CESA Webinar Series: Financing to Advance US Offshore Wind

The Role of States and Public Support Mechanism in Supporting OSW Financing

August 9, 2011

Webinar Sponsored by
Clean Energy States Alliance
Co-Hosted by U.S. Department of Energy & US Offshore Wind Collaborative
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- You are encouraged to type in questions regarding today’s presentations at any time during the webinar by entering your question in the **Question Box** on the webinar console. Questions will be answered as time allows following all of today’s presentations.

- This webinar is being recorded and will be made available after the call at [www.cleanenergystates.org](http://www.cleanenergystates.org) under **Events**. Previous webinar recordings are also posted.
Clean Energy States Alliance

CESA is a non-profit, membership organization working with states, federal agencies, and municipalities to advance the renewable energy sector through:

- Information Exchange & Analysis
- Partnership Development
- Networking and Collaboration

www.cleanenergystates.org
The USOWC provides a forum for information sharing, problem-solving, and capacity-building among government, industry, academia, energy and environmental advocates sharing the goal of realizing the great potential for coastal and Great Lakes wind to contribute to regional clean energy production, economic development and climate change mitigation.

www.usowc.org
Webinar Series: Financing to Advance US Offshore Wind

- Objectives:
  - Examine offshore wind financing gaps and possible solutions
  - Advance thinking and recommendations
  - Increase information exchange among states, federal agencies, the industry, and the investment community

- Webinar Series:
  - Kick off Webinar: lay foundation on initiative focus (July 13)
  - Webinar #2: the role of states and public support mechanisms (August 9)
  - Webinar #3: the role of private investors (early September)
  - Webinar #4: identifying innovative solutions (late September)
  - Draft White Paper (October)
Today’s Webinar: The Role of States in Advancing Offshore Wind Finance

Objectives:
- Examine the various approaches and tools being used by states to support offshore wind financing and deployment.
- Identify recommendations for government policies, regulatory approaches and public funding programs necessary to drive private investment.

Speakers:
- Overview on Government and Utility Procurement Strategies – Malcolm Woolf, Maryland Energy Administration
- The New Jersey Offshore Wind Economic Development Act and OREC program – Jake Gertsman & Anne Marie McShea, New Jersey Bureau of Public Utilities
- Use of State-managed Competitive Request Solicitations – Brian O’Hara, North Carolina Offshore Wind Coalition
- Lessons from Cape Wind on Procurement Strategies – Steven Clarke, MA Executive Office of Energy & Environmental Affairs
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State Level Financing Solutions for Offshore Wind

Andrew Gohn
Maryland Energy Administration
August 9, 2011
Many states along the East Coast of the US have aggressive renewables requirements.

Offshore wind is the most abundant renewable resource in the area.

Nowhere else in the region has such an abundant renewable resource in such close proximity to such large population centers and electricity demand. It is the natural place for Coastal states to look to satisfy need for renewables.
Installation of all deployable onshore renewables will only allow us to reach **30% of our 2022 RPS targets**.

RECs can be imported, but at what cost?

Covering the entire shortfall with offshore wind energy may not be possible by 2022. However, an installation of 1 GW of offshore wind power would allow us to reduce our REC gap by 33% in 2022, reducing our vulnerability to imported REC costs.
Climate and Air Pollution Benefits

The East Coast of the U.S. is subject to some of the worst air pollution effects in the nation.

Maryland, with 3,190 miles of tidal shoreline is particularly vulnerable to the effects of rising sea levels associated with global climate change.

Offshore wind energy uses no fuel and in several studies has been identified as the technology with the lowest life-cycle carbon emissions.

The public health benefits of offshore wind are clear. Several studies have shown that displacement of hazardous air pollution can save lives and prevent asthma, respiratory ailments and other serious health threats.
Based on a recent report from DOE, a project of this scope would create between 1,600 and 2,400 manufacturing and construction jobs for 5 years and an additional 320 to 480 ongoing supply and O&M jobs thereafter.

Additional projects, both in Maryland and in the region, would lead to a significant new sustainable industry for Maryland workers.
RELIABILITY

• Maryland imports approximately 30% of the electricity we consume every year. This leads to significant transmission congestion and high line losses, which raises rates for Maryland ratepayers.

• A 600 MW project would supply enough electricity to power 95% of all the homes on the Eastern Shore of Maryland or half of Baltimore County.

• In 2008, the last year on record, Maryland imported over 90% of renewable energy required to comply with this policy. Development of an offshore wind project will generate enough clean energy to satisfy between 10 and 15 percent of Maryland's 2022 renewable energy goals.
Structural Barriers to Deployment

- Offshore wind has been successful in Europe and other areas, only as a result of a clear commitment by governments with sovereignty over their economies and territory.
- Efforts by U.S. State governments to deploy offshore wind energy pose a unique challenge because they attempt to achieve the same result without this sovereignty.
  - OCSLA restricts State territorial waters to 3 miles. Beyond this, States have very limited authority to permit or control the development of energy resources.
    - CZMA gives States some opportunity to influence development, but also gives this authority to other States in region.
  - Interstate Commerce Clause gives U.S. Congress jurisdiction over the channels and instrumentalities of commerce between the States. Moreover, “dormant” Commerce Clause restricts States’ ability to impede interstate commerce for the purpose of protecting in-state industries or sectors.
- Therefore, States that wish to develop this resource must overcome not only the challenges inherent in the economics and siting challenges of the technology, but must find solutions to these difficult policy issues.
Structural Barriers to Deployment

• EPAct 2005 creates opportunity for State governments to gain a voice in development of offshore resources by creating intergovernmental State/Federal Offshore Wind Task Forces.
  – However, successful permitting through these Task Forces requires close intergovernmental and interagency coordination.
  – These processes can be time-consuming and burdensome.
  – Federal regulations can make streamlining this process difficult. For example, the Federal Advisory Committee Act makes it difficult for non-governmental stakeholders to participate directly in Task Force processes.
Structural Barriers to Deployment

• “Competitive permitting”
  – BOEMRE permitting process under 2009 Final Rule creates competitive leasing scenario which may preclude achieving lowest price through competitive electricity procurement.
  – Additionally, royalties and rents for use of OCS may be high, leading to de facto federal “tax” on ratepayers of adjacent states who may be ultimate consumers of electricity generated.
Structural Barriers to Deployment

• Commerce Clause jurisprudence on point is unclear. No judicial precedent has been established with regard to States’ ability to capture economic benefits associated with State renewables policies.
  – “Economic Benefits” tests are statutory provisions designed to reject renewable energy development proposals which do not provide significant economic development and job creation opportunity to States, while surviving Constitutional scrutiny. However, this approach remains untested in federal court.
  – Identification of a clear non-economic rational basis for requiring a particular energy structure is consistent with existing Commerce Clause precedents. Examples might be:
    • Grid stability
    • Capacity demand in a transmission constrained geographic area.
Financing Challenges

• How to structure offshore wind energy policy?
  • Is the incentive offered market-based or planned?
  • Is policy housed within existing RPS or new initiative?
  • What is financial mechanism for purchase?

• Level of State intervention in market dictates level of State control over projects.
  – State-run project
  – Power Authority PPA
  – PSC mandated PPA
  – Feed-in Tariff
  – OREC
  – PSC incentive PPA
Financing Challenges

- State-run project
  - Offers total control, but incompatible with most State electricity regulatory structures
- Power Authority PPA
  - Effective in creating renewable projects, but has not been tested in offshore wind.
- PSC mandated PPA
  - Effective in Delaware in leading to the nation’s first contract for offshore wind.
- Feed-in Tariff
  - Recent cases confirm that FERC has jurisdiction over wholesale power prices and States do not have an ability to set these prices for large projects
- OREC
  - New Jersey model, uses existing RPS structure.
  - Separating “environmental commodity” from energy leaves States without ability to cite non-economic rational basis for requiring specific energy structure. Forces reliance on “economic benefits” test.
- PSC incentive PPA
  - Effective in Massachusetts at creating National Grid contract with Cape Wind.
  - May add utility incentive cost.
- In all policies, individual provision details define effectiveness of policy.
Financing Challenges

- Competition offers mechanism to reduce ratepayer impact, but can be difficult to align with federal permitting, which is also a competitive process.
- Most states have laws requiring that State-led procurement processes be competitive.
  - Therefore, “energy contract” policies such as Commission or Authority-driven PPA’s can be generally thought of as competitive.
  - These have been effective in situations where procurement preceded permitting, and therefore could inject existing contract into BOEMRE “multi-factor” tests or created “fait accompli” market dynamic where other bidders are reluctant to participate.
    - E.g., Delaware, Massachusetts
  - However, selection of State-contract counterparty is not assured in BOEMRE evaluation and counterparty risks not achieving site control.
- Non-competitive processes that offer first-come first-served subsidies get around this, but do not harness market forces to lower prices.
Financing Challenges

• How to price benefits?
  – Externalities of fossil fuels
    • Public Health
      – Levy studies, Harvard SPH
      – UDE studies
      – Cape Wind EIS, Army Corps of Engineers
      – Paul Epstein, “Full Cost Accounting for the Life Cycle of Coal”
    • Environmental Degradation
      – NRC
  • Climate Change
  • Fuel diversity
  • RPS fulfillment
  • Price Volatility
Financing Challenges

• How to price benefits?
  – Economic Development
    • Job creation
      – NREL Report -- “... offshore wind will create approximately 20.7 direct jobs per annual megawatt in the United States. In addition, approximately 0.8 jobs would be created for every cumulative megawatt of offshore wind in operation.”
      – Based on NREL numbers, a 500 MW project off the coast of Maryland would create 2,000 manufacturing and construction jobs for 5 years and an additional 400 ongoing supply and O&M jobs thereafter
    • Export opportunities
      – Land based wind in US now enjoying 60% domestic content and 2010 exports of wind energy equipment topped $142 million.
        » (DOE 2010 Wind Technologies Market Report)
THE MARYLAND OFFSHORE WIND ENERGY ACT OF 2011

- Governor O’Malley introduced the Maryland Offshore Wind Energy Act of 2011 on February 11th.
- After 2 hearings and 6 work-sessions in both the Senate Finance Committee and House Economic Matters Committee, the Chairmen referred the bill to summer study.
- Governor O’Malley is committed to continuing to fight for this energy priority and State agencies will spend the coming months reviewing aspects of the legislation in preparation for the next legislative session.
THE MARYLAND OFFSHORE WIND ENERGY ACT OF 2011

• Fundamentally, the bill does 2 things:
  – Empowers the Public Service Commission (PSC) to require utilities to enter into long-term contracts for offshore wind power.
  – Clarifies jurisdictional issues regarding cables coming ashore from offshore wind projects.

• The bill works to create a Power Purchase Agreement (PPA) between an offshore wind developer and Maryland’s big 4 utilities – PEPCO, Allegheny Power, BGE and Delmarva Power & Light.

• This PPA would allow an offshore wind developer to get the necessary financing to build the project.
How will the PSC select a project?

- Proposals to PSC must be at least 20 year contracts that meet a price threshold. This price threshold would not be projected to impact residential ratepayers any more that $2.00 in any month of the contract.

- Proposals are then evaluated on:
  - Lowest cost
  - Price stability
  - Long-term reliability
  - Reductions in transmission congestion
  - Reductions in capacity prices
  - Reductions in locational marginal prices (LMP)
  - Environmental, climate and health benefits
  - Assistance in meeting the state’s Renewable Portfolio Standard goals
  - Siting and project feasibility
  - Cost/benefit analysis and positive net benefits to the state
  - Corporate diversity
  - Small business participation
  - Any other criteria PSC deems appropriate
THE MARYLAND OFFSHORE WIND ENERGY ACT OF 2011

• “Summer Study” and Maryland Update:
  – Senate Finance Committee session: August 30th
  – Expected issuance of Call for Information and Nominations – mid-August.
  – Full legislative session begins: January 2012
For more information, please contact:

Maryland Energy Administration
410-260-7655 or 800-72-ENERGY
www.energy.md.gov
The Role of States and Public Support Mechanisms in Supporting Offshore Wind Financing

Jake Gertsman
Legal Specialist
New Jersey Board of Public Utilities

CESA Offshore Wind Webinar
Tuesday, August 9, 2011
New Jersey Approach

- Existing framework and experience with solar / recs.
- Stakeholder engagement to identify needs, challenges and requirements
- Platform for long term financing & development (vs. single project)
- Regulatory certainty
- Economic development

- **NJ ratepayers benefits**
New Jersey Experience

- 2004 OSW Feasibility Wind Study
- 2004 Blue Ribbon Panel
- 2005 ACUA Coastal Wind Farm
- 2006 Public Opinion Survey
- 2007 RFP for 350 MW OSW Project
- 2008 MET Tower Rebates
- 2008 DEP Baseline Ecological Studies
- 2010 NJ Offshore Wind Economic Development Act
- 2011 NJ BPU Offshore Wind Rules
NJ Policy & Regulatory Framework

- EDECA: NJ Renewable Portfolio Standards
- REC Based Financing
- NJ Energy Master Plan
- NJ DEP Baseline Ecological Studies
- Met Tower Rebates
- Offshore Wind Economic Development Act
- BPU Rules for OSW applications / ORECs
NJ Baseline Ecological Studies

- Identifies ecologically or environmentally sensitive areas:
  - **Northern portion of the study area** which includes a major shipping lane, telecommunications cables, high bird densities;
  - **Southernmost section of the study area** where a large number of shoals and biological resources are concentrated;
  - **State Boundary to 7 NM Line** - steep decline in avian density observed at approximately 7 NM.
BOEMRE New Jersey Renewable Energy Task Force

- Area of Interest to meet the goals of 1,100 MW of offshore wind;
- Large enough to attract investment in NJ OSW resources;
- Encourage and maximize competition;
- Identify ecologically or environmentally sensitive areas;
- Identify areas of potential conflict due to competing uses.
- UPDATE: 11 Responses to BOEMRE Call for Information and Nominations released Apr. 2011

DRAFT NJ Area of Interest as of Nov. 2010
Offshore Wind Economic Development Act

- Minimum RPS requirement / offset for OSW
- "Offshore wind renewable energy certificate" or "OREC" Program
- OSW application process for “qualified offshore wind project”
- 180 days review and approval process
- Financial assistance & tax credits for manufacturers
Statutory Requirements for OSW

- Consistency with New Jersey Energy Master Plan
- Positive economic and environmental net benefits
- OREC based on actual electrical output of the project
- Balances the risks / benefits between ratepayers and developers
- Costs of non-performance borne by developers
- Developer must demonstrate financial integrity and sufficient capital
BPU Rules for OSW Applications

• Consistent with OWEDA
• 180 day application review period once deemed complete
• RFQ released to hire OSW Application Evaluation Team
• Cost-benefit analysis and economic development benefits key to success of application
• BPU Board to announce application window
• Rules set to expire August 2012. Stakeholder process to begin in 2011.
OREC

- Consistent with NJ RPS and market development
- RPS Carve-out to be established for OSW (Class I Renewable Energy resource)
- Fixed price OREC to be set by Board
- NJ Suppliers obligated to procure ORECs based on their share of statewide load
- OREC Funding Mechanism “reserved” in rules to allow for further development
- Stakeholder process for rule making underway
Offshore Wind Policy in North Carolina

Presented by:
Brian O’Hara, NC Offshore Wind Coalition

DOE, CESA, USOWC Webinar
August 9, 2011
Our Mission:  
To promote a sustainable offshore wind industry that delivers clean, domestic, affordable, and stable-priced energy while creating well-paying jobs.

Who We Are:  
• 501(c)(6) non-profit  
• Industry, Non-Profits, Regional Economic Developers

What We Do:  
• Policy  
• Education & Outreach  
• Regional Collaboration

http://www.ncoffshorewind.org
Questions to answer

1. Why is NC attractive for offshore wind?
2. What are NC’s unique policy drivers?
3. What policy has been pursued and why?
4. What happened and what’s next?
Thank you to our fellow states

“By three methods we may learn wisdom:
first, by reflection, which is noblest;
second, by imitation, which is easiest;
and third by experience, which is the bitterest.”

- Confucius
Offshore Wind Resource (GW) in Water <30m Deep
East Coast States

Source:
Assessment of Offshore Wind Energy Resources for the United States
Marc Schwartz, Donna Heimiller, Steve Haymes, and Walt Musial
NREL/TP-500-45889 - June 2010

Note:
Study extended to 50 nautical miles offshore
New York number includes Great Lakes resource

#1 in Resource

The rest of the East Coast

GW of Capacity (assuming 5 MW per sq km)

- North Carolina
- South Carolina
- Virginia
- Georgia
- Massachusetts
- New Jersey
- New York
- Maryland
- Maine
- Delaware
- Connecticut
- Rhode Island
- New Hampshire
Total 2009 Electricity Sales (GWh)
East Coast States

Source: www.eia.doe.gov/cneaf/electricity/epa/sales_state.xls
Total electricity sales in 2009 for all sectors

Adding 2,500 MW of Offshore Wind
(as a % of total sales)

6% - 6.5%
7.7%
11% - 15%
74% - 109%
Population Growth Rate - 2000 to 2010
East Coast States

North Carolina: 18.5%
Georgia: 18.3%
South Carolina: 15.3%
Delaware: 15.0%
Virginia: 13.0%
Maryland: 9.0%
New Hampshire: 6.5%
New Jersey: 4.5%
Maine: 4.2%
Massachusetts: 3.1%
New York: 2.1%
Rhode Island: 0.4%

Source: US Census - numbers as of April 1, 2010
Excludes Florida due to lack of strong offshore wind resource

#1 in Population Growth Rate
Low Rates: Challenge and Benefit

Low Energy Costs
Relative Cost to Construct Offshore Wind
East Coast States

#1 in Construction Cost

Source:
"Updated Capital Costs for Electricity Generation Plants."
NC’s Policy Considerations

• Regulated electricity market
• “New sheriff” & $2.5 billion budget shortfall
• Only state in Southeast with REPS
• Poll: 83% of NC voters approve offshore wind
• Driver: Jobs (yes!) Environment (maybe...)
• Duke & Progress merger announced
2009 NC Electricity By Source

% of fuel imported from out of state? 100%

- Coal: 55.0%
- Nuclear: 34.5%
- Natural Gas: 4.1%
- Hydroelectric: 4.4%
- Renewables: 0.4%

Source: US Energy Information Administration
Policies Considered

- Feed-in-Tarriff
- Carve-out
- Competitive Bid / RFP

Offshore Wind Jobs and Economic Development Act (*S747*)

introduced in April 2011
What SB 747 Does Not Do

• Passing the bill does not mandate the development or purchase of offshore wind energy.
• Does not use any state budget funds.

“SB 747 lets North Carolina see what the offshore wind industry has to offer at no risk and positions the state to attract offshore wind industry jobs.”
S747 Key Components

• Requires NCUC to issue a competitive RFP for 2,500 MW of offshore wind.
  – First turbines online in 2017 and develop over 7-10 years, creating a predictable “pipeline”.

• Sets a non-binding goal of 5,000 MW by 2030.

• NC Commerce Department conducts “net economic impact” analysis on bids received.
  – Include all quantifiable costs and benefits.
S747 Key Components (cont)

• If net economic impact is
  – **Positive**: require IOUs to enter 20+ yr PPA.
  – **Negative**: no further commitment.

• Participating utilities have option to co-invest / purchase up to 50% of the project(s).

• Policy falls outside the existing NC REPS.

• Extend manufacturing tax credit out to 2020.
What Happened

• Bill got stuck in committee, not passed but not defeated.
  – Duke and Progress opposed

• Governor Perdue issued Executive Order 96, creating the “Offshore Wind Economic Development Task Force.”
What’s Next

• Duke-Progress merger, discussions, etc.
• Numerous studies underway:
  – Economic impact analysis
  – Ports study
  – Supply chain study
  – Transmission requirements
  – Resource assessment
  – Tourism survey/study
• Revisit policy in the 2012 legislative session
NC BOEM Task Force: 506 Lease Blocks in <40m of water after identified constraints as of May 11, 2011 BOEMRE NC Task Force Meeting
For more information:

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(252) 506-9463
Long Term Contracts and Wind Energy in Massachusetts

Steven Clarke/Jim DeMetro
Massachusetts Executive Office of Energy & Environmental Affairs
Commonwealth of Massachusetts

Clean Energy States Alliance
Offshore Wind Webinar
August 9, 2011
MA has High Electricity Prices

2009 Average Retail Electric Price
(Cents per kWh)

Source: EIA Form 826

Executive Office of Energy and Environmental Affairs
Difficult to Predict Future Energy Prices

Annual EIA NG price forecast: colored lines
Actual NG price: black line with diamonds

Executive Office of Energy and Environmental Affairs
MA Clean Energy Legislation 2008

• **Green Communities Act**
  - Expands EE delivery mechanisms and goals
  - RPS – expansion and strengthening targets of 1997 Act
  - Net metering provisions
  - Establishes DOER’s Green Communities Program
  - Requires utilities to issue at least 2 RFPs within 5 years for Long Term Contracts (LTC) for RPS eligible renewables

• **Global Warming Solutions Act**
  - 2020 commitments – 25% below 1990 levels
  - 2050 commitments – 80% or more below 1990 levels

• **Oceans Management Act**
  - Provides zoning-like planning of state waters
  - Identifies presumptive areas for wind development

• **Clean Energy Biofuels Act**
  - Mandate for advanced biofuels
  - Paves way for transition to LCFS
MA Wind Energy Initiatives

- Commonwealth Wind Goals: 2000 MW by 2020
- RPS (Renewable Energy Portfolio Standard)
- Long Term Contracts RFPs
- Wind Energy Siting Reform Act
- Net Metering
- Interconnection
- Technical Assistance
- Public Outreach/Awareness
MA Wind Energy Capacity Trend

- 2,000 MW Goal
- Progress since 2007
  - turbines 4 → 80
  - MW 3.2 → 90
- 2nd in NE for installed wind energy capacity
- Host first onshore wind farm in Southern NE
- Technical Resource Potential
  - Onshore 1,500 MW
  - Offshore 6,000 MW
MA Wind Energy Cluster

- Building the wind cluster:
  - Wind Technology Test Center
  - Cape Wind
  - Vestas R&D
  - Siemens Offshore
  - MassTank/EEW
  - New Bedford Port
  - FloDesign
  - First Wind
  - American Superconductor
  - Second Wind
Mandate for Long Term Contracts

The Green Communities Act mandates electric distribution companies solicit proposals for new renewable energy projects.

- In particular, Section 83 requires:
  
  (a) Develop a method and timetable for solicitation and execution of contracts for the Dept of Public Utilities’ approval
  
  (b) Conduct two approved solicitations in a 5-year period
  
  (c) Enter into 10-15 year contracts for 3% of distribution sales, provided reasonable proposals are received

Executive Office of Energy and Environmental Affairs
Long Term Contract RFP Eligibility

Eligible projects must:

• Have a commercial operation date on or after January 1, 2008

• Be RPS qualified

• Be determined by the DPU to:
  – Provide enhanced system reliability
  – Moderate system peak requirements
  – Be cost-effective over the contract term
  – Create additional employment, where feasible

• Be a cost-effective mechanism for procuring renewable energy on a long-term basis.
Long Term Contract RFP Schedule

Electric distribution companies and DOER developed a coordinated statewide solicitation

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue RFP</td>
<td>September 2, 2010</td>
</tr>
<tr>
<td>Bidders Conference</td>
<td>September 16, 2010</td>
</tr>
<tr>
<td>Submit Notice of Intent to Bid</td>
<td>September 20, 2010</td>
</tr>
<tr>
<td>Deadline for Submission of Questions</td>
<td>September 20, 2010</td>
</tr>
<tr>
<td>Due date for Submission of Proposals</td>
<td>October 7, 2010</td>
</tr>
<tr>
<td>Selection of Short Listed Bidders</td>
<td>December 21, 2010</td>
</tr>
<tr>
<td>Negotiate &amp; Execute Contracts</td>
<td>February 4, 2011</td>
</tr>
<tr>
<td>Submit Contracts for MA DPU Approval</td>
<td>March 7, 2011</td>
</tr>
</tbody>
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Website: [www.massachusettssrenewableenergyrfp.com](http://www.massachusettssrenewableenergyrfp.com)
Three Stage Evaluation Process

Stage One: Threshold Requirements
– Meet mandates of the GCA
– Reasonable schedule with COD by Dec 31, 2015
– Site control
– Technical viability
– Bidder experience
Three Stage Evaluation Process

Stage Two: Price and Non-Price Factors
– 80% price/20% non-price
– Based on common forecast of electricity and REC prices
– Non-price factors assess likelihood of development
  - Siting & Permitting
  - Development status
  - Experience and capabilities of project team
  - Financing
Three Stage Evaluation Process

Stage Three: Final Selection
– Ranking in the second stage evaluation
– Cost-effectiveness of proposals
– Risk associated with project viability
– Extent of additional employment within the Commonwealth
– Diversity of resources by size and type
Disco Evaluation

Process of bid evaluation, selection and negotiation by electric distribution companies is not a coordinated process:

- No coordination among distribution companies or with DOER post receipt of bids

- Evaluations, selection and negotiation done individually without input from DOER

- Distribution companies will file contracts with DPU for approval within 30 days of execution
State Objectives & Roles

Objectives

• A statewide coordinated solicitation process
• A common evaluation methodology
• A Model PPA with commercially reasonable terms and conditions and that would enable projects to be financed

Roles

• Coordinate development of process among four Distribution Companies
• Assist in obtaining DPU approval of process
• Provide oversight of process
• Participate in DPU hearings on executed contracts
Other Regional Initiatives

- Massachusetts
  - Cape Wind, National Grid
- Rhode Island
  - Deepwater, Rhode Island
- Regional RFP
  - New England States Committee On Electricity (NESCOE) RFI
Thank You
Questions or Suggestions?

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