CITY OF NEW BEDFORD
JONATHAN F. MITCHELL, MAYOR

March 27, 2024

By Email: Elizabeth.Mahony@mass.gov
Elizabeth L. Mahony
Commissioner, Department of Energy Resources
Commonwealth of Massachusetts
100 Cambridge Street, 9th Floor
Boston, MA 02114

Re: Assessment of Economic Benefits Proposals in the Current Solicitation for Offshore Wind Energy Contracts – D.P.U. No. 23-42

Dear Commissioner Mahony:

Last August a group of business leaders from Greater New Bedford and I sent the attached letter to offshore wind developers who had expressed interest in submitting bids in the current solicitation for wind energy contracts. The letter described the types of investments we believed would best support the development of an offshore wind cluster in Massachusetts, and therefore should receive greater credit in the bid scoring process. As has been the case with previous solicitations, developers have presented their proposed investment commitments to my administration. I write to offer the City of New Bedford's general assessment of those commitments based on the criteria in the August letter.

The current solicitation will be the first since the legislature enacted *An Act Driving Clean Energy and Offshore Wind*, which instituted long-overdue reforms to the solicitation of offshore wind energy contracts. Among other measures, the Act transferred responsibility for evaluating the bids from the state's utilities to the Department of Energy Resources. This no doubt will enhance the transparency of the process, and it will ensure that a developer's investment commitments are subject to a more rigorous analysis than that applied by the utilities in previous solicitations. The Healey Administration has added other improvements, including by carving out "economic benefits" as a distinct scoring category worth fifteen percent of a bid's total score. Together these policy changes reflect the widely held view that by elevating the importance of "economic benefits" in the solicitation process, Massachusetts can compete more effectively for industry investment. As the current solicitation involves the States of Connecticut and Rhode Island, it will be important for Massachusetts to remain mindful of this economic development imperative.

Under the new approach, the Request for Proposals makes clear that the Commonwealth will score economic proposals based on criteria that emphasize the size, certainty, duration, and multiplier potential of the investments, and whether they are in "economically distressed areas" of

the state (See RFP, Section 2.2.4.1). The RFP's explicit prioritization of geographic equity reflects the recognition that the arrival of the offshore wind industry represents a unique development opportunity for regions of the state, particularly Greater New Bedford, that have not enjoyed Greater Boston's prolonged prosperity.[1] This is not to suggest of course that investments in Greater Boston, or commitments of funds for state-wide purposes do not warrant credit in the scoring process,[2] but if the RFP's preference for "economically distressed areas" is to mean anything, investments in regions outside of Greater Boston should receive additional credit.

The investment proposals for this solicitation vary in scale, duration and certainty, as well as the extent to which they are located in or directed to "economically distressed areas." Under the more exacting scoring process now in place, they would be expected to receive different "economic benefits" scores. As we discussed in the letter to the developers, meaningful long-term investments that support the formation of an industry cluster should be accorded more weight than smaller commitments to fund regional non-profit programs, which tend to yield less long-term economic impact.

Of the developers who may submit bids in the current solicitation, three have come forward with investment commitments that address some of the criteria set forth in our August 2023 letter:

> South Coast Wind is the only developer that has committed both to establishing its operations and maintenance base and marshalling its project in the Port of New Bedford. This commitment comes with the condition that in the multi-state procurement process, Massachusetts will purchase at least half of the project's power. It intends to establish a project office here, but it will maintain its headquarters in Boston. The company has not made us aware of any other significant economic development commitments outside of Greater Boston.[3]
>
> Avangrid Renewables intends to marshal its project from facilities in Greater Boston (Salem), where it also will maintain its headquarters (Boston), but it has made noteworthy commitments to New Bedford. It would operate a construction and logistics hub at the Foss Marine Terminal during the marshalling period. It also would establish a "services and maintenance hub" operated by the Danish marine services company SEMCO, as well as a CTV operation with New Bedford-based Shoreline Offshore. It has represented to us that it would commit the remainder of its O & M operations here, including its SOV base and control room, if Massachusetts agrees to purchase a sufficient share of its power. Finally,

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[1] The RFP also requires developers to mitigate the economic impact of their projects on commercial fishing and related businesses. We have long held that because for Massachusetts-based projects, this burden is borne almost exclusively by New Bedford, our City and Port should be prioritized for offshore wind investment.

[2] By the same token, insofar as developers include in their bids cash commitments to state-wide economic development funds, including those managed by the MassCEC, the "economically distressed areas" of Massachusetts should be prioritized in the ultimate disbursement of those funds, unless they are otherwise so restricted. Power purchase agreements should reflect this prioritization.

[3] South Coast Wind's predecessor, Mayflower Wind, included in its bid in the second Massachusetts solicitation a commitment to facilitate the establishment of a undersea cable manufacturer in Somerset. We do not know whether the construction of this facility hinges on the success of South Coast Wind's bid.

Avangrid would commit to securing the establishment of a fifteen-employee, Tier 2 manufacturing operation at the former Berkshire Hathaway property.

Vineyard Offshore intends to marshal its project from facilities in Greater Boston (Salem),[4] and maintain its headquarters there (Boston). As for New Bedford, Vineyard Offshore has committed to establish its entire operations and maintenance base at the Foss Marine Terminal, including SOV and CTV operations. It already has a project office in Downtown New Bedford. It also has committed a million dollars to the New Bedford Ocean Cluster, and another million to the National Offshore Wind Institute in New Bedford.

Although each of the developers has made commitments to non-profit organizations across Massachusetts, the developers have not disclosed to us the full amounts of their cash commitments to support economic development programs.[5]

To achieve the Commonwealth's economic development goals of the solicitation, that is, to help establish a lasting offshore wind cluster based in historically "economically distressed areas," I believe that Massachusetts should award each of these three developers a share of the authorized capacity sufficient to secure the investment commitments they have made to New Bedford. The City and its economic development agencies have developed healthy working relationships with each company, and we are confident that those relationships will facilitate the successful construction and operation of the projects, and cooperative interaction with the fishing industry.[6]

We are grateful for the Healey Administration's commitment to competing effectively for investment from the offshore wind industry. We in New Bedford have strived to become America's leader in offshore wind, just as we are in commercial fishing. We believe that the development of a robust maritime cluster here will lead to the types of economic opportunities for Greater New Bedford's residents that other regions have long enjoyed. We hope this assessment proves useful to you in your evaluation of how the bids for the current solicitation can contribute toward this goal. Thank you for your consideration.

Sincerely,

Jon Mitchell

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[4] Avangrid's and Vineyard Offshore's commitments to marshal their project from Salem portend a gap in major activity at the New Bedford Marine Commerce Terminal for two to three years after the Vineyard Wind project is complete. If it is infeasible for the terminal to share a significant amount of marshalling work, it will be important for the MassCEC to find cargo opportunities for the terminal, including from offshore wind projects based in other states.

[5] I note that we are not in a position to discern the degree to which the proposals depend on the timely completion of project permitting or financing, and we have no specific knowledge about the price of electricity the developers would supply.

[6] I express no opinion as to the strength of the developers' commitments to mitigate the impact of their projects on commercial fishing. As I have previously noted, it would be better if developers were required to make specific commitments to fisheries mitigation up front, rather than at the back end of the process. The developers should be expected to fund programs that preserve and grow the profitability of the fishing industry, including shore side businesses.

cc: Governor Maura Healey
Lieutenant Governor Kim Driscoll
Rebecca Tepper, Secretary of Energy and Environmental Affairs
Yvonne Hao, Secretary of Economic Development
Emily Reichert, Chief Executive Officer, MassCEC
Bruce Carlisle, Director of Offshore Wind, MassCEC
Mark Marini, Secretary, Department of Public Utilities, No. 23-42
Members of the New Bedford State Legislative Delegation
Alicia Barton, CEO, Vineyard Offshore
Ken Kimmel, Vice President for Offshore Wind Development, Avangrid Renewables
Michael Brown, CEO, South Coast Wind

Attachment: August 30, 2023 letter to offshore wind developers

August 30, 2023

By EMAIL

Ken Kimmel, Vice Pres. of Offshore Wind Development
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Lars Pederson, CEO
Vineyard Offshore
700 Pleasant Street, Suite 310
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Offshore Wind Industry Developers:

We understand that each of your companies is considering whether to submit a response to the upcoming Request for Proposals for Long-Term Contracts for Offshore Wind Energy Projects by the Commonwealth of Massachusetts. The RFP of course will invite respondents to make investment commitments as part of their proposals. Our purpose in writing to you is to convey the types of investments most important to Greater New Bedford.

With its proximity to the Massachusetts lease areas, a full spectrum of port services, and newly upgraded port infrastructure, the Port of New Bedford is ready and able to host a variety of wind-related activities. The successful unfolding of the Vineyard Wind project thus far is an early validation of our region's and Port's readiness to support the offshore wind industry's development.

As you are aware, we have long argued that Massachusetts has been losing industry investment to other states because those states have had in place stronger investment incentives in their solicitation processes. Many of you have offered similar feedback to state policymakers. This past year, we were pleased that our arguments finally took hold when the legislature, recognizing the need to increase the state's competitiveness for offshore wind investment, enacted an *Act Driving Clean Energy and Offshore Wind*. Among other changes, the Act raised the "cap" on the levelized price of electricity, and moved primary responsibility for evaluating developer bids from the state's utility companies to the Department of Energy Resources.

The Healey Administration recently took it a step further by assigning a specific weight to "economic benefits" in the scoring of bids, such that an applicant's investment commitments will now represent fifteen points of its total score. This was a significant change to the bid evaluation process. In the three previous solicitations, "economic benefits" was one of a set of criteria in the "Qualitative Evaluation," which was worth twenty-five points of the overall score. The evaluation team, then comprised of representatives of the state's utilities, determined merely whether a proposal would confer economic benefits to Massachusetts residents. There was no formal process to compare investment proposals, much less to score them based on a predetermined set of criteria. It was rather a block checking exercise. Given the scale of the proposed projects, it was inevitable that every applicant would

satisfy the criterion that its proposal would confer economic benefits to Massachusetts. As a result, there was little incentive for applicants to submit competitive proposals.

Under the new framework, the level of investment commitments will be directly translated into the overall score. Winning an offshore wind energy solicitation in Massachusetts will no longer be only about supplying electricity at the lowest price. Section 2.2.4.1 of the new RFP makes clear that success will hinge also on the quality and size of the applicant's investment commitments. Larger direct commitments will of course score higher than smaller ones. Investments that confer significant long-term benefits will be more valuable.

The RFP also signals where in Massachusetts investments should be directed. Section 2.2.4 provides that "economic development activities and investments that directly benefit economically distressed areas and Environmental Justice populations" are preferred. For years, many in our region have lamented that offshore wind industry's investments in Greater Boston, one of America's most prosperous metropolitan areas, are inconsistent with the state's effort to spur investment here. It ultimately led to the inclusion of the term "economically distressed areas" in the last RFP. While we do not hold our region out as being "distressed," the inclusion of the term plainly expressed a preference for investment outside of Greater Boston.

The location of "Economic Justice populations" can be ascertained by referring to the Biden Administration's Justice 40 "Tracker," see https://www.arcgis.com/home/item.html?id=ee9ddbc95520442482cd511f9170663a, or MassDEP's economic justice index. We note that the entirety of New Bedford's industrial waterfront is located in such tracts. Most notable, Section 2.2.4.4 of the RFP encourages investments in places where commercial fishing is concentrated, as a way of mitigating the impact of the construction or operation of wind projects. We believe that as the undisputed center of commercial fishing on the East Coast, New Bedford should be the focus of any such mitigating measures. Given the anticipated adverse impact that will come from offshore wind, it should go without saying that as part of their bids, developers must make specific commitments to engage New Bedford's commercial fishing industry and invest in initiatives that *go beyond mitigation* to support the long-term success of the industry.

A new feature of Section 2.2.4 is that it encourages applicants to enter into agreements with "host communities" concerning their economic commitments. Although the RFP does not prescribe their form, we would be willing to entertain proposals for such agreements from prospective applicants about their intended investments in New Bedford. In any event, we wish to make clear to prospective respondents which types of investments in New Bedford should be prioritized:

1. **Long term commitments to operate in New Bedford.** To support New Bedford's effort to grow an offshore wind industry cluster, developers should be expected to make specific commitments to establish permanent operations by offshore wind companies in New Bedford. Such operations could be that of the respondent itself or its subcontractors. The value that will be attributed to such proposals would depend on the duration, size and firmness of the commitment, the number and types of jobs likely to be created, and whether the facility would tend to attract follow-on investment.

2. **Direct investment in New Bedford-based innovation, research, port infrastructure and training facilities.** These types of investments should be scored based on their size, as well as the firmness of the commitment.

3. **Commitment to stage the project from the Port of New Bedford.** Section 2.2.4 RFP suggests that respondents utilize existing port facilities during construction and operations. In addition to its operational advantages, using port facilities in New Bedford also would also strengthen a respondent's

Diversity, Equity and Inclusion Plan, as our facilities are serviced by the International Longshoreman's Association, Local 1413, which has a majority-minority membership, and a successful track record of minority recruitment. Developers should also be expected to engage the New Bedford Ocean Cluster to promote local content through its Act Local Program, which connects offshore wind companies with local suppliers and services, and facilitates cooperation with the commercial fishing industry.

We hope this guidance proves helpful to you as you prepare your submissions.

Sincerely,

Jon Mitchell
Mayor
New Bedford

Gordon Carr
Executive Director
New Bedford Port Authority

Maureen Sylvia Armstrong
Managing Partner/New England Market Leader
Alera Group

Jose Bahena
Sr. Vice President – Joseph Abboud Manufacturing
Tailored Brands

Cheryl Bartlett
President & CEO
Greater New Bedford Community Health Center

Ivan Brito
Co-Owner
Xpress Laundry

John Bullard
President of the Board of Directors
New Bedford Ocean Cluster

David Cabral
President/CEO
Five Star Companies

Nicholas M. Christ
President & CEO
BayCoast Bank

Laura L. Douglas
President
Bristol Community College

Mark A. Fuller, PhD
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Rosemary Gill
President & CEO
Zeiterion Performing Arts Center

Roland Giroux
Executive Vice President and Chief Legal Officer
Acushnet Company

Margarita Graham
President/CEO
Reliable Bus Lines, Inc.

Helena DaSilva Hughes
President
Immigrants' Assistance Center, Inc

Liz Isherwood
Chairman
Greater New Bedford Industrial Foundation

Rick Kidder
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