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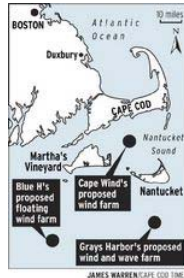


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Offshore energy projects pile up

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Three different Wind farm proposals.

Cape Cod Times/James Warren

By **Patrick Cassidy**
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February 22, 2009

The waters around Cape Cod and the Islands are crowded with big ideas and confused seas.

In addition to the proposed Nantucket Sound wind farm, there are at least two other major renewable energy projects and a myriad of smaller ones proposed for the ocean off Massachusetts, most within a short sail of local shores.

But even though other developers are trying to avoid some of the political hurdles Cape Wind has faced, the outlook is hazy on how quickly their projects will be able to move forward.

There is also some debate over which federal agency developers should first approach to obtain permits.

"We're all frustrated," Maureen Bornholdt, program manager for the Offshore Alternative Energy Programs at the U.S. Minerals Management Service, said last week. "The hope was that we would have a rule-making out sooner."

Minerals Management, a division of the Department of the Interior, was given responsibility in the Energy Policy Act of 2005 for alternative energy projects on the Outer Continental Shelf — the portion of the ocean that extends from the three-mile limit of state waters to 200 miles out. Final rules for such projects were due out within nine months of the act's passage, but so far those guidelines do not exist.

Rules in the offing

It has taken Minerals Management longer than required to come up with the regulations, Bornholdt said, because of the new technologies and the unknown environmental impacts of those technologies.

Interior Secretary Ken Salazar announced earlier this month that he hoped to move forward rapidly with offshore renewable energy rules, promising the final regulations would come out "in the coming months."

For Cape Wind, which is on a parallel but separate track from other projects because of when it was proposed, the delay has been of little consequence.

Although the project would need to abide by the unfinished regulations during construction, operation and decommissioning, Cape Wind has been able to move forward with arranging permits for the 130 wind turbines the company wants to build in Nantucket Sound.

But for companies that are looking farther offshore in the waters south of the islands, like Blue H USA LLC, and Seattle-based Grays Harbor Ocean Energy Co. LLC, the inability to apply for permits has left company officials questioning whether Minerals Management is the appropriate agency to give the green light, at least for preliminary work on the projects.

Minerals Management is not the only agency to claim jurisdiction over activities in federal waters. In October, the Federal Energy Regulatory Commission asserted its jurisdiction over hydroelectric projects on the Outer Continental Shelf, establishing a means for Grays Harbor to move forward with plans to build seven hybrid wave and wind energy projects, including one south of Nantucket.

Grays Harbor's design includes a wind turbine on top of a platform with wave energy generation technology, said Burton Hamner, president and founder of the company.

Catch-22 in Financing

The company chose the site south of the islands because it met a set of eight criteria, including a minimum local electricity rate and a minimum distance of 10 miles from shore, Hamner said. Each of the 1,000-megawatt wind and wave energy projects proposed by Grays Harbor would cost \$4 billion, Hamner said. But without permits and leases in hand it is difficult for any developer to arrange financing.

Because of the wave energy component of the project, Grays Harbor chose not to wait for Minerals Management rules and instead applied directly to the Federal Energy Regulatory Commission for preliminary permits to study and hold exclusive rights for three years on the seven chosen sites, Hamner said.

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Cape Wind Associates, LLC Blue H USA, LLC Grays Harbor Ocean Energy Company, LLC

Horseshoe Shoal, Nantucket Sound 23 miles southwest of Martha's Vineyard 10 to 20 miles south of Nantucket

130 wind turbines on monopole towers
120 wind turbines on floating platforms
100 wind turbines on platforms with wave generation capability

454 megawatts 420 megawatts 1,000 megawatts

GE 3.6 megawatt turbine or similar model
Gamma two-bladed turbine
Mobile jack up platform with wave energy converters and Clipper
Windpower Britannia offshore 7.5 megawatt wind turbine or similar model

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FERC spokeswoman Celeste Miller reiterated her agency's authority over wave generation projects. "We don't do wind," she said. "Our jurisdiction is wave."

But FERC agreed previously that it does not have the right to approve property rights over a site and the two agencies would continue to work together, Bornholdt countered.

"We need to work on some issues together, but I think we already have a shared goal in making sure these things move forward," she said.

Hamner said he hopes the conflict will be resolved and that FERC will remain a part of the permitting process.

Deadline's come and gone

Blue H, meanwhile, has begun to look at its own options. The company, which first proposed installing 120 floating wind turbines southwest of Martha's Vineyard a year ago, was told it would likely have permission to move forward with a demonstration unit by last July, company general manager Raymond Dackerman said recently.

Instead, Blue H was forced to sit on the sidelines after Minerals Management officials said they missed a deadline to apply for a so-called nomination for lease on the site. Despite a concerted, and arguably successful, effort by the company to garner the support of local lawmakers, Minerals Management has not opened a second round for the submission of applications under the interim rules.

Now attorneys for Blue H have found language among Minerals Management's policies that seems to open the door for limited activity on the Outer Continental Shelf, including surveys and the attachment of some assessment devices to the seabed under a U.S. Army Corps of Engineers permit.

Although the Corps, which originally had the lead role in permitting Cape Wind, cannot provide an alternative to the full Minerals Management leasing process, according to a spokesman for the agency, it may help Blue H move

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