

Memorandum

To: The Honorable John Carney, Governor

From: Bruce Burcat
Chair, Offshore Wind Working Group

Date: December 15, 2017

Re: Progress Report from the Offshore Wind Working Group

As Chair of the Working Group, I am pleased to present this memorandum on our progress to date. Since October, the Working Group has met six times and hosted two public comment workshops. Throughout this process, the Working Group has had informative and productive conversations regarding the questions outlined in Executive Order 13. While a great deal of work has been completed, we recognize that additional work still needs to be done. Therefore, the Offshore Wind Working Group respectfully submits this memorandum on our deliberations so far.

At our meeting on December 11, we adopted two resolutions. First, the Working Group voted to rule out one option: Delaware should not move on the immediate procurement of offshore wind energy from a project already approved by another state.

The Working Group adopted a second resolution with two parts:

1. These options deserve further consideration:
 - ▶ Consider a large-scale purchase (i.e. a purchase of over 100 megawatts of power).
 - ▶ Consider incremental commitments to future projects, instead of large-scale purchases (i.e. a purchase of over 100 megawatts of power), until the market drives costs lower.
 - ▶ Consider waiting until more developers propose projects in the mid-Atlantic region, such as the proposed projects in New Jersey, New York, and Massachusetts, and scale purchases to be consistent with Delaware's Renewable Portfolio Standard (RPS).
 - ▶ Explore the procurement of other renewable resources in lieu of offshore wind.
2. In order to address these options the following questions must be answered:
 - ▶ Is there a need for more capacity in the PJM region?
 - ▶ How much would an offshore wind project cost in total dollars?
 - ▶ What subsidies are required for an offshore wind project to become viable?
 - ▶ What would that cost be to all classes of ratepayers?

- ▶ How should an offshore wind subsidy be paid for?
 - Should Delaware create an Offshore Wind Renewable Energy Credit (OREC) carve-out similar to that created for Solar Renewable Energy Credits (SRECs)?
 - Should Delaware create a special utility tax?
 - Should Delaware increase the existing renewable energy fund charge?
 - Should Delaware use Regional Greenhouse Gas Initiative (RGGI) funding?
 - Should Delaware have the Public Service Commission require Delmarva Power to contract for offshore wind?
- ▶ What are the benefits and costs of developing supply chain opportunities?
- ▶ Is Delaware able to take advantage of the benefits of offshore wind without directly investing in an offshore wind project?
- ▶ Should Delaware use lower cost resources such as land-based wind, solar, and energy efficiency instead of offshore wind?
- ▶ How do the customer benefits of distributed solar affect the relative benefits and costs compared to offshore wind?
- ▶ What are the differences in avoided emissions impacts between land-based wind west of Delaware and offshore wind?
- ▶ What are the expected impacts on tourism?
- ▶ What are the potential environmental impacts of offshore wind?
- ▶ What would be the environmental impact of a tanker hitting an offshore wind installation?
- ▶ What are the advantages and disadvantages of waiting to act on offshore wind?
- ▶ What is the impact of an offshore wind carve-out on the RPS?
- ▶ How will an increase in utility rates impact economic development and jobs throughout the state?
- ▶ What is the relative elasticity (economic impact) of higher electric rates?

It should be emphasized that this list of questions is not exhaustive, and there are other questions not specified in the resolution that have been raised by Working Group members and the public that we plan to address.

The Working Group is constituted until June 30, 2018, and we are committed to using this time to further analyze and address these questions in anticipation of submitting a final report. The Working Group plans to continue to meet in 2018. We are also committed to providing ongoing opportunities for public comment including hosting more public comment sessions before issuing a final report. Meeting agenda, minutes, reference material, analysis, and public comments are posted online at www.de.gov/offshorewind.

On behalf of all the members of the Working Group, thank you for the opportunity to participate in this important effort.