



MASSACHUSETTS 83C RFP FOR LONG-TERM OFFSHORE WIND ENERGY CONTRACTS ISSUED

June 30, 2017

www.poweradvisoryllc.com

To: Clients and Colleagues

From: John Dalton, President & Carson Robers, Consultant, Power Advisory LLC

With approval from the Department of Public Utilities earlier in the week through [D.P.U Order 17-103](#), the Massachusetts electric distribution companies issued a [Request for Proposals for Long-Term Contracts for Offshore Wind Energy Projects](#) on June 29, 2017. This kicks off the first in a series of competitive solicitations under Section 83C of Chapter 169 of the Acts of 2008 for 1.6 GW of offshore wind (OSW) capacity by June 2027.

Three existing Bureau of Ocean Energy Management (BOEM) Massachusetts lease holders - Deepwater Wind, Bay State Wind LLC (DONG Energy and Eversource), and Vineyard Wind (Copenhagen Infrastructure Partners and Avangrid Renewables) - meet the definition of an eligible bidder and are expected to submit proposals by the December 20, 2017 deadline. Proposals are required for the target capacity of 400 MW, with both a project specific generator lead line and expandable transmission option. Additional proposals between 200 MW and 800 MW may also be submitted, but proposals with project capacities greater than 400 MW must be determined to be superior to other proposals, as well as to likely offer significantly more economic net benefits to Massachusetts ratepayers than procuring this capacity through subsequent solicitations.

TIMING OF SOLICITATION

Although the DPU also reviewed the method for solicitation and execution, the timetable was the only component of the RFP where changes were directed. A one-month reduction in the evaluation period by and three-month reduction in the selection and contract negotiation periods by was directed by the DPU. This change reflects commenters (including Bay State Wind) and DPU contentions that acceleration will maximize ratepayer and environmental benefits.

The scheduled phaseout of the 2.3 ¢/kWh Production Tax Credit (PTC) primarily motivated this timing decision. Each year from now through 2019 the PTC is reduced by 20%, so that the amount for projects initiating construction in 2017 is 80%, 2018 60% and 2019 40% of the full amount, after which it is no longer available. Completing the solicitation in the middle of Q3 instead of Q4 2018 increases the chances that the successful proponent(s) will qualify for the PTC. Find the revised schedule below.

Revised Solicitation Timetable

Event	RFP Date
Issue RFP	June 30, 2017
Bidders Conference	July 19, 2017
Submit Notice of Intent to Bid	July 26, 2017
Deadline for Submission of Questions	July 26, 2017
Due Date for Proposal Submissions	December 20, 2017
Selection of Projects for Negotiation	April 23, 2018 (Previously May 22, 2017)
Negotiate and Execute Contracts	July 2, 2018 (Previously October 3, 2017)
Submit Contracts for DPU Approval	July 31, 2018 (Previously November 1, 2017)

Overall the accelerated schedule is expected to result in lower development costs and increased project viability, with projects online sooner and offering more benefits than under the initially proposed RFP. The effect of the four-month schedule advancement is largely a greater likelihood of the successful proponent being able to capture the PTC available in 2018, but the change supports the development of US offshore wind industry. To realize cost reductions that have been achieved in Europe’s OSW industry, the supportive policy environment offered by policymakers and regulators in states like Massachusetts are essential.

Power Advisory would welcome the opportunity to assist clients in assessing opportunities in the nascent US offshore wind market, especially the upcoming BOEM Massachusetts WEA lease sale auctions, participation in subsequent 83C solicitations, and submitting comments on this RFP.