## KEEGAN WERLIN LLP

ATTORNEYS AT LAW

99 HIGH STREET, SUITE 2900

BOSTON, MASSACHUSETTS 02110

TELECOPIER: (617) 951-1354

(617) 951-1400

April 23, 2018

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

Re: Long-Term Contracts for Offshore Wind, D.P.U. 17-103

Notice of Extended Selection Date

Dear Secretary Marini:

On April 28, 2017, pursuant to Section 83C of the Green Communities Act, as added by Chapter 188 of the Acts of 2016, An Act to Promote Energy Diversity (hereinafter "Section 83C") and 220 C.M.R. § 23.00 et seq., Fitchburg Gas and Electric Light Company d/b/a Unitil, Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid, and NSTAR Electric Company d/b/a Eversource Energy (collectively, the "Distribution Companies"), submitted a request to the Department of Public Utilities (the "Department") to approve the timetable and method for the solicitation and execution of the long-term offshore wind energy generation contracts pursuant to Section 83C. The timetable and method of solicitation were submitted in a Request for Proposals ("RFP") for review and approval by the Department. The Department issued an Order regarding the timetable and method for solicitation, directing the Distribution Companies to condense their proposed timetable for the solicitation to accelerate the project selection date by 29 days, to April 23, 2018. Long-Term Contracts for Offshore Wind, D.P.U. 17-103, at 26 (2017).

At this time, the Distribution Companies wish to notify the Department that the Evaluation Team requires an additional 30 days to select a winning proposal or proposals for a long-term offshore wind energy generation contract. This only changes the Project Selection milestone by moving it from April 23 to May 23, 2018. The remaining milestones directed by the Department (i.e., Contract Execution by July 2 and Department filing by July 31, 2018), remain unchanged. The Distribution Companies have been authorized to state that the Department of Energy Resources has no objection to the change in the selection date.

The Distribution Companies are pleased to note that the RFP resulted in a robust and sophisticated suite of proposals for offshore wind energy generation and associated transmission networks. The Department noted in its decision to condense the evaluation schedule that it

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The Department also directed the Distribution Companies to shorten the time proposed to negotiate and execute contracts by 64 days. D.P.U. 17-103, at 26. Overall, these actions resulted in a timetable accelerating the proposed date to submit contracts to the Department for approval by 93 days. <u>Id.</u>

expected fewer and less varied bids in Section 83C as compared to Section 83D. D.P.U. 17-103, at 25. While it is correct that fewer entities participated in the Section 83C RFP, the RFP still resulted in approximately 20 separate bids, some with multiple pricing and other options, including several complex scenarios that require detailed and demanding analysis. Adequately evaluating these detailed and complex proposals, however, requires a great deal of time, effort, and resources. While the Distribution Companies worked diligently to meet the April 23 selection date, this has proven impossible as a result of factors outside the Distribution Companies' control. A 30-day extension of the selection date, on the other hand, may provide the Distribution Companies a reasonable opportunity to evaluate the bids.

The Distribution Companies require additional time to evaluate Section 83C bids because of a few key events that were unforeseeable at the time the current Section 83C schedule was approved. First, as the Department is aware, the Distribution Companies responded to three powerful nor'easters during the first two weeks of March.<sup>2</sup> The Distribution Companies operated continuously under activated emergency response status for sustained durations in March to restore power to affected areas. During that time, members of the Evaluation Team were pulled from their regular business activities to respond to the storms. As a result, the work of the Evaluation Team was severely impacted, resulting in cancelled meetings, delayed document reviews, the absence of key technical personnel and decision-makers, and related issues. The storm duty responsibilities of Distribution Company personnel lasted in some cases significantly beyond the end of the storms. The end result was a substantial delay in progress on the evaluation of Section 83C proposals.

The evaluation of Section 83C proposals was also impacted by the ongoing Section 83D solicitation. As has been reported on the Massachusetts Clean Energy website, macleanenergy.com, and in several media outlets, the Section 83D selection process was seriously impacted by regulatory decisions in other jurisdictions that were outside the control of the Evaluation Team. This impact took place just after the end of the Section 83D process.<sup>3</sup> The Distribution Companies' response to the issues within the Section 83D solicitation took considerable time and attention from the Evaluation Team, essentially extending the Section 83D selection process by three weeks beyond the originally-anticipated schedule.

The Evaluation Team continues to diligently perform its obligations to conduct a fair and competitive evaluation of the Section 83C proposals, while also executing its responsibilities for other ongoing solicitations in Massachusetts and additional jurisdictions. Therefore, it is in the best interest of the Commonwealth and all distribution customers to extend the Section 83C project selection date to allow for continued evaluation of all proposals. The Distribution Companies will keep the Department informed of its progress towards the selection of proposals by May 23, 2018 and the ultimate execution of contracts consistent with the remainder of the Section 83C timetable.

Governor Baker declared a State of Emergency in response to the first nor'easter on March 3, 2018. <u>See</u> Governor's Declaration of Emergency, March 3, 2018, available at: <a href="https://www.mass.gov/files/documents/2018/03/06/StateOfEmergency-03.03.18.pdf">https://www.mass.gov/files/documents/2018/03/06/StateOfEmergency-03.03.18.pdf</a>.

<sup>3 &</sup>lt;u>See</u> DOER Update on Section 83D Clean Energy Solicitation, available at: https://macleanenergy.files.wordpress.com/2018/02/doer-statement-update-2-16-18.pdf.

Respectfully submitted,

## MASSACHUSETTS ELECTRIC COMPANY and NANTUCKET ELECTRIC COMPANY each d/b/a/ NATIONAL GRID

By its attorneys,

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John K. Halib seeson J. J

John K. Habib, Esq. Matthew S. Stern, Esq. Keegan Werlin LLP 99 High Street Suite 2900 Boston, Massachusetts 02110 (617) 951-1400

NSTAR ELECTRIC COMPANY d/b/a EVERSOURCE ENERGY

By its attorney,

Danielle Winter, Esq.

Keegan Werlin LLP 99 High Street Suite 2900

Danie C. Wint

Boston, MA 02110

617-951-1400

## FITCHBURG GAS AND ELECTRIC LIGHT COMPANY d/b/a UNITIL

By its attorney,

William D. Hewitt

WM W. Xluitt

Roach Hewitt Ruprecht Sanchez & Bischoff, P.C. 66 Pearl Street, Suite 200

Portland, ME 04101

207-747-4870

cc: D.P.U. 17-103 Service List