

November 28th, 2023**Anbaric Comments to Massachusetts Clean Energy Transmission Working Group**

Anbaric appreciates the opportunity to provide these written comments to the Clean Energy Transmission Working Group, supplementing verbal comments provided on November 17th. Anbaric's comments center on the importance of competitive solicitation of transmission needed to achieve the Commonwealth's clean energy goals. Procuring transmission competitively will help achieve two key public policy objectives:

- 1) Reducing cost
- 2) Reducing project execution risk

Cost Reduction

Competitive procurement of transmission will reduce ratepayer costs by surfacing lowest-cost solutions and requiring project proponents to compete on cost controls. The Brattle Group has found that competitive transmission development processes have produced cost savings of 20% to 30% compared to traditional incumbent utility developed projects.¹ The United Kingdom energy regulator Ofgem found that competitive ownership of offshore wind transmission systems produced similar 20% to 30% savings.²

Competitive solicitations prompt developers to compete on cost and revenue containment measures, which can include: (a) cost caps that specify limits on project construction and operations and maintenance costs; (b) limits on equity returns; (c) debt/equity ratios that reduce the average weighted cost of capital; and (d) caps on revenue requirements.

Competition also drives creativity that can reduce costs in comparison to transmission projects identified in non-competitive planning processes. New Jersey's solicitation for offshore wind transmission let 13 developers to propose 80 projects, from which a combination of projects was chosen that saves ratepayers \$900 million.³

Reduced Project Execution Risk

Building transmission in New England is challenging and competition can reduce risk by bringing forward projects that avoid permitting risk. Creative solutions will be particularly important for integrating offshore wind. The current approach of integrating offshore wind projects in Southeast New England serially, in the absence of planned and competitively developed transmission is leading to the potential need for major onshore transmission projects that would be difficult to site and permit. The risk of backing into major onshore upgrades is evident in ISO-NE's Second Cape Cod Resource Integration Study,⁴ which would establish new 345kV transmission in a new right-of-way from Cape Cod to the

¹ Pfeifenberger, Chang, Sheilendranath, Hagerty, Levin, and Jiang, Cost Savings Offered by Competition in Electric Transmission: Experience to Date and the Potential for Additional Customer Value, April 2019, p. 43 https://www.brattle.com/wp-content/uploads/2021/05/16726_cost_savings_offered_by_competition_in_electric_transmission.pdf

² See: https://www.ofgem.gov.uk/system/files/docs/2016/03/ofgem_tr2_tr3_evaluation_final_report.pdf

³ See Brattle Group evaluation report: <https://www.brattle.com/wp-content/uploads/2022/10/New-Jersey-State-Agreement-Approach-for-Offshore-Wind-Transmission-Evaluation-Report.pdf>

⁴ See: https://www.iso-ne.com/static-assets/documents/2021/05/a4_initiation_of_second_cape_cod_resource_integration_study_presentation.pdf

Boston area as the default solution – a project that could cost up to \$1.4 billion.⁵ Prior transmission projects in Southeast New England have been difficult to permit and build,⁶ and similar challenges would confront new large transmission projects in the region, creating a bottleneck that could hinder deployment of offshore wind.

Thank you for the opportunity to comment.

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⁵ CHA Consultants found that new 345kV transmission from West Barnstable to K Street in Boston would cost \$1.4 billion. See slide 82 at: https://newengland.anbaric.com/wp-content/uploads/2020/07/Brattle_Group_Offshore_Transmission_in_New-England_5.13.20-FULL-REPORT.pdf

⁶ New Hampshire Transmission, Greater Boston Cost Comparison NHT Analysis using New England Comparables, https://www.iso-ne.com/static-assets/documents/2015/02/a2_nht_greater_boston_cost_analysis_public.pdf