

**MINUTES
VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY
STATE CAPITOL HOUSE ROOM 3
1000 BANK STREET
RICHMOND, VIRGINIA
TUESDAY, SEPTEMBER 16, 2014**

CALL TO ORDER

Chair Bob Matthias called the meeting to order at 10:40 a.m. Members and staff introduced themselves.

Members Present: Joan Bondareff, Mary Doswell, Phillip Green, Deborah Miller, Bob Matthias, Brian Redmond, Ronald Rosenberg

Members Absent: Art Moye

DMME/OAG Staff Present: Conrad Spangler, Michael Skiffington, Ken Jurman, Lynne Astroth, Barbara Simcoe, Evie Christopher, Lynne Rhode

VOWDA APPOINTMENTS

Bob Matthias welcomed the two new members who were recently appointed by Governor McAuliffe: Deborah Miller, Principal, Green Strategy Associates; and Phillip Green, President, Green Powered Technology.

OFFICE OF THE ATTORNEY GENERAL COUNSEL TO VOWDA

Bob Matthias announced that Paul Kugelman, Jr., Senior Assistant Attorney General, Environmental Section of the Office of the Attorney General, will now serve as VOWDA's legal counsel.

FREEDOM OF INFORMATION ACT (FOIA)

Lynne Rhode, Office of the Attorney General (AG) Environmental Section Chief, representing the AG's office in Paul Kugelman's absence today, provided members with a brief overview of the Freedom of Information Act (FOIA). She will send members a PowerPoint presentation highlighting FOIA and Conflict of Interest Act requirements, as well as provide information on the Governor's Executive Order 2 regarding restrictions on receiving gifts.

APPROVAL OF MINUTES

The Chair called for a motion to approve the June 9, 2014, minutes as presented. The motion to accept the minutes, made by Joan Bondareff and seconded by Brian Redmond, passed unanimously.

VIRGINIA OFFSHORE WIND (VOW) COALITION – AN EVOLUTION REVOLUTION

Presenter: Chuck de Cuir, Chairman

Mr. de Cuir presented a brief history and the new restructure/future plans of the VOW Coalition.

VOW was created in 2009 to move forward offshore wind development education and awareness of opportunities that exist in Virginia. Membership was originally comprised of developers, larger supply chain companies, localities, and utilities. In 2014, VOW restructured its bylaws and membership model to reflect the engagement of a more diverse makeup of Virginia entities within or associated with the supply chain, such as ship yards, offshore supply companies, as well as representation from stakeholders, association members, non-association industry members, and academia/not for profit interested individuals. VOW established a strategic cooperative agreement with the Virginia Ship Repair Association to support, promote and increase awareness of each other's missions. Future plans include setting up an Industry Day to continue offshore wind development education and working on reverse trade missions with the Virginia Economic Development Partnership.

VOW is reaching out directly to the potential major contractors to help make Virginia and Hampton Roads known as a viable option. VOW is often involved in speaking engagements and presentations and can assist on outreach and public relations. VOWDA can support VOW by keeping them updated on the projects and working together to develop a platform to market the message about Virginia/Hampton Roads as the Mid-Atlantic supply chain hub. For Hampton Roads to be considered the supply chain hub, it is important to have open discussions with all involved parties for the good of the whole Mid-Atlantic region.

See the PowerPoint presentation on the VOWDA website at: <http://wind.jmu.edu/offshore/vowda>.

DMME UPDATES

Presenter: Michael Skiffington, DMME Program Support Manager

Research Leases

DMME and the Office of the Attorney General are in the process of negotiating the terms and conditions of the two lease research offers with the Bureau of Ocean Energy Management (BOEM).

Offshore Wind Funding and Expenditures

FY 2014: A Request for Proposal (RFP) for \$860,000 was issued early this year by DMME and four projects were awarded in the spring of 2014 to conduct offshore wind research projects. One of those projects awarded \$310,000 in General Funds (GF) to Dominion Virginia Power for deep ocean geotechnical borings in the vicinity of the Wind Energy Area. The project was dependent on the use of a “vessel of opportunity” that was hired by Dominion with other funds. Because required approvals from the Bureau of Ocean Energy Management (BOEM) could not be received to support the vessel’s availability and weather delays greatly increased the risk of incurring very high daily standby vessel charges, the work could not be completed by June 30, 2014. DMME’s request for approval to carry forward the \$310,000 for use in FY15 is still pending. The final reports from the three research projects will be posted to the VOWDA website when they are completed.

FY 2015: DMME received a state funding allocation of \$1 million in FY15 to leverage additional private and federal funds to advance commercial development of Virginia’s offshore wind energy resources and the associated supply chain. DMME plans to issue a RFP in October to seek proposals for projects to leverage and invest the lion’s share of those funds in research to accomplish those developments and supply chain goals -- assess the industry’s needs for manufacturing, operational logistics, environmental and regulatory support; identify and address any gaps; and publicize the asset strengths and other unique advantages that differentiate the Commonwealth as the best location for a Mid-Atlantic offshore wind hub. Proposals received but not selected in the previous RFP may also be considered. Members will be kept informed on the RFP.

FY 2016: An additional \$1 million budget allocation requested for FY16 was not approved by legislators.

BOEM: DMME and partners responded August 5 to two notices of funding availability issued by BOEM for research to accelerate the commercial development of the Virginia Wind Energy Area.

1. DMME and the Department of Environmental Quality requested \$109,000 and propose investing about \$127,000 in GF (of the \$1 million FY15 budget allocation) for a collaborative fisheries planning project. The deliverable is a report with maps and recommendations for design, best management practices and a communications plan to maximize fishing opportunities in and around the Virginia Wind Energy Area (WEA). BOEM identified this project as an important preemptive strategy to prevent opposition that has delayed development in another state.
2. DMME and Fugro requested \$100,000 from BOEM and propose investing \$100,000 in GF and \$44,400 in private cost share from Fugro to reprocess existing seismic reflection data

collected in the regional ocean survey that was jointly funded by DMME and BOEM in 2013. Fugro proposed this project in response to the DMME RFP issued in the early spring.

VOWDA Discussion and Recommendations:

1. Joan Bondareff: Encourage that the October 2014 RFP be a wide open process to allow new projects to be submitted and that a survey of rate payers' willingness to pay additional funds for renewable energy still be considered.
2. Ron Rosenberg: Explore an administrative fix so monies committed remain available to expend over more than one fiscal year. Be prepared to make the economic case politically that spending these funds has multiple benefits to Virginia's local/regional economies.
3. Mary Doswell: Dominion Virginia Power (DVP), as the winner of the leases, is the developer of the lease block areas. DVP will make some decisions on how to develop the area and through the RFP process will determine who the suppliers/contractors are to support the project. Projects will determine the supply chain. We need to make sure that the money is being spent in a way that supports the industry in Virginia.
4. Brian Redmond: The developer of the offshore wind project selects the main contractors that will construct the project. Those main contractors then source parts, materials and services from sub-contractors as needed to complete the scope of work awarded to them. We want to develop and market a supply chain platform of parts/equipment/services providers so that these main contractors look toward to Virginia when sourcing the parts/equipment/services they need. Legislators can help facilitate the development of this platform.
5. Deborah Miller: To gain support of ratepayers and to make people aware in general, there needs to be a public educational campaign.
6. Mary Doswell: Regarding the \$310,000 carry forward funds, she suggests that DMME first discuss funding options with DVP, as the original award recipient of these funds, the lead on VOWTAP and developer of the commercial lease, to determine if there are possible similar uses to further the environmental work that is already being done. Conrad Spangler agreed that the work we do now needs to support that effort.
7. Deborah Miller and Ronald Rosenberg made the motion to request DMME staff draft a letter for Chair Bob Matthias's signature to the Governor and Secretary of Finance in support of DMME's request to carry forward the FY14 \$310,000. Joan Bondareff requested that the motion be amended to clarify that the carry forward funds can be used for a similar or compatible project. The motion passed unanimously. Mary Doswell abstained from voting. Staff will circulate the letter for members' review and approval.

8. VOWDA agreed by consensus to ask DMME staff to draft a letter for Chair Bob Matthias's signature to the Governor and GA Finance Committee Chairmen stressing the need to support this industry at this time and restore the \$1 million in FY 16 funding. Staff will circulate the letter for members' review and approval next week and the send letter in early October. Bob Matthias suggested that members discuss at its next meeting the possible uses for this funding, should it become available, for the General Assembly's consideration.

Recent Developments in Virginia and Neighboring States

Virginia -- VOWTAP milestones since June 9, 2014, VOWDA meeting:

Dominion contracted with Fugro to bring in a large marine drilling vessel from the Gulf of Mexico to perform geotechnical survey activities offshore at the turbine locations as well as near shore along the cable route. Following the completion of survey work, Fugro will analyze the data and provide reports.

On August 27, 2014, the U.S. Department of Energy and Dominion accepted the Budget Period 2 cooperative agreement. Activities to be completed include the following.

- § 100% front end engineering design
- § Plans for installation and O&M
- § Major regulatory processes
- § Grid interconnection agreements

Dominion hosted a public project update meeting which included state and local government representatives, as well as VOWDA members, in Richmond on August 27. Virginia Secretary of Commerce Maurice Jones, DMME Director Conrad Spangler, and senior Dominion executives gave remarks at the well-attended event.

Maryland

BOEM held a lease sale on August 19, 2014, for Maryland's WEA which is 10 nautical miles off the coast of Ocean City and covers approximately 80,000 acres. U.S. Wind Inc. submitted the provisional winning bid for lease areas, for both the north and the south, for a total bid of \$8,701,098.

In May 2014, Maryland Governor O'Malley vetoed legislation that would have blocked a proposed wind farm on the state's Eastern Shore, Great Bay Wind project. Southern Maryland officials had concerns the project could interfere with a radar system at the Naval Air Station Patuxent River. MIT is studying the potential interference and recommending modifications to the turbines' operations.

Virginia Energy Plan (VEP)

DMME staff will send the draft 2014 VEP Renewable Energy Section to VOWDA members later today. Suggestions and comments can be emailed to Al Christopher or Ken Jurman, using track changes, by no later than Friday, September 19, 2014. The Plan is due to the Governor and General Assembly by October 1, 2014.

Two recommendations for offshore wind are included in the draft VEP goals and recommendations section, which now is being reviewed by the Governor's Office. These recommendations encompass all three of the top recommendations in the 2013 VOWDA annual report, which also are the straw recommendations now under consideration by this body for the 2014 annual report.

- § *Strongly encourage and aggressively support the timely development of offshore wind in Virginia.*
- § *Establish Virginia as the ideal manufacturing, operational and supply chain hub for offshore wind development in the mid-Atlantic region and provide support and resources to accelerate development of Virginia's offshore wind resources.*

VOWDA 2014 ANNUAL REPORT

Ken Jurman reviewed the working draft of the 2014 VOWDA Annual Report, which included the suggested edits submitted by members to DMME staff. After discussion, it was agreed that DMME staff will edit the report to include the additional revisions approved by the Board and circulate the final draft for members' review and approval, majority rules. Staff will submit the final report to the Governor and General Assembly. A copy of the final report will be posted to the VOWDA website.

VOWDA WORK PLAN

Staff will distribute to members the first draft of the 2014 VOWDA Work Plan, which will incorporate the 2014 VOWDA Annual Report recommendations and related tasks, for review and input in advance of the next meeting.

PUBLIC COMMENTS

None

ANNOUNCEMENTS

The next meeting is scheduled for Thursday, December 4, 2014, in Richmond, location to be announced later. Chair Bob Matthias asked that VOW Coalition and VOWTAP updates continue as standing agenda items. Agenda items for the December meeting include: 2015 VOWDA Work Plan; updates from DMME, VOW Coalition, and Dominion on VOWTAP; election of 2015-2017 officers; and possible presentations by a DoD/Navy representative and/or a Maryland representative to talk about the OREC program.

ADJOURNMENT

The meeting adjourned at 1:40 p.m.

DRAFT