



GE Renewable Energy—Offshore Wind response to the Massachusetts 83C Round 4 Wind Solicitation: Request for Public Comment

Subject: 83C Round 4 Comments: GE Renewable Energy – Offshore Wind

Submitted to
Massachusetts Department of Energy Resources (DOER)
Or in this instance the designated agent for receiving comments:
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About GE Renewable Energy

GE Renewable Energy is a mature 15-billion-dollar company which combines one of the broadest portfolios in the renewable energy industry. Combining onshore and offshore wind, blades through LM Wind, hydro, storage, utility-scale solar, grid solutions, hybrids and digital services; GE Renewable Energy has installed more than 400+ gigawatts of clean renewable energy and equipped more than 90 percent of utilities worldwide with its grid solutions. With nearly 40,000 employees present in more than 80 countries and it's 125 years of engineering expertise, GE Renewable Energy creates end to end solutions and value for our customers seeking to power the world with affordable, reliable, and sustainable green energy.

GE Renewable Energy – Offshore Wind, 83C Round 4 Offshore Wind Solicitation Comments

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

The maximum procurement for the 83C Round 4 Solicitation should be 4,000 MW or more. Maximizing procurement will help in reaching the Massachusetts state target of contracting 5,600 MW by 2027 and provide significant progress in Governor Healy's plan to have 10,000 MW of offshore wind capacity installed by 2035.

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?

No comment.

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?

By following examples set in other solicitations, Massachusetts should allow developers to withdraw their bid if their project is selected in another state. Massachusetts should also maintain a waitlist of projects that were not selected, but still viable, that can backfill any projects that may withdraw. This waitlist should be maintained for 180 days following the Conditional Award date and all developer proposals should remain valid for the waiting period.

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 for projects bidding into 83C Round 4 should be in the year 2032. Due to other projects planned in the Northeast that will begin operations in the late 2020s, a target COD of 2032 would allow projects awarded in 83C Round 4 to begin construction following those already planned. Massachusetts should consider higher evaluation credit for earlier CODs.

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?

No comment.

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.

No comment.

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.

No comment.

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?

To minimize risk for both the developer and the taxpayer, Round 4 should include an indexation clause. This clause should aim to cover any inflation risk developers will face in terms of commodity and labor inflation, to ensure that such clause is effective, indices used should be tailored to the exposure in the Offshore Wind market. Additionally, where available, these indices should be able to be hedged. Market standard for such indexation clause is to cover up to 80% of the contract price. Several indices can be included each weighted to represent their exposure.

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.

No comment.

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.

NYSERDA came with an indexation clause that covered 80% of the developer's costs. The main takeaways from the NYSERDA Inflation Adjustment provision:

- 1) Covers main raw material groups (LSFO, Steel, Copper) but has an opportunity to incorporate other volatile raw material such as Carbon Fiber & Praseodymium-Neodymium.
- 2) Uses non-related labor index (Employment Cost Index – All Industries and Occupations) – Usage of this index is exposing developers to a risk where the index does not correlate with their cost profile. The index is covering for all types of labor where developers are exposed to specific types of offshore wind labor (manufacturing & engineering). It is recommended that the index selected for the Massachusetts round 4 aims to match the underlying exposure.

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.

No Comment.

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)?

No comment.

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.

No comment.

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.

No comment.

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*.

No comment.

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. Please provide any comments on these prior MOUs or other mechanisms to memorialize and track these commitments with selected projects.

No comment.

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*.

No comment.

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*.

No comment.

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.

No additional comments.