



COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF
ENERGY AND ENVIRONMENTAL AFFAIRS
DEPARTMENT OF ENERGY RESOURCES
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Charles D. Baker
Governor

Karyn E. Polito
Lt. Governor

Kathleen A. Theoharides
Secretary

Judith F. Judson
Commissioner

The Honorable Michael J. Barrett
Senate Chair, Joint Committee on Telecommunications, Utilities and Energy
State House, Room 109-D
Boston, MA 02133

The Honorable Thomas A. Golden, Jr.
House Chair, Joint Committee on Telecommunications, Utilities and Energy
State House, Room 473B
Boston, MA 02133

Dear Chairman Golden and Chairman Barrett:

In 2018, Governor Charlie Baker signed into law *An Act to Advance Clean Energy*, Chapter 227 of the Acts of 2018, which required the Massachusetts Department of Energy Resources (DOER) by July 31, 2019 to study the necessity, benefits and costs of requiring the Electric Distributions Companies (EDCs) to conduct additional solicitations and procurements for up to 1,600 megawatts (MW) of additional offshore wind. The legislation also directed DOER to evaluate the previous 1,600 MW solicitation under Section 83C and the associated procurement process and make recommendations for any improvements. Based on the study, DOER has the authority to require the EDCs to proceed with those additional solicitations and procurements for offshore wind generation by December 31, 2035.

Attached herein is the DOER Offshore Wind Study, the result of both extensive stakeholder outreach and quantitative energy sector modeling. Based on the analyses in our study, an additional solicitation of 1,600 MW will likely provide benefits for Massachusetts ratepayers in excess of the anticipated costs of the contracts as long as offshore wind pricing remains similar to the first 83C solicitation or continues to decline. Offshore wind can provide contributions towards achieving emissions reduction targets under the Global Warming Solutions Act and is particularly valuable in providing clean energy in winter months. At this time, competitive procurements that provide long-term contracts are necessary for offshore wind projects to be financed and constructed.

A defined staggered offshore wind procurement schedule with solicitations at least 24 months apart will capture additional economic benefits of a growing offshore wind industry in the Northeast. Utilizing a defined staggered procurement schedule will enable the Commonwealth to take advantage of technology cost declines, send a strong development signal to the market, and facilitate coordination with other states. The timing of future solicitations also impacts the proposals' cost-effectiveness as there are greater benefits to offshore wind contracts in later years as Renewable Portfolio Standard and Clean Energy Standard compliance obligations continue to increase.

Based on these findings, the DOER recommends and will require the Massachusetts Electric Distribution Companies to proceed with an additional 1,600 MW of offshore wind generation solicitations. The study recommends that the additional solicitations take place in 2022 and 2024 in order to strike a balance between capturing cost effectiveness offered by later procurements while providing a steady pipeline of solicitations to spur and maintain economic development opportunities.

In order to evaluate potential benefits of independent transmission and maximize transmission competition, DOER recommends that potential transmission solutions should be considered and evaluated prior to any additional offshore wind generation solicitations. DOER recommends that a technical conference be held to assess whether and/or how a contingent solicitation for independent transmission in 2020 prior to additional solicitations for offshore wind generation could proceed.

Massachusetts procurements should continue to encourage developers to maximize economic development opportunities in their proposals. Consideration should be given to the balance of having economic development costs in the procurement contracts which impacts electricity rates versus other economic development mechanisms outside the contracts. Higher electricity rates can have an impact on other energy-intensive industries. It is worthwhile to continue to look at economic development outside of the procurements to enable an "industry cluster" to develop in the Commonwealth.

We look forward to continuing to work with the legislature to create a clean, affordable, and resilient energy future for the Commonwealth.

Sincerely,



Judith Judson
Massachusetts Department of Energy Resources