

OSTERVILLE VILLAGE ASSOCIATION

OVA Meeting
November 1, 2022

www.OVAToday.com
ReadingRoom

Information in this handout

Barnstable's Local Comprehensive Plan Presentation

OVA Survey Results About Avangrid's Desired Landing and Routing

New: Iberdrola's (Avangrid parent) Answers to Wall Street Analysts' Questions on Commonwealth Wind and Park City Wind

Local Comprehensive Plan – 2022

The OVA welcomes James Kupfer, Senior Planner, Town of Barnstable, to talk about the Town's Local Comprehensive Planning process, now underway.

- ✓ Do you care about what this community will look like in 2032?
- ✓ Do you care about the character of Osterville Village?
- ✓ Do you care about single-family zoning?
- ✓ Do you care about density development?

Then you care about the Local Comprehensive Plan.

Please engage.

10:1

Osterville Respondents Say No to Avangrid's Power Lines Landing at Dowses

Summary: An overwhelming majority of Osterville respondents to a survey that asked whether they support Avangrid landing its high voltage transmission lines at Dowses Beach said No. If the power lines were to land at Dowses, they should not be routed through Avangrid's preferred route, up Main Street and through the Business District, they said.

Background: The OVA solicited views on two questions through an electronic survey and at the Osterville Library. This followed Town Manager Mark Ells telling the OVA on October 4, 2022 that time was short. He reported that the Avangrid proposal project was moving through permitting, and comments were due to a state office on Avangrid's Environmental Notification Statement by the end of October. (That date has since been extended to November 27, 2022.) The OVA decided to seek a sense of the community to share with officials quickly. This was in part due to Avangrid's expressing, in various forums, that there was strong community support for its prior projects. The OVA created two options for responding: on-line or in-person at the Osterville Library. The OVA appreciates the Osterville Library's hospitality, and for sharing word about the opportunity on social media.



The OVA survey questions were simple and agenda-free

1. Should Avangrid land its high voltage power lines at Dowses Beach?

202 said No

20 said Yes

2. If Avangrid does land its power line at Dowses Beach, should it be routed up Main Street, through the Business District or up Old Mill Road?

158 said Old Mill Road

29 said Main Street

34 chose not to answer Q 2

1 write-in for a different route



A few survey observations.

- The OVA is not a professional pollster. It understands surveys can be designed to achieve desired ends. The OVA asked plain questions in a straightforward way.
- The questions were not a referendum on ancillary issues, such as, for example, personal views on clean power.
- The level of respondents - several hundred - gives a sense of the community, particularly given the clear shared point of view. (The number of respondents exceeded, for example, the number of respondents to the town's on-line survey of views about its form-based zoning proposal, 140).
- Residents should communicate their points of view about the Avangrid project directly to decision-making authorities on an ongoing basis.

The OVA appreciates your engagement.

Two weeks ago, the OVA sent Avangrid questions about its need for investors, and new power contracts.

Last week, Wall Street asked Avangrid the Same Questions

Fully half of the analysts present questioned Avangrid on the need to renegotiate contracts for Commonwealth Wind and Park City Wind and pressed for black and white answers.

The answers raise more questions about the use of public resources in permitting and other government processes on a project that cannot move forward absent a new contract with higher prices.

Last week, Wall Street analysts asked Iberdrola the same questions the OVA did about the power contracts Avangrid signed after competitive bid processes. They pressed Iberdrola's CEO Pedro Azagra for clear answers. The exchanges are on the pages that follows. Read the full transcript at OVAToday.com.

The punchline? Avangrid wants to shift its contract costs to consumers. It will not proceed with the projects unless it can do that. It will take at least 9 months to re-negotiate.

More local questions arise because Avangrid wants to carry on with the *on-shore* part of its projects – on our beaches and through our roadways – without power contracts that make the project financially viable. **The contracts - that Avangrid says do not work financially - covers the on-shore part, too.**



Operator

Thank you. [Operator Instructions] We have the first question from the phone line from **Richard Sunderland from JPMorgan Chase**.

Richard Sunderland

Hi, good morning. Thank you for the time today. **When starting on offshore, you've been very clear on the challenging backdrop for offshore now versus when striking the Park City and Commonwealth contracts. Thinking about the restructuring gain earlier this year versus the current CIP challenges on those two projects. Do you need to be successful in the renegotiations to realize this value?** You also cleared what the range of options are for moving forward and the timing expectations for that process versus the 2027, 2028 CODs?

Pedro Azagra

I think I'm going to take the lead on this one. First of all, from a game point of view, **I think we're very comfortable, the value as you can see of just the leases of those projects is huge. So from that point of view, I think you know, there is a value in those assets, whether you go ahead with the project now, later or you just cancel them and start again, the leases are worth a lot.** So from our point of view, I think the value that we have agreed for our gain that you mentioned in agreement with CIP is clearly a very good value for us, well below most of the comparable transactions, just for either leases, okay.



Will Avangrid agree not to ask governments and the public to expend public resources in permitting and other processes unless and until Avangrid has new contract, since Avangrid says it:

- 1) needs new contracts to proceed, and
- 1) is very comfortable even if no contract follows?



Continued.

Second, I think it's important that, everything we're doing right now is what we do in many projects. We renegotiate, we've been working right now in onshore wind, solar projects that we were developing this year in renegotiating timelines, we are renegotiating period of delivery, and avoiding 10s and 10s of millions of potential penalties are doing the same thing here. There is a change, a dramatic change in the world right now, in many aspects that we have commanded. And therefore, we believe these projects are the cheapest alternative for energy in New England, without any doubt, it doesn't matter what you compare this with, and therefore, we're not suggesting, we want to make more money, what you're suggesting, we need to find, this project is back to the return, we were expecting and basically not to lose money.

And it's a question of, putting that on the table, which we are doing, and I think we are comfortable that, this is something to work with many parties, and we are working right now, in negotiations, many meetings already, it is a process that is going to take probably nine months, at least. So from our point of view, we are working as we do in other situations. So very comfortable in the process ahead of us, either to renegotiate, or to start again, but I think we're comfortable right now with the process and the argument we're using.



Will Barnstable renegotiate its financial arrangements with Vineyard Wind and Park City Wind to get a better deal for this community in light of changed conditions, too?

Will Avangrid agree to ask for government processes – MEPA's ENF review, Host Community Agreements, all others – to pause unless and until there is a new, viable contract – at least 9 months?



Richard Sunderland

Got it. Appreciated the color there. So just to be clear, you see the value in terms of the agreement is being derived from the leases, rather than the contracts, meaning if you have to go into the process of getting for new contracts on a new RFP, there wouldn't be a change on the day, is that the case?

Pedro Azagra

You can pick up one or the other one, if you conclude successful renegotiation, the value is huge. You saw the growth. They sold the asset in East of Anglia, and you saw they have sold a stake also in this taking Vineyard Wind 1. So if you have a proper renegotiation, I think the value would be amazing. Okay, if you stay with the leases, and you participate in an auction, how much it was paid in Carolinas and New York and other places. So you will see that it's also hundreds of millions of value there well above in any case, the values that we have considered for the CIP agreement.



What is the likelihood Avangrid will be held to its bid and contract commitments, and not be permitted to shift costs to electricity consumers?

Who was the runner up in the competitive bid process? Will it and others get a chance to rebid?



Operator

Thank you. We now have **Insoo Kim of Goldman Sachs**. Your line is now open.

Insoo Kim

Thank you. First question, just following up on the offshore wind PPA repricing process. I guess, if we think about whether you do successfully are able to renegotiate through the states or, if they offer a new competitive bidding process that you may reenter into, are you still looking to in either option? Are you still looking to choose or stick to the option that gets you to the low teens levered returns? Or are you willing to, like accept modified lower return, if you're able to at least get the current price restructured?

Pedro Azagra

I think the EDA is to go back to the same return that we were expecting in the project, you know, when we put it on the table? So I think what has changed is, the world is different the supply chain issues, the commodity prices, they delay in construction. So there are many things happening that were unexpected, even in the last 20 years this has not happened at all. So I think the idea is to go back, you know, to the same numbers and economics we had before.



Did not Avangrid experts make assumptions about its supply chain and commodity prices that informed its bid?

Why should risks Avangrid assumed in its bid be shifted to electricity consumers?

Why does Avangrid think it should be held harmless from inflation, supply chain and commodity price changes?



Insoo Kim

Okay. And then just from a legal perspective, is there any legal precedent for a competitively struck contract through a regulatory system be repriced just trying to see if there's something that we can look to in history?

Pedro Azagra

There are cases I understand that there has been renegotiation in contracts. And then second, and I understand also, what we're trying to do here is to renegotiate within the framework of our contract. Okay, so we're not trying to go up, around or both the contract that we have that we believe has clauses in the transmission line in mainstream Sydney, the appropriate, we believe within, what is in the contract, there is room for the request we're doing.



What does this answer mean?



Operator

Your next question comes from the line of **Julien Dumoulin-Smith of Bank of America, Merrill Lynch**. Your line is open Julian.

Julien Dumoulin-Smith

Hey, good morning, Pedro and team and thanks for the time. If I can just to go back on the last set of questions. And I just want to pin you down a little bit more on the offer considerations. **If the Massachusetts Commission does not grant a higher PPA, will you move forward with the project? I guess I just want to see if we can ask this in a more of a black and white kind of way.**

Pedro Azagra

The answer is we need to -- those revisions in order to continue with the project. We just need that.

Julien Dumoulin-Smith

Yes. You need them to move forward, right? I'm hearing you, right.

Pedro Azagra

Yes. No doubt. I mean, we don't want to share just trying to make more money. No, this is a very serious matter, with full transparency onboarding everything happening on the table. That's why I think we're having good meetings so far in general. So the answer is simple. Yes, we need that.



Will Avangrid consent to publicly-funded agencies (MEPA), the Town, and the public pausing review of projects that Avangrid says it will not proceed with absent a new, renegotiated, higher priced contract?

Public Comment Opportunity

1. Avangrid filed its **Environmental Notification Form with the MA Environmental Policy Act Office (MEPA)** on September 30 Find it here: <https://avangridrenewables.app.box.com/s/vwftpvf703ivpauz34yoadvimq8g8lbu>

Public Comment runs until November 27, 2022, *if* MEPA does not suspend comment due to Avangrid's need for a new contract with higher prices paid by electricity consumers in order to proceed.

- Send comments on the ENF to MEPA online through its Public Comment Portal at:
<https://eeaonline.eea.state.ma.us/EEA/PublicComment/Landing/>
- Email comments to mepa@mass.gov (reference New England Wind 2 Connector)
- Mail comments to: Secretary Bethany A. Card Attn: MEPA Office Executive Office of Energy and Environmental Affairs 100 Cambridge Street, Suite 900 Boston, MA 02114

2. Send your comments to the **Energy Facility Siting Board**, which approves or disapproves the proposed location

- Email comments to [Robert.J.Shea @ MASS.Gov](mailto:Robert.J.Shea@MASS.Gov)

Thank you for being here. Please stay engaged.

Send questions or comments to 02655OnWind@gmail.com

Find information in the Reading Room www.OVAtoday.com