



BY ELECTRONIC DELIVERY TO: Marian.Swain@mass.gov

March 1, 2023

Marian Swain, Deputy Director of Policy and Planning
Department of Energy Resources
100 Cambridge Street #1020
Boston, MA 02144

RE: Response to 83C Round 4 Offshore Wind Solicitation Request for Public Comment

Dear Ms. Swain,

Vineyard Offshore LLC ("Vineyard Offshore") is pleased to provide the following comments and requests for clarification in response to the Massachusetts 83C Round 4 Offshore Wind Solicitation: Request for Public Comment issued by the Massachusetts Department of Energy Resources (DOER), the Massachusetts Electric Distribution Companies, and the Attorney General's Office (collectively "RFP Drafting Parties") on February 10, 2023. We look forward to working with the Healey/Driscoll Administration to help achieve their ambitious offshore wind energy targets, including their recent commitment to double the state's offshore wind deployment beyond 5,600 megawatts (MW) by 2035.

Vineyard Offshore is proudly headquartered in Massachusetts, with offices in Boston and New Bedford. We were founded by the same team behind Vineyard Wind, the nation's first commercial-scale offshore wind project, which is currently in the construction phase and is on track to achieve commercial operation in 2024. Our team spent considerable time developing both the Park City and Commonwealth Wind projects as part of our previous joint venture with Avangrid Renewables LLC prior to restructuring the joint venture in 2021.

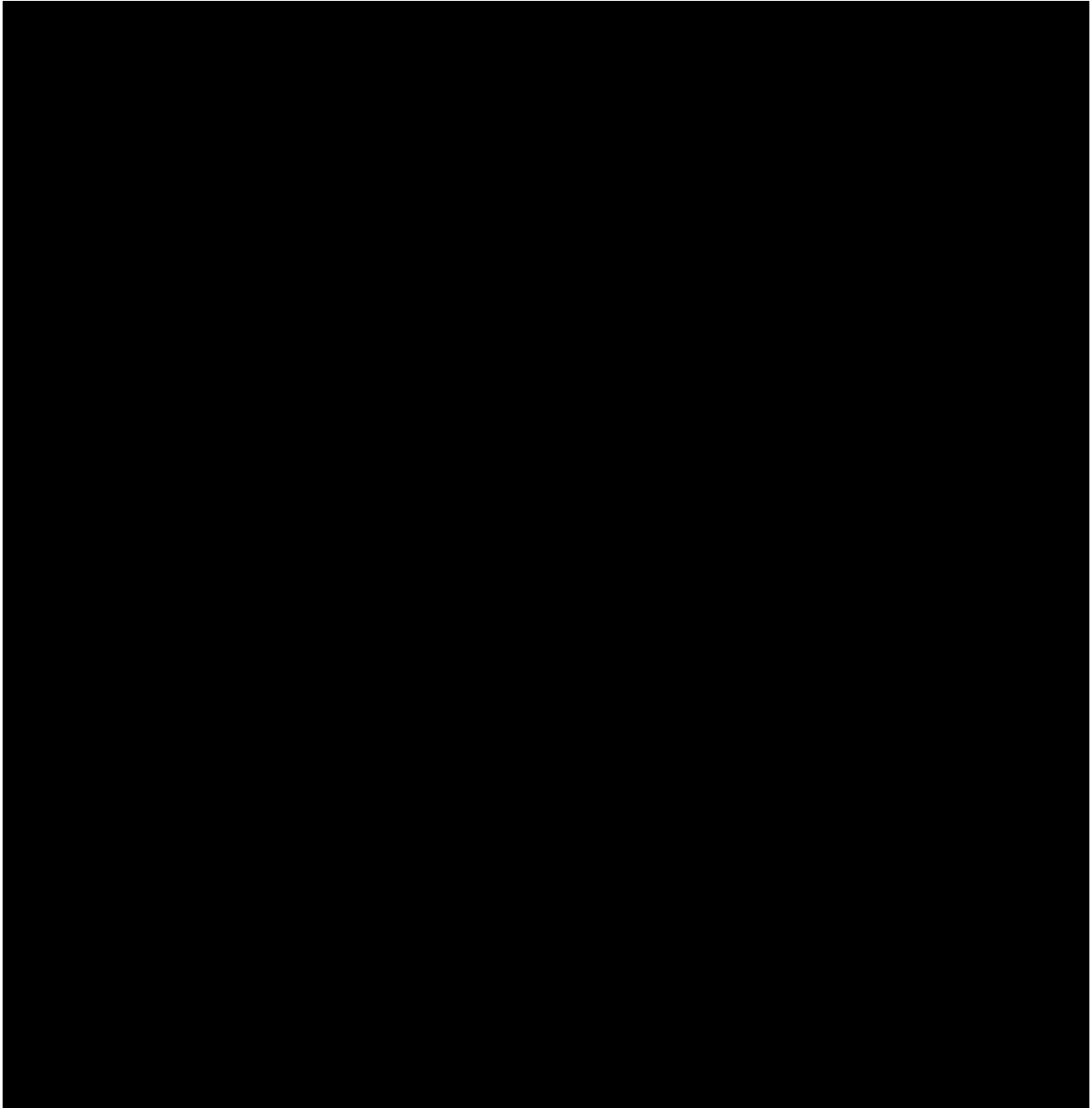
Beyond Vineyard Wind 1, Vineyard Offshore currently has the largest portfolio of undeveloped lease acreage in the United States and is leading the development of more than 6 gigawatts (GW) of cost-effective clean energy on both the East and West Coast. This includes Lease Area OCS-A 0522 (known as Vineyard Northeast), Lease Area OCS-A 0544 (known as Vineyard Mid-Atlantic), as well as a provisional lease in California (Lease Area OCS-P 0562).

Vineyard Offshore would like to highlight several areas which we believe are critical to developing a strong and competitive procurement process for the upcoming 83C Round 4 Solicitation (herein the "Solicitation"). This includes:

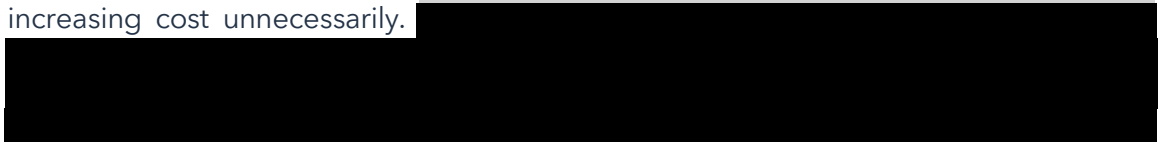
- **Utilizing Scale to Keep Momentum and Deliver Economic Benefits:** We encourage the RFP Drafting Parties to procure the state's remaining capacity of up to 5,600 MW. This will send strong market signals to both bidders and the supply chain to unlock maximum economic development opportunities for the state. At the same time, bidders should be



given appropriate time to structure supply chain agreements with their partners, to make sure that such volume results in firm, tangible investments, and job creation opportunities in Massachusetts.



- **Mitigating Market Uncertainty and Inflationary Risk:** Vineyard Offshore encourages the Commonwealth, like other states, to develop a mechanism that allows adjustments in power purchase prices to address extraordinary cost increases outside the reasonable control of developers that would otherwise carry an extraordinary risk premium increasing cost unnecessarily.

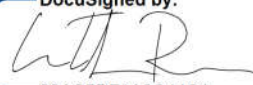




Given some of the complexities we have laid out in our comments, we are happy to follow up with the RFP Drafting Parties to provide additional feedback as well as supplemental feedback or comments as needed.

Thank you for reviewing and considering our comments, as the RFP Drafting Parties advance the finalization of the Solicitation.

Respectfully submitted,

DocuSigned by:

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Lars Thaaning Pedersen
Chief Execution Officer

1. Procurement Size: What should be the maximum procurement target, in megawatts (MW), for the 83C Round 4 solicitation?

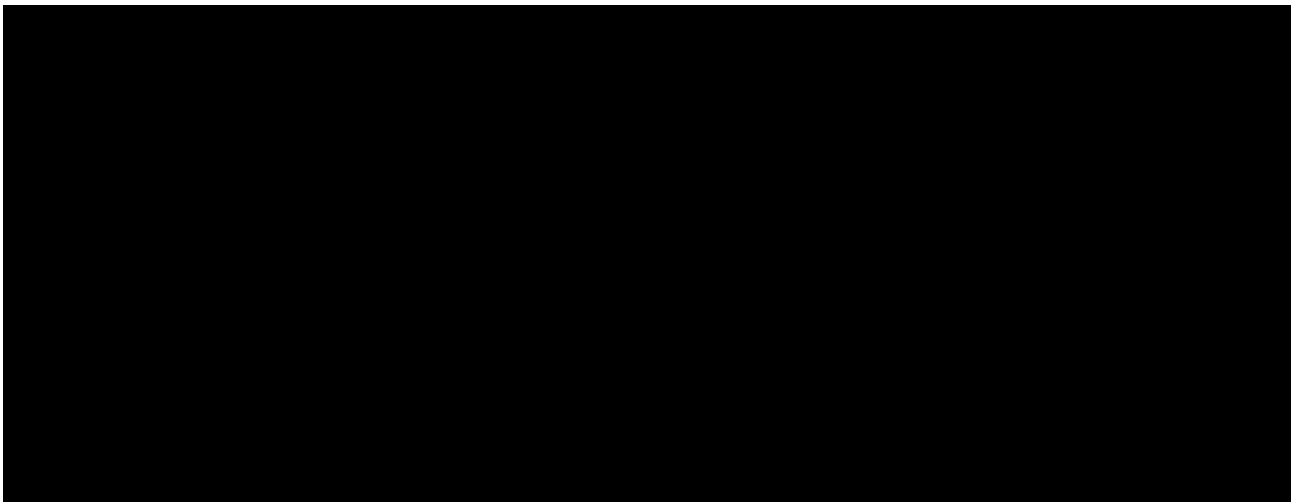
Under Chapter 179 of the Acts of 2022, the Commonwealth has established a mandate to procure 5,600 MW of offshore wind by 2027. As of today, 3,200 MW of projects have been awarded. This includes an 800 MW award for Vineyard Wind 1, which was approved by the Department of Public Utilities in 2019. The remaining 2,400 MW of capacity is uncommitted.

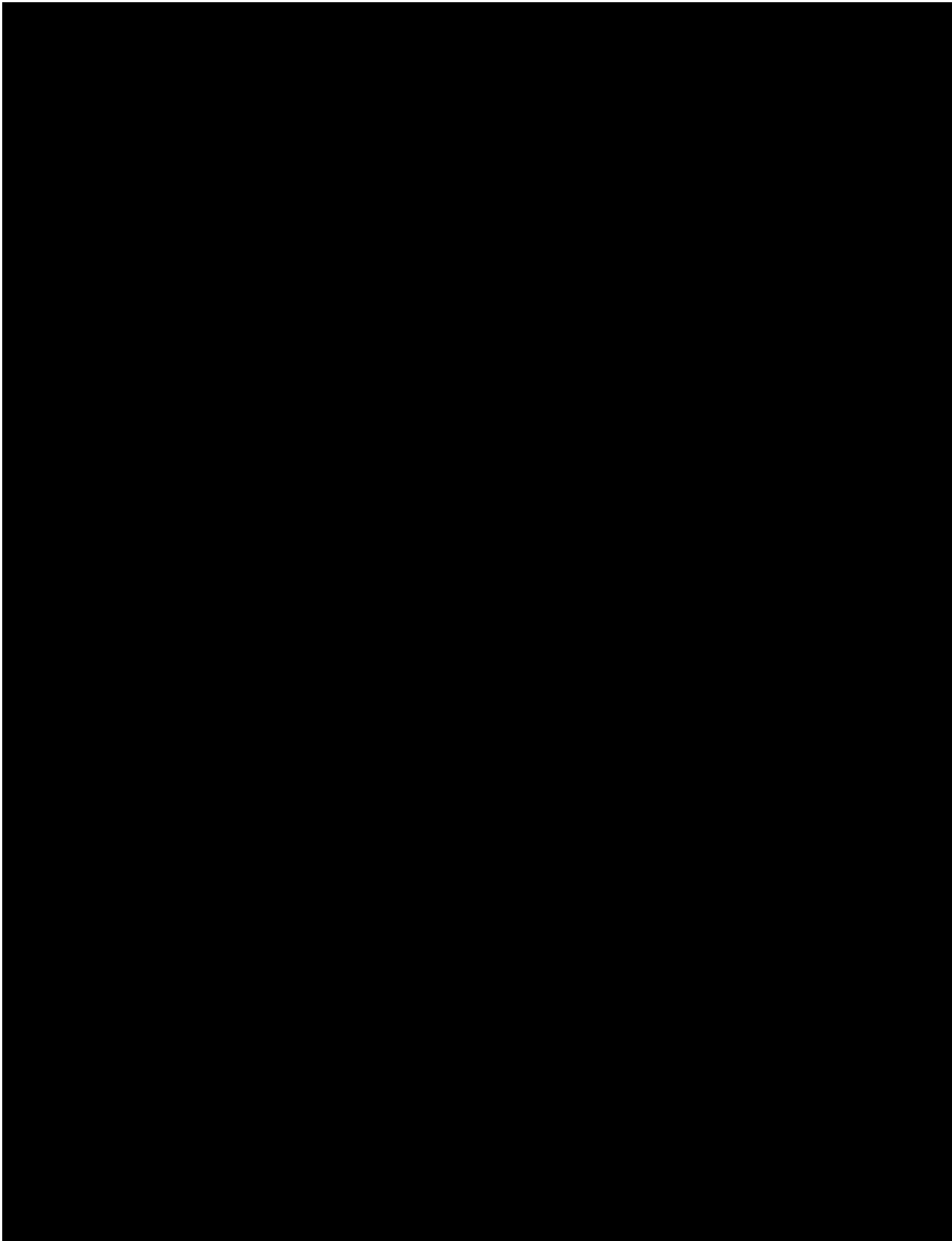
Utilizing Scale to Keep Momentum and Deliver Economic Benefits: Vineyard Offshore recommends that the RFP Drafting Parties procure the remaining 2,400 MW to create continued momentum for major economic development and supply chain benefits to Massachusetts. As states like New York and New Jersey compete aggressively to secure both supply chain and major port investments on the East Coast, the Commonwealth has a unique opportunity to maintain its competitive advantage and secure major industry investments through a larger procurement, which would send clear market signals to the offshore wind supply chain that they should continue to invest heavily into Massachusetts.

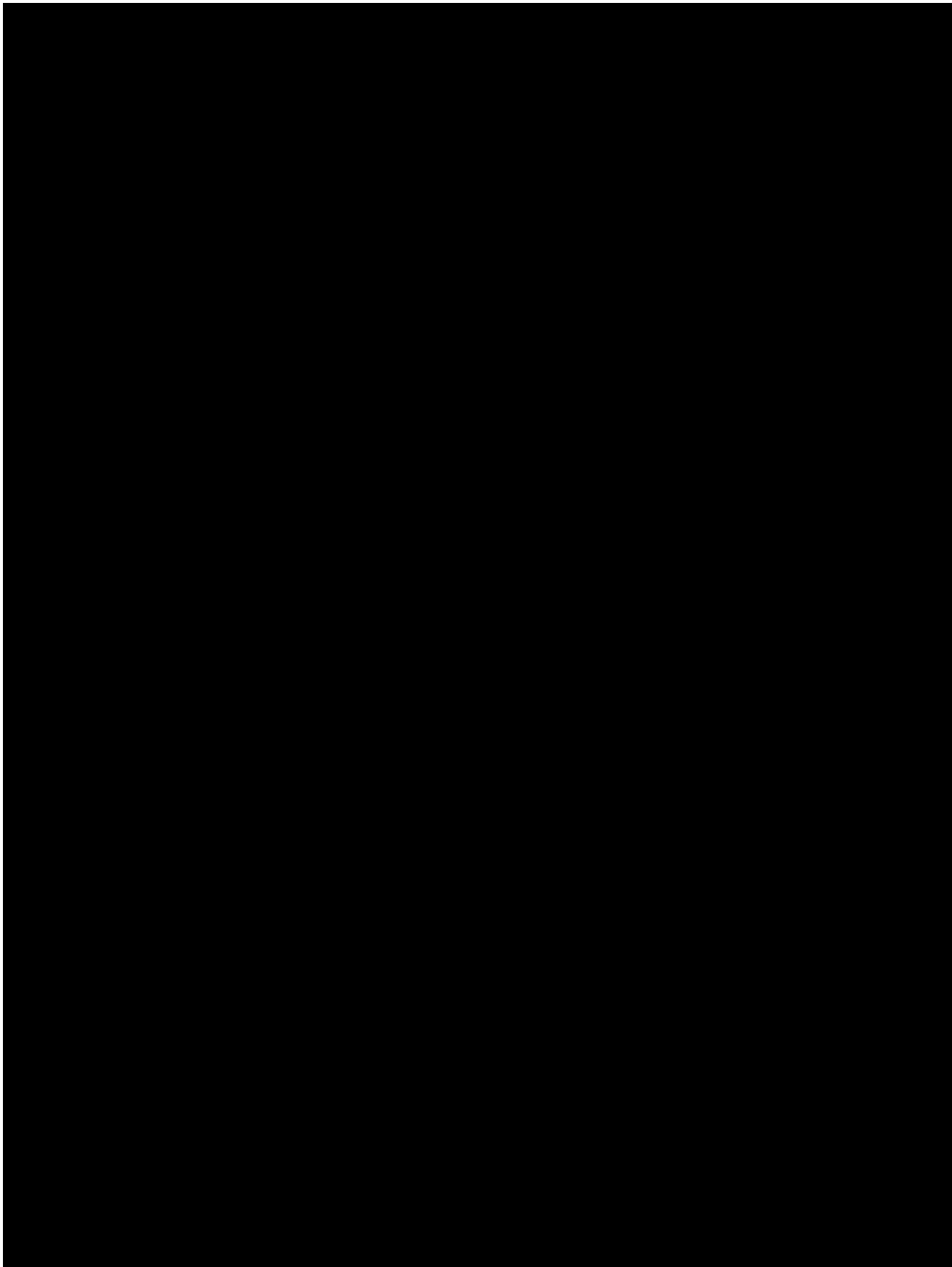
New York recently closed their third solicitation in January, which authorized up to 4,600 MW while New Jersey is preparing to procure 1,200 MW to 4,000 MW in 2023, [REDACTED]
[REDACTED]
[REDACTED]

Despite the challenging financial and supply chain environment for all major infrastructure projects, New York's most recent solicitation received over 100 proposals, which is a strong signal that the industry is responding to the ongoing market challenges and is prepared to continue investing in future projects and not the least in future infrastructure and supply chain capabilities.

With this backdrop, it will be important for the RFP Drafting Parties to send similar market signals to the industry to make sure many of these strategic investments and the long-term jobs and economic benefits they convey are secured within the Commonwealth.







[REDACTED]

2. Procurement Schedule:

The 83C Round 4 RFP must be issued within 24 months of the prior solicitation pursuant to Section 83C.

- a. What should the RFP drafting parties consider when designing the schedule for the 83C Round 4 solicitation, including deadlines for bid submission and selection of projects for negotiation?**

Vineyard Offshore encourages the RFP Drafting Parties to offer, at minimum, a 150-day bid preparation period to foster maximum competition at the lowest ratepayer costs. The procurement schedule should ensure the time between the date of issuance of the final solicitation and the bid submission deadline is sufficient to allow for the development of mature, robust, comprehensive proposals. Moreover, the inclusion of an inflation adjustment mechanism and/or mesh-ready requirements in the Solicitation would warrant additional time for bid planning and technical designs.

[REDACTED]

- b. How could the 83C Round 4 schedule be designed to best align with other offshore wind procurements being conducted or planned in neighboring Northeastern states?**

[REDACTED]

Massachusetts has the largest amount of available procurement capacity and should be driving the Solicitation’s schedule design to best suit the Commonwealth’s needs while proactively coordinating with bidders and stakeholders.

Therefore, the previously suggested minimum 150-day bid preparation period would offer the best possible buffer from neighboring states' project award announcement timelines following recent or upcoming offshore wind solicitations, such as New York's ORECRFP22-1 and New Jersey's upcoming Third Offshore Wind Solicitation.

3. Commercial Operation Date: What should be the latest allowable commercial operation date for projects bidding into 83C Round 4, and why?

[REDACTED]

The RFP Drafting Parties should further consider allowing for CODs [REDACTED] [REDACTED] would ensure that newly awarded projects are not hindered by supply chain constraints that neighboring projects and states will be simultaneously navigating. [REDACTED]

[REDACTED]

[REDACTED] This suggested timeline, if incorporated in the Solicitation, would significantly reduce project delay risk and reflect current market conditions.

[REDACTED]

4. Transmission:

- a. How should the 83C Round 4 requirements regarding transmission and interconnection of proposed projects be designed to maximize efficient use of the onshore transmission system?*

83C Round 4 Transmission Recommendations

Vineyard Offshore recommends that the RFP Drafting Parties consider including a cost cap or cost-sharing mechanism for interconnection upgrades [REDACTED]

[REDACTED] Each of these additions would help reduce ratepayer costs, increase competition, and facilitate the more efficient use of the onshore transmission system.

Interconnection Cost Sharing

Currently, queue position maturity and interconnection upgrade costs are significant differentiators in competitive solicitations. Given the current climate policies of the Commonwealth and other New England states, Vineyard Offshore assumes that all Massachusetts and Rhode Island Wind Energy Area capacity will be contracted in the New England (or other markets) region as a whole. It, therefore, becomes of increased importance to consider how to ensure that interconnection and transmission costs do not become significant differentiators in any solicitation and to further consider procurement design options that help preserve maximum competition across future solicitations.

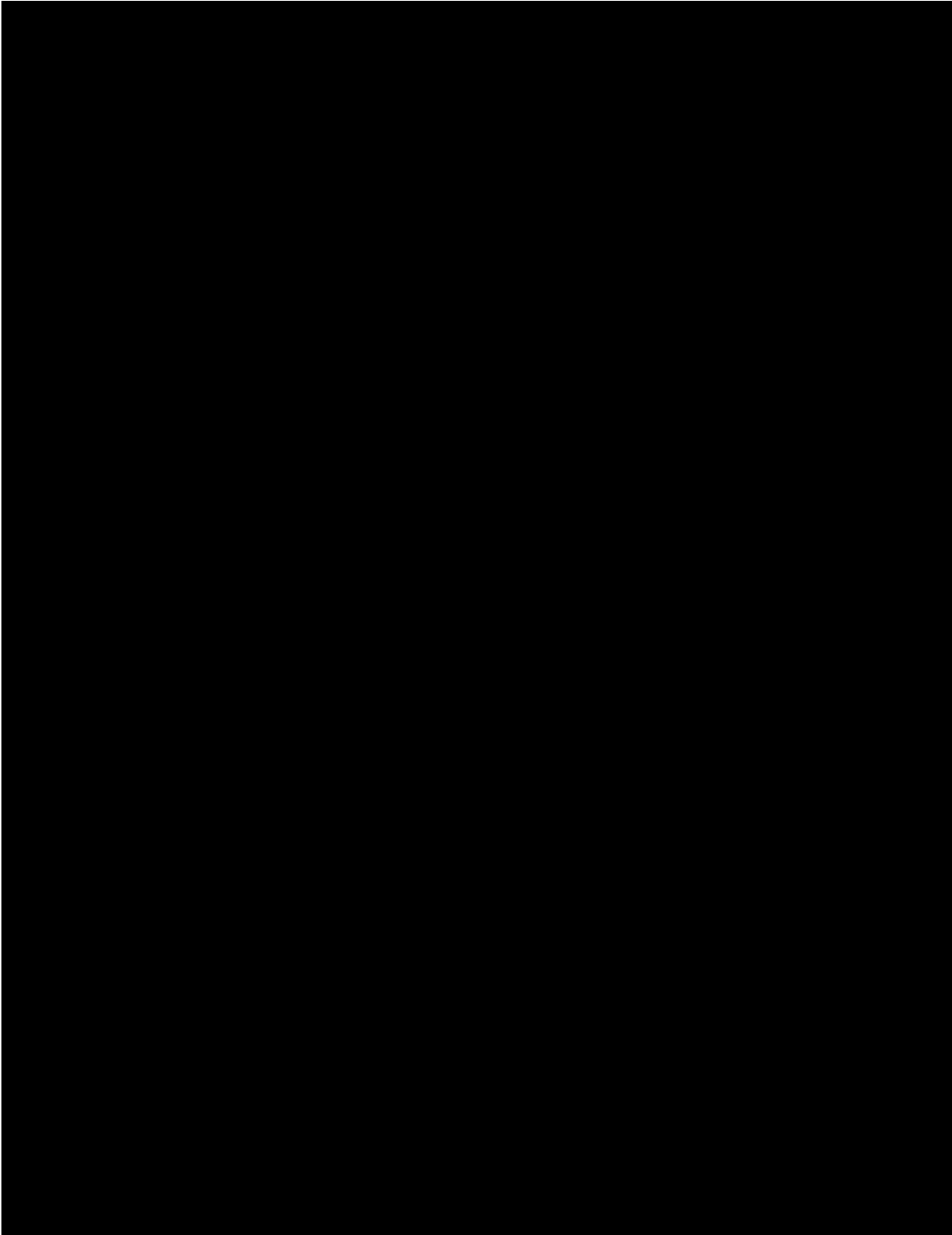
[REDACTED]

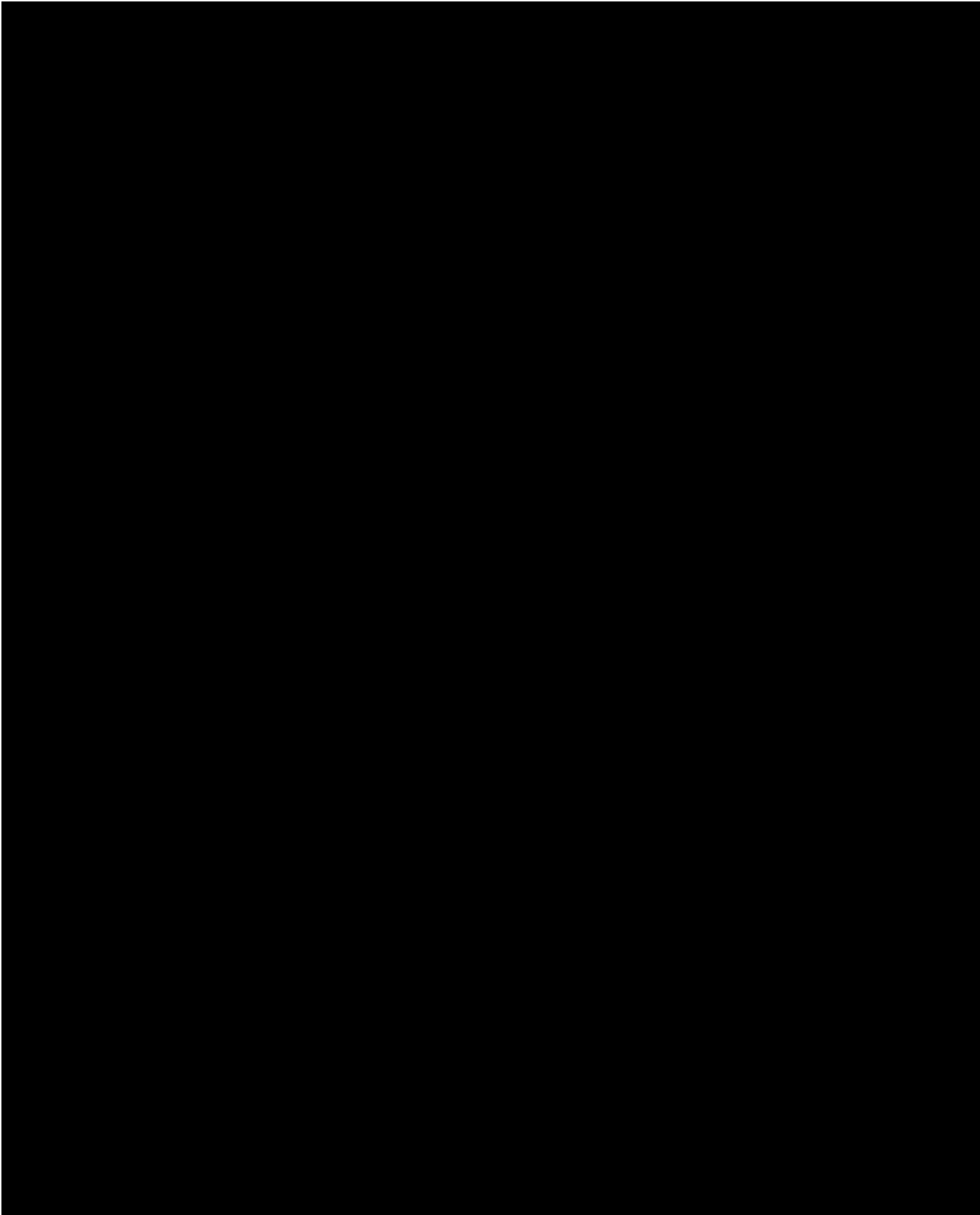
[REDACTED] Over time, the ISO New England (ISO-NE) queue has filled up with additional offshore wind interconnection requests. As offshore wind solicitations continue across the southern New England states, interconnection upgrade costs will increase as the offshore wind capacity attempting to interconnect to the grid increases. For example, Vineyard Wind 1 submitted one of the first offshore wind interconnection requests on Cape Cod, which resulted in low interconnection upgrade costs. However, as additional projects have tried to interconnect on Cape Cod, the system became overburdened, requiring additional infrastructure to accommodate it. [REDACTED]

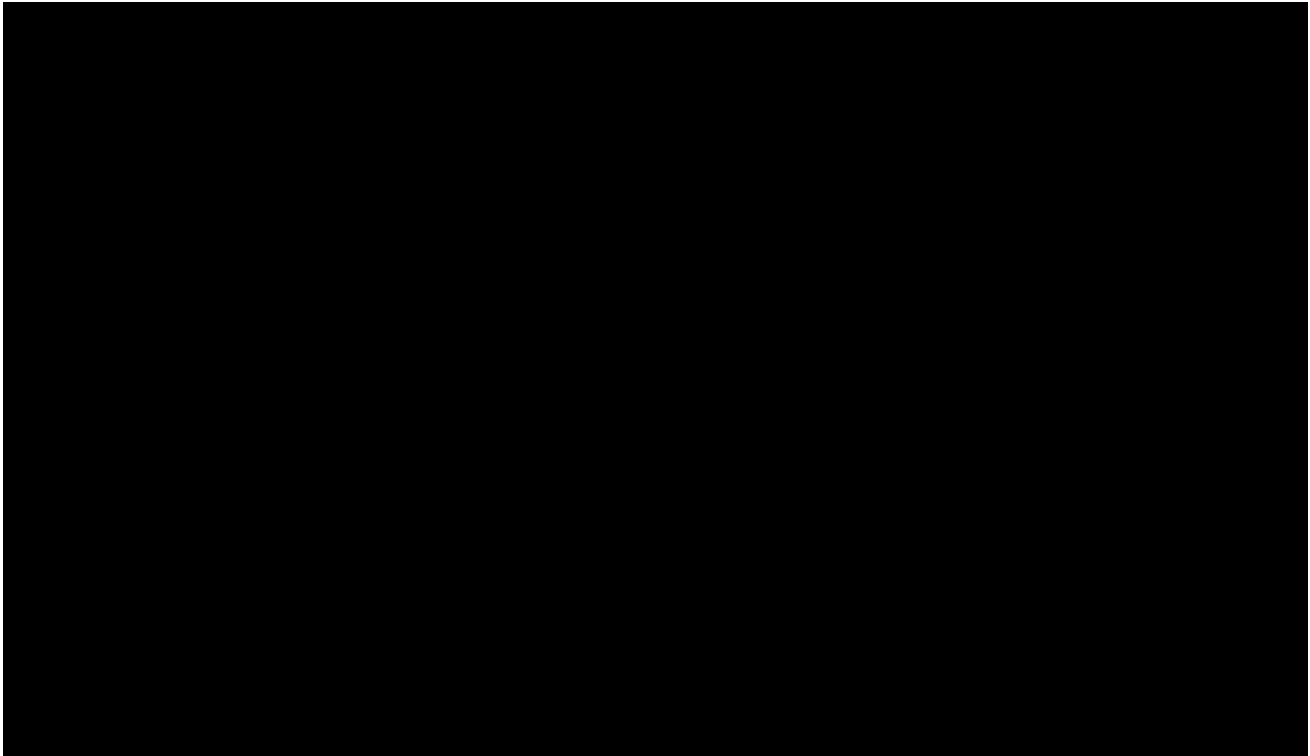
To better protect the ratepayers and enable more competitive offshore wind solicitations, the RFP Drafting Parties should consider a mechanism to cap or share interconnection upgrade costs - both New York and New Jersey have introduced similar concepts in their solicitations. Under such a mechanism, a portion of the interconnection upgrade costs are borne by the developer, a portion is shared between the developer and ratepayers, and a portion is borne by the ratepayers. [REDACTED]

[REDACTED]

[REDACTED]







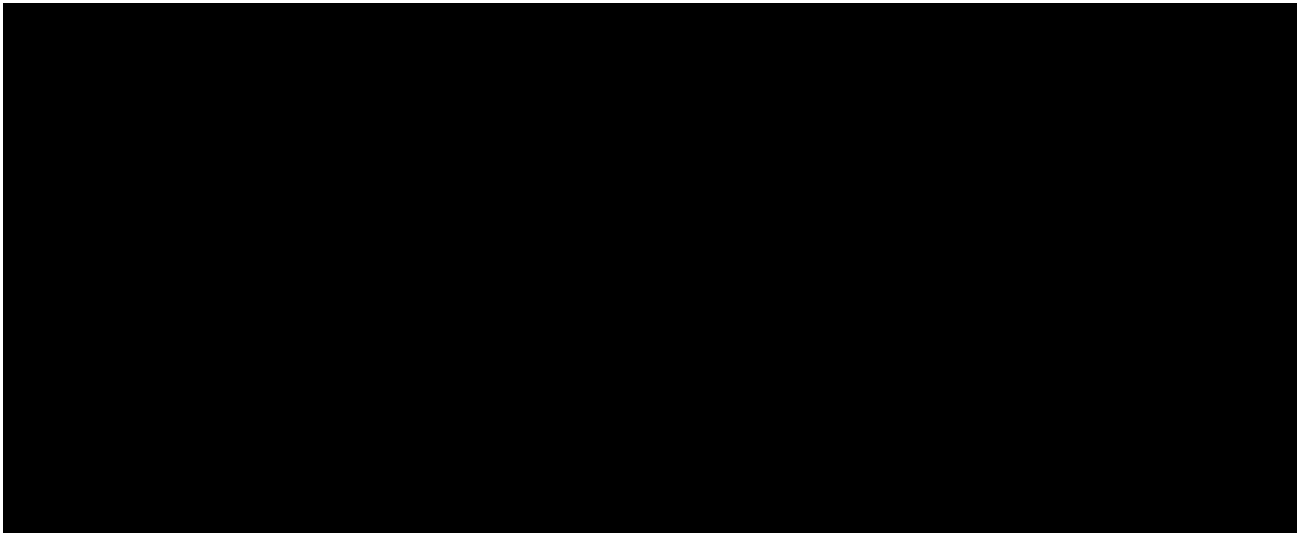
Long-term Offshore Wind Transmission Recommendations

Vineyard Offshore has played an active role in the state and regional transmission policy debate since Vineyard Wind 1’s project award in 2018. We have consistently argued that, as offshore wind developers, we have a successful track record financing, permitting, and building the so-called “wet” part of the offshore wind transmission infrastructure. We continue to argue that policy incentives and procurement design should be focused on the so-called “dry part” of the transmission system as many of the remaining POIs in the region are experiencing major bottlenecks to connect these offshore resources. Looking beyond the projects currently in the ISO-NE queue, significant planning will be required to maximize the efficient use of the onshore - or “dry part” - of the region’s transmission system.

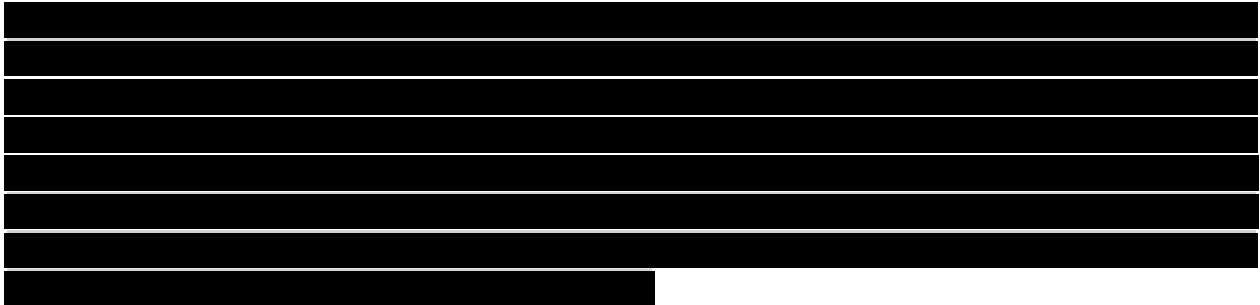


- b. Please comment on potential ways to integrate 83C Round 4 with ongoing regional transmission initiatives, including the Joint State Innovation Partnership for Offshore Wind.***





- c. Please comment on the advantages and challenges of the “Meshed Ready” transmission requirement in the 2022 NYSERDA offshore wind RFP (ORECRFP22-1) and what factors would need to be considered for such an approach to be applicable in a Section 83C solicitation.***

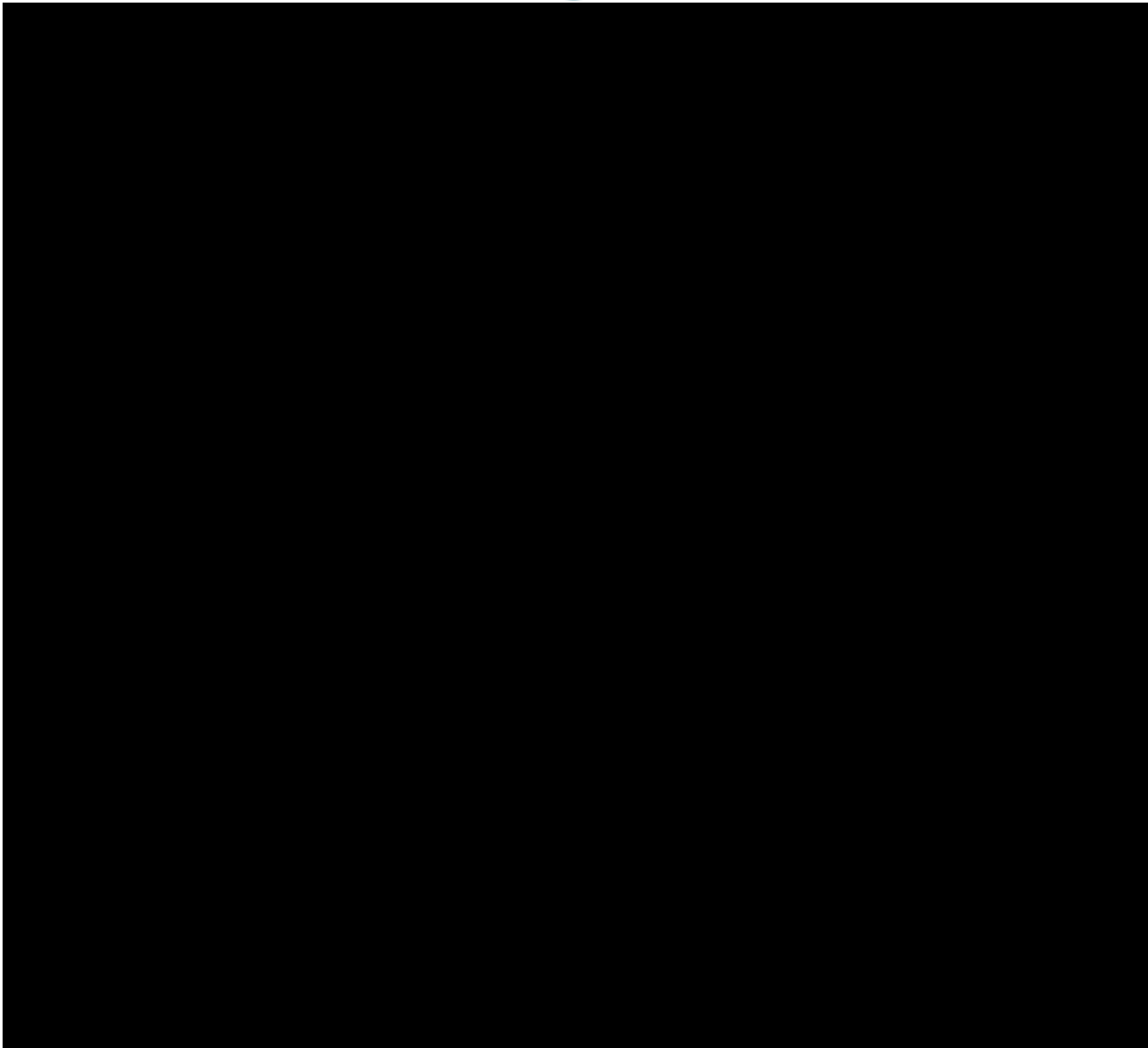


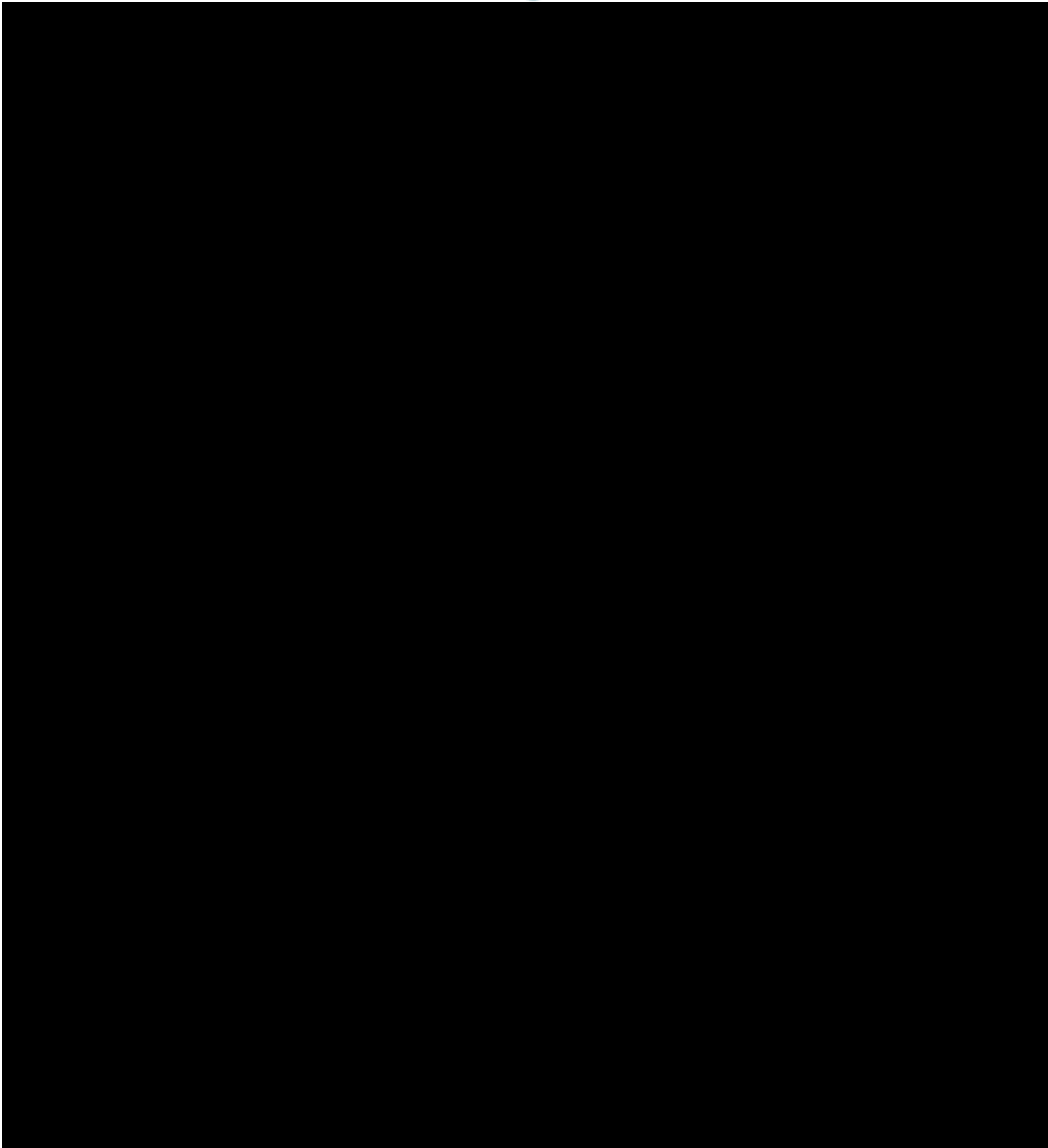
Vineyard Offshore recommends that DOER discuss transmission technology and concepts with the relevant suppliers. The suppliers have firsthand knowledge regarding the design, fabrication, installation, and operation of these systems. These technologies can have important implications for any offshore wind transmission solution.

If a “Meshed Ready” requirement is included in the Solicitation, it should be included as a requirement and not as an option. Including it as a requirement could avoid potential impacts on early permitting, design, and procurement efforts, and would allow such a concept to be incorporated into the project’s design and construction from the outset.

5. Inflation, Supply Chain, and Macroeconomic Factors:

- a. How could 83C Round 4 be designed to best account for current and future rates of inflation and other supply chain and economic pressures on the offshore wind industry to both ensure project viability and protect Massachusetts ratepayers?***





b. Please comment on when costs for offshore wind project components and labor should be expected to stabilize, including any comments on how that expected timing would impact bid development for 83C Round 4.

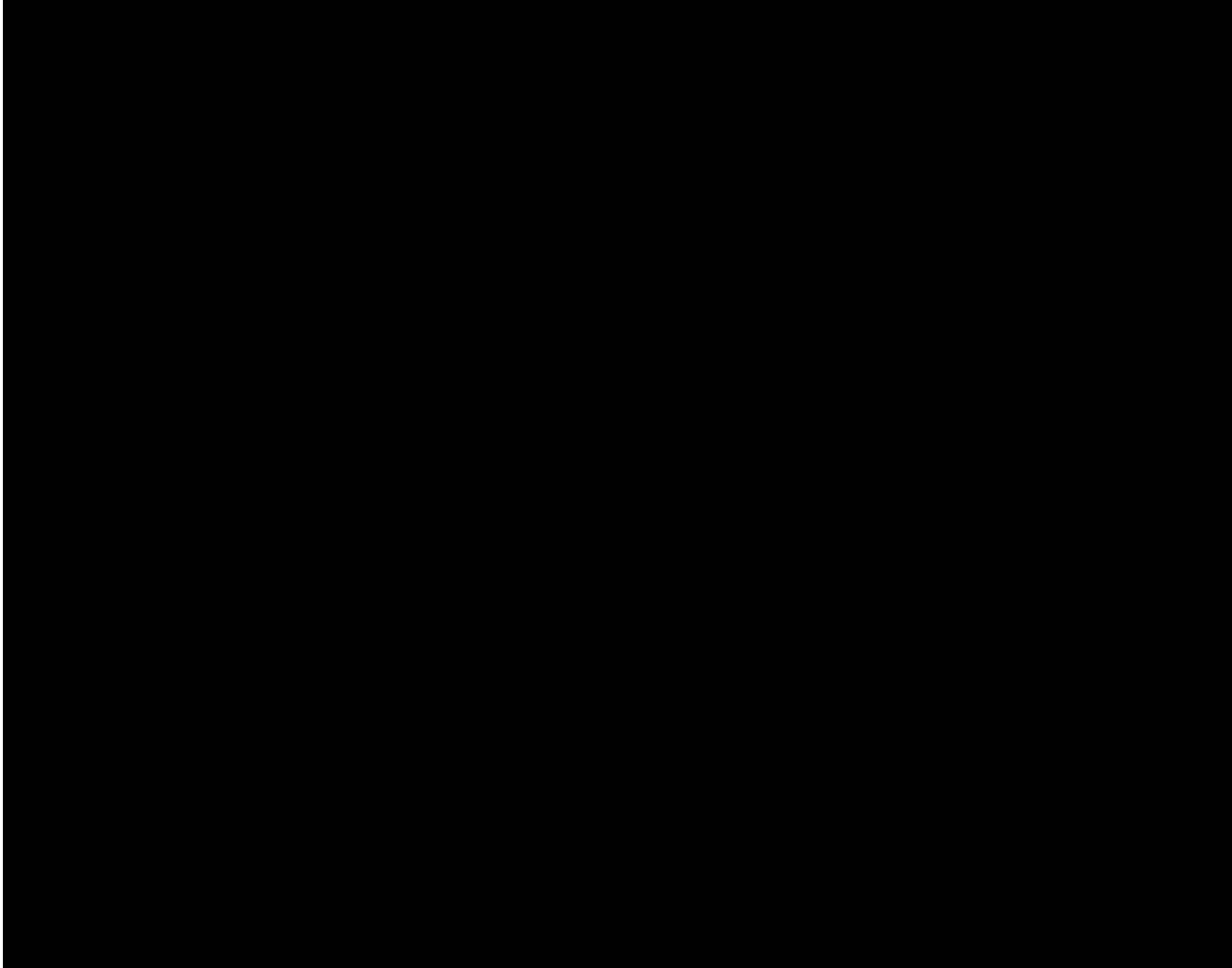
[Redacted]

c. Please comment on the Inflation Adjustment provision of the 2022 NYSERDA offshore wind RFP (ORECRFP22-1) and what factors would need to be considered for such an approach to be applicable in a Section 83C solicitation.

[Redacted]

[Redacted]

- d. Please comment on recommended timing applicable for an inflation adjustment price provision, if warranted, including any comments on the price adjustment timing in the 2022 NYSEDA RFP, which allows for an adjustment from bid submission to BOEM COP approval. Please also comment on how such a provision should be considered in the evaluation process when comparing fixed price bids to inflation-adjusted bids.**



6. Federal Funding:

- a. How could 83C Round 4 be designed to ensure Massachusetts ratepayers receive the maximum benefits of the new federal funding opportunities, tax credits, and/or other programs available to offshore wind developers under the Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA)?**

Vineyard Offshore recommends that bidders be required to state the federal funding, tax credits, and other grant funding they plan to qualify for. If an awarded project then qualifies for any of these, there should be no adjustment to the PPA price as these funding sources will have been

accounted for in the project's price, and the bidder will have also assumed the risk of qualifying for these funds without creating any risk for ratepayers. Bidders can assess the risk associated with qualifying for these incentives and programs, and when developers include these incentives in a bid, they can pass on the projected savings to ratepayers in the form of a lower PPA price.

The RFP Drafting Parties should not propose any mechanism that adjusts the PPA price in relation to funding received from federal legislation or policies in place before the bid submission deadline. Such a mechanism would not be in the best interest of ratepayers as it would require bidders to bid a higher PPA price with lower incentives, and factor in a future clawback when these benefits - which are known and understood at the time of bid submission - materialize.

[REDACTED]

b. Please comment on when the Internal Revenue Service should be expected to issue regulations related to relevant tax credits under the Inflation Reduction Act.

Upon the signing of the IRA in August 2022, the Treasury Department has continued to work to issue all guidance pertaining to new tax credit frameworks introduced within the legislation in a timely manner. It is unclear at this time the specific schedule upon which each scope of guidance will be released by the Internal Revenue Service (IRS), but these announcements are expected over the coming years. Any specific estimates of this timeline that were to be offered by Vineyard Offshore would be purely speculative.

[REDACTED]

[REDACTED]

- c. ***Please comment on the provisions of the Rhode Island RFP requesting bidders to describe how they would consider EDC customers in the event of the availability of any tax credit or other government grant or subsidy not contemplated in their proposals.***

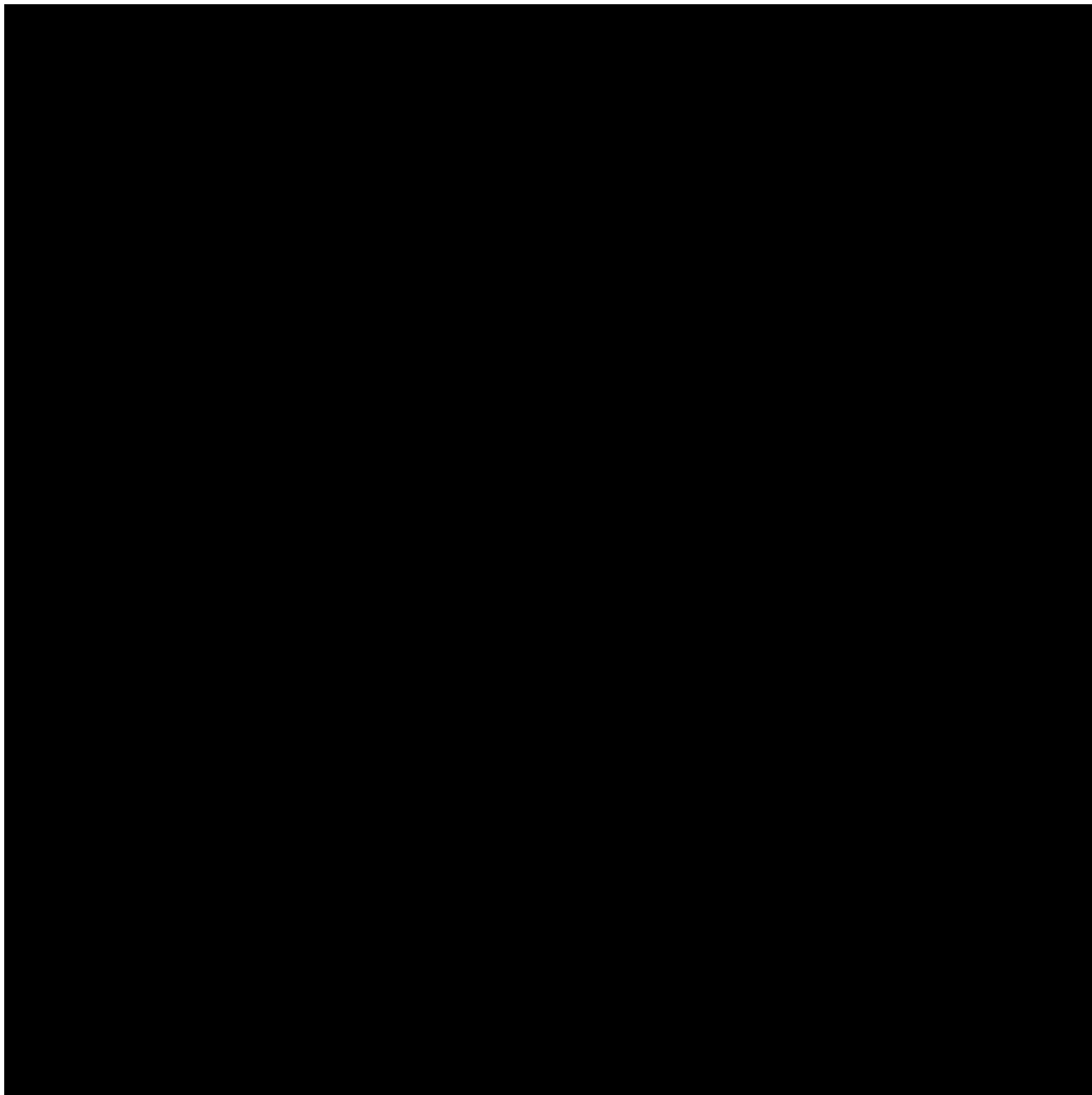
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7. Economic Development, Workforce, and Diversity, Equity & Inclusion (DEI): How could 83C Round 4 be designed to best encourage investments and commitments that maximize economic benefits to the Commonwealth, support workforce harmony, and advance goals for DEI? Specifically, please refer to Section 2.3.2.i of the 83C Round 3 and to the relevant provisions in Section 61 of *An Act Driving Clean Energy and Offshore Wind*.

Vineyard Offshore applauds the Commonwealth’s efforts to date to encourage investments and commitments to secure economic benefits in Massachusetts, including by emphasizing investments in supply chain and economic benefit commitments in the proposal evaluation, by leveraging public funds to enable infrastructure investments, and by establishing clear long-term goals for offshore wind procurements to attract investment in the Commonwealth. The success of Vineyard Wind 1 in attracting and enabling investments and economic benefits above and beyond those contemplated at the bid stage is a testament to the effectiveness of Commonwealth’s approach to date. We continue to believe that the best way to encourage investments and commitments related to economic development, workforce, and DEI is to avoid being overly prescriptive and adding complexity whenever possible, and provide bidders with the flexibility to design meaningful programs, partnerships, and commitments that align with stated goals.

Economic Development

[Redacted]



Workforce Harmony

The RFP Drafting Parties should evaluate proposals based on commitments to utilize union labor for the construction and/or operation of awarded projects and favorably evaluate proposals that demonstrate a track record of working with labor unions, pre-apprenticeship programs, and other labor union stakeholders. Such commitments, partnerships, and prior experience can readily be evaluated in the Solicitation to support workforce harmony for Massachusetts' next round of offshore wind projects.

DEI

Vineyard Offshore favors the DEI Plan approach taken in the 83C Round 3 solicitation. This includes the qualitative DEI evaluation factors included in Section 2.3.2, which allowed bidders to develop plans, partnerships, and commitments that could be tailored to an individual offshore wind project while also being responsive to potentially changing workforce, supply chain, and target population needs. These evaluation factors also appropriately included a range of historically underserved and/or marginalized populations and businesses (i.e., minorities, women, veterans, LGBT, and persons with disabilities).

We would further encourage the RFP Drafting Parties to recognize the value of allowing bidders to commit funds in their DEI plans and determine how to spend those funds at later date (i.e., after award). Requiring funds to be allocated through firm commitments - or otherwise evaluating a commitment simply based on its firmness as demonstrated through an executed MOU or agreement - at the bid submission stage can be premature. Preserving flexibility at the bid submission stage with respect to how funds are spent can result in better outcomes.

We adopted this approach in our 83C Round 1 bid for Vineyard Wind 1 with our Offshore Wind Accelerator Fund (the "OSW Accelerator"),¹ which we are currently implementing in partnership with the Massachusetts Clean Energy Center (MassCEC). The OSW Accelerator committed \$15 million in funding to support the local supply chain, businesses, and infrastructure in Massachusetts (\$10 million); workforce development training programs (\$2 million); and the development and demonstration of innovative methods and technologies to enhance protections for marine mammals as the offshore wind industry grows (\$3 million).

Committing these funds at the bid submission stage but determining how to spend those funds at a later date, in consultation with MassCEC and stakeholders, has allowed us to be much more responsive to stakeholder concerns and more targeted in our support for workforce and supply chain needs while ensuring that the funds are spent in a manner that is additive (rather than duplicative). Moreover, this approach has allowed us to support initiatives and partnerships that we could not have envisioned in 2027 when we drafted the Vineyard Wind 1 proposal.²

Finally, we note that success on the DEI front in offshore wind ultimately requires a concerted and coordinated public and private sector effort to ensure individuals and businesses have the opportunities and resources required to access the economic opportunities presented by offshore wind. Our efforts on Vineyard Wind 1, which include an OSW Accelerator-supported supplier diversity education effort in partnership with the Business Network for Offshore Wind,³ have demonstrated that significant work remains to be done to identify, develop, educate, and prepare diverse and small businesses for participation in the offshore wind supply chain. The RFP

¹ See <https://www.vineyardwind.com/masswinds>.

² See e.g. <https://www.workboat.com/wind/quinn-fisheries-to-host-vineyard-wind-ctv-terminal-in-new-bedford>.

³ See <https://www.vineyardwind.com/press-releases/2022/10/11/vineyard-wind-and-business-network-partner-to-build-out-and-increase-diversity-in-the-local-offshore-wind-supply-chain>.

Drafting Parties should therefore be mindful of this reality when determining how best to design the Solicitation to advance goals for DEI, particularly on the workforce and supply chain fronts.

- a. **Memorializing Commitments: In 83C Round 3, DOER executed Memoranda of Understandings (MOUs) with the selected projects to memorialize and track their commitments to economic development and DEI. Please provide any comments on these prior MOUs or other mechanisms to memorialize and track these commitments with selected projects.**

Vineyard Offshore strongly recommends that the Solicitation explicitly outline any requirements for selected projects to memorialize and track their commitments to economic development and DEI. Prior 83C solicitations lacked this level of transparency and the upcoming solicitation offers the RFP Drafting Parties the opportunity to correct this.

Specifically, the RFP Drafting Parties should ensure that the solicitation documents include detailed explanations of the types of commitments, MOUs, and agreements a selected project will be expected to enter into with the DOER and any other parties upon award. The inclusion of a Form of Agreement and/or Form of MOU with the solicitation documents would also greatly benefit bidders, allow for sufficient review and assessment of potential financial penalties in the event of commitment shortfalls, and establish a better understanding of how the RFP Drafting Parties envision successful bidders translating their bid commitments into binding legal agreements.

Similar to the Form of PPA, the RFP Drafting Parties should also provide bidders with the opportunity to provide redline versions of any Form of Agreement and/or Form of MOU included in the solicitation documents.

8. Environmental Justice: How could 83C Round 4 be designed to best encourage project design and investments that avoid negative impacts on, and direct positive benefits of the project to, Environmental Justice (EJ) communities? Please refer in particular to Appendix J of 83C Round 3 and to the relevant provisions in Section 61 of *An Act Driving Clean Energy and Offshore Wind*.

Potential negative impacts to EJ communities from offshore wind projects are assessed through the federal and state permitting process and are the best forums to identify appropriate measures to avoid and mitigate impacts. Often, the scope and duration of potential impacts are limited, particularly in relation to other energy generation facilities (e.g., fossil fuel power plants).

In our view, the Solicitation should focus on maximizing the potential benefits of offshore wind, namely economic development and job creation benefits. To do so, the solicitation could evaluate bidders' proposals in relation to commitments to, for example, prioritize hiring and training of EJ residents for careers in offshore wind and the delivery of economic benefits to EJ communities that host or are proximate to project activities and infrastructure.

9. Environmental and Fisheries Impacts: How could 83C Round 4 be designed to best encourage project designs that avoid, minimize, and mitigate negative impacts on the environment and fishing industry? Please refer in particular to Appendix J of 83C Round 3 and to the relevant provisions in Section 61 of *An Act Driving Clean Energy and Offshore Wind*.

Similar to potential negative EJ impacts from offshore wind, potential negative environmental and fisheries impacts are thoroughly assessed as part of the federal and state permitting process. The federal permitting process concludes with the Bureau of Ocean Energy Management's (BOEM's) approval of a project's COP. As a condition of COP approval, offshore wind lessees are required to adhere to a series of terms and conditions.

The Vineyard Wind 1 COP Approval contains 79 pages of Terms and Conditions that provide a comprehensive suite of protective measures related to navigational and aviation safety, national security, protected species and habitats, commercial fisheries, for-hire recreational fishing, EJ, and cultural resources. In addition to this, Vineyard Wind 1 included several siting measures (e.g., 1 x 1 nautical mile wind turbine spacing) to address mariner and fishing industry concerns and committed over \$40 million in fisheries compensation/mitigation funds. These Vineyard Wind 1 Terms and Conditions, along with the fishing industry measures, represent the culmination of over four years of extensive coordination with BOEM, other federal, state, and local agencies, tribes, fishermen, mariners, environmental organizations, and other stakeholders to develop innovative measures that afford the highest level of environmental and fisheries protection while maintaining project viability.

Considering the above, it is wholly appropriate for bidders to be assessed on their approach and anticipated plans to avoid, minimize, and mitigate potential negative environmental and fishing industry impacts to the extent that they can be identified and described at the bid submission stage. It is also appropriate to require bidders to demonstrate their track record in these areas to facilitate an assessment of the likelihood of the approach and plans to succeed in practice. We would not support, however, requiring bidders to agree to commit to certain environmental or fishing industry measures to qualify for a solicitation or receive an award. We also would not support the inclusion of such measures as a condition of contract in the event of an award.

In our view, Section 83C Round 3 solicitation took the right approach to encourage project designs that avoid, minimize, and mitigate negative impacts on the environment and fishing industry and we fully support the same or a similar approach in the Solicitation.

10. An Act Driving Clean Energy and Offshore Wind in 83C Round 4:

Please provide any additional comments regarding implementation of the new provisions in Section 61 An Act Driving Clean Energy and Offshore Wind in 83C Round 4.

