



State Incentives for Offshore Wind Industrial Infrastructure

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Clean Energy States Alliance

CESA is a non-profit organization providing a forum and assistance to states to implement effective clean energy policies & programs:

- Information Exchange
- Partnership Development
- Joint Projects (DOE Energy Storage Funding Partnership, National RPS Collaborative)
- Clean Energy Program Design & Evaluations
- Analysis and Reports

CESA is supported by a coalition of states and public utilities, representing the leading U.S. public clean energy programs

Offshore Wind Accelerator Project

Collaboration of states, federal agencies, developers, NGOs to address challenges facing offshore wind deployment

- ▶ Facilitated by Clean Energy States Alliance
- ▶ Focus areas:
 - Develop recommendations for solving regulatory issues
 - Advance investment through power procurement cooperation by state and federal agencies and through new financing mechanisms
 - Advance effective state and federal policies & programs
 - Implement a communication effort to ensure public education and stakeholder access to objective information

A Database and Website of State Incentives For Offshore Wind Industry



- ▶ The premise:
 - States offer a wide range of incentives for businesses engaged in offshore wind industrial infrastructure
- ▶ There is no easy way for businesses to learn about all the possible incentives and to make comparisons between what is offered in different states
 - States should have the opportunity to present their value proposition in a clear, easy-to-compare format

The Range of State Programs and Incentives

- ▶ Government policies pertaining to offshore wind energy
 - General clean energy policies that apply to offshore wind (e.g., RPS)
 - Policies specific to offshore wind (e.g., offshore wind project planning grants, ocean management plan, offshore wind planning activities)
- ▶ Government policies pertaining to manufacturing and service activities related to offshore wind
 - Most apply to a wide range of businesses, not just offshore wind or clean energy. Types of incentives:
 - Tax credits
 - Loans and bonds
- ▶ Other incentives and support available to businesses
 - Training programs, consulting services, export assistance, etc.

Our Process

- ▶ Researched information on state incentives from public sources
 - DSIRE database of state incentives for renewable energy
 - State Business Finance & Incentives Resource Center database of economic development incentives
 - State websites
 - Other sources
- ▶ Wrote draft profiles for each state based on this information
- ▶ Sent the draft profiles to each state for review and editing
 - Representatives from most but not all states responded to our request for review

Case Studies

- ▶ To give businesses a clearer picture of how a state might respond to a request for assistance, we gave the states a case study and asked them to present an indicative response
 - Presented stylized financials of a hypothetical company with a planned manufacturing facility to would serve the US offshore wind industry with hardware. It envisioned a \$30 million investment.
- ▶ Most states said they were not able to respond to a case study, but a few did and offered interesting information

The Final Product

- ▶ Profiles of 24 states: Atlantic, Pacific, Great Lakes
- ▶ Each profile
 - The advantages of the state (the state's opportunity to making its case for locating there)
 - Government policies pertaining to offshore wind energy (e.g., RPS, offshore wind planning grants)
 - Government policies pertaining to manufacturing and service activities related to offshore wind (e.g., tax credits, loans, and other incentives for businesses)
 - Other incentives (e.g., training programs)
 - Response to case study, if submitted
- ▶ To be publicly available
 - On website of the Offshore Wind Accelerator Project (OWAP) with links from the website of the US Offshore Wind Collaborative (USOWC)

Uses



- ▶ Help businesses decide where to locate and which incentives to try to access
- ▶ Help states decide whether to modify how they present their state or modify their program offerings

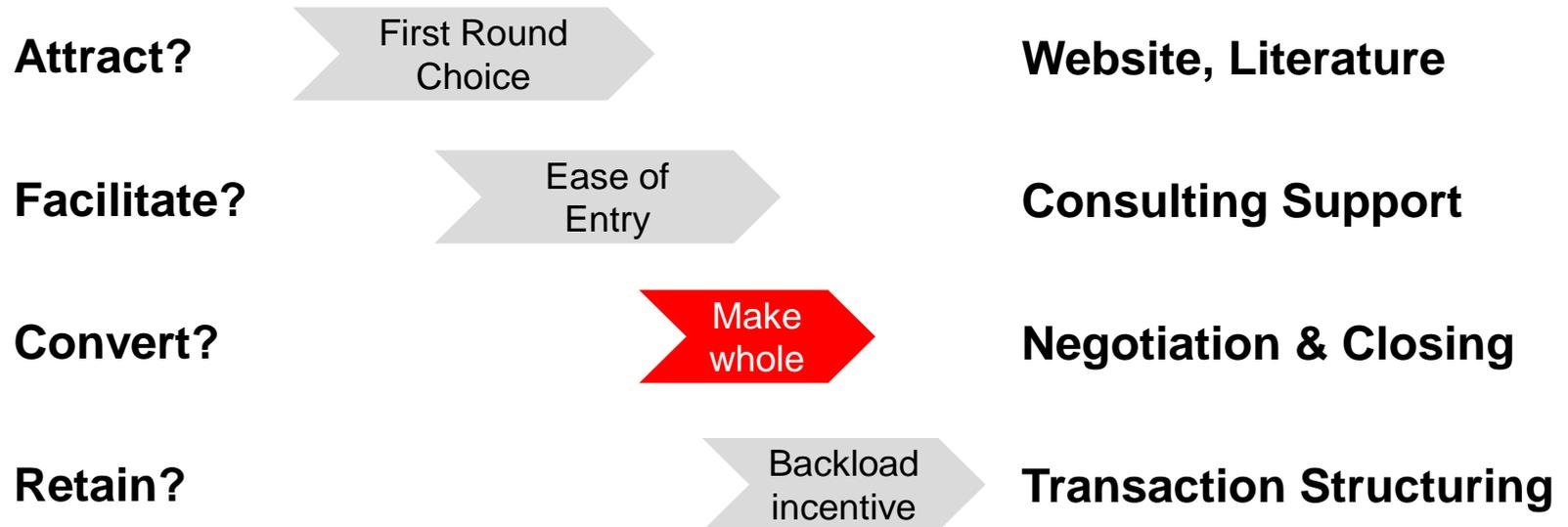
What Do Businesses Want?



- ▶ OSW: Start-up industry
 - No history or track record
 - No visible project flow
 - Large investment
- ▶ Project certainty (or at least manageable risk)
 - Institutional commitment
 - Financial support
 - Revenue certainty
 - Loss protection
 - Capital protection

Are States Prepared to Win OSW Industries?

1. Why do you have incentives?
2. Goals of Incentives and Communication:



Sample Profile: Advantages of Maine (Excerpts)

A strategic location, well-developed transportation nodes, and comprehensive business incentives are some of the key reasons for establishing a business in Maine. In addition, the cost of doing business in Maine is the lowest in New England.... Several economic development agencies, technology institutes, and state offices offer tax incentives, infrastructure development support, grants, and incentives for new and expanding businesses.

...Of particular interest to the offshore wind industry, Maine has three commercial deepwater ports –Portland, Searsport, and Eastport—with Free Trade Zones. They have been rehabilitated and are served by freight rail and highway connections. The Maine Technology Institute offers financing for R&D projects, and several research facilities exist, including state university Innovation Centers, which focus on the life sciences and renewable energy.

An active wind industry on land has created jobs in the supply chain and the Maine Wind Industry Initiative (MWII) is working to develop it further. It is a collaborative effort organized by several industry clusters including the Maine Composites Industry, precision manufacturing and machining, research and development, and the Maine Port Authority....

Sample Policy Profile: Massachusetts

- ▶ **Massachusetts Ocean Management Plan**

The Massachusetts Ocean Act of 2008 required the state's Secretary of Energy and Environmental Affairs to develop a comprehensive ocean management plan for the state by the end of 2009. That plan identified certain state waters that are eligible for offshore wind development and other state waters where such development is prohibited. To see the plan, go to <http://www.mass.gov/eea/ocean-coastal-management/mass-ocean-plan>.

Sample Economic Incentive Profile: Massachusetts

▶ Investments in Job Creation

MassCEC provides support to clean energy companies that are expanding their operations in Massachusetts. Companies involved in the wind energy supply chain would potentially qualify for these investments. When considering possible support, key factors that MassCEC considers are the potential economic development impacts for Massachusetts and the number and nature of the jobs that will be created. The company's geographic location within the Commonwealth is also a consideration. The investment structure and amount depends on these factors. Applications are accepted on a rolling basis and a company needs to submit a business plan to apply. For more information, see

<http://www.masscec.com/index.cfm/page/Investments-in-Job-Creation/cdid/11529/pid/11174>.

Sample List of Policies and Incentives Covered: New Hampshire

- ▶ Renewable Portfolio Standard
- ▶ Business Incentive Loans and Bonds
 - Industrial Development Revenue Bonds
 - Energy Conservation Revolving Loan Fund
 - Capital Access Program
 - Guarantee Asset Program
 - Loan Enhancement Program
- ▶ Tax Credits
 - Economic Revitalization Zone Tax Credits Program
 - Research and Development Tax Credit Program
- ▶ Other Incentives and Business Support
 - New Hampshire Small Business Development Center
 - New Hampshire Manufacturing Extension Partnership
 - New Hampshire Community Loan Fund
 - International Trade Resource Center

Sample Case Study Response: New Jersey (excerpts)

1. Business Employment Incentive Program. Provides a grant to businesses that create 175 new jobs or more. (*Estimate is based on 175 new jobs with an average salary of \$60,000 @ 80 % for 10 years.*) **\$2,230,000** **N/A**

2. Grow NJ. This program offers eligible businesses a tax credit of \$5,000 per job, per year, for 10 years. Businesses would need to retain 100 full-time jobs or create 100 full-time jobs in a desirable industry and make capital expenditures of at least \$20 million. Per-project benefit limited to capital investment, capped at \$40 million. Base credit may be increased up to \$3,000 per job. (*Estimate based on the assumption that 175 jobs would be full-time. 175 FT jobs X \$6,000 X 10 years = \$10.5 million for a Targeted Industry or HQ location*) **N/A** **\$10,500,000**

3. Sales Tax Exemption on Manufacturing Equipment. (*Estimate will be based on \$30,000,000 in equipment expenses X 7% state sales tax.*) **\$2,100,000**

4. (a) Workforce Training Grants . Awards can range up to \$1,000 per employee not to exceed \$50,000 per year trained depending on the complexity and term of the training.

A Work in Progress



- ▶ When database goes live, we hope:
 - States that did not respond to our requests for review, will see the value of doing so
 - States will submit updates as their programs change

Contact Info

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Learn more about the
Offshore Wind Accelerator Project at

www.offshorewindworks.org

www.cleanenergystates.org

