

MINUTES
VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY
STATE CAPITOL ~ HOUSE ROOM 1
RICHMOND, VIRGINIA
WEDNESDAY, NOVEMBER 10, 2016

CALL TO ORDER

Chair Bob Matthias called the meeting to order at 10:00 a.m.

Members Present: Bob Matthias, Joan Bondareff, Mary Doswell, Deborah Miller, Art Moye, Varun Nikore, Brian Redmond

Members Absent: Phil Green, Ron Rosenberg

VOWDA Staff Present: John Warren, Al Christopher, Ken Jurman, Evie Christopher, Barbara Simcoe, Chris McDonald, Robin Jones, Paul Kugelmann,

APPROVAL OF MINUTES

The Chair called for a motion to approve the May 3, 2016, and September 29, 2016, minutes as presented. The motion to accept the minutes passed unanimously.

VOWDA 2016 ANNUAL REPORT

Prior to discussion of the draft recommendations for the 2016 Annual Report, Vice Chair Joan Bondareff noted that this is a critical time for VOWDA and the annual report. With some setbacks due to the lack of continued U.S. Department of Energy (DOE) funding for the Virginia Offshore Wind Technology Advancement Project (VOWTAP), it is important to let the Governor and the legislature know where things stand. In light of that, Joan Bondareff asked Mary Doswell to give a briefing on the status of VOWTAP -- a review of her update given at VOWDA's last meeting, where Dominion stands on the commitment to the project, and their next steps. Katherine Bond, Director of Public Policy with Dominion Resources, also addressed the Authority to answer questions regarding the project.

- Due to the costs of VOWTAP, Dominion recommended to DOE that it file the Certificate of Public Convenience (CPCN) before the regulatory rate approval which would have delayed the operation to 2019 or 2020. The purpose of filing the CPCN first is to focus on the economic development and benefits of the project and less on the costs. Presuming there is a finding in the public interest Dominion would then file the rate recovery.

- The original DOE grant was based on 2017 operation and was delayed to 2018 because of Dominion's stakeholder process. Due to these further delays, DOE made the decision to withdraw the \$50 million funding.
- Dominion is still committed and looking at the various options to move the project forward.
- The two biggest remaining challenges for VOWTAP concern the economics: (1) who is the offtaker of the energy and who pays for it; and (2) the marine component to help pay for the ships needed to place the platforms in the water and lift the turbines onto the platforms. Dominion is open to suggestions and ideas and this is an area where VOWDA could help. Identifying a potential offtaker and someone to help pay for the project, or grants or other funding that can help bring the costs down would be a significant help to the project.

Discussion regarding other possible options included:

- Form a state or joint task force to work with Dominion to address some of the VOWTAP issues, i.e. state budget and offtake to state buildings, funding to reduce shipper's costs, etc.
- Separate power purchase agreements which allocate the cost for the power. Isolate associated costs, energy and benefits of the project and attribute them to a single or multiple customers and not the general ratepayer. This process still requires State Corporation Commission (SCC) approval.
- Identify ships that could be retrofitted or other ships that might be coming to the U.S. in 2019-2020 to do similar project work. Working on multiple projects in the same season may drive down costs, i.e. cost sharing or lowering of the turbine costs.
- Recommend DOE make grant funds available to shipbuilders.
- Restructure the VOWTAP project to make it more economically attractive. Either make it bigger or do a different risk allocation where third parties are brought in to bear the risk.
- Go forward with the two-step SCC filing process for VOWTAP and justify that it's in the public interest as demonstration.
- Review the DMME Research Lease agreement to determine if other companies could develop wind projects in the Virginia wind energy lease area. There are six vertical blocks along Virginia's Wind Energy Area and VOWTAP takes up the bottom two blocks. Ensure potential projects don't interfere with VOWTAP.

- DMME will distribute a copy of the following documents to VOWDA for review: (i) the lease agreement between DMME and BOEM for the research lease blocks, and (ii) the operating agreement between DMME and Virginia Power in regard to the blocks. VOWDA will review these documents and consider and discuss at the next meeting options to involve operators (other than Virginia Power) in the research lease blocks that would commit to advance of offshore wind projects in the research lease blocks.

Members then discussed the proposed Annual Report draft recommendations. They revised and voted unanimously to approve the following three recommendations.

Recommendation 1: Encourage and support any legislative proposal that is introduced to establish a mandatory renewable energy standard with a specific goal for offshore wind for the Commonwealth of Virginia.

Recommendation 2: Work with DMME to identify possible participants in other projects in the research area that do not interfere with VOWTAP.

Recommendation 3: Work with the Governor's Office, DMME, and interested stakeholders including possible offtakers, to build support for SCC approval of the VOWTAP project.

The Authority also voted to accept the Future Goals and Activities section of the report with a few minor revisions.

The Chair called for a motion to approve the VOWDA 2016 Annual Report. The motion made by Deborah Miller and seconded by Joan Bondareff passed unanimously.

DMME staff will finalize the report and submit it to the Governor and the Chairmen of the House Appropriations Committee, the Senate Finance Committee and the House and Senate Commerce and Labor Committees. A copy will also be posted to the VOWDA website.

ELECTION OF VOWDA 2017-2019 OFFICERS

Joan Bondareff and Deborah Miller were nominated and elected to serve as Chair and Vice Chair, respectively.

PUBLIC COMMENTS

Eileen Levandoski, Assistant Director of the Virginia Chapter of the Sierra Club, commented that the Authority had some good discussion today on the shipping industry; however, they did not include anything in the Annual Report recommendations to support and attract shipping retrofit to Virginia.

Art Moyer said that the Shipbuilding Association is interested in being a part of this. However, at this time, the consensus is that it's speculative; and until there is serious investment, they are not planning to refit or construct any offshore wind work vessels.

Joan Bondareff asked Al Christopher to include this in the VOWDA Work Plan to be developed.

ANNOUNCEMENTS

VOWDA is tentatively scheduled to next meet in Richmond on Wednesday, March 15, 2017; location to be determined.

ADJOURNMENT

The meeting adjourned at 12 Noon.