



Memorandum

To: Honorable Mayor and Members of the City Council

From: Wally Bobkiewicz, City Manager
Rachel Aukeman, Interim Sustainable Programs Coordinator

Subject: Status Report - Offshore Wind Farm Project

Date: October 6, 2010

Recommended Action:

Staff recommends the City Council: 1) receive this status report on the development of an offshore wind energy facility in Lake Michigan off the northern shore of Evanston; 2) accept the submittals of Off Grid Technologies, Inc. (OGT) and Mercury Wind Energy (MWe) in response to the City's Request for Information; 3) direct the City Manager to convene a review committee of the submittals consisting of two representatives each from the City's Environment Board, Utilities Commission and Citizens for a Greener Evanston; 4) direct the City Manager to return with recommendations from the review committee for next steps on this project at the City Council's January 10, 2011 meeting.

Funding Source:

The City is currently expending staff time only on this project.

Summary:

On April 13, 2010, the City Council unanimously authorized issuing a Request for Information (RFI) to interested parties for the solicitation of information on developing an offshore wind energy facility in Lake Michigan off the northern shore of Evanston. The City of Evanston issued the RFI on May 1, 2010 and responses were due on June 30th, 2010, by 3PM CST.

While there is a potential site proposed, there are no plans at this time to construct a wind farm in Lake Michigan. The purpose of the RFI was to determine the feasibility of offshore wind power generation off Evanston's Lake Michigan border including; whether the wind is suitable, what this type of project would cost and how it would be financed, the size of such a facility and the amount of power it would generate, how the power would be sold, what, if any, the impacts would be on Lake Michigan wildlife and habitat, recreation, commercial and navigation activities. In addition, the intention of RFI was to identify potential partners, determine the City's role and gain a comprehensive

understanding of the steps required for the development of a renewable energy facility off Evanston's Lake Michigan shore.

The City received three RFI submittals before the June 30, 2010 deadline. Two of these submittals were from developers and the third was from a consulting company offering assistance with the project. Since the primary objective of the RFI was to identify interested developers, the consulting firm response is not recommended to be pursued. The two companies that submitted information, Off Grid Technologies, Inc. (OGT) and Mercury Wind Energy (MWe) have been asked to make brief presentations about their companies at tonight's City Council meeting.

Staff is recommending that the City Manager convene a review committee consisting of two representatives each from the City's Environment Board, Utilities Commission and Citizens for a Greener Evanston to review these submittals, meet with representatives of the interested firms and submit a report to the City Council in January, 2011 recommending next steps for this project.

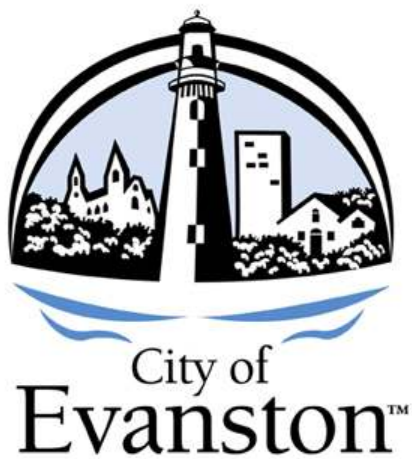
Legislative History:

Evanston Climate Action Plan, November 2008

April 13, 2010 City Council Meeting Directing RFI to be Issued

Attachments:

1. City of Evanston Offshore Wind Farm Request for Information (RFI) to Develop Power from an Offshore Wind Energy Facility in Lake Michigan off the Northern Shore of Evanston.
2. Off-Grid Technologies, Inc.—Response to the City of Evanston RFI (available at <http://www.cityofevanston.org/government/agendas-minutes/agendas-minutes---city-council/index.php>)
3. Mercury Wind Energy—Response to the City of Evanston RFI (available at <http://www.cityofevanston.org/government/agendas-minutes/agendas-minutes---city-council/index.php>)



**REQUEST FOR INFORMATION (RFI)
TO DEVELOP POWER FROM AN OFFSHORE WIND ENERGY FACILITY
IN LAKE MICHIGAN OFF THE NORTHERN SHORE OF EVANSTON**

**ISSUED: May 1, 2010
RESPONSE DUE DATE: June 30, 2010**

I. INTRODUCTION

The City of Evanston IL is seeking information from interested partners on the development of an offshore wind energy facility off Evanston's Lake Michigan border. The City's intent in issuing this RFI is to identify potential partners, determine the City's role and establish a process for the development of a renewable energy facility off Evanston's Lake Michigan shore.

II. PROJECT DESCRIPTION

Proposed Project Location and Size – A proposed project area has been identified by the City that is in relatively close proximity to Evanston and has the potential to accommodate large-scale wind energy development. The proposed site has an area of approximately 1.5 square nautical miles and is located approximately 6-9 miles off the Evanston shore. This location is directly east of the center of Northwestern University (see map below). Annual average wind speeds within the proposed area are expected to exceed 8 m/s at a height of 65m above the water. Water depths range from approximately 13 m to 30 m.



Responders to this RFI are welcome to consider and suggest alternative locations, along with the reasons why the alternative locations are more appropriate.

Anticipated Roles of the Project Partner – It is anticipated that the developer(s) would assume all responsibility for siting, permitting, constructing, operating and maintaining the offshore wind energy facility, including the interconnection to an onshore receiver station, and would assume all development, construction and operating risks associated with the project.

III. TOPICAL AREAS FOR RESPONDENT FEEDBACK

The City is seeking feedback from interested parties on various aspects of offshore wind development. These aspects include technical, operational, regulatory, commercial, environmental, community and other topics, which are described below. Respondents are requested to provide information on these topics or any other topics that will assist the City in facilitating the development of an offshore wind energy facility in Lake Michigan. Respondents are requested to format their responses to this RFI in the same order as the topics are presented.

A. Proposed Project Scope and Business Plan

1. Project Scope – Please describe the ideal size and capacity of the proposed facility, along with the reasons why the suggested size and capacity would be appropriate for the proposed (or alternative) location.

2. Business Structure – Please describe your recommended business structure for the development and operation of an offshore wind facility. Describe the City's role, if any.

3. Capital Requirements, Financing & Indicative Pricing – Please describe the anticipated total capital costs, description of cost components, and cost uncertainty factors, sources of capital and availability of financing (short- and long-term), anticipated levels of debt and equity, the developer(s) ability to finance project, projected range of pricing for energy, capacity and ancillary services, anticipated incentives, preference of developer to maintain all or a portion of renewable energy credits (RECs) or other environmental benefits attributable to the project, risks of price changes due to changes in prices for commodities, manufacturer quotations, and other materials and services, strategies to reduce pricing and pricing uncertainty, provisions for decommissioning and removal of turbines and any other issues that should be addressed. Describe the City's role, if any.

4. Power Purchase Agreement (PPA) – Please describe your interest in maintaining all or a portion of the project output for sale and address the ideal length of a PPA, terms of service, ancillary services, pricing structures, production and availability guarantees, outages, facility operating criteria, curtailment and start-up and shut-down considerations, insurance and indemnification requirements, default provisions, and any additional information or recommendations for PPA terms and conditions that should be considered.

5. Operations and Performance – Please provide information related to the operations and performance including anticipated average turbine availability—first year and long-term—and basis for projections, performance degradation over project life, ability to accurately predict wake effects on production and on component fatigue loads, maintenance plan, facilities, staffing, spare parts, and response time for unscheduled maintenance, scheduled maintenance procedures and frequency (including periodic turbine overhauls or major component replacement/repair), remote communications, control, monitoring and dispatch systems, documented safety and emergency rescue plans and facilities, anticipation of construction and/or operational curtailment due to bird migration, and any additional items to be considered.

6. Timeline – Please identify a timeline for development. Address any uncertainties in scheduling, potential conflicts and associated mitigation strategies. Describe the City’s role, if any.

B. Technical and Infrastructure Considerations

1. Interconnection – Please provide information related to the design of the overall electrical interconnection system. Address the need for one or more offshore substations, the preference for, and viability and availability of, AC or HVDC cables for interconnection, location of converter stations (HVDC option), lake floor, routing and landfall considerations, and strategies for interconnection reliability, security, and energy deliverability. In what ways can the City facilitate the interconnection component of the project?

2. Technology Availability and Limitations – Given the facility’s proposed location, please describe any expectations or concerns about technology-related items, including the size, availability, and suitability of commercial offshore wind turbines, foundation requirements, special logistical or cost considerations, and quality, durability and manufacturer warranties of equipment.

3. Infrastructure for Construction and Maintenance – Please provide information related to the infrastructure required to execute the construction and maintenance phases of the facility. Address specialized equipment needs and availability, availability of skilled labor and trained crews, access of appropriate port facilities, laying of cable interconnection, insurance matters, potential weather and other seasonal impacts on construction, maintenance, production and availability, and any other issues that should be considered.

C. General Planning and Predevelopment Considerations

1. Regulatory Approval Process – Please identify any issues of concern related to the process of obtaining all anticipated permits and approvals for the development of the offshore wind facility. What key uncertainties are known or anticipated in this process at the federal, state and local levels and how would they be overcome? Describe the City’s role, if any.

2. Environmental Issues and Anticipated Studies – Please describe any studies and field data needed to address the parameters required to design and engineer a safe, reliable, efficient, and cost effective offshore wind facility and any potential environmental impacts and characterization of offshore uses, and potential compatibility of those uses, during construction and operations. Provide cost and schedule estimates for these studies and include any accepted advanced technologies or methodologies that might be used to reduce data collection costs or to accelerate the collection of required data for licensing and permitting the project. Describe the City’s role in facilitating these studies and data collection, if any.

3. Public Outreach and Stakeholder Engagement – Please identify the anticipated public impacts, benefits, key stakeholders and affected user groups. Discuss strategies and measures that can allow for the continuation of existing uses and resolve use conflicts with the proposed project during both construction and operation. Address aesthetics, noise, impacts on real estate and property values, impacts on recreation, access to waters around the facility, impacts on commercial fishing, impacts on commercial navigation, impacts on aviation (commercial, private and military), local tourism, public safety and security, assurance of site decommissioning and

restoration at end of useful life, and any pertinent issues not referenced. Describe the City's role, if any.

4. Economic Development Opportunities – Please identify the economic development opportunities that the proposed offshore wind facility could bring to Illinois, and more specifically, to Evanston and the Chicago region. Address procurement of regional products and services to fulfill development requirements, port development and enhancement, job and industry development, and any potential for adverse economic impacts. Describe the City's role in facilitating economic development, if any.

D. Developer Expectations of the City

Please indicate the roles of the City that, if not already defined, are desired or required to facilitate the development of the offshore wind facility.

E. Additional Items

Provide feedback on any other potential issues or considerations that this RFI has not addressed.

V. RESPONDING TO THIS RFI

Submittal Format – Respondents are requested to submit their response to this RFI according to the following outline:

- Description of respondent's company and experience
- Name of primary contact person(s), and contact information
- Provision of information according to the topics identified in Sections II, III and IV above.

Submission of Responses to RFI

Issuance of RFI – May 1, 2010

Deadline for Questions on RFI – May 31, 2010

Due Date for RFI Response – June 30th, 2010, 3PM CST

Submit questions to: wind@cityofevanston.org. All questions and answers will be posted online at www.cityofevanston.org/wind.

Submit RFI responses to:

City Managers Office

Evanston Offshore Wind Energy RFI

City of Evanston

2100 Ridge, Evanston, IL 60622

or

wind@cityofevanston.org (email submissions are preferred)

Additional Guidelines and Terms

This RFI is not a contract offer by the City. The City reserves the right to discontinue or modify the RFI process at any time, and makes no commitments, implied or otherwise, that this process will result in a business transaction or negotiation with one or more responders. Responders are advised that the City will not pay any cost incurred in response to this RFI. All costs associated with responding to this RFI will be solely at the responder's expense.