

## U.S. Sets Date For VA Offshore Wind Auction

Steve Szkotak, Associated Press

RICHMOND, Va. (AP) — Eight energy companies will bid Sept. 4 on a lease for a vast expanse of ocean off Virginia's coast set aside for the development of wind farms.

The Bureau of Ocean Management on Monday announced the scheduled auction of 112,800 acres on the Outer Continental Shelf, 23.5 miles east of Virginia Beach. It is a critical step in establishing what would be among the first offshore wind turbines in U.S. waters, possibly rising above the ocean surface by the end of the decade.

The companies that are in the running for the new energy industry include the state's largest utility, Dominion Virginia Power, and Energy Management Inc., developer of the Cape Wind project in federal waters off Massachusetts' Cape Cod. It was the nation's first offshore wind project to be approved.

The entire Virginia lease area has the potential of generating 2,000 megawatts of electricity, enough energy to power 700,000 households.

"Responsible commercial wind energy development has the potential to create jobs, increase our energy security and strengthen our nation's competitiveness," Interior Secretary Sally Jewell said in a statement announcing the auction date.

Following the auction, which will involve the entire leasing area, the winning bidder will have about five years to submit proposed design and construction plans.

"I would think that 7-8 years out is when you might see things being built," said Walter Cruickshank, BOEM's deputy director. "It can go faster. It's going to depend on the company and how quickly it brings its design together and gets all its pieces together."

Gov. Bob McDonnell, who has promoted energy development, called the lease auction "an exciting and significant step" in the advancement of his "all-off-the-above" energy strategy. He has also lobbied for offshore gas and oil exploration.

"This will result in millions of dollars in industrial activity and the creation of many new high-skilled jobs in our state," McDonnell said in a statement.

Studies have estimated that the development of an offshore wind industry would create in the range of 10,000 jobs in Virginia. The U.S. has virtually no manufacturing base for the big components needed to withstand the ocean environment because much of the industry has been developed elsewhere such as in northern Europe and China.

Cruickshank said a big hurdle for any energy company will be securing the financing to build and site huge turbines that will capture ocean winds for energy.

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"This is something new for the United States," he said in an interview. "It's going to be a challenge for these folks to get the financing together for these projects."

Oceana, an ocean conservation group, has pushed for passage of legislation in Congress for an investment tax credit for offshore wind investments to encourage an emerging new industry.

"These are really expensive projects," said Nancy Sopko, ocean advocate for Oceana. "They're kind of in the same line as nuclear power plants in expense, so financing is really important."

The development area was carved out of the Atlantic after extended negotiations involving the Navy, Coast Guard, commercial fishing interests, port officials, and NASA, which operates a launch center on the Eastern Shore. This section of the coast is one of the busiest on the Eastern seaboard. It includes the world's largest naval base in Norfolk.

"There are certain things that the Department of the Defense does off the coast there that you really don't want to get into the way of," Cruickshank said.

Advocates of offshore wind power agree that the relatively shallow waters off Virginia are optimal for wind turbine development and its port and shipbuilding industry offer an ideal platform to manufacture and launch the towering turbines and blades.

The creation of an offshore wind industry has been moving forward at a glacial pace in the U.S., but the Interior Department's BOEM has moved to hasten the process and Virginia has also attempted to smooth the way. The state Department of Mines, Minerals and Energy, for example, is partnering with BOEM on an ocean bottom survey to map and measure wind speeds and direction, water depths and bird and bat activity. Birds and bats can often die in large numbers from flying into the rotating blades of wind turbines that can rise hundreds of feet above the ocean surface.

The ocean survey is intended to spare developers the preliminary steps needed to create wind farms in offshore tracts.

The U.S. Energy Information Administration projects the cost of offshore wind generation in 2016 at about 24 cents per kilowatt-hour generated. Dominion said that's a significantly higher than what its residential customers currently pay for electricity.

The other energy companies bidding on the lease area are Apex Virginia Offshore Wind, EDF Renewable Development Inc., Fisherman's Energy, IBERDROLA RENEWABLES Inc., Sea Breeze Energy and Orisol Energy U.S. Inc. Each has been vetted by BOEM to ensure they are up to the task.

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