3 Mass. Proposals Signal A New Wave Of Offshore Wind

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The race is on to build the first utility-scale offshore wind farms in the United States on the federal Outer Continental Shelf. In December, three companies — Bay State Wind, Deepwater Wind and Vineyard Wind — submitted bids in response to the request for proposal issued by Massachusetts electric distribution companies, in coordination with the Massachusetts Department of Energy Resources, to enter into long-term contracts for offshore wind energy generation off the coast of Massachusetts.

The RFP was issued pursuant to Section 83C of Massachusetts’ Act to Promote Energy Diversity. Under the RFP, the distribution companies required developers to submit proposed projects of at least 400 megawatts of offshore wind power generation, while also considering project proposals for up to 800 MW of generation. This initial solicitation is part of a staggered procurement plan, in accordance with Section 83C, to acquire approximately 1,600 MW of aggregate offshore wind nameplate capacity by June 30, 2027.

Each of the offshore wind ventures that responded to the Massachusetts RFP holds a federal lease from the U.S. Bureau of Ocean and Energy Management for areas in federal waters 15 to 25 miles offshore. All three bids propose wind farms south of Martha’s Vineyard that would provide 400 MW of power, although each of the bids also include alternate proposals for either smaller or larger scale projects. Each bid also includes storage and transmission proposals, as the RFP required.

Overview of Massachusetts RFP Submissions

The Massachusetts RFP submissions are currently being evaluated and provide a range of options.

Bay State Wind proposal

Bay State Wind is a 50-50 joint venture between Ørsted North America LLC (formerly DONG Energy), a leader in global offshore wind development, and Eversource Energy, a transmission company headquartered in Boston. Bay State Wind proposes a
400 to 800 MW project, coupled with the largest transmission line of the three bids with sufficient capacity to receive 1,600 MW of offshore wind generation. Bay State Wind makes the case that a material price advantage from economies of scale is associated with its proposal.

Highlights:

- 400 to 800 MW capacity
- Battery storage system; battery supplier identified; however, the final selection would be made post-award
- Undersea transmission cable with a capacity of 1,600 MW
- Estimated savings to Massachusetts ratepayers of $158 million per year
- Development, construction and operation of the project self-financed exclusively with capital from its owners
- Developed, financed and constructed by 2022

**Deepwater Wind proposal**

Deepwater Wind, the only company currently operating a wind farm in the US — the 30 MW Block Island wind farm located in state waters off the coast of Rhode Island — proposes a project configuration of either 200 or 400 MW. Deepwater Wind submits that a smaller project and an incremental development approach would position Massachusetts to benefit from declining offshore wind development costs, which are projected to fall 30 percent by 2030.

Highlights:

- 200 to 400 MW capacity, initially
- Submarine HVAC cables with 200 to 800 MW transmission capacity initially, with a planned build out to 1,600 MW; partnering with GridAmerica; however, acceptance of Deepwater Wind’s project is not contingent on acceptance of this transmission proposal
- Optional pairing of generation and transmission system with grid-scale pumped hydro storage system through partnership with FirstLight Storage
- Estimated $75 million in savings for Massachusetts ratepayers initially
- Construction would begin in 2022, operation by 2023

**Vineyard Wind proposal**

Vineyard Wind is a venture of Copenhagen Infrastructure Partners — which specializes in energy infrastructure investment and is currently developing offshore wind projects in seven countries — and Avangrid Renewables LLC, one of the largest onshore wind developers in the U.S. Vineyard Wind has already submitted two key permit applications, a construction and operations plan with BOEM and another permit with the state Energy and Facilities Siting Board. The state has commenced environmental review of the undersea transmission cables, which would carry Vineyard Wind power to the mainland. Other state agencies, including the Massachusetts Secretary of Energy and Environmental Affairs and the local governments of impacted towns, will also conduct regulatory reviews of project features within their jurisdiction.
Highlights:

- 400 or 800 MW capacity
- 800 MW transmission via undersea cables with an additional 800 MW to follow
- Distributed battery storage system
- Estimated $230 million in savings to Massachusetts ratepayers
- Construction could begin in 2019, the first part of the project (400 MW of wind energy and 800 MW of storage) in operation by 2021

As the next step in this initial procurement, the Massachusetts distribution companies will select projects for contract negotiations by April 23, 2018. The distribution companies intend to execute the long-term contracts by July 2, 2018, which the Massachusetts Department of Public Utilities will submit for approval by the end of July 2018.

Offshore wind development in Massachusetts is expected to provide capacity during winter demand peaks to reduce winter electricity price spikes in New England, and, with up to 8,300 MW of oil and coal generation at risk of retirement by 2020, offshore wind could be critical in addressing future energy needs in the region.

**Part of a Big Year for Offshore Wind**

The bids in response to the Massachusetts RFP come at a pivotal moment when the offshore wind industry is poised to see, for the first time, the development of utility-scale, commercial offshore wind projects in U.S. waters. This burgeoning activity is the culmination of years of effort to identify and deconflict offshore wind energy areas in federal waters, award more than a dozen commercial offshore wind leases along the Atlantic coast and rapidly develop state programs to support clean energy and job creation policy goals.

Several states along the East Coast, in addition to Massachusetts, are pushing to spur offshore wind development. For example, New York recently released an Offshore Wind Master Plan, which lays out the state’s plan to procure 800 MW of offshore wind energy in 2018 and 2019, with an overall goal of 2400 MW by 2030. Moreover, in October 2017, New York submitted an “Area for Consideration” to the Bureau of Ocean and Energy Management and requested that the agency identify and lease at least four additional wind energy areas within this area in federal waters off of New York.

In the coming months, BOEM is expected to issue a call for information and nominations regarding potential offshore wind leasing in this new area off of New York. This is in addition to the Long Island Power Authority’s approval of a power purchase agreement from a proposed 90 MW offshore wind project 30 miles southeast of Long Island.

New Jersey is also looking to accelerate its access to offshore wind power. On Jan. 31, 2018, one of Governor Phil Murphy’s first acts was to sign an executive order directing the state Board of Public Utilities to issue a solicitation calling for offshore wind projects generating 1,100 MW of electricity, consistent with existing state law. Governor Murphy also directed state agencies to develop an offshore wind strategic plan with a goal of developing a total of 3,500 MW of offshore wind energy generation off of New Jersey by the year 2030.
On Jan. 31, 2018, Connecticut also released its own RFP, which solicits proposals to supply renewable energy, including up to 825,000 megawatt hours power generated from offshore wind. Connecticut expects to execute contracts in the summer of 2018. Other states are very much behind offshore wind as well. In May 2017, Maryland announced contracts and awarded renewable energy credits for two wind projects totaling 368 MW, which are anticipated to come online by 2022. State waters off of Rhode Island currently are home to the only operational commercial offshore wind farm in the U.S. — the 30 MW Block Island Wind Farm, which began operating in December 2016. On Feb. 5, 2018, Governor Gina Raimondo set an interim goal of 400 MW of renewable energy by the end of summer 2018 to speed progress toward Rhode Island’s renewable energy target of 1000 MW by the end of 2020.

Conclusion

The policy goals underlying the Massachusetts offshore wind program and those of other states along the East Coast include promoting the development of clean, renewable energy sources, driving economic opportunity and job growth through infrastructure development, manufacturing and services across the supply chain and securing supply of reliable, domestic energy.

The burgeoning offshore wind industry in North America offers myriad new opportunities across industry sectors, including for offshore wind farm developers and operators, transmission infrastructure developers, turbine manufacturers, maritime contractors, engineering firms, support services onshore and offshore and many other fields. While the offshore wind industry in the United States has substantial progress to make to be on par with European developments, the stage is set for 2018 to be a breakthrough year.

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