



Comments of Avangrid

**Submitted on behalf of Avangrid by
Eric Thumma
Vice President New Business, Offshore**

eric.thumma@avangrid.com
484-680-9085

March 1, 2023



Questions for Public Comment

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

Massachusetts should procure at least 3.6 GW in the 83C Round 4 Solicitation to maximize supply chain investment and local content delivered to the Commonwealth and put itself in the best position to meet its greenhouse gas emission limits under G.L. c. 21. N.

This volume would be comprised of the remaining 2.4 GW of the 5.6 GW by 2027 statutory requirement, plus any additional capacity from earlier 83C solicitations where those projects have been unable to proceed due to exogenous extraordinary economic conditions. Following a termination of its existing Commonwealth Wind contracts, Avangrid is committed to re-bidding the 1.2 GW Commonwealth Wind project into 83C Round 4. Together this allows for a total procurement of at least 3.6 GW and up to 4.8 GW.

This large volume provides DOER with the flexibility to choose multiple projects, including advanced stage projects capable of meeting the Commonwealth's 2030 carbon goals. Avangrid estimates that there is approximately 10 GW of uncontracted capacity in the New England lease areas, and a significant 3.6 – 4.8 GW solicitation in 83C Round 4 would provide the incentive needed to anchor the Tier 1 supply chain within the Commonwealth to deliver these and other Northeast projects for decades to come.

In the current market, a smaller procurement volume would be out of step with recent trends in other states – New York just closed a potential 4.7 GW procurement, for example - and may not be sufficient to attract Tier 1 manufacturers to the Commonwealth.

Substantial procurements of offshore wind resources also best position the Commonwealth to achieve its greenhouse gas emission limits, which are currently a 50% reduction from 1990 levels by 2030, including a 70% reduction from 1990 levels for the electric power sector) and at least net zero greenhouse gas emissions by 2050. To enable offshore wind resources to come online and contribute to the 2030 limits and build an industry that can anchor achieving net zero by 2050, substantial capacity needs to be solicited as soon as possible.

In summary, since offshore wind projects are extremely sensitive to economies of scale, going as large capacity as possible for this solicitation will ensure multiple benefits for the Commonwealth and electricity consumers, including:

1. Competitive PPA pricing
2. Maximized economic development including Tier 1 supply chain investments
3. Reaching 2030 and 2050 climate targets

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?

The previous schedules have provided sufficient time for bid submission and PPA negotiation and finalization. Avangrid recommends starting from those time frames and improving them by

reducing the time between bid submission, notice of award, and final PPA approval. This would allow advanced projects to take investment decisions and begin construction as early as possible.

Specifically:

- Assuming the bid is issued on or by May 7;
- Bid responses due Friday, September 29;
- Project selection announced no later than Friday, December 1;
- PPA negotiation concluding on Friday, March 1;
- DPU approval proceeding and final PPA approval by Friday, July 12.

As the Massachusetts EDCs have negotiated offshore wind PPAs with developers on three prior occasions, most PPA issues should be resolved already and allowing up to three months should grant sufficient time to successfully conclude PPA negotiations.

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?

The schedule proposed by Avangrid in Question 2 (a) aligns well with other offshore wind procurements.

New York has just closed a solicitation and will announce a selection in Spring, 2023. Rhode Island is scheduled to announce selection in June. Accordingly, uncertainty regarding pending solicitations should not affect participation in the 83C Round 4 solicitation if that solicitation proceeds as proposed by Avangrid. Connecticut has not yet identified its next RFP opportunity. This provides an opportunity for Connecticut's next solicitation to be coordinated with the 83C Round 4 schedule so long as it does not cause a delay to that schedule. The only solicitation with the potential to overlap is New Jersey, which is expected to open in March and close in Summer, 2023 with selection in Fall, 2023. However, New Jersey has significant capacity available from existing New Jersey and New York Bight lease areas and it is appropriate for Massachusetts to prioritize its own goal of procuring offshore wind and supply chain from the nearby New England lease areas.

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

The latest allowable commercial operation date (COD) should be 6 years from the intended PPA approval deadline. For example, if PPA approval is December 2024, then the latest allowable COD should be December 2030. Six years allows enough time for developers to procure the longest lead time packages, such as HVDC transmission, and achieve all required permits. A December 2030 COD deadline also matches the state's first climate goal target.

A more distant COD carries increased risk for the developer and for the Commonwealth because time creates uncertainty, and uncertainty is fundamental risk which needs to be put into the project's pricing.

Less time between 83C Round 4 award and subsequent COD means less risk for the Commonwealth. This is because a developer proposing a nearer-term COD would presumably be closer to obtaining all required permits, would have a well progressed supply chain strategy including negotiated contracts for key scopes, and be very close to being able to give Notice to Proceed to their contractors, take out hedges for commodities and EUR/USD foreign exchange, and bring in bank financing, which together secure the economics and deliverability of the project. Permitting is

on the critical path for all these actions and therefore is the cornerstone for driving potential CODs. Otherwise, all-else-equal, developers would always prefer earlier CODs as it represents earlier revenues.

Therefore, Avangrid suggests that the Commonwealth score project maturity (timeline to achieve State and Federal permits and bona fide contracts signed or ready for signature as a percentage of total CapEx) as a means of prioritizing lower risk, earlier projects, with a back stop of December 2030.

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?

Avangrid recommends that the 83C Round 4 transmission and interconnection requirements mirror the 83C Round 3 requirements.

Developers already have a natural incentive to efficiently utilize the existing onshore transmission system, and multiple interconnection and transmission service agreements have been signed by offshore wind developers to deliver their projects to the Massachusetts electrical grid. The existing system has sufficient capacity for multiple gigawatts of additional offshore wind at costs compatible with competitive offshore wind pricing. Our projects have been able to proceed under the original requirements and keeping all the transmission cables within a designated corridor achieves many of the benefits of a regional transmission network.

Avangrid does recognize that later tranches of offshore wind would likely benefit from a coordinated approach to achieve the large-scale system upgrades required for those future projects. Avangrid recommends that separate, more regional transmission initiatives for those large-scale upgrades would be more appropriately carried out in processes which are separate and de-coupled from the offshore wind solicitations.

- 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](#).

Avangrid recommends that the 83C Round 4 offshore wind solicitation proceed completely independently of any potential transmission RFP.

Avangrid appreciates the Joint State Innovation Partnership for Offshore Wind's forward vision to plan for an electrical system with very high penetration of offshore wind and fully supports the ambition and intended outcome. At the same time, the technical and commercial challenges of the approach proposed therein risk substantially increasing project costs and delaying CODs for the 83C Round 4 solicitation. For this reason, Avangrid recommends against integrating 83C Round 4 with regional transmission initiatives such as the Joint State Innovation Partnership for Offshore Wind.

For the avoidance of doubt, Avangrid understands the Joint State Innovation Partnership for Offshore Wind's proposal to mean:

- Participating States will endeavor to design and begin implementation of a solicitation process for the competitive selection of one to three HVDC transmission lines interconnecting at POIs identified by the Participating States.
- Transmission project proposals will be designed to accommodate the ability to integrate multiterminal HVDC technology in a phased, modular approach.

- Transmission project proposals will also be evaluated for onshore improvements to the grid needed to support the offshore wind interconnected by the HVDC transmission lines.

Competitive solicitation of third-party offshore transmission risks delaying project CODs by injecting uncertainty into the development process in which 83C Round 4 bidders will be submitting proposals. Offshore transmission permitting and construction will require long lead times on par with the offshore wind project itself, and any potential delays in the transmission development timeline will have cascading schedule delays for the offshore wind project coming online. This effectively shifts control of the transmission construction timeline from the offshore wind developer to the transmission developer, creating greater uncertainty on the achievable COD when preparing a bid into 83C Round 4, which will inevitably be reflected in the prices bid in 83C Round 4.

Additionally, Avangrid recommends that future regional transmission initiatives focus efforts on onshore grid upgrades, rather than the offshore HVDC transmission system described in the Joint State Innovation Partnership for Offshore Wind, as the most cost-effective method to ensure adequate injection capability for offshore wind into ISO-NE. Similar conclusions were drawn in the New Jersey State Agreement Approach which selected onshore transmission upgrades as its preferred solution in 2022.

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.

A Meshed Ready requirement will increase PPA prices by \$10/MWh or more and delay CODs 2-4 years. This is because Meshed Ready requires all offshore wind projects to utilize HVDC export technology, and HVDC is long-lead and adds more than \$1 Billion to project costs vs. lower cost HVAC.

Without a Meshed Ready requirement, nearer shore projects would not select HVDC, and would instead use lower cost, well developed HVAC to provide a cost and timing benefit to the Commonwealth. Only projects which cannot use HVAC due to long export routes (more than about 125 km) would choose to use HVDC, and only because it is not technically possible to use HVAC for these longer routes.

Many New England lease areas are well within this 125 km technical threshold and can use lower cost HVAC, whereas most of the New York Bight lease areas are already around 125 km from shore and are only beginning the permitting process on the critical path for their COD, so the impact of a Meshed Ready requirement there is not as significant.

For 83C Round 4, developers with projects far from shore who already must use HVDC for technical reasons may see a Meshed Ready requirement as a way to level the competitive playing field by increasing costs for nearer-shore projects which would otherwise use lower cost HVAC. Increasing costs for nearer-shore projects drives up their required PPA prices, removing the opportunity for the Commonwealth to secure closer, lower cost projects delivered through HVAC.

If the Commonwealth has conviction in the value of Meshed Ready for all projects, developers can certainly meet the technical requirements, but it will lead to higher prices and later CODs and will require a renegotiation of the PPA in the future as the delivery point will change, impacting nodal prices and negative price basis risk. These impacts are unavoidable.

A better balance may be to institute a Meshed Ready requirement for all 83C Round 4 projects expecting to be built with HVDC technology due to technical reasons, and otherwise allow lower cost, more redundant HVAC projects to continue to bring these benefits to the Commonwealth without change. The incremental cost of being Meshed Ready is low for projects which are already using HVDC, therefore this requirement will not unfairly change the competitive position of any developers.

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?

Avangrid proposes three recommendations for consideration:

1. As noted in the response to Question 3, DOER should place extra emphasis in scoring on projects that have significantly reduced the risks associated with their project supply chain procurement. DOER can do this by requiring projects to specifically report in their bid documentation on the percentage of total project CapEx which has been secured through bona fide negotiated and signed supplier agreements. Mature projects that have secured their major package costs will be more protected against inflation and other economic pressures than less mature projects borrowing from indicative pricing and/or supplier requests for information.
2. The Form PPA should provide explicit mechanisms for DOER to renegotiate prices in the event extraordinary exogenous events make projects uneconomic.
3. DOER should incorporate an adjustment mechanism in the Form PPA that most accurately reflects changes to project's exogenous economic environment. Avangrid suggests DOER seek to develop this mechanism through a working subgroup ahead of the issuance of the 83C Round 4 RFP.

Avangrid would emphasize the importance of price indexation as a key and fundamental change to ensure project viability and protect Massachusetts ratepayers in 83C Round 4. However, note that any adjustment mechanism, however carefully crafted will be imperfect. As such, as a contingency, DOER should be granted authority to renegotiate prices in the events of extraordinary exogenous events that are not accurately captured by the adjustment mechanism.

The fixed-price scheme from the previous three 83C solicitations reflects as-bid pricing concepts that developers must anticipate will be viable at COD but that are very exposed to forces, which are not all controllable by the developer and are entirely at risk (interest rates, commodities, inflation, etc.). Fixed pricing occurred in an environment in which LCOEs for offshore wind were declining over time. 2022 resulted in a fundamental shift in this environment in which LCOEs for all renewable energy projects, including offshore wind, began facing increases for reasons that have been well documented, including inflation, supply chain constraints, and higher interest rates among other factors.

Price indexation is a paradigm shift necessary for the offshore wind industry to flourish. It will give developers confidence they can deliver economically viable projects, while shielding electricity consumers from developers achieving irrational profits. Absent price indexation and/or an ability to renegotiate prices with DOER due to extraordinary endogenous circumstances, developers will be forced to bid in exceedingly high returns to cover any potential contingency. Versus the previous fixed-price scheme, with price indexation developers would now be bidding a price they have confidence can be delivered with the conditions of today, and

with the knowledge that the price will be refreshed and updated – up, or down – to reflect any changes in the macro environment on the path to COD.

This takes off timing risk – increasing certainty for developers and for the Commonwealth – and allows developers to put their best foot forward, focusing on their core competencies of building projects and challenging themselves and their supply chain to improve, without the risk of an unexpected macro event upending the viability of these critical, large scale, multi-billion dollar projects.

To be clear, this does not in any way shift costs or risks from developers to the Commonwealth. Instead, it removes the need for prudent developers to price macro risk in 83C Round 4 by providing a mechanism to support competitive as-bid prices which only move up if macro risks materialize. Further, without the support of an indexation formula, prudent developers committed to viability would need to price this risk and would not have a mechanism to return savings to the Commonwealth should these risks do not materialize.

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.

At the time of 83C Round 3, the US Federal Reserve characterized inflation as transitory with stabilization very shortly forthcoming. Unfortunately, this was optimistic. Instead, offshore wind – like all large-scale infrastructure projects - has faced very tight labor and supply chains, record high commodity prices, significantly higher financing costs, and multiple years of record inflation which has moved up the baseline for all long-term costs.

However, the market has stabilized, and developers with well progressed projects will now have a very accurate view of the costs and price indexation required by the offshore wind supply chain.

The Commonwealth can best ensure the requirements of the supply chain are met in the 83C Round 4 selection process by placing significant weight on project maturity, including permitting status (on the critical path to financial close) and bona fide signed contracts for the supply and installation of the offshore wind project.

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.

Avangrid assesses the Inflation Adjustment provision of the 2022 NYSERDA RFP to be only partially aligned with the core structural cost drivers off offshore wind and suggests that DOER establish a working subgroup to develop an improved formula for 83C Round 4.

This is because, in some cases, the direction of price change implied by the 2022 NYSERDA formula can run against the actual cost changes faced by developers. This could imply a PPA price decrease when the actual costs faced by the developer have risen, or vice versa. For example, exposure to vessel market conditions, borrowing costs, long-term labor, and foreign exchange rates are not contemplated in the 2022 NYSERDA formula.

An indexation formula with a stronger link to the fundamental cost and value drivers of offshore wind allow developers to reduce the risk priced in their offers while also creating a mechanism to return value to ratepayers in the case where market conditions support this. Avangrid suggests that a single indexation formula should be applied uniformly to all developer proposals because it better enables the evaluation team to compare offers on a like-for-like basis without assessing

the relative likelihood of changes in an index proposed by one developer, but not included in formulas from other developers, for example.

Initially, Avangrid suggests the following formula and looks forward to participating in a working group to discuss further with DOER, developers, and other stakeholders:

$$\begin{aligned}
 PPA_{adj} &= PPA_{bid} \\
 &\times \left(0.85 \times \left[[0.25 \right. \right. \\
 &\quad + 0.06 \times \frac{Index_{T,steel}}{Index_{B,steel}} + 0.02 \times \frac{Index_{T,copper}}{Index_{B,copper}} + 0.03 \times \frac{Index_{T,fuel}}{Index_{B,fuel}} \\
 &\quad + 0.06 \times \frac{Index_{T,labor}}{Index_{B,labor}} + 0.17 \times \frac{Index_{T,fabrication}}{Index_{B,fabrication}} + 0.41 \times \frac{Index_{T,CPI}}{Index_{B,CPI}} \left. \left. \right] \right. \\
 &\quad \times (0.5 + 0.6 \times \frac{Index_{T,EUR/USD}}{Index_{B,EUR/USD}}) \left. \right] \\
 &\quad + 0.15 \times \frac{Index_{T,CPI}}{Index_{B,CPI}} \left. \right) \\
 &\quad + TBD \times (Index_{T,10y\ treasuries} - Index_{B,10y\ treasuries})
 \end{aligned}$$

Where the nomenclature and indices are consistent with the NYSERDA proposal, i.e. $Index_B$ is the value of the index at the time of bid submission, and $Index_T$ is the value of the index at the time of financial close. For each index, Avangrid would support using the same public source as NYSERDA.

The structure of this formula is as follows: 85% of the formula is related to project CapEx, and 15% is related to OpEx. Within the Capex portion, the weighting of each commodity or labor and inflation related index is proportional to what developers would generally see from their supply chain. Again, these indices are bi-directional, such that if steel price is reduced, developers would see their cost reduce, and would pass this savings directly back to the Commonwealth through a lower adjusted PPA price.

Additionally, there is a separate component – with a factor labeled as TBD – to accommodate financing costs using a reference of 10-year treasury rates or, alternatively, 10-year treasury swap rates. The purpose of this component is to ensure that the Commonwealth sees competitive pricing without developers needing to price borrowing cost risk given the very uncertain Federal Reserve policy over the next several years. The weight of this component is labeled as TBD because it will be very developer specific and should likely either be specified by each developer in their proposal or should be agreed ahead of the RFP through a working group.

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 NYSERDA 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.

Avangrid suggests that Financial Close is the most appropriate time as it immediately proceeds Notice to Proceed where commodities are locked and hedges are placed.

Avangrid suggests not tying the indexation to BOEM COP approval only, because COP approval is not necessarily linked to any event which increases price certainty.

For example, it is possible that a developer could obtain all federal permits including COP approval without securing offtake. In that case, the as-bid price of the developer would effectively be locked given that it had already passed the BOEM COP approval milestone. However, the developer may not actually have all the remaining federal, state, local and regional permits in hand, or contracts ready for signature and Notice to Proceed to lock in costs if, for example, the Commonwealth introduces any new requirements which modify the project concept (e.g. Meshed Ready), or if the developer for any other reason is not in a position of having negotiated contracts with money placed at risk to secure slots while awaiting potential PPA award.

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)?

Please see our response to Question 6 (c).

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.

Unfortunately, there is no definitive clarity on when guidance may be expected on the key components of the Inflation Reduction Act with high relevance to offshore wind. Based on previous experience, Avangrid conservatively offers that while this clarity may come sooner than expected, it may also not come before notice of award, or even potentially before DPU approval.

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.

Avangrid suggests that a consistent approach set by the Commonwealth and applied to all bidders is more likely to lead to achieved improvements to reduce costs for ratepayers.

A potential solution could be for the RFP text to create baseline uniformity between bidders by specifying key financial assumptions all developers must take, then use language in the form PPA to require a good faith negotiation with a specified target percentage of realized benefit (net of the extra costs needed to achieve the tax credit) that the Commonwealth would hope to retain for any improvement beyond the baseline. Example baseline conditions to specify could be an assumption of 30% ITC, and for the export cable system to not be ITC eligible given the current lack of clarity.

It is not expected that the Internal Revenue Service will issue regulations related to relevant tax credits under the Inflation Reduction Act prior to the submission of the 83C Round 4 solicitation. Therefore, establishment of consistent baseline and target percentages of realized benefit beyond the baseline between the developer and the Commonwealth will result in prices with more consistent assumptions that can be evaluated like-for-like.

Allowing for a narrative description of a potential return of value creates unnecessary pricing risk to the Commonwealth during selection. This is because tax benefits are often structured as being available, but subject to developers meeting certain criteria and then applying to secure the credit. One outcome of this could be that a developer submits a very high base price – well above the other bidders, for example - but then describes a very generous price reduction if a tax credit is secured, potentially a much larger reduction than other bidders. The selection committee would then need to make a judgement about the likelihood of the bidder realizing the tax benefit. However, even if the committee considers the likelihood as high, it is ultimately up to the developer to secure the benefit, and there is a risk that the developer may prefer their higher base price and see enough risk in the path to achieve the lower offered price that they ultimately do not take the necessary steps to achieve the benefit. In that case, the Commonwealth would have awarded a higher cost project and lost out on opportunities for ratepayer savings.

It is important for the DOER to know that these tax benefits often require developers to make significant financial commitments at risk given the very long time between supply chain contracting and ultimate clarity from Treasury. Developers must be positioned to retain a significant portion of the value of these tax benefits to make the value of the risk worthwhile, as the additional spend could be on the order of hundreds of millions of dollars, with extremely high uncertainty.

Therefore, Avangrid suggests that DOER use the Form PPA to provide clear guidance on the target percentage of realized benefit for negotiation between the developer and the Commonwealth. This will aid the Commonwealth in its evaluation of proposals, as it increases the likelihood that bidders use similar assumptions around the value of tax benefit retained by the project when determining the price to bid.

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.¹

The best way for 83C Round 4 to encourage investments and commitments for economic benefits, workforce harmony, and DEI goals is to maximize the amount of offshore wind procured in this solicitation and to provide unambiguous guidance on the priorities of the Commonwealth through clear and transparent scoring criteria.

On procurement volume, large volume procurements have the greatest opportunity to attract the supply chain to establish itself in Massachusetts. This is best evidenced by the fact that all previous Tier 1 manufacturing facilities secured in US solicitations have required a pipeline commitment by developers of at least 2 GW and as much as 4 GW or more.

Avangrid's ongoing engagement with the supply chain indicates that the current market requires a minimum of 4 GW of certainty to localize to the US owing to very high financing costs. High financing costs limit the capital available to invest in new facilities and places the US in competition with a very

¹ Chapter 179 of the Acts of 2022. Available at: <https://malegislature.gov/Laws/SessionLaws/Acts/2022/Chapter179>

compelling European market where offshore wind has not been subject to the same federal policy uncertainty that has burdened the US previously. A large procurement in 83C Round 4 provides the certainty needed for Tier 1 manufacturers to localize to the Commonwealth.

Additionally, the Commonwealth could consider providing clarity on any potential state funds which may be available to support the construction of these facilities. Peer states have provided as much as 300 million dollars in public funds to help attract 2:1 matching private:public capital to create good paying, long-term jobs to serve communities for decades to come. While many of these States have directly allocated this support through the offshore wind solicitation itself, the Commonwealth could also consider building on the history of the \$75 million it provided in 2022 alone by describing in the RFP any specific dollar amount of funding expected to be available to support the industry in 2024 and allowing developers and manufacturers to make a judgement about the potential worthiness of their project versus others competing for those funds after the award. This would have the benefit of encouraging the very best proposals.

On scoring transparency, previous 83C Round 3 Q&A Question 4 considered the issue of scoring criteria transparency and noted the Distribution Companies' explanation that "giving bidders advanced access to the evaluation 'answer key' will not produce a robust and competitive solicitation...disclosing numerical weighting of the evaluation criteria and the evaluation protocol details would enable bidders to game their bids to earn artificially high scores , and cause bidders to tailor their bids in inappropriate ways."

Avangrid respectfully disagrees with this conclusion, noting the greater transparency in New York and New Jersey solicitations have resulted in record supply chain and local content investment. Providing the breakdown of evaluation scoring criteria in 83C Round 4 simply makes clear and firm the priorities of the Evaluation Team in Massachusetts, providing bidders with clarity on what to focus their efforts on in developing the proposal. This would result in more bids being aligned with the goals of the Commonwealth as initiatives are developed tailored to meet Massachusetts priorities, providing Massachusetts with the best set of bid options in its selection process.

Some specific recommended updates to the 83C Round 4 scoring criteria include:

- Within the total percentage for non-price scoring criteria, include a breakdown for local content, DEI, stakeholders, viability, and other Massachusetts priorities, etc.
- Within the total percentage for viability, include a breakdown or prioritized ranking of fisheries, environmental stewardship, financing, permitting, schedule, interconnecting, etc.
- Distinguish between scoring criteria that are evaluated binarily – that is, disqualifying if they are not achieved – as opposed to qualitatively.
- Identify as many of the Portfolio Evaluation metrics as possible into the percentage scoring sections.

Avangrid also requests that DOER clarify if a regional approach to partnerships that can address workforce gaps, build up skilled labor, and provide other stakeholder benefits would be received just as well as (or worse than) working with in-state partners only, even if the regional partnership is used as a model to support and strengthen Massachusetts' industry.

a. Memorializing Commitments: In 83C Round 3, DOER executed Memoranda of Understanding (MOUs) with the selected projects to memorialize and track their commitments to economic development and DEI.² Please provide any comments on these prior MOUs or other mechanisms to memorialize and track these commitments with selected projects.

Avangrid supports the requirements that were in place in 83C Round 3 for memorializing and tracking commitments. Avangrid recommends that DOER be explicit in 83C Round 4 regarding any financial obligations associated with commitments made in proposals (e.g., FTEs). Furthermore, if DOER has any expectations on the terms and conditions for any post-award commitment agreements between developers and stakeholders, DOER may wish to consider providing a template for an MOU or other agreement that developers can use and customize as needed.

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.

Please refer to comments in Question 7 on how providing clarity around scoring is the most effective way to incentivize project design and investments aligned with state priorities, including providing benefits to and mitigating negative impacts on EJ communities. In terms of avoiding negative impacts on EJ communities, the RFP could make clear that OSW infrastructure such as onshore substations should not be located in communities that are already bearing a disproportionate burden of land uses that are perceived to be detrimental.

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.

Avangrid appreciated the inclusion of Appendix J in the 83C Round 3 RFP as a useful list clarifying the Commonwealth's areas of interest for environmental and socioeconomic impacts and recommends that an updated Appendix J be included again. Avangrid respectfully recommends that 83C Round 4 remove the criterium "Expected environmental impacts to onshore coastal beaches and ecosystems from port infrastructure construction and operation" from consideration since, even if port redevelopment is incentivized by or done in partnership with developers, port construction is typically led by third parties and, therefore, such mitigation is not entirely within the control of offshore wind developers and is not within the scope of our permits.

Furthermore, Avangrid encourages the Commonwealth to clearly indicate its own top environmental mitigation and offshore wind research priorities to developers, much like the RIDEM Marine Fisheries Division did in the current Rhode Island Offshore Wind RFP, such that bidders can best align investments to advance ongoing activities and priorities. Avangrid encourages the evaluation team to use 83C Round 4 to go beyond "mitigation" and to implement a scoring system that awards points for "net positive impacts" to biodiversity (e.g., voluntary conservation actions).

² Public versions available at: [15416361 \(comacloud.net\)](https://comacloud.net/15416361) (Commonwealth Wind) and [Microsoft Word - 83C Rd3 Offshore Wind Development and Reporting Agreement - MFW - EXECUTION v2.docx \(comacloud.net\)](https://comacloud.net/MFW-EXECUTION-v2.docx) (SouthCoast Wind Energy, formerly known as Mayflower Wind).

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

- Avangrid emphasizes that the most effective way for the RFP to deliver the most cost-effective pricing and largest economic and clean energy benefits is to maximize the number of bidders. There are five potential New England based bidders and the RFP should seek to promote as many bidders from these areas as possible. Unduly restricting or including RFP provisions which discourage bidders from participating will result in less competitive bidding approaches and commensurately fewer benefits resulting from offshore wind.
- Section 61 (e) (1) (v) (F) requires that proposals “adequately demonstrate project viability in a commercially reasonable timeframe”. Avangrid recommends including objective scoring that provides a clear scoring differentiation between projects which are materially de-risked through advanced permitting and bona fide contracts, and those which are earlier stage with more risk to the Commonwealth.
- Additionally, previous RFPs have included a provision that enables other states to participate in selecting projects submitted to the Massachusetts RFP. This is how Rhode Island selected its first 400 MW project. The provision states: *The Commonwealth of Massachusetts in consultation with Distribution Companies will consider the participation of other states as a means to achieve the Commonwealth's Offshore Wind Energy Generation goals if such participation has a positive or neutral impact on Massachusetts ratepayers. If the Commonwealth determines that such participation provide a reasonable means to achieve its Offshore Wind Generation goals cost effectively through multi-state coordination and contract execution.*

Inclusion of this provision enables developers to maximize their delivery volumes which can benefit Massachusetts electricity consumers with lower prices through procurement economies of scale. The potentially larger scale provides the opportunity to attract more supply chain and economic development opportunities.