

DOCKETED

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Additional submitted attachment is included below.

Comments of Equinor USA and bp

RE: CEC-800-2022-001:

Draft California Energy Commission Report on: Offshore Wind Energy Development in Federal Waters Off the California Coast: Maximum Feasible Capacity and Megawatt Planning Goals for 2030 and 2045 dated May 6, 2022 (authors: Scott Flint, Rhett DeMesa, Pamela Doughman and Elizabeth Huber)

Equinor USA and bp (“Equinor/bp”) applaud the California Energy Commission and staff authors for the platform expressed in the Draft Report that furthers a bold commitment to floating offshore wind necessary to meet California’s energy and climate goals. However, the state’s commitment to robust planning goals and the overall policy framework in a Final Report issued will heavily impact both the affordability of this resource and the ability to deliver it at sufficient scale to timely meet these existential goals while achieving and sustaining clean energy reliability throughout California’s energy transformation. There is currently too much uncertainty around forecasting costs and rate impacts of a single resource in isolation from broader climate impacts and overall grid transformation needs, and specifically, floating offshore wind is evolving quickly and cost-effectiveness will improve with scale deployment. Thus, it is imperative to assess the grid and climate value of floating offshore wind as opposed to price, to effectively develop a path to scale through planning goals and a policy framework that maximizes cost-effective deployment, and to support energy portfolio affordability through market structures that protect ratepayers while ensuring sufficient resource diversity to address reliability in an economically efficient manner. We respectfully call attention to 3 areas of crucial importance in assessing some refinements necessary in a final report and a plan forward for offshore wind.

1. Floating offshore wind at scale is a **high value resource** to address:
 - a. **Reliability** (higher output per turbine, available when demand occurs and at scale; higher capacity factor/more hours of the day and less seasonally intermittent/a good fit with other resources including storage for planning purposes and to prevent overbuild or peak shortages/highly compatible with a smart, flexible grid and remote dispatch)
 - b. **Accelerated climate response** (substantial, long term replacement for peakers and other gas plants to address overall emission reductions and climate inequities in heavily impacted communities/is not subject to land-based threats, like wildfire, and contributes to wildfire risk reduction/does not strain land-based resources or compete for water, etc.)
 - c. **Achievement of SB 100 goals on time** (up to 5 GW build out and delivery in 2030 timeframe and 20 GW by 2045 are crucial to achieving the clean energy goals and emission reductions in a low impact/scale deployment with higher

value/higher output long term energy operation – higher initial planning goal of up to 5GW and getting to 20 GW by 2045 are certainly better suited to accelerating climate response and cost-effectively addressing reliability via portfolio diversity than 3 GW/10GW in the draft Report)

2. **Planning goals must signal support for development at scale and address the plan for scale up from 2030 to 2045 goals -**
 - a. Signal sent with planning goals and an overall framework to build out and support floating offshore wind is **crucial to cost-effective deployment and ongoing innovation**
 - b. **Robust goals at scale and a step up/staging plan** to achievement of 2045 are **critical to support ports/transmission and supply chain build out and the massive economic and workforce development opportunities** this resource will bring, while driving down upfront costs and providing ongoing benefit across sectors.
 - c. **Local content support and realization of broad community benefits will be driven by scale deployment** and long term commitment to communities as developers build and then operate facilities, as ports modernize and expand and supply chain resources develop and expand to meet regional needs
3. **Affordability of energy portfolio requires front loading floating offshore wind deployment with certainty and predictability via planning goals and policy framework**
 - a. **Policy framework and a plan for build out and support for floating offshore wind in California must provide confidence to investor community to address affordability at the outset** - a clear mechanism for offtake of delivered energy will reduce capital costs at the outset.
 - b. **Ratepayers are protected** with a structured ‘system-needs procurement mechanism’ for a resource the size of offshore wind with long lead time to deployment that is necessarily capital intensive.

Economies of scale must be realized and a plan for structured procurement at scale at the outset reduces upfront costs and will insulate ratepayers over time through the certainty of voluntary procurement based on system need that does not disproportionately burden some providers/end users over others and shares costs and benefits broadly. The draft report is silent on this area of AB 525 but should acknowledge the need for offtake certainty to spur initial cost reductions and the broad span of economic development that larger scale, lowest cost deployment can deliver. Equinor/bp look forward to a Final Report that clearly outlines a planning framework that empowers realization of cost effective scale deployment of this high value resource for California.

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