

Massachusetts to Support Offshore Wind Industry Development, Additional Offshore Wind Projects, Transmission, and Energy Storage

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On January 12, 2022, The Massachusetts Legislature’s Joint Committee on Telecommunications, Utilities, & Energy reported H. 3310, [*An Act advancing offshore wind and clean energy*](#). Although the bill focuses on development of the offshore wind industry, the potential benefits are not limited to offshore wind project developers. The following highlights potential opportunities offered by this bill for market participants throughout the offshore wind supply chain, as well as opportunities for others in the clean energy and clean technology space.

Commonwealth Offshore Wind Industry Investment Program

The bill would create a “commonwealth offshore wind industry investment program” administered by the Massachusetts Clean Energy Center (“Mass CEC”) to develop and promote employment and economic development related to the offshore wind industry. “Offshore wind companies” participating in the program may include entities “engaged in offshore wind development, manufacturing or commercialization in the commonwealth and any affiliate thereof” “Offshore wind organizations” engaged in offshore wind development, such as non-profits, labor organizations, or certain educational institutions, may also participate. Offshore wind companies seeking to be certified by Mass CEC to participate in the program must submit their plans for generating new state revenue, leveraging additional funding or attracting additional resources to Massachusetts, and creating local employment. Once certified, participants may be eligible to participate in an offshore wind industry tax incentive program (a \$30 million/year program); receive grants, loans, or other investments over \$ 5 million from a new Massachusetts Offshore Wind Industry Investment Fund, and receive assistance from Mass CEC in accessing other economic incentive programs and federal grants.

The Offshore Wind Industry Fund would be funded by mandatory charges for all natural gas and electric customers not served by municipal lighting plants. The funding level would be over twice the

size of the Massachusetts Renewable Energy Trust Fund. Among other things, Mass CEC would be authorized to invest the fund to stimulate increased financing for the siting and expansion of permanent offshore wind manufacturing facilities in the Commonwealth, provide funds for up to 50 percent of the interconnection costs of an offshore wind project, promote offshore wind innovation and manufacturing for new or existing technologies, support development of port infrastructure for the offshore wind industry, and to leverage funds to secure any future federal funding support for offshore wind. There would also be opportunities for private investors to make investments in the fund activities and participate in the fund income.

Proactive plans to upgrade the transmission and distribution grid

In consultation with a newly created Grid Modernization and Planning Council, the electric distribution companies would be required to submit for approval by the Department of Public Utilities (“DPU”) specific investment plans that address system resiliency; new technologies such as smart inverters, controllable load, advanced metering, and energy storage; distributed energy resources; facilitation of transportation or building electrification; and achievement of the Commonwealth’s emissions limits.

Amendments to Section 83C

The bill would make several amendments to the offshore wind procurement statute, Section 83C. First, the amount of offshore wind to be procured would be increased to 5,600 MW from the 4,000 MW amount last set by St. 2021, Ch. 8, *An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy*. The bill would also eliminate the requirement that the levelized price per MWh of subsequent procurements must be equal to or less than the previous procurement. Further, bill provides that the selection committee bid evaluation criteria would be “promulgated” by the Secretary of Energy and Environmental Affairs, whereas currently the statute only provides the DPU’s criteria for approval of contracts. The bill provides that the selection committee is to give preference to projects that, among other things, demonstrate the “greatest economic development and employment contributions to the commonwealth.” The bill also requires a preference for projects that demonstrate benefits from “energy storage, including new and existing long-duration energy storage systems.”

Offshore wind transmission

The bill would require the Department of Energy Resources (“DOER”) to competitively solicit bids for offshore wind energy transmission sufficient to deliver the energy to be procured under Section 83C. This transmission would be developed independently of the offshore wind projects. While the bill permits DOER to coordinate the solicitation with the DPU, the distribution companies, other states, and ISO New England, it does not mandate the transmission project’s contractual arrangements or source of funding.

Energy Storage

The bill would require the electric distribution companies to file a tariff applicable to standalone energy storage systems interconnected to the distribution network. The tariff is to be designed “without unduly impeding the participation of energy storage systems in power markets and other uses of such systems that provide benefits to the electric grid.” (Note that ISO New England is in the process of revising its tariff, as required by the Federal Energy Regulatory Commission, to ensure that its tariff permits distributed energy resources, such as energy storage, that are interconnected to

distribution systems to participate in the wholesale electric markets as distributed energy resource aggregations).

Finally, the bill requires the carbon reduction research center to conduct no later than May 1, 2022, in consultation with Massachusetts CEC and DOER, a study of “how to optimize the deployment and utilization of both new and existing long-duration energy storage systems in the commonwealth capable of absorbing energy, storing it for a period of time and thereafter dispatching the energy for a minimum period of five hours or greater.”

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