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Subject: Massachusetts Department of Energy Resources Request for Stakeholder Comment on Future Procurement Schedules per Section 83C of Chapter 169 of the Acts of 2008, as amended by Chapter 188 of the Acts of 2016, *An Act to Promote Energy Diversity*

To whom it may concern:

Mayflower Wind Energy LLC (Mayflower) is a joint venture between EDP Renewables Offshore North America LLC (EDPR) and Shell New Energies LLC (Shell). Mayflower was recently successful in acquiring Outer Continental Shelf Lease Block 0521 (OCS-0521) in Bureau of Ocean Energy Management's (BOEM) federal commercial wind energy auction offshore Massachusetts (ATLW-4A) held in December, 2018. Once constructed, the wind farm in OCS-0521 could accommodate turbines that would generate approximately 1.6 gigawatts (GW) of wind power capacity. The power generated could provide more than 680,000 average Massachusetts homes with clean energy each year. A major component of success for this development is dependent on our ability to secure power purchase agreements in Massachusetts and the surrounding Northeastern states. We offer the following comments in response to the Massachusetts Department of Energy Resources (DOER) request for stakeholder comment on future procurement schedules per Section 83C of Chapter 169 of the Acts of 2008 ('Section 83C'), as amended by Chapter 188 of the Acts of 2016, *An Act to Promote Energy Diversity*.

Overall, we encourage DOER to consider solutions that work to increase competitive pressure that will benefit the customers by lowering energy prices. While the desire to accelerate the procurement schedule in order to gain the benefit of the ITC is

reasonable it is important to recognize the full potential impact of changing the settled expectations of when the next 83C procurement will occur. The goal of any schedule change, like that of the entire process, must be to maximize economic and environmental benefit to the customers.

. Accelerating the procurement in a manner that has issuance of a solicitation in the first quarter of 2019, with bid submittal only three months after that, essentially eliminates the leaseholders who acquired leasing rights in the very recent BOEM auction and therefore would cut the bidder pool in half. Specifically, as detailed below, we would suggest that the next solicitation could be issued in early March with bid submittal in late August providing roughly the same amount of time to prepare a responsive bid as was provided during the first, very successful, 83C procurement.

We recognize that managing a competitive process with only four potential participants is challenging, but we recommend that DOER focus on ways to increase competitive pressure that ultimately provides positive returns back to the customers relying on the energy generated from offshore wind.

Our responses to the questions posed are as follows:

- a. What are the advantages or disadvantages to issuing the subsequent solicitation prior to June 29, 2019 ("Subsequent Solicitation")?
  - Reduced competition is a disadvantage across near-term and future solicitations.
    - Competition has been the most important driver of the substantial price reductions that offshore wind has achieved during this decade. The price reduction was not driven by tax credits or similar mechanisms – it was overwhelmingly competition. Shortening the time frame creates real challenges for new entrants to develop competitive proposals.
    - For solicitations released closely after federal lease auctions, there is limited time for new lease holders to mature bid and, engage with stakeholders. Because of this, we recommend that DOER explores options to make the offshore wind energy procurement process more competitive by coordinating its timeline with that of federal auctions to ultimately benefit the Massachusetts end customer.
    - The request for proposals require strong stakeholder engagement, which requires significant time to manage.
  - Earlier issuance of solicitations can be an advantage.
    - Earlier issuance of solicitation, would provide more time for bidders to prepare the offers and undertake the necessary

planning that makes project delivery more certain and sends stronger signals to supply chain to invest.

- b. Does the BOEM lease sale, and any subsequent data collection at the newly leased sites, affect the potential timing of when proposals should be due under the Subsequent Solicitation?
  - We believe the BOEM lease sale does affect the timing of when proposals should be due. The process of data collection will provide the new lease holders more robust evidence that will lead to more accurate estimations reducing the cost and time buffers. The data collection process needs time (e.g. consult the market, undertake surveys, analyze results...). If the due date of Subsequent Solicitation is in first half of 2019, such timing will make the new lease holders less competitive. In addition to offshore and onshore site specific data collection, there is significant stakeholder engagements that need to take place to support the bid response as currently written.
- c. Once the Subsequent Solicitation is issued, please discuss the advantages and disadvantages of longer or shorter time-frames for responsive bids. Please be specific regarding the time periods you are discussing.
  - Please refer to the above answer regarding the advantages of longer time frames. Additionally, given the comprehensive requests in the solicitation issued in 2017 and expecting a similar scope for the subsequent solicitation and given the successful results of the 2017 solicitation, Mayflower sees no interest to change the timeline. Therefore, we recommend that the time period from issuance until submission is similar to the time period provided in the 2017 solicitation, which is approximately 6 months from issuance until bid.
- d. What are ways in which the Subsequent Solicitation could take advantage of the expiring federal Business Energy Investment Tax Credit (ITC)?
  - We suggest the key way is to announce the selection of the winning bidder(s) prior to the end of 2019 by shortening the review period taking advantage of the experience from the 2017 solicitation.
- e. What would be required in order for a potential bidder in the Subsequent Solicitation to secure the 2019 ITC?
  - We have no response for this question.
- f. What market conditions (technology, vessels, local supply chain, etc.) or ongoing data collection might necessitate a shorter or longer time period for proposal development prior to submission?
  - We have no response for this question.

g. Should the timing of offshore wind energy procurements in other states have any impact on the procurement timeline of the Subsequent Solicitation?

- The timing should have an impact on the procurement timeline. The disclosure (ahead of the Subsequent Solicitation submission deadline) of the results of the procurement ongoing on other states will provide bidders valuable information that will allow them to make better informed decisions and be more competitive. The lease areas located in federal waters can service multiple markets and hence knowing the results of other offshore wind procurement solicitations will enable bidders to consider, among other factors, what portions of their lease area remain available for the Subsequent Solicitation.

Overall, we suggest that DOER provides a procurement process that is consistent with all expectations recommended and results in awards as close as possible to the solicitation release that can both allow for full participation by all leaseholders, maximizing the competitive pressure that will lower costs for customers, while allowing for maximum ITC utilization by developers. To meet such a target in 2019, the next solicitation could be issued in early March with bid submittal in late August.

Mayflower appreciates DOER's willingness to accept stakeholder comments to inform future procurement schedules and solicitations. We look forward to working with DOER throughout this process. If you have questions regarding these comments, please feel free to contact me at 832 337 6620.

Regards,



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