

# Vineyard Wind's contracts priced at USD 65/MWh 2017 dollars



Wiking wind farm. Image by Iberdrola ([www.iberdrola.com](http://www.iberdrola.com)).

August 2 (Renewables Now) - The 800-MW Vineyard Wind offshore wind project will provide "highly cost-effective" clean energy to Massachusetts customers, the Massachusetts Department of Energy Resources (DOER) said on Wednesday as it announced that the long-term contracts for the project have been filed for approval.

The US' first large-scale offshore wind farm, to be built south of Martha's Vineyard, will deliver energy and renewable energy certificates (RECs) at a total levelised price of USD 0.065 (EUR 0.056) per kWh in 2017 dollars over the 20-year duration of the contracts, which are for the project's two phases, each of 400 MW. The expected commercial operation dates are January 15, 2022 for the first phase and January 15, 2023 for the second.

Contract negotiations for the project with the Massachusetts electric distribution companies have been completed and the agreements have now been filed for review and approval by the Department of Public Utilities (DPU).

Vineyard Wind, a 50/50 partnership between Copenhagen Infrastructure Partners (CIP) and Avangrid

Renewables LLC, was in May selected as the winner in Massachusetts' solicitation for up to 800 MW of offshore wind capacity. This was the first solicitation in line with a legislation that requires the state's utilities to procure 1.6 GW of offshore wind by 2027. Just on Tuesday, the Massachusetts Legislature passed a bill, according to which DOER should look into requiring distribution companies to procure an additional 1.6 GW of offshore wind capacity by 2035.

"By utilizing Federal Investment Tax Credits within the structure of a long-term power purchase agreement, Vineyard Wind was able to offer an attractive price to the benefit of consumers while creating value for its shareholders," Vineyard Wind chief executive Lars Thaaning Pedersen said in a statement.

According to DOER's letter to DPU, the Vineyard Wind contracts are expected to reduce customer's monthly bills by about 0.1% to 1.5%. DOER said that their price is well below the levelised projected costs of buying the same amount of wholesale energy and RECs in the market and that the wind farm is expected to provide total direct and indirect benefits to Massachusetts ratepayers of around USD 1.4 billion over the term of the contract.

"The implementation of this 800 MW Vineyard Wind Project has the potential to support Massachusetts' "first mover" advantage in offshore wind development, providing greater opportunities for development of local supply chain and offshore wind industry jobs in the Commonwealth," the letter also reads.

The 20-year average cost of the project's two long-term contracts, for phase one and phase two, is USD 84.23 per MWh in levelised nominal dollar terms, which is equivalent to a levelised net present value price in 2017 dollars of USD 64.97 per MWh, according to the letter.

(USD 1 = EUR 0.860)

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