aggregate nameplate capacity no later than June 30, 2027.

In furtherance of the requirements of Section 83C, the DOER, in coordination with the Distribution Companies, and in consultation with the Massachusetts Attorney General's Office (AGO) and IE, have developed this new RFP, a copy of which is submitted herewith as Attachment A.<sup>4</sup> The RFP encompasses the timetable and method for solicitation of offshore wind energy generation in accordance with Section 83C. The RFP satisfies the requirements of Section 83C and will assist the Commonwealth with meeting its Global Warming Solution Act (GWSA) limits and sublimits. Section 83C requires: (1) the Distribution Companies, in coordination with DOER, to solicit proposals for offshore wind energy generation; and (2) provided that reasonable proposals have been received, the Distribution Companies shall enter into cost-effective long-term contracts for offshore wind energy generation. The standards and criteria set forth in this RFP are designed so that the proposals selected for contract negotiations will serve the interests of Section 83C by facilitating financing and being cost-effective to the Commonwealth's ratepayers over the terms of the contracts.

An evaluation team consisting of the DOER, the Distribution Companies, the Executive Office of Housing and Economic Development (EOHED) and the IE (the Evaluation Team) will evaluate proposals received from this solicitation. Specifically, proposals received will be subject to review by DOER and EOHED in consultation with the IE, and the Distribution Companies shall offer technical advice. The Distribution Companies may jointly negotiate contracts, and the DOER will have the opportunity to monitor contract negotiations between the Distribution Companies and selected bidder(s).<sup>5</sup> Further, each Distribution Company intends to enter into a contract with the winning bidder(s) for its apportioned share of the energy and/or RECs being purchased from the bidder's project. The Distribution Companies may request approval from the Department of their respective contracts jointly or individually.

The expectation of the DOER and the Distribution Companies is that the Department's approval of the RFP will promote the transparency, consistency, and objectivity of the solicitation process. This will, in turn, greatly facilitate the Department's review of any subsequent individual

<sup>&</sup>lt;sup>4</sup> In addition, on February 10, 2023, the DOER issued a request for stakeholder comment regarding development of the RFP. All comments provided in response to DOER's request were posted publicly and may be accessed at: <a href="https://macleanenergy.com/83c-iv/">https://macleanenergy.com/83c-iv/</a>.

<sup>&</sup>lt;sup>5</sup> A pro-forma contract will be posted to the <a href="https://macleanenergy.com/83c-iv">https://macleanenergy.com/83c-iv</a> website for review by stakeholders following the submission of this filing to the Department. It is not being submitted to the Department for formal approval, consistent with the Department's orders in D.P.U. 09-77, at 23-24, and D.P.U. 17-32, at 42.

contracts with the selected bidder(s) so that those contracts may be approved in an efficient and timely manner in furtherance of the objectives of Section 83C.

## <u>Independent Evaluator</u>

As required by Section 83C, the DOER and the AGO have jointly selected, and the DOER has contracted with, an IE to monitor and report on the solicitation and bid selection process. The IE will do so to assist the DOER in determining whether a proposal is reasonable, and to assist the Department in its consideration of the Long-Term Contracts filed for approval.

In an effort to ensure an open, fair and transparent solicitation and bid selection process that is not unduly influenced by an affiliated company, Section 83C requires the IE:

- (1) To issue a report to the Department analyzing the timetable and method of solicitation and the solicitation process implemented by the Distribution Companies and the DOER, and include recommendations, if any, for improving the process; and
- (2) Upon the Department's review of a proposed long-term contract, to file a report with the Department summarizing and analyzing the solicitation and bid selection process, and providing the IE's assessment of whether all bids were evaluated in a fair and non-discriminatory manner.

To perform this role, the IE will have access to all information and data related to the solicitation and bid selection process, including any confidential information provided by bidders. The Department has the discretion to consider the IE's findings and may adopt its recommendations as a condition for approval. However, if the IE concludes in its findings that the solicitation and bid selection of a contract was not fair and objective, and that the process was substantially prejudiced as a result, the Department shall reject the contract per Section 83C.<sup>6</sup>

#### Overview of the Procurement Process

The Evaluation Team, with the assistance of an Evaluation Team Consultant, will receive the proposals, including confidential materials, and conduct an evaluation of the proposals.

Eversource and National Grid have executed Standards of Conduct documents attached to the RFP as Appendix F-1 and F-2. Under these Standards of Conduct, discussion of this RFP and any bid proposed in response thereto between personnel participating on the Distribution

<sup>&</sup>lt;sup>6</sup> DOER, at its discretion, may request the IE to monitor contract negotiations between the Distribution Companies and the winning bidder(s).

<sup>&</sup>lt;sup>7</sup> Non-refundable bid fees are used to offset the costs related to the evaluation of proposals and oversight of the Independent Evaluator. D.P.U. 19-45, at 58 (2019). For Round 4, the DOER and the EDCs have developed a bid fee remittance protocol for funding such costs.

<sup>&</sup>lt;sup>8</sup> Unitil does not have an affiliate that may bid in response to the RFP and therefore has not executed a Standard of Conduct. If there becomes a prospect that a Unitil affiliate will be a bidder, Unitil will execute a Standard of Conduct.

Company's Evaluation Team and personnel involved in the preparation of a proposal in response to this RFP on behalf of a Distribution Company affiliate is prohibited, other than as part of the discussions that are conducted as part of the RFP process (*e.g.*, bidder conferences or formal bidder Q&A), in accordance with the Standards of Conduct.

The Evaluation Team will consider the evaluation results and project rankings to determine projects to be considered for selection.

The Distribution Companies will be responsible for negotiation and execution of any final long-term contracts. The DOER will have the opportunity to monitor contract negotiations between the Distribution Companies and the selected bidders.

The procurement process has three stages of evaluation, as described in further detail in Section 2 of the RFP. In Stage One, proposals will be reviewed to ensure that they meet eligibility and threshold requirements. In Stage Two, proposals will be evaluated based on specified quantitative and qualitative criteria. In Stage Three, the Evaluation Team will conduct further evaluation of remaining proposals based on the Stage Two quantitative and qualitative evaluation criteria and additional factors at their discretion, to identify viable projects that provide cost-effective, reliable offshore wind energy generation with limited risk.

#### Solicitation Method

The DOER and the Distribution Companies will conduct this solicitation. Proposals received will be subject to review by the Evaluation Team. Responses to this RFP must be submitted contemporaneously to the entire Evaluation Team for joint evaluation consistent with the terms of the RFP. Proposals must be submitted in accordance with Section 1.7 of the RFP.

The Selection Team shall issue a final, binding determination of the winning bid or bids; provided, however, that the final executed contracts shall be subject to review by the Department. Following completion of Stage Three of the evaluation and prior to the Selection Team making a selection decision, the Distribution Companies shall indicate their preferences for project selection(s), including their reasoning, to the Selection Team. The Distribution Companies expect to coordinate their negotiation of the contracts and to jointly file the executed long-term contracts with the Department for approval prior to the long-term contracts becoming effective. The form Purchase Power Agreements (PPAs) may vary somewhat to accommodate the contracting requirements that are specific to each Distribution Company.

#### Solicitation Timetable

If the Department approves the method and timetable for solicitation and execution of the long-term contracts, as encompassed within the RFP, the Distribution Companies and the DOER will promptly issue the RFP to a wide range of potentially interested parties and post the RFP publicly on the <u>macleanenergy.com</u> website. As set forth in Section 3.2 of the RFP, a bidders' conference will be held approximately two weeks after the RFP is issued. Potential bidders will then have the opportunity to submit written questions regarding the RFP with responses posted to the MACleanEnergy.com website. <u>See</u> RFP, § 3.2.

Section 3.1 of the proposed RFP lists additional timeframes, as follows:

Event	Anticipated Dates
Issue RFP	$xxx^9, 2023$
Bidders Conference	TBD
Deadline for Submission of Questions	TBD
Due Date for Submission of Confidential and Public Proposals	January 31, 2024
Selection of Projects/Commence Negotiations	June 12, 2024
Execute Long Term Contracts and MOU with DOER	August 14, 2024
Submit Long Term Contracts for Department Approval	September 18, 2024

This schedule sets out a fair process for bidders and sufficient opportunity for: (1) bid evaluation; (2) negotiation of cost-effective contracts that satisfy the criteria under Section 83C; and (3) submission of the resulting contract(s) to the Department for approval. Once the Department issues an order approving a Distribution Company's request for approval of an executed long-term contract(s) under Section 83C, the Distribution Companies shall notify the bidder(s). Each Distribution Company shall have the opportunity to terminate the long-term contract(s) if the Department's approval contains terms or conditions that are deemed to be unsatisfactory to the Distribution Company, in its sole discretion. See RFP, § 2.7.1.

DOER and the Distribution Companies respectfully request that the Department approve the timetable and method of solicitation contained in the proposed RFP. Upon the Department's approval, the DOER expects the Distribution Companies to issue the RFP as described above. The proposed RFP is the critical next step towards the procurement of cost-effective long-term contracts for offshore wind energy generation necessary to enable the Commonwealth to satisfy the important policy directives encompassed in Section 83C and to assist in achieving its GWSA limits.

Thank you for your attention to this matter. Please contact any of the following signatories if you have any questions regarding this filing.

<sup>&</sup>lt;sup>9</sup> This date will be after the issuance by the Department of a final Order approving the RFP and will be determined at the discretion of the RFP Drafting Parties.

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Respectfully submitted,

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#### **Enclosures**

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