

DRAFT MINUTES
VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY
TUESDAY, MAY 3, 2016

PRIMARY LOCATION: State Capitol ~ House Room 1 ~ 1000 Bank Street ~ Richmond, VA 23219

REMOTE LOCATION: 1019 Haverhill-Ohio Furnace Road ~ Haverhill, Ohio 45636

CALL TO ORDER

Vice-Chair Joan Bondareff called the meeting to order at 10:05 a.m. Members, staff, and guests introduced themselves.

Primary Location

Members Present: Joan Bondareff, Mary Doswell, Phillip Green, Art Moyer, Varun Nikore, Ron Rosenberg

Members Absent: Bob Matthias, Deborah Miller

VOWDA Staff Present: John Warren, Al Christopher, Ken Jurman, Evie Christopher, Barbara Simcoe, Eileen Carson, Robin Jones, Paul Kugelman, George Hagerman

Remote Location

Members Present: Brian Redmond

Public Attendance: None

APPROVAL OF MINUTES

The Vice-Chair called for a motion to approve the December 2, 2015, minutes as presented. The motion to accept the minutes passed unanimously.

VIRGINIA OFFSHORE WIND TECHNOLOGY ADVANCEMENT PROJECT (VOWTAP) UPDATE

Presenter: Mary Doswell, Dominion Resources

Mary Doswell briefed the members on the status of VOWTAP. The presentation can be viewed on the VOWDA website at <http://wind.jmu.edu/offshore/vowda>. Highlights include:

- § Stakeholder Process and Results: Maintain technology innovations. No further legislation or funding to date. Contract estimate reduced.
- § RFP Results of 2016 Multi Contracts: The second bid process to build the two wind turbines off the Virginia Beach coast lowered the price with a cost range of \$283M to \$371M.

- § VOWTAP Project Expenditures: \$26M is the total amount expended through March 2016. Dominion's net expenditure was \$12M.
- § VOWTAP Project Cost Forecast (From Original through Current RFP Results): The cost share (DOE and others) is \$59.5M. The project is eligible for an investment tax credit of approximately \$20-30 million, which would offset during the SCC filing for rate recovery and show up as a credit that will benefit rate payers.
- § Dominion will file the Integrated Resource Plan this month and make its formal presentation on the project's status to DOE on Friday, May 6. DOE is expected to make a final decision on whether to proceed by May 31st. After DOE's response, Dominion can then develop a path forward. If DOE approves, the project can receive continued funding and Dominion can prepare the SCC filing.

Joan asked what VOWDA can do to help Dominion with their SCC filing. Discussions about support will depend on DOE's decision later this month on whether to proceed with the project. Joan said it would be helpful if Dominion kept VOWDA informed on the SCC process because two critical steps for VOWTAP moving forward are the DOE grant extension and the SCC approval of the project.

VIRGINIA OFFSHORE WIND (VOW) COALITION UPDATE

VOW Chairman Chuck Decuir was unable to attend the meeting but provided members with a written update of recent VOW Coalition activities which Joan Bondareff briefly reviewed with the members. A copy of his report will be made available on the VOWDA website at <http://wind.jmu.edu/offshore/vowda>.

OFFSHORE WIND ENERGY ACTIVITIES AND SUPPLY CHAIN EVENTS

Joan Bondareff briefed the board on offshore wind activities.

The American Jobs project released a report, written in partnership with Virginia Tech, on the potential for creating Virginia jobs in the offshore wind and carbon fiber industries. The report says that the benefits outweigh the costs because the numbers in job creation over the next five years are significant. This report can be helpful in terms of documenting benefits to the SCC and others. DMME staff will arrange for someone from American Jobs or Virginia Tech to address VOWDA at its next meeting.

The Business Network for Offshore Wind, a 501(c)(3) organization dedicated to delivering education and building the U.S. offshore wind supply chain, held its 2016 Offshore Wind Annual Meeting on May 2nd in Baltimore, Maryland. They support offshore wind along the entire Atlantic seaboard.

- § Fisherman's Energy reported that New Jersey Governor Christie vetoed legislation that would have allowed them to reapply to the Bureau of Public Utilities for approval of their project.
- § Dong Energy and U.S. Wind, two other major stakeholders with leases off New Jersey, have reported they are going forward.

- § U.S. Wind, also a major developer in Maryland, is working in Maryland because it has OREC legislation similar to that in New Jersey.
- § BOEM announced plans to have a lease sale off Long Island in New York by the end of the year.
- § Massachusetts is looking at legislation to support offshore wind.
- § Baltimore applied for a U.S. Department of Transportation \$25 million Tiger Grant for offshore wind staging areas.

The Maryland Business Network in Offshore Wind may be something in which the VOW Coalition could participate. There are plans for a fall summit in Rhode Island.

VOWDA WORK PLAN

Ken Jurman and Al Christopher reviewed updates to the VOWDA 2015-2016 Work Plan. Highlights included:

- § Leverage state funding: Available dollars have been invested, cost share has been obtained, and the research projects are underway.
- § Publicize results of Port Readiness Study to help establish Virginia as offshore wind hub: VOW Coalition European Trade Missions helped to address this task.
- § Virginia Port Readiness Phase II Study: This was delayed due to no funding. There was some discussion if the Coast Guard's port access route study could be helpful to completing the Phase II study. This could be a topic for discussion at a meeting of the BOEM-Virginia Task Force, which may be reconvened. The Phase II study would investigate specific sites for the terminal area. It was recommended that a meeting be scheduled with the Port Authority and other maritime interests to address any concerns and next steps. It was also noted that reinitiating contacts and involvement with the Virginia Economic Development Partnership (VEDP) is important. Art Moyer reported that VEDP was restructured by the General Assembly this past session. He will find out who their key contact is for offshore wind. VOWDA can invite that person to address the board at a future meeting.
- § Demonstrating economic benefits: Include the recent American Jobs Report.
- § VOWTAP Environmental Assessment: Almost complete. Environmental issues have been addressed.
- § Federal legislation was introduced to support a further extension of the federal Investment Tax Credit. Joan reported that no new legislation was enacted in Virginia this past session.

DMME UPDATES

Al Christopher briefed the board on DMME updates.

VOWDA FOIA Procedure for Written Communications: In order to provide a central record of communications concerning VOWDA business that resides with and is easily accessible by DMME, VOWDA members shall copy Al Christopher or Ken Jurman on all written communications (email, letters) where the communication concerns VOWDA business.

He reviewed FY16 DMME offshore wind activities. A copy of his handout is available on the VOWDA website at <http://wind.jmu.edu/offshore/vowda>. Highlights include:

- § Two BOEM-DMME cost-shared research projects are nearing completion: (1) *Collaborative Fisheries Planning for Virginia's Offshore Wind Energy Area* and (2) *Ocean Geophysical Survey Phase II Analyses*. Draft reports submitted in March 2016 are under review. Final reports, which should be available soon, will be shared with members and made available on DMME's website.
- § Two projects, funded with state carry forward general funds, will be completed by the end of this fiscal year and draft reports are to be submitted by May 31st: (1) *Validation of Operational Marine Forecasts* and (2) *Analysis of DOE Wind Sentinel Data*. The final reports will be shared with members and posted on DMME's website.
- § The DMME Waverider Buoy was refurbished and redeployed in February 2016.
- § DMME submitted three research project cost-sharing proposals to BOEM for their 2017 budget: (1) *Marine Forecast Validation*, (2) *Chesapeake Light Tower Preservation—reference station for offshore renewable energy*, and (3) *Presence and Quantity of Offshore Heavy Mineral Resources*. DMME expects to hear back from BOEM in the fall of 2016.
- § On March 24, 2016, BOEM announced approval of VOWTAP's Research Activities Plan (RAP) – the first wind energy RAP issued for a wind energy project in U.S. federal waters.

The Federal 2017-2022 Oil and Gas Leasing Program does not propose any lease sales for the Atlantic OCS.

Regarding Investment Tax and Production Tax Credits, the FY16 Omnibus Appropriations bill extended tax credits through 2019. They will begin to decline in value by 20% each year beginning in 2017. Al will send members the specific breakdown of the tax credit declines. [The IRS subsequently issued a new ruling on the PTC, enabling it to be used by developers in four years if construction is begun this year.]

PUBLIC COMMENTS

Tom McNeilan, McNeilan Associates: Collectively there have not been a lot of tangible accomplishments since the federal rules were first published for offshore wind seven years ago. Maryland Business Network for Offshore Wind is somewhat of an exception and one of the reasons for their success is they had state money backing them. He recommended that their Executive Director Liz Burdock be invited to speak to VOWDA at its next meeting.

Andy Geissbuehler, General Manager, North America Offshore Wind, GE Renewable Energy: He expressed his appreciation for this offshore wind forum and working jointly to drive the industry forward. He talked about where the wind industry stands today in Europe and the United States. Once the industry takes off in the U.S., there will probably not be enough sustainable volume in the U.S. to have multiple supply chain centers. Virginia is recognized as a business friendly state with the right logistics and available manpower for a supply chain base. It's important to be alert to make sure Virginia gets a fair share.

Discussion followed on how VOWDA can get out the message to Virginia's leaders that this is a critical time and critical decisions need to be made to bring offshore wind off the coast of Virginia. Bringing stakeholders together is the key to moving this forward. Art Moyer said he would reach out to the Virginia Ship Repair Association, a regional trade association that represents companies engaged in or supporting the ship repair industry in Virginia and the Mid-Atlantic region.

NEW BUSINESS / ANNOUNCEMENTS

The next meeting is scheduled for Thursday, September 29, 2016, in Richmond, venue to be announced later.

ADJOURNMENT

The meeting adjourned at 11:30 a.m.