

March 1, 2023

Marian Swain
Deputy Director of Policy and Planning
Massachusetts Department of Energy Resources
100 Cambridge St., 9th Floor
Boston, MA 02114

Re: 83C Round 4 Comments by Greater New Bedford Leaders

Dear Director Swain:

We are a group of public sector, business, and civic leaders in Greater New Bedford, and we write to comment on how the last Request for Proposals for the most recent offshore wind contract solicitation (“83C Round 3”) could be improved for the upcoming solicitation (“83C Round 4”).

We are proud of our region’s leadership in the development of the American offshore wind industry. We are excited that the country’s first industrial scale offshore wind project will be marshalled from the Port of New Bedford, and that we are poised to launch more projects thereafter. Although we believe that it is important for the industry to play a major role in combatting climate change, our efforts over the past decade to promote the industry have primarily been about the economic vitality of our region.

As an older industrial region that is not part of a major metropolitan area, Greater New Bedford has not experienced the economic prosperity enjoyed by America’s so-called “superstar” metros like Greater Boston. According to virtually any standard measure of wealth or economic activity, our region has long lagged behind the rest of Massachusetts, and especially Greater Boston. The social implications for the widening economic inequality along geographic lines in Massachusetts have been well-documented. It should suffice to note that those disparities are reflected in diminished social mobility, public health, and government services for residents of our region. From one gubernatorial administration to another, the Commonwealth has established the goal of promoting prosperity for every region of the state but has experienced only limited success in narrowing inequality among them.

From our perspective, the significance of the offshore wind industry to Massachusetts is that it presents the opportunity to attract significant capital to our region which has long eluded us. By virtue of our relevant competitive advantages, the industry could thrive here for a long time. With our full-service industrial port, proximity to wind energy areas, maritime labor, and solid network of academic and workforce training institutions, the region is naturally suited to become a leading wind industry cluster.

But success for New Bedford and the Commonwealth with offshore wind should not be regarded as a foregone conclusion. The first mover advantage Massachusetts established years ago has vanished, as virtually every East Coast state has in recent years established offshore wind procurement programs with some nineteen ports slated to serve the industry. Each state is

actively competing for investment, and nearly every one of their governors has declared that their state will become the industry leader.

It is widely understood in the American offshore wind industry that these other states have competed more aggressively than Massachusetts. A June 2022 study by the Business Network for Offshore Wind on the development of the industry's domestic supply chain confirmed the general sentiment that Massachusetts is "often seen on the other side of the spectrum" from states that are leading in their use of investment incentives.¹ These other states, including New Jersey, New York and Maryland have succeeded in attracting investment primarily by assigning weight to investment commitments in the bid scoring process, a practice that Massachusetts to date has eschewed. The Commonwealth instead has prioritized achieving the lowest possible price of electricity, at the cost of incentivizing in-state investment.

The result has been a disproportionate amount of industry investment in port infrastructure, workforce training programs, and factories in those other states. The most glaring example of the Commonwealth's failure to compete effectively was the loss of Orsted, the world's leading offshore wind developer, which after losing the first Massachusetts solicitation despite considerable investment commitments, has shifted nearly its entire operation to New York and New Jersey and is funding a state-of-the-art port facility in New London, Connecticut. Insofar as offshore wind developers have invested in Massachusetts, it has principally come in the form of office space in the Boston area, a disconcerting development for those of us in a region that long struggled to attract private capital.

As a manufacturing region, Greater New Bedford is sensitive to volatility in electricity rates, and so we agree that price should be the most important consideration in the solicitation process. Our point rather is that the state's approach should not be categorical in practice. The incentive for investment commitments in the bids for energy contracts must be made real, lest we lose more industry investment to states that are prepared to lean in more.

We have been encouraged that the legislature recently began to recognize that the Commonwealth was losing the competition for industry investment. In particular, the *Act Driving Clean Energy and Offshore Wind Development*, which was enacted last summer, includes several meaningful steps to address the problem. The most prominent is a lifting of the "price cap" on energy contracts, which will afford developers more room in their bids for investment commitments.

But there is still a way to go, and no time to waste. The industry is about to take off in the United States, with some seventeen East Coast projects now under active state or federal review. With an average project budget of nearly \$3 billion, these projects alone will inject an enormous amount of capital into East Coast cities. The Biden Administration's goal of installing 30 gigawatts of offshore wind power by 2030 places the build out of industry front-and-center in the nation's climate change strategy. The ramp up of the industry will be sudden, and the places that are ready to compete for investment, will reap the benefits for decades.

¹ See also <https://www.nytimes.com/2023/02/22/nyregion/new-york-wind-farm-rhode-island.html> (chronicling the industry's investments in Rhode Island).

At the same time, we need to ensure of course that the development of offshore wind does not undermine our existing industries, especially commercial fishing. The Port of New Bedford is the highest grossing fishing port in the country, and home to the country's largest cluster of seafood processors. These industries contribute the lion's share of the Port's \$11 billion dollars of annual economic output and the nearly 7,000 jobs it supports. The Commonwealth must ensure that the adverse impacts of offshore wind on the fishing industry are minimized to the greatest extent practicable. Insofar as those impacts cannot be avoided, they should be fully mitigated.

The RFP for energy contracts under Section 83C is the most powerful mechanism available to the Commonwealth to compete for offshore wind industry investment, while ensuring that the benefits of those investments are equitably distributed. To advance these twin interests, we propose the following amendments to the RFP:

I. To Compete Effectively for Offshore Wind Investment, the RFP Should Establish “Economic Benefits” as a Separate Scoring Category.

As many of us have long advocated to state policy makers, the Request for Proposals for wind energy contracts should establish a clear and meaningful weight for investment commitments in the scoring process. As noted above, Massachusetts's competitors have successfully secured industry investment by stating specifically the relative value of economic benefits compared to the price of electricity to be delivered. For instance, in New York, a developer's in-state investment commitments represent 20% of its overall score. There, and in virtually every other East Coast state, developers understand exactly the scale and type of investments that are necessary to secure a higher score. In contrast, Massachusetts has obscured the value of economic benefits by including it among several other criteria that together comprise the “Qualitative Analysis” of the bid, which represents 30 points of the overall score. As developers have commented in previous solicitation rounds, this approach offers them little incentive to commit to major investments in Massachusetts.²

We believe that in order for the Commonwealth to compete successfully for industry investment, the RFP must clearly state what a bidder's investment commitments are worth in its overall score. **Specifically, we propose that the “economic benefits” section of Qualitative Analysis should be separated into an independent step in the scoring process, and that it should represent 15 points of the total score.** The assigned weight of each scoring step would be as follows: Quantitative Analysis: 70 points; Qualitative Analysis: 15 points, and Economic Benefits: 15 points.

II. Investment Proposals Should Be Evaluated According to Predetermined Criteria So that They May be Objectively Ranked.

Having established a specific relative value for economic benefits, there must be an objective set of criteria to determine how much of that value a given bid has secured. In the previous

² We note that by lifting the “price cap,” the recently enacted “Act Driving Clean Energy and Offshore Wind” removed a barrier to investment commitments, but the Act did not address the lack of a clear investment incentive in the scoring process.

solicitations, the evaluation team merely determined whether a given bid would confer economic benefits to the Commonwealth. The answer in every case of course is that indeed the development of the project in Massachusetts would confer economic benefits to residents of Massachusetts. This thumbs-up-thumbs-down determination was inconsistent with the language of the RFP itself, which calls for a “relative ranking and scoring of all proposals.” See RFP, ¶ 2.3. This would seem to mean that investment proposals must be compared against one another based on factors that speak to the breadth and permanence of the economic benefits they might confer; but this was not done. In other words, the scoring team, comprised then only of representatives of the utilities, did not even attempt to score the economic development proposals.

As is common in public procurement processes, a scoring matrix with weights assigned to specific criteria should be established. This will encourage competitive bidding, but also bolster the transparency and legitimacy of the process. In developing these criteria, we suggest you consider the following:

First, as a major goal of encouraging investment is to establish an industry cluster, “long-term” benefits should generally be treated as more important than “short-term” benefits.

Second, certain commitments should be treated as basic requirements of the procurement process. For instance, bidders should be expected, in the absence of an unforeseen impediment, to marshal, operate and maintain their projects in Massachusetts. A proposal without such commitments should not be considered credible. The same can be said for the Commonwealth’s requirement that bidders submit a “diversity, equity and inclusion plan.” While this is a common requirement, and one we support, a commitment to inclusive corporate practices should not be treated as a substitute for long-term, hard dollar investments in places where underserved populations live.

Third, apart from these minimum requirements, long-term investment commitments should be scored based on the size of the proposed investment, the number and quality of the permanent jobs to be created, and the ability to attract other private capital and thereby enhance the industry cluster. For example, a commitment to open a turbine factory should score highly in all of these dimensions, whereas the creation of an industry internship program for high school students, though laudable would not.³

The most quantifiable long-term investments are those in which a specific dollar amount is committed, such as hard dollar commitments to construct or upgrade port infrastructure or to award grants for business accelerators or applied research. Comparing the amounts committed to such investments by each bidder is relatively straightforward, that is, in general, the larger the funding commitment, the higher the score. But like any investment, the proposals must be evaluated based on their projected returns. The devil may be in the details, as the full return on any given investment may not be fully realized for many years, and the return may not be readily characterized in monetary terms. For this reason, the bidders should bear the burden of

³ The score of any investment commitment should be discounted to the extent that there is a basis to doubt the bidder’s ability to follow through on the commitment.

demonstrating how their proposed investments would create permanent, well-paying jobs, add to the local tax base, attract other investment, and otherwise help to build an industry cluster.⁴

Fourth, the process must assess whether investment commitments will lead to an equitable distribution of benefits within Massachusetts. To encourage investment in Southeastern Massachusetts, the most recent RFP indicated that it favored investments in “economically distressed” regions. We have been disappointed, as instead a significant share of industry investment in Massachusetts has gravitated to Greater Boston.

A recent report on the economic outcomes to-date of the Vineyard Wind 1 project confirmed as much, noting that just 16% of the project’s full-time employees reside in Bristol County, despite Vineyard Wind’s highly touted association with New Bedford.⁵ For those of us who have worked assiduously to cultivate offshore wind here, this finding was deeply disconcerting. **We therefore strongly recommend that regional equity of economic benefits carry considerable weight in the scoring process.**

Finally, the evaluation of the investment proposals should be made by the Secretary of Economic Development, and her determinations should be binding, not merely advisory. After the award is announced, the Secretary’s evaluations should be made public.

III. Commercial Fishing Mitigation Must Be Prioritized.

The Round 4 RFP should require specific information on the bidder’s commitment to and plan for specific mitigation measures for likely impacts to commercial fishing. As previously approved offshore wind projects move through the permitting and development process, it is becoming increasingly clear where and to what extent fish stocks will be adversely impacted during both construction and operational phases. Armed with this experience and knowledge, the next RFP should be more intentional on eliciting commitments to specific measures to minimize and mitigate these impacts. The RFPs should be clear that offshore wind will not be developed at the expense of the livelihoods of families that have been fishing for generations. **Given the scale of the commercial fishing industry in Massachusetts, and the expected adverse impacts that will come from offshore wind, commercial fishing mitigation should be broken out into its own discreet subsection, and not combined, as it is in Appendix J, with other “environmental” considerations.**

Bidders also should detail their research commitments to identify fisheries impacts and to describe measures that can be undertaken to minimize or avoid potential impacts, as they were required to in 2021. This should include direct engagement with commercial fishermen on the reality of traversing or fishing within the wind energy areas (WEAs) and what potential measures, new applications, or technology upgrades would be needed to safely and effectively fish around the WEAs. This research should commence prior to construction and continue during

⁴ It is worth noting that some long-term commitments may have little or no discernable impact on rate payers but could still be significant. For instance, a commitment to train O&M technicians over the life of the project at a training institution in our region would not necessarily ask more from ratepayers but might confer significant benefits. The technicians after all must be trained somewhere.

⁵ *Vineyard Wind 1, Impact on Jobs and Economic Output, Annual Report #1, November 2022*

operations to accurately measure impacts. Such research should also utilize existing local research institutions including the UMass Dartmouth School of Marine Science and Technology (SMAST), which has decades of experience in fisheries research and has established itself as a valuable resource for current offshore wind developments.

Regarding the stakeholder outreach described in Appendix J, fishing industry stakeholder groups should include representatives of the port operations entities in the major commercial fishing ports that are likely to be most affected, namely the Port of New Bedford. The Port's leadership has a direct line of communication with many commercial fishermen, and the Port's mission is to preserve and grow the commercial fishing industry and the thousands of jobs it represents. Details on financial mitigation and compensation for losses to the commercial fishing industry need to be more fully required in the RFP. For example, bidders should expressly commit to extending mitigation obligations to shoreside businesses that support and rely on commercial fishing, and they should acknowledge that the financial impacts will be most felt in the communities and the ports where fish is landed, and mitigation commitments should not be set up on a statewide or other general basis. The timeline for available mitigations funds also needs to extend well into the operations period, and not be limited to the first few years, when actual long-term losses to fisheries may not be fully understood.

Finally, to acknowledge that at least some impact to the fishing industry and related businesses cannot be entirely avoided or mitigated, the “economic benefits” section of the RFP should encourage wind industry investment in those places that are most heavily reliant on the fishing industry as a means of offsetting lost economic activity. Specifically, the section should encourage “long-term investments in fishing ports whose fleets historically have fished in or near the project area.”

Conclusion

We in Massachusetts have a short window to capture industry investment, and the stakes are highest in our region. Securing long-term industry investments – while preserving and growing existing thriving industries – in this next solicitation is critical to making that happen. Thank you for your consideration.

Sincerely,

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City of New Bedford

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President
Bristol Community College

Dr. Mark Fuller
Chancellor
University of Massachusetts Dartmouth

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