

SOUTHCOAST WIND

Fisheries Mitigation Proposal

RHODE ISLAND COASTAL RESOURCES MANAGEMENT COUNCIL

NON-BINDING TERM SHEET

December 6, 2023

SouthCoast Wind is in the process of developing offshore lease area OCS-A 0521 (the “Lease Area”) located approximately 30 miles south of Martha’s Vineyard and 20 miles south of Nantucket. SouthCoast Wind has committed to numerous measures to minimize the potential impacts of the development of the Project area that overlaps with the 2011 and 2018 Rhode Island Geographic Location Description (GLD) areas on Rhode Island commercial and recreational fishermen (see Attachment A). Development of the SouthCoast Wind Project will proceed in two distinct and independent phases, Project 1 and Project 2, characterized by the contracting and delivery of energy produced by approximately half of the Lease Area. The SouthCoast Wind Project contains up to two export cable corridors (ECCs) that will bring generated power from the Lease Area to shore, referred to as the Brayton Point ECC and the Falmouth ECC. The Brayton Point ECC crosses through the 2011 and 2018 Rhode Island GLD areas. The Lease Area and the Falmouth ECC do not overlap with the 2011 and 2018 Rhode Island GLD areas. The area of impact for both projects covers a portion of the Brayton Point ECC that overlaps with the Rhode Island GLD areas (approximately 50 miles) and will be the same based on the spatial extent of this review.

This mitigation proposal would provide financial compensation to Rhode Island commercial and for-hire charter fishing operations that may experience economic loss resulting from the construction, operation, and decommissioning of the SouthCoast Wind Project. This mitigation proposal has the following two key components:

- (1) Funding to compensate for economic losses directly attributable to development of the Brayton Point ECC, and
- (2) Funding to support commercial and for-hire charter fishing operations more generally.

Direct Compensation Fund:

- (a) SouthCoast Wind will provide a total of \$250,000 (net present value) as direct financial mitigation to Rhode Island commercial and for-hire charter fishermen operating in the portion of the Brayton Point ECC that overlaps with the 2011 and 2018 RI GLD areas. This funding amount is based on the best available data, adjusted for lobster and Jonah crab, covers potential economic exposure, and includes

multipliers for upstream, downstream, and for-hire recreational fisheries. The exposure analysis suggests that approximately 80% of direct economic impacts are attributed to commercial fishermen and approximately 20% of direct economic impacts are attributed to for-hire charter fishermen; however, SouthCoast Wind will not prescribe how the funds from the Trust are allocated between the two groups.

- (b) 50% of the funds will be paid within 60 days of Project 1 achieving financial close, and the remaining 50% of the funds will be paid within 60 days of Project 2 achieving financial close. The funds are distributed equally between projects because the estimated impacts of both projects are anticipated to be equivalent based on the affected area (i.e., within the same ECC) and their respective construction-related activities and timeframes.
- (c) The funds will be paid to the Rhode Island Fishermen's Future Viability Trust (the "Trust"), subject to an agreement by the Trust to release SouthCoast Wind from any and all liability arising in connection with the administration and use of the funds. The Trust was established in 2021 to support Rhode Island fishermen's continued ability to fish in and around offshore wind projects. The Trust, in collaboration with a third-party administrator retained by the Trust, would determine the methods and means by which to process claims by commercial and for-hire charter fishing operations for direct economic losses arising from the construction, operation, and decommissioning of each Project.
- (d) The claims process established by the Trust shall include a release of SouthCoast Wind for past and future claims or liabilities, which release shall be in a form acceptable to SouthCoast Wind. Any and all claims for compensatory losses must be directed to and paid by the Trust and SouthCoast Wind will have no liability for processing or paying such claims.
- (e) The Trust shall provide SouthCoast Wind with an annual report of claims paid to enable SouthCoast Wind to provide such information to BOEM and/or CRMC as may be required.
- (f) The Trust may evaluate the history of paid claims and make reasonable projections regarding future claims. If the Trust determines that excess funds exist to pay anticipated future claims, the Trust may redirect the funds for uses other than the payment of direct economic losses, provided such alternative uses are consistent with the stated purpose of the Trust.
- (g) Notwithstanding paragraph (d), SouthCoast Wind has maintained and will continue to maintain for the duration of the SouthCoast Wind Project a gear loss program to compensate Rhode Island fishermen for any loss or damage to fishing gear attributable to SouthCoast Wind's construction, operations, and decommissioning activities.
- (h) The parties acknowledge that recreational fishermen are not eligible to claim direct compensation because data availability and resolution are not sufficient to estimate the potential financial impacts (if any) to recreational fishermen within the Project area.

Furthermore, recreational fishermen are not subject to the same reporting requirements as commercial and for-hire charter fishermen, making it difficult to integrate recreational fishermen into a direct compensation claims program.

Funding to Support Commercial, For-Hire Charter, and Recreational Fishing Operations, generally:

- a) SouthCoast Wind will provide a total of \$30,000 (net present value) to support Rhode Island commercial fishermen, for-hire charter fishermen, and recreational fishermen.
- b) The funds will be paid to the Trust. There are no restrictions on the use of these funds, provided they fulfill the purpose of the Trust. Examples of potential uses of the funds include grants to support studies of the increased costs attributable to the presence of offshore wind structures, training programs, research initiatives, and a navigational/safety equipment support program (e.g., radar, AIS, survival suites, etc.). The funds could also be used to investigate how recreational fishing is impacted by the development of offshore wind, if so elected by the Trust.
- c) 50% of the funds will be paid within 60 days of Project 1 achieving financial close, and the remaining 50% of the funds will be paid within 60 days of Project 2 achieving financial close. The funds are distributed equally between projects because the estimated impacts of both projects are anticipated to be equivalent based on the affected area (i.e., within same ECC) and their respective construction-related activities and timeframes.

Conditions Precedent to Payment of Funds

- a) On or before December 29, 2023, the Rhode Island Coastal Resources Management Council shall have issued a concurrence with SouthCoast Wind's federal consistency certification.
- b) SouthCoast Wind shall have received all other final federal, state and local permits, authorizations, concurrences and approvals necessary to construct and operate each Phase of development (Project 1 and Project 2).
- c) Project 1 and Project 2 must achieve their respective financial close milestones. Project 1 funds will be paid regardless of whether Project 2 reaches financial close, and vice versa.

Attachment A: Summary of SouthCoast Wind Commercial and Recreational Fishing Avoidance, Minimization, and Mitigation Measures

- The majority of the Brayton Point ECC will remain accessible to commercial and recreational fishing vessels throughout the construction and installation process. Vessel restrictions are not generally proposed other than temporary safety buffer zones in the immediate vicinity of the construction vessels.
- SouthCoast Wind is committed to working with Rhode Island fishermen while developing a boulder relocation plan that minimizes impacts to commercial and recreational fishing.
- No vessel restrictions are proposed during operations, other than in limited instances where temporary safety buffer zones may be established around maintenance vessels.
- All SouthCoast Wind vessels and equipment will display the required navigation lighting and day shapes.
- SouthCoast Wind will issue Offshore Wind Mariner Update Bulletins and coordinate with the US Coast Guard (USCG) to provide Notices to Mariners to notify recreational and commercial vessels of their intended operations within the Offshore Development Region.
- SouthCoast Wind will provide portable digital media with electronic charts depicting locations of SouthCoast Wind-related activities.
- SouthCoast Wind has developed a Fisheries Communication Plan (FCP) that defines outreach and engagement with commercial and recreational fishermen during construction, operations, and decommissioning. The FCP will continue to be updated on an as-needed basis as Project updates occur during the development, construction, operation, and decommissioning phases of the Project.
- SouthCoast Wind has hired a Fisheries Manager and works with a number of Fisheries Representatives (FRs) who are actively engaged with the Rhode Island fishing industry.
- SouthCoast Wind has developed procedures for handling compensation to fishermen for potential gear loss.
- The offshore export cables will be buried at a target depth of 6 ft (1.8 m) to avoid interaction with fishing gear.

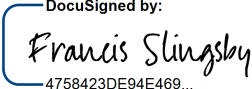
- The amount of cable protection will be limited to the extent practicable. Cable protection will be designed and installed to minimize interfering with bottom fishing gear to the maximum extent practicable and fishermen will be informed of areas where cable protection exists.
- SouthCoast Wind is committed to fisheries science and, working with the University of Massachusetts Dartmouth School for Marine Science and Technology (SMAST), will be collecting fisheries data (via trawl and drop camera surveys) pre-, during, and post-construction within the SouthCoast Wind Lease Area via a Fisheries Monitoring Plan. SouthCoast Wind has also developed a Fisheries Monitoring Plan for inshore portions of the Project area in Rhode Island state waters (i.e., Sakonnet River). SouthCoast Wind plans to make fisheries monitoring data generated available to interested Rhode Island fishermen and regulatory agencies.

Binding Nature of this Term Sheet

The provisions of this Term Sheet are for negotiation purposes only and do not constitute a binding offer or agreement. If agreed, the included terms may be incorporated into any such definitive agreements for final approval.

**SOUTHCOAST WIND ENERGY
LLC**

**RHODE ISLAND COASTAL
RESOURCES MANAGEMENT
COUNCIL**

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By: _____

Name: Jeffrey M. Willis

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