conEdison Transmission
a conEdison, inc. company

March 1, 2023

VIA ELECTRONIC DELIVERY

Ms. Marian Swain
Deputy Director of Policy and Planning at DOER
Email: Marian.Swain@mass.gov

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

COMMENTS OF CON EDISON TRANSMISSION, INC.

Dear Deputy Director Swain:

Con Edison Transmission, Inc. respectfully submits these comments to the Massachusetts Department of Energy Resources ("DOER") in response to the February 10, 2023 notice requesting comments on 83C Round 4 Solicitation for Offshore Wind Energy Projects.

We appreciate the DOER facilitating an opportunity for stakeholders to provide input in the planning of Massachusetts' fourth solicitation for offshore wind.

Respectfully submitted,

/s/ Marie Berninger

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BEFORE THE
RFP DRAFTING PARTIES

In the Matter of Massachusetts 83C Round 4 Offshore Wind Solicitation: Request for Public Comment.

COMMENTS OF CON EDISON TRANSMISSION, INC.

Con Edison Transmission, Inc ("CET") respectfully submits these comments in response to the February 10, 2023 notice of the Massachusetts Department of Energy Resources ("DOER"), the Massachusetts Electric Distribution Companies ("EDCs"), and the Attorney General's Office ("AGO"), (collectively the "RFP Drafting Parties") requesting comments relevant to the Request for Proposals ("RFP") for a fourth-round solicitation for offshore wind energy projects under Section 83C.

CET appreciates the opportunity to comment on Massachusetts' forthcoming fourth-round solicitation for offshore wind. CET applauds the RFP Drafting Parties timely and thoughtful questions and its openness to receiving and considering feedback from stakeholders. CET offers the following comments, in response to the Procurement Size, Transmission, and Federal Funding topics requested, to help the RFP Drafting Parties achieve the most cost efficient, timely and reliable outcome for Massachusetts customers as it develops and implements actions to achieve its ambitious offshore wind goals.

I. BACKGROUND

CET is a competitive transmission developer that has experience developing transmission solutions, including solutions for offshore wind. CET works with offshore wind generation developers to facilitate the delivery of their electricity into the existing grid as well as proposing delivery solutions into state of regional transmission organization-run solicitations. CET was

identified as the original offshore wind transmission partner to the Sunrise Wind Project developed by Bay State Wind that is contracted to NYSERDA through the first offshore wind transmission RFP, although it has since withdrawn from the project. Through its affiliate, CET is the largest owner of the New York Transco ("NY Transco")[1] which owns and operates overhead transmission in New York and is currently constructing transmission in the mid-Hudson region to deliver clean renewable energy to downstate New York. NY Transco also has active transmission proposals in the Long Island Public Policy Transmission Need solicitation, intended to bring offshore wind electricity from the south shore of Long Island to New York City and Westchester County/Northern New York State, that are currently under consideration for selection by the New York Independent System Operator ("NYISO") under its competitive public policy transmission planning process.

CET is also the developer of the Clean Link New Jersey project, proposed in response to the NJ Board of Public Utilities ("NJ BPU") and PJM Interconnection's ("PJM") solicitation for offshore transmission to facilitate the connection of offshore wind generation under the State Agreement Approach ("SAA"). While the NJ BPU declined at this time to move forward with any transmission corridor solutions, it acknowledged the value and importance of these solutions and signaled its intention to pursue them in the future. CET's Clean Link New Jersey project was identified in the PJM evaluation materials as one of the most viable and cost-effective proposals, and closest to the independent bid estimate, to deliver offshore wind energy to the onshore PJM grid using a robust transmission corridor, and one of the first proposals to offer an offshore AC mesh network for reliability. New Jersey continues to consider the potential

[1] NY Transco is a partnership among New York's investor-owned utilities.

application of the Inflation Reduction Act's investment tax credits in future offshore delivery infrastructure buildout to mitigate cost to customers, an effort that CET fully supports and is taking steps to achieve.

CET has also been active within New England as a competitive transmission developer. CET is the developer of two transmission solutions proposed to bring Northern Maine renewables to the ISO-NE grid: Maine Power Express[2] and Maine Power Link[3], and continues to seek additional opportunities to help achieve the clean energy goals of New England.

II. PROCUREMENT SIZE RESPONSE

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

Massachusetts should entertain bid proposals and portfolios to allow up to 2,400 MW of energy and environmental attributes to be procured. Seeking up to the full amount of required capacity of 2,400 MW will support the Commonwealth's ambitions of having a coordinated offshore wind delivery solution, as noted in the Conceptual Paper submitted to the Department of Energy.[4] Procuring up to 2,400 MW provides the Commonwealth the option to evaluate solutions from the market for the best coordinated offshore wind delivery system to see if these projects can provide the best benefits. A larger proposed procurement size does not obligate the Commonwealth to procure the full amount, but it enables the Commonwealth to more efficiently

[2] Maine Power Express is a HVDC solution that delivers renewables in Northern Maine to K-Street in Boston.
[3] Maine Power Link is an AC solution that fully utilizes existing rights-of-way in Northern Maine to delivery Aroostook County renewables to the ISO-NE grid in Southern Maine.
[4] Concept Paper Microsoft Word - MOWIP Concept Paper (wordpress.com)

evaluate all available options. If the solicitation is capped at a lower capacity, the Commonwealth could miss out on potential benefits of a coordinated delivery system that could be afforded in a 2,400 MW solicitation. A solicitation of 2,400 MW will also entice greater competition in the market from offshore wind developers and independent transmission developers, resulting in lower costs and greater benefits to the Commonwealth, while also enabling the offshore wind resources to be added to the grid as quickly as possible to meet the state's ambitions net zero by 2050 goal. Further, in order to achieve coordinated and well-designed delivery and interconnection strategies, CET suggests a framework described in our "Transmission Related Responses" to achieve system benefits such as reliability, resilience, and cost efficiencies.

III. TRANSMISSION RELATED RESPONSES

4a. 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?

New England Participating States (Connecticut, Maine, Massachusetts, and Rhode Island), with support of the States of New Hampshire and Vermont, have taken the important step of recognizing the need for coordinated transmission solutions to achieve timely and cost-effective build-out of offshore wind, through its New England States Transmission Initiative ("Transmission Initiative") and its Joint State Innovative Partnership for Offshore Wind. Importantly for customers, this effort seeks to leverage federal funding and facilitate cost allocation from voluntary states for a coordinated, reliable, and cost-effective delivery system of offshore wind resources. Given the urgency of meeting clean energy goals, Massachusetts does

not have the luxury of waiting for the culmination of the Transmission Initiative before proceeding with its continued procurement of offshore wind generation. It can, however, take meaningful steps in this solicitation to make the selected project(s) flexible to coordinate and accommodate the optimal outcome of the Transmission Initiative, while still capturing full federal tax and federal funding opportunities for the benefit of customers.

The primary step that the RFP Drafting Parties should take is to require bids from a partnership of generation and non-affiliated transmission developers. The RFP should require offshore wind generation bidders to partner with non-affiliated transmission developers in the design, execution, ownership, and operation of eligible offshore generation projects. There are several notable benefits to this approach:

- Leveraging expertise and well-established operational roles will improve project delivery and enhance reliability. Considerable expertise has been developed by transmission entities in designing, routing, and planning the infrastructure needed to deliver offshore wind. Requiring generation developers to partner with transmission developers will enable the Commonwealth and its customers to receive the benefits associated with the experience and skill of each type of developer in both project development and long-term operations. For example, transmission developers are experts in outreach and developing relationships with local community leaders in shore communities and those along offshore cable routes. This is a critical component in realizing transmission development and is acknowledged in the recent Massachusetts Environmental Policy Act's

regulations promulgated in January 2023 which make necessary improvements to address environmental justice criteria in the evaluation process.

- Transmission and generation developer partnerships will lead to a more cost-efficient, competitive solution for customers, by leveraging the expertise of each partner. Such expertise includes designing, routing, and planning high voltage direct current ("HVDC") generator delivery infrastructure (which includes underground cable, associated civil infrastructure like duct banks and cable vaults, HVDC/AC converter stations and switchgear, see Exhibit A). This value and expertise can be seen in the recent NJ BPU and PJM SAA process which garnered 80 transmission solutions from 13 different developers. This requirement would encourage the market to find the best partnerships without limiting developers (likely expanding) options for delivery solutions.
- Independent ownership will foster expandability. Critically, requiring independent ownership of the delivery infrastructure will facilitate development, over time, of an offshore network of generator delivery infrastructure with an owner that has a unique interest in such expansion for all and any generation developer(s). It also will allow for flexibility to modify delivery infrastructure, if desired, to coordinate with the outcome of the Transmission Initiative.
- Independent operation will support reliability. This ownership structure is also vitally important for reliability, resiliency, and efficient operation of the grid. Independent ownership of the delivery infrastructure and generation allows each entity to focus on operating those facilities with which they have specific

expertise and are most familiar. As a result, separate ownership and operation of the delivery infrastructure of an offshore wind project, from offshore to onshore collector station, improves reliability and facilitates compliance with regulatory and reliability requirements, including those promulgated by the North American Electric Reliability Corporation ("NERC").

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

The RFP should incorporate optionality to allow for future modification and expansion of the offshore wind delivery system. New England States have correctly identified that in order to achieve their clean energy goals they must prioritize a coordinated, reliable and resilient delivery system in order to minimize costs to customers and environmental and community disruption. Indeed, a free-for-all approach where each offshore wind project finds its own route, point of interconnection ("POI") and set of grid upgrades is inefficient from a customer cost, operations, and reliability standpoint; and it becomes increasingly more unsustainable as additional offshore wind is built. Massachusetts is now embarking on its fourth offshore wind solicitation. The low hanging fruit of coastal POIs without extensive offshore routing or onshore grid upgrades are increasingly limited, if non-existent. Routes and landfall through sensitive environmental areas and shore communities remain as challenging as ever. The value and necessity of offshore networks for reliable and resilient operation will become more important as more and more offshore resources come online.

For these important reasons, this fourth solicitation should incorporate several additional options to allow for the selected project(s) to fit with a future coordinated delivery system

solution. First, the RFP can allow for a change to the POI and its associated route. This could become beneficial to customers if through the Transmission Initiative a superior POI or offshore wind "Interconnection Hub"[5] is identified. Anticipating such a change could save interconnection costs through the Power Purchase Agreement ("PPA") contract, essentially through a limited repricing opportunity[6]. Guardrails could be put on interconnection cost sharing provisions to make sure this does not invite a full repricing of the project. For instance, if the RFP asks in advance for bids to indicate the pricing subcomponents of its delivery infrastructure solution and provide a range of price adjustments anticipating a POI change, this could balance the need for flexibility and the need for price certainty, with the overall goal of achieving cost savings for customers.

Second, a flexible, modular approach to pricing could also allow for the delivery infrastructure component to be pulled out of the PPA contract if cost recovery through another means is determined to be more beneficial for customers. For instance, should the delivery infrastructure be pulled into a broader offshore-to-onshore corridor solution and/or an offshore network solution, and this broader solution is cost shared among participating New England States, Massachusetts customers could benefit from a cost recovery mechanism that enabled this cost sharing, like a formula rate through the ISO-NE tariff. Further, this mechanism could also allow for any federal funding achieved through Department of Energy ("DOE") programs established from the Infrastructure Investment and Jobs Act ("IIJA") and would allow for cost

[5] An Interconnection Hub is a concept that has been proposed in New York by Consolidated Edison Company of New York, Inc. in NYPSC Case No. 20-E-0197, Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act.
[6] While this would hopefully result in shared "savings", it's possible the net savings would materialize through other, avoided upstream upgrades, but the interconnection in question could cost marginally more.

recovery of the delivery system over a longer time horizon (40-50 years), saving customers' money and preserving generational equity. Importantly, the goal with providing this flexibility is to allow these additional benefits to be captured for customers without adversely impacting the ability of the wind project, inclusive of its delivery system, to fully qualify for investment tax credits ("ITCs").

Finally, it is essential that the delivery infrastructure be independently owned by long-term transmission owner / operators. This independence and long-term commitment is essential for future expansion and coordination of the offshore delivery system for the benefit of customers because it avoids potential conflicts of interest among generation owners. As described in Section IV, this independent ownership structure will not impact the ability of the full project to qualify for ITCs.

4c. 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.

The RFP Drafting Parties should consider procuring secondary connections now for the sake of reliability and resiliency. In fact, the RFP Drafting Parties should consider not only requiring bids to be meshed-ready but also requesting bid options inclusive of secondary connections between offshore platforms necessary for additional reliability and resiliency. Considering the density of lease areas and projects under development off the coast of Massachusetts, these secondary connections are feasible and valuable for this next solicitation. Further, these options can be flexible to accommodate the strategy envisioned by the Transmission Initiative. As long as the option is bid in a modular way with provisions for

limited pricing changes and established milestones, we think procuring secondary connections as part of the selected wind projects in the fourth solicitation is achievable and has value now.

Adding this optionality could be handled in a similar way to storage and hydrogen enhancements that have been entertained in NYSERDA's latest offshore wind procurement. The RFP Drafting Parties could allow, and even encourage, bidders to propose secondary connections to other adjacent lease areas of contracted and/or proposed projects. The strength of these optional proposals could be enhanced if bidders developed commercial solutions (preferably in agreement with the connecting offshore wind projects), to utilize these secondary connections to mutual benefit between projects. In cases where the connecting projects are delivering to different regions (ISO-NE and NYISO), proposals would be stronger if the developers explained the necessary interregional coordination needed to make this successful. In all cases, the secondary connection(s) proposed would be optional add-ons to a proposal, and not required for a compliant bid. Bidders could provide robust cost-benefit justification for the proposed secondary connections that the RFP Drafting Parties could validate and evaluate on its merits. This approach could unlock innovation and proactive development among offshore wind developers and their transmission partners, potentially to great, and timely, benefit for customers.

Consistent with NYSERDA's approach, and the likely planned approach in New Jersey, pursuing 230kV AC connections at approximately 300 MW is an economical and reliable approach to secondary connections. The variability of distance between offshore substations should be manageable and can be dealt in a formulaic way in the structure of the pricing options. As noted in NYSERDA's meshed ready options paper, the costs to provide the optionality of

interconnection is relatively low at the early development stage and would be significantly more expensive to retrofit a proposed solution at a later time.[7]

Moreover, this approach should not lead to stranded costs. This is a conservative approach utilizing technology that is readily available today, with a long, reliable operating history. Minor modifications, such as the voltage, capacity, or location from one substation to another are easily dealt with through limited pricing adjustments within a set range and based on formulaic inputs. Larger changes, such as utilizing HVDC intertie technology, are likely decades away, when that technology may be commercially available, and grid upgrades can be considered at that time.

Failure to include secondary connections in this fourth solicitation would be a missed opportunity for Massachusetts customers. Customers would lose an option to include this added reliability and resiliency benefit now, waiting for a future, uncertain process. It is also important to note that secondary connections, when built together with the overall delivery system of the wind project should qualify for ITCs as they are an integral part to the reliable delivery of the wind facility. In this way, incorporating these secondary connections into this next procurement achieves the most reliable and cost-effective solution for Massachusetts customers, with the optionality to adjust the project and approach later, if needed.

IV. FEDERAL FUNDING RELATED RESPONSES:

6a. 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)?

[7] The Benefit and Cost of Preserving the Option to Create a Meshed Offshore Grid for New York (brattle.com)

6b. Please comment on when the Internal Revenue Service should be expected to issue regulations related to relevant tax credits under the Inflation Reduction Act.

The ability for the offshore delivery system to qualify for ITCs as part of the wind generation project is an important question in the offshore wind industry right now, and one that many are asking the IRS to provide guidance on. While we cannot provide insight as to when the IRS will provide this guidance, we are actively advocating for this guidance, including that the ITC should apply to primary and secondary connections in the delivery system envelope, and that the credits will apply independent of whether the delivery system is owned separately from the wind turbines. The latter is critical to establishing the business model that will facilitate future growth and expansion of the offshore wind delivery system to provide a reliable, resilient grid that can independently serve many offshore wind generation owners.

Only a project that includes all facets of offshore wind production along with the cables and converter stations necessary to deliver that production to customers meets the goals of efficiently providing cleaner wind power to customers. Moreover, the generation is only able to be available to customers if delivered to the existing grid, where customers can then access the power and where a sale is then made to customers. All generation from offshore wind heads in just one direction, from offshore to the existing grid onshore. All delivery infrastructure, including secondary cables, solely support the reliable one-way delivery where a sale of power can happen.

The overall project, inclusive of the wind turbines and the HVDC or HVAC delivery infrastructure, is the same regardless of which party owns the delivery infrastructure and the wind turbines. Additionally, this interpretation regarding ownership is consistent with the

statutory language of the Inflation Reduction Act, [8] and past treatment of solar / storage projects receiving ITCs with separate owners for each component. Separate ownership of the generator delivery infrastructure would enhance reliability and customer benefits, provide future flexibility benefits, and still enable the full project to capture ITCs.

As discussed earlier, we believe requiring transmission developer partnerships and pursuing optionality and modular bid pricing for delivery components in Massachusetts' fourth offshore wind solicitation will provide the greatest benefits to customers and flexibility to the Commonwealth to take full advantage of federal funding opportunities secured through the Transmission Initiative. Importantly, the eligibility for offshore wind delivery infrastructure to qualify for ITCs should be unaffected by the suggested approach.

If in the future, the cost recovery of the delivery infrastructure is pursued through a different mechanism to effectuate cost sharing agreements among New England States and/or sponsorship from the DOE, we believe the project's eligibility for ITCs would remain intact. Changing the recovery mechanism and allocation of costs would not change the essential nature of the project and the fact that the delivery system is a necessary and integral part of the offshore wind generation facility and thus eligible for the ITCs. Indeed, there is no sellable product until the power reaches the existing grid, or point of interconnection, and the delivery system remains a vital and necessary part of the offshore wind project, regardless of how its costs are collected.

[8] *See* Inflation Reduction Act, Section48E(b)(3); see generally Section 48.

V. CONCLUSION

For the foregoing reasons, the solicitation should establish a requirement for bidders to partner with transmission developers when submitting their bids, such that at commercial operation, the delivery infrastructure can be owned separately and paid either through a transmission services agreement between the generation owner and delivery infrastructure owner, or some other means. Such a model will allow transmission developers to participate in the project, bring their expertise in siting and construction, and a more appropriate business model for long-term ownership, operation and expandability of the delivery infrastructure, and will allow Massachusetts customers to better achieve a reliable and resilient clean energy future. Moreover, it will allow sharing of capital investment that reduces risk to any one entity and will facilitate additional participation from key industry players.

Dated: March 1, 2023

Respectfully submitted,
Consolidated Edison Transmission, Inc.

/s/ Marie Berninger
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Director, Business Development
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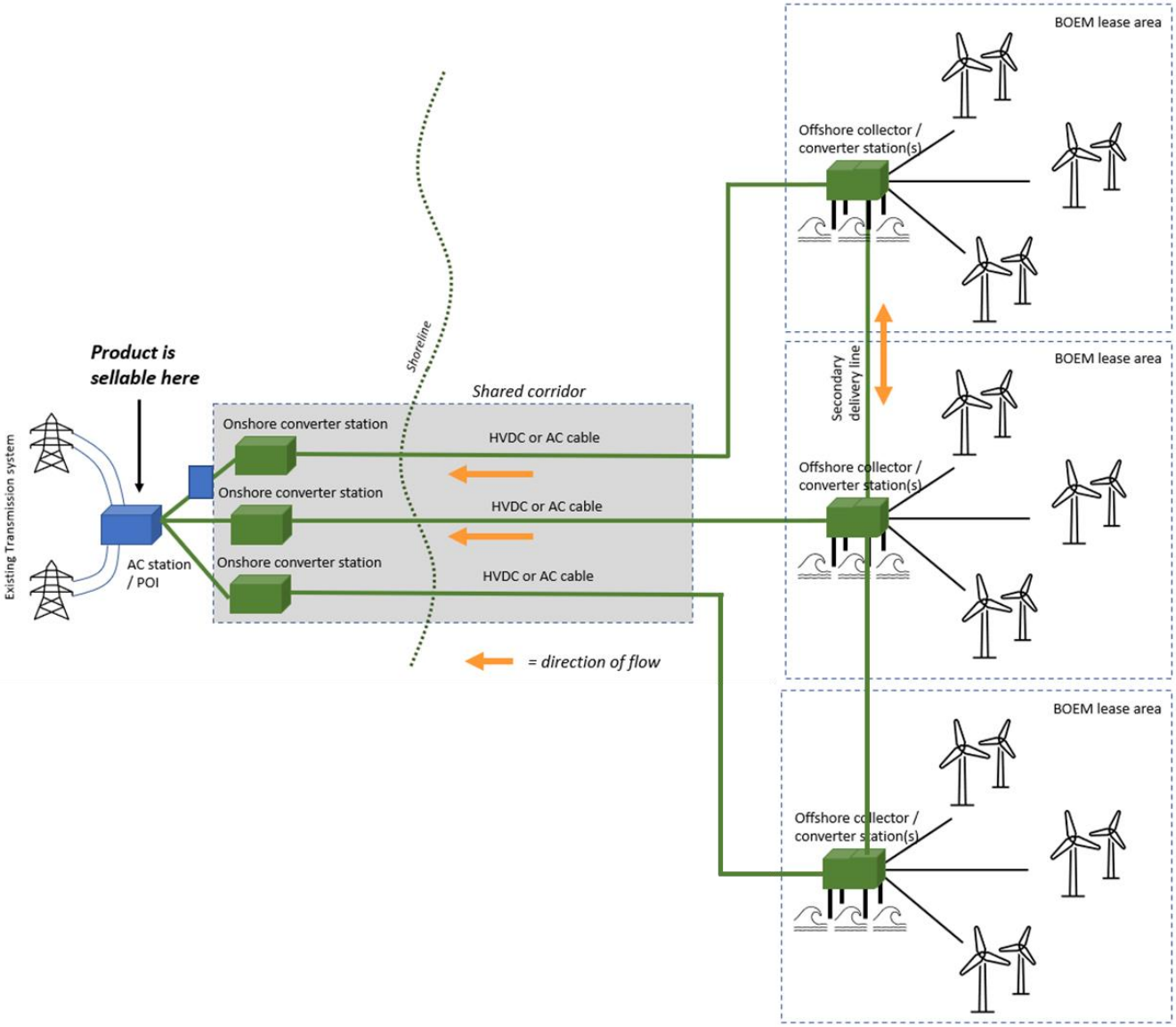
Exhibit A


BOEM lease area
Offshore collector / converter station(s)
BOEM lease area
Secondary delivery line
Offshore collector / converter station(s)
BOEM lease area
Offshore collector / converter station(s)
Product is sellable here
Shoreline
Shared corridor
Onshore converter station
HVDC or AC cable
Onshore converter station
HVDC or AC cable
Onshore converter station
HVDC or AC cable
Existing Transmission system
AC station / POI
= direction of flow