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Business Network for Offshore Wind AB 525 Draft Report Comments

Additional submitted attachment is included below.

BUSINESS NETWORK for OFFSHORE WIND

May 16, 2022

California Energy Commission
Docket No. 17-MISC-01
Docket Office
1516 Ninth Street Sacramento CA 95814
Submitted Electronically via CEC website to Docket 17-MISC-01

Re: Comments following release of the 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

On behalf of the Business Network for Offshore Wind (the Network), thank you for the opportunity to provide comments following the release of the Draft CEC report on Assembly Bill 525 Strategic Plan for Offshore Wind Energy Planning Goals.

The Network is the largest national non-profit organization solely focused on the development of the offshore wind industry and its supply chain. Founded in 2012, the Network through the voice of its over 500 members, convenes business and government, both domestically and internationally, to expand the U.S. offshore wind industry and the supply chain supporting it. Our members range across the entire supply chain focused on advancing offshore wind towards deployment in U.S. waters where offshore wind is being contemplated or developed. The Network also facilitates information exchange between mature international offshore wind markets, the rapidly expanding U.S. East Coast fixed-bottom offshore wind industry, and the cutting-edge U.S. Pacific floating offshore wind sector. The Network empowers its members with the education, tools, and connections necessary to participate in this globally booming industry.

Since 2016, the Network has engaged with stakeholders and policymakers to elevate the profile of offshore wind in California. The Network applauds the CEC's ongoing actions to advance offshore wind off the California coast. This has included important collaboration with multiple state agencies in California as well as extensive data gathering and initial engagement with ocean users, tribes, local communities, federal partners, and other stakeholders. We were proud to support AB-525 (Chiu) in 2021 and to see this progress with planning needed for deploying offshore wind in federal waters off the California coast. The Network has long advocated for California to maximize its offshore wind resources based on analysis done by NREL to identify upwards of 18 gigawatts by 2045. The stated planning goals in the Draft report are a first step to establishing a strategy with consistent and sustainable goals that will spark investment and encourage the development of a robust domestic supply chain. The Network is committed to continuing to collaborate as Offshore Wind moves forward.

The U.S. offshore wind market is not developing in a vacuum. Emerging and mature global offshore wind markets are experiencing spectacular growth and California's need for significant quantities of clean energy means the state needs a long-term strategy that incorporates the maximum offshore wind available to the state.

Global investment in the offshore wind sector reached $30 billion USD during 2020. Without a continued supply of additional offshore wind project demand, surging global demand and competition for offshore wind project components, services, and raw materials could draw attention away from the West Coast U.S. market, preventing California or the U.S. from reaching offshore wind targets.

The urgency to proceed with offshore wind leasing must also be placed in the context of increasing concerns resulting from competitive demands to expand renewable energy and the concerns about climate change impacts. The Network has calculated that European markets now aim to achieve a cumulative deployed capacity of 116 GW by 2030, while Asian deployment targets (excluding China) total approximately 58 GW by 2030. Assuming China achieves approximately 50 GW, and including the U.S. goal of 30 GW, the globe intends to deploy about 254 GW of offshore wind capacity by 2030. The U.S. goal of 30 GW by 2030 represents approximately 11.8% of cumulative global targets for 2030. To put this in context, global cumulative capacity is currently approximately 35 GW, and 6.1 GW of offshore wind capacity was commissioned during 2020. Moreover, international markets in both Europe and Asia are already driving floating offshore wind projects forward; a recent report noted that more than 70 GW of offshore wind are expected to be added worldwide during 2021 to 2025. The U.S. must keep pace and California must lead the way on Floating Offshore wind.

Beyond these commercial considerations, climate change is real, and it is causing incalculable economic damage as well as unspeakable human suffering and death across the globe now. The August 2021 IPCC (Intergovernmental Panel on Climate Change) Report forecasts a stark future: "unless there are immediate, rapid and large-scale reductions in greenhouse gas emissions, limiting warming to close to 1.5°C or even 2°C will be beyond reach." An August 2021 journal article noted "significant early-warning signals" across eight indices of potential collapse of the Atlantic Meridional Overturning Circulation (AMOC), a major ocean current system transporting warm surface waters toward the northern Atlantic. A collapse of the current AMOC state "would have severe impacts on the global climate system and would increase the risk of a cascade of further transitions" in other critical Earth systems, such as the "Antarctic ice sheet, tropical monsoon systems, and Amazon rainforest." There could be similar effects to the northern portion of the California Current, which brings nutrient-rich cold water to the California coast and forms the base of an immensely productive living marine system.

The California Department of Forestry and Fire Protection (CAL FIRE) 2021 Fire Season Outlook observed that:

While wildfires are a natural part of California's landscape, the fire season in California and across the West is starting earlier and ending later each year. Climate change is considered a key driver of this trend. Warmer spring and summer temperatures, reduced snowpack, and earlier spring snowmelt create longer and more intense dry seasons that increase moisture stress on vegetation and make forests more susceptible to severe wildfire. The length of the fire season is estimated to have increased by 75 days across the Sierras and seems to correspond with an increase in the extent of forest fires across the state. NIFC predicts portions of the Coast Ranges, Sierra, and Cascades in California increasing to above normal fire danger in June and July and continuing through September.

Reuters reported that the 2020 wildfire season in the western United States cost insurers between $7 and $13 billion in insured losses, but this does not reflect the complete economic footprint of these events. Taking a broader view, the University College London calculated that, during 2018, the wildfires that took place within just California cost the U.S. economy $148.5 billion, or 0.7% of national annual GDP. Moreover, $45.9 billion of these losses were sustained outside of California.

The existential threat posed by climate change demands resolute action in response. Offshore wind is a key driver of the transition to large-scale decarbonized electricity grids. By continuing to advance offshore wind off the California coast, actions meet the challenge of climate change head-on and advance the U.S. position at the leading edge of floating offshore wind deployment. The Network encourages the CEC to consider the positive impacts to demographics and employment that could occur due to offshore wind development off central and northern California.

The Network's principal mission is to stimulate and advance the establishment of a domestic U.S. offshore wind supply chain. To advance this mission, the Network offers an integrated suite of educational products – including Offshore Wind 101, Offshore Wind Ready, and Foundation 2 Blade – all of which can aid businesses in entering the offshore wind industry. Wages in the industry are competitive, and skilled, trained workers are in demand; this provides a transition opportunity for oil and gas workers.

An analysis conducted by the University of Southern California (USC) confirmed the wide array of significant benefits that offshore wind can bring to California. These benefits include at least $1 billion in savings in clean electricity resource costs, improved reliability of electricity, thousands of jobs, significant reductions in carbon emissions, minimized onshore impacts relative to onshore wind and solar, and reductions in ordinary air pollution which disproportionately impacts socioeconomically disadvantaged urban areas in California. Citing a 2021 policy briefing published by the Network's Floating Offshore Wind Working Group, the USC report at page 31 notes that decisions to localize investments in offshore wind component manufacturing sites in California will be a function of the scale of California's offshore wind goals.

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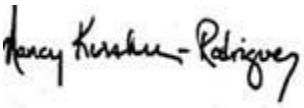
To maximize the competitiveness of the U.S. Pacific floating offshore wind market in the face of ever-increasing pressure from international markets, the Network also encourages California to pursue collaboration with other states in the Pacific region to develop a regionalized supply chain. The coordination of offshore wind power procurements between states – specifically California and Oregon – would enable an aggregation of supply chain demand. This would drive greater visibility of the U.S. Pacific in the global market, which would enhance competition. Larger component demands would also increase the likelihood of localization of offshore wind component manufacturing in the U.S.

Constrained availability of ports is one of the key hurdles that must be resolved to enable deployment of offshore wind off the California coast. Few California ports can meet the needs of floating offshore wind projects. Many potentially suitable ports are at or close to their capacity due to high volumes of container vessel traffic. Because of these long timelines, decisive action is needed now to drive the expansion and redevelopment of the port infrastructure that California requires if offshore wind projects are to be deployed in federal waters off the state's coast.

The Business Network for Offshore Wind thanks the CEC for the opportunity to provide these comments and looks forward to continued engagement regarding offshore wind development and especially the development of the domestic supply chain with significant employment opportunities for Californians and nearby states.

Sincerely,



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