



# Inside Energy

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## **RE: Federal Offshore Wind Program Needs Overhaul**

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Fundamental problems with a federal offshore wind leasing program have led to heated debates. The Delaware beach community is now caught up in an argument pitching progressives focused on climate change against a wide coalition concerned about a potential \$5 billion hit to the beach economy, and misuse of state park property. A better designed leasing program could create a win-win solution.

The Energy Act of 2005 encouraged onshore and offshore renewable energy. The Interior Department created the Bureau of Ocean Energy Management (BOEM) by Executive Order to implement the Acts intent. Unfortunately, fifteen offshore wind leasing areas appear to have been given precedence over long established coastal uses that have led to conflicts, and legal challenges when developers have attempted to build projects. One project, off Cape Cod, has already been halted.

East coast beach economies have built a vibrant tourist industry estimated to generate direct income of \$2 billion a year in Delaware, and \$3 billion a year in Maryland, and very high property values. Multiple studies found 15 to 54 percent of tourists would potentially avoid beaches with visible wind turbines, especially at night when flashing red airplane and ship warning lights fill the horizon. Developers propose building 853 foot tall turbines, the largest proposed anywhere in the world, that would be easily visible from the beach. The turbines will be 10 to 17 miles off the coast from north of Rehoboth Beach to the southern end of Ocean City.

The U. S. Fisheries Service has notified BOEM of concerns about the impact on commercial fishing. The Coast Guard has raised concerns about leaving fairways for search and rescue operations, the need for ship anchoring locations, and radar ghosts. The Delaware, and Maryland leases sit atop the winter hibernation reserve for horseshoe crabs. Environmental, geologic, and economic studies have never been completed.

The onshore landing sites for electric transmission cables, electricity substations, and overland transmission lines were left to the developers to figure out. That has become the source of debates in Delaware. Wind projects costing \$2.1 billion covering parts of both leases were approved by the Maryland Public Service Commission through \$3.9 billion in state and federal subsidies in 2017. Maryland electric customers would cover most of the cost, including the 30 percent of customers living in energy poverty. Electric cables for the “Skipjack” project off the Delaware coast were to come ashore in Ocean City. Cables for the U.S. Wind project were to go through the Indian River Inlet to the Indian River Power Plant.

Ocean City officials have refused to allow the cables onshore unless the turbines are moved over the horizon over fears about lost tourism. The U. S. Army Corp of Engineers rejected bringing cables through the Indian River Inlet over navigation concerns. The Danish developer of the Skipjack project, Orsted, approached the Delaware State Parks Division to bring the cables and electric substations through Fenwick Island State Park in exchange for \$18 million in park improvements. The negotiations went on for months leading to the signing of a tentative confidential Memorandum of Understanding in July 2019, outlining park



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improvements to be made in exchange for two cables, and two substations for two different phases of wind turbine construction. The second developer could ask for the same consideration.

State legislators were informed about the agreement in September, and asked to keep the agreement secret until a public roll out in October. By law, a 30 day public comment period is required before signing a final agreement. The comment link led to a survey asking which park improvements were desired, with a small box to make additional comments at the end. It is obvious to me the entire roll out was designed to avoid a major debate on the projects typical of what has happened elsewhere.

Home owners that would be directly impacted by the park changes, and Fenwick Island town officials began asking questions of Orsted and the Park division. The questions were not answered. Objections spread, and Senator Hocker, and Representative Gray set up a public comment session at Indian River High School where a standing room crowd of perhaps 600 passionately stated their positions with about 95 percent opposed. The comment period has been extended twice to January 15.

CRI has provided information in discussions with coastal town officials and interested parties, provided information to local media outlets, and did an informational mailing and survey of 35,000 property owners within 3 miles of the beach. We are still receiving replies, but so far over 80 percent of responses have opposed both visible turbines, and using protected state parkland for electric transmission infrastructure.

The Maryland PSC asked for comments about reopening its approval docket and CRI has provided a Benefit Cost Analysis showing costs are four times higher than benefits, and the approved electric customer subsidy is between 30 and 50 percent higher than recent Orsted projects in other lease areas. The projects should be reconsidered and denied if they are not moved further off the coast, and the price is not reduced. It should be noted European projects approved over the last four years have been placed far enough out they are not visible from shore. The Maryland PSC determined the offshore wind projects were displacing onshore wind projects at one fourth the cost with similar savings of carbon dioxide emissions.

It appears the Secretary of the U. S. Department of the Interior has similar concerns about the overall impact of the current lease locations, and has ordered a major review. CRI has submitted a summary of the concerns for our local leases, and the Benefit Cost Analysis. We have made this specific recommendation:

*"No offshore wind turbine permit shall be issued in established, or known exclusion zones including shipping channels and fairways, radar safety and security zones, migratory avian and marine pathways, marine life hibernation zones, and commercial fishing grounds. Turbine aircraft, and shipping warning lights shall not be visible from shore. All lease offerings shall include a pre-approved landing site for electricity transmission cables, power substations, and land based power transmission lines."*

With all this going on it is clear the state parks division should not sign a final agreement with Orsted. This is a Maryland project in federal waters. Let Maryland solve the electric transmission cable landing site problem.