

**Ocean Energy Task Force
Regulatory Subcommittee Meeting
Friday, September 11, 2009
8:15 - 9:45 A.M.
Conference Call
Meeting Summary**

Attendees: *Members* - Kathleen Leyden (subcommittee chair); Angus King; Beth Nagusky, (OETF co-chair); Patrick McGowan []
Interested parties - Jeff Thaler, Berstein Shur; and Bill Franklin, IPRE
State staff: Todd Burrowes, SPO; Dan Prichard, BPL; and Samantha Horn-Olsen, LURC

1. Introductions. At Kathleen Leyden's request, those participating in this teleconference introduced themselves.

2. Presentation; Discussion - Revised Straw Proposal Regarding State Decision Making Framework for Commercial Scale Wind Power Projects. Todd Burrowes outlined a redline version of subcommittee's "straw proposal" (previously distributed to the subcommittee and interested parties) on recommended revisions to the state permitting and leasing laws. Mr. Burrowes explained that the changes in the redlined document were intended to capture the subcommittee's discussion at its September 8, 2009, meeting and reflect recommendations on which there is general agreement among subcommittee members. Mr. Burrowes noted that, following up on discussion at the subcommittee's September 8, 2009, meeting, the revised straw proposal provided for LURC permitting jurisdiction over small-scale ocean wind projects that are sized to meet the electric power needs of an island in LURC jurisdiction, located within one mile of such an island, and built by or for the island community, as detailed in the redline. The redline version also contained potential recommendations regarding submerged lands leasing issues, such as rent and royalties, not discussed at the September 8, 2009.

Following discussion, the subcommittee expressed general agreement with the revised straw proposal subject to the following further refinements and discussion:

- Recommend first-come, first-served approach to submerged lands leasing instead of state solicitation of competitive bids in response to an application for leasing for a commercial wind or tidal power project
- Ensure further coordination of DEP/LURC permitting and BPL submerged lands leasing process through provision for contemporaneous filing of lease and permit applications and clarification that demonstration of technical and financial capacity is required for a BPL lease for offshore wind or tidal power project (to help discourage site banking and prospecting)

- Further development of submerged lands leasing options for follow up discussion by the subcommittee, particularly as concerns clarification of a leasee's rental and/or royalty obligations in relation to mitigation of impacts on natural resources and/or existing human uses. There was suggestion that royalty payments provided for under MMS' rules, referenced in the straw proposal as a potential model for Maine, are too high in light of anticipatable project revenues and profits, particularly in initial years of energy generation when project debt is being retired.

3. Next Steps. Following discussion, the subcommittee directed staff to revise the straw proposal to reflect its discussion and options as to which there was agreement and identify options discussed but not adopted, for presentation to the full task force at its September 25, 2009, meeting. In addition, the subcommittee directed staff to work with Dan Prichard of the Bureau of Parks and Lands to develop, for purposes of further discussion, options regarding submerged lands leasing. The subcommittee requested that these options address establishment of a fixed rent for offshore wind and tidal power development, provision for waiver or reduced rent in the initial years of a project to facilitate repayment of project debt, and royalty rates that ensure fair compensation to the State without chilling interest in development.