

**MINUTES**  
**VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY**  
**VIRGINIA HOUSING CENTER**  
**GLEN ALLEN, VIRGINIA**

**THURSDAY, MAY 23, 2013**  
**10:00 A.M.**

**CALL TO ORDER**

Chair Bob Matthias called the meeting to order at 10:10 a.m.

**Members Present:** Bob Matthias, Joan Bondareff, Mary Doswell, Brian Redmond, Lisa Johnson, Ron Ritter

**Members Absent:** Art Moye, John Jester

**Staff:** Conrad Spangler, DMME Director; Cathie France, DMME Deputy Director for Energy Policy; Al Christopher, DMME Energy Division Director; Ken Jurman, DMME Renewable Energy Manager; Michael Skiffington, DMME Program Support Manager; Lynne Astroth, DMME Energy Project Coordinator; Sarah Surber, Assistant Attorney General; Jon Miles, Virginia Center for Wind Energy-JMU; Rick Thomas, Timmons Group; Carrie Roth, Deputy Secretary of Commerce and Trade

**Guests:** Clinton Plummer, Vice President of Development, DeepWater Wind; Douglass Sims, Director-Energy Finance, Center for Market Innovation, National Resources Defense Council; Laura McKay, Program Manager, Virginia Coastal Zone Management Program, Department of Environmental Quality.

**APPROVAL OF MINUTES**

The Chair called for a motion to approve the March 21, 2013, minutes as presented. The motion to accept the minutes passed unanimously.

**NEW JERSEY OFFSHORE RENEWABLE ENERGY CREDIT (OREC) PROGRAM  
AND OSW IMPACT ON POWER PRICES**

*Presenter: Clint Plummer, DeepWater Wind*

Deepwater Wind, one of the leading U.S. offshore wind developers with projects in New England, New York, and New Jersey, is building the first offshore wind farm in the U.S. adjacent to Block Island, Rhode Island. Vice President of Development Clint Plummer's presentation included an overview of Deepwater Wind, the benefits vs. costs of offshore

wind, how to structure financeable commercial contracts, and what development models work best. Mr. Plummer recommended that Virginia adopt the following principles.

- Consider all the benefits -- job creation, emissions reductions, price suppression, long-term hedge -- which significantly outweigh over-market cost.
- Allocate costs to all beneficiaries.
- Minimize administrative complexity.
- Ensure creditworthiness.
- Choose a preferred developer(s) before BOEM leasing.

## **FULFILLING THE PROMISE OF U.S. OFFSHORE WIND, TARGETED STATE INVESTMENT POLICIES TO PUT AN ABUNDANCE RENEWABLE RESOURCE WITHIN REACH**

*Presenter: Douglass Sims, National Resources Defense Council*

Center for Market Innovation Energy Finance Director Doug Sims presented an overview of strategies to reduce the economic and financial risks of offshore wind outlined in his February 2013 issue paper, *Fulfilling the Promise of U.S. Offshore Wind: Targeted State Investment Policies to Put an Abundant Renewable Resource within Reach*. A copy of this report is available at the following link, <http://www.nrdc.org/business/files/offshore-wind-investment.pdf>.

While federal incentives are an important part of launching offshore wind in the United States, states also need to implement policies that ensure projects have certainty they will receive sufficient revenues and sufficient access to affordable debt capital. To create an offshore wind ecosystem, Mr. Sims recommended that Virginia consider the following:

- An ambitious yet realistic offshore wind policy goal to signal its commitment
- Offshore wind mechanisms that provide revenue certainty, bundle project rights to get the best price and developers, and build in risk sharing between offshore wind companies and ratepayers
- Virginia or regional Green Bank or other financing entity prioritizing offshore wind to leverage private sector financing to fund the offshore wind pipeline
- Supportive industrial policy to ensure jobs
- Regional efforts to create synergies

A copy of the slide presentation will be available on the VOWDA web site, <http://wind.imu.edu/offshore/vowda/index.htm>.

## **OVERVIEW OF MARCO PORTAL AND VIRGINIA COASTAL GEMS**

*Presenter: Laura McKay, Department of Environmental Quality*

Virginia Coastal Zone Management (CZM) Program Director Laura McKay provided an overview of the Commonwealth's CZM Program and the coastal and ocean mapping portals for Virginia and the Mid-Atlantic.

- Established in 1986 and funded by NOAA, the goal of the Virginia CZM program is to protect, restore, and strengthen our coastal ecosystems and economy. In 2001, the state and local partners expressed the need for a comprehensive inventory of Virginia's coastal resources and began to identify and map the best remaining water- and land-based natural resources within Virginia's coastal zone. In February 2007, the Virginia Coastal Geospatial and Educational Mapping System (Coastal GEMS) was launched as an integrative tool to facilitate information.
- In June 2009, the governor's of Virginia, New York, New Jersey, Delaware and Maryland developed a regional partnership to maintain and improve the health of our ocean and coastal resources – the Mid-Atlantic Regional Council on the Ocean (MARCO). Virginia leads the MARCO team on ocean planning. In December 2010, MARCO became the first in the nation to launch a regional, web-based ocean planning portal that is being built with state/federal/academia coordination.
- In 2010, the *Interagency Ocean Policy Task Force* issued its final recommendations calling for the creation of a National Ocean Council and nine Regional Planning Bodies for the development of regionally-focused coastal and marine spatial plans. The membership of each of the regional planning bodies would consist of federal, state, and federally-recognized tribal authorities relevant to coastal and marine spatial plans for that region (e.g., resource management, including coastal zone management and fisheries management, science, homeland and national security, transportation, and public health). The Mid-Atlantic Regional Planning Body is comprised of the five MARCO states, along with ex-officio membership of Pennsylvania. The goal of the Regional Planning Bodies is to develop comprehensive marine spatial plans by 2015. DEQ and MRC serve as Virginia's two state representatives.
- In 2012, the Virginia CZM Program, working with the Virginia Aquarium, received a \$180,000 grant to conduct whale surveys in an effort to better understand whale activity off Virginia's coast. Whale data collected will be added to the MARCO portal.

The Coastal GEMS and MARCO portals may be valuable tools as VOWDA moves forward to facilitate and support development of wind projects off Virginia's coast. A copy of the slide presentation will be available on the VOWDA web site, <http://wind.jmu.edu/offshore/vowda/index.htm>.

## **FUNDING OF OFFSHORE WIND RESEARCH AND DEVELOPMENT**

The \$1 million in general funds for DMME to leverage private and federal funding for additional research activities will become available July 1, 2013. Ken Jurman prepared a summary of known Virginia offshore wind research activities and resources to provide background and a framework for determining how best to invest these funds. A copy of the summary will be available on the VOWDA web site, <http://wind.jmu.edu/offshore/vowda/index.htm>. DMME will also reach out to BOEM, DOE, state agencies,

industry, developers and others to discuss ideas for projects to invest in and how to leverage the state funds. VOW has agreed to assist DMME to survey industry for recommendations on research investments.

## **DMME UPDATES**

RFCI—Research Lease 2: BOEM is expected soon to publish the 30-day Request for Competitive Interest for Research Lease Application 2, which is an important step to ensure that the VOWTAP turbine demonstration project is competitive in the DOE down-selection process.

FSN—Commercial Lease: Publication of the Final Sale Notice for the commercial lease auction is delayed as BOEM is awaiting an opinion affecting the exclusion zone for protection of marine wildlife from NOAA's National Marine Fisheries.

Ocean Survey: Marine vessels conducting ocean survey work are about to be mobilized and survey plans have been shared with the contractors managing the respective surveys to ensure good coordination and to avoid duplication

Ratepayer Costs: VOWDA Chairman asked DMME to research how Maryland and New Jersey determined ratepayer acceptance of higher electricity costs to provide financial incentives to wind energy developers.

VOWTAP: There was discussion on possible legislation or other initiative to accelerate the SCC regulatory process to lower barriers for approval of VOWTAP and future renewable energy pilots / demonstrations of offshore wind and how VOWDA could help. Consensus was that VOWDA would wait to see what direction VOW will take and then discuss how the board can help guide VOW and provide support.

Virginia Offshore Wind Timeline: The Virginia Offshore Wind Timeline is still a work in progress and additions, edits and recommendations are encouraged. Once the timeline is finalized, it will be added to the VOWDA website with updates on a continuous basis.

## **PUBLIC COMMENTS**

No public comments were received.

## **FUTURE VOWDA MEETINGS AND TOPICS**

VOWDA will next meet on Wednesday, July 24, 2013, 10 a.m. in Henrico Room 2 of the Virginia Housing Center in Glen Allen.

The Governor's Energy Conference will be held October 16-18, 2013, at the Richmond Convention Center. The board will consider at the July meeting if they want to reschedule and/or combine the September and November meetings and meet the afternoon of October 15<sup>th</sup> before the kickoff reception.

Topics / presenters for future VOWDA meetings include the following. Mary Doswell suggested that we ask presenters for a summary of their presentation in advance so it can be reviewed by staff to determine its need and to avoid duplication of information.

- Brattle Group Study: A Learning Investment-based Analysis of the Economic Potential for Offshore Wind
- CESA Report: Collaborative Procurement of Offshore Wind Energy – A Buyers Network: Assessment of Merits and Approaches
- Southeastern Coastal Wind Coalition: Works to advance coastal and offshore wind development and supply chain in the Southeast
- ABS: Leading provider of classification services to the global offshore industry (ships and other floating devices including wind turbines)
- Fugro update

## **ADJOURNMENT**

The meeting adjourned at 1:20 p.m.