



# Offshore Wind Updates

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November 9, 2022

# CVOW SCC Case





# CVOW - Cost-Sharing in Excess of Approved \$9.8bn Construction Costs

Construction Cost	Cost Sharing Percentages	
	<i>Customers</i>	<i>Company</i>
\$9.8 billion – \$10.3 billion	100%	0%
\$10.3 billion – \$11.3 billion	50%	50%
\$11.3 billion – \$13.7 billion	0%	100%

- If the Project's construction cost estimate were to exceed \$13.7 billion, the disposition of the Project will be determined in a future Commission proceeding.
- No construction costs in excess of \$13.7 billion are entitled to a presumption of reasonableness and prudence.
- Nothing in this agreement prevents any party from addressing the reasonableness or prudence of any cost that results in the Project's construction cost exceeding \$9.8 billion.
- Agreement does not limit the exercise of the Commission's authority to address Project construction delays or abandonment.



# Performance Provision & IRA Requirement

## Performance Provision

If net capacity factor is less than 42% on a three-year rolling average basis, the Company will provide a detailed explanation of the factors contributing to any deficiency.

To the extent the Commission determines that any deficiency has resulted from the unreasonable or imprudent actions of the Company, the Commission may determine a remedy at that time to address any incremental energy or other costs resulting from such actions.

## Inflation Reduction Act

Dominion shall take all reasonable steps to ensure that customers receive the full and complete benefits of the Inflation Reduction Act.

The Company shall not make any elections under the Inflation Reduction Act related to the Project that would reduce benefits to customers.



## Next Step

- Agreed to by Dominion, OAG, Walmart, Sierra Club and Appalachian Voices
- Non-signatories have opportunity to respond before the Commission decides whether to accept the stipulation



# Observations

- Dominion will most likely be entitled to their usual 10% return on equity where costs are borne by customers as the stipulation does not state otherwise
- Performance guarantee not as stringent as the SCC's original order which would have held customers harmless by default for any shortfall. In the stipulation, there will be a proceeding to determine whether customers or company incur the cost of a performance shortfall which will depend on the cause.
- The IRA section is to guarantee that applicable federal moneys are not ignored in order to increase costs and thus ROE
- Decision on the stipulation should be made within the month

# Central Atlantic Call





On April 27, 2022, BOEM announced the publication of a Call for Information and Nominations (Call) to assess commercial interest in, and obtain public input on, potential wind energy leasing activities in federal waters of the Central Atlantic.

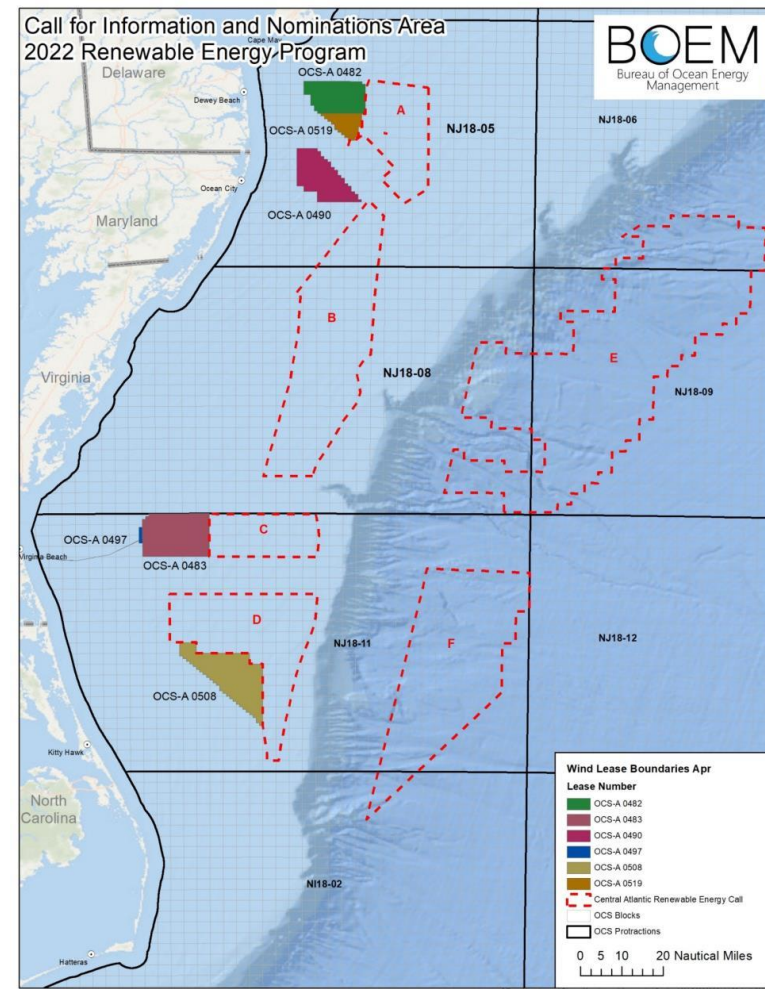
On June 28, 2022, the 60-day public comment period for the Call for Information and Nominations (Call) closed. In response to the Call, BOEM received nominations of areas of interest from 3 developers. Each of the parties listed below has been legally, technically and financially qualified.

- [Avangrid Renewables LLC](#)
- [US Mainstream Renewable Power Inc.](#)
- [OW North America Ventures LLC](#)

The map to the right shows the existing central-Atlantic wind energy areas, and the dotted lines show BOEM's central-Atlantic Call areas.

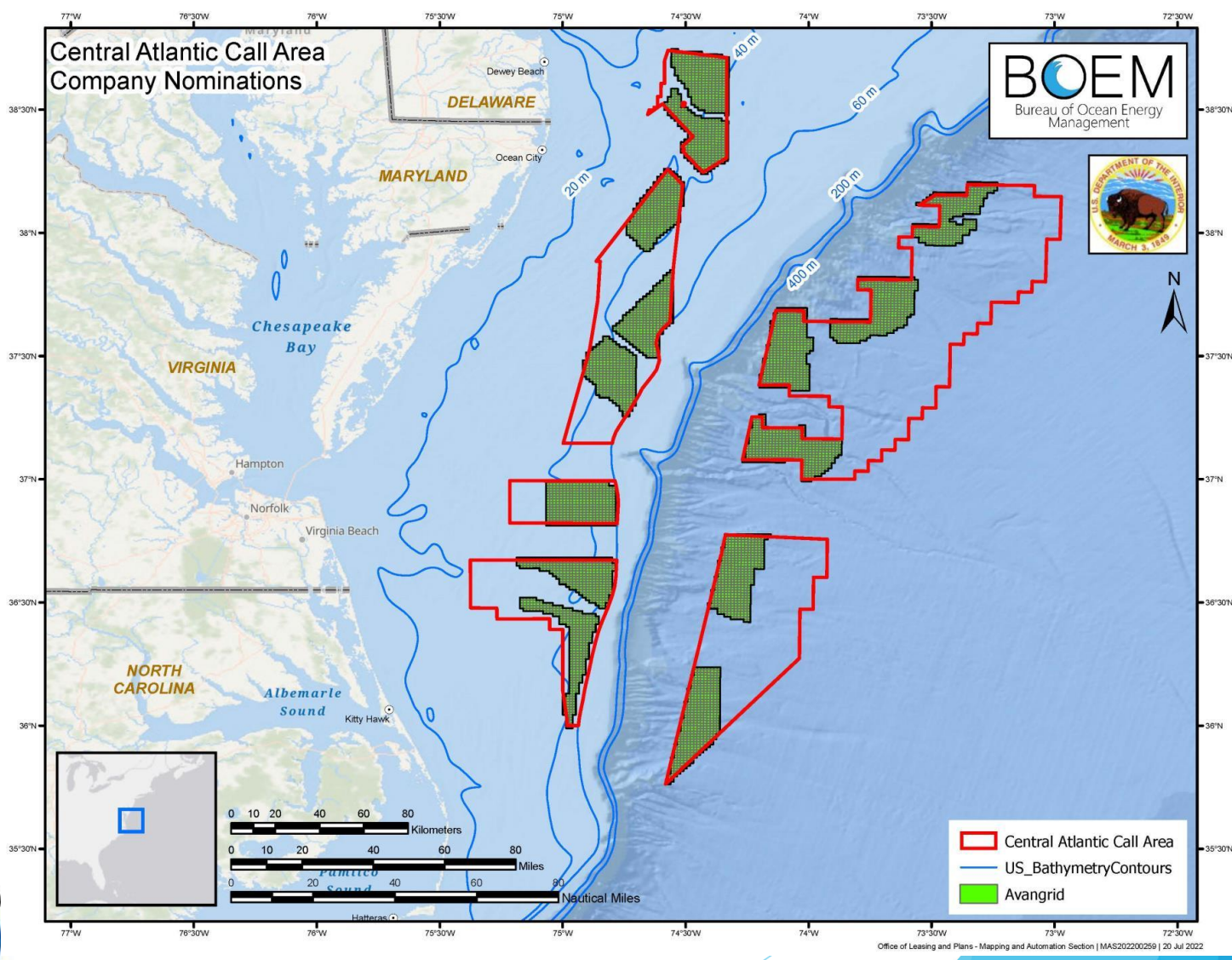
The Call Area is located offshore of Virginia and the States of Delaware, Maryland, and North Carolina and comprises areas A-F. These six areas include 496 whole OCS blocks and 298 partial blocks and comprise approximately 3,897,388 acres

The following slides show each of the above developers' recommended future lease areas

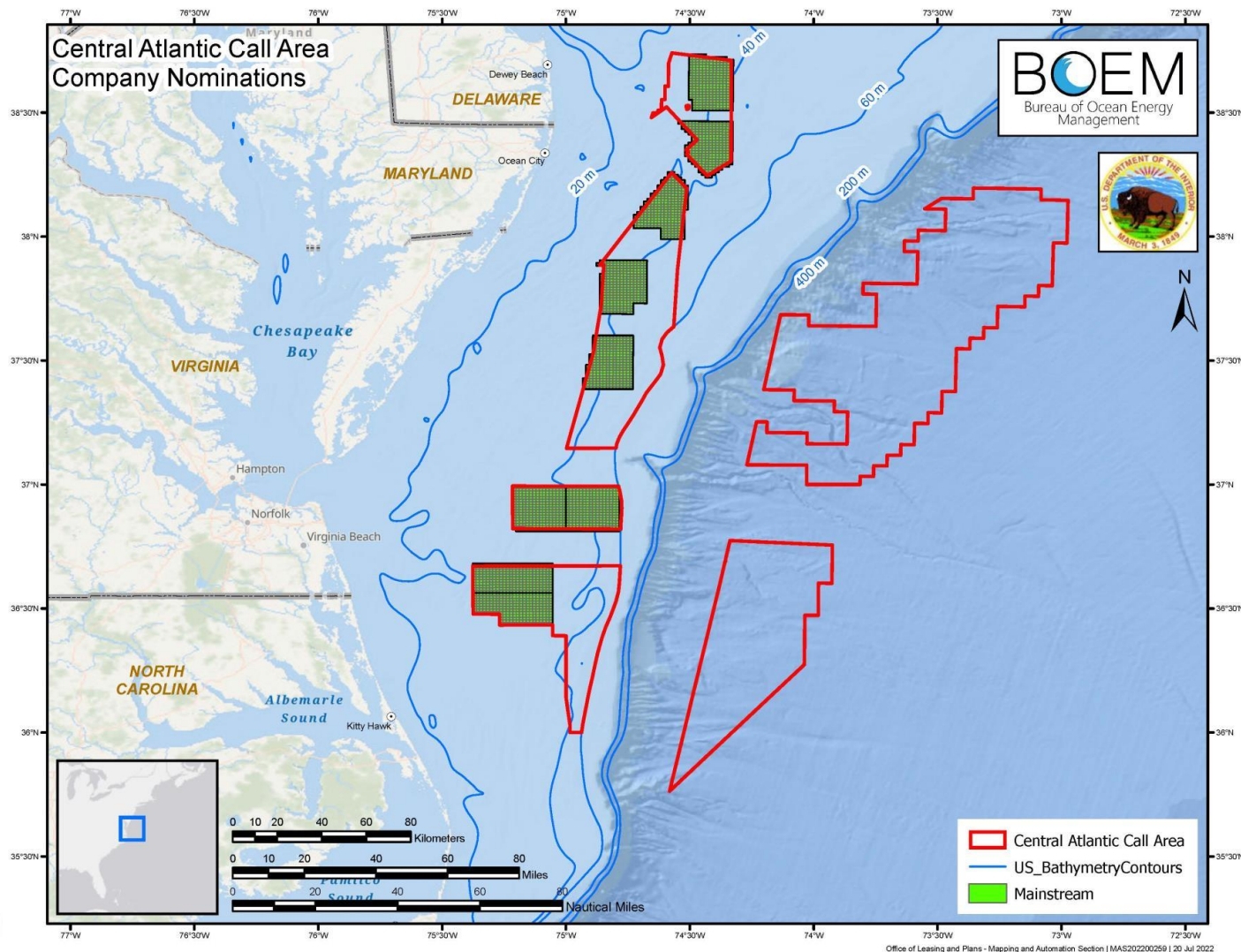




# Avangrid Renewables Nominations

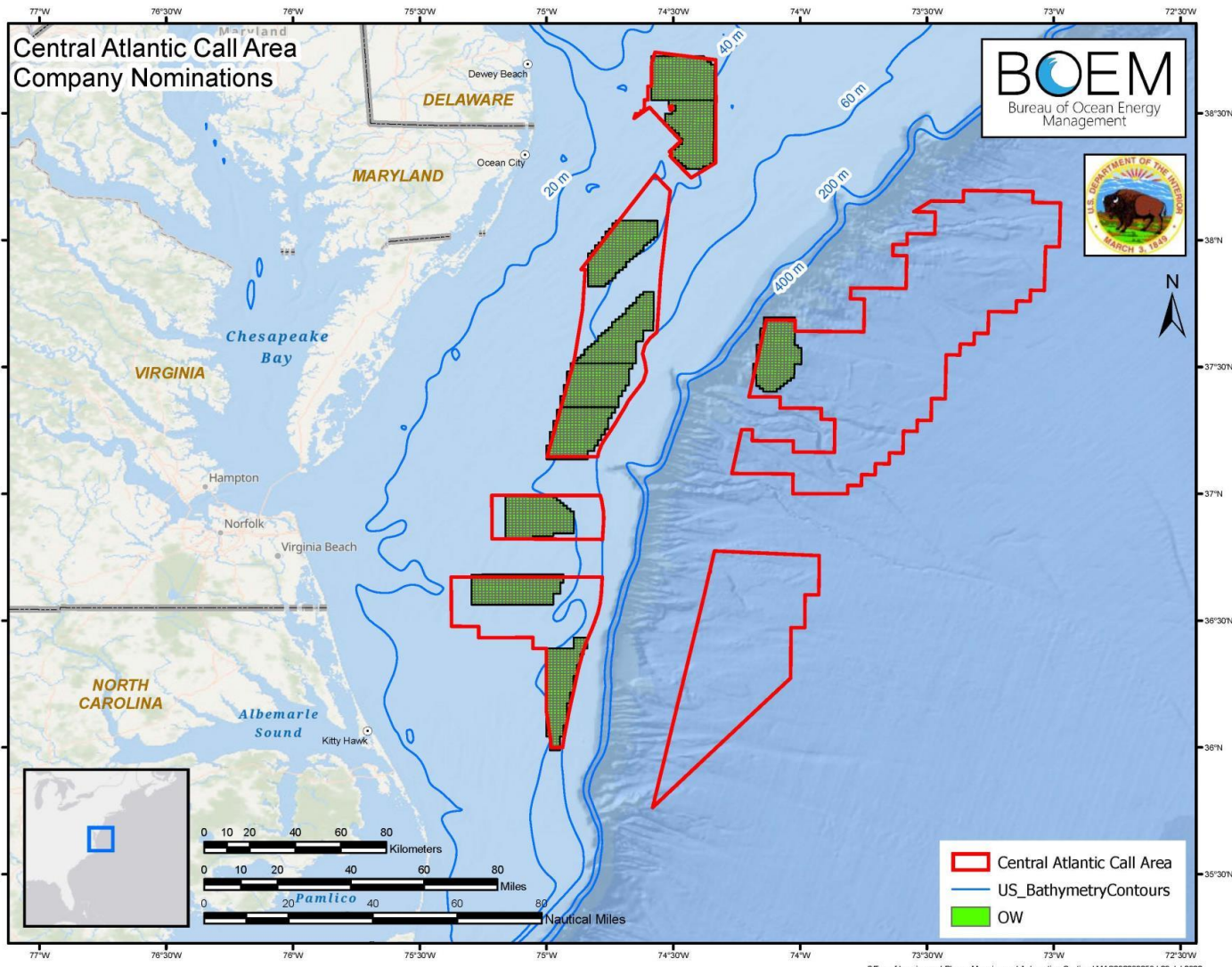


# US Mainstream Renewable Power Nominations





**BOEM**  
Bureau of Ocean Energy  
Management



Central Atlantic Call Area  
Company Nominations

DELAWARE

MARYLAND

VIRGINIA

NORTH CAROLINA

Chesapeake Bay

Albemarle Sound

Dewey Beach

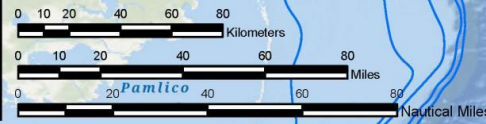
Ocean City

Hampton

Norfolk

Virginia Beach

Kitty Hawk



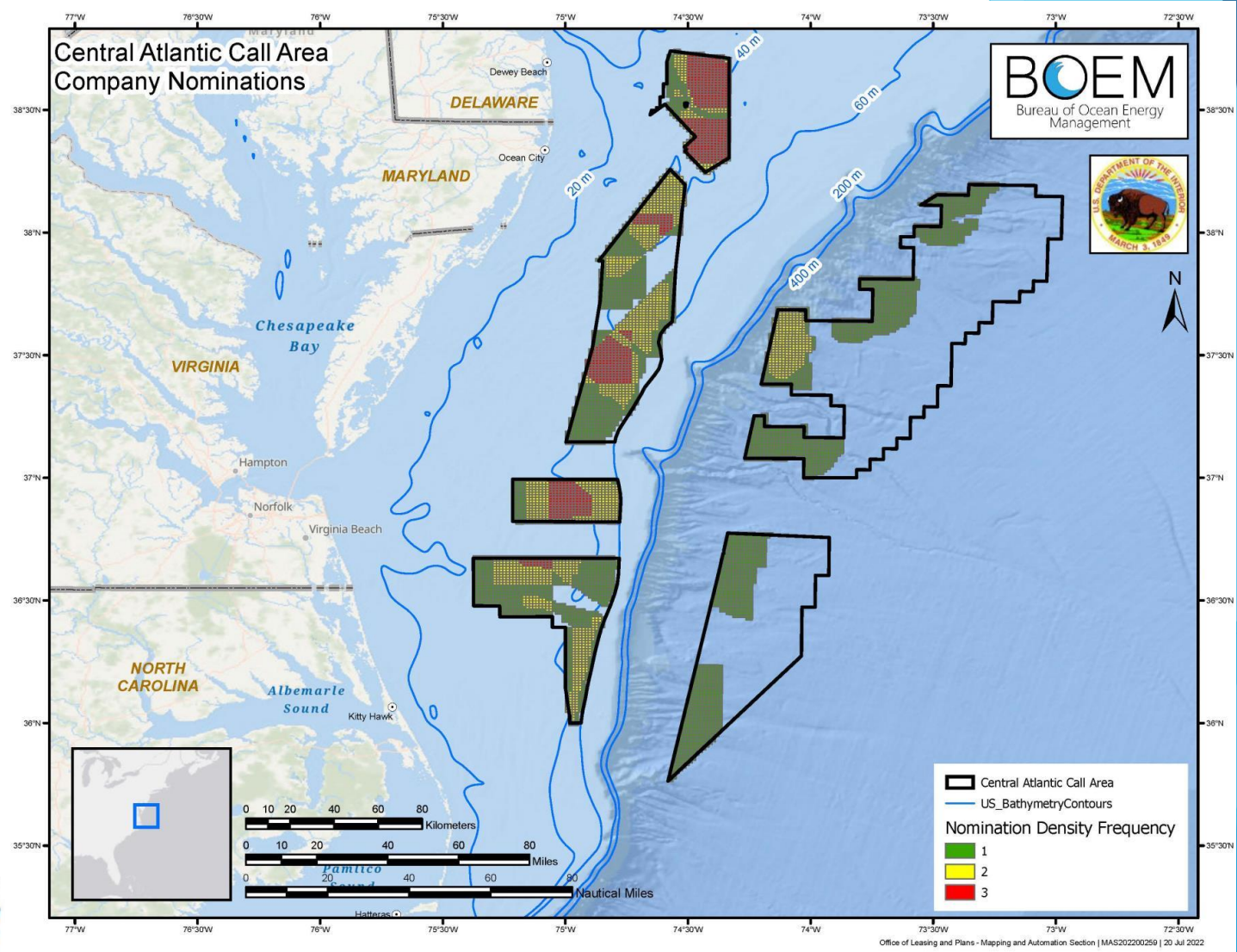
- Central Atlantic Call Area
- US Bathymetry Contours
- OW

Office of Leasing and Plans - Mapping and Automation Section | MAS202200259 | 20 Jul 2022

# OW North America Ventures Nominations



# All Nominations





## Other Projects these Developers have Undertaken Include:

### **Avangrid Renewables has offshore wind projects in various stages of development, including:**

- Vineyard Wind One off the coast of Massachusetts and has been awarded an 800 MW power purchase agreement with Massachusetts utilities.
- Park City Wind south of Martha's Vineyard under an 804 MW PPA with Connecticut utilities.
- In late 2021, Massachusetts selected the 1,232 MW Commonwealth Wind project as part of its third offshore wind competitive procurement process.

### **Mainstream Renewable Power has developed:**

- The Hornsea One project and developed Hornsea Two totalling 2.6 GW in England and the 450 MW Neart na Gaoithe ("NnG") offshore wind project in Scotland. These projects represent approximately 20% of the UK's offshore wind capacity either in operation or under construction
- Mainstream Renewable Power also has wind and solar assets across global markets, including in Latin America, Africa, and Asia-Pacific.

### **OW North America Ventures LLC (a joint venture between EDP Renewables and ENGIE):**

- OW currently has a total offshore wind portfolio of 11GW (1.5 GW operating as of YE 2021) across 7 markets in Europe, North and South America and in Asia.



# Local Content, Work Force Working Group





## Local Content provisions and Workforce Development

### § 56-585.1:11. Development of offshore wind capacity.

D. In constructing any such facility contemplated in subsection B, **the utility shall develop and submit a plan** to the Commission for review that includes the following considerations: (i) options for utilizing local workers; (ii) the economic development benefits of the project for the Commonwealth, including capital investments and job creation; (iii) consultation with the Commonwealth's Chief Workforce Development Officer, the Chief Diversity, Equity, and Inclusion Officer, and the Virginia Economic Development Partnership on opportunities to advance the Commonwealth's workforce and economic development goals, including furtherance of apprenticeship and other workforce training programs; (iv) giving priority to the hiring, apprenticeship, and training of veterans, as that term is defined in § [2.2-2000.1](#), local workers, and workers from historically economically disadvantaged communities; and (v) procurement of equipment from Virginia-based or United States-based manufacturers using materials or product components made in Virginia or the United States, if reasonably available and competitively priced.

