

Michigan Great Lakes Wind Council

Meeting 5 Summary

9:00 AM, November 10, 2009
Kellogg Hotel & Conference Center
East Lansing, Michigan

ATTENDEES

All members of the council were present except Ettawageshik and Russell. Bohmann participated remotely by Web conference. Kurmas arrived just after 11:00 AM.

WELCOME AND REVIEW OF AGENDA & CHARGE TO COUNCIL

At 9:20, Chair Pruss welcomed the council. He read the seven-point charge to the council provided by Executive Order 2009-46. He then reviewed the day's agenda and asked for questions. None were presented. He indicated the council would revisit the recommendations from its September 2009 report as it moves forward.

Pruss and council staff Mike Klepinger presented a draft work plan; they articulated an expectation that a plan for the public meetings outlined in the executive order would be complete by January 12, 2010. Pruss also said that work groups, modeled after those created during Phase I work, would be formed by day's end and volunteers would be sought.

Klepinger reviewed the council's operating protocols. He explained that the council will strive to operate by consensus as it has in the past but that a vote may be called if necessary and that minority reports will not be included in the council's work products.

Council member Lagina asked whether the work groups would remain the same and whether the members would be asked to continue. Pruss said that continuity of membership would be desirable, but that there are new members on the council to include and others who may wish to change their participation between work groups.

CONSIDERATION OF LEASING PROGRAM

Klepinger began a presentation that is available online at http://www.michiganlowlakecouncil.org/meeting_materials/111009/mk_morning_agenda_111009_Presentation.pdf. He reviewed the mapping results included in the September report of the Council. He explained that the previous executive order called upon the council to identify areas of the Great Lakes that were most and least favorable for development, and noted that the new executive order calls for a focus on the most favorable areas for lease. Klepinger reminded council of the depth limits of technology (30 meters) and the contiguous area size (20 square miles) that apply to 537 square miles of the 17,017 square miles of favorable bottomlands identified. These shallow areas, sometimes referred to as the "most feasible" areas, could be a starting point for identifying lease areas. He presented a set of public purposes and business purposes to justify council's winnowing the list of the six largest shallow favorable areas even further and presented a strawman ranking of the

areas for the council's review that included additional "marketability" factors, such as measures of the wind resources, expansion potential, and nearby population and ports.

Pruss interjected an update about a potential offshore wind development partnership between Wisconsin and Michigan recently discussed by Governors Doyle and Granholm. He asked the group to consider whether the Delta area would be the best place for such a partnership to occur.

A council member asked for clarification on Klepinger's reference to "council meetings in coastal areas." Klepinger answered that under the executive order the council would be holding public meetings in coastal communities around the state, and that the plans for these meetings would be developed by the public engagement work group before January 12, 2010. He said that the budget anticipated three meetings.

Council member Vander Veen expressed a preference for inclusion of transmission data in the mapping tool to allow it to be used for forecasting and analyzing how placement of wind turbines will impact the grid. He encouraged the council to consider the costs of transmission—the feasible cost of entry into the market. He clarified that proximity to load does not correlate to transmission capacity. Further, the air density, temperature, and barometric pressure all relate to the selection of turbine size and the potential for energy production. Council member Aragon indicated that ITC may be able to help assess transmission solutions for the proposed areas, depending upon the desire of the council.

Council member Bozeart requested that the port layer be refined to include more of Michigan's assets, including the port of Muskegon. Council member O'Brien clarified that ports are important for two functions: construction staging and operational maintenance. Ports used for construction staging can be located at greater distances from the development than those used for operational maintenance.

Klepinger suggested that the data and mapping work group should focus its effort on brainstorming a list of factors to consider when selecting the most favorable locations for lease. The council then discussed the relevance of the deliverability of energy, including the following elements: population density, proximity to transmission capacity, and proximity to existing or proposed onshore wind developments. Council member Grinold urged the group to evaluate the existing surface uses of the water in areas proposed for development.

Lagina questioned the premise of further wind resource area ranking and winnowing. He suggested that after sensitive areas are excluded from consideration, the final selection of sites for development would be best left to industry. He suggested that the two Saginaw Bay sites are functionally equivalent and should be considered as one region; and that the two sites in northern Lake Michigan should be considered one region. O'Brien pursued the question by asking about the intent of further identifying areas. He referenced and supported the Ohio approach, which excluded some areas and then let industry propose the sites. He asked why the state should incur the costs of doing the preliminary research. Pruss restated Klepinger's earlier comment that identifying a few areas would focus state resources, accelerate opportunity for development, identify obstacles, and focus public engagement efforts. Council members indicated they would rather not go beyond the narrowing of most favorable areas already accomplished by their identification of 22

screening criteria plus the “feasibility” factors of a 30-meter depth and contiguous area minimum of 20 square miles. Subsequently, council members largely agreed on the value of focusing public involvement efforts around the most favorable wind resource areas, and moved toward consensus that the mapping work group should leave the 22 screening criteria and “feasibility” factors of depth and size as they are and focus its effort on assessing data quality, identifying data gaps, and updating maps accordingly so the council could recommend areas for lease as charged in the executive order.

The council then discussed the importance of early and repeated public outreach. Council member Cwikiel suggested that the public relations or public outreach efforts on offshore wind development should include two parts: raising general awareness statewide and site-specific outreach. While he supported the council raising awareness, he questioned whether the council is the correct body to conduct the site-specific outreach and asked whether the council, the DEQ, or developers should be responsible for outreach. Klepinger answered that in the Dry Run exercise conducted prior to the council’s formation, the council was identified as the correct body to conduct outreach. A council member indicated that the council had an obligation to engage interest groups in outreach activities.

A council member expressed concern that notwithstanding the council’s efforts there may be federal regulation of offshore wind in the Great Lakes, possibly by the U.S. Army Corps of Engineers.

The Chair recognized a member of the public, Harald Dirdal of Scandia Wind, LLC, and allowed Dirdal to comment on the council’s deliberation. Dirdal referenced his company’s experience in offshore wind in Norway and Denmark. He said that this council will come to a crossroads at which its activities may become counterproductive. He cautioned the council about assuming too much about the viability of an offshore site. In Dirdal’s experience, offshore wind developments must be very large to overcome the cost penalty of construction and grid connection. He also cautioned that the council should be careful not to make too many assumptions on the topic of transmission. He said that when a project builds momentum, the transmission will often become available and viable. He urged the council to define the state’s role in research and then stop when the state/council starts making assumptions about the viability of projects. For example, he mentioned that proximity to an existing deepwater port as a viability criteria could be an erroneous assumption—if a project is deemed feasible based on many other factors, a deepwater port could be built to accommodate a large wind project. He said he sees a fantastic opportunity in Michigan, and that the state should identify areas where wind turbines are absolutely off limits and reserve the right to decide on the final plans, but provide interested companies excellent service.

A member of the council asked Dirdal his opinion on the size of a development required to make an offshore project viable. Dirdal answered that it should be not less than 600 MW. Dirdal also indicated that the bottom line and key criteria for a developer will be the cost per/kilowatt hour.

Council member Trebilcock posed the question whether there are public engagement lessons to be applied from the directional drilling industry. Other comments reinforced

the value of the public confidence in a regulatory program. Council member Hickner reinforced the fact that the public engagement process needs to be done smartly to be successful.

The council discussed the timing of advancing legislation related to offshore wind. The executive administration will change in 12 months, so council members suggested that legislation must be passed by spring of 2010 or it would not advance until late 2011. The council agreed that outreach efforts should include advance meetings with legislative leadership in the energy and natural resources committees in the Michigan House and Senate. Pruss suggested the legislation should be characterized as an economic development tool.

Pruss said the work group on public engagement should select locations for the public meetings and create a plan for those meetings before January 12, 2010. The work group will report its decisions to the full council at the next council meeting. The work of the data gathering and mapping work group will partially inform the public engagement workgroup's decisions.

Lagina suggested the public meetings should be at four sites near the areas identified by the council's mapping exercise. He then suggested that an interim report should be sent to the governor that urges the administration to request expressions of interest from industry and site nominations.

A council member expressed concern about sequencing, indicating that meteorological towers are a significant investment.

The council debated whether the legislation should be adopted before the public engagement efforts begin. Some suggested that putting the legislation in place first could minimize public opposition by assuring a level of protection of the public interest. It was suggested that there is risk in not having legislative consensus before beginning public engagement because the state's position is not clearly defined until the legislation and accompanying public engagement plan is established.

Someone requested an objective economic impact report on the value of the wind industry in Michigan. This could serve as a clearly articulated vision for the future of the state and its residents.

Dan Radomski, NEXTEnergy

During lunch, Radomski gave a presentation to the council about the development and potential of the wind industry in Michigan. His presentation is available online at http://www.michiganglowcouncil.org/meeting_materials/111009/GLOW_11-11-09_Dan_Radomski.pdf.

Radomski was asked whether a manufacturing extension program would benefit Michigan. He answered that he thought it would be an asset to industry. Radomski was then asked what state and federal policy pieces were needed to make this industry viable. He answered that the policy must focus on driving innovation, perhaps through the use of a clean energy fund pool, and at the federal level, a sliding scale production tax credit with a "United States made" content requirement.

MAPPING CRITERIA WORK GROUP

Council members agreed that this group should not rank the selected sites or reduce them further except to the extent that new and better information imported into the mapping tools suggests otherwise. This group is encouraged to clearly define the purpose of its continuing work and continue to populate the tool. The group was urged to decide what additional data layers can be included and to determine the appropriate end uses for the tool, including public accessibility. Specific requests were forwarded to improve the data on Michigan's ports. The work group will be asked to present an update at the January 12, 2010, council meeting.

Chair Pruss asked for volunteers for this work group. The following members agreed to participate:

- Lisa Aragon (for Joe Welch)
- Leonard Bohmann
- Joseph Bump (for Margaret Gale)
- Tom Graf (for Jim Sygo)
- Dennis Grinold
- John Halsey
- Dennis Knapp
- Jack Knowles

Staff contact: Mark Coscarelli

BOTTOMLAND LEASING AND PERMITTING CRITERIA WORK GROUP

Chair Pruss indicated there has already been preliminary support for the draft legislation from its sponsors in the Senate and the House.

The council members were asked to provide any comments on the draft legislation by e-mail to Shivaugn Rayl before the close of business on Friday, November 20, 2009. The work group will be asked to present an update at the next council meeting.

Chair Pruss asked for volunteers for this work group. The work group will review the comments on the legislation, finalize a draft, and work with legislators and staff to advance the legislation. The following members agreed to participate:

- Adesoji Adelaja
- Lisa Aragon (for Joe Welch)
- James Clift
- Cindy Douglas
- Brett French
- Tom Graf (for Jim Sygo)
- Steve Kurmas
- Marty Lagina

- Michael O'Brien
- Blair Renfro (for Orjiakor Isiogu)
- Christopher Trebilcock
- Richard Vander Veen

Staff contact: Shivaugn Rayl

PUBLIC ENGAGEMENT WORK GROUP

A council member suggested that the Public Engagement work group should review case studies from other wind projects and apply the lessons from each. The Michigan Wind Zone Board, Delmarva, and Cape Wind projects were suggested. This work group will be asked to present its plan for public engagement and the coastal community meetings at the next council meeting.

A council member suggested that the public relations component of this project is the most important part, that it should be iterative, and that it should involve SeaGrant in the ongoing research and community outreach and universities in the social research and consumer acceptance.

Chair Pruss explained that the governor and Michigan State University President Simon have recently discussed repurposing MSU Extension to work on renewable energy and energy efficiency issues.

A council member suggested the outreach plan should include contacts with legislators and legislative staff.

Council member French suggested the group should review the “systematic development of informed consent” process used by other organizations, particularly in transmission.

The Chair then asked Graf to provide an update on the recent application received by the state for an offshore wind development. He said it was an incomplete submission and had been withdrawn by the applicant.

Talberg was asked to update the council on the status of the public acceptance survey research. The effort is intended to gauge public opinion of offshore wind. The methodology will use visual simulations sent in a mail survey based on work done in Delaware and Massachusetts. The survey is expected to be fielded in March and April. After quality assurance and data entry the preliminary report is expected to be prepared in June or July, with completion of a comprehensive report to the following month.

Chair Pruss asked for volunteers for this work group. The following members agreed to participate:

- Dennis Assanis
- T. Arnold Boezaart
- Wil Cwikiel
- Ken DeBeaussaert
- Cindy Douglas

- Brett French
- Dennis Grinold
- Thomas Hickner
- Jim MacInnes
- Michael O'Brien
- Stanley "Skip" Pruss
- Blair Renfro (for Orjiakor Isiogu)
- Roberta "Bobbi" Tisdale

Staff contacts: Shivaugn Rayl and Sally Talberg

NEXT STEPS

The staff will convene each work group before the next council meeting. Confirmation of the next council meeting will be sent to members, January 12, 2010, was mentioned as a likely date. (Note: this date has subsequently been changed to January 19, 2009.)

PUBLIC COMMENT

A representative of Scandia Wind invited council members to attend a conference in Germany on offshore wind development, particularly the legislative, technical, and environmental impact statement sessions. If council members are interested in attending, his company can arrange a tour of an offshore wind farm in Denmark.

The Council adjourned shortly after 3:00 PM.