

VINEYARD WIND

Vineyard Wind Fisheries Mitigation Proposal

TERM SHEET

Related to Vineyard Wind's 800MW project located in the northern-most portion of BOEM Wind Lease Area A-501

January 16, 2019
(amended February 12, 2019 based on input
from CRMC and the FAB)
(FINAL February 15, 2019)

Mitigation Program Overview

Vineyard Wind is committed to providing a financial mitigation package for its proposed 800 MW project located in the northern-most portion of BOEM Wind Lease Area OCS-A-0501 (Project Area). The package is structured in two funds: (1) an escrow fund for financial compensation for direct Rhode Island fisheries impact claims and (2) a Rhode Island Fishermen's Future Viability Trust that will disperse funds in accordance with the purpose of the Trust and the goals of the Ocean SAMP.

I. Direct Compensation Fund

Structure of the Direct Compensation Fund

- a) Funds to be held in escrow to compensate for any claims of direct impacts to Rhode Island vessels or Rhode Island fisheries in the project area.
- b) Vineyard Wind will make an initial payment of \$1 million to the escrow within 60 days following financial close (expected late 2019).
- c) Vineyard Wind will make annual funding payments to the escrow as follows:
 - i) First annual payment will be made in the second calendar year after offshore construction begins.
 - ii) The annual payments over 29 years total \$3.2 million (starting with \$76, 000 escalating 2.5% per year).

- d) The escrow will be administered by a third-party selected by Vineyard Wind. Vineyard Wind will consult with CRMC staff and the FAB regarding the selection of the administrator.
- i) Administration costs associated with managing the fund, establishing a claims procedure, reviewing claims, and, dispersing financial compensation will be paid by Vineyard Wind directly and will not be deducted from the escrow funds.
 - ii) Rhode Island fishermen, Rhode Island fishing companies, and companies that support Rhode Island fishing interests can submit claims of direct impacts or losses during any phase of the project (construction, operation, decommissioning) within the Project Area to the claims administrator.
 - iii) A claims review and decision process to be established by Vineyard Wind. Vineyard Wind will seek input from the FAB with respect to the claims review and approval process.
 - iv) Paid claims will be accompanied by a release of liability for future claims.
 - v) Funds remaining after making claims payments for any given year will be rolled over to the following year for future claims.
 - vi) After 5 years of commercial operations, the fund administrator will evaluate the claims history against the fund and make reasonable projections regarding future claims. The claims administrator will use his/her best professional judgment as to whether the balance of the fund and future payments to the fund exceed the amounts necessary to pay anticipated claims. If the fund administrator determines that the balance of the fund exceeds an amount deemed necessary to pay future claims, the administrator may transfer the excess funds, in an amount as determined by the administrator, to the Rhode Island Fishermen's Future Viability Trust to be used in accordance with the purposes of the Trust. The fund administrator will conduct this assessment every 5 years thereafter and transfer funds accordingly. Upon completion of decommissioning, any funds remaining after all claims are paid will be transferred to the Rhode Island Fishermen's Future Viability Trust to be used in accordance with the purposes of the Trust.

II. RHODE ISLAND FISHERMEN'S FUTURE VIABILITY TRUST

Purpose of the Rhode Island Fishermen's Future Viability Trust

The Rhode Island Ocean SAMP is the nation's first regulatory structure whose principal purposes include providing a framework for addressing the compatibility of the offshore wind and fishing industries through its goal of supporting offshore wind development while promoting and enhancing existing uses. It is the policy of the Ocean SAMP to protect commercial and recreational fisheries within the Ocean SAMP area, including within the Rhode Island geographic location description (GLD 2011 and 2018) from the adverse impacts of other uses, while supporting actions to make ongoing fishing practices more sustainable. The Ocean SAMP recognizes that the commercial and recreational fishing industries, and the habitats and biological resources of the ecosystem they are based on, are of vital economic, social, and cultural importance to Rhode Island's fishing ports and communities, as well as the need for offshore wind to address climate change.

The purpose of the Trust is to further the policies of the Ocean SAMP with respect to the continued viability and success of Rhode Island's fishing industry by providing funds to address concerns raised about safety and effective fishing in and around the Vineyard Wind project area and wind farms generally. It is intended to benefit Rhode Island fishermen and Rhode Island fishing interests within the Rhode Island GLD (2011 and 2018).

Structure of the Rhode Island Fishermen's Future Viability Trust

- a) The FAB, in consultation with CRMC staff, will establish the Rhode Island Fishermen's Future Viability Trust as a non-profit entity independent of the State of Rhode Island.
- b) Vineyard Wind will make annual payments to the Rhode Island Fishermen's Future Viability Trust to be paid in five (5) equal installments of \$2.5 million per year. The first installment will be paid within 60 days of financial close (expected late 2019) or when the Trust is established, whichever is later.
- c) The programs and activities supported by the Rhode Island Fishermen's Future Viability Trust to be decided by a trust board, the structure and composition of which to be determined by the FAB in consultation with CRMC staff. There are no restrictions on how the funds may be used provided they further the purpose of the Trust.
- d) Vineyard Wind will pay the legal costs associated with establishing the Trust up to \$50,000 payable 30 days after receiving an invoice for the costs associated with establishing the Trust.
- e) Costs associated with conducting up to three sessions to train the board as to their roles and responsibilities with respect to the Trust.

Contingencies

This mitigation package is contingent on:

1. The Fisheries Advisory Board (FAB) voting to recommend to CRMC on or before February 25, 2019, that Vineyard Wind's mitigation proposal is acceptable for purposes of federal consistency;
2. CRMC staff recommending to the Council that Vineyard Wind's consistency certification is consistent with the Ocean SAMP enforceable policies;
3. FAB members not objecting to the project before the Council;
4. The Sproul report or any drafts of that report prepared in response to the January 15, 2019 Dennis King report, not being made public by the FAB;
5. The Council concurring with Vineyard Wind's consistency certification by March 1, 2019; and
6. Vineyard Wind achieving financial close (expected in late 2019) and thereby progressing towards actual construction.