

# Delaware energy: Bluewater wins right to take the next step

Written by

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LEWES -- NRG Bluewater Wind has won the exclusive right to negotiate with the federal government to build an offshore **wind farm** off Delaware, federal officials announced Thursday.

The decision is the first formal step along a gamut of environmental and permitting reviews that company officials expect will culminate in a landmark renewable-energy project supplying enough power to support at least 54,000 homes.

Bluewater is planning a wind farm 13.2 miles off the Delaware coast, with between 49 large turbines and 150 smaller ones.

The decision by the Bureau of **Ocean Energy Management, Regulation and Enforcement** marks the first time that it has begun lease negotiations with a wind-power developer under new federal rules, and comes nearly three years after Bluewater signed a 25-year supply contract with Delmarva Power.

The contract requires the turbines to start producing electricity no later than 2016.

"This gives a lot more certainty that the project will go forward, and the lease will be executed," said Ned Farquhar, the bureau's deputy assistant secretary of land and minerals management.

Officially, the bureau's decision was a "determination of no competitive interest," which helps Bluewater avoid further delays in its effort to gain a lease and permit to start construction. That's because it won't have to grapple with another developer for the rights to build on the ocean tracts it has chosen.

The decision knocks out of the running Bluewater's sole competitor in the leasing process, a little-known company named **Occidental Development & Equities**.

Occidental's president, Miguel Payano, said Thursday that the competitive process was going to take too many years to play out, and his company opted not to supply

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information being sought by the **Interior Department**.

"That ended up disqualifying us," Payano said, adding that someday, "maybe we can do a project next to Bluewater."

Farquhar said the decision was a vote of confidence in Bluewater's **financial** and technical ability to complete the project. It helped, he said, that Bluewater is now owned by NRG Energy, a large power-generation company.

The determination protects Bluewater from "claim jumping" by other developers who might want to use its environmental and technical studies for their own benefit, Farquhar said.

In a written statement, Bluewater President Peter Mandelstam said he welcomed the decision, saying it offers "further support for offshore wind as a job-creating and abundant source of clean and stably priced domestic energy."

Bluewater officials estimated in 2008 that the project would bring 400 to 500 construction jobs to the state, as well as at least 80 ongoing operations and maintenance jobs. A Port of Wilmington official estimated last year that building a regional turbine assembly facility there could result in about 770 jobs during construction, and another 750 operational jobs.

Farquhar said it's difficult to predict when turbines would begin spinning. In addition

to lease negotiations, Bluewater will need rigorous environmental reviews that will weigh the impact each turbine will have on the ecosystem and human activity, he said.

Farquhar said he hoped the process could be completed "within a couple of years. It might be optimistic. It might be realistic."

Bluewater expects later this year to build an offshore tower to measure wind speeds and bird migration patterns.

Even with Thursday's step forward, though, Bluewater's planned Mid-Atlantic Wind Park may not be the first offshore wind farm in the nation. A small pilot project in state waters off Atlantic City has a faster path to permitting.

And the planned Cape Wind offshore wind farm off Massachusetts already has its construction permit under old federal rules. With offshore wind energy's high price, however, it's struggling to find a buyer for half its output, and hasn't announced financing.

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As the first developer to use the new federal rules, Bluewater's Delaware project is blazing a trail that all large U.S. offshore wind farms are expected to follow.

"People will be watching this process as a precedent," Farquhar said.

Refining that process brought about 30 people representing federal, state, local and tribal governments to a horseshoe-shaped table at a coastal state building in Lewes on Thursday.

At the three-hour meeting, the major players in the permitting process compared notes on the obstacles posed to, and by, the offshore wind farm.

The U.S. Coast Guard was represented by Dean Lee, commander of the guard's fifth district. Lee impressed upon the group the need to consider the impact on commercial vessel traffic, which is heavy off the coast of Delaware and would need to be rerouted, he said.

Bluewater is planning to build on an area where large ships typically throw down anchor as they wait to dock at Delaware River ports, he noted. "We're building islands where none exist right now, to build wind farms," Lee said. "Our job is to find a way to make this work."

He also said it was important to outfit the turbines with proper lighting to keep military helicopters from crashing into the turbines.

But a representative of the U.S. Fish and Wildlife Service spoke up and said the lights need to be of the right sort, lest they attract birds that could be killed by the spinning blades.

Officials also discussed the matter of some submerged, unexploded World War II munitions just outside the planned construction zone. And they discussed the shellfish that live in the area, used by fisheries for food.

Delaware natural resources secretary Collin O'Mara said he hopes the Bluewater project is one in a robust line of turbines along the coast taking advantage of high winds.

"We are going to need to start thinking beyond this project," O'Mara said.

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