

# Massachusetts Course Corrects on Offshore Wind Transmission

Article By:

Lauren A. Bachtel

Michael J. Altieri

Christopher J. Cunio

---

Following a public review process, the Massachusetts Department of Energy Resources (“DOER”) recently found, among other factors, that the costs of a solicitation for [independent offshore wind energy transmission](#) outweigh the potential benefits. Accordingly, the agency decided not to require the Massachusetts Electric Distribution Companies (“EDCs”) to pursue a joint competitive transmission only solicitation. The DOER’s findings were presented in a [letter](#) to the state legislature’s Joint Committee on Telecommunication, Utilities and Energy, as a supplement to the DOER’s prior findings in its [Offshore Wind Study](#), which was published just over a year ago. This action appears to close the latest chapter in a several year effort to advance a coordinated transmission for offshore wind resources. How this fits into the Commonwealth’s long term energy strategy remains an open question, which may need to be revisited as the Commonwealth aims to keep pace with its [Global Warming Solutions Act](#) greenhouse gas emissions limits.

## I. Background

### a. An Act to Advance Clean Energy

Stemming from state legislation passed in 2016, Massachusetts has already had multiple rounds of competitive solicitations for offshore wind energy resources and now anticipates the development of approximately 1,600 MW of offshore wind energy. In 2018, Massachusetts enacted an [Act to Advance Clean Energy](#) (“Act”), which, among other things: (1) tasked the DOER to study whether to require the Massachusetts EDCs to jointly and competitively solicit and procure proposals for additional offshore wind energy generation; and (2) introduced the concept of separately procuring transmission sufficient to deliver these additional megawatts of wind energy ashore. This latter concept would allow transmission capacity to be developed “independent” of the offshore wind energy generation and made available for use by more than one wind energy generation project, while staying within the additional generation capacity authorized by the Act. Finally, the Act requires that any selection of offshore wind energy transmission must be the most cost-effective mechanism for procuring reliable, low-cost offshore wind energy transmission service for ratepayers

---

in the state.

## **b. The Offshore Wind Study**

In May of 2019, the DOER released the Act's required study, which concluded that additional offshore wind generation solicitations should be conducted. The study included certain findings and recommendations concerning separate off shore wind transmission. The study emphasized that the DOER is now able to require EDCs to jointly and competitively solicit and procure proposals for offshore wind energy transmission. The study also notes that "[i]ndependent transmission has the potential benefit of minimizing impact on fisheries, optimizing the transmission grid, and reducing costs. These potential benefits must be weighed against potential cost to construct the network and potential risks of stranded costs if the system is not operational when required by generation assets." Moreover, "in order for a transmission solution to be open to wider competition and for the benefits to be evaluated effectively," the study explains that "a transmission only solicitation would need to be separate from the energy generation and would need to be completed before the offshore wind generation is solicited." Finally, the study further recommended that the DOER should hold a technical conference to foster further evaluation on the topic of transmission.

## **II. Requests for Comment and Technical Conference**

Consistent with the study's findings, in January through March of this year, the DOER solicited further public comment focused on detailed questions to stakeholders and held a technical conference. At the technical conference, many comments were directed towards cost-benefit analyses, challenges with building offshore, and best business practices. The conference brought together several parties with an interest in independent offshore wind energy transmission, including offshore wind developers, transmission developers, the Massachusetts EDCs, and environmental stakeholders.

Following the conference, the DOER issued a Second Request for Comment to allow stakeholders to respond to topics raised at the technical conference and in the first round of comments. This second round of questions focused on whether there is "...a structure or structures that would allow for a competitive and successful independent offshore wind transmission solicitation given the authority provided through Section 21 of the [Act]?"

## **III. DOER's Finding: Now is Not the Time for a Separate Competitive Solicitation for Offshore Wind Transmission**

The DOER ultimately concluded that the risks of offshore transmission outweighed the potential benefits at this time. In a nod to stakeholder feedback, there appears to be a recognition that this initiative could perform better at a larger scale and with regional coordination among New England states rather than through a single state procurement with a 1,600 MW limitation, the current procurement cap set by the Act. A separate solicitation for 1,600 MW transmission capacity could be too limiting to yield future offshore wind development for Massachusetts or the region. Additionally, undertaking a separate transmission solicitation would likely introduce risks such as delaying upcoming offshore wind generation procurements; coordination issues between separate transmission and generation projects; and contracting hurdles that could increase costs and delay development of future wind projects. Many stakeholders emphasized the need for long-term and large-scale planning for the transmission system in New England to accommodate a future expansion of offshore wind energy, even beyond the next 1,600 MW maximum set by the Act. The DOER

agreed, and intends to carefully consider a recently released ISO-NE economic study regarding the impacts on the regional transmission system and wholesale market due to the increasing penetration of offshore wind resources.

#### **IV. Next Steps and the DOER's Recommendations**

While an independent transmission solicitation is tabled, the DOER sees an opportunity to capture the some of the potential benefits of 1,600 MW of independent transmission by bundling a solicitation for generation and transmission at a similar level of capacity. In this regard, the DOER may want to consider bumping up its solicitation approach to date to the full level of 1,600 MW of capacity currently authorized by the Act. Not only would this approach accommodate different types of cabling technology (e.g. high voltage direct current cables) to enter bid landscape, it also would better align capacity with the ISO-NE requirements regarding the maximum capacity for onshore interconnection.

The DOER plans to work with the Request for Proposals ("RFP") drafting team, consisting of DOER, the EDCs, the Attorney General's Office and an Independent Evaluator, to determine whether criteria regarding cabling and interconnection points should be evaluated for bids to encourage efficient use of infrastructure. In order to gather data and better understand transmission costs for future solicitations and transmission planning efforts, the DOER will encourage the RFP drafting team to consider mechanisms to benchmark the transmission price of bids for bundled transmission and generation. Finally, as for the timing of the next offshore wind generation solicitation, the DOER also recommends that the RFP drafting team begin drafting the next RFP now and plan for selection of a project or projects in 2022. Accordingly, while a solicitation for coordinated offshore wind transmission will not be proceeding at this time, the outlook for the offshore wind market in Massachusetts remains robust, as the DOER and others proceed to the next round of competitive solicitation of offshore wind generation.

Copyright © 2024, Hunton Andrews Kurth LLP. All Rights Reserved.

---

National Law Review, Volumess X, Number 275

Source URL: <https://natlawreview.com/article/massachusetts-course-corrects-offshore-wind-transmission>