

<b>DOCKETED</b>	
<b>Docket Number:</b>	17-MISC-01
<b>Project Title:</b>	California Offshore Renewable Energy
<b>TN #:</b>	248732
<b>Document Title:</b>	Comments - Responsible Offshore Development Alliance 20230210_CALIF_AB525_Econ_Benefits
<b>Description:</b>	N/A
<b>Filer:</b>	Chester Hong
<b>Organization:</b>	Responsible Offshore Development Alliance
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	2/10/2023 10:49:32 AM
<b>Docketed Date:</b>	2/10/2023



*Responsible Offshore Development Alliance*

February 10, 2023

California Energy Commission  
Docket No. 17-MISC-01  
Docket Office  
1516 Ninth Street  
Sacramento CA 95814  
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**Re. Commission Report Preliminary Assessment of Economic Benefits of Offshore Wind**

Dear Chair David Hochschild and Honorable Commissioners,

The Responsible Offshore Development Alliance (RODA) is pleased to submit the following comments regarding the Commission Report entitled *Preliminary Assessment of Economic Benefits of Offshore Wind* (Preliminary Assessment). RODA is a coalition of more than 200 fishery-dependent companies, associations, and community members committed to improving the compatibility of new offshore development with their businesses. Members of our coalition operate in federal and state waters off the New England, Mid-Atlantic, and Pacific coasts. RODA members in California span the entirety of the state’s coastline, participating in many different fisheries utilizing a variety of gear types.

Assembly Bill 525 (AB 525) charges the California Energy Commission (CEC) with development of “a strategic plan for offshore wind energy developments installed off the California coast in federal waters.<sup>1</sup>” The strategic plan shall include a minimum of five chapters, including one addressing “Economic and workforce development and identification of port space and infrastructure, including the plan developed pursuant to Section 25991.3.<sup>2</sup>” On or before December 31, 2022, the CEC “shall complete and submit to the Natural Resources Agency and the relevant fiscal and policy committees of the Legislature a preliminary assessment of the economic benefits of offshore wind as they relate to seaport investments and workforce development needs and standards.<sup>3</sup>”

**Assessing the economic benefits of offshore wind necessitates identification and consideration of economic consequences.**

Understanding the CEC was tasked with assessing economic benefits, there remains a need to identify economic consequences of offshore wind energy (OWE) developments. One of the Legislature’s findings and declarations highlights the potential for offshore wind energy to

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<sup>1</sup> See Public Resources Code §25991(a)(1). All further statutory references are to the Public Resources Code unless otherwise indicated

<sup>2</sup> See §25991(c)(2)

<sup>3</sup> See §25991.3(d)

provide economic and environmental benefits to the state and the nation<sup>4</sup>. We do not dispute the potential for economic benefits to be derived from OWE developments. While OWE may provide such benefits; they come at an economic cost to communities negatively impacted by industrialization of the ocean. There is also a growing body of science highlighting potential negative implications for marine life and marine ecosystems. For purposes of this comment, we limit our discussion to the economic costs to the fishing industry and dependent fishing community.<sup>5</sup> However, any serious attempt at analyzing the true economic impacts of OWE development will need to understand and estimate values of aesthetics, effects on wildlife, and other difficult to quantify items.

Excluding references in the glossary, the Preliminary Assessment mentions fishing only twice; and both of those in passing. The Bureau of Ocean Energy Management (BOEM) has stated, along with other governmental agencies, that likely designs of floating OWE farms will functionally bar most (if not all) fishing operations in areas. We agree. These areas are vitally important to our small businesses, the dependent fishing community, and the state's and nation's seafood economy.

The Preliminary Assessment mentions four types of potential economic benefits: Direct, Indirect, Induced and Tax Revenues. For each, there will be economic losses/consequences to the State and California's fishing communities:

**Direct** - There will be job losses. Small family-owned commercial fishing and commercial passenger-carrying fishing vessel businesses will be challenged to weather this storm – and some will not. Some may have to relocate their operations elsewhere in California, assuming they can, or more likely out of state. In 2019 alone (the last year for which data is publicly available on the California Department of Fish and Wildlife's (CDFW) website) - California's seafood producers landed 20 million pounds of seafood in the Eureka Port Complex, with an ex-vessel value of \$38.7 Million<sup>6</sup>.

This does not account for the very real possibility of dramatic impacts to the marine ecosystem as shown in a recent study entitled *Offshore wind farms are projected to impact primary production and bottom water deoxygenation in the North Sea*<sup>7</sup> which could destroy the State's seafood economy, amongst other things.

**Indirect** - There will be job losses to vessel crew members, fishing gear manufacturers and/or repair workers, etc. There are real concerns about increased competition for limited harbor/port space and whether that will price fishing vessels out of necessary dock space.

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<sup>4</sup> See AB 525, Section 1(a)

<sup>5</sup> The Magnuson-Stevens Fishery Conservation and Management Act defines "fishing community" as "a community which is substantially dependent on or substantially engaged in the harvest or processing of fishery resources to meet social and economic needs, and includes fishing vessel owners, operators, and crew and United States fish processors that are based in such community." See 16 U.S.C. §1802(17)

<sup>6</sup> Table 15 - Poundage and Value of Landings of Commercial Fish into California by Area – 2019 - [Table 15 2020 CFLs \(ca.gov\)](#). Last accessed December 27, 2022

<sup>7</sup> Daewel, U., Akhtar, N., Christiansen, N. et al. Offshore wind farms are projected to impact primary production and bottom water deoxygenation in the North Sea. *Commun Earth Environ* 3, 292 (2022). <https://doi.org/10.1038/s43247-022-00625-0>

Questions remain how transient vessels will be treated, for example will there be sufficient space to accommodate seasonal fishing operations? In 2019, 546 U.S. based commercial fishing vessels participated in the west coast fishery for North Pacific albacore. This seasonal fishery normally operates between July and October and draws harvesters from San Diego, Ca. to Bellingham, Wa. Schools of albacore can be found anywhere from California up into Canada; and the fishery typically occurs near banks, seamounts, or underwater canyons. Vessels homeported a great distance from the fishing grounds, will seek temporary accommodations near fishing grounds where they can offload product, purchase fuel, bait and other supplies, etc. Not only is the albacore fishery critical to those businesses, it benefits the ports and harbors who collected fees for transient berthing.

**Induced** – There will be job losses. Fishing community members: processors, fishmongers who sell locally harvested seafood, marine mechanics, gear shops, tackle shops, are all dependent on our operations. This makes up a significant portion of the seafood economy. As mentioned above, the commercial fishing industry generated ex-vessel revenues of \$38.7M in the Eureka Port Complex in 2019. Assuming a conservative downstream multiplier of five times, that is roughly \$200 million per year in the area(s) surrounding the Eureka Port Complex. The lease term for the five California sites auctioned in December are 33 years once operations commence. This represents an opportunity cost of roughly \$6.5 billion (in today’s dollars) to the North Coast area alone over the lease term.

For the vast majority of Californians, the only real access they have to the living marine resources off the California coast is via the seafood we harvest for their benefit. Reducing, or eliminating, our ability to serve our fellow citizens, many of whom choose locally harvested seafood because they are confident it is sustainably sourced, will bear an immeasurable cost.

**Tax Revenues** – In addition to lost income, sales and use, property, and other tax revenue from fishing activities, CDFW will be directly impacted by the loss of landing tax revenues.

## **The Preliminary Assessment utilizes a flawed methodology**

### **Chapter 2 - Seaports and Waterfront Facilities**

The Preliminary Assessment provides a good overview of the current state of California’s ports and harbors and rightly acknowledges, “California ports may not be able to handle all the required activities to support industry development. However, they have the potential to serve as strategic hubs to support a workforce that can assemble, fabricate, install, and operate and maintain offshore wind turbines and related components.”

What the Preliminary Assessment fails to capture is the interdependence of the fishing community to California’s ports and harbors. In addition to “providing water access for fishing uses” California’s ports and harbors provide necessary infrastructure to support our operations (offloading facilities, fuel docks, and bait operations as well as close proximity to local businesses serving the fishing industry needs - grocery stores, marine hardware stores, tackle

shops, etc). When considering port facilities necessary to support OWE development, the CEC must be mindful of protecting and preserving the fishing industry’s ability to operate.<sup>8</sup>

There is a very real fear that upgrading California’s ports and harbors to support the nascent OWE industry will result in (1) interruptions to our operations during construction and upgrades; and (2) displacement of fishing vessels and the shoreside infrastructure and business that support our operations. The Preliminary Assessment describes three types of port terminals - facilities and/or sites. Each of these include coastal dependent uses requiring berthing for vessels and significant shoreside areas to accommodate OWE industry needs. Collaborative planning, of both port construction activities and post-construction port configurations, are necessary to ensure those upgrades account for the needs of the fishing industry and dependent community.

Surprisingly, the Preliminary Assessment fails to address neither the importance of the tourism industry nor the culture and heritage of many of California’s small ports and harbors. The author of *The Rise and Fall of Commercial Fishing in Morro Bay* says it best, “Not only is the fishing industry of Morro Bay a powerful link to the past, but it is also an integral part of the city’s identity and provides a great sense of pride for its local residents.”<sup>9</sup> The allure of the fishing heritage in California’s ports and harbors continues to draw tourists to watch local fishermen ply their trade and sample their catch in the restaurants on the adjacent waterfront. We expect our activities which are economically important to the area, ingrained in the fabric of the community, and integral to the area’s identity will be protected and promoted.

### **Chapter 3 - Potential Economic Benefits of Offshore Wind Related to Seaport Investments**

The Preliminary Assessment defines “economic benefits” as benefits that **can be quantified** in terms of money generated, such as net income and revenue. While it does identify specific benefits that OWE may include, it does not attempt to quantify those. As such, the Preliminary Assessment is better characterized as providing a list of potentially beneficial economic impacts which may result from OWE development off the California coast.

Above we discussed the need to understand (and quantify) economic consequences of OWE development on California’s fishing communities. Figures 1 and 2 are from NOAA Technical Memo *Fisheries Economics of the United States 2019*.<sup>10</sup> Figure 1 shows the economic impact of California’s fishing community in 2018 while Figure 2 shows the number of jobs created. OWE development will not completely eliminate the fishing industry’s contributions to the California economy or employment; but there will be negative impacts to each.

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<sup>8</sup> The California Coastal Act (Public Resources Code §§ 30000 *et seq*) establishes policies and mandates related to the protection and preservation of the fishing industry.

<sup>9</sup> [Hidden History Final Project - Copy \(historicalmorrobay.org\)](https://www.historicalmorrobay.org/). Last accessed December 28, 2022

<sup>10</sup> National Marine Fisheries Service. 2022. Fisheries Economics of the United States, 2019. U.S. Dept. of Commerce, NOAA Tech. Memo. NMFS-F/SPO-229A, 236 p. See - [Fisheries Economics of the United States: Data and Visualizations | NOAA Fisheries](#)

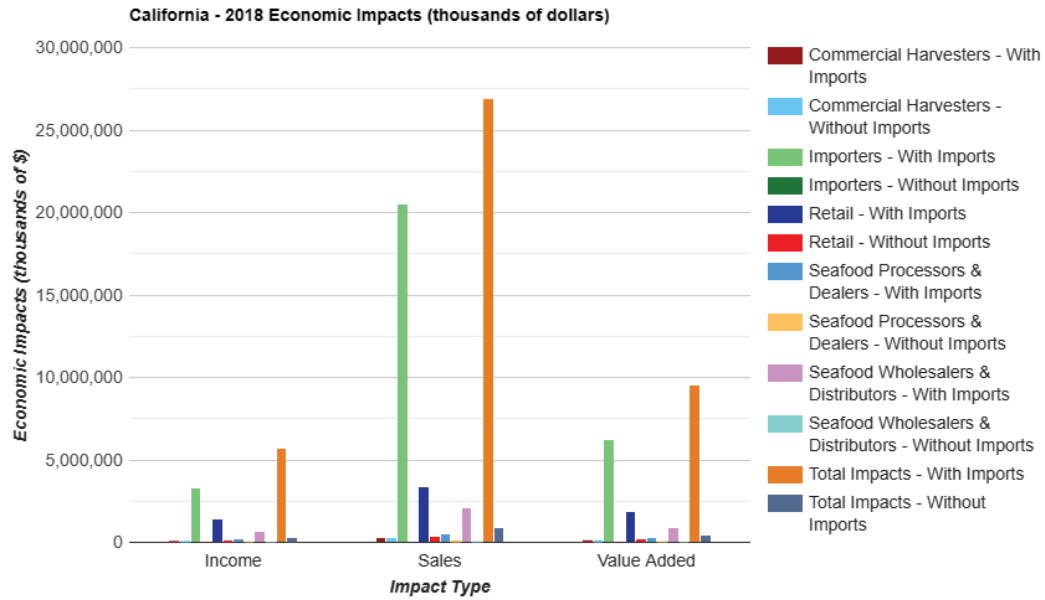


Figure 1 - Economic impacts of the commercial fishing industry to the State of California

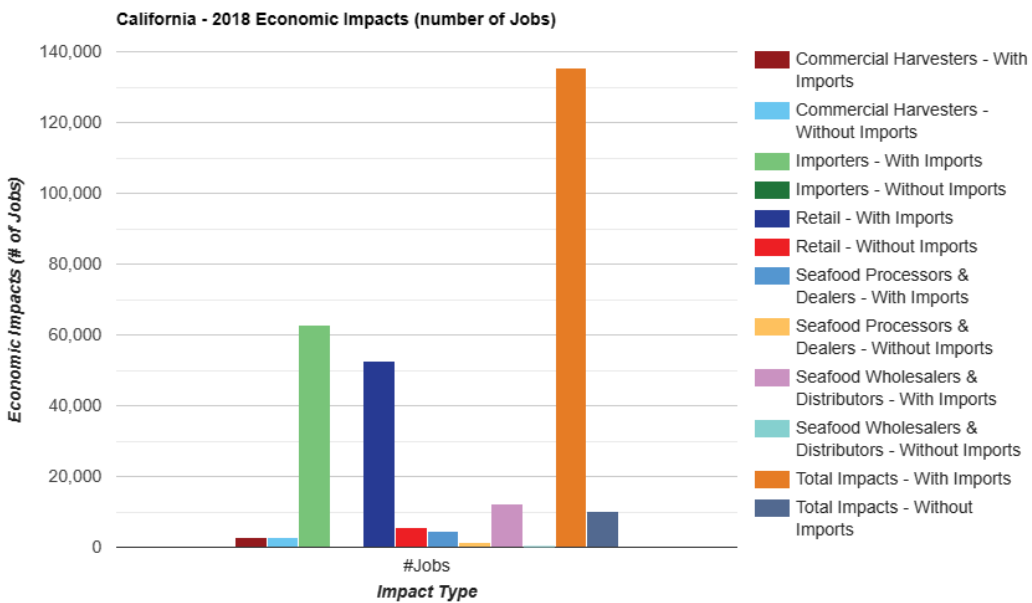


Figure 2 - Employment figures for the commercial fishing industry in the State of California

#### Chapter 4 - Economic Benefits from Offshore Wind Investments as they Relate to Workforce Development Needs and Standards

The Preliminary Assessment also is silent on the issue of leakage. While it does acknowledge that port construction jobs may be temporary, it implicitly assumes those workers will be Californians who will spend those paychecks in California. Leakage is where an impact is realized; but it is realized outside the immediate area - in this case, California. If the revenue goes to a company outside California or a temporary worker who resides outside the state, California will not benefit from the economic activity. With the State's unemployment rate sitting

at 4%<sup>11</sup> the available job force in California should be a concern. Does it have the workers for the build out? Noting that four of the five winning bidders in the recently completed lease auction are primarily comprised of foreign entities, what percentage of the promised jobs will be filled by foreign workers employed by the lessees? The Preliminary Assessment also fails to differentiate between short-term activities (i.e., part of the build out) and long term activities (part of the ongoing operations). Absent such analysis, it is difficult to gain an understanding of the impacts and where they are realized.

Considering what these projects involve and how they are carried out, coastal communities should have a lot of concerns. Short term jobs can have significant short term impacts; but when those jobs are completed, there is the very real possibility of a void resulting issues. An influx of workers to coastal communities will likely result in some short-term economic benefits; but we must acknowledge those will likely be accompanied by social problems. For those businesses who change their business model to directly benefit from that influx, assuming that activity will remain, there will be disappointed when it leaves.

### **Valuing the ecosystem**

While we focus on the fishing industry, we are mindful there are economic benefits of a healthy and productive marine ecosystem. Ecotourism (whale watching) and the intrinsic value Californians place on a healthy and productive marine ecosystem are often overlooked; but no less important.

In January of this year, the Office of Science and Technology Policy published a *National Strategy to Develop Statistics for Environmental-Economic Decisions* (OSTP Strategy).<sup>12</sup> This speaks directly to valuing the existing resources - fisheries, as well as recreational uses and nonuse values. Earlier in this letter we referenced a study from the North Sea which cautioned about potential ecological impacts of OWE. If primary productivity of the California Current Large Marine Ecosystem (CCLME) is negatively impacted, it could have profound impacts on our oceans and economy. In May of last year, NOAA's Chief of Protected Resources submitted a letter to BOEM describing potential impacts of OWE on the critically endangered North American Right Whale.<sup>13</sup> It noted that "the presence of structures such as wind turbines are likely to result in both local and broader oceanographic effects, and may disrupt the dense aggregations and distribution of zooplankton prey through altering the strength of tidal currents and associated fronts, changes in stratification, primary production, the degree of mixing, and stratification in the water column." Is it not unreasonable to expect similar effects on the CCLME. This would have profound impacts on California's environmentally derived benefits.

The OSTP Strategy describes how coral reefs are productive assets. Not only do they provide many ecosystem services, including storm protection and recreational opportunities that support tourism; but contribute to future income streams. It also discussed marine ecosystems and their capacity to provide goods and services to society as a marine natural asset. The CCLME is the backbone of the State's seafood economy and an important source of recreational and ecotourism

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<sup>11</sup> [California's unemployment rate rose to 4.0 percent for Oct. 2022](https://www.whitehouse.gov/wp-content/uploads/2023/01/Natural-Capital-Accounting-Strategy-final.pdf)

<sup>12</sup> See - <https://www.whitehouse.gov/wp-content/uploads/2023/01/Natural-Capital-Accounting-Strategy-final.pdf>

<sup>13</sup> See - [https://newbedfordlight.org/wp-content/uploads/2022/11/UR1-2023-000009\\_10\\_17\\_2022.pdf](https://newbedfordlight.org/wp-content/uploads/2022/11/UR1-2023-000009_10_17_2022.pdf)

opportunities. One that is certainly worth assigning a value to and ensuring that value is protected.

We appreciate the opportunity to offer these comments and thank you for considering them. We look forward to further conversations on this and other required elements of the Strategic Plan. Should you have any questions, please reach out to our west coast Director - Mike Conroy.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Conroy".

Mike Conroy, West Coast Director

A handwritten signature in blue ink, appearing to read "Lane Johnston".

Lane Johnston, Programs Manager  
*Responsible Offshore Development Alliance*