

VIRGINIA OFFSHORE WIND
DEVELOPMENT AUTHORITY



Annual Report

October 15, 2013

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I. Executive Summary

The Virginia Offshore Wind Development Authority (“VOWDA” or “the Authority”) was created in 2010 by the Virginia legislature. The Authority oversees data gathering, research and planning to support offshore wind development off of Virginia’s coast, tracks issues as they arise, and makes recommendations for promoting Virginia offshore wind development and associated economic development opportunities for supply chain manufacturers and businesses and Virginia ports. This report constitutes the third annual report of the Authority’s activities and accomplishments.

In 2013, the Authority continued work on the four main goals established by the 2010 legislation, which are summarized as follows:

1. Virginia Offshore Industry Data: Facilitate the definition, collection, and dissemination of relevant metocean data, environmental data, and other information needed by Virginia offshore wind stakeholders, using existing, planned, or projected sources of data collection or activities.
2. Offshore Leasing, Permitting, Financing, and Regulation: Identify existing federal and state barriers to the development of the offshore wind industry in Virginia.
3. Virginia Offshore Job Creation and Supply Chain Development: Work in cooperation with relevant local, state, and federal agencies to accommodate the manufacturing, assembly, and maintenance of offshore wind energy project components and vessels.
4. Offshore Wind Project Siting and Development: Communicate and coordinate with stakeholders, including the Department of the Interior Bureau of Ocean Energy Management, Regulation, and Enforcement (DOI BOEMRE, subsequently renamed BOEM) Task Force to ensure the development of offshore wind projects is compatible with other ocean uses and avian and marine resources, including both the possible interference with and positive effects on naval facilities and operations, NASA-Wallops Flight Facility operations, shipping lanes, recreational and commercial fisheries, and avian and marine species and habitats.

To accomplish its goals, the Authority worked with the Bureau of Ocean Energy Management (BOEM) to help facilitate the issuance of a Proposed Sale Notice and a Final Sale Notice. The Authority supported efforts by the Department of Mines, Minerals and Energy (DMME), BOEM, and other stakeholders to resolve potential conflicts with the Department of Defense and the commercial maritime industry in the definition of Virginia’s Wind Energy Area (WEA) and in the relocation of one of two research lease areas requested by DMME. Further, the Authority

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supported DMME's partnership with BOEM to collect geophysical data in Virginia's WEA and DMME's two requested research leases that will help facilitate the collection of additional metocean and environmental data.

The Authority received presentations throughout the year from various stakeholders and experts and analyzed this and other information to determine the appropriate next steps to facilitate private development of the offshore wind energy resource, to provide reasonably priced energy, and to develop an offshore wind industry and supply chain that will create economic opportunity for businesses and good jobs for Virginians.

As a result of its activities and accomplishments in 2013, the Authority makes the following recommendations to advance offshore wind development and related supply chain activities in Virginia. The first three recommendations are ranked in order of priority.

RECOMMENDATION 1: **Leverage state funding with additional private and federal funding to position Virginia with a competitive advantage in attracting the offshore wind industry.**

RECOMMENDATION 2: **Support successful completion of the advanced technology demonstration project and work with state and federal agencies to ensure advancement of the project in the competition for follow-on funding from the U.S. Department of Energy.**

RECOMMENDATION 3: **Support and expedite the federal process for development of the commercial wind energy area off of the coast of Virginia and ensure compatibility with other ocean uses and avian and marine species and habitat.**

ADDITIONAL RECOMMENDATIONS:

- Engage with or continue collaboration with the Virginia Ship Repair Association (VSRA), Virginia Offshore Wind (VOW) Coalition, the maritime industry, and other stakeholders to ensure successful and productive shared use of the ocean and port facilities.
- Support the extension of federal Investment Tax Credits and Production Tax Credits in a form that would assist offshore wind development in Virginia



- Gather data to demonstrate the economic benefits that would result if the Commonwealth of Virginia is home to a vibrant Mid-Atlantic offshore wind industry and supply chain, and work with the commercial lease holder and others to strategically engage potential supply chain and workforce development opportunities.
- Gather data to quantify the amount of additional cost that ratepayers would support, if any, to facilitate the development of an offshore wind project in Virginia.
- Support legislative and administrative efforts to attract offshore wind economic development to the Commonwealth, in addition to encouraging the development and approval of offshore wind projects in Virginia.

II. Mission

In 2010, the Virginia Offshore Wind Development Authority was created and vested with the powers set forth in § 67-1201 of the Code of Virginia. The Authority was established for the purposes of facilitating, coordinating, and supporting the development of the offshore wind energy industry, offshore wind energy projects, and associated supply chain businesses. Legislation established four goals:

1. Collecting relevant metocean and environmental data,
2. Identifying existing state and regulatory or administrative barriers to the development of the offshore wind energy industry,
3. Working in cooperation with relevant local, state, and federal agencies to upgrade port and other logistical facilities and sites to accommodate the manufacturing and assembly of offshore wind energy project components and vessels, and
4. Ensuring that the development of such projects is compatible with other ocean uses and avian and marine resources, including both the possible interference with and positive effects on naval facilities and operations, NASA-Wallops Flight Facility operations, shipping lanes, recreational and commercial fisheries, and avian and marine species and habitats.



Legislation introduced and approved in 2012 (Chapter 502) amended the membership from eleven to nine non-legislative citizen members appointed by the Governor. In addition, one ex-officio member, without voting privileges, will be selected by the Governor after consideration of the persons nominated by the Secretary of the Navy¹.

To maintain continuity of operations by ensuring that all appointments do not expire in the same year, six of the initial appointments will serve terms of less than four years. Three inaugural members were appointed for the full four years; three members are appointed for terms of three years; and three members for terms of two years. Thereafter, all appointments or re-appointments will be for four year terms.

VOWDA has a fairly broad authority to accept, hold, invest and administer monies, grants, securities or other property, to make and execute contracts with public and private entities as necessary, and to hire consultants, attorneys, financial experts and others as necessary to fulfill its mission. The Director of DMME serves as the Director of the Authority and DMME serves as staff to the Authority.

The legislation also requires the Authority to provide its recommendations on what is needed to facilitate the transmission of offshore wind-generated power after review of the transmission study prepared by the investor-owned utility Dominion; and provide by October 15 each year an annual summary of the activities of the Authority and policy recommendations to the Governor, the Chairs of the House and Senate Commerce and Labor Committees and the Chairs of the House Appropriations and Senate Finance Committees.

A copy of the Authority's Mission Statement and Objectives can be found in **Appendix A**.

III. Summary of 2013 State Activities

The Authority continues to update and implement a comprehensive work plan to accomplish its goals and objectives, which included objectives to assist with coordination with the BOEM Task Force to facilitate issuance of the Proposed Sale Notice and ultimately the Final Sales Notice for commercial leasing of the Wind Energy Area off the coast of Virginia; to engage with other groups interested in offshore wind development in Virginia; determine existing barriers and possible solutions; to continue to identify data availability and needs; research policy initiatives on the state and federal level and determine whether changes are needed; to identify potential

¹ The additional non-legislative citizen member and the one ex-officio member selected from the list provided by the Secretary of the Navy are in the process of being appointed and therefore have not served on the Authority to date.

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grants and other funding sources to support offshore wind development; and to assess and raise awareness of the regulatory structure in Virginia.

The remainder of this section reports on offshore wind development activities undertaken at the state level from October 1, 2012, to September 30, 2013. Federal actions affecting Virginia offshore wind are reported in Section IV.

Commercial Lease

The Virginia Proposed Sale Notice (PSN) was published in the Federal Register on December 3, 2012. The PSN provided the proposed lease terms and conditions, as well as details regarding how the lease sale would be conducted. A 60-day comment period accompanied the notice and provided an opportunity for potential bidders to submit input to BOEM before the lease package and auction procedures were finalized.

On July 22, 2013, BOEM announced that it would hold its second competitive lease sale under the “Smart from the Start” strategy for renewable energy on the U.S. Outer Continental Shelf (OCS) for the Virginia WEA. The area, composed of 19 full OCS blocks and 13 sub-blocks, was selected after intensive work with the Commonwealth and stakeholders to avoid existing uses of the OCS offshore Virginia, including sensitive ecological habitat and shoals along the coast north of the mouth of the Chesapeake Bay, military training areas, marine vessel traffic, a dredge disposal site, and areas of concern specified by the National Aeronautics and Space Administration Goddard Space Flight Center’s Wallops Flight Facility.

BOEM conducted the lease auction for commercial development of the Virginia WEA on September 4, 2013. Eight companies were approved to bid, and two firms (APEX and Dominion) participated in the auction. After six rounds of bidding, Dominion Virginia Power bid \$1.6 million to win the lease for the 112,800-acre WEA.

DMME Applications for Two Research Leases

Research Lease 1

BOEM published a "Determination of No Competitive Interest" in the Federal Register on March 15, 2013, and announced it will proceed with the leasing process on a non-competitive basis. This decision clears the way for DMME to submit a plan for research activities, including siting and installation of meteorological and ocean monitoring platforms to collect data on wind velocities, water levels, waves, and bird and bat activities.



Research Lease 2

In February 2013 DMME submitted a research lease application to BOEM for the installation and operation of two 6-megawatt (MW) turbines, ancillary metocean facilities, a meteorological tower or buoy and installation of associated cabling to shore outside of the Virginia WEA. The application requests six specific aliquots (i.e., sub-blocks) on the western edge immediately adjacent to the Virginia WEA.

On July 30, 2013, BOEM published a "Public Notice of an Unsolicited Request for an OCS Research Lease, Request for Competitive Interest, and Request for Public Comment" in the Federal Register for a 30-day comment period to obtain public input on the DMME research proposal, its potential environmental consequences, and the use of the area in which the proposed project would be located. The notice also asked whether there were other entities interested in obtaining a renewable energy lease of the same scale within the same area identified by DMME (Request for Competitive Interest, or RFCI) that would support potential wind energy development. As of the August 29th closing date, BOEM received several comments, but did not receive any RFCIs, clearing the way for a *Determination of No Competitive Interest*.

Chesapeake Light Tower

The Chesapeake Light Tower (CLT) asset was transferred to the U.S Department of Energy (DOE) from the U.S Coast Guard. The CLT, historically used to mark a shoal area between the eastern and southern approaches to the Chesapeake Bay entrance, will be repurposed as a Reference Facility for Offshore Renewable Energy (RFORE). The main objective of the RFORE will be to collect engineering performance data on metocean and environmental monitoring instruments that would aid ocean energy technology developers and research institutions in the design, erection, and operation of offshore wind turbines.

The RFORE will be used to test technologies such as remote sensing designed to determine the power-generating potential of offshore winds and waters. Research at the facility will help verify that the technologies can collect reliable data and help improve those technologies. This knowledge validates the accuracy of offshore data from new measurement technologies thereby improving the confidence level in the expected output and performance of offshore wind facilities.

DOE has assigned the National Renewable Energy Laboratory to lead the proposed evaluation of the existing structure in Phase 1, and to manage the refurbishment and operation of the renovated platform in Phase 2. The Pacific Northwest National



Laboratory has been assigned the role of specifying the scientific instrumentation to be installed on and around the RFORE, as well as managing the data generated at the facility during operation.

The national RFORE-CLT schedule for Phase 1 is as follows:

- Phase 1 evaluation tasks: July – September 2013
- Review of Phase 1 results: October – November 2013
- DOE decision to proceed with Phase 2: December 2013

Virginia Wind Energy Area Ocean Geological Survey

BOEM awarded \$300,000 to DMME in September 2012 to match General Funds provided in the Executive Budget to conduct a geological survey of the Virginia Wind Energy Area on the Outer Continental Shelf off of Virginia Beach. The purpose of the study is to accelerate commercial leasing and development of the Virginia WEA and offshore energy industry supply chain by reducing private development and project costs, and lowering risk. DMME issued the Request for Proposals for the regional geological evaluation and geophysical survey of the Virginia WEA which was awarded to Fugro Atlantic in December 2012.

In September 2013, Fugro Atlantic submitted to DMME a draft report summarizing the results of the geophysical survey conducted from May 28, 2013, to July 3, 2013. The primary focus of the data interpretation is within the WEA and complements the previous geosciences-focused desktop study (DTS) completed in May 2013.

As described in Fugro's proposal dated October 15, 2012, the survey and interpretation were intended to better define the subsurface geologic conditions and stratigraphic sequence beneath the WEA as well as the seafloor conditions in the WEA in advance of the leasing of the WEA. The survey also includes geophysical track-lines that extend from the WEA to the existing Chesapeake Light Tower and the entrance to the Chesapeake Bay, which are important to interpret the regional subsurface conditions with the aid of existing data within the vicinity of these structures.

Although this regional survey is not meant for structure siting or project design, the planned equipment, methods and procedures conform to the requirements specified in BOEM's November 2012 GGARCH Guidelines for geophysical data systems and acquisition. The survey procedures and marine mammal mitigation activities were conducted in general accordance to the requirements established by the Final Environmental Assessment (BOEM, January 2012) for the Mid Atlantic OCS.

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Ultimately, the regional geophysical survey, in conjunction with the desk top study, provide critical information to advance the objectives of: a) optimizing potential meteorological tower locations, b) accelerating such installation processes, c) providing insight into the seafloor and subsurface variability in the WEA, and d) defining how the conditions and variability will affect: i) substructure and foundation optimization and standardization, ii) serializing fabrication and production economics, and iii) ultimately accelerating leasing and development of the Virginia offshore WEA.

When all work is complete and the final report is accepted, the data will be made available to the public on the VOWDA website and provided to the Natural Resources Library of the Department of Interior.

Virginia Offshore Wind Advanced Technology Project

Dominion Virginia Power and its team was one of seven projects nationally selected by the U.S. Department of Energy in 2012 to receive \$4 million each in federal matching funds to undertake initial engineering, design, and permitting for a demonstration facility. DOE will select up to three of the projects for follow-on phases to move forward with the final design, permitting, and ultimate construction of U.S. demonstration projects. The Dominion team includes:

- Dominion Virginia Power – Project lead, owner and operator;
- U.S. Department of Energy – Funding partner;
- Department of Mines, Minerals and Energy – Funding partner and offshore research lease holder;
- National Renewable Energy Laboratory – Federally Funded Research and Development Center;
- Virginia Tech - Representing the Virginia Coastal Energy Research Consortium;
- Newport News Shipbuilding, a division of Huntington Ingalls Industries;
- Alstom – Wind turbine manufacturer;
- KBR – Owner’s engineer;
- Tetra Tech – Environmental consultant;

The Dominion team proposes designing, developing, and demonstrating a grid-connected, 12-megawatt offshore wind facility consisting of two 6-megawatt Alstom Halide turbines mounted on innovative foundations. The objective of the project is to advance offshore wind technology and gain experience in offshore wind installation and operations, with the goal to reduce the cost and risk of future commercial scale offshore wind projects. Dominion's primary location for the demonstration project is in Research Lease 2, which is expected to be offered by BOEM to

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DMME in late 2013. The permitting process, which is underway, will extend over a two-year period.

In May 2014, DOE will select three projects to proceed with completion of the Front End Engineering and Design. Ultimately, DOE has a target for these projects to be operational by the end of 2017. The Virginia project would require the State Corporation Commission's cost recovery approval before proceeding with construction. VOWDA supports strategies to assist and enable expedited treatment by the State Corporation Commission when it reviews and considers approval of the demonstration project.

A summary of the above 2012-2013 milestones can be found in **Appendix B**.

Virginia Offshore Wind Timeline

DMME developed a detailed timeline with estimated milestones beginning with the formation of VCERC in 2006. Many variables impact the construction time table. Given the required activities and milestones needed, construction in the Virginia Wind Energy Area is not likely prior to 2020. Dominion (the lease holder) has 6 months to submit a Site Assessment Plan. Once the Site Assessment Plan has been submitted and accepted by BOEM, Dominion has up to 4 ½ years to develop a Construction and Operations Plan. The length of time before construction can commence may be influenced by a number of factors, including: (i) approval of a Construction and Operations Plan by BOEM, (ii) economic competitiveness of offshore wind energy, (iii) public and legislative support for offshore wind as opposed to other sources of power generation, (iv) the timely co-development of a manufacturing and service industry supply chain to support offshore wind, and (v) other factors. Actual construction of first phase 400-600 MW could take 2-3 years. The timeline depicts a range of completion dates for installation of 400-600 MW as early as 2019 or as late as 2025. A copy of the timeline can be found in **Appendix C**.

VOWDA and DMME Comments

VOWDA and DMME submitted letters of comment on three topics to BOEM, Governor McDonnell, and Virginia's congressional delegation. For each topic, the comment letter and corresponding documents are included in the appendices noted parenthetically, below:

- Virginia Offshore Wind Coalition Request to Governor McDonnell for Matching State Funds in support of the development of renewable energy resources (VOWDA letter of support, November 16, 2012). (**Appendix D**)

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- Atlantic Wind One (ATLW1) Commercial Leasing for Wind Power on the Outer Continental Shelf Offshore Virginia--Proposed Sale Notice” (DMME, January 22, 2013), which posted in the *Federal Register* on December 3, 2012, with a 60-day comment period closing on February 1, 2013. **(Appendix E)**
- U.S. House and Senate Incentivizing Offshore Wind Power Act legislation that would provide a 30% investment tax credit for the first 3 GW of U.S. offshore wind projects – VOWDA letter of support to Virginia’s congressional delegation in support of the offshore wind investment tax credit legislation (VOWDA, March 25, 2013). **(Appendix F)**

DMME Funding to Accelerate and Assist Private Development of the Virginia WEA

The General Assembly passed a budget amendment that provided an additional \$1 million from the general fund in FY 14 for DMME to leverage private and federal funding for increased data collection to give Virginia an advantage over competing states in attracting the offshore wind industry to Virginia. To this end, DMME issued on September 27, 2013, a Request for Information (RFI--See **Appendix G**) that seeks input on how to best apply approximately \$850,000 of the \$1 million in state funds. This RFI was partially informed with input from a VOW Coalition survey of its members and of the general public seeking ideas about how best to invest state funds.

The RFI is intended to solicit information that will assist the DMME to develop an RFP in late 2013 that would offer state funds as a cost share contribution to a collaborative project that could be funded by other entities as well, including the federal government and private industry, for the collection of data and other information to give Virginia a competitive advantage to attract an offshore wind industry that will provide economic benefits and good jobs.

Presentations Made to VOWDA

HIDEF Aerial Surveying – January 17, 2013: Overview of HiDef Aerial Surveying’s baseline studies on the Mid-Atlantic Outer Continental Shelf--the use of airborne videography surveys for monitoring offshore populations and activities of seabirds, sea mammals, and sea turtles.

Princeton Energy Resources International Shallow Water Wind Study – January 17, 2013: Presentation on the analysis and results of offshore wind potential in shallow, sheltered estuarine waters of Virginia, Delaware, Maryland, and North Carolina, from the recent DOE-funded wind study on the barriers to wind energy development in the Mid-Atlantic region.



NASA Langley Airborne LIDAR Wind Measurement Initiative – January 17, 2013: Briefing on NASA’s preliminary experiments and proposal for the use of airborne LIDAR technology to map three-dimensional offshore wind characteristics in the Virginia WEA.

Virginia Wind Energy Area Ocean Geological Survey – January 17, 2013: Fugro Atlantic overview of the planned scope of work and regional survey products for the geological and geophysical survey of the Virginia WEA, which will help further development of the WEA and the offshore wind energy supply chain.

DOE Offshore Wind Advanced Technology Demonstration Project Awards – January 17, 2013: Dominion Virginia Power report on receiving an award from DOE for its turbine foundation technology demonstration project, Virginia Offshore Wind Technology Advancement Project (VOWTAP). This is one of seven projects selected nationwide to demonstrate next-generation offshore wind technologies and support offshore installations in state and federal waters for commercial operation by 2017.

Virginia Offshore Wind Technology Advancement Project Update – March 21, 2013: Dominion Virginia Power update on the efforts of the Virginia Team for VOWTAP. The federal and state permitting agencies that will permit activity for the VOWTAP project will focus on innovation and cost of energy reductions. The Virginia project would require the State Corporation Commission’s cost recovery approval before proceeding.

Virginia WEA Passive Acoustic Monitoring – March 21, 2013: Sound Conclusions LLC provided a brief overview of how their company can support Virginia’s offshore wind energy development and presented initial findings (June – November 2012) of their self-funded study to collect and analyze acoustic data in and around the Virginia WEA. They want to bridge some of the knowledge gap into what is going on off the coast of Virginia.

New Jersey Offshore Renewable Energy Credit (OREC) Program and OSW Impact on Power Prices – May 23, 2013: Deepwater Wind provided an overview of the company, the benefits vs. costs of offshore wind, how to structure financeable commercial contracts, and what development models work best.

“Fulfilling the Promise of U.S. Offshore Wind, Targeted State Investment Policies to Put an Abundant Renewable Resource Within Reach” Issue Paper – May 23, 2013: National Resources Defense Council presented an overview of strategies to reduce the economic and financial risks of offshore wind outlined in its February 2013 issue paper.

MARCO Portal and Virginia Coastal Gems – May 23, 2013: Virginia Department of Environmental Quality (DEQ) provided an overview of the Commonwealth’s Coastal Zone



Management Program and the coastal and ocean mapping portals for Virginia and other portions of the Mid-Atlantic. 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.

IV. Federal Offshore Wind Developments and Actions Affecting Virginia

Bureau of Ocean Energy Management (BOEM) Activities in 2013

Research Lease 1:

- On December 21, 2012, BOEM published a "Public Notice of an Unsolicited Request for an OCS Research Lease, Request for Competitive Interest, and Request for Public Comment" in the Federal Register to obtain public input on the DMME research proposal (Research Lease 1) and its potential environmental consequences, and to determine whether there were others interested in acquiring a research lease for the area in which the proposed project would be located. In response to the RFCI, BOEM received public comment submissions from four entities, none of which expressed competitive interest in the proposed research lease area. However, BOEM will use the comments that it received to inform its subsequent decision.
- The public comment period in response to the Federal Register notice closed on January 22, 2013. BOEM received four comments in response to the Notice, none of which expressed a competitive interest in the area proposed by DMME. Accordingly, BOEM published a "Determination of No Competitive Interest" in the Federal Register on March 15, and announced it will proceed with the leasing process on a non-competitive basis. This decision clears the way for DMME to submit a plan for renewable research activities, including the siting and the installation of two meteorological and ocean monitoring platforms to collect data on wind velocities, water levels, waves, and bird and bat activities.

Research Lease 2:

- On February 8, 2013, DMME submitted a research lease application for the installation and operation of two, 6-megawatt turbines, ancillary metocean facilities, a meteorological tower or buoy and installation of associated cabling to shore outside of the Virginia WEA.



- On July 30, 2013, BOEM published a "Public Notice of an Unsolicited Request for an OCS Research Lease, Request for Competitive Interest, and Request for Public Comment" in the Federal Register for a 30-day comment period to obtain public input on a research proposal received from the DMME, its potential environmental consequences, and the use of the area in which the proposed project would be located. BOEM also asked whether there were other entities interested in obtaining a renewable energy lease of the same scale within the same area identified by DMME that would support potential wind energy development. As of the August 29th closing date, BOEM received several comments, but did not receive a Request for Competitive Interest, clearing the way for an official *Determination of No Competitive Interest* from BOEM. DMME plans to submit a General Activities Plan outlining the proposed activities on Research Lease 2 by the end of the year.

Commercial Wind Energy Area:

- On November 30, 2012, the Department of Interior and BOEM announced the availability of Proposed Sale Notices for commercial wind leasing in two wind energy areas in federal waters – one offshore Rhode Island and Massachusetts, and the other offshore Virginia.

The proposed lease area offshore Virginia, which would be auctioned as a single lease, totals approximately 112,800 acres approximately 23.5 nautical miles offshore southern Virginia. It is expected to support more than 2,000 MW of wind generation, or enough electricity to power 700,000 homes.

- On January 17, 2013, BOEM held a *Virginia Proposed Lease Sale Public Seminar*. Topics included discussions and presentations on the deadlines and milestones for bidders, the fiscal terms of the lease, a description of the auction format, and an opportunity for comments and questions from developers and the public.
- On July 23, 2013, BOEM published a Final Sale Notice for a commercial lease area offshore Virginia, indicating the commercial lease sale (i.e., auction) would be held September 4, 2013, and would represent the second competitive lease sale for renewable energy on the Outer Continental Shelf.
- On August 28, 2013, BOEM held a "mock auction" for the eight pre-qualified companies (and DMME) to familiarize the bidders with the "ascending clock" auction method established for the sale. In this format, bidders indicate their interest at an initial lease asking price, which was set in the sale notice at \$2 per acre (\$225,598).



Bidders who respond at the initial price level are then eligible to participate in the next round, with auction increments of 20-50% in each successive round. BOEM provided that the bid increments would decline as the auction progressed to be in the 5-20% range. At each level, BOEM announced how many bidders remained, and what the bid price was going to be for the next round. This process continued until only one bidder remained.

- On September 4, 2013, BOEM held the auction for the Virginia WEA. Eight companies were pre-qualified to bid; two companies took part in the auction.

The auction winner was Dominion Virginia Power, d/b/a Virginia Electric and Power Company, out-bidding Apex Virginia Offshore Wind, LLC. The winning bid after six rounds was \$1.6 million.

In late September 2013, the Justice Department completed its required antitrust review of the auction process and BOEM sent the lease to Dominion Virginia Power, which signed the lease on October 11, 2013.

BOEM's lease calls for full payment of the auction-winning bid within 10 days of the company receiving the lease documents. Within 45 calendar days of lease receipt, Dominion must submit its first 6 month's rent; rent equals \$3 per acre annually. Upon commercial operations, the lessee pays a 2% annual "operating fee." The operating fee is calculated on the "imputed wholesale market value of the projected annual electric power production." In turn, this involves the project's nameplate capacity, a capacity utilization factor and an average price of electricity using a historical regional wholesale power price index. Dominion's construction and operation plan is due within five years under the lease.

Other Regional BOEM Activities Affecting Virginia:

- On May 1, 2013, Atlantic Grid Holdings LLC submitted a supplement to their application to BOEM for the "Atlantic Wind Connection." The supplement updates the project application filed August 10, 2011, in which the company proposes to build an offshore high voltage direct current transmission system off the shore of New York, New Jersey, Maryland, Delaware and Virginia that would interconnect offshore wind generation to the onshore grid. This supplemental application details the refinements to the project's configuration, design, and location since the original application was submitted.

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Based on stakeholder feedback and further engineering, the overall footprint of the project has been reduced by nearly 50%, and the number of lease blocks requested has been reduced from 300 to 157. These changes reduce project impacts on the environment and minimize interference with offshore wind farm infrastructure.

Department of Energy (DOE) Activities in 2013

DOE announced seven technology demonstration partnerships with broad consortia that are developing breakthrough offshore wind energy generation projects. The primary goals of these projects are to achieve large cost reductions over existing offshore wind technologies and develop viable and reliable options for the United States. The demonstrations will help address key challenges associated with installing utility-scale offshore wind turbines, connecting offshore turbines to the power grid, and navigating new permitting and approval processes. Dominion Virginia Power was awarded funding under this program. [See Section III on VOWTAP for more details.]

Federal Tax Credits

U.S. House and Senate Incentivizing Offshore Wind Power Act legislation was reintroduced in the 113th Congress by Senator Carper and Representative Pascrell, among other co-sponsors, which would amend Section 48 of the tax code to extend the 30% investment tax credit (ITC) for the first 3 GW of U.S. offshore wind projects. Once awarded a tax credit, companies have five years to install the offshore wind facility. This proposed legislation aims to provide a stable financial incentive to the offshore wind industry and could provide the additional incentives needed to attract significant commercial investment in Virginia's offshore wind industry. VOWDA believes it would be prudent to act now using this legislation vehicle to accomplish the goal of limited, fiscally sensible support with a cap.

VOWDA submitted a letter to Virginia's congressional delegation to support the offshore wind investment tax credit legislation. See Appendix F.

V. Summary of 2013 Key Offshore Wind Developments in Other Atlantic States

Delaware

- *10-23-12*: BOEM announced an agreement to issue a noncompetitive lease to NRG Bluewater Wind Delaware LLC for commercial wind energy development in federal waters that covers 96,430 acres approximately 11 nautical miles off the coast of

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Delaware. This is the second offshore lease in U.S. waters and the first lease under the Obama Administration's 'Smart from the Start' Offshore Wind Strategy in the mid-Atlantic.

- *11-16-12*: The lease (OCS-A-0482) with NRG Bluewater Wind Delaware LLC was executed.

Maine

- *10-9-12*: The comment period for the Request for Interest closed and BOEM received ten comments to the RFI.
- *10-23-12*: BOEM convened an information session to explain the next steps of the leasing and environmental review processes and provide additional opportunities for public input regarding the proposed Statoil Hywind project.
- *12-19-12*: The BOEM Notice of Determination of No Competitive Interest for the area requested by Statoil North America for a commercial lease was published in the Federal Register.
- *June 2013*: University of Maine's Advanced Structures and Composites Center oversees launch of VoltturnUS at Cianbro's facility in Brewer. The 65-foot-tall prototype is a one-eighth scale model of the turbines the University hopes to install by 2016 in deep waters off Monhegan Island. It's now deployed in shallow waters off Castine but will be anchored later this summer off Monegan for testing in a deep water environment.
- *July 2013*: Maine legislature passes a bill that would allow the University of Maine until September 1 to put forward a bid for an offshore pilot project. Statoil suspends the Hywind Maine project while it assesses the changes created by the new bidding process.
- *September 2013*: The University of Maine submits proposal for a demonstration offshore wind power project to the PUC. A decision is expected sometime this winter.

Maryland

- *1-29-13*: A fifth Maryland task force meeting was held on January 29, 2013, to discuss the zones delineation for the Call for Information and Nominations as well as discuss a Draft Proposed Sale Notice.
- *2-20-13*: Maryland Offshore Wind Energy Research Challenge-- This grant program specifically supports research projects to address significant issues informing the



implementation of offshore wind energy as a means of creating a sustainable clean energy source for the State of Maryland. Applicants will propose projects that specifically support Maryland's offshore wind energy development, complement existing research knowledge and industry expertise, and are not duplicative of currently known research findings. Awards will range from \$250,000 up to \$1,000,000. Three or more awards are anticipated to be made. Projects will run through May 15, 2015 (24 months).

- *3-18-13*: The Maryland General Assembly passed the Offshore Wind Energy Act of 2013 to help subsidize development of offshore wind energy. The bill would allow Maryland to seek a private developer to build wind turbines off its coast, possibly by 2017. To offset costs of producing the wind energy, once wind turbines are built the residential ratepayers would be charged a monthly rate not to exceed 1.5% of annual electric bills and nonresidential ratepayers would pay a monthly surcharge not to exceed 1.5% of annual electric bills.
- *March 2013*: Offshore Wind Development Fund (OSWDF) -- In settlement of the merger between Exelon Corporation and Constellation Energy Group, Exelon made available \$30 million for the advancement of offshore wind energy off the coast of Maryland. The Maryland Energy Administration is using this fund to invest in infrastructure, industrial capacity, education and workforce development; develop meteorological, oceanographic and ecological resource data that will reduce the cost of offshore wind energy; environmental survey: benthic, pelagic, ornithological, sea mammal, bat; geophysical survey summer 2013; geotechnical assistance.
- *6-25-13*: The state funds a geophysical survey that it hopes will provide information to help offshore wind developers draft bids to build turbine farms off the state's coastline. The 130-foot Scarlett Isabella will use high-tech sonar equipment to survey the Atlantic seafloor 10 to 30 miles off the Maryland coast. The state provided Florida-based Coastal Planning & Engineering with a \$3.3 million contract to map the ocean floor of an Interior Department-designated "wind energy area" along Maryland's coast.
- *6-27-13*: BOEM convened a meeting of the Maryland Intergovernmental Task Force to discuss the findings of the National Renewable Energy Laboratory's report on leasing areas for the Maryland WEA and next steps of the leasing process.

Massachusetts

- *10-9-12*: US Offshore Wind Collaborative launched a new online information portal for all stakeholders in the emerging US offshore wind industry. This first phase of the



Offshore WindHub brings together resources related to Atlantic coast states and federal activities in offshore wind policy, technology, economics, and siting. Development of the Offshore WindHub was funded through grants by the New York State Energy Research and Development Authority (NYSERDA) and the Massachusetts Clean Energy Center (MassCEC).

- *10-13-12*: Seven companies, in addition to Deepwater Wind, registered interest in developing offshore energy projects in an area of federal waters between Rhode Island and Massachusetts (east of Block Island and southwest of Martha's Vineyard), including Energy Management Inc., Fisherman's Energy, Neptune Wind, enXco, Iberdrola Renewables, Mainstream Renewable Power, US Wind.
- *10-31-12*: BOEM requested public comment on an environmental assessment for the Wind Energy Area on the OCS offshore Massachusetts. BOEM conducted 4 public information meetings to provide additional opportunities for comment on the EA.
- *11-2-12*: BOEM announced the availability of an environmental assessment that analyzes potential environmental effects associated with renewable energy leasing and data gathering in the WEA off the coast of Massachusetts for public review and comment.
- *11-13&14-12*: BOEM held public information sessions to provide an overview of the published Environmental Assessment, solicit public comment and discuss next steps in the environmental and leasing processes.
- *2-13&14-13*: BOEM convened public information sessions on the commercial leasing process and Environmental Assessment.
- *5-14-13*: BOEM convened a Massachusetts Renewable Energy Task Force teleconference to present and discuss the Department of Energy National Renewable Energy Laboratory's proposed methodology for delineation of the Massachusetts Wind Energy Area into Lease Areas as well as next steps in the leasing process.
- *June 2013*: A Danish pension fund pledged to invest \$200 million in the Cape Wind project, a 468-megawatt wind farm off Cape Cod that hopes to begin construction by the end of the year.
- *6-4-13*: BOEM announced the July 31, 2013 lease sale (i.e., auction) for a Wind Energy Area (WEA) offshore Rhode Island and Massachusetts. The auction represents the first competitive lease sale for renewable energy on the Outer Continental Shelf (OCS).

VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY



- 7-31-13: BOEM announced Deepwater Wind New England, LLC as the provisional winner of competitive lease sale that auctioned two leases for a Wind Energy Area of 164,750 acres offshore Rhode Island and Massachusetts.

New Jersey

- 12-19-12: The 4th BOEM New Jersey Renewable Energy Task force meeting was held in Trenton, NJ.
- *September 2013*: Fisherman's Energy requests the Board of Public Utilities to act on their proposed 25 megawatt pilot project sooner rather than later if they are to obtain the federal investment tax credit crucial to drive down the cost of the pilot and retain the Division of Rate Counsel's support. The division, which represents the interests of utility customers, opposed the proposal initially as too costly to ratepayers, who will bear much of the expense of developing offshore wind farms. To qualify for the tax credits, Fishermen's Energy needs to spend at least \$10 million on the project before the end of the year.

New York

- 1-4-13: BOEM issued a Request for Interest in the Federal Register to assess whether there are other parties interested in developing commercial wind facilities in the same area. BOEM also sought public comment on the proposal, its potential environmental consequences, and the use of the area in which the proposed project would be located. BOEM received indications of interest from Fishermen's Energy LLC and Energy Management Inc. BOEM has initiated a review of the submissions and will make a determination of competitive interest after the review is concluded.
- *July 2013*: State officials released the New York Department of State Offshore Atlantic Study, their most comprehensive study of offshore wind potential to date in an attempt to shape where future projects are placed.
- 10-22-12: Governor Andrew M. Cuomo releases his New York Energy Highway Blueprint, which outlines 13 actions and policy recommendations to modernize the New York power generation and transmission systems to achieve safety, reliability, affordability, and sustainability goals. Included is a recommendation to perform resource characterization studies for Atlantic offshore wind development, and an evaluation of cost recovery options, for an estimated \$2-\$5 million by 2014.



North Carolina

- *12-13-12*: The Notice of Intent (NOI) to prepare an Environmental Assessment for commercial wind leasing and site assessment activities offshore North Carolina was published in the Federal Register.
- *1-8&10-13*: BOEM held Visual Simulation Open Houses in Kitty Hawk and Wilmington to provide an opportunity to review the results of BOEM's Offshore Wind Visualization Study for Offshore North Carolina.
- *1-7&9-13*: BOEM held public information sessions in Nags Head and Wilmington to provide an overview of BOEM's recently published Call for Information and Nominations and Notice of Intent, solicit public comment, and discuss next steps in the environmental, planning, and leasing processes.
- *2-3-13*: BOEM published a notice in the Federal Register to reopen the comment period for the North Carolina Call for Information and Nominations – Commercial Leasing for Wind Power on the Outer Continental Shelf Offshore North Carolina.
- *3-7-13*: The comment period for the North Carolina Call for Information and Nominations closed. BOEM received 5 indications of interest wishing to obtain a commercial lease for a wind energy project.
- *May 2013*: Governor McCrory signed legislation establishing a permitting program for the siting and operation of wind energy facilities in North Carolina.

Oregon

- *5-15-13*: Principle Power submits an unsolicited request to BOEM for a commercial wind lease on the Outer Continental Shelf offshore Oregon. The proposed project would consist of a floating wind energy demonstration facility offshore Coos Bay.
- *9-30-13*: BOEM issued a Request for Interest in the Federal Register for potential commercial leasing for wind power on the OCS offshore Oregon. If approved, the Oregon project could become BOEM's fifth offshore wind lease and the first for a floating wind farm.



Rhode Island

- *10-4-12*: Deepwater Wind LLC proposed to start building an offshore wind farm off Rhode Island by early 2014. The project, 3 miles southeast of Block Island, is on target to become the nation's first offshore wind project.
- *11-30-12*: BOEM announced the Proposed Sale Notice for a Wind Energy Area offshore Rhode Island and Massachusetts.
- *1-15-13*: Public Information Meeting on Rhode Island-Massachusetts Proposed Sale Notice
- *6-4-13*: BOEM announced that a lease sale (i.e., auction) will be held July 31, 2013, for a Wind Energy Area (WEA) offshore Rhode Island and Massachusetts. The auction represents the first competitive lease sale for renewable energy on the Outer Continental Shelf (OCS). The WEA offshore Rhode Island and Massachusetts covers approximately 164,750 acres and is located about 9.2 nautical miles south of the Rhode Island coastline. BOEM will auction the area as two leases, referred to as the North Lease Area (Lease OCS-A0486) and the South Lease Area (Lease OCS-A0487). The North Lease Area consists of about 97,500 acres and the South Lease Area consists of about 67,250 acres. The provisional winner of the lease sale, which auctioned two leases for a Wind Energy Area of 164,750 acres offshore Rhode Island and Massachusetts for wind energy development, is Deepwater Wind New England, LLC.
- *7-31-13*: BOEM announced Deepwater Wind New England, LLC as the provisional winner of competitive lease sale that auctioned two leases for a Wind Energy Area of 164,750 acres offshore Rhode Island and Massachusetts.
- *9-19-13*: The first federal offshore wind lease was executed by Department of Interior Secretary Jewell and Deepwater Wind New England LLC for the Wind Energy Area offshore Rhode Island and Massachusetts.

VI. Recommendations

Virginia has continued its thoughtful approach to preparing for offshore wind development and cultivating the industry to support offshore wind. Two years ago, emphasis was placed on specific actions, including: establishing a voluntary Renewable Portfolio Standard (allowing for out-of-state purchases), investing in manufacturing grants to support the supply chain community, and requiring the State Corporation Commission (SCC) to consider the economic



development impact of projects in determining their cost effectiveness. Last year, VOWDA and DMME invested in geologic surveys in the Wind Energy Area; worked strategically with BOEM to resolve conflicts with DOD and commercial interests in the coastal area adjacent to the Wind Energy Area; worked with BOEM to accomplish issuance of the Call and completion of the draft Proposed Sale Notice; and supported industry efforts to reduce the levelized cost of energy that can be produced off of Virginia's coast. Since last year, we have completed geologic surveys in the Wind Energy Area, worked with BOEM to accomplish the commercial lease sale of the Wind Energy Area, supported an industry-led team in conducting an Offshore Wind Technological Advancement Project, and worked with industry and economic development officials to support the supply chain capabilities in Virginia and demonstrate that Virginia is open for business for the offshore wind industry. These efforts have presented an environment for private development off the coast of Virginia.

With the establishment of VCERC and VOWDA, Virginia has established a framework within which research and development and policy and stakeholder collaboration to support offshore wind development will be accomplished efficiently. The Commonwealth's efforts and application of public resources are intended to facilitate private development of offshore wind energy and promote an industry supply chain to support that development. The goals and objectives of state-directed data acquisition efforts, such as the ocean survey and research leases, are shaped by the private sector stakeholders who ultimately will make much larger private investments. These investments will lead to the development of an offshore wind industry, supply chain, and job creation for Virginians. Activities to take place in the research lease areas, such as installation of data acquisition equipment and the VOWTAP demonstration project, could substantially reduce uncertainties in energy production estimates through earlier and more accurate wind measurements and environmental data gathering. Innovative approaches to turbine and foundation design and installation could reduce the levelized cost of energy produced offshore. These early activities will also enable development of our offshore wind energy resources, and the jobs associated with the offshore wind industry, to develop more quickly.

In order to successfully continue with this approach, VOWDA recommends as their top three priorities that Virginia consider 1) providing additional state funding to match private and/or federal investments in activities that will give Virginia an advantage over competing states in attracting the offshore wind industry in Virginia, 2) supporting efforts to advance the industry-led advanced technology demonstration project, and 3) continuing to work with BOEM in order to expedite the federal process for development of the commercial Wind Energy Area off of the coast of Virginia. Specifically, VOWDA makes the following recommendations:

VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY



RECOMMENDATION 1: Leverage state funding with additional private and federal funding to position Virginia with a competitive advantage in attracting the offshore wind industry.

RECOMMENDATION 2: Support successful completion of the advanced technology demonstration project and work with state and federal agencies to ensure advancement of the project in the competition for follow-on funding from the U.S. Department of Energy.

RECOMMENDATION 3: Support and expedite the federal process for development of the commercial wind energy area off of the coast of Virginia and ensure compatibility with other ocean uses and avian and marine species and habitat.

ADDITIONAL RECOMMENDATIONS:

- Engage with or continue collaboration with the Virginia Ship Repair Association (VSRA), Virginia Offshore Wind (VOW) Coalition, the maritime industry, and other stakeholders to ensure successful and productive shared use of the ocean and port facilities.
- Support the extension of federal Investment Tax Credits and Production Tax Credits in a form that would assist offshore wind development in Virginia
- Gather data to demonstrate the economic benefits that would result if the Commonwealth of Virginia is home to a vibrant Mid-Atlantic offshore wind industry and supply chain, and work with the commercial lease holder and others to strategically engage potential supply chain and workforce development opportunities.
- Gather data to quantify the amount of additional cost that ratepayers would support, if any, to facilitate the development of an offshore wind project in Virginia.
- Support legislative and administrative efforts to attract offshore wind economic development to the Commonwealth, in addition to encouraging the development and approval of offshore wind projects in Virginia.



VII. Future Goals/Activities

VOWDA will continue to engage with BOEM, VOW and others to directly monitor, support, expedite and provide input to identify key next steps in the Virginia Offshore Wind commercial development process. The following 2014 milestones and anticipated activities are summarized in **Appendix H**:

- Quantify the level of financial support that Virginia ratepayers are willing to provide to support the development of (i) an offshore wind demonstration project in Virginia and (ii) a full scale offshore wind project in the Virginia Energy Area.
- DMME issuance of an RFI and RFP for ways to invest and leverage state funds for data collection and collaborations to give Virginia a competitive advantage
- Award and implementation of DMME Research Lease Application 1
- Award and implementation of DMME Research Lease Application 2
- DOE's possible federal award for Phase II of the demonstration of advanced offshore wind technology to VOWTAP

VOWDA will also continue to support commercial-scale development of the Virginia WEA and the cultivation of industry to support offshore wind, including:

- Identification and promotion of specific Port and private assets and facilities unique to Virginia to support private developers and supply chain members involved in pre-construction, construction, operation and maintenance.
- Monitoring and engaging with PJM's ongoing Regional Transmission Expansion Plan (RTEP) process as the costs of offshore wind transmission are explored – especially as issues of cost allocation for offshore transmission are considered.
- Maintaining and updating information on wind resource data, economics and environmental impacts, and information characterizing the state and federal regulatory framework for establishing a project off the coast of Virginia.
- Supporting the Virginia Economic Development Partnership, the Virginia Offshore Wind Coalition and other stakeholders to assess the sourcing and supply strategy for components, services, and vessels employed or being contemplated for other offshore wind farms in the US and overseas, and identifying how Virginia companies and resources can best be deployed to promote offshore wind development in Virginia.



- Providing technical support to the Virginia Economic Development Partnership and identifying state financial incentives that might be available to help commercialize emerging technologies that can create Virginia jobs. This includes identifying leading candidate businesses and helping to connect with state and federal support programs, particularly focused on Tier 3 and Tier 4 suppliers who can export to Tier 1 and Tier 2 integrators now expanding in European offshore wind supply chains.
- Supporting development of a strategic or ocean management plan for Virginia waters, that includes uses such as offshore wind, and participating in the Coastal and Marine Spatial Planning process for federal waters off the coast of Virginia.
- Identifying available grants and other financing mechanisms to support offshore wind development, endorsing and possibly participating in federal grant applications and state efforts to support projects that improve the offshore wind value chain, reduce the delivered cost of power, and create job and other opportunities.
- Continuing to advocate on behalf of the Commonwealth that Virginia has the port infrastructure, supply chain, workforce resources, strategic location, and *can-do* spirit that make Virginia the logical host to, and partner for, offshore wind developers.

VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY



APPENDIX A

MISSION STATEMENT AND OBJECTIVES

Virginia Offshore Wind Development Authority

Objectives

Mission Statement

The Virginia Offshore Wind Development Authority (the "**Authority**") is created as a political subdivision of the Commonwealth for the purpose of facilitating, coordinating, and supporting the development (either by the Authority or by other qualified entities) of the offshore wind energy industry, offshore wind energy projects, and supply chain vendors by:

- A. Collecting relevant metocean and environmental data;
- B. Identifying existing state and regulatory or administrative barriers to the development of the offshore wind energy industry;
- C. Working in cooperation with relevant local, state, and federal agencies to upgrade port and other logistical facilities and sites to accommodate the manufacturing and assembly of offshore wind energy project components and vessels; and
- D. Ensuring that the development of such wind projects is compatible with other ocean uses and avian and marine resources, including both the possible interference with and positive effects on naval facilities and operations, NASA-Wallops Flight Facility operations, shipping lanes, recreational and commercial fisheries, and avian and marine species and habitats.

The Authority shall, in cooperation with the relevant state and federal agencies as necessary, recommend ways to encourage and expedite the development of the offshore wind energy industry.

The Authority shall also consult with research institutions, businesses, nonprofit organizations, and stakeholders as the Authority deems appropriate.

The Authority shall consider seeking grant and/or loan guarantees and/or entering into public-private partnerships to assist in the development of offshore wind.

The Authority shall provide two reports: 1) by May 31, 2011, a report on its recommendations on what is needed to facilitate the transmission of the offshore wind-generated power after review of the transmission study prepared by the investor-owned utility, Dominion Virginia Power; and 2) by October 15 each year, an annual summary of the activities of the Authority and policy recommendations to the Governor, the Chairs of the House and Senate Commerce and Labor Committees and the Chairs of the House Appropriations and Senate Finance

Virginia Offshore Wind Development Authority

Objectives

Committees (the "Annual Report"). The Annual Report shall include specific policy recommendations that shall be derived from and supported by the actions, results, and deliberations of the Authority in carrying out its objectives listed below.

A. Virginia Offshore Industry Data: Facilitate the definition, collection, dissemination of relevant metocean data, environmental data, and other information needed by Virginia offshore wind stakeholders, utilizing existing, planned, or projected sources of data collection or activities.

1. Direct and provide support to the Virginia Department of Mines, Minerals and Energy (DMME) to gather, reconcile and disseminate information and data required for the development of the offshore wind industry and offshore wind facilities. Specifically, develop a strategy and action plan to:
 - a. Inventory the available information (e.g. wind data, environmental data, oceanographic data, sea current data, electricity transmission data, port and shipping data, DOD/Navy Coast Guard requirements, integration of the Chesapeake Light Tower, offshore LIDAR buoy data, wind turbine construction and operating cost data, etc.);
 - b. Gather stakeholder input regarding what information is required to support the offshore wind industry;
 - c. Reduce gaps in information required versus information collected¹;
 - d. Collect, process and disseminate this information to stakeholders; and
2. Collect, monitor, and provide information regarding the delivered cost, rate impact, economic impact, and environments benefits of electricity generated from offshore wind projects that considers existing studies, legislative and regulatory actions by the Commonwealth, federal government and other states, and information provided by stakeholders and interested parties;
3. Review, support/endorse and possibly participate in federal grant applications and state efforts that support projects that will improve the offshore wind value chain to shorten completion times, reduce the delivered cost of power, and create job opportunities.

¹ Note that the Department of the Interior plans to make available to lessees available federal data at the time of the lease sale for offshore wind

Virginia Offshore Wind Development Authority

Objectives

B. Offshore Leasing, Permitting, Financing, and Regulation: Identify existing federal and state barriers to the development of the offshore wind industry in Virginia.

1. Define, identify and provide information regarding:
 - a. Virginia's renewable energy goals with respect to offshore wind as well as state and federal incentives for renewable energy development;
 - b. The current federal and state regulatory framework for the development, transmission, generation and purchasing power for offshore wind in Virginia;
2. Develop a process to gather and validate stakeholder input regarding perceived and/or real federal and state regulatory and administrative barriers to the development of the offshore wind industry in Virginia and work with stakeholders to create action plans or strategies to remove or reduce those barriers.
3. Incorporate results of these findings into the Annual Report.

C. Virginia Offshore Job Creation & Supply Chain Development: Work in cooperation with relevant local, state, and federal agencies to accommodate the manufacturing, assembly, and maintenance of offshore wind energy project components and vessels.

1. Support the Virginia Economic Development Partnership (VEDP) to:
 - a. Assess the competitiveness of Virginia for the location of manufacturing, assembly, portage, and service centers to support the offshore wind industry;
 - b. Define and implement strategies to attract industry to locate facilities in Virginia that will support the manufacturing, assembly, service and transport resources required by the industry participants; and
 - c. Address the training and human resource requirements and the mechanism to provide the necessary human resources.
2. Consider incentives and/or policy initiatives needed to attract offshore related business to Virginia so as to create employment opportunities and balance the delivered cost of offshore wind and incorporate any recommendations regarding those incentives/policy initiatives into the Annual Report.

Virginia Offshore Wind Development Authority

Objectives

D. Offshore Wind Project Siting and Development: Communicate and coordinate with stakeholders, including the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE) Task Force to ensure that the development of offshore wind projects is compatible with other ocean uses and avian and marine resources, including both the possible interference with and positive effects on naval facilities and operations, NASA-Wallops Flight Facility operations, shipping lanes, recreational and commercial fisheries, and avian and marine species and habitats.

1. Provide input and support to the Virginia BOEMRE Task Force in their ongoing communication with local, state, tribal, and federal stakeholders concerning the compatibility of offshore wind projects with other ocean uses.
2. Encourage the development of a strategic plan regarding the development and use of the offshore waters of Virginia for wind generation and other uses (recreation, defense, oil and gas exploration, shipping, etc.), using the principles of coastal and marine spatial planning.

**VIRGINIA OFFSHORE WIND
DEVELOPMENT AUTHORITY**



APPENDIX B

2012-2013 SUMMARY OF MILESTONES AND ACTIVITIES

2012-13 Offshore Wind Milestones

Research Lease One

<u>Date</u>	<u>Milestone</u>
01 Jun 2012	Final Research Lease 1 (RL1) application submitted by DMME to BOEM
21 Dec 2012	BOEM issues Request for Competitive Interest (RFCI) on RL1
22 Jan 2013	Deadline for submittal of responses to RFCI on RL1
15 Mar 2013	BOEM Determination of No Competitive Interest in RL1

Research Lease Two

<u>Date</u>	<u>Milestone</u>
23 Jul 2012	First draft RL2 application submitted to BOEM
04 Jan 2013	Maritime industry stakeholder meeting on RL2 location
11 Jan 2013	Federal regulatory agency stakeholder meeting on RL2 location
16 Jan 2013	Dominion and DMME meeting with DOE and BOEM on RL2 location
08 Feb 2013	Final RL2 application submitted by DMME to BOEM
30 Jul 2013	BOEM issues Request for Competitive Interest (RFCI) on RL2
29 Aug 2013	Deadline for submittal of responses to RFCI on RL2

Commercial Wind Energy Area (WEA) Lease

<u>Date</u>	<u>Milestone</u>
05 Jun 2012	Intergovernmental Task Force meeting to review draft of Proposed Sale Notice (PSN)
03 Dec 2012	BOEM publishes Virginia Proposed Sale Notice (PSN) in the Federal Register for 60-day comment period
17 Jan 2013	DMME comments to PSN reviewed at VOWDA Board meeting DMME comments to PSN submitted to BOEM
23 Jul 2013	BOEM publishes Virginia Final Sale Notice (FSN) in the Federal Register
04 Sep 2013	BOEM conducts lease auction for commercial development of the Virginia WEA according to the terms of the FSN. Dominion Virginia Power wins the auction.

Regional Geological Study and Ocean Survey

<u>Date</u>	<u>Milestone</u>
26 Jul 2012	DMME and BOEM enter into a cooperative agreement to support the collection of geological information in and around the Virginia Wind Energy Area (WEA).
19 Oct 2012	DMME issues RFP for geological and geophysical survey services.
13 Dec 2012	Fugro Atlantic awarded contract to conduct the geological and geophysical survey, which will help further development of the WEA.
May 2013	Fugro mobilizes research vessel and begins field work.
Sep 2013	Fugro delivers draft <i>Regional Geophysical Survey and Interpretive Report</i> for the Virginia Wind Energy Area offshore southeastern Virginia.

VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY



APPENDIX C

VIRGINIA OFFSHORE WIND TIMELINE

VA Offshore Wind Timeline - (some future timelines are estimates)

Action	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Comments	
PRE-LEASE																						
Creation of VA Coastal Energy Research Consortium (VCERC) - May 18, 2006	May 18																					
Creation of VA Offshore Wind Development Authority (VOWDA)					April 11																	
VCERC Final Report					April 20																http://www.vcerc.org/VCERC_Final_Report_Offshore_Wind_Studies_Full_Report_nwest.pdf	
Gamesa/Northrup Grumman Partner to Develop Turbine/Locate Test Sites					Oct.																	
DMME Draft Research Lease Application Developed						Jan. 13																
DMME Draft Research Lease Application Revised						Sept. 6																
RESEARCH LEASE 1																						
DMME Research Lease Activities Separated into Two Lease Applications and RL1 Submitted						June 1															http://www.dmme.virginia.gov/DE/LinkDocuments/DMME_238ResearchLease_1%20.pdf	
BOEM Determination of No Competitive Interest in RL1								Mar. 14														
DMME Submits Gen'l Activities Plan for RL1								Sep. →	Feb.													
RL1 GAP Approval									April													
Metocean Platform Deployed to RL1									Oct. →	Dec.												
RESEARCH LEASE 2																						
VOWTAP Phase I ATDP									Feb. →	May												
DMME Research Lease 2 Application Submitted									Feb. 8													
BOEM Determination of No Competitive Interest in RL2									Oct.													
DMME Submits General Activities Plan for RL2									Nov. 22													
RL2 GAP Approval										Jan.												
VOWTAP Phase I Period Ends										May												
VOWTAP Phase II-Phase IV ATDP Test Turbines Deployed										May →	→	→	→	→	→	→	→	→	→	→	→	
COMMERCIAL																						
BOEM Issues Call for Info & Nominations						Feb. 3																
DMME/BOEM Award Regional Ocean Survey Contract (Fugro Atlantic)									April-Dec.													
BOEM Lease Auction									Sep. 4													
Lease & Pre-Construction Activities									Oct. →	→	→	→	→	→	→	→	→	→	→	→	→	
Approvals and Construction																						<p>Many variables impact the construction time table. Construction could begin even before 2017, but that probably is not likely. Lease holder has up to five years to develop a Construction and Operations Plan. The length of time needed for approvals, procurement of long-lead-time materials and construction can vary depending on extent of SCC involvement, where power output is sold and other factors. Actual construction of first phase 400-600 MW could take 2-3 years. The chart depicts a range of completion dates for installation of 400-600 MW as early as 2019 or as late as 2025.</p>

**VIRGINIA OFFSHORE WIND
DEVELOPMENT AUTHORITY**



APPENDIX D

**VOWDA LETTER OF SUPPORT TO VOW COALITION REQUEST FOR
MATCHING STATE FUNDS**

VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY



Washington Building, 8th Floor
1100 Bank Street
Richmond, Virginia 23219-3638
(804) 692-3200 FAX (804) 692-3237
<http://wind.jmu.edu/offshore/vowda/index.html>

November 16, 2012

The Honorable Robert F. McDonnell
Governor of Virginia
Office of the Governor
Patrick Henry Building, 3rd Floor
1111 East Broad Street
Richmond, VA 23219

Dear Governor McDonnell:

The Virginia Offshore Wind Development Authority (VOWDA) thanks you for the FY13 appropriation of \$500,000 to promote offshore wind development in the Commonwealth and we respectfully request that you support additional funding in FY14 to lower economic, environmental and technical barriers to development. An additional investment by the Commonwealth will provide a further economic incentive to attract the large amount of private capital needed to develop a utility scale wind farm off the coast of Virginia and will enable Virginia to preserve and promote its strong position as a preferred Mid-Atlantic location for offshore wind project and supply chain development.

Our principal recommendation and consensus, as reflected in VOWDA's 2012 Annual Report is to "support industry requests to provide state funding to match federal, private capital and other investments in the design, permitting, and installation of buoys, structures, and equipment that will facilitate the collection of met-ocean data / or pre-construction development costs and construction of met towers." The Virginia Offshore Wind Coalition (VOW), the industry coalition for offshore wind development, has made just such a request. Your Authority asks that you give this industry proposal every consideration as you work with the Virginia General Assembly to allocate scarce public resources to the priorities of the Commonwealth. The funding requested by VOW does not replace the significant amount of private capital that will be invested in Virginia's offshore wind industry. Rather, it will be expended to reduce uncertainty and therefore lower the risk premium required by the private capital that will be invested in Virginia's offshore wind industry. Reducing the cost of capital for constructing an offshore wind farm will benefit Virginia's consumers by lowering the cost of energy generated from Virginia's offshore wind resource.

The Honorable Robert F. McDonnell

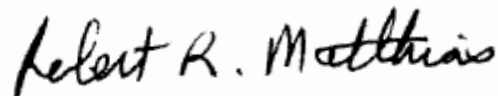
November 16, 2012

Page 2

The appropriation of Commonwealth funds to this industry will enable us to compete with other states along the Atlantic Seaboard who are looking for primacy in this nascent but important industry. For instance, other states, including New Jersey and Delaware, also seek the jobs and other economic benefits associated with this renewable energy industry and have begun to offer matching funds and other incentives to attract developers to their states. They appreciate, as we do, that the best way to get offshore wind off the ground is to help the private sector reduce the costs of this renewable energy. With an infusion of Commonwealth funds, we will be able to partner with the private sector to reduce the costs of acquiring data to quantify the offshore wind resource, which is critical to attracting the high-risk private sector capital that will need to be deployed to further the development of an offshore wind project in Virginia. We believe the resource off the coast of Virginia is abundant and now we look forward to working with industry to prove it. This development will also promote the port and shipping industry because both will be needed to stage and support offshore wind farms.

In conclusion, VOWDA requests your support for additional funding in FY2014 to help accelerate the momentum that the FY2013 funding has helped to create. In this way, we can truly make Virginia a leader in renewable energy and maritime jobs.

Sincerely,

A handwritten signature in black ink that reads "Robert R. Matthias". The signature is written in a cursive style with a large initial 'R'.

Robert Matthias

Chairman

Attachment

c: Richard D. Brown
Carrie Roth
Maureen Matsen
Cathie France
Toni Walker



101 W. Main Street, Suite 380
Norfolk, Virginia 23510

November 6, 2012

The Honorable Robert F. McDonnell
Governor of Virginia
Office of the Governor
Patrick Henry Building, 3rd Floor
1111 East Broad Street
Richmond, VA 23219

Dear Governor McDonnell:

On behalf of the Virginia Offshore Wind Coalition (VOW), I want to thank you for the FY13 appropriation of \$500,000 and seek your support for additional funding in FY14 to build an offshore meteorological (met) tower and/or other data gathering device(s). This investment is needed to lower barriers and “jump start” offshore wind development off the coast of Virginia and will ensure that Virginia not only keeps pace with other states but also is in a leading position for project development. We estimate a funding need of approximately \$7 million in FY2014.

As you may be aware New Jersey, Delaware and other states along the East Coast, have already offered matching funds to help developers offset the costs of quantifying the offshore wind resource, identifying the long-term capital needs, and determining the returns on such investments. The establishment of “met” towers and other infrastructure are essential for data collection with the ultimate goal of understanding the economics of an offshore wind project. This information is critical to attracting the high-risk private sector capital that is needed to be deployed to further the development of an offshore wind project in Virginia.

Our request of \$7 million dollars for the Department of Mines, Minerals, and Energy will be matched on at least a one-to-one basis by private developers and/or federal agencies. When the comprehensive data is paired with the information from the geophysical surveys to be conducted later this year (with FY13 appropriation), developers will be able to estimate the cost of designing and building an

offshore wind project, the amount of energy the project is likely to produce, and their return on investment.

Virginia continues to be in a unique position to attract offshore wind development and the supply chains that come with them. However, we must maintain our competitive advantage by continuing to make strategic investments in offshore wind industry and not lose the momentum generated under your leadership.

Sincerely,

A handwritten signature in black ink, appearing to read "J. J. Keever". The signature is written in a cursive style with a large, sweeping initial "J".

J. J. Keever, Chairman
Virginia Offshore Wind Coalition

cc: Richard D. Brown
Carrie Roth
Maureen Matsen
Cathie France
Toni Walker

**VIRGINIA OFFSHORE WIND
DEVELOPMENT AUTHORITY**



APPENDIX E

**DMME COMMENTS ON RFI ON ATLANTIC WIND ONE PROPOSED SALE NOTICE
FOR COMMERCIAL LEASE FOR WIND POWER ON THE OCS**



DIVISIONS
ENERGY
GAS AND OIL
GEOLOGY AND MINERAL RESOURCES
MINED LAND RECLAMATION
MINERAL MINING
MINES
ADMINISTRATION

COMMONWEALTH OF VIRGINIA

Department of Mines, Minerals and Energy

Washington Building, 8th Floor
1100 Bank Street
Richmond, Virginia 23219-3638
(804) 692-3200 FAX (804) 692-3237
www.dmme.virginia.gov

January 22, 2013

Comments on Virginia PSN
Office of Renewable Energy Programs
Bureau of Ocean Energy Management
381 Elden Street, HM 1328
Herndon, Virginia 20170

Subject: Comments on “Atlantic Wind One (ATLW1) Commercial Leasing for Wind Power on the Outer Continental Shelf Offshore Virginia-Proposed Sale Notice”

Federal Register Vol. 77, Issue 232, pp. 71607-71608
[Docket No. BOEM-2012-0033]

The Virginia Department of Mines, Minerals and Energy (DMME) appreciates this opportunity to comment on the subject Federal Register Notice. We support BOEM’s proposal to offer the Virginia offshore Wind Energy Area (WEA) as a single lease using an ascending clock auction format.

In this letter we repeat and expand on our comments on the advantages of a single-lot auction format, which were submitted in a letter to Mr. Greg Adams, dated January 19, 2012, in response to BOEM’s offshore wind auction format information request. We divide this comment letter into two sections: “Advantages of Single-Lot, Ascending Clock Auction Format” and “Lease Term Considerations”.

Advantages of Single-Lot, Ascending Clock Auction Format

A single-lot auction format would best ensure that a commercial renewable energy lease offshore Virginia is awarded to a bidder who is most likely to successfully develop the wind resource of the lease area, and in the most efficient manner. Because of the limited experience with auctions of offshore renewable energy leases on the Atlantic Outer Continental Shelf, and the possibility of wide variation in the valuation of lease tracts by bidders, an ascending bidding method would allow bidders to evaluate prices during the auction and more effectively determine valuation.

A single-lot auction format would enable a development team to learn from one phase of construction and operations to the next, and thereby reduce the capital cost and cost of energy as the WEA is built out in stages. In a multiple-lot format, there would be no such opportunity for learning, as each development team would follow its own independent project development path in parallel with the other team(s).

Phased development of a single, large lease would ensure a steady market demand for turbines, foundation support structures, and array cables. This approach, because it would have a greater chance of

providing scale and long-term market certainty, would be more likely to attract capital investment in a domestic supply chain for these components, thereby reducing the capital cost of the project (as compared with importing turbines manufactured overseas) and potentially creating thousands of domestic manufacturing jobs.

Phased development of a single, large lease also would yield more sustainable job creation in the regional economy and the least environmental impact in terms of port facility utilization and its effects on surrounding communities.

Multiple leases are more likely to have a “boom, then bust” effect as multiple port staging areas are ramped up for different projects and then shut down after those projects are built. Moreover, a multiple-lot auction, even with only two lots, would create a scenario whereby it is more likely that no individual lease would be large enough to sustainably support a new manufacturing facility.

Therefore, we do not believe that the view stated on page 71624 of the subject Notice is correct that “offering the area in two zones would attract lower electricity prices for offshore wind generation in the event two different developers won different zones.” As explained above, such a multiple-lot auction would more likely result in HIGHER electricity prices.

Finally, as noted at the top of page 71624 of the subject notice, “BOEM has decided to auction the area as a single zone resulting in a single lease in order to take advantage of the simplicity of this type of sale.” DMME agrees that this is an important factor that has helped enable the Virginia WEA to be among the first two Atlantic offshore wind development zones to be offered for commercial leasing.

Lease Term Considerations

In order to realistically enable phased development of a single lease, a commercial lease term longer than 25 years would be required, and DMME understands that the rule provides BOEM with the flexibility of entering into a longer-term lease. The Virginia offshore Wind Energy Area has a total potential installed capacity of 2,000 to 2,400 MW and thus could be developed in four successive phases of 500 to 600 MW each.

With a 5-year development period and 25-year service life for each phase, phased development of the entire Virginia WEA would require a commercial lease of at least 45 years. This assumes that the 5-year development period for each subsequent phase begins as soon as the 5-year development period for the preceding phase is completed. We believe it would be prudent to add an additional five years to the commercial lease term to allow for environmental monitoring between phases.

Mid-Atlantic marine ecosystems have never accommodated this scale of offshore construction and operation and have a very different environment and species composition than the North Sea, where all large (>100 MW) offshore wind projects have been built to date. Cumulative environmental impacts can be more readily identified and adaptively managed by monitoring the effects as each phase is completed. It would be environmentally prudent to monitor the environmental effects of each phase for at least one year (four seasons) before embarking on development of the next phase. Therefore, DMME recommends that BOEM consider a 50-year lease for the single-lot auction of the Virginia WEA.

DMME commends the work that BOEM is doing to promote development of the offshore wind resources on the Atlantic OCS.

Thank you for your attention to our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "C. T. Spangler III". The signature is fluid and cursive, with the "III" at the end being particularly distinct.

Conrad T. Spangler, III
Director

designed to prevent anticompetitive behavior in the marketplace. Compliance with the BOEM's auction procedures will not insulate a party from enforcement of the antitrust laws.

In accordance with the Act at 43 U.S.C. 1337(c), following the auction, and before the acceptance of bids and the issuance of leases, BOEM will "allow the Attorney General, in consultation with the Federal Trade Commission, thirty days to review the results of the lease sale."

If a bidder is found to have engaged in anti-competitive behavior or otherwise violated BOEM's rules in connection with its participation in the competitive bidding process, BOEM may reject the high bid pursuant to its regulations at 30 CFR 585.222(a)(2).

Anti-competitive behavior determinations are fact specific. However, such behavior may manifest itself in several different ways, including, but not limited to:

- An agreement, either express or tacit, among bidders to not bid in an auction, or to bid a particular price;
- An agreement among bidders not to bid in a particular location;
- An agreement among bidders not to bid against each other; and
- Other agreements among bidders that have the effect of limiting the final auction price.

BOEM may decline to award a lease if doing so would otherwise create a situation inconsistent with the antitrust laws (e.g., heavily concentrated market, etc.).

For more information on whether specific communications or agreements could constitute a violation of Federal antitrust law, please see: <http://www.justice.gov/atr/public/business-resources.html>, or consult counsel.

Post-Auction Certification: In addition to the steps described in the section entitled, "Process for Issuing the Lease," following the lease sale, each winning bidder will be required to certify the following, in accordance with 18 U.S.C. 1001 (Fraud and False Statements):

I certify that [name of qualified bidder] did not engage in anticompetitive bidding behavior in violation of Federal law, BOEM's regulations, or auction procedures.

I certify that this bid is made in a good faith effort to win a lease to engage in the development of renewable energy resources.

Non-Procurement Debarment and Suspension Regulations: Pursuant to regulations at 43 CFR Part 42, Subpart C, an OCS renewable energy Lessee must comply with the U.S. Department of the Interior's non-procurement debarment and suspension regulations at 2 CFR parts 180 and 1400 and agree

to communicate the requirement to comply with these regulations to persons with whom the Lessee does business as it relates to this lease, by including this term as a condition in their contracts and other transactions.

Final Sale Notice: BOEM will consider comments received or postmarked during the PSN comment period in preparing a FSN that will provide the final details concerning the offering and issuance of an OCS commercial wind energy lease in the Rhode Island and Massachusetts WEA. The FSN will be published in the **Federal Register** at least 30 days before the lease sale is conducted and will provide the date and time of the auction. The possibility also exists that there could be a second PSN, with another 60-day public comment period, prior to issuance of the FSN.

Force Majeure: The Program Manager of BOEM's Office of Renewable Energy Programs has the discretion to change any date, time, and/or location specified in the FSN in case of a force majeure event that the Program Manager deems may interfere with a fair and proper lease sale process. Such events may include, but are not limited to, natural disasters (e.g., earthquakes, hurricanes, floods), wars, riots, acts of terrorism, fire, strikes, civil disorder or other events of a similar nature. In case of such events, bidders should call 703-787-1300 or access the BOEM Web site at: <http://www.boem.gov/Renewable-Energy-Program/index.aspx>.

Appeals: The appeals procedures are provided in BOEM's regulations at 30 CFR 585.225 and 585.118(c). Pursuant to 30 CFR 585.225:

(a) If BOEM rejects your bid, BOEM will provide a written statement of the reasons, and refund any money deposited with your bid, without interest.

(b) You will then be able to ask the BOEM Director for reconsideration, in writing, within 15 business days of bid rejection, under 30 CFR 585.118(c)(1). We will send you a written response either affirming or reversing the rejection.

The procedures for appealing adverse final decisions with respect to lease sales are described in 30 CFR 585.118(c).

Protection of Privileged or Confidential Information:

Freedom of Information Act: BOEM will protect privileged or confidential information that you submit as required by the Freedom of Information Act (FOIA). Exemption 4 of FOIA applies to trade secrets and commercial or financial information that you submit that is privileged or confidential. If you

wish to protect the confidentiality of such information, clearly mark it and request that BOEM treat it as confidential. BOEM will not disclose such information, subject to the requirements of FOIA. Please label privileged or confidential information "Contains Confidential Information" and consider submitting such information as a separate attachment.

However, BOEM will not treat as confidential any aggregate summaries of such information or comments not containing such information. Additionally, BOEM may not treat as confidential the legal title of the commenting entity (e.g., the name of your company). Information that is not labeled as privileged or confidential will be regarded by BOEM as suitable for public release.

Section 304 of the National Historic Preservation Act (16 U.S.C. 470w-3(a)): BOEM is required, after consultation with the Secretary of the Interior, to withhold the location, character, or ownership of historic resources if it determines that disclosure may, among other things, cause a significant invasion of privacy, risk harm to the historic resources or impede the use of a traditional religious site by practitioners. Tribal entities and other interested parties should designate information that they wish to be held as confidential.

Dated: November 27, 2012.

Tommy P. Beaudreau,
Director, Bureau of Ocean Energy
Management.

[FR Doc. 2012-29096 Filed 11-30-12; 8:45 am]

BILLING CODE 4310-MR-P

DEPARTMENT OF THE INTERIOR

Bureau of Ocean Energy Management

[Docket No. BOEM-2012-0033]

Atlantic Wind One (ATLW1) Commercial Leasing for Wind Power on the Outer Continental Shelf Offshore Virginia—Proposed Sale Notice

AGENCY: Bureau of Ocean Energy Management (BOEM), Interior.

ACTION: Proposed Sale Notice for Commercial Leasing for Wind Power on the Outer Continental Shelf Offshore Virginia.

SUMMARY: This document is the Proposed Sale Notice (PSN) for the sale of a commercial renewable energy lease on the Outer Continental Shelf (OCS) offshore Virginia, pursuant to BOEM's regulations at 30 CFR 585.216. BOEM will auction the area described in the

Call for Information and Nominations (77 FR 5545) as a single lease using an ascending clock auction. In this PSN, you will find information pertaining to the area available for leasing, proposed lease provisions and conditions, auction details, the lease form, criteria for evaluating competing bids, award procedures, appeal procedures, and lease execution. BOEM invites comments during a 60-day comment period following this notice.

DATES: Comments should be submitted electronically or postmarked no later than February 1, 2013. All comments received or postmarked during the comment period will be made available to the public and considered prior to publication of the Final Sale Notice (FSN).

The end of the comment period is also the deadline for the submission of qualification materials. All bidders interested in participating in the lease sale must have submitted all such qualification materials by the end of the 60-day comment period for this notice. All qualification materials must be postmarked no later than February 1, 2013.

ADDRESSES: Potential auction participants, Federal, state, and local government agencies, tribal governments, and other interested parties are requested to submit their written comments on the PSN in one of the following ways:

1. *Electronically:* <http://www.regulations.gov>. In the entry titled "Enter Keyword or ID," enter BOEM-2012-0033 then click "search." Follow the instructions to submit public comments.

2. *Written Comments:* In written form, delivered by hand or by mail, enclosed in an envelope labeled "Comments on Virginia PSN" to: Office of Renewable Energy Programs, Bureau of Ocean Energy Management, 381 Elden Street, HM 1328, Herndon, Virginia 20170.

3. *Qualifications Materials:* Those submitting qualifications packages should contact Erin Trager, BOEM Office of Renewable Energy Programs, 381 Elden Street, HM 1328, Herndon, Virginia 20170, (703) 787-1320, or erin.trager@boem.gov.

If you wish to protect the confidentiality of your nominations or comments, clearly mark the relevant sections and request that BOEM treat them as confidential. Please label privileged or confidential information with the caption, "Contains Confidential Information" and consider submitting such information as a separate attachment. Treatment of confidential information is addressed in

the section of this PSN entitled "Protection of Privileged or Confidential Information." Information that is not labeled as privileged or confidential will be regarded by BOEM as suitable for public release.

FOR FURTHER INFORMATION CONTACT: Erin Trager, BOEM Office of Renewable Energy Programs, 381 Elden Street, HM 1328, Herndon, Virginia 20170, (703) 787-1320 or erin.trager@boem.gov.

Authority: This PSN is published pursuant to subsection 8(p) of the OCS Lands Act (43 U.S.C. 1337(p)) ("the Act"), as amended by section 388 of the Energy Policy Act of 2005 (EPAAct), and the implementing regulations at 30 CFR Part 585, including 30 CFR 585.211 & 585.216.

Background: The proposed lease area is the same as the area described in the Virginia Call for Information and Nominations (Call), which was published in the **Federal Register** on February 3, 2012. Additional information about the proposed lease area is provided in the Call (77 FR 5545).

On February 3, 2012, BOEM published the Notice of Availability (NOA) (77 FR 5560) for the final Environmental Assessment (EA) and Finding of No Significant Impact (FONSI) for commercial wind lease issuance and site assessment activities on the Atlantic OCS offshore New Jersey, Delaware, Maryland, and Virginia. Consultations ran concurrently with the preparation of the EA and included consultation under the Endangered Species Act (ESA), Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA), section 106 of the National Historic Preservation Act (NHPA), and the Coastal Zone Management Act (CZMA). The *Commercial Wind Lease Issuance and Site Characterization Activities on the Atlantic Outer Continental Shelf Offshore New Jersey, Delaware, Maryland, and Virginia Environmental Assessment* (Regional EA) can be found at: <http://www.boem.gov/Renewable-Energy-Program/Smart-from-the-Start/Index.aspx>.

The proposed lease area identified in this PSN matches the Virginia Wind Energy Area (WEA) described in the preferred alternative in the Regional EA. Additional environmental documentation will be prepared upon receipt of plans, such as a Site Assessment Plan (SAP) or Construction and Operations Plan (COP).

Potential bidders should be aware of two unsolicited nominations under consideration by BOEM, situated within or near the Virginia WEA. Additional information is provided below.

Atlantic Grid Holdings LLC (ROW Grant Request: On March 31, 2011, Atlantic Grid Holdings LLC submitted an unsolicited application for a ROW grant. Following publication of a notice to determine competitive interest in the grant area and a 60-day public comment period, BOEM published its determination of no competitive interest on May 15, 2012 (77 FR 28620). The nomination and associated notices can be found at: <http://www.boem.gov/Renewable-Energy-Program/State-Activities/Regional-Proposals.aspx>.

Virginia Department of Mines, Minerals, and Energy (DMME) Research Lease Request: On June 1, 2012, the Commonwealth of Virginia (DMME) submitted an unsolicited nomination for a research lease under 30 CFR 585.238 for the siting of two meteorological ocean and environmental monitoring platforms. The nomination can be found at: <http://www.boem.gov/Renewable-Energy-Program/State-Activities/Virginia.aspx>.

Financial Terms and Conditions: This section provides an overview of the basic annual payments required of the Lessee that will be fully described in the lease.

Rent: The first year's rent payment for the entire leased area is due within 45 calendar days of the date the winning bidder receives the lease for execution. Thereafter, annual rent payments are due on the anniversary of the lease Effective Date until commercial operations on the lease commence, i.e., when the generation of electricity begins. The annual rental rate will be \$3.00 per acre applicable to the entire leased area. For example, for a lease the size of 112,799 acres, the amount of rent payment will be \$338,397 per year. The Lessee also must pay rent for any project easement associated with the lease commencing on the date that BOEM approves the COP (or modification) describing the project easement. Annual rent for a project easement, 200-foot wide and centered on the transmission cable, is \$70.00 per statute mile. For any additional acreage required, the Lessee must also pay the greater of \$5.00 per acre per year or \$450.00 per year.

Operating Fee: The initial annual operating fee is prorated and due within 45 calendar days after the commencement of commercial operations on the lease, and subsequent payments are due on or before each Lease Anniversary annually thereafter. The annual operating fee payment is calculated by multiplying an operating fee rate by the imputed wholesale market value of the projected electric power production. For the purposes of this calculation, the imputed market

value is the product of the project's annual nameplate capacity, the total number of hours in the year (8,760), an annual capacity factor, and an historical, annual average regional wholesale power price index.

Operating Fee Rate: The operating fee rate is 0.02 through the 8th year of commercial operations on the lease. Starting in the 9th year of commercial operations, the operating fee rate is 0.04 through the remaining term of the lease.

Nameplate Capacity: The nameplate capacity at the start of each year of commercial operations on the lease as specified in the COP will be used to accommodate installation schedules or repowering.

Capacity Factor: The capacity factor for the first eight full years of commercial operations on the lease is set to 0.4 to allow for three years of installation and testing followed by five years at full availability. At the end of the 8th full year, the capacity factor will be adjusted to reflect the performance over the previous five years based upon the actual metered electricity generation at the delivery point to the electrical grid. Similar adjustments to the capacity factor will be made once every five years thereafter. The maximum change in the capacity factor from one period to the next will be limited to plus or minus 10 percent of the previous period's value.

Wholesale Power Price Index: The price is determined at the time each annual operating fee payment is due, based on the weighted average of the inflation-adjusted peak and off-peak spot price indices for the Northeast—PJM West power market for the most recent year of data available as reported by the Federal Energy Regulatory Commission (FERC) as part of its annual *State of the Markets Report* with specific reference to the summary entitled "Electric Market Overview: Regional Spot Prices."

Financial Assurance: BOEM will base the amounts of all SAP, COP, and decommissioning financial assurance requirements on estimates of the cost to meet all accrued lease obligations. The amount of supplemental and decommissioning financial assurance requirements is determined on a case-by-case basis. The amount of financial assurance required to meet all lease obligations includes:

- The projected amount of rent and other payments due to the Government over the next 12 months;
- Any past due rent and other payments;
- Other monetary obligations (e.g., fines, liens); and

- The estimated cost of facility decommissioning.

Prior to lease issuance the Lessee must provide: (1) An initial lease-specific bond or other approved means of meeting the Lessor's initial financial assurance requirements in the amount of \$100,000; and (2) a supplemental bond or other approved means of meeting the Lessor's supplemental financial assurance requirements in the amount of \$338,397 to guarantee lease obligations from rental payments due to the Government over the first 12 months of the lease. Additional financial assurances will be required to address decommissioning, operating fee, and other obligations as the lease progresses.

The financial terms can be found in Addendum "B" of the proposed lease, which BOEM has made available with this notice on its Web site at: <http://boem.gov/Renewable-Energy-Program/State-Activities/Virginia.aspx>.

Place and Time: The auction will be held online. The time that the auction will be held will be published in the FSN. The date has not been finalized at this time, but will be no earlier than 30 days after publication of the FSN in the **Federal Register**.

Public Seminar: BOEM will host a public seminar to introduce potential bidders and other stakeholders to the auction format provided in the PSN, explain the auction rules, and demonstrate the auction process through meaningful examples. The time and place of the seminar will be announced by BOEM and published on the BOEM Web site. No registration or RSVP is required to attend.

Mock Auction: BOEM will host a mock auction to educate bidders about the procedures to be employed, and answer questions. The mock auction will take place between the publication of the FSN in the **Federal Register** and the date of the auction. Following publication of the FSN in the **Federal Register**, details of the mock auction will be distributed to those eligible to participate in the auction. All bidders that intend to participate in the auction are strongly encouraged to participate in the mock auction.

Bid Deposit and Minimum Bid: A bid deposit is an advance cash deposit submitted to BOEM. No later than 14 calendar days following publication of the FSN, each bidder must have submitted a bid deposit (i.e., minimum bid) of at least \$5.00 per acre, or fraction thereof, offered for sale. Approximately 112,799 acres will be offered for sale in this auction. Therefore, the minimum bid deposit for any participant in this auction is \$563,995. Any bidder that fails to submit the bid deposit by the

deadline described herein may be prevented by BOEM from participating in the auction. Bid deposits will be accepted online via *pay.gov*.

Following publication of the FSN, each bidder must fill out the Bidder's Financial Form included in the FSN. BOEM has made a copy of the proposed form available with this notice on its Web site at: <http://boem.gov/Renewable-Energy-Program/State-Activities/Virginia>. This form requests that bidders designate an email address, which bidders should use to create an account in *pay.gov*. After establishing the *pay.gov* account, bidders may use the Bid Deposit Form on the *pay.gov* Web site to leave a deposit.

Following the auction, bid deposits will be applied against any bonus bids or other obligations owed to BOEM. If the bid deposit exceeds the bidder's total financial obligation, the balance of the bid deposit will be refunded to the bidder.

Area Offered for Leasing: The proposed lease area offshore Virginia contains 19 whole OCS blocks and 13 sub-blocks. The western edge of the proposed lease area is approximately 23.5 nautical miles (nmi) from the Virginia Beach coastline, and extends to an eastern edge that is approximately 36.5 nmi from the same location. The longest north/south portion is approximately 10.5 nmi in length and the longest east/west portion is approximately 13 nmi in length. The entire area is approximately 112,799 acres, or 45,648 hectares. A description of the lease area and lease activities can be found in Addendum "A" of the proposed lease, which BOEM has made available with this notice on its Web site at: <http://boem.gov/Renewable-Energy-Program/State-Activities/Virginia.aspx>.

Map of the Area Offered for Leasing: A map of the area and a table of the boundary coordinates in X, Y (eastings, northings) UTM Zone 18, NAD83 Datum and geographic X, Y (longitude, latitude), NAD83 Datum can be found at the following URL: <http://boem.gov/Renewable-Energy-Program/State-Activities/Virginia.aspx>.

A large scale map of this area showing boundaries of the area with numbered blocks is available from BOEM at the following address: Bureau of Ocean Energy Management, Office of Renewable Energy Programs, 381 Elden Street, HM 1328, Herndon, Virginia 20170, Phone: (703) 787-1300, Fax: (703) 787-1708.

Area Offered as a Single Lease: The area available for sale will be auctioned as a single lease. One lease will be issued pursuant to this lease sale.

BOEM has decided to auction the area as a single zone resulting in a single lease in order to take advantage of the simplicity of this type of sale, the importance of which was highlighted by comments received in response to the Auction Format Information Request (76 FR 76174). Feedback from a member of the BOEM Virginia Renewable Energy Task Force suggested that offering the area in two zones could attract lower electricity prices for offshore wind generation in the event two different developers won different zones. However, splitting the area into two zones would not have prevented a single developer from winning both zones. Other Task Force members have endorsed the proposed single zone approach to facilitate potential phased development. If additional relevant comments regarding the auction format are submitted to BOEM in response to this PSN, BOEM will consider them.

Withdrawal of Blocks: BOEM reserves the right to withdraw areas from this lease sale prior to the execution of the lease.

Lease Terms and Conditions: Proposed lease terms and conditions for an OCS commercial wind lease in the Virginia WEA have been included in Addendum "C" of the proposed lease. BOEM reserves the right to apply additional terms and conditions that are consistent with the terms of the lease to activities conducted on the lease incident to any future approval or approval with modifications of a SAP and/or COP. The proposed lease, including Addendum "C", is available on BOEM's Web site at: <http://boem.gov/Renewable-Energy-Program/State-Activities/Virginia.aspx>. The proposed lease consists of an instrument with 18 sections and the following five attachments:

- Addendum "A" (Description of Leased Area and Lease Activities);
- Addendum "B" (Lease Term and Financial Schedule);
- Addendum "C" (Lease Specific Terms, Conditions, and Stipulations);
- Addendum "D" (Project Easement);
- Addendum "E" (Rent Schedule); and
- Appendix A (High Resolution Geophysical Surveys and Analysis for the Identification or Reporting of Archaeological Resources).

Addenda "A", "B", and "C" provide detailed descriptions of lease terms and conditions. Addenda "D" and "E" will be completed at the time of COP approval.

After considering comments on the PSN and these proposed provisions, BOEM will publish final lease terms and conditions in a FSN.

The lease form included as part of this proposed lease has been updated since its publication on February 3, 2012. A discussion of specific changes to the lease form is available separately on BOEM's Web site at: http://www.boem.gov/Renewable-Energy-Program/Regulatory-Information/Index.aspx#Lease_Forms.

Plans: Pursuant to 30 CFR 585.601, the leaseholder must submit a SAP within six months of lease issuance. If the leaseholder intends to continue its commercial lease with an operations term, the leaseholder must submit a COP at least six months before the end of the site assessment term.

Pursuant to 30 CFR 585.629, a leaseholder may request in its COP to develop its commercial lease in phases. If a leaseholder requests, and BOEM approves, phased development, this approval will not affect the length of the preliminary, site assessment, or commercial terms offered under the lease. The COP must describe in sufficient detail the activities proposed for all phases of commercial development, including a schedule detailing the proposed timelines for phased development. Further, the COP must include the results of all site characterization surveys, as described in 30 CFR 585.626(a), necessary to support each phase of commercial development. The requirements of the SAP remain the same as they would under a non-phased development scenario, and must meet the requirements provided in the regulatory provisions in 30 CFR 585.605–613 for the full commercial lease area.

Qualifications—Who May Bid: Entities wishing to participate in the lease sale must be legally, technically, and financially qualified under BOEM's regulations at 30 CFR 585.106–107. Any potential bidder that has not already submitted a complete qualification package must do so by the end of the comment period of this PSN. To be eligible to participate in the auction, each potential bidder must be legally, technically and financially qualified by the time the FSN for this sale is published. Please note that technical and financial qualifications are project specific; it is not sufficient to have been technically and financially qualified to pursue a project offshore another state.

Guidance and examples of the appropriate documentation demonstrating your legal qualifications can be found in Chapter 2 and Appendix B of *Guidelines for the Minerals Management Service Renewable Energy Framework*, available on BOEM's Web site at <http://www.boem.gov/Renewable-Energy->

[Program/Regulatory-Information/Index.aspx](http://www.boem.gov/Renewable-Energy-Program/Regulatory-Information/Index.aspx). Guidance regarding how you may demonstrate your technical and financial qualifications is provided in a document entitled, *Qualification Guidelines to Acquire and Hold Renewable Energy Leases and Grants and Alternate Use Grants on the U.S. Outer Continental Shelf*. (<http://boem.gov/Renewable-Energy-Program/Regulatory-Information/QualificationGuidelines-pdf.aspx>). It is strongly recommended that you refer to this guidance before submitting your materials as the guidance has been updated recently. Documentation you submit to demonstrate your legal, technical, and financial qualifications must be provided to BOEM in both paper and electronic formats. BOEM considers an Adobe PDF file stored on a compact disc (CD) to be an acceptable format for submitting an electronic copy. In your qualification materials, provide a general description of the project you would like to construct on the lease area sought in this sale, including estimates of the project area and total nameplate capacity of the proposed facilities.

Please note that it may take a number of weeks for you to establish your legal, technical, and financial qualifications. We advise potential bidders planning to participate in a sale to establish their qualifications promptly. It is not uncommon for BOEM to request additional materials establishing qualifications following an initial review of the qualifications package. Any potential bidder whose qualification package is incomplete at the time the FSN for this sale is published in the **Federal Register**, will be found to have failed to establish its qualifications to participate in the sale, and, therefore, will be unable to participate in the sale.

Auction Procedures: The sale is being conducted using an online bidding system and follows an "ascending clock" auction format. In this format, BOEM sets an initial asking or "clock" price for the single lease being offered, and increases that price incrementally in subsequent rounds until no more than a single active bidder remains in the auction. During each round, active bidders may either (1) submit an active bid indicating that they are interested in acquiring the lease at the stated auction price or (2) exit the auction.

A bidder remains active as long as it continues to meet BOEM's asking price associated with ensuing rounds. If more than one active bid is received in a round, BOEM increases the asking price incrementally and conducts another auction round. Between rounds, active

bidders are informed about the number of bids submitted in the previous round. Additional auction rounds occur as long as two or more bidders continue to submit active bids for the lease in each round. The auction concludes at the end of the round in which the number of active bids received falls to one or zero.

Bidders exiting the auction are allowed to submit an exit bid at an offer price greater than the clock price in the previous round and less than the incremented clock price in the current round. Once a bidder exits the auction, either by submitting an exit bid or by failing to submit an active bid, it will no longer be allowed to submit bids in any subsequent round. If a bidder leaves the auction without submitting an exit bid, BOEM will treat the last round's clock price as the bidder's exit bid in the current round. Exit bids are not considered to be active bids for purpose of determining whether to conclude the auction.

The lease is awarded to the sole bidder submitting an active bid in the final round of the auction at the final round's stated auction price. If an active bid is not received in the final round, the lease is awarded to the bidder offering the highest exit bid price for the lease. If there is a tie at the highest exit bid price offered, the winning bidder is chosen by a random draw.

Specific details about certain administrative aspects of the auction sale process will be described in the FSN. These aspects include how the clock price will increase in various stages of the auction, the duration of each bidding round, the amount of time provided between rounds, the number of rounds expected per day, and the days on which the auction process will continue, if necessary, beyond the first day. Bidders may expect multiple rounds per day to occur during normal business hours. The amount of time allowed for bidders to enter bids and the time between rounds may be reduced as the auction progresses based on the patterns of bidding to increase the pace of the auction. Bidders will be notified of the round schedule at the start of each day of the auction.

Acceptance, Rejection or Return of Bids: BOEM reserves the right and authority to reject any and all bids. In any case, no bid will be accepted, and no lease will be awarded to any bidder, unless (1) the bidder has complied with all requirements of the FSN and applicable regulations; (2) the bid is the highest valid bid; (3) and the amount of the bid has been determined to be adequate by the authorized officer. Any bid submitted that does not conform to the requirements of the FSN, the Act,

and other applicable regulations may be returned to the bidder submitting that bid by the Program Manager of BOEM's Office of Renewable Energy Programs and not considered for acceptance. The winning bid will be evaluated for its conformance with the requirements and rules of the auction, including, but not limited to, applicable bidder qualifications, bid deposits, and the integrity of the bidding process.

Process for Issuing the Lease: If BOEM proceeds with lease issuance, it will issue three unsigned copies of the lease form to the winning bidder. Within 10 business days after receiving the lease copies, a winning bidder must:

1. Execute the lease on the bidder's behalf;
2. File financial assurance as required under 30 CFR 585.515–537; and
3. Pay the balance of the bonus bid (bid amount less the bid deposit).

If a winning bidder does not meet these three requirements within 10 business days of receiving the lease copies as described above, or if a winning bidder otherwise fails to comply with applicable regulations or the terms of the FSN, the winning bidder will forfeit its bid deposit. BOEM may extend this 10 business-day time period if it determines the delay was caused by events beyond the winning bidder's control.

BOEM will not execute a lease until the three requirements above have been satisfied, BOEM has accepted the winning bidder's financial assurance, and BOEM has processed the winning bidder's payment. Please note the required timelines for providing financial assurance. The winning bidder may meet financial assurance requirements by posting a surety bond or by setting up an escrow account with a trust agreement giving BOEM the right to withdraw the money held in the account on demand by BOEM. BOEM may accept other forms of financial assurance on a case-by-case basis in accordance with its regulations. BOEM encourages winning bidders to discuss the financial assurance requirement with BOEM as soon as possible after the auction has concluded.

Within 45 calendar days of the date that the Lessee receives the lease copies, the Lessee must pay the first year's rent.

Anti-Competitive Behavior: In addition to the auction rules described in this notice, bidding behavior is governed by Federal antitrust laws designed to prevent anticompetitive behavior in the marketplace. Compliance with the BOEM's auction procedures will not insulate a party from enforcement of the antitrust laws.

In accordance with the Act at 43 U.S.C. 1337(c), following the auction, and before the acceptance of bids and the issuance of leases, BOEM will "allow the Attorney General, in consultation with the Federal Trade Commission, thirty days to review the results of the lease sale."

If a bidder is found to have engaged in anti-competitive behavior or otherwise violated BOEM's rules in connection with its participation in the competitive bidding process, BOEM may reject the high bid pursuant to its regulations at 30 CFR 585.222(a)(2).

Anti-competitive behavior determinations are fact specific. However, such behavior may manifest itself in several different ways, including, but not limited to:

- An agreement, either express or tacit, among bidders to not bid in an auction, or to bid a particular price;
- An agreement among bidders not to bid in a particular location;
- An agreement among bidders not to bid against each other; and
- Other agreements among bidders that have the effect of limiting the final auction price.
- If awarding a lease would otherwise create a situation inconsistent with the antitrust laws (e.g., heavily concentrated market, etc.).

For more information on whether specific communications or agreements could constitute a violation of Federal antitrust law, please see <http://www.justice.gov/atr/public/business-resources.html>, or consult counsel.

Post-Auction Certification: In addition to the steps described in the section entitled, "Process for Issuing the Lease," following the lease sale, each winning bidder will be required to certify the following in accordance with 18 U.S.C. 1001 (Fraud and False Statements):

I certify that [name of qualified bidder] did not engage in anticompetitive bidding behavior in violation of Federal law, BOEM's regulations, or auction procedures.

I certify that this bid is made in a good faith effort to win a lease to engage in the development of renewable energy resources.

Non-Procurement Debarment and Suspension Regulations: Pursuant to regulations at 43 CFR Part 42, Subpart C, an OCS renewable energy Lessee must comply with the U.S. Department of the Interior's non-procurement debarment and suspension regulations at 2 CFR Parts 180 and 1400 and agree to communicate the requirement to comply with these regulations to persons with whom the Lessee does business as it relates to this lease by including this term as a condition in their contracts and other transactions.

Final Sale Notice: BOEM will consider comments received or postmarked during the PSN comment period in preparing a FSN that will provide the final details concerning the offering and issuance of an OCS commercial wind energy lease in the Virginia WEA. The FSN will be published in the **Federal Register** at least 30 days before the lease sale is conducted and will provide the date and time of the auction.

Force Majeure: The Program Manager of BOEM's Office of Renewable Energy Programs has the discretion to change any date, time, and/or location specified in the FSN in case of a force majeure event that the Program Manager deems may interfere with a fair and proper lease sale process. Such events may include, but are not limited to, natural disasters (e.g., earthquakes, hurricanes, floods), wars, riots, acts of terrorism, fire, strikes, civil disorder or other events of a similar nature. In case of such events, bidders should call 703-787-1300 or access the BOEM Web site at: <http://www.boem.gov/Renewable-Energy-Program/index.aspx>.

Appeals: The appeals procedures are provided in BOEM's regulations at 30 CFR 585.225 and 585.118(c). Pursuant to 30 CFR 585.225,

(a) If BOEM rejects your bid, BOEM will provide a written statement of the reasons and refund any money deposited with your bid, without interest.

(b) You will then be able to ask the BOEM Director for reconsideration, in writing, within 15 business days of bid rejection, under 30 CFR 585.118(c)(1). We will send you a written response either affirming or reversing the rejection.

The procedures for appealing adverse final decisions with respect to lease sales are described in 30 CFR 585.118(c).

Protection of Privileged or Confidential Information

Freedom of Information Act: BOEM will protect privileged or confidential information that you submit as required by the Freedom of Information Act (FOIA). Exemption 4 of FOIA applies to trade secrets and commercial or financial information that you submit that is privileged or confidential. If you wish to protect the confidentiality of such information, clearly mark it and request that BOEM treat it as confidential. BOEM will not disclose such information, subject to the requirements of FOIA. Please label privileged or confidential information "Contains Confidential Information"

and consider submitting such information as a separate attachment.

However, BOEM will not treat as confidential any aggregate summaries of such information or comments not containing such information. Additionally, BOEM may not treat as confidential the legal title of the commenting entity (e.g., the name of your company). Information that is not labeled as privileged or confidential will be regarded by BOEM as suitable for public release.

Section 304 of the National Historic Preservation Act (16 U.S.C. 470w-3(a)):

BOEM is required, after consultation with the Secretary, to withhold the location, character, or ownership of historic resources if it determines that disclosure may, among other things, cause a significant invasion of privacy, risk harm to the historic resources or impede the use of a traditional religious site by practitioners. Tribal entities and other interested parties should designate information that they wish to be held as confidential.

Dated: November 27, 2012.

Tommy P. Beaudreau,
Director, Bureau of Ocean Energy
Management.

[FR Doc. 2012-29097 Filed 11-30-12; 8:45 am]

BILLING CODE 4310-MR-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-909 (Second Review)]

Low Enriched Uranium From France; Institution of a Five-Year Review Concerning the Antidumping Duty Order on Low Enriched Uranium From France

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty order on low enriched uranium from France would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to

¹No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 13-5-279,

be assured of consideration, the deadline for responses is January 2, 2013. Comments on the adequacy of responses may be filed with the Commission by February 15, 2013. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207), as most recently amended at 74 FR 2847 (January 16, 2009).

DATES: *Effective Date:* December 3, 2012.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background. On February 13, 2002, the Department of Commerce issued an antidumping duty order on imports of low enriched uranium from France (67 FR 6680). Following the five-year reviews by Commerce and the Commission, effective January 3, 2008, Commerce issued a continuation of the antidumping duty order on imports of low enriched uranium from France (73 FR 449). The Commission is now conducting a second review to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include

expiration date June 30, 2014. Public reporting burden for the request is estimated to average 15 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436.

**VIRGINIA OFFSHORE WIND
DEVELOPMENT AUTHORITY**



APPENDIX F

**VOWDA LETTER OF SUPPORT TO VIRGINIA'S CONGRESSIONAL DELEGATION ON
OFFSHORE WIND POWER ACT FEDERAL LEGISLATION**

VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY



Washington Building, 8th Floor
1100 Bank Street
Richmond, Virginia 23219-3638
(804) 692-3200 FAX (804) 692-3237
<http://wind.jmu.edu/offshore/vowda/index.html>

March 25, 2013

The Honorable Mark Warner
United States Senate
475 Russell Senate Office Building
Washington, DC 20510

The Honorable Timothy Kaine
United States Senate
B40C Dirksen Senate Office Building
Washington, DC 20510

Dear Senators Warner and Kaine:

Members of the Virginia Offshore Wind Development Authority (VOWDA) respectfully request your support for the *Incentivizing Offshore Wind Power Act*, recently introduced by Senator Tom Carper (D-DE) and Senator Susan Collins (R-ME). This proposed bill has bipartisan co-sponsorship support, and aims to provide to the offshore wind industry a stable financial incentive by amending Section 48 of the tax code to extend the 30% investment tax credit (ITC) for the first three (3) GW of offshore wind facilities placed in service.

In 2010, VOWDA was created by the Virginia General Assembly for the purposes of facilitating, coordinating, and supporting the development of the offshore wind energy industry, offshore wind energy projects, and associated supply chain vendors in the Commonwealth.

We believe that the limited, focused and reasonable incentives in the *Incentivizing Offshore Wind Power Act* should be supported for several reasons:

- Offshore wind is uniquely appropriate for limited, fiscally sensible subsidy, and this legislation is fiscally conservative and well targeted. Land wind development has come down in cost to a point where it is more competitive with conventional power generation methodologies, but offshore wind developers need incentives to help offset the higher costs of investing long-term in these projects.
- Offshore wind faces higher technological hurdles because of the hostile ocean environment. There is no experience with offshore wind turbines in the Atlantic and the experiences in Europe do not translate well. The Atlantic is prone to hurricanes, for example.

The Honorable Mark Warner
The Honorable Timothy Kaine
March 25, 2013
Page 2

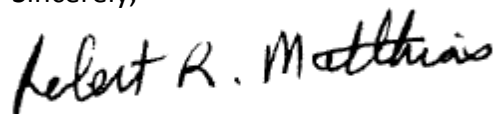
- This is historically the type of technology deployment and demonstration that is appropriate for limited federal government financial support, to give a new industry a chance to establish footing and move on without continued subsidy.
- VOWDA members believe that offshore wind development has the potential to provide a substantial amount of clean power generation that diversifies the national portfolio of power generation fuels.

The proposed legislation could provide the additional incentives needed to attract significant commercial investment in Virginia's offshore wind industry. This year, the Commonwealth is on track to have one of the first commercial offshore wind lease sales on the east coast. Virginia has distinguishing offshore wind resources – a gradually sloped, shallow Outer Continental Shelf, strong wind resources, and close-by port facilities. There are significant potential jobs benefits to the Commonwealth as it is well positioned along the mid-Atlantic, has deep water ports with unlimited air clearance (no bridges to sail under) and a well-developed and diverse maritime industry. The shipyards and other businesses in the port supply chain that support Virginia's vast federal military operations are readily adaptable to play a role and reap economic benefits from supporting construction, operations and maintenance for an offshore wind industry. In addition, Virginia's Defense facilities have a mandate to increase the percentage of their energy needs from renewable sources, to improve energy security. Offshore wind development can help to meet that goal.

VOWDA recognizes that there will continue to be extensive debate and deliberation this summer on the subject of comprehensive tax and spending reform. However, VOWDA believes it would be prudent to act now using this legislative vehicle to accomplish the goal of limited, fiscally sensible support with a cap.

Thank you for your attention to this matter. Please contact Cathie France at the Department of Mines, Minerals and Energy (Cathie.France@dmme.virginia.gov or 804-692-3211) with any questions you may have.

Sincerely,



Robert Matthias
Chairman

c: Cathie J. France, Deputy Director for Energy Policy
Department of Mines, Minerals and Energy

VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY



Washington Building, 8th Floor
1100 Bank Street
Richmond, Virginia 23219-3638
(804) 692-3200 FAX (804) 692-3237
<http://www.dmme.virginia.gov/DE/vowda.shtml>

March 25, 2013

The Honorable Eric Cantor
United States House of Representatives
303 Cannon House Office Building
Washington, DC 20515

Dear Congressman Cantor:

Members of the Virginia Offshore Wind Development Authority (VOWDA) respectfully request your support for the *Incentivizing Offshore Wind Power Act*, recently introduced by Representatives Bill Pascrell (D-NJ) and Frank LoBiondo (R-NJ). This proposed bill has bipartisan co-sponsorship support, and aims to provide to the offshore wind industry a stable financial incentive by amending Section 48 of the tax code to extend the 30% investment tax credit (ITC) for the first three (3) GW of offshore wind facilities placed in service.

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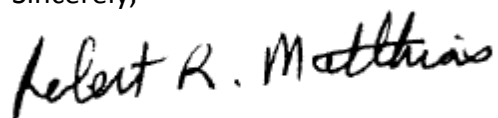
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Thank you for your attention to this matter. Please contact Cathie France at the Department of Mines, Minerals and Energy (Cathie.France@dmme.virginia.gov or 804-692-3211) with any questions you may have.

Sincerely,



Robert Matthias
Chairman

c: Cathie J. France, Deputy Director for Energy Policy
Department of Mines, Minerals and Energy

113TH CONGRESS
1ST SESSION

S. _____

To amend the Internal Revenue Code of 1986 to provide for an investment tax credit related to the production of electricity from offshore wind.

IN THE SENATE OF THE UNITED STATES

Mr. CARPER (for himself, Ms. COLLINS, Mr. COONS, Mr. LAUTENBERG, Mr. WHITEHOUSE, Mr. BROWN, Mr. REED, Mr. KING, Mrs. GILLIBRAND, Mr. MENENDEZ, Mr. COWAN, Mr. CARDIN, and Ms. WARREN) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to provide for an investment tax credit related to the production of electricity from offshore wind.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Incentivizing Offshore
5 Wind Power Act”.

6 **SEC. 2. QUALIFYING OFFSHORE WIND FACILITY CREDIT.**

7 (a) IN GENERAL.—Section 46 of the Internal Rev-
8 enue Code of 1986 is amended—

1 (1) by striking “and” at the end of paragraph
2 (5),

3 (2) by striking the period at the end of para-
4 graph (6) and inserting “, and”, and

5 (3) by adding at the end the following new
6 paragraph:

7 “(7) the qualifying offshore wind facility cred-
8 it.”.

9 (b) AMOUNT OF CREDIT.—Subpart E of part IV of
10 subchapter A of chapter 1 is amended by inserting after
11 section 48D the following new section:

12 **“SEC. 48E. CREDIT FOR OFFSHORE WIND FACILITIES.**

13 “(a) IN GENERAL.—For purposes of section 46, the
14 qualifying offshore wind facility credit for any taxable year
15 is an amount equal to 30 percent of the qualified invest-
16 ment for such taxable year with respect to any qualifying
17 offshore wind facility of the taxpayer.

18 “(b) QUALIFIED INVESTMENT.—

19 “(1) IN GENERAL.—For purposes of subsection
20 (a), the qualified investment for any taxable year is
21 the basis of eligible property placed in service by the
22 taxpayer during such taxable year which is part of
23 a qualifying offshore wind facility.

24 “(2) CERTAIN QUALIFIED PROGRESS EXPENDI-
25 TURES RULES MADE APPLICABLE.—Rules similar to

1 the rules of subsections (c)(4) and (d) of section 46
2 (as in effect on the day before the enactment of the
3 Revenue Reconciliation Act of 1990) shall apply for
4 purposes of this section.

5 “(e) DEFINITIONS.—For purposes of this section—

6 “(1) QUALIFYING OFFSHORE WIND FACILITY.—

7 “(A) IN GENERAL.—The term ‘qualifying
8 offshore wind facility’ means an offshore facility
9 using wind to produce electricity.

10 “(B) OFFSHORE FACILITY.—The term
11 ‘offshore facility’ means any facility located in
12 the inland navigable waters of the United
13 States, including the Great Lakes, or in the
14 coastal waters of the United States, including
15 the territorial seas of the United States, the ex-
16 clusive economic zone of United States, and the
17 outer Continental Shelf of the United States.

18 “(2) ELIGIBLE PROPERTY.—The term ‘eligible
19 property’ means any property—

20 “(A) which is—

21 “(i) tangible personal property, or

22 “(ii) other tangible property (not in-
23 cluding a building or its structural compo-
24 nents), but only if such property is used as

1 an integral part of the qualifying offshore
2 wind facility, and

3 “(B) with respect to which depreciation (or
4 amortization in lieu of depreciation) is allow-
5 able.

6 “(d) QUALIFYING CREDIT FOR OFFSHORE WIND FA-
7 CILITIES PROGRAM.—

8 “(1) ESTABLISHMENT.—

9 “(A) IN GENERAL.—Not later than 180
10 days after the date of the enactment of this sec-
11 tion, the Secretary, in consultation with the
12 Secretary of Energy and the Secretary of the
13 Interior, shall establish a qualifying credit for
14 offshore wind facilities program to consider and
15 award certifications for qualified investments el-
16 igible for credits under this section to qualifying
17 offshore wind facility sponsors.

18 “(B) LIMITATION.—The total amount of
19 megawatt capacity for offshore facilities with
20 respect to which credits may be allocated under
21 the program shall not exceed 3,000 megawatts.

22 “(2) CERTIFICATION.—

23 “(A) APPLICATION PERIOD.—Each appli-
24 cant for certification under this paragraph shall
25 submit an application containing such informa-

1 tion as the Secretary may require beginning on
2 the date the Secretary establishes the program
3 under paragraph (1).

4 “(B) PERIOD OF ISSUANCE.—An applicant
5 which receives a certification shall have 5 years
6 from the date of issuance of the certification in
7 order to place the facility in service and if such
8 facility is not placed in service by that time pe-
9 riod, then the certification shall no longer be
10 valid.

11 “(3) SELECTION CRITERIA.—In determining
12 which qualifying offshore wind facilities to certify
13 under this section, the Secretary shall—

14 “(A) take into consideration which facili-
15 ties will be placed in service at the earliest date,
16 and

17 “(B) take into account the technology of
18 the facility that may lead to reduced industry
19 and consumer costs or expand access to off-
20 shore wind.

21 “(4) REVIEW, ADDITIONAL ALLOCATIONS, AND
22 REALLOCATIONS.—

23 “(A) REVIEW.—Periodically, but not later
24 than 4 years after the date of the enactment of
25 this section, the Secretary shall review the cred-

1 its allocated under this section as of the date of
2 such review.

3 “(B) ADDITIONAL ALLOCATIONS AND RE-
4 ALLOCATIONS.—The Secretary may make addi-
5 tional allocations and reallocations of credits
6 under this section if the Secretary determines
7 that—

8 “(i) the limitation under paragraph
9 (1)(B) has not been attained at the time of
10 the review, or

11 “(ii) scheduled placed-in-service dates
12 of previously certified facilities have been
13 significantly delayed and the Secretary de-
14 termines the applicant will not meet the
15 timeline pursuant to paragraph (2)(B).

16 “(C) ADDITIONAL PROGRAM FOR ALLOCA-
17 TIONS AND REALLOCATIONS.—If the Secretary
18 determines that credits under this section are
19 available for further allocation or reallocation,
20 but there is an insufficient quantity of quali-
21 fying applications for certification pending at
22 the time of the review, the Secretary is author-
23 ized to conduct an additional program for appli-
24 cations for certification.

1 “(5) DISCLOSURE OF ALLOCATIONS.—The Sec-
2 retary shall, upon making a certification under this
3 subsection, publicly disclose the identity of the appli-
4 cant and the amount of the credit with respect to
5 such applicant.

6 “(e) DENIAL OF DOUBLE BENEFIT.—A credit shall
7 not be allowed under this section with respect to any facil-
8 ity if—

9 “(1) a credit has been allowed to such facility
10 under section 45 for such taxable year or any prior
11 taxable year,

12 “(2) a credit has been allowed with respect to
13 such facility under section 46 by reason of section
14 48(a) or 48C(a) for such taxable or any preceding
15 taxable year, or

16 “(3) a grant has been made with respect to
17 such facility under section 1603 of the American Re-
18 covery and Reinvestment Act of 2009.”.

19 (c) CONFORMING AMENDMENTS.—

20 (1) Section 49(a)(1)(C) of the Internal Revenue
21 Code of 1986 is amended—

22 (A) by striking “and” at the end of clause
23 (v),

24 (B) by striking the period at the end of
25 clause (vi) and inserting “, and”, and

1 (C) by adding after clause (vi) the fol-
2 lowing new clause:

3 “(vii) the basis of any property which
4 is part of a qualifying offshore wind facil-
5 ity under section 48E.”.

6 (2) The table of sections for subpart E of part
7 IV of subchapter A of chapter 1 of the Internal Rev-
8 enue Code of 1986 is amended by inserting after the
9 item relating to section 48D the following new item:

“48E. Credit for offshore wind facilities.”.

10 (d) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to periods after the date of the
12 enactment of this Act, under rules similar to the rules of
13 section 48(m) of the Internal Revenue Code of 1986 (as
14 in effect on the day before the date of the enactment of
15 the Revenue Reconciliation Act of 1990).

VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY



APPENDIX G

DMME RFI – FUNDING TO ACCELERATE AND ASSIST PRIVATE DEVELOPMENT OF THE VIRGINIA WEA



DIVISIONS
ENERGY
GAS AND OIL
GEOLOGY AND MINERAL RESOURCES
MINED LAND RECLAMATION
MINERAL MINING
MINES
ADMINISTRATION

COMMONWEALTH OF VIRGINIA

Department of Mines, Minerals and Energy

Washington Building / 8th Floor
1100 Bank Street
Richmond, Virginia 23219-3638
(804) 692-3200 FAX (804) 692-3237
www.dmme.virginia.gov

Request for Information

Virginia Offshore Wind Data Gathering Opportunity

- Specific Authority:** These funds were authorized and appropriated by the Virginia General Assembly during their 2013 legislative session.
- Request Issued By:** Virginia Department of Mines, Minerals and Energy (DMME)
- Request Issued:** September 27, 2013
- Responses Due:** Responses shall be received at the e-mail address identified below no later than 2:00 p.m. on November 8, 2013. Any proposals received after 2:00 p.m. on November 8, 2013 will be deleted without being read.
- Response Process:** The Responder must submit **1 complete electronic copy** of the entire response to:
Al.Christopher@dmme.virginia.gov
- General Questions:** Please direct inquiries to:
Al Christopher, Director - Energy Division
VA Department of Mines, Minerals and Energy
804-692-3216
Al.Christopher@dmme.virginia.gov
- Answers to Questions:** General questions submitted above **will be answered here.**

Introduction

This Request for Information (RFI) seeks input on how the Virginia Department of Mines, Minerals, and Energy (DMME) should best apply approximately \$850,000 in state funding that has been legislatively appropriated for the following purpose:

“to leverage private and federal funding for increased data gathering to give Virginia an advantage over competing states in attracting the offshore wind industry to Virginia.”

This amount is being considered as the state’s cost share contribution to a collaborative project that could be funded by other entities as well, including the federal government and private industry. The DMME followed this same approach last year when it provided a contribution of \$300,000 in state funds towards a regional ocean geological study and ocean survey, which had a total collaborative dollar value of \$750,000.

Similarly, \$100,000 in state funds were contributed as cost share towards Phase I of the Virginia Offshore Wind Technology Advancement Project (VOWTAP) to build test turbines and validate remote metocean and environmental monitoring instrumentation data. This project has a total collaborative dollar value of approximately \$5 million.

Leveraging Virginia’s Leading Position in U.S. Offshore Wind Development

In addition to sharing in the cost, the DMME also will be able to offer space within the areas covered by two pending research lease applications in federal waters off of the Virginia shore. As shown in Figure 1, these research lease areas are located along the borders of the Commercial Wind Energy Area, for which Dominion Virginia Power has been awarded development rights for its high bid of \$1.6 million in the Bureau of Energy Management (BOEM) lease auction held on September 4, 2013.

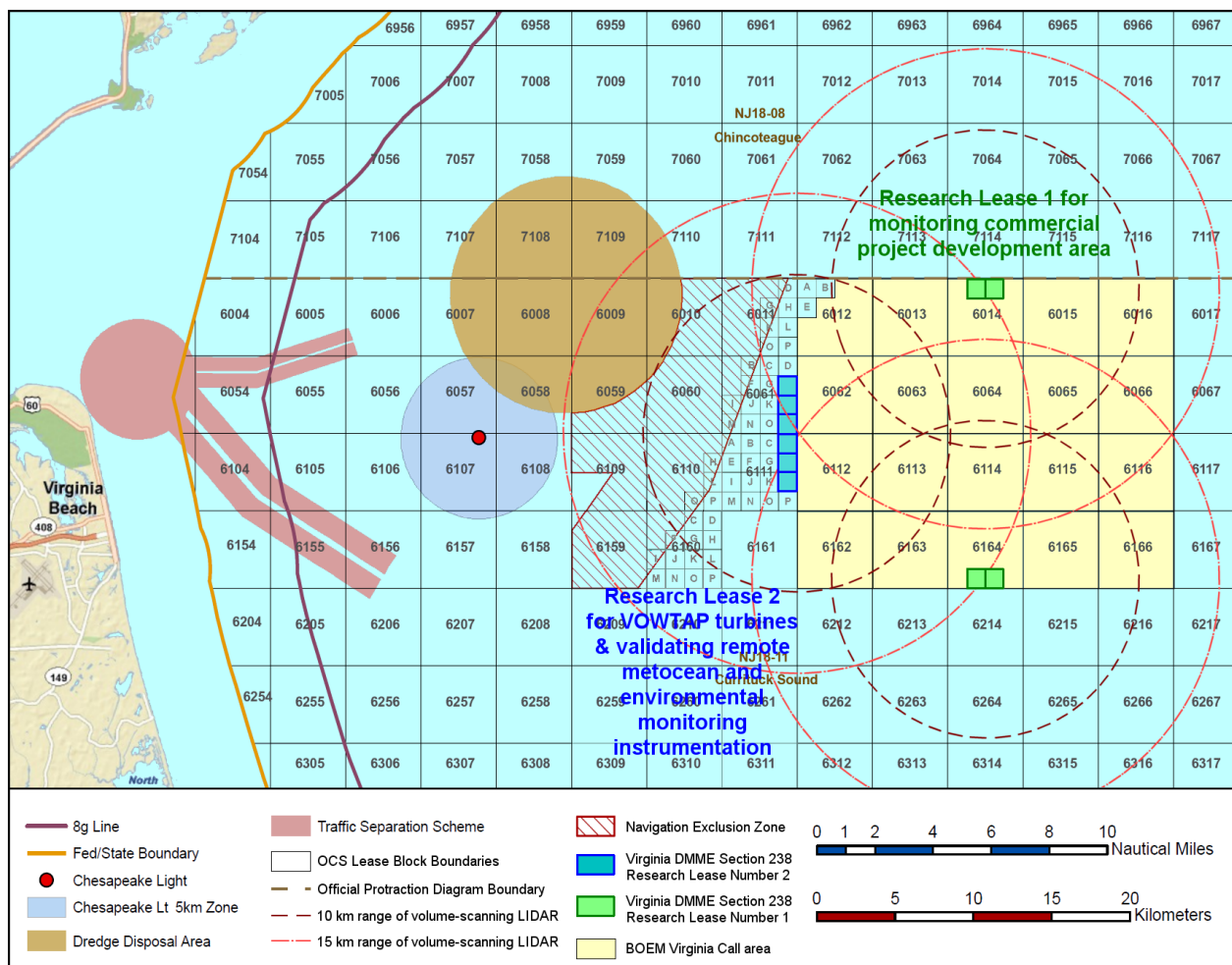


Figure 1. Map of research leases and the commercial wind energy call area in federal waters off Virginia.

Virginia Offshore Wind Coalition Surveys

In May 2013, the Virginia Offshore Wind (VOW) Coalition opened an on-line survey of its members and of the general public to solicit ideas about how best to invest a state funding contribution. The survey asked the following questions:

1. When considering possible uses for the funds, the high costs of working offshore, and the limited funds available, how do you think the funds would be best spent?
 - Additional Site Characterization Hydrographic Surveys
 - Current Profiling
 - Passive Acoustic Monitoring
 - Wind Profiling
 - Geotechnical Sampling
 - Other

Please explain your recommendations in detail. Remember that the goal is to make the Virginia Wind Energy Area (WEA) more attractive to potential developers and decrease project installation time.

2. Do you have ideas or suggestions that you feel would increase the value of the WEA other than metocean data collection?
3. What is the most important effort you feel the Commonwealth could make that would stimulate both the local economy and the value of the WEA?
4. The development of an offshore wind industry has the potential to positively affect the local economy. How do you see you and/or your company being involved in this industry?

The following is a brief summary of some sample responses to the on-line survey questions:

1. This Question 1 response illustrates the broad support for funds to be used for advancing site characterization:

7/16/2013 9:49 PM

Investment in offshore met platform should create a viable and stable structure that can be used for multiple purposes - Measurement of wind resource from a reliable platform, sampling, site characterization and observation of dynamic geological factors such as scouring and migration on offshore structures, and observation of avian and mid-ocean conditions and effects.

2. This Question 2 response recommends leveraging the funds to put Hampton Roads “on the map” as an industrial hub of the East Coast offshore wind supply chain:

7/17/2013 8:15 PM

Port logistical studies. Hampton Roads boasts the most impressive harbor and port facilities in the world and that needs to be "put on the map" for the wind industry, particularly foreign leaders who have the expertise to develop offshore but may be unaware of Virginia's advantages.

3. These responses to Question 3 also have helped to shape this RFI:

7/16/2013 9:49 PM

Investment in supply chain through incentives and funding will provide necessary capabilities for Virginia wind energy area, while positioning Virginia marine industries and manufacturers to compete for supply chain opportunities for the greater global marine energy and construction market.

7/19/2013 11:06 AM

Step One - establish the science, which requires instrumentation, which requires supporting structure. Fund this effort and tap the port resources to fabricate and construct same.

Intended Objectives of this RFI

This RFI is intended to solicit information that will assist the DMME to identify a project or projects that achieve the following specific objectives, which are consistent with the Virginia General Assembly's appropriation language and with the VOW Coalition member survey results and the associated public comments quoted above:

- Objective 1 - Identification of private industry products and services for gathering the types of data needed to “give Virginia an advantage over competing states in attracting the offshore wind industry to Virginia.” Such products or services could include, but would not be limited to, metocean measurement or environmental monitoring technologies that can be used to characterize not only the Virginia offshore wind energy area, but that also could be marketed for site assessment in **any** of the offshore wind energy areas along the Atlantic coast that are mapped in Figure 2.
- Objective 2 - Identification of private industry business concepts that would bundle the products and services identified in Objective 1 into a dedicated offshore wind supply chain business based in Virginia, which would market this bundle to offshore wind lease-holders throughout the Atlantic region mapped in Figure 2. If this bundle of products and services falls within the scope of activities for which BOEM already has determined a “Finding of No Significant Impact” in its Environmental Assessment (EA) for Mid-Atlantic lease issuance and site characterization activities, then it is more likely to gain advantage in our target offshore wind market. This EA can be downloaded at www.boem.gov/uploadedFiles/BOEM/Renewable_Energy_Program/Smart_from_the_Start/Mid-Atlantic_Final_EA_012012.pdf.
- Objective 3 - Identification of government matching funds or in-kind activities that can be contributed by other Virginia state agencies, federal agencies, and local governments, leveraging DMME's state funding contribution and research lease space to achieve maximum “first mover advantage” for a business or businesses established along the conceptual lines identified in Objective 2.
- Objective 4 - Identification of matching funds or in-kind activities that can be contributed by non-government organizations already active in gathering, analyzing, and/or disseminating offshore data, including but not limited to metocean or environmental data.
- Objective 5 - Identification of matching funds or in-kind activities that can be contributed by private industry, including but not limited to offshore wind project developers and wind-related equipment manufacturers.

- Objective 6 - Identification of potential operators for Research Lease 1, as mapped in Figure 1. This could be a university or other non-profit entity, a commercial business, or a consortium, which would be designated by the DMME as part of its Research Lease (RL) 1 agreement with BOEM. This is consistent with DMME's intended development of an operating agreement with a designated operator for RL 2.

In the “**Requested Information by Objective**” section at the end of this RFI, the responders will be able to address any or all of the six topic areas noted above.

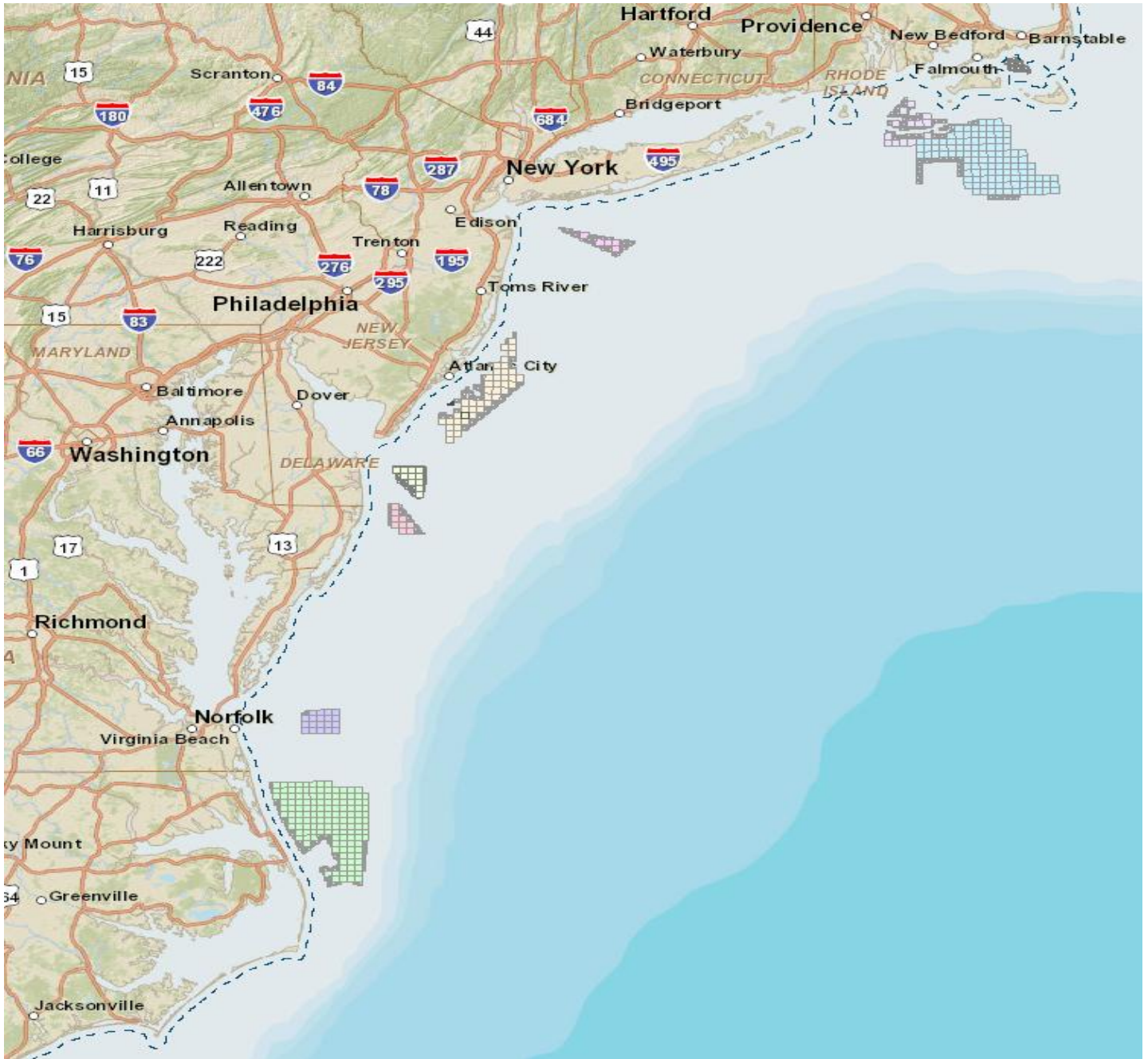


Figure 2. Map of offshore wind energy areas between Cape Hatteras, NC and Cape Cod, MA, which represent the Atlantic offshore wind market of 20 to 30 GW of potential installed turbine capacity.

RFI Guidelines

Purpose

The information collected by this RFI will be used to establish baseline market information and for internal DMME planning for wind energy development. Interested parties who might respond to this RFI could include, but are not limited to:

- Wind energy equipment manufacturers of metocean and environmental monitoring technologies, including sensors, data acquisition systems, data analysis hardware and software, data product dissemination and display services, numerical modeling and forecasting services, and fabricators of buoys or other instrumentation support platforms.
- Offshore wind developers, including independent power producers and regulated utilities.
- Federal, state, and local government agencies.
- Private, non-commercial, non-government organizations.
- Entrepreneurs and investors in new business creation.

The sole purpose of this Request for Information (RFI) is to gain input that will enable the DMME to identify potential products, services, contributors, and collaborators for achieving the objectives stated above.

Disclaimer and Important Notes

This is an RFI issued solely for information and program planning purposes. This RFI does not constitute a formal solicitation for proposals or abstracts. Your response to this notice will be treated as informational only. Responses to this RFI are not offers and will not be accepted by the DMME to form a binding contract. The DMME will not provide reimbursement for costs incurred in responding to this RFI.

Proprietary Information

The DMME strongly discourages the submission of business-sensitive, proprietary, or otherwise confidential information as it cannot guarantee that such information will not become public knowledge.

Disclaimers

This RFI does not constitute a solicitation for specific project proposals. Responses to the RFI will be treated as informational only and will not be viewed as a binding commitment for the respondent to develop or pursue the project or ideas discussed. This is not a request for proposals and the DMME will not accept applications for financial assistance or financial incentives under this RFI.

The DMME may or may not decide at a later date to issue a request for proposals or another type of solicitation based on consideration of the input received from this RFI, but there is no guarantee that future funding opportunities or other activities will be undertaken as a result of this RFI. Because information received in response to this RFI may be used to structure future funding opportunities and/or may otherwise be made available to the public, respondents are strongly advised to **not** include any information in their responses that might be considered business-sensitive, proprietary, or otherwise confidential.

In order to avoid a conflict with future funding opportunities, the DMME will not reply to any respondent questions or contacts received after the closure of the submission period for this RFI. Respondents are advised that the DMME is under no obligation to acknowledge receipt of the information received or provide feedback to respondents with respect to any information submitted under this RFI. Responses to this RFI do not bind the DMME to any further actions related to this topic.

Questions about this RFI

All questions regarding the content of this RFI must be submitted on or before 5 pm on October 25 to the email address provided above with the email subject line "RFI Question." Questions (worded exactly as they are when submitted to DMME) and answers will be published on the DMME web page where this RFI is posted. Questions received after October 25 will not be answered.

Detailed Response Instructions

Responses to this RFI must be submitted via email to Al.Christopher@dmme.virginia.gov by 2:00 PM Eastern Time on November 8, 2013. Responses should include a cover page with the submitting organization's name and contact person with phone, email, and postal address; a 1-page executive summary; and a narrative not to exceed 6 pages.

Responses must be submitted as either a Microsoft Word document or Adobe PDF file attached to an email with the subject line: "Virginia Offshore Wind Data Gathering Opportunity (insert name or organization in parentheses)." One inch margins and 11- point or larger font should be used with either single or 1.15 spacing.

Requested Information by Objective

The DMME seeks input on the concept of establishing an offshore wind supply chain business based in Virginia that would market products and services for metocean and/or environmental characterization of large offshore wind energy areas (WEAs) throughout the Atlantic region. This would give Virginia "first mover" advantage in establishing the beginnings of a dedicated offshore wind supply chain that takes advantage of the maritime facilities and unlimited air draft transit to the open Atlantic Ocean from its ports. Such a business would be able to utilize pending DMME research leases to first characterize the Virginia WEA, thereby accelerating development of Virginia's offshore wind energy resource while at the same time obtaining a full-scale, full-duration demonstration of its products and services.

The DMME invites comments and suggestions on the above concept or any other concept that is consistent with the objectives of this RFI. Responses may be in the form of narration, tables, graphs or any other format that clearly and concisely communicates your responses. Responses may address, but are not limited to, some or all of the following topics, as tied to the numbered objectives listed on pp. 4-5 of this RFI:

- Objective 1 Topic – Discuss Private Industry Products and Services
- Objective 2 Topic – Discuss Topics for Private Industry Business Concepts
- Objective 3 Topic – Discuss Government Matching Funds or In-kind Activities
- Objective 4 Topic – Discuss Private, Non-commercial Matching Funds or In-kind Activities
- Objective 5 Topic – Discuss Commercial Matching Funds or In-kind Activities
- Objective 6 Topic – Discuss Potential Operators for Research Lease 1

VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY



APPENDIX H

2013-2014 SUMMARY OF MILESTONES AND ACTIVITIES

VA Offshore Wind Milestones for 2013 -14

Action	8/13	9/13	10/13	11/13	12/13	1/14	2/14	3/14	4/14	5/14	6/14	7/14	8/14	9/14	10/14	11/14	12/14
RESEARCH LEASE 1																	
DMME develops Memorandum of Understanding (MOU) with BOEM, to constitute lease agreement for RL 1																	
DMME issues Request for Information (RFI) on data gathering capabilities, including types of metocean & environmental platforms and sensors, as well as business plans (from private industry) & potential collaboration concepts (from potential state, federal & local partners) available to accomplish \$1 million budget language objective "to leverage private & federal funding for increased data gathering to give VA an advantage over competing states in attracting the offshore wind industry to Virginia"																	
DMME submits General Activities Plan (GAP) to BOEM for activities on RL1, based on synthesizing data gained from RFI responses and consultations with VOWDA & with Dominion, as developer of the commercial WEA																	
Assuming BOEM approves GAP in January 2014, DMME issues Request for Proposal (RFP) to select RL1 operator to implement GAP																	
Governor announces selected RL1 operator, and DMME submits Designation of Operator form to BOEM																	
RESEARCH LEASE 2																	
DMME develops MOU with BOEM, to constitute lease agreement for RL2																	
DMME submits VOWTAP-prepared GAP for activities on RL2																	
VOWTAP submits Phase I reports to DOE																	
VOWTAP team makes oral presentation to DOE																	
DOE announces teams down-selected for detailed design & construction; project must begin operating before end of 2017																	
COMMERCIAL WIND ENERGY AREA																	
BOEM issues commercial lease to Dominion																	
Dominion has six months to prepare and submit commercial lease Site Assessment Plan to BOEM																	
4.5 additional years to complete site characterization and other project development activities, with 2019 being the earliest possible year to start construction of first project phase. Total lease term is 38 years, to enable construction of four phases, each having a 25-year service life																	
CHESAPEAKE LIGHT TOWER																	
DOE, NREL & the RFORE Steering Committee review engineering assessment of jacket sub-structure remaining service life and capability to support instrumentation payload & associated power supplies and make stage-gate decision to proceed with detailed design & cost estimate																	
DOE, NREL & the RFORE Steering Committee review detailed design & cost estimate, compare with budget options, & make stage-gate decision to proceed with new superstructure fabrication & offshore demolition of old superstructure & installation of pre-fabricated new superstructure in the Summer of 2015																	

List of Acronyms (not otherwise defined above)

BOEM = U.S. Bureau of Ocean Energy Management
 DMME = Virginia Department of Mines, Minerals and Energy
 DOE = U.S. Department of Energy
 NREL = National Renewable Energy Laboratory

RFORE = Chesapeake Light Tower Reference Facility for Offshore Renewable Energy (DOE is platform custodian; NREL is designated operator)
 RL1 = Research Lease 1 (DMME is lease holder; designated operator to be determined by competitive solicitation)
 RL2 = Research Lease 2 (DMME is lease holder; Dominion is designated operator)
 WEA = Commercial Wind Energy Area (Dominion is lease holder)