

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

Joint Petition of NSTAR Electric Company)	
d/b/a Eversource Energy, Massachusetts)	
Electric Company and Nantucket Electric)	
Company each d/b/a National Grid and)	
Fitchburg Gas and Electric Light Company)	
d/b/a Unitil for Approval of Request for)	D.P.U. 21-40
Proposals for Long-Term Contracts for)	
Offshore Wind Energy Generation Pursuant)	
to Section 83C of An Act Relative to Green)	
Communities, St. 2008 c. 169, as amended by)	
St. 2016, c. 188, § 12, and Section 21(a) of)	
Chapter 227 of the Acts of 2018)	

**JOINT PETITION FOR APPROVAL OF TIMETABLE AND METHOD FOR
SOLICITATION OF LONG-TERM CONTRACTS FOR OFFSHORE WIND ENERGY
GENERATION**

NSTAR Electric Company d/b/a Eversource Energy (“Eversource”), Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid (“National Grid”) and Fitchburg Gas and Electric Light Company d/b/a Unitil (“Unitil”) (together, the “Distribution Companies” or “EDCs” and each individually “Distribution Company”) pursuant to Section 83C of An Act Relative to Green Communities, St. 2008 c. 169, as amended by St. 2016, c. 188, § 12 (“Section 83C”) and in accordance with Section 21 of Chapter 227 of the Acts of 2018, hereby petition the Department of Public Utilities (“Department”) for approval of the timetable and method for solicitations of long-term contracts for offshore wind energy generation as reflected in

the enclosed proposed Request for Proposals (“RFP”).¹ In support of this request, the Distribution Companies state as follows:

I. BACKGROUND AND STATUTORY FRAMEWORK

1. Section 83C(a) provides that, to facilitate the financing of Offshore Wind Energy Generation² resources in Massachusetts, not later than June 30, 2017, the Distribution Companies shall jointly and competitively solicit proposals for offshore wind energy generation; and, provided that reasonable proposals have been received, shall enter into cost-effective long-term contracts, subject to the review and approved by the Department.

2. Pursuant to Section 83C(b), the timetable and method for solicitations of long-term contracts shall be proposed jointly by the Distribution Companies and the Department of Energy Resources (“DOER”) using a competitive bidding process and shall be subject to review and approval by the Department. The Distribution Companies, in coordination with DOER, must consult with the Attorney General’s Office (“AGO”) regarding the solicitation method.

3. Section 83C(b) permits the Distribution Companies to conduct one or more competitive solicitations under a staggered procurement schedule to ensure that the Distribution Companies enter into cost-effective long-term contracts for offshore wind energy generation equal to approximately 1,600 MW of aggregate nameplate capacity by June 30, 2027.

¹ The DOER fully supports the proposed RFP presented by the Distribution Companies in this filing. The description of the proposed RFP in this Petition, however, is a requirement reserved to the Distribution Companies. See, 220 C.M.R. § 23.04(2). The DOER will confirm by separate filing that the proposed RFP is being proposed jointly by the Distribution Companies and the DOER.

² “Offshore wind energy generation” is defined in Section 83B of the Green Communities Act as “offshore electric generating resources derived from wind that: (1) are Class I renewable energy generating sources, as defined in section 11F of chapter 25A of the General Laws; (2) have a commercial operations date on or after January 1, 2018, that has been verified by the department of energy resources; and (3) operate in a designated wind energy area for which an initial federal lease was issued on a competitive basis after January 1, 2012.

4. The Distribution Companies issued the first solicitation for long-term contracts for Offshore Wind Energy Generation under Section 83C on June 29, 2017 in accordance with the approval of the Department in Fitchburg Gas and Electric Light Company, et al., D.P.U. 17-103 (2017). The solicitation resulted in the selection of a proposal from Vineyard Wind LLC for an aggregate of approximately 800 MW of offshore wind energy generation. The Department approved the long-term contracts between each of the Distribution Companies and Vineyard Wind LLC on April 12, 2019. NSTAR Electric Company d/b/a Eversource Energy, D.P.U. 18-76 (2019); Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid, D.P.U. 18-77 (2019); Fitchburg Gas and Electric Light Company d/b/a Unitil, D.P.U. 18-78 (2019).

5. The Distribution Companies issued the second solicitation for Offshore Wind Energy Generation pursuant to Section 83C on May 23, 2019, in accordance with the approval of the Department in Fitchburg Gas and Electric Light Company et al., D.P.U. 19-45 (2019). The solicitation resulted in the selection of a proposal from Mayflower Wind Energy LLC for an aggregate of approximately 800 MW of offshore wind energy generation. The Department approved long-term contracts between each of the Distribution Companies and Mayflower Wind Energy LLC on November 5, 2020. NSTAR Electric Company d/b/a Eversource Energy, D.P.U. 20-16 (2020); Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid, D.P.U. 20-17 (2020); Fitchburg Gas and Electric Light Company d/b/a Unitil, D.P.U. 20-18 (2020).

6. The Vineyard Wind LLC and Mayflower Wind Energy LLC long-term contracts fulfilled the Distribution Companies' requirement to procure approximately 1,600 MW of aggregate nameplate capacity pursuant to Section 83C(b).

7. Section 21(a) of Chapter 227 of the Acts of 2018, An Act to Advance Clean Energy (“Clean Energy Act”) authorized DOER to investigate the necessity, benefits, and costs of requiring the Distribution Companies to jointly and competitively conduct additional offshore wind generation solicitations and procurements of up to an additional 1,600 MW under Section 83C, and to require said additional solicitations and procurements by 2035.

8. Section 21(b) of the Clean Energy Act required that DOER, prior to undertaking any additional solicitations and procurements beyond those required by Section 83C, evaluate previous solicitation and procurement processes and make recommendations to the General Court regarding: (i) any improvements to the solicitation and procurement process; (ii) an evaluation of the necessity of additional solicitations and procurements to meet the Commonwealth’s energy policy goals, including the goals of Chapter 169 and Chapter 298 of the Acts of 2008; (iii) any amount of recommended solicitations and procurements beyond those required by Section 83C, if applicable, up to 1,600 MW; (iv) an evaluation of the impact of additional procurements on ratepayers, including distribution customers; and (v) any potential economic benefits.

9. DOER’s May 2019 Offshore Wind Study recommended, in part, that the Distribution Companies should proceed with additional offshore wind solicitations for up to 1,600 MW of offshore wind and only enter into contracts if found to be cost-effective.

10. On May 31, 2019, DOER submitted a letter to Chairman Barrett and Chairman Golden of the Joint Committee on Telecommunications, Utilities and Energy regarding the results of its evaluation of the previous solicitation and procurement processes under Section 21(b) of the Clean Energy Act. In its letter, DOER required the Distribution Companies to proceed with an additional solicitation and procurement of up to 1,600 MW of offshore wind generation, with a goal of selecting a cost-effective project or projects in 2022.

11. Consistent with the requirements of Section 83C and DOER's report and May 31, 2019, letter to Chairman Barrett and Chairman Golden, pursuant to Section 21 of the Clean Energy Act, the Distribution Companies developed the RFP submitted with this Petition jointly with the DOER, in consultation with the AGO and with the oversight of the Independent Evaluator ("IE") retained in accordance with Section 83C(f).

II. TIMETABLE AND METHOD FOR SOLICITATION

Overview of the Procurement Process

12. The RFP encompasses the timetable and method for solicitation to be used to solicit Offshore Wind Energy Generation in accordance with Section 83C and Section 21 of the Clean Energy Act. The fundamental purpose of the RFP is to satisfy the policy directives encompassed within Section 83C, as continued and expanded in accordance with Section 21 of the Clean Energy Act, to assist the Commonwealth with meeting its Global Warming Solution Act goals.

13. The RFP seeks reasonable proposals to enter into cost-effective long-term contracts for at least 400 MW and up to 1,600 MW of Offshore Wind Energy Generation and associated renewable energy certificates ("RECs") and environmental attributes. The precise amount of Offshore Wind Energy Generation to be contracted for by the Distribution Companies through this solicitation will depend upon evaluation of bids submitted and any ensuing contract negotiations. The Distribution Companies and DOER will issue subsequent solicitations within 24 months of the previous solicitation, as necessary, to procure approximately 1,600 MW of aggregate nameplate capacity not later than December 31, 2035, as required in Chapter 21.

14. The standards and criteria set forth in the RFP are designed so proposals selected for contract negotiations will serve the interests of Section 83C by furthering those projects that

have a strong likelihood of being financed and constructed and that will provide a reliable and cost-effective source of long-term Offshore Wind Energy Generation to the Commonwealth.

15. The Evaluation Team, which consists of the Distribution Companies and DOER, with the assistance of the Evaluation Team Consultant, will receive the proposals, including confidential materials, and conduct an evaluation of the proposals in accordance with the three-stage process described in Section 2 of the RFP.

16. 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, at their discretion, additional factors, to ensure selection of viable projects that provide cost-effective, reliable Offshore Wind Energy Generation with limited risk.

17. At the conclusion of Stage Three of the evaluation, the Evaluation Team will consider the evaluation results and project rankings to determine projects to be considered for selection.

18. The Distribution Companies, with DOER serving as an advisory participant, will then be responsible for bid selection, contract negotiations and contract execution. 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 in accordance with Sections 83C(d) and (e)³ and the Department’s regulations at 220 CMR 23.05.

Solicitation Timetable

19. After the Department approves the method and timetable for solicitation and execution of long-term contracts, as encompassed within the RFP, the Distribution Companies will issue the RFP to a wide range of potentially interested parties and post the RFP publicly on the macleanenergy.com website.

20. As set forth in Section 3.1 of the proposed RFP, the schedule is proposed as follows:

Event	Anticipated Dates
Issue RFP	May 7, 2021
Bidders Conference	May 18, 2021
Deadline for Submission of Questions	May 25, 2021
Due Date for Submission of Confidential Proposals	September 16, 2021
Due Date for Submission of Public Proposals	September 23, 2021
Selection of Projects/Commence Contract Negotiations	December 17, 2021
Execute Long-Term Contracts	March 28, 2022
Submit Long-Term Contracts for DPU Approval	April 27, 2022

21. The Evaluation Team reserves the right to revise the above schedule, as necessary.

³ Section 83C(e) provides “A proposed long-term contract shall be subject to the review and approval of the department of public utilities. As part of its approval process, the department of public utilities shall consider recommendations by the attorney general, which shall be submitted to the department of public utilities within 45 days following the filing of a proposed long-term contract with the department of public utilities. The department of public utilities shall consider the potential costs and benefits of the proposed long-term contract and shall approve a proposed long-term contract if the department finds that the proposed contract is a cost-effective mechanism for procuring reliable renewable energy on a long-term basis, taking into account the factors outlined in this section. A distribution company shall be entitled to cost recovery of payments made under a long-term contract approved under this section.”

22. The proposed schedule sets out a fair process for bidders and sufficient opportunity for Distribution Companies to: (1) evaluate the bids; (2) negotiate and conclude cost-effective contract(s) that satisfy the criteria under Section 83C; and (3) submit the resulting contract(s) to the Department for approval.

Independent Evaluator and Standards of Conduct

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

24. To ensure an open, fair, and transparent solicitation and bid selection process that is not unduly influenced by any bidder that is affiliated with a Distribution Company, Section 83C requires the IE to: (1) issue a report to the Department that analyzes the timetable and method of solicitation and the solicitation process implemented by the Distribution Companies and the DOER; and (2) upon the opening of an investigation by the Department into a proposed long-term contract, to file a report with the Department that summarizes and analyzes the solicitation and bid selection process and provides an independent assessment of whether all proposals 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. In addition, DOER, at its discretion, may request the IE to monitor contract negotiations between the Distribution Companies and a winning bidder.

25. Additionally, Eversource and National Grid have executed the Standard of Conduct documents attached as Appendix F-1 and F-2 to the RFP.⁴ Under these Standards of Conduct, communication of any non-public information regarding this RFP or any responsive bid between personnel on the Distribution Company's Evaluation Team and personnel involved in the preparation of proposals in response to this RFP on behalf of a Distribution Company affiliate shall be prohibited, other than as part of discussions that are conducted as part of the RFP process (e.g., bidder conferences or formal bidder Q&A), in accordance with the Standard of Conduct.

III. NATIONAL GRID REQUEST FOR FINDING ON PRICE CAP⁵

26. Section 83C(b) provides that where a staggered solicitation is conducted, the Department shall not approve a long-term contract that results from a subsequent solicitation and procurement period if the levelized price per megawatt hour, plus associated transmission costs, is greater than or equal to the levelized price per megawatt hour plus transmission costs that resulted from the previous procurement.

27. The price cap provision was temporarily stricken under Chapter 48 of the Acts of 2019. Removal of the provision applied to any long-term contract that resulted from a solicitation issued in calendar year 2019. The price cap provision was reinstated effective January 1, 2021 under Sections 2, 4 and 5 of Chapter 48 of the Acts of 2018.

28. The Distribution Companies, DOER, AGO and IE did not unanimously agree upon the levelized price per megawatt hour plus transmission costs that resulted from the previous procurement due to pricing terms in Exhibit D of the contracts executed by the Distribution

⁴ Unitil does not have an affiliate that could potentially bid and, therefore, has not executed a Standard of Conduct. If the prospect arises of a Unitil affiliate becoming a bidder, Unitil will execute a standard of conduct.

⁵ This section addresses a request for Department review and findings on RFP maximum levelized price per megawatt hour provisions that are being proposed only by National Grid.

Companies with Mayflower Wind Energy LLC in the last Section 83C solicitation that adjusts the price if, as a result of a change in law that occurs prior to the commercial operation date, Mayflower Wind Energy LLC is able to qualify for an investment tax credit (“ITC”) that is in excess of twelve percent.

29. Section 2.2.1.4.i.a. of the proposed RFP requires that the nominal levelized price of any proposal must be less than \$77.76 per MWh⁶ and that pricing must be designed to recover all costs associated with the proposal, including but not limited to the cost of offshore wind generation, cost of Offshore Delivery Facilities, cost of network upgrades, and, if applicable, energy storage. The levelized price of \$77.76 per MWh reflects the levelized per MWh price in the Mayflower Wind Energy LLC contracts without adjustment for an ITC in excess of twelve percent.

30. National Grid has proposed a further pricing requirement to be added to Section 2.2.1.4. If approved by the Department, National Grid’s additional pricing requirement would apply to all proposals submitted in response to the RFP. National Grid proposes that, in addition to requiring that the nominal levelized price of any proposal must be less than \$77.76 per MWh, the following requirement be added:

ii.) In the event that the project receiving PPAs under 83C Round 2 (Mayflower Wind) goes into service and qualifies for the 30% ITC, resulting in a reduction in price under the Mayflower Wind PPAs from \$77.76 per MWh to \$70.26 per MWh, then the nominal levelized price of any proposal must be less than \$70.26 per MWh. To effectuate compliance with these limitations, any proposal submitted with a nominal levelized price less than \$77.76 per MWh (in accordance with the pricing requirement in i. above) but greater than or equal to \$70.26 per MWh (i.e. the levelized price/MWh resulting from the previous procurement in the event the project from that procurement qualifies for the 30% ITC) must also include an additional nominal levelized price (with pricing designed and calculated as described in i. above) that is less than \$70.26 per MWh, and commit to that additional price as the Price per MWh for the Products in the event the project from the

⁶ The nominal levelized price of \$77.76 is equivalent to the \$58.47/MWh 2019 real dollars levelized price from the contracts executed by the Distribution Companies with Mayflower Wind Energy, LLC in the 2019 83C procurement.

prior procurement does achieve the 30% ITC upon its COD. Other than the price differences due to differences in ITC, proposals under i. and ii. must be identical in every respect. No additional bid fee is required for any proposal required to submit this additional price. Proposals with one price submitted pursuant to i. above which is both less than \$77.76 and less than \$70.26 are not required to submit an additional price, and will be committing to that one Price per MWh for the Products regardless of whether the project from the prior procurement achieves the 30% ITC.

31. To provide certainty regarding the maximum levelized price per MWh applicable to this solicitation, the National Grid respectfully requests that the Department determine the pricing requirements to be established for all proposals under Section 2.2.1.4.i.a.

IV. FORM POWER PURCHASE AGREEMENT TERMS

32. In compliance with the Department's Order in Fitchburg Gas and Electric Light Company et al., D.P.U. 19-45 at 27, (2019), each Distribution Company has made its form power purchase agreement ("PPA") available to the IE for its review under Section 83C(f) and to the other Distribution Companies in advance of this filing.

33. In further compliance with the Department's Order, National Grid has identified that it intends to include terms in its form PPA that are materially different from the other Distribution Companies' form PPAs.

34. Specifically, National Grid intends to include a provision in its form PPA giving it the option to request the seller negotiate in good faith for a separate agreement after the term of the PPA under which the seller gives National Grid, at its option, certain rights to procure Environmental Attributes at market value.

35. National Grid notified the Evaluation Team and the IE of these terms and provided a draft of the proposed terms. National Grid also posted a copy of the proposed terms for public comment with the draft RFP.

36. National Grid’s proposed provision, if exercised, could result in a separate REC Purchase Agreement, the terms of which would be later negotiated by the parties. The REC Purchase Agreement will be a distinct agreement and will not be considered an amendment or extension of the PPA, nor will it require the seller to continue to operate the facility after the expiration of the PPA. Accordingly, National Grid does not expect that the inclusion of this provision in its form PPA will have any adverse effect on the solicitation process.

37. National Grid’s form PPA will also include a provision in Exhibit D that would require a price adjustment for an ITC increase if as a result of a change in law that occurs prior to the commercial operation date, the seller is able to qualify for an ITC that is in excess of 30 percent. The Eversource and Unitil form PPAs do not include this provision.

38. National Grid’s form PPA will also include an event of default provision under Section 9.2(m) that is not included in the Eversource and Unitil form PPAs. Section 4.9 of the form PPA requires the seller to provide National Grid with a certificate setting forth the average hourly Real-Time High Operating Limit (as defined in the ISO-NE Rules)⁷ for each contract year and the immediately preceding contract year (the “Biennial Average Real-Time High Operating Limit”). An unexcused failure by the seller to maintain a Biennial Average Real-Time High Operating Limit of at least fifty percent of the actual facility size for any two consecutive contract years would be an event of default under Section 9.2(m). These provisions are intended to set a threshold for the operability of the facility that is achievable so long as the facility is appropriately

⁷ “Real-Time High Operating Limit” is the maximum output, in MW, of a Generator Asset that could be achieved, consistent with Good Utility Practice, in response to an ISO request for Energy (including pursuant to Section III.13.6.4 of Market Rule 1), for each hour of the Operating Day, as reflected in the Generator Asset’s Offer Data. This value is based on real-time operating conditions and the physical operating characteristics and operating permits of the facility and must be submitted for all Generator Assets (other than Settlement Only Resources).

constructed and maintained. The provisions included in the National Grid Form PPA on this point are similar to provisions included in the PPAs between National Grid and Mayflower Wind.

V. CONCLUSION

39. As demonstrated above, the Distribution Companies have, pursuant to Section 83C, consulted with the DOER and the AGO regarding the choice of contracting methods and solicitation methods and have consulted with DOER regarding the proposed timetable and have herein presented to the Department an agreed upon timetable and method for the solicitation and execution of long-term renewable power contracts.

40. Approval of this solicitation process and proposed RFP will allow the Petitioning Parties to move forward with the critically important effort of fostering the Commonwealth's renewable energy goals.

WHEREFORE, the Distribution Companies respectfully request that the Department:

1. Find that the proposed RFP submitted with this Petition provides a reasonable timetable and method for solicitations of cost-effective long-term contracts for offshore wind energy generation in accordance with Section 83C(b) and 220 CMR § 23.04;
2. Authorize the Distribution Companies to conduct this additional solicitation and procurement pursuant to Section 83C *et seq.* and 220 CMR § 23.00 *et seq.*;
3. Issue such other and further orders as may be necessary and appropriate; and

WHEREFORE, National Grid respectfully requests that the Department:

4. Determine the appropriate approach to setting the maximum levelized price per megawatt hour applicable to this solicitation pursuant to Section 83C(b); and
5. Issue such other and further orders as may be necessary and appropriate.

Respectfully submitted,

**NSTAR ELECTRIC COMPANY d/b/a
EVERSOURCE ENERGY**

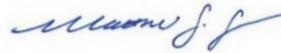
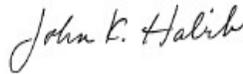
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