



March 1, 2023

Ms. Marian Swain
Deputy Director of Policy and Planning
Massachusetts Department of Energy Resources
100 Cambridge Street
9th Floor
Boston, Massachusetts 02114

Via email

Re: Request for Public Comment on 83C Round 4 Solicitation for Offshore Wind Energy Projects

Dear Ms. Swain:

Crowley Maritime Corporation appreciates the opportunity to submit these comments in response to the Department of Energy Resources, the Electric Distribution Companies (EDCs), and the Attorney General's Office (collectively "RFP Drafting Parties") request for proposals (RFP) for 83C Round 4 offshore wind energy projects.

Crowley is a leading U.S.-owned and operated business providing terminal operations, marine, energy and logistics services in domestic and international markets. Crowley operates under five business units: Crowley Wind Services, a turnkey wind services provider with marine assets, offshore and port operations expertise, logistics capabilities, and digital platforms to offer total lifecycle support and supply chain management solutions; Crowley Logistics, a singular ocean liner and logistics supply chain division; Crowley Shipping, which encompasses ownership, operations, and management of vessels, including tankers, container ships, tugboats, and barges; Crowley Fuels, a fuel transportation, distribution, and sales division; and Crowley Solutions, which focuses on government services, including vessel management for government agencies, as well as engineering, project management, naval architecture, marine salvage, and emergency response.

In October 2022, Crowley Wind Services purchased 42 acres surrounding Salem Harbor and is in the process of developing the property to serve as a full-service offshore wind marshalling port. Once build-out is completed in 2026, the terminal will be used for turbine assembly and staging activities, utilizing the site to store and assemble components – including blades, nacelles, and tower sections – as they are prepared for offshore installation. Given Salem Harbor's deep-water port and unrestricted height access to accommodate large-scale wind turbine installation vessels, Salem Harbor is uniquely positioned to support the offshore wind industry within the Commonwealth and across the region. Furthermore, as floating offshore wind is developed in the Gulf of Maine, Salem will again be the premier facility to support that development of the next generation of renewable offshore power generation.

In response to the RFP Drafting Parties' request for public comments, Crowley provides the following responses.

- 2a. Procurement Schedule: Crowley recommends that the procurement schedule be shortened, both in terms of deadlines for bid submission and selection of projects. Round 4 builds upon the

prior three rounds and both developers and evaluators have matured their processes significantly, resulting in less time required to develop properly priced bids and to evaluate bids in comparison to others. Speed of getting to approved projects is critical both in terms of meeting the Commonwealth's offshore wind energy target levels and in terms of building a sustainable and sustaining infrastructure to support the industry. The ability to see a clear timeline of projects from round to round is essential to companies like Crowley that are investing today in building out both the "hard infrastructure" such as our terminal in Salem and the "soft infrastructure" of developing a talent pipeline of trained workers through partnerships with the Massachusetts Maritime Academy, Salem High School Career Technical Education and other schools. We want to ensure in particular that Commonwealth citizens who are trained in the industry will be able to find steady employment in the Commonwealth.

- 2b. The challenges of pursuing schedules without aligning with other states' programs are significant. This could lead to a "feast or famine" period where multiple projects are underway at one time, followed by a dearth of projects which in turn would idle workers and facilities. Crowley recommends a coordinated effort to align timelines such that Massachusetts can be the central clearinghouse for services for other states without compromising the Commonwealth's offshore wind energy objectives. Utilizing facilities such as Crowley's Salem terminal to support projects out of New York in between Massachusetts projects is just one example of enhancing the economic viability of significant infrastructure investments. Similarly, we want Commonwealth workers to be able to stay employed, shifting to projects in Rhode Island or New York in between Massachusetts projects.
 3. Commercial Operation Date: Crowley recommends a latest date of January 1, 2028 but with preferential consideration for projects that commit to start dates prior to January 1, 2027. Time is of the essence, both for economic reasons such as ensuring steady utilization of Commonwealth infrastructure as well as to meet the policy goals. Four years is not a lot of time to get a new project underway, but it is becoming much more realistic as permitting processes are streamlined and the supply chain matures. The preferential treatment for starting prior to January 1, 2027 is to minimize the gap between completion of Crowley's Salem terminal and occupancy.
 - 5a. Inflation: The recent surge in inflation has impacted everyone, from ratepayers to infrastructure companies to developers. Projects that made sense two years ago are now hard-pressed to be justified in this new environment. Crowley, like every other company, is seeing cost pressures at every stage of the supply chain, and that either reduces the economic benefit of projects or adds to costs further along the chain. At some point, ratepayers will need to absorb some of the higher costs of developing and operating offshore wind projects; it just does not make sense for companies to subsidize the cost of power by absorbing documented or projected cost increases. How is that best managed? First, there needs to be a methodology for increasing rates by some calculable measure that is supported by increased costs. Second, the best way to prevent rising costs from impacting ratepayers is to expand utilization. The more that projects that can be supported simultaneously, or sequenced such that companies de-risk their investments, the better the financial support for investing in expensive assets and training programs in Massachusetts.
 - 5b. Cost stabilization: Offshore wind is a nascent industry in the United States and there will be cost uncertainty until the supply chain matures, from the manufacturing through the transportation and installation. While progress is being made on all fronts, true cost stabilization is dependent on a reliable supply chain. Providing comfort to bidders that costs will stabilize for Round 4 is certainly more feasible than prior rounds, but without more certainty of supply (e.g., where will foundations and blades be built) and logistics (e.g., how will they be transported to marine terminals and delivered to the offshore sites), bidders are likely to build in excessive cost contingencies for risk mitigation.
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- 5c. Inflation Adjustment. The New York State Energy Research and Development Authority (NYSERDA) included a one-time adjustment to the Offshore Wind Renewable Energy Certificate (OREC) price to account for inflation between proposal submission and construction and operations plan (COP) approval based on weighting of specific indices in its last solicitation. This certainly would help developers re-risk their projects and provide a more competitive proposal. Crowley would recommend clearly delineating the indices ahead of time to ensure their applicability to the Commonwealth's projects.
- 5d. Inflation Adjustment Timing. This would help developers avoid making assumptions about future inflation, which could either overprice projects or bring projects' viability into question. The timing from bid submission to Bureau of Ocean Energy Management COP approval is appropriate because it is only at that time that bidders can make firm commitments for materials and services. We would expect these adjustments to flow down to major contractors so that those contractors do not make their own assumptions about inflation. Transparency and flow down are critical to this adjustment process succeeding.
- 6a. Federal Funding: The federal funding and incentive programs under the Bipartisan Infrastructure Law and the Inflation Reduction Act are designed to encourage rapid adoption of new energy sources, including offshore wind. Crowley recommends the Commonwealth encourage companies to pursue funding from this legislation through offering additional incentives such as property tax or income tax reductions for investments that are made in Massachusetts. Other states are competing for these investments and Massachusetts will be on the outside looking in without creating incentives. Building a manufacturing and logistics base in Massachusetts leads directly to job creation, better quality of life, and a future to be proud of.
- 6b. Internal Revenue Service Timing: We expect the regulations to be issued in the first half of this year. Already we are seeing some regulations being released for comment and expect the relevant ones for offshore wind to follow.
- 6c. Rhode Island EDC: We have not reviewed this closely but would support some sort of sharing mechanism among developers and ratepayers for future grants or subsidies not heretofore contemplated.
- 7,8. Economic Development, Workforce, Diversity, Equity & Inclusion (DEI), and Environmental Justice (EJ): Crowley is firmly committed to achieving DEI and EJ goals through our hiring, contracting, and training opportunities. With a long history of working in underserved communities such as subsistence economies in remote Alaska, promoting equity in the workplace both on shore and on our vessels, and supporting inclusion at all levels, Crowley understands the hard work and visible leadership necessary to achieve DEI and EJ goals. We would encourage memoranda of understanding that have quantifiable targets and monetary penalties or incentives to encourage the proper behavior.

Thank you again for the opportunity to provide comments. We appreciate the efforts of the Healey-Driscoll Administration and the RFP Drafting Parties in leading the nation in offshore wind development and for positioning the Commonwealth to serve as an industrial and logistical hub for wind projects throughout the region.

Respectfully submitted,



Robert Karl
Senior Vice President & General Manager
Crowley Wind Services
