

August 10, 2018

Large Scale Renewables Team  
New York State Energy Research and Development Authority  
17 Columbia Circle  
Albany, NY 12203-6399  
VIA EMAIL: offshorewind@nyserda.ny.gov

Re: Comments of Siemens Gamesa Renewable Energy on NYSERDA Offshore Wind Renewable Energy Credits RFI 2018

Dear Large Scale Renewables Team:

Please accept these comments on behalf of Siemens Gamesa Renewable Energy (SGRE). Siemens Gamesa is the world's leading manufacturer of utility-scale offshore wind turbines. With over 11 gigawatts installed offshore and six times that amount of installed onshore capacity, in over 90 countries across 5 continents, SGRE has the longest track record of all wind turbine suppliers in the offshore industry. The United States represents an important market to our future business operations and the State of New York has demonstrated substantial leadership in helping to bring the offshore wind energy industry to American shores.

SGRE applauds the efforts of the NYSERDA in undertaking a robust stakeholder process to implement a successful first round of offshore wind energy procurement for the State of New York. The considerations outlined in this request for information cover some of the most important factors in structuring a successful solicitation.

Given SGRE's substantial experience with the development of new offshore wind markets, please consider some suggestions to produce the most successful outcome for the development of a sustainable, long term market opportunity for the State of New York. Respective to the considerations outlined in the solicitation-

**Procurement Quantity (pg 1-2)**

*Q3. The Order requires NYSERDA to seek approximately 800 MW of capacity between procurements in 2018 and 2019. Should the 2018 RFP prescribe a minimum capacity or a minimum annual OREC quantity per bid, and if so, what should the minimum be? Should the 2018 RFP prescribe a maximum capacity or annual OREC quantity per bid, and if so, what should the maximum be?*

Achieving the lowest Cost of Energy for the earliest offshore wind projects in the US is of tremendous importance. NYSERDA can ensure the lowest cost bids by encouraging competition and also allowing for economies of scale. Therefore, SGRE believes that NYSERDA should give full freedom to developers to provide proposals for any project size, and NYSERDA should seek to award at least the full 800 MW in the initial solicitation. Supply chain localization requires market size to reach a critical volume to support new facilities, and the US market will reach this volume faster and attract

localized supply chain sooner with a large initial procurement. Such localization will then serve to drive down costs for future procurements at a faster rate than if the market volumes were to ramp up more slowly.

*Q4. Should the 2018 RFP allow bidders to submit multiple bids with differing capacity or OREC quantities? Should this be a continuous range, or should specific discrete target quantities be prescribed by NYSERDA?*

Yes, SGRE believes that allowing developers to submit multiple bids will allow NYSERDA to compare the various cost savings and economies of scale available based on project size and encourage the greatest degree of competition.

*Q5. The Order notes that NYSERDA could award more than 800 MW in the first year alone to secure economic development benefits or to accept low bid prices that take advantage of the expiring federal tax credits. What should the RFP include to promote these benefits?*

Larger projects not only benefit from economies of scale, but serve as more attractive commercial opportunities to support the establishment of local supply chains. The first mover advantage opportunity for the State of New York as a result of such supply chain localization should not be underestimated.

However, a predictable schedule of offshore wind procurement in the State of New York is a critical tool in planning and development for the industry. Visibility helps businesses plan on a longer timeline, allows the industry to ramp up in a consistent manner to avoid boom-and-bust cycles of economic activity, and also serves to provide guidance and clarity for stakeholder engagement processes. SGRE recommends that if NYSERDA wishes to pursue the cost advantages of larger projects and federal ITC dollars by exceeding the 800 MW threshold, that it should provide a timeline for future solicitations to achieve the full 2,400 MW of offshore wind commitments.

SGRE also recommends that NYSERDA consider the timing of a project's ability to begin delivering power as part of the procurement process, with a preference being awarded to projects that are able to achieve commercial operation as soon as possible. The buildout of a robust and fully-localized industry in the US will require a steady volume of projects to produce consistent cost reductions similar to what has been seen in Europe.

### **Economic Benefits (pg 4-5)**

*Q24. In accordance with the Order's guidance to include a local content provision in the evaluation criteria (Order, p. 52), NYSERDA may require that proposers file an Economic Benefits Plan (EB Plan), to demonstrate its commitments. The purpose of this EB Plan is (i) to explain and justify the proposer's claims, and (ii) to help evaluators consider the viability of claims. What information should be required in an EB Plan to support scoring of:*

- a. *Supply chain and supportive infrastructure investments?*
- b. *Opportunities for New York State businesses to bid on project expenditures?*
- c. *Enabling investments in activities, e.g., workforce development, R&D, other?*

Supply chain localizes in robust markets, but such localization takes time. Strict local content requirements can hinder the ability of developers and manufacturers to deliver cost-effective projects in the earliest days of a new market, when flexibility is key. Meanwhile, the political willpower to deliver on the larger commitments for future offshore wind offtake will rely on the success of the earliest projects. Supporting a large and sustainable offshore wind market along the East Coast will bring greater local economic benefits in the long run than implementing onerous restrictions in the earliest days of the industry.

SGRE believes that the State of New York will achieve the most competitive pricing in this first solicitation by limiting the weight of an Economic Benefits plan in the bid review process. While local economic benefit is of course an issue of great concern to New York citizens, New York will achieve the best long term local economic benefits by sustaining a robust and growing marketplace for offshore wind while also limiting impacts to ratepayers.

Offshore wind is poised to become a major economic driver for Eastern US states, thanks in large part to rapidly declining costs, advantageous wind speeds and construction conditions, and significant localized demand for clean electricity.

Accordingly, we respectfully request that NYSERDA continue to move expediently to issue the first OREC solicitation in the State of New York.

Respectfully submitted,

Joergen Scheel  
Vice President of Offshore Wind  
Siemens Gamesa Renewable Energy North America

Jason Folsom  
Head of Sales, Offshore Wind  
Siemens Gamesa Renewable Energy North America

Abby L Watson  
Head of Government Affairs  
Siemens Gamesa Renewable Energy North America