

MAXIMIZING OFFSHORE WIND GENERATION

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EXECUTIVE SUMMARY

The climate crisis demands rapid development of renewable energy resources, and offshore wind (OSW) has the potential to deliver upwards of 30% of Virginia's 100% clean energy standard. However, Virginia law supports only a small fraction of that standard generated by OSW. There is well over 10 GW of capacity in active and proposed projects just within the mid-Atlantic area that is most efficiently and logistically transmitting that OSW power to the larger PJM via entry into Virginia. For Virginia to realize the maximum economic and job creation benefits of OSW, ensure its equitable development, and quickly meet 100% clean energy goals, we must increase the amount of sustainably developed OSW in the public interest and require Virginia utilities to build and buy that total generation.

CHALLENGE

Virginia currently deems 5200 MW of OSW to be in the public interest, which Dominion is recommended to acquire through the Virginia Clean Economy Act (VCEA). The first phase of that total is satisfied with its Coastal Virginia Offshore Wind (CVOW), a \$10 billion dollar, 2600 MW project, that will be online in late 2026.

There are currently 27 commercial OSW lease projects in the Atlantic potentially delivering almost 39,000 MW of power to the grid.¹ CVOW is unique amongst them in being the only utility-owned project, where Dominion is both developer and "buyer" of all 2600 MW of Virginia's OSW. Coastal states north of Virginia have state-level OSW procurement commitments totaling 39 GW by 2040, supporting a competitive process that materializes in power purchase agreements with maximum benefits to both the state and its electricity consumers.

In mid-2024, the federal Bureau of Ocean Energy Management will auction off several new lease areas in the Central Atlantic for OSW development. Two large offshore areas (Call Areas C and D) are directly adjacent to CVOW and to Avangrid's Kitty Hawk 3600 MW project. If these call areas progress to final lease areas, there would be four lease areas that could easily bring 10,000 MW of OSW to Virginia.

To satisfy the VCEA requirement to develop 5,200 MW of OSW, Dominion has indicated interest² in these additional lease areas and is likely participating in the lease auction planned for early 2024. Just like with CVOW as it stands currently, pending approval by the State Corporation Commission, the costs to develop that additional OSW will be passed on to its ratepayers and Dominion allowed a profit margin on the multi-billion dollar project.

SOLUTION

The public's best interest can be best realized with increased production and generation of OSW, especially

given OSW's massive economic and job creation benefits for Virginians, and its great capacity to confront the climate crisis in significant proportions. A number of large areas off Virginia's coast are in the planning process for development which easily provides that increased generation, allowing Virginia to increase OSW in the public interest from 5,200 MW to 10,000 MW.

Increasing the amount of OSW in the public interest must be coupled with requirements that the 10,000 MW is developed at the most competitive rates possible. This will ensure competitive costs for OSW, its development, and maximum benefits to Virginia electricity consumers.

POLICY RECOMMENDATIONS

Increase the amount of offshore wind deemed to be in the public interest from 5200 MW to 10,000 MW by 2030.

Require that the second tranche of CVOW be subject to a competitive procurement process.

Require Dominion to issue a competitive solicitation to contract or purchase the output of any offshore wind facilities not currently under development.

Offshore Wind Test Turbine – Virginia Beach, VA
Photo by Hunter Noffsinger

