



February 25, 2021

BY ELECTRONIC SUBMISSION

Massachusetts Department of Energy Resources
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RE: DRAFT Request for Proposals for Long-Term Contracts for Offshore Wind Energy Projects - Request for Public Comment

Equinor Wind US LLC (“Equinor”), in its capacity as service operator of OCS Leases A-0512 and A-0520, is pleased to provide these comments to the Massachusetts Distribution Companies (“Distribution Companies”) and the Massachusetts Department of Energy Resources (“DOER”) on the Draft Request for Proposals for Long-Term Contracts for Offshore Wind Energy Projects (“Draft RFP”). Equinor supports the Commonwealth’s ambition to procure affordable, renewable energy and looks forward to working with Massachusetts to help realize that goal.

Equinor’s Background and Experience

Equinor, combined with its affiliates and ultimate parent Equinor ASA, is a global energy producer with nearly five decades of experience in safely developing and operating large-scale offshore assets and infrastructure, including offshore wind resources and electric transmission systems. Equinor is the largest offshore wind developer in the U.S. with 3,300 MW of awarded capacity. Equinor, together with its strategic partner BP, hold OCS Lease A-0520, located offshore New England, and OCS Lease A-0512, located offshore New York/New Jersey. Equinor is in early phase development of both leases. In 2019, Equinor’s 816-megawatt (“MW”) Empire Wind 1 project, within OCS Lease A-0512, was selected as a winner in New York State’s first offshore renewable energy certificate (“OREC”) solicitation. Earlier this year, Equinor was selected for the largest-ever U.S. OREC award by New York State. Under the award, Equinor will provide generation capacity of 1,260 MW of renewable offshore wind power from Empire Wind 2, located within OCS Lease A-0512, and another 1,230 MW of power from Beacon Wind 1, located within OCS Lease A-0520.¹ All told, these three projects will generate 3,300 MW of clean, renewable electricity, enough to power nearly two million homes.

As a leader in the burgeoning U.S. offshore wind industry, Equinor plans to continue to grow its project portfolio. With approximately half of the capacity earmarked for New York, 1,200 MW of offshore wind capacity remains at the Beacon OCS Lease A-0520, which is located approximately 20 miles off the coast of Massachusetts. Equinor has made great strides in assessing

¹ The execution of the procurement award is subject to the successful negotiation of a purchase-and-sale agreement with the New York State Energy Research and Development Authority.

the entire Beacon lease area since its purchase in 2018. Equinor also has been assessing potential landfalls, cable routes, and points of interconnection that can service states with upcoming solicitations, including Massachusetts.

Proposed Changes to RFP

Equinor supports the size of the procurement and the schedule in the draft RFP. A single 1,600MW solicitation conducted this year will allow bidders the flexibility to propose the most efficient and cost-effective solutions for ratepayers.

Equinor strongly supports the Commonwealth's goal to secure affordable renewable energy for ratepayers. The alternative pricing proposal hinders that effort by adding unnecessary complexity and creating uncertainty. Under the National Grid proposal, a developer is required to submit pricing that depends on retroactive changes to an unrelated project, with no clarity on the timing of those potential changes, creating an untenable pricing risk for bidders. Furthermore, in past procurements, market forces have continued to drive competitive pricing below prior bid rounds even without a price cap in place, rendering a complex price cap not only risky but unneeded. Equinor urges DOER and the Distribution Companies to reject the alternative pricing proposal. In terms of the standard pricing requirement, if it is to be instituted, Equinor recommends the nominal levelized price be adjusted to the equivalent in real terms.

In continuing to support the most affordable options for ratepayers, Equinor also urges DOER and the Distribution Companies to reject National Grid's proposed plan to secure first rights to procure RECs following the PPA. The provision materially changes the terms of the PPA, reducing the ability of bidders to contract following this PPA and putting the projects at increased risk long-term. This inability to secure alternative offtake options following the terms of the PPA comes at a cost to ratepayers, requiring projects to price that risk into the PPA. Rejecting the proposed plan will not prevent Distribution Companies from procuring RECs following the term of the PPA; it will leave that option open along with all other market options, allowing projects the flexibility to secure the highest revenue following the term of the PPA, driving down the long-term risk of the project and resulting in lower prices for the term of the PPA. Equinor supports preserving the flexibility that will ensure the lowest cost for ratepayers in this PPA.

Equinor appreciates the additional considerations given to economic benefits to the Commonwealth and the added focus on diversity, employment benefits, workforce development, supply chain, port investments, and research and innovation. Equinor is a values-driven company that prioritizes acting in a sustainable, ethical, and socially responsible manner, values which are reflected in our project development. As such, we are encouraged by the Commonwealth's desire to incorporate factors relating to equity and environmental and social responsibility into the procurement process. Equinor urges DOER to provide clarity on how those factors will impact the selection by DOER and the Distribution Companies. In the draft RFP, there are approximately 20 factors listed under the qualitative evaluation, which makes up 25 percent of the decision, and without transparency on how each of these factors will be weighted in the evaluation, it is difficult to determine the Commonwealth's priority goals for the projects. Equinor would appreciate greater clarity on the Commonwealth's vision for these projects and how that will be taken into account



in the proposal scoring. Recognizing that the quantitative criteria consists of 75 percent of the evaluation and that the price cap dictates the level of investment projects can make in the Commonwealth, Equinor also notes that projects have limited flexibility in offering creative, long-term benefits in the proposals and benefits the lowest cost option, even if that is not to the long-term benefit of ratepayers.

Conclusion

Equinor is committed to building on its global track record of successfully and safely developing grid-scale offshore wind projects in United States. We are excited to apply our considerable experience to work with Massachusetts, along with all regional stakeholders, to realize the region's collective long-term emission reduction goals.

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