

**Minerals Management Service  
Regional Stakeholder Meetings  
New York, New York  
January 25-26, 2007  
Meeting Summary**

**Welcome and Opening Remarks**

Maureen Bornholdt, program manager of the Department of Interior's Minerals Management Service (MMS) Alternative Energy and Alternate Use Program on the Outer Continental Shelf (OCS), described the intent of the regional stakeholder meetings. Through Section 388 of the Energy Policy Act of 2005, the Department of Interior has the authority to regulate alternative energy and alternate use projects on the OCS. MMS is currently developing the Alternative Energy and Alternate Use Program and intends to use the regional stakeholder meetings to learn who the stakeholders are in the New York area, what issues and concerns the local stakeholders have with development of alternative energy on the OCS, what the present and estimated future energy sources are, and who the regulators are. This information will be used by MMS in the development of the Alternative Energy and Alternate Use Program.

MMS plans to issue a Draft Programmatic Environmental Impact Statement (PEIS) for the Alternative Energy and Alternate Use Program in the winter of 2006-2007 and the Final PEIS at the end of the summer 2007. MMS will convene a strategic studies plan workshop in spring 2007 and develop a strategic studies plan by fall 2007.

Jon Taylor, facilitator from Kearns & West, led the attendees in an open discussion covering the following topics: stakeholders, issues and concerns, energy profile, current and future technologies, and state and local regulations. What follows is a summary of the individual attendees' remarks. Representatives of MMS neither solicited nor received any collective advice or recommendations from the attendees as a whole.

**Stakeholders**

Meeting attendees identified additional stakeholders who should be involved in future communications and meetings for the Alternative Energy and Alternate Use Program. These stakeholders are listed in Appendix 1.

**Issues and Concerns**

Meeting attendees identified major issues and concerns regarding development of the Alternative Energy and Alternate Use Program.

Regulatory Program Development

- Concerned that material filed with the Army Corps of Engineers before MMS had jurisdiction over alternative energy projects on the OCS may not be grandfathered into the new regulatory program.
- Concerned that any income that back from projects developed on the OCS may not be split evenly between the developer and the federal government.
- Concerned that the PEIS may not include an analysis of both impacts and benefits of alternative energy projects.

- Concerned that developers have to pay for use of public trust resources while fishermen are not required to do so, creating an uneven playing field.
- Concerned that the industry may lose momentum during the amount of time required to develop these regulations.
- The existing land lease structure and financial aspects of European offshore energy projects have been successful and may provide a useful model for a United States regulatory program.
- Concerned that guidelines for project decommissioning may not be included in the regulatory program.
- Concerned that MMS may not include a strict review timeline in the application process.
- The National Oceanographic Atmospheric Administration (NOAA) has recently revised its “New Priorities for the 21<sup>st</sup> Century – NOAA’s Strategic Plan” which applies an ecosystem management approach to ocean resources. Information developed through this approach may help MMS develop its alternative energy regulatory program for the OCS.
- Phased development and review may be appropriate, allowing for ongoing resource and/or site assessments and research prior to securing additional access rights, so that environmental impacts can be assessed on an ongoing basis, and so that impacts can be reduced or mitigated as necessary.
- Concerned that decommissioning of spent facilities, including resolution of any environmental concerns or threats to navigation or utility infrastructure, may not be required under the regulatory program.
- Concerned that MMS may not allow proposed developers to file all necessary permits with the Army Corps of Engineers, undergo the NEPA process, and then file for a lease permit with MMS.
- Concerned that there may not be coordination and consultation with stakeholders in areas that have been previously excluded (moratorium areas). This communication would inform the public and institutional entities of successful alternative energy projects elsewhere that may over time become acceptable to program opponents within those excluded areas.

#### Public Involvement

- Concerned that there is no way for public opinion to affect policy decisions during rulemaking. Concerned that the public may not get confirmation that submitted comments were received by MMS.
- Concerned that MMS may not work closely with stakeholders in the region to ensure support for proposed alternative energy projects developed on the OCS.
- The FERC Integrated Licensing Process for hydropower relicensing is conceptually very strong, in that it sets up strict timeframes, requires early consultation with stakeholders, and has the opportunity for stakeholders to influence the scope of the studies performed. This may be an appropriate model for the MMS alternative energy regulatory program.

#### State and Federal Coordination

- Concerned that MMS will not ensure that states and other federal agencies support leases that are granted.

- Concerned that MMS may not frequently and consistently inform state and federal agencies regarding project developments and availability of necessary documents.
- Concerned that there may not be a full understanding of the various political and jurisdictional boundaries held by municipalities, counties, states, and other agencies.
- Concerned that it may be difficult to lease land for alternative energy projects if the proposed projects straddle the line between state and federal waters.
- Concerned that MMS may not require a letter of agreement from state permitting agencies ensuring support for leasing the alternative energy projects on the OCS.
- Concerned that MMS may not require projects to comply with the more stringent of NEPA or state environmental policy review guidelines.
- Concerned that MMS may not work closely with states that are developing plans for use corridors in state waters in order to minimize use conflicts.

#### Siting and Energy Development

- It would be useful to have utility development of the offshore power grid to help incorporate the costs of transmission line development into the rate base. Commercial companies could recapture the cost. Transmission lines can cost up to 25% of the entire project.
- It would be beneficial to have a national ocean space utilization program to carefully plan the development of energy projects on the OCS.
- A coastal energy impact program in the mid-1970's in Nassau and Suffolk Counties developed a plan for development of the OCS for the region. This document may still be relevant today and may be a useful planning model.

#### Baseline Information

- Concerned that a lot of time will be required to gather the necessary baseline data. Since baselines shift it will be necessary to get an accurate assessment of current baseline conditions.
- It is difficult to gather necessary baseline data when developers are not allowed to install meteorological towers to gather the data.
- Concerned that there may not be a moratorium on development of alternative energy projects on the OCS until all the necessary baseline data has been collected to protect the public trust resources.
- Concerned that MMS may not conduct its own baseline survey data, using best available technology, before leases are granted.

#### Environmental Impacts, Studies, and Mitigation

- It might help the industry to have a pilot program available so that developers can gather necessary data. Such pilot projects could then turn into commercial projects after sufficient data has been gathered.
- Concerned that MMS may not analyze cumulative impacts or that it may be too difficult to determine the cumulative impacts from the installation of multiple projects on the OCS.
- Concerned that the emissions from building the vessels needed to transport offshore energy facilities and from maintaining the facilities may not be included in calculations of benefits and impacts.

- Concerned that the regulatory process will not exclude certain environmentally sensitive regions from development.
- Concerned that MMS may not establish protocols and guidelines for data collection.
- Concerned that alternative energy projects on the OCS may affect the flow of water.
- Concerned that alternative energy projects might change sediment characteristics, effectively changing one habitat type to another.
- Concerned that there may be coastal resource and onshore impacts, both environmental and economic, from alternative energy projects on the OCS.
- Concerned that the alternative energy projects may not be bonded to ensure appropriate cleanup of any ecological hazards related to the projects.
- Concerned that the results from environmental impact studies of European offshore wind facilities may not be accepted in the United States.
- Concerned that the results from studies performed in other areas may be accepted in the United States when the patterns and behaviors of animals here may be different.
- Concerned that the environmental impacts of a facility will be difficult to assess until the project is constructed.
- Concerned that the regulatory program may require so much up front study that it will be too late for alternative energy projects on the OCS to help combat the effects of global warming.
- Concerned that MMS may not develop mechanisms for assessing the effectiveness of offshore systems and for minimizing their impacts.
- Concerned about impacts of offshore windfarms on migratory birds.
- Concerned about impacts of subsurface structures (e.g., tidal energy turbines) on movement of marine mammals, sea turtles and diving birds.
- Concerned about impacts on finfish, shellfish and other benthic resources, and Essential Fish Habitat (EFH).
- Concerned about impacts on water quality due to construction of onshore facilities and associated infrastructure (transmission lines).
- Concerned that environmental resources may not be protected during facility construction, operation and removal by enactment of species- or population-specific mitigation measures, e.g., imposition of seasonal restrictions or other responsive measures to protect migrating or reproducing wildlife, including forage species. Concerned that studies to identify these parameters may not be conducted by qualified investigators.
- Concerned about the effects of electric cables on nearshore and onshore resources and uses in Long Island Sound.

#### Monitoring

- Concerned that MMS may not require monitoring, both before and after project installation, in the regulatory program.
- Concerned that MMS may require an unreasonably burdensome degree of monitoring before proposed projects can be constructed.
- Some of the proposed projects are in areas that are difficult to monitor. It would be useful to have federal support for environmental studies.

- Concerned that MMS may not identify preferred monitoring techniques to determine effects of the new technologies.

#### Additional Impacts

- Concerned about the need for public access to areas of the OCS that are set aside for project development.
- Concerned that alternative energy projects may cause major impacts to certain ocean uses such as fishing, recreation, and others.
- Concerned that aesthetics will be a difficult issue to handle when siting alternative energy projects on the OCS.
- Concerned that engineering and safety considerations relative to establishment or operation of subject facilities and infrastructure may not be analyzed.
- Concerned that MMS may not develop procedures to govern disposal of waste materials from alternative energy facilities.
- Concerned about socioeconomic impacts on recreational and commercial fisheries, including impacts on fishing gear.
- Concerned about impacts on recreational and commercial navigation.

#### **Energy Profile**

Meeting attendees described the current energy profile for the New York region and discussed related policies, obstacles, and energy forecasts.

#### Incentives/Policies

- New York City requires 70% of capacity to be generated within the five boroughs.
- New York has a Renewable Portfolio Standard (RPS) requiring 25% renewable energy generation by 2013. Currently, including hydropower, the state is 19-20% renewable. Several onshore wind turbines have been proposed, and New York's onshore Maple Ridge wind farm will soon generate nearly 300MW of power. Solar power has not really taken off, mainly because of costs.
- The Connecticut governor has an energy plan to reduce fossil fuel use and increase energy efficiency by 20% by 2020. That plan creates a need for increased use of alternative fuels and alternative energy sources.
- Some towns in Long Island have passed renewable energy resolutions ranging from 25% of energy by 2010 to 100% of energy from renewable resources.
- Babylon and Brookhaven, on Long Island, passed legislation mandating that new homes be energy efficient.

#### Forecasts/Planning

- Since the transmission system is at full capacity in this region, any developer wanting to connect a project to shore would need to fund system upgrades.
- Since New York City and Long Island are physically separated from the rest of the continent, the majority of their power must be generated either in New York City or on Long Island. There are constraints importing power to these areas. Eighty percent of the power in New York City and Long Island is produced in this region. The OCS provides a unique solution to providing large-scale renewable resources in the region.
- Nineteen percent of New York State's generation comes from hydroelectric power (largely Niagara Falls and St. Lawrence Falls), 20-25% is from nuclear, and the rest is largely coal and natural gas.

- Even though wind power is criticized for having a 35% capacity factor, the Long Island power plants are so old that they do not have any greater capacity due to their inefficient technologies. These plants cannot be repowered because there is not sufficient available electricity to take them offline to perform upgrades.
- New York State averages about 20,000MW of power use annually, with a peak of about 30,000MW. The RPS is adding 19-25% of renewable energy, resulting in about 1200MW of average generation. For wind, that would be 3500-4000MW of nameplate capacity. The bulk of the additional renewable energy built in New York will likely be wind. A recent study by the New York State Energy Research and Development Authority (NYSERDA) identified 700MW of wind power available offshore.
- The New York RPS is currently behind its target to increase 1% of renewable generation per year from 2005 through 2013.
- New York has not done an effective job of planning for load growth in the state. Demand is increasing by 1.2% per year, as projected by the NY ISO.
- New York imports about 8-9% of its energy.
- The new Neptune transmission line will transmit energy from New Jersey to Long Island, providing an expected 600MW of power.
- The load growth is approximately 100MW/year on Long Island which is greater than the state average. Long Island does not have a successful program for conservation and energy efficiency. At this point, the need for more electricity has not yet been defined in the area.
- The Regional Greenhouse Gas Initiative (RGGI) will affect the need for renewable energy development since carbon dioxide will become a regulated pollutant and fossil fuel-based energy sources may become less economical to operate.
- The latest reports from the NY ISO indicate that the state's reliability will be intact until 2011, at which point additional capacity or transmission will be required. Long Island and New York are constrained from a transmission standpoint. There is a requirement that during certain load conditions and when there are certain weather conditions, 80% of electricity in the southern region of New York must be generated in that region.
- The new energy secretary at the governor's office in New York is indicating support for aggressive deployment of additional energy resources for reliability and to reduce the high cost of energy in New York.
- The Indian Point nuclear power plant in New York will be filing an application for relicense in the spring of 2007. If for any reason this facility does not receive a new license it will greatly elevate the need for additional energy capacity in this region.

#### Other Issues/Concerns

- There are five transmission lines across the Hudson River and three feeder lines to Long Island. All the main transmission facilities are inland, with radial feeders to the coastline. This means that any developer installing transmission lines from the OCS to shore must also pay to build transmission lines to the inland substations as there are no coastal substations available.
- The New York Independent System Operator (NY ISO) works in coordination with PJM and the New England ISO. The ISO in New York is split into zones. Zone J covers the five boroughs, while zone K covers Long Island.

- The Department of Public Service will have the most accurate information regarding projected energy imports for New York.
- The most recent energy capacity increases in New York State have been 'repowering' traditional power plants and developing new natural gas plants.
- Connecticut's energy policy is directed towards promoting the development of alternative, renewable energy resources. However, this development needs to be proportional to the energy needs of the consuming public, and not in excess of that need. Alternative energy development should not be focused only on the OCS, but should include onshore development as well where appropriate and feasible.

### **Present and Future Technology**

Meeting attendees described current and future ocean and wind energy technologies.

- European offshore wind turbine manufacturers do not develop technology that will connect to the United States energy grid and there are no offshore wind turbine developers in the United States. Therefore, there is no offshore wind technology currently available in this country. Without a continual production tax credit or indication that there is a timely licensing process in the United States it is difficult to show that this country is serious enough to warrant development of offshore wind turbines that can be used on the U.S. energy grid.
- Offshore wind development is likely at least twice as expensive as onshore wind development. Europe has a much more favorable pricing regime due to feed-in tariffs and an auction process for offshore property.
- Since there is not a regulatory framework in place for offshore wind, developers and investors are reluctant to enter the industry.
- The Electric Power Research Institute (EPRI) will have some of the best data available on current and future technologies.
- New technologies are being developed that allow for subterranean inflow for power plant water cooling. This allows plants to intake waters 50-100 feet deep, rather than surface waters, resulting in a constant temperature for intake and an increase in power production.

### **State and Local Regulations**

Meeting attendees identified applicable state and local regulations that MMS will need to be aware of when developing the Alternative Energy and Alternate Use Program.

Additionally, attendees discussed associated permitting issues.

- The New York State legislature let Article X of the New York State Public Service Law lapse in January 2003, resulting in a lack of cohesive legislation governing new power plant siting. The current administration is likely to push for re-authorization of this law. The law that expired had superseded local law and zoning, created a scheduling timeline, and created intervener funding to allow municipalities or community groups to research the proposed facilities and build their cases against the project. The process allowed for a year to review applications with a potential six-month extension at the discretion of the siting board.
- Article VII of the New York State Public Service Law governs gas and electric transmission lines development on land and in state waters. The law requires

interaction with the public up front, starting in the conceptualization phase, so that stakeholder feedback is incorporated into the project design. Additionally, if a proposed project requires a certain level of transmission service for interconnection, the article requires that the NY ISO conduct an interconnection study. There are currently thousands of megawatts of wind generation in the cue to have these interconnection studies performed.

- The New York State Environmental Quality Review Act (SEQRA) requires the state to review all proposed projects for their environmental, social, and economic impacts. These requirements may be more stringent than those in the National Environmental Policy Act (NEPA) process.
- The New York State Office of Parks, Recreation, and Historic Preservation has jurisdiction over historic structures in the ocean.
- There have been examples of state and federal environmental review processes overlapping in which the more stringent requirements were used and the review process was effective.
- The Connecticut Department of Environmental Protection's coastal regulatory programs, including the Structures, Dredging or Fill in Tidal, Coastal or Navigable Waters permit program and the Tidal Wetlands permit program, are applicable for any onshore or nearshore facilities/structures/infrastructure in the Long Island Sound associated with OCS development, such as onshore support facilities and transmission lines and cables that are laid within the Sound.
- Any alternative energy project on the OCS will require federal consistency for any direct actions by federal agencies (U.S. Coast Guard or U.S. Army Corps of Engineers) or for any licenses or permits issued by a federal agency for associated activities (Federal Energy Regulatory Commission or U.S. Army Corps of Engineers).
- Alternative energy projects on the OCS will require local review with regard to onshore and nearshore impacts of transmission lines. Involved organizations will include municipal planning and zoning commissions and municipal shellfish commissions.



## **Appendix 1: Additional Suggested Stakeholders**

### Industry, Non-Governmental Organizations, and Local Stakeholders

- Alliance for Clean Energy New York
- Association of Energy Engineers
- Building Owners and Managers Association of New York
- Clipper Windpower
- Coalition for the Bight
- Con Edison Company
- Constellation Energy
- Gilgo Beach Preservation Association
- Group for the South Fork
- KeySpan Energy
- Maccoora
- National Grid
- New Jersey Public Interest Research Group
- New York Institute of Technology, Center on Energy and Environment
- Peconic Baykeeper
- Resources specialists and planners, including fisheries/shellfisheries managers, fishing/shellfishing industry representatives, and resource economists
- Right Whale Organization
- Sieman's Bonus Energy
- Suffolk County Power Authority
- University of Connecticut, Avery Point

### Governmental Stakeholders

- Atlantic States Marine Fishery Commission
- Babylon, NY
- Brookhaven, NY
- Coastal regulators
- Connecticut Department of Environmental Protection Boating Safety Program
- Connecticut Office of Policy and Management, Energy Division
- Easthampton, NY
- Hempstead, NY
- Islip, NY
- Mid-Atlantic Marine Fishery Commission
- Municipal resource managers
- New York City Borough Presidents
- New York City Office of Sustainability
- Oyster Bay, NY
- Poospatuck Tribe
- Southold, NY
- Southampton, NY
- State and municipal economic development agencies
- State Coastal Zone managers
- State energy specialists and planners