ENVIRONMENTAL LEAGUE OF MASSACHUSETTS

October 25, 2021

Representative Jeffrey N. Roy
Chair, Joint Committee on Telecommunications, Utilities, and Energy
24 Beacon Street
Boston, MA 02133

RE: "The State of Offshore Wind in Massachusetts" Report

Dear Chair Roy,

The Environmental League of Massachusetts appreciates your leadership on offshore wind. Your commitment to understanding and growing this burgeoning renewable energy industry since taking on the role as House TUE Chair early this year is laudable. This local, clean energy resource will be the linchpin of our decarbonization efforts and will drive significant economic growth and opportunity in the Commonwealth.

We welcomed the release of your report, *The State of Offshore Wind in Massachusetts*, which appropriately recognizes the potential of offshore wind for the Commonwealth and the need to develop it responsibly. In particular, we appreciate your recommendations to: drive investment in offshore wind and ports, increase MassCEC funding, ensure wildlife protection, remove the "price cap," incentivize economic development, and allocate funding for higher education institutions.

Marshalling investments in offshore wind and related infrastructure and institutions is crucial to bringing this renewable resource to scale and ensuring the Commonwealth has a place at the forefront of this competitive industry in the United States. As we saw with the Life Sciences initiative, early, game-changing investments like these can make a huge difference and position Massachusetts as a leader. We also appreciate your recognition of the essential role MassCEC can play to advance and support the clean energy economy as well as the unique strengths the Commonwealth can bring to the industry with its world-class higher education ecosystem. These institutions will be critical to our efforts to build out an offshore wind workforce, drive research and innovation, and build a robust supply chain.

We applaud the recommendation to eliminate the price cap in order to incentivize more local economic development as well as smarter solutions for interconnection and storage. Smart solutions for transmission and storage are critical to bringing this industry to scale in a sustainable way. We agree with the report's analysis that states to the south of New England, particularly New York and New Jersey, have successfully used economic development strategies in their procurement processes to pull the center of gravity of the offshore wind industry to their shores. The Commonwealth risks being left behind in its efforts to be a central hub for the industry without a robust economic development strategy of our own. While it is still of utmost importance to balance the need for economic development with ensuring cost-

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effective projects, we take confidence in the fact that the cost of offshore wind has fallen significantly over the last several years and that your recommendations include exploring additional funding from the state and the federal government for investment in offshore wind as well as through project contracts.

The wildlife protections you recommend in your report are also critical to the successful and responsible deployment of offshore wind. As we have seen in recent months, offshore wind projects are at risk of litigation regarding wildlife and environmental protection measures and processes, particularly related to critically endangered species such as the North Atlantic right whale. Codifying strong provisions for wildlife and the environment into the Commonwealth's procurement process would help minimize these risks and ensure the successful deployment of offshore wind projects off our shores.

We do have further comments on sections of the report and recommendations related to: economic inclusion and justice, municipal/private procurements, remunerations, project selection, regional collaboration and transmission, hydrogen, and offshore wind's role for our climate targets.

Economic Justice

First, we ask that you consider additional recommendations that would shape the offshore wind industry so that it creates more equitable access to economic opportunity and drives a just transition. Offshore wind procurements represent billions of dollars in capital investment. Promoting economic justice in offshore wind solicitations would help to ensure that the enormous economic benefits of offshore wind will be shared with all Bay Staters, regardless of background. The Commonwealth's most recent offshore wind solicitation for offshore wind includes economic inclusion language[1] – we recommend both codifying and strengthening that language. Rather than set prescriptive criteria, language should:

- Create the conditions for healthy competition, innovation, and creativity;
- Focus on transparency by requiring the inclusion of comprehensive workforce and supplier diversity & inclusion plans in bids and encouraging the inclusion of minority investors;
- Promote best practices by requiring consultation with the Supplier Diversity Office (SDO), MassCEC, and the Massachusetts Environmental Justice Advisory Committee; and
- Ensure accountability by creating mechanisms for monitoring and enforcing compliance with the goals set by bidders.

Codifying and strengthening this language will help increase equity and economic inclusion in the industry and build wealth in low-income communities and communities of color that have been historically underserved and overburdened by our energy system. Promoting local jobs and labor standards for offshore wind is also crucial to driving economic justice. Our region's shared electricity grid is at an inflection point – according to ISO New England (ISO-NE), one-sixth to one-third of our region's power plants are likely to retire in the next decade.[2] Offshore wind could provide a job transition opportunity for displaced workers – to ensure a just transition, those jobs must be high-quality, family-sustaining jobs. This is a key component of the responsible development of offshore wind. As we tackle the climate crisis, it is crucial that we do not worsen the crisis of income inequality in the Commonwealth.

Municipal/Private Procurements

Municipalities, businesses, and large non-profit organizations could be key players in our decarbonization

[1] MA 83Ciii RFP, 2021, pages 30-32, https://macleanenergy.files.wordpress.com/2021/05/83c3-rfp-and-appendices-final.pdf.
[2] "ISO-NE Status of Non-Price Retirement Requests and Retirement De-List Bids," ISO New England, August 17, 2018.

efforts in New England. Municipal Light Plants (MLPs) generate 15% of the Commonwealth's energy baseload, and they are required to reduce their emissions to net zero since the passage of the Next Generation Roadmap bill. Giving preference to offshore wind projects which include procurements by these entities as outlined in Section 7 of H.3302 would aid MLPs and private organizations in decarbonizing their operations by allowing them to buy this affordable renewable energy. Vineyard Wind is proposing piloting a similar approach for its next bid through partnerships with Energy New England (ENE) – this type of effort should be incentivized moving forward.[3]

Remunerations

Another issue of concern is keeping remunerations to the utilities, potentially at 2.5%. These remunerations were originally meant to compensate utilities for taking on the risk of offshore wind projects, but they are now wholly unnecessary. Offshore wind is no longer a risky investment – this is an established, global industry and the ratepayers cover the costs of the contracts. The remunerations impose an unnecessary burden on ratepayers, and this will be especially true with an increased emphasis on economic development which will increase the cost of projects. Remunerations for offshore wind projects are an unnecessary gift to utilities who do not need a financial incentive to be at the table. Furthermore, the report does not detail the arguments for keeping the remuneration in place. We appreciate that the report recognizes the need for further discussion on this point.

Project Selection Process

We applaud the recommendation to remove the utilities from the selection committee for offshore wind projects, and we strongly encourage you to consider the selection process as outlined in Governor Baker's bill, *An Act to power Massachusetts's clean energy economy*. Review and selection of projects by the Department of Energy Resources (DOER) and the Department of Housing and Economic Development (HED) would streamline the solicitation process and be in line with the approaches of other states.

Regional Collaboration and Transmission

Regional collaboration is a critical component of transmission planning for our shared regional electricity grid. As DOER found in their study of independent transmission for offshore wind, a planned or networked approach could reduce cost and increase reliability, but it does not make sense unless it is at a large-scale and in coordination with neighboring states. For this reason, we strongly encourage you to consider an approach similar to New Jersey's which is working through PJM, its Regional Transmission Organization (RTO), to explore and solicit proposals for a networked transmission approach for offshore wind. Following the New York model is not compatible because that state has a single-state RTO whereas Massachusetts shares an RTO with its New England neighbors. Furthermore, additional study by the state of Massachusetts is not necessary. DOER conducted a study on independent transmission for offshore wind last year and ISO-NE will soon present results of a study detailing the major transmission upgrades from the Cape to greater Boston that will be needed to integrate additional offshore wind. The exploration of a regional, networked transmission approach for the remaining 4,200 MW of authorized offshore wind procurements for those states could be conducted either by ISO-NE or directly by the states of Massachusetts, Connecticut, and Rhode Island. While guidance from FERC on inter-regional transmission planning would allow for coordination with New York, the southern New England states do

[3] https://www.wwlp.com/news/local-news/massachusetts-municipally-owned-electric-companies-partnering-with-offshore-wind-developer/

not need to wait for the release of ISO-NE's transmission study nor reforms to the tariff from FERC to pursue this path.

Regional collaboration is essential for other aspects of offshore wind as well. While we understand that including regional collaboration in Massachusetts legislation is difficult and often infeasible, we recommend placing more of an emphasis on it in the report – especially with relation to workforce development and supply chain. These are inherently regional issues given the interconnected workforce and economies of the New England states, and deeper regional coordination will also help the Commonwealth compete with the states to our south for more attention and investment from the industry. We appreciated the reference to this competitive edge through collaboration relative to electricity load and procurements – coordination on workforce development and supply chain would be similarly beneficial.

Hydrogen

We would also like to flag the issue of hydrogen, which is covered in your report. Green hydrogen produced by offshore wind could have an important role in our energy transition – particularly to aid in the decarbonization of hard-to-decarbonize resources such as heavy trucking, aviation, and industry. However, there are issues related to certain end-uses of green hydrogen – particularly its combustion – that would be worth noting in the report. The combustion of hydrogen can lead to higher nitrogen oxide (NOx) emissions,[4] which would cause significant negative health impacts – particularly on environmental justice communities – due to worsened air quality. Furthermore, a focus on this strategy or on the use of blending green hydrogen with natural gas for home heating by utilities would extend the use of natural gas and fossil fuel-fired power plants and could have substantial ratepayer impacts. In order to meet our net zero target, the Commonwealth must transition away from natural gas. Encouraging the study of green hydrogen would be valuable for uses other than combustion – such as feedstock, fuel cells, and heavy-duty transportation – and we would welcome those efforts. While your report covers the more acceptable uses of hydrogen, a note about potential downsides and costs of certain end-uses in the report would be warranted.

Climate Potential of Offshore Wind

Finally, while we recognize the importance of its economic potential, we were concerned to see no reference to the crucial role offshore wind will play in achieving the Commonwealth's mandated net zero emissions limits. Massachusetts boasts the best offshore wind resources in the country,[5] and it will be the workhorse of our decarbonization efforts. In order to reach net zero, we'll need anywhere from 15-25 gigawatts (GW) of offshore wind for Massachusetts alone, and New England will likely need 30-50 GW.[6] In that net zero economy, offshore wind will provide nearly 50% of all the electrons to the New England grid.[7] Given these numbers, offshore wind is the biggest tool in the Commonwealth's toolbox for fighting

[4] Stori, Val, "Offshore Wind to Green Hydrogen: Insights from Europe," *Clean Energy States Alliance*, page 12, https://www.cesa.org/wp-content/uploads/Offshore-Wind-to-Green-Hydrogen-Insights-from-Europe.pdf

[5] 2016 Offshore Wind Energy Resource Assessment for the United States; National Renewable Energy Laboratory; Technical Report NREL/TP-5000-66599

[6] "Massachusetts 2050 Decarbonization Roadmap," *Massachusetts Executive Office of Energy and Environmental Affairs* and *The Cadmus Group*, https://www.mass.gov/doc/ma-2050-decarbonization-roadmap/download.

[7] Weiss, Jürgen & Hagerty, John Michael, "Achieving 80% GHG Reduction in New England by 2050," *The Brattle Group*, slide 16, https://brattlefiles.blob.core.windows.net/files/17233_achieving_80_percent_ghg_reduction_in_new_england_by_20150_september_2019.pdf

climate change. We would appreciate the report putting emphasis on this climate potential and recognizing the scale needed to reach the mandated emissions limits outlined in the Next Generation Roadmap bill. This necessary scale should also serve as the context and foundation for the economic development and investment needed to drive the growth of the industry.

Thank you for your support for offshore wind. With your leadership, Massachusetts and the New England region can be a leader on responsibly developed offshore wind. We look forward to meeting with you and your team on Wednesday to discuss these recommendations and are happy to continue to be a resource on this issue.

Sincerely,

Susannah Hatch
Clean Energy Coalition Director
Environmental League of Massachusetts