May 18th, 2023

Anbaric Testimony on L.D. 1895

Chair Lawrence, Chair Zeigler, and members of the Energy, Utilities and Technology Committee:

Anbaric Development Partners (Anbaric) appreciates the opportunity to provide testimony in support of L.D. 1895, *An Act Regarding the Procurement of Energy from Offshore Wind Resources* and to suggest revisions to enhance regional coordination. Anbaric develops electric transmission projects that supply renewable energy to customers and projects that optimize the power grid using energy storage. Anbaric is developing multiple projects in the Northeast, including projects to interconnect offshore wind from the Gulf of Maine.

Offshore wind holds great promise for Maine and the region, and collaborating with other New England states to deploy offshore wind will reduce consumer costs and impacts on the environment, on fisheries and on coastal communities. L.D. 1895 recognizes and encourages multi-state coordination in Section 7(1)(H), requiring that the Governor's Energy Office (GEO) and commission:

> *"Collaborate with other states' entities when appropriate on regional issues including, but not limited to, transmission and distribution infrastructure and energy procurement as well as research and monitoring relating to wildlife, fisheries and the Gulf of Maine ecosystem;"*

Ensure Flexibility to Enable Regional Coordination

In order to realize the benefits of regional coordination the GEO should be provided discretion to develop a schedule for solicitation of offshore wind generation and transmission that aligns with multi-state or regional planning and procurement processes. Section 8(1)(C) of L.D. 1895 requires that offshore wind generation solicitations occur every 24 months. This rigid requirement could put Maine out-of-cycle with other states, which would complicate coordination and limit competition. As a cautionary example, following legislative direction Rhode Island recently issued an offshore wind solicitation in isolation from other states and received responses from only one bidder.[i]

A rigid procurement calendar could also complicate efforts to secure federal funding for offshore wind transmission. Through the Joint State Innovation Partnership for Offshore Wind (the "Joint Partnership") Maine and other New England states submitted an initial application to the Department of Energy[ii] requesting $250 million for each of three shared offshore wind transmission systems. Full applications are due May 19th, and Massachusetts' requirement to issue a generation solicitation every 24 months complicates submission of a full proposal by creating uncertainty about the capacity, interconnection location and transmission needs of offshore wind projects that Massachusetts may select in its current generation solicitation.

It additionally bears noting that Massachusetts is the only state with a rigid offshore wind procurement schedule set in statute. In both New Jersey[iii] and New York[iv] the executive branch was given discretion to achieve an overall procurement target, enabling both states to develop synchronized offshore wind generation and transmission procurement processes. New Jersey's offshore wind procurement schedule has already been amended once, and the state further commits to:

> "*[C]ontinue to evaluate each forthcoming planned solicitation, as detailed in the OSW Solicitation Schedule. NJBPU will consider a number of factors that could influence the timing and the OSW capacity to be procured including, but not limited to, transmission solutions and*

> *development schedule, the status of additional lease areas, permitting, port readiness, establishment of a supply chain, workforce training, and cost trends."*[v]

As an alternative to the current language in L.D. 1895, Section 8(1)(C) could encourage regional coordination explicitly and provide the GEO flexibility to achieve the objective, as follows:

> *C. The phased procurement schedule for solicitation of floating extraterritorial wind projects or portions of projects must facilitate alignment with procurements of floating extraterritorial wind projects and transmission infrastructure conducted by other states or an entity procuring on behalf of states ~~ensure that any subsequent solicitation occurs within 24 months of a previous solicitation~~.*

Maintaining the overall offshore wind deployment targets of 1,000 MW by 2030 and 2,800 MW by 2035 will ensure that Maine achieves offshore wind goals without constraining regional coordination.

Aligning Transmission and Offshore Wind Procurement

Section 9 of L.D. 1895 requires the commission to solicit transmission for offshore wind, and in doing so provides a key tool for Maine to achieve offshore wind targets most cost effectively and with least adverse impact. Analysis from the Brattle Group released earlier this year found that planning transmission to achieve the Biden Administration's 100 GW offshore wind goal would produce $20 billion in savings, cut ocean cabling by half, and reduce shore crossings and onshore upgrades by 60-70%.[vi]

In order to realize the benefits of independent transmission procurement, and to ensure alignment with generation procurement, the phased procurement schedule required in Section 8(1)(A) could be expanded to include transmission, as follows:

> *A. The Governor's Energy Office shall establish a phased procurement schedule for floating extraterritorial wind projects under this section and for transmission service to serve offshore wind power projects procured under Section 9 no later than January 1, 2025.*

Additional Benefits of Independent Transmission

Independent offshore transmission will increase competition between offshore wind developers, level the playing field between leaseholders nearer and farther from shore and drive down prices. In Europe, strategic investments in transmission have enabled countries such as the Netherlands to deploy offshore wind without subsidies or utility-backed contracts.[vii]

Planned transmission can additionally serve as a platform for third-party purchases of renewable energy through power purchase agreements (PPAs), thus enabling financing and deployment of offshore wind without relying on state-led procurements. In Texas, strategic investments in transmission through the Competitive Renewable Energy Zone (CREZ) program have enabled over 2,000MW of onshore wind energy PPAs from 22 corporate buyers.[viii] In the Netherlands planned transmission has enabled corporate PPAs for offshore wind.[ix]

Strategic investment in transmission can enable market-driven offshore wind deployment by large corporate and non-profit entities in the Northeast seeking local renewables to meet sustainability commitments. For offshore wind in particular, independent planned transmission is a necessary platform to enable small and mid-sized procurements by third-party buyers. High voltage alternating current (HVAC) transmission systems are most economical in the 300MW to 500MW range, and high voltage direct current (HVDC) systems are most economical in the 1000MW to 2000MW range, both of

which are far larger than most third-party buyers can support. However, by making transmission available to serve as a platform for procurement, states can enable third-party purchases that in aggregate will fully utilize new transmission lines, and in doing so unlock a large source of demand.

Offshore wind can play a critical role in achieving Maine's energy and climate objectives and in supporting local economic activity. Region coordination will reduce the costs and impacts of offshore wind deployment. Anbaric appreciates the opportunity to provide recommendations to facilitate regional coordination and rationalize the buildout of transmission needed to integrate offshore wind.

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Endnotes:

[i] See: https://www.bostonglobe.com/2023/03/17/metro/ri-utility-request-yields-single-bid-offshore-wind-power/
[ii] Available at: https://newenglandenergyvision.com/new-england-states-transmission-initiative/
[iii] New Jersey's offshore wind solicitation schedule is available at: https://www.njcleanenergy.com/renewable-energy/programs/nj-offshore-wind/solicitations
[iv] New York's offshore wind solicitation schedule is available at: https://www.nyserda.ny.gov/All-Programs/Offshore-Wind/Focus-Areas/Offshore-Wind-Solicitations
[v] Supra, note iii.
[vi] Available at: https://www.brattle.com/insights-events/publications/brattle-consultants-highlight-the-benefits-of-collaborative-planning-process-for-offshore-wind-transmission-in-new-report/
[vii] See https://www.government.nl/latest/news/2019/07/10/vattenfall-to-build-second-unsubsidised-dutch-offshore-wind-farm
[viii] See *Corporate Renewable Procurement and Transmission Planning,* 2019, available at: https://windsolaralliance.org/wp-content/uploads/2018/10/Corporates-Renewable-Procurement-and-Transmission-Report-FINAL.pdf
[ix] See: https://cleantechnica.com/2019/05/28/microsoft-announces-new-offshore-wind-energy-agreement-in-the-netherlands/

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On behalf of the transmission developer Anbaric Development Partners I submit this testimony recommending approaches to facilitate coordination with other states on offshore wind transmission development.