

Draft Meeting Minutes
Virginia Offshore Wind Development Authority (VOWDA)
Glen Allen Cultural Arts Center, Dogwood Salon
Tuesday, December 7, 2010
9:30 a.m.

The first meeting of the Virginia Offshore Wind Development Authority (Authority) was called to order at 9:30 a.m. by Department of Mines, Minerals and Energy (DMME) Director Steve Walz.

Members present were Mark Bitterman, Joan Bondareff, Mary Doswell, Lisa Johnson, Bob Matthias, Arthur Moyer Jr., Brian Redmond, and Ron Ritter. Also present were Deputy Secretary of Natural Resources Maureen Matsen, Deputy Secretary of Commerce and Trade Carrie Cantrell, and DMME staff Ken Jurman and Evie Christopher.

Steve Walz made welcoming remarks and Authority members and DMME staff introduced themselves.

OVERVIEW

The mission of the Authority is to facilitate, coordinate, and support development of the offshore wind energy industry, offshore wind energy projects, and supply chain vendors by:

- Collecting metocean and environmental data.
- Identifying regulatory and administrative barriers.
- Working with local, state, and federal government agencies to upgrade port and logistic facilities and sites.
- Ensuring development is compatible with other ocean uses and avian/marine wildlife.
- Recommending ways to encourage and expedite offshore wind industry development.

The 2010 enabling legislation included three members representing the U.S. Navy. However, the Virginia Code limits active duty personnel from serving on boards. A legislative amendment will be submitted in 2011 to address this issue.

ENABLING LEGISLATION HIGHLIGHTS

Title 67, Chapter 12, Code of Virginia [*Handout A*]

- Establish public-private partnerships under the Public-Private Educational Facilities and Infrastructure Act of 2002 for the collection of metocean and environmental data and for upgrades of port facilities and other logistical equipment.
- Apply to the U.S. Department of Energy to receive and distribute federal loan guarantees for offshore wind projects.
- Review all utility transmission studies (Dominion) and recommend actions to facilitate power from offshore wind projects by May 31, 2011.
- Accept, hold, and administer moneys, grants, securities, donations; to make and execute contracts; enter into interstate partnerships to develop the industry and projects.
- DMME Director serves as Director of the Authority. Office of the Attorney General will provide counsel to the Authority.
 - DMME will provide staff support that will include recordkeeping, financial management, and the creation and maintenance of the VOWDA webpage to be located on the DMME website.
 - All meetings will be open to the public, allowing for public comment at the end of the meeting. Procedures are in place that allows the Authority to go into executive session when needed.
- Submit an annual report of its activities and recommendations to the Governor and the House and Senate Finance and Commerce and Labor committees by October 15 of each year. The first report will be due October 15, 2011
- Can hold in confidence personal and financial information concerning the siting and development of projects but the Code does not prohibit them from releasing statistical/aggregate information.

ADMINISTRATIVE MATTERS

- Art Moye and Joan Bondareff were elected Chair and Vice Chair, respectively. The Chairman will lead the meetings and provide direction on scheduling and agenda topics.

- Conflict of Interest (COIA) reporting and training requirements and provisions of the Freedom of Information Act (FOIA) were briefly reviewed. Copies of the COIA and FOIA had been mailed to Authority members prior to this meeting.
- Steve Walz explained the expense reimbursement process. Members serve without compensation, however, can be reimbursed for expenses from funds as appropriated by the General Assembly. Since no funds were appropriated, DMME will pay these expenses in accordance with state government travel rules from the Virginia State Energy Program grant as long as funds remain available.

BACKGROUND ON OFFSHORE WIND IN VIRGINIA

Steve Walz presented highlights of the timeline of all events, federal and state level, that have affected the development of Virginia's offshore wind industry [*Handout B*].

- Virginia Energy Plan legislation passed in 2006 and the Virginia Coastal Energy Research Consortium (VCERC) was established to serve as a resource on coastal energy issues and facilitate coastal energy technologies. Basic research started in 2007 and in 2009 VCERC reached out to other stakeholders beyond the academic and contractor community. The VCERC Offshore Wind Report that was released in April 2010 is available on the VCERC website.
- The Federal Energy Regulatory Commission (FERC) and Minerals Management Service (MMS) signed an agreement in April 2009 establishing federal jurisdiction. In June 2009 MMS finalized rules for offshore wind development and leasing.
- Two Virginia-based companies, Seawind Renewable Energy and Apex Wind Energy, submitted unsolicited bids for offshore lease blocks to MMS in September 2009. This serves as one example of how this work can grow jobs in Virginia.
- In November 2009 the Virginia Offshore Wind Coalition (VOW) was created and the Mid-Atlantic Offshore Wind Cooperative agreement was signed by Virginia, Maryland, and Delaware. A second agreement was later signed creating the Atlantic Wind Energy Consortium of the Department of Interior and Atlantic states to identify ways to streamline the federal leasing process and support offshore wind development.

- The MMS-Virginia Taskforce was formed in December 2009 to begin the offshore wind leasing process in federal waters off of Virginia. The Taskforce met for the third time on December 6 to finalize the lease terms, which should be out in early 2011. The Department of Defense has approved the proposed lease blocks. A map has not yet been issued.
- 2010 General Assembly passed legislation to create the Virginia Offshore Wind Development Authority.

MET-OCEAN TOWER REPORT

The enabling legislation required the Department of Mines, Minerals and Energy to prepare a report on “the appropriate placement of meteorological towers and necessary renovations to existing structures.” This report was primarily drafted by George Hagerman of Virginia Tech. Data provided is intended to develop a bankable project. A copy of the Executive Summary and full report were provided to members [*Handout C*].

Discussion included:

- Opportunities and challenges posed by purchasing and using the Chesapeake Light Tower (CLT) as metocean and environmental data collection platform:
 - The CLT is the only existing structure to which VOWDA legislation applies. Using this existing facility to install new equipment could move the program forward, providing LIDAR capability offshore. The CLT is already permitted and could save a lot of time and expense. If the CLT can be used, the report recommends proceeding with a phased developmental approach.
 - The nearly 50-year old facility has been declared surplus property by the United States General Services Administration (GSA). The estimated cost for structural repairs is \$1.5 million. It is currently only accessible via helicopter.
 - The City of Virginia Beach is considering the purchase of the CLT for long-range radar to address radar performance diminished by high-rises.
 - The City of Virginia Beach (City) is supportive of the CLT as a research/data platform. However, the biggest concern is long-term maintenance costs. The City received an estimate of \$50,000 to conduct an engineering analysis. Before proceeding, the City would need to make

a long-term financial commitment to assist with the maintenance of the Tower.

- If the City doesn't purchase the CLT, the GSA would probably put it out again for bid. The VOWD and City may want to consider a congressional transfer of the property in lieu of a purchase. The ultimate owner will need to maintain the tower light as a navigation aide.
- The other two existing measuring stations are buoys located east Cape Henry and east of False Cape State Park. However, the report is built around using the CLT. We need to build a bankable model. If we can't use the CLT, the alternative would be to skip Phases I and II, and proceed to Phases III and IV to build a new physical met tower at an estimated cost of \$4 - \$7 million.
- There is potential for the Authority to obtain Section 238 lease blocks and aliquots, to be developed as research and development areas.
- There was discussion about how the Authority wishes to proceed. It needs to consider where to draw the line between the Authority and developers -- the Authority provides usable data but doesn't do the developer's work. The Authority can form public-private partnerships and meet with other groups involved in this development to share ideas and help make data available.
- There are many job opportunities. The Virginia Economic Development Authority has identified over 200 companies that fit in the offshore wind supply chain.

INTERCONNECTION STUDIES

- PJM Study: The high-level technical study, requested by the Atlantic states, determined that 10 GW of offshore wind is possible at 4 different points along the mid-Atlantic, with minimum connection costs/upgrades.
- Dominion Study [Handout D]: DMME, as authorized by VOWDA legislation, requested Dominion Virginia Power (DVP) to perform a transmission study to determine the potential interconnection options for multiple offshore wind facilities to the transmission grid – potential locations and constraints. The study addressed two amounts of development – 2700 MG and 4500 MG using 33% capacity. The study indicates that we can bring substantial power onshore but that a developer would

make improvements to a few transmission lines. The cost to bring in 2700 MG is estimated at \$30 million.

NATIONAL OFFSHORE WIND TECHNOLOGY CENTER (NOWTC)

- The state has contracted with Virginia Tech ARI to develop a business plan to create the National Offshore Wind Technology Center (NOWTC) as a focal point for research, data, and testing. This represents an opportunity for Virginia to leverage its key assets and accelerate its involvement in full-scale technology deployment several years before the first commercial offshore wind projects are constructed. This can create dozens of jobs now and set the stage for creating thousands of jobs to support offshore commercial projects.
- Federal Department of Energy funds may be made available for this type of center.
- Any grant is contingent on the federal budget, but it could be a vehicle for Virginia to get funds. If this proceeds, the VOWDA could work in conjunction with the NOWTC to support such a facility.
- NOWTC would likely be set up as a 501 entity (non profit). JMU could provide administration and support.

2011 LEGISLATION

- Legislation will be submitted to fix Navy representation on VOWDA/
- Other changes, as determined by the Authority, can be addressed in 2012 GA session.

FUTURE MEETINGS

- Focus on direction of the Authority and establish quantifiable measures of what it wants to accomplish.
- Prepare summary of activities and outcomes from other East Coast states to benefit from lessons learned by those states.
- The next meeting will be held in February 2011, soon after RFI release. Staff will poll members for potential dates and agenda topics.
- Consider scheduling future meetings around RFI schedule.

- Meetings can be held via teleconference if needed, meeting state rules for open meetings.

The meeting adjourned 11:30 a.m.