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Commercial Leasing for Wind Power on the Outer Continental Shelf (OCS) Offshore New Jersey –
Call for Information and Nominations

Comment On: BOEM-2011-0005-0001

Commercial Leasing for Wind Power; Call for Information and Nominations Outer Continental Shelf
Offshore New Jersey

Document: BOEM-2011-0005-DRAFT-0014

Comment from Markian Melnyk, organization

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General Comment

See attached file(s)

Attachments

BOEM-2011-0005-DRAFT-0014.1: Comment from Markian Melnyk, organization

June 6, 2011

Bureau of Ocean Energy, Management, Regulation and Enforcement
Office of Offshore Alternative Energy Programs
Attn: Ms. Maureen Bornholdt, Program Manager
Mail Stop 4090
381 Elden Street
Herndon, Virginia 20170

Re: COMMENTS ON NEW JERSEY CALL FOR INFORMATION AND NOMINATIONS – COMMERCIAL LEASING FOR WIND POWER ON THE OUTER CONTINENTAL SHELF OFFSHORE NEW JERSEY

Dear Ms. Bornholdt:

Thank you for the opportunity to comment on the Bureau of Ocean Energy Management, Regulation, and Enforcement's (BOEMRE) New Jersey Call for Information (CFI) and Nominations for commercial leasing for wind power on the outer continental shelf. Atlantic Grid Development, LLC (AGD) is developing the Atlantic Wind Connection (AWC) project. AWC is an offshore backbone electric transmission system that would provide a high capacity link between offshore wind projects built in the mid-Atlantic region and the terrestrial transmission grid (Figure 1). By providing access to high capacity transmission facilities and the region's energy markets, AWC eliminates an important barrier to entry for offshore wind projects and provides increased predictability and lower costs to the offshore wind energy development process.

AGD supports offshore wind energy development in the mid-Atlantic Wind Energy Areas (WEAs) identified by the Department of Interior, including in the area identified in the New Jersey CFI. The WEAs have excellent energy production potential and generally present fewer ocean user and environmental conflicts than other areas in the mid-Atlantic region. AGD's analysis supporting this conclusion is set forth in the Right-of-Way Grant Application that the AWC project filed with BOEMRE on March 31, 2011. Recognizing that the WEAs are prime locations for siting wind turbines, AGD also identified locations within the WEAs to site transmission hubs. Siting our facilities in the WEAs will provide nearby points where wind farms can connect to the AWC system, and keep wind farm connection costs low.

AWC intends to be ready to provide interconnection service to offshore wind energy projects when the first wind projects in the region are developed. The AWC system can reduce wind project transmission costs by significantly decreasing the length and number of high-voltage export cables (and attendant environmental impact) needed to connect a wind farm to the terrestrial grid, eliminating any terrestrial grid upgrades that would have been required, and eliminating the need for all but one state approval (wind developers would still need to secure a consistency determination under the Coastal Zone

Management Act). According to our preliminary estimates, developers who connect to the AWC system can reduce their project's capital costs by 10-15%.

Figure 2 illustrates the phases of the AWC project and the proposed location of transmission hubs and cable. The AWC project is not a "build it and they will come" endeavor. AWC project phases would be built over time as demand for offshore transmission capacity develops as indicated by the progress made by proposed offshore wind projects as they achieve planning, power purchase agreements, permitting and other project milestones.

AGD is committed to the coordinated and parallel development of AWC's facilities and offshore wind projects. However, transmission infrastructure must be in place and available for interconnection before a wind farm is built and, accordingly, AGD is planning ahead and anticipating transmission needs. Although we have been diligent in our project siting, stakeholder consultation and marine field surveys that remain to be performed and facts that continue to emerge as the industry develops will reveal information that will require adjustments to the location of some AWC project facilities. Coordination with wind project developers will help us to place hubs efficiently and to site high-voltage cables away from areas where wind turbines and low-voltage collector cables are proposed. Coordination is necessary to ensure that the development process for both offshore wind and transmission proceeds smoothly and efficiently.

Indeed, we believe that the best way to bring the benefits of offshore wind to the mid-Atlantic region, including the jobs associated with manufacturing offshore wind components, is to demonstrate the potential for a predictable, long-term build-out of offshore wind farms. Predictable demand will encourage manufacturers that seek to serve this industry to locate in the region. Increased coordination among all participants in the emerging U.S. offshore wind industry fosters predictability throughout all stages of project development and will lead to the lowest cost of energy for consumers. In that regard, AGD is supportive of the DOI's Smart from the Start initiative because it focuses wind energy development in areas that should have the fewest conflicts which, in turn, should help to streamline the permitting process.

AWC's offshore transmission network is an important element to efficiently reaching scale in the offshore wind industry. New Jersey's CFI area provides a good example. In May of this year, New Jersey Governor Chris Christie announced that 3,000 MW of offshore wind proposals are expected through this BOEMRE CFI process. The New Jersey WEA is located in federal waters off southern New Jersey. Southern New Jersey is lightly populated in comparison to the densely populated and industrial northern part of the state. Without AWC, offshore wind farms would need to build multiple alternating current (AC) transmission tie lines between the wind farms and the southern New Jersey coastal grid. The larger the wind farm the stronger the grid connection required. Weak interconnection points can cost tens of millions and even more than \$100 million to upgrade. Injecting large amounts of intermittent energy into a lightly loaded part of the system creates the need for additional terrestrial transmission capacity to move that power out of the region (e.g. to northern New Jersey and to western

New Jersey and Pennsylvania), and/or the need for flexible generating units such as gas turbines that can respond to fluctuations in wind energy production.

The high-voltage direct current (HVDC) technology used in the AWC system, in contrast, is capable of transmitting large quantities of power long distances with low losses. Traditional AC subsea cable transmission systems are not a practical option for transmitting large amounts of energy long distances from the southern New Jersey WEA to northern New Jersey. AWC's system can transmit wind energy from the WEA to northern New Jersey and other strong grid interconnection points. This distributes the variability of offshore wind to parts of the grid that can best absorb the power. The controllability of AWC's HVDC converter stations is a powerful tool for managing the variability of offshore wind and the converters add reliability to the grid through their ability to support voltage and frequency levels. Lastly, a pair of HVDC cables can transmit 1,000 MW of wind energy. Transmitting the same amount of energy with high-voltage AC technology could require six or more cables. Coordinating the expansion of the offshore wind industry around the AWC HVDC network, therefore, can provide economic, operational and environmental benefits that will help the wind industry grow faster and at a lower cost to the region's consumers.

We are encouraged by the progress that the NJ CFI represents. AWC looks forward to playing an integral role in supporting the efficient and large-scale implementation of offshore wind off the coast of New Jersey and for all of the mid-Atlantic states.

Sincerely,



Markian Melnyk
President, Atlantic Grid Development, LLC

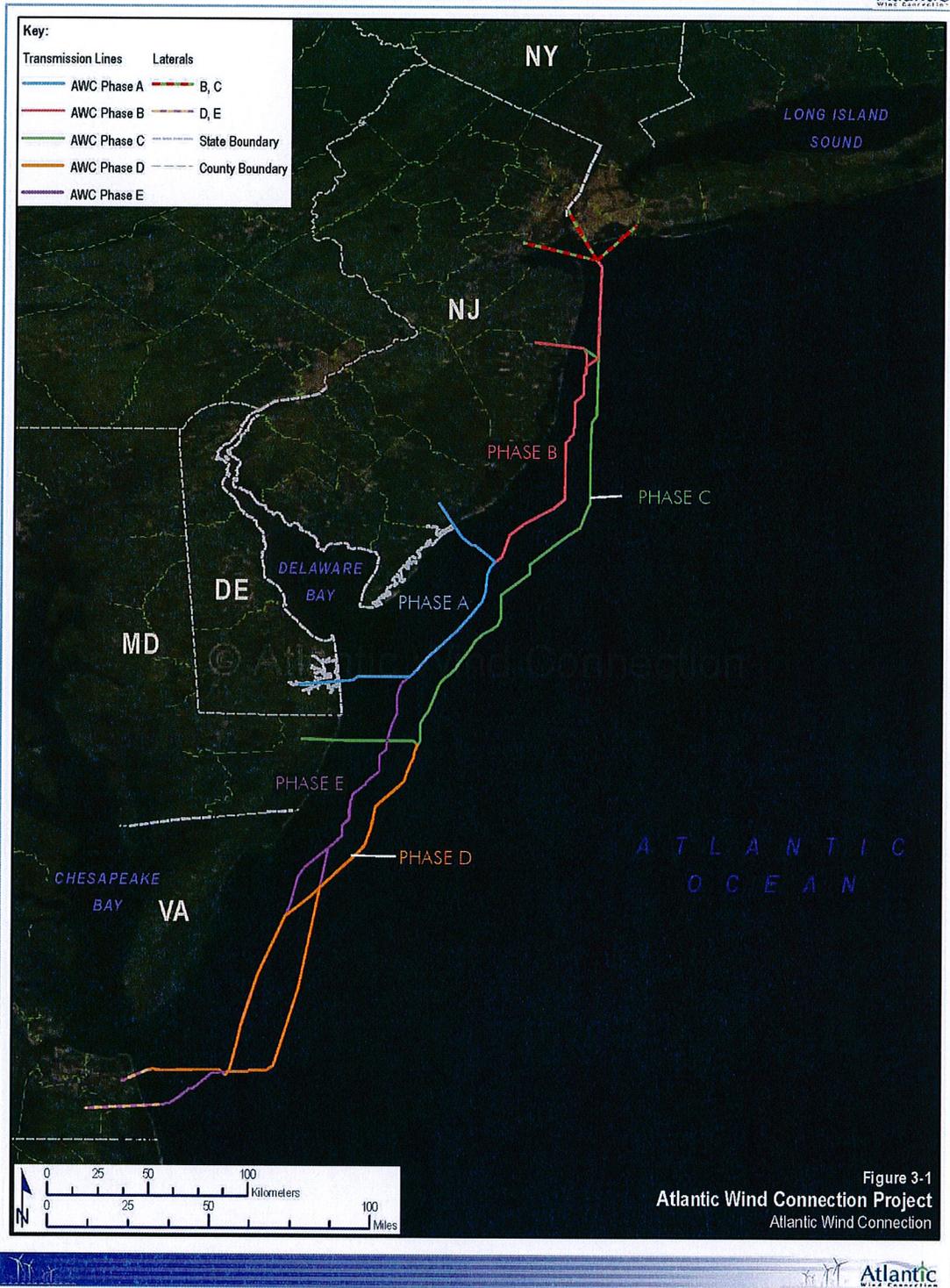


Figure 1. Overview of the Phases of the Atlantic Wind Connection Project

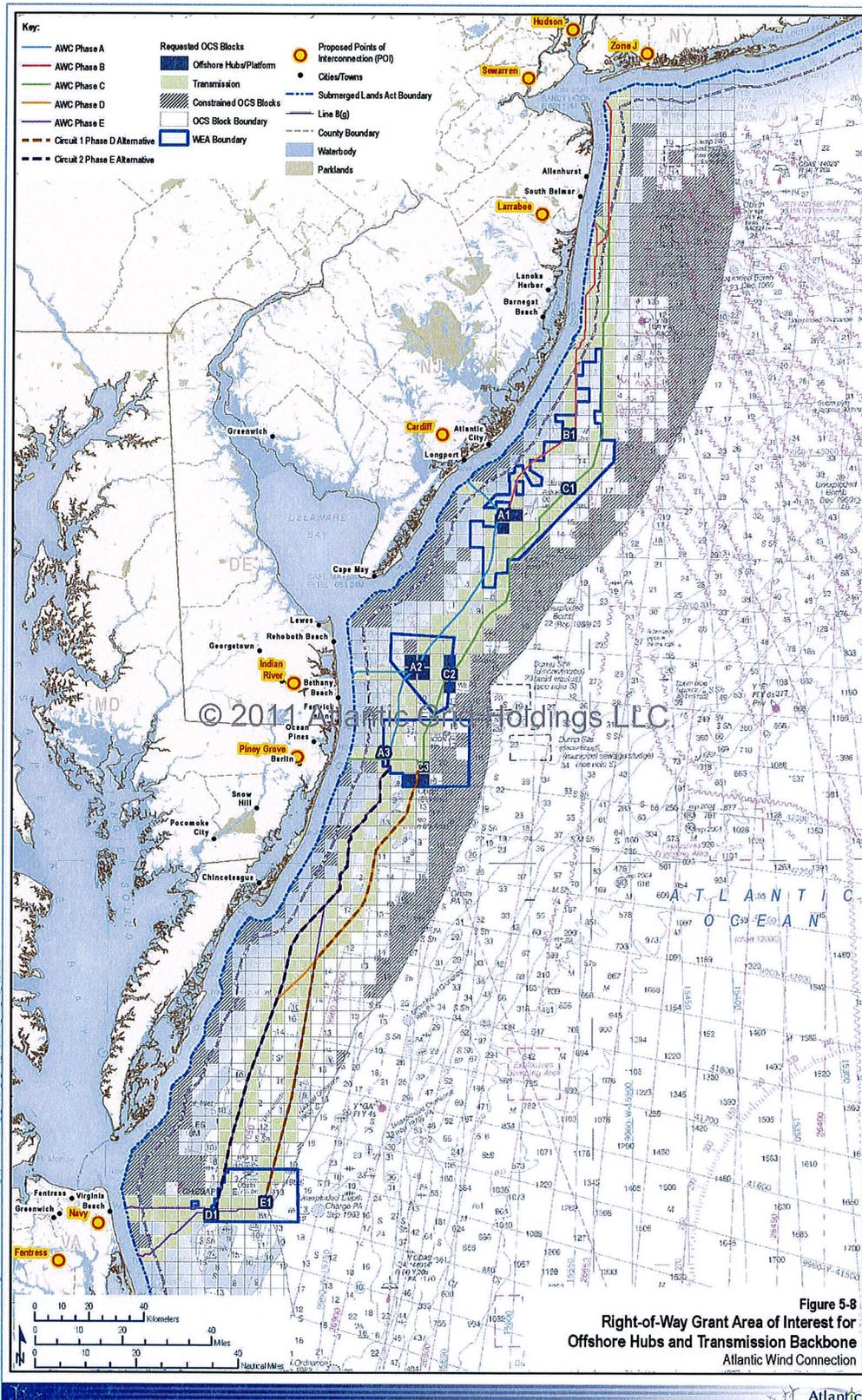


Figure 2. AWC Requested Right-of-Way Grant Area