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ACP-CA Comments on June 21 OSW Workshop

Additional submitted attachment is included below.



Docket # 17-MISC-01

July 9, 2021

California Energy Commission
1516 9th Street
Sacramento, CA 95814-5512

Dear California Energy Commission and the Bureau of Ocean Energy Management,

American Clean Power-California (ACP-California) is grateful for the efforts of the State of California, the Department of Interior and Bureau of Ocean Energy Management, the Department of Defense, and Congressman Carbajal for getting us to the important point we're at today: poised to launch an offshore wind industry in California. The White House announcement on May 25th regarding an agreement identifying the first areas for offshore wind leases off the coast of California was a momentous step for all parties interested in offshore wind and clean energy. We acknowledge the years of hard work, collaboration and cooperation required to reach this point.

ACP-California supports the Morro Bay East and West Extensions proposed by DOI and DOD. These changes from the original Morro Bay Call Area address some of the prior concerns of the Department of Defense in the Central Coast region while also providing space for roughly three, 1,000 MW offshore wind projects in Morro Bay. In combination with the sea-space to be auctioned in Humboldt, these areas provide for sufficient scale to stimulate a competitive first phase of the offshore wind market in California.

This agreement is a crucial first step for the industry, which will help unlock investment and will set up the West Coast for an even bigger floating offshore wind industry in the future. Together with the Federal Investment Tax Credit for offshore wind which extends through 2025, with generous safe-harbor provisions,¹ the Governor's proposal to invest \$20 Million of the budget in port and permitting preparations, and the statewide planning and goal-setting that would be enacted by AB 525 (Chiu, 2021), California's offshore wind industry has a good opportunity to succeed. While we have been talking about offshore wind in California since 2016, followed by a BOEM call for interest in 2018, this is truly the beginning of how we will define and build offshore wind for California. Thus we will need ongoing commitment and support from both the Federal Government and the State of California to achieve the vision of a large-scale offshore wind industry in California.

¹ <https://www.lw.com/thoughtLeadership/irs-gives-offshore-wind-and-federal-land-projects-more-time-to-qualify-for-tax-credits>



Federal Government Support

The Federal Government and its task force representatives should continue to support offshore wind in California by:

1. *Providing sufficient resources to BOEM to support completion of environmental assessments and other preparations in time for a summer 2022 lease auction.* We understand the timeline for a mid-2022 lease auction is feasible but will be challenging. However, meeting this target is essential in order for offshore wind to take advantage of the existing Investment Tax Credit for offshore wind and for offshore wind to come on line in the early 2030s, when California will need to be rapidly diversifying and building its clean energy portfolio.
2. *Funding baseline studies and research related to wildlife presence and fishing stocks and activity.* BOEM can help address uncertainties and better determine risks and potential impacts from offshore wind to inform stakeholders and support state and federal permitting processes.
3. *Funding studies and investments in offshore wind ports.* California will need offshore wind ports to support the installation and maintenance of wind farms in the state. Wind ports will also maximize local economic development opportunities in California.² The Federal Government can provide funding to support studies, design, and upgrades in the North and Central Coasts.
4. *Establishing mechanisms for State-Federal coordination on offshore wind.* The Department of Interior and the State of California can promote efficiencies in permitting for offshore wind by formalizing coordination and shared commitments in a Memorandum of Understanding.

State Support

The State of California should continue planning for and supporting offshore wind by:

1. *Establishing a large-scale offshore wind goal* that will send an appropriate signal to the offshore wind market to invest in California and will direct state planning at the right scale and pace.
2. *Developing a state permitting road map.* As illustrated in the June 21 workshop, multiple California agencies will have a role in permitting offshore wind and its associated infrastructure. Although the state agencies have made substantial progress in defining those roles and responsibilities, the next step will be developing a complete road map—including guidelines, timeframes, and milestones—to direct project developers, stakeholders, and agency staff through the process.
3. *Promoting continued consideration for offshore wind in state energy planning proceedings.* Offshore wind developers need procurement agreements and sufficient transmission deliverability in order to develop projects. In Decision 21-06035, the CPUC recognized the need to move beyond the previous pattern of “just in time” procurement and ordered 11,500 MW of new clean net qualifying capacity. The Commission also signaled its intention to consider offshore wind procurement in the latter part of this year and to incorporate information for the

² <https://reachcentralcoast.org/economic-benefits-of-3gw-offshore-wind-in-morro-bay-estimated-at-262-million-and-650-good-paying-jobs-annually-land-at-port-location/>



CAISO's offshore wind transmission sensitivity into the IRP process going forward. It is essential that the state energy agencies expeditiously plan and approve transmission and order procurement for high-value, long-lead time resources, like offshore wind, that will be needed at the beginning of the next decade.

4. *Developing a State Implementation Plan for Offshore Wind.* Early coordinated statewide planning will be critical to ensuring the economic, environmental, and reliability benefits of offshore wind. AB 525 (Chiu, 2021), a bill currently moving through the California legislature, would direct state agencies, led by the California Energy Commission (CEC), to develop a strategic plan for offshore wind that addresses many of the primary barriers that exist today, including sea-space planning, permitting, port development, transmission, and workforce training.

Commitment to Stakeholders

Offshore wind has earned strong support from environmental NGOs, environmental justice organizations, organized labor, business, and industry, as evidenced by the robust roster of supporters and bipartisan approval for AB 525.

American Clean Power California supports and believes in responsible offshore wind development that promotes co-existence among ocean-users and industries, protects ocean wildlife, and achieves the scale of development needed to meet our clean energy, economic development, and climate objectives. This is a vision that is truly feasible. As an industry, we want to work with the State of CA, the Federal government, Tribes, and stakeholders to achieve this vision.

Why Offshore Wind

Last year, California faced unprecedented wildfires, an economic downturn caused by the global pandemic, and rotating power outages. All of these major challenges must be met with bold solutions that advance climate mitigation, increase our electric system reliability, and provide for long-term economic recovery.

This year, President Biden has made climate change mitigation a central priority of his administration, with an intent to achieve a 100% clean electric system by 2035, and an executive order directing federal departments and agencies to prioritize offshore wind. In March, President Biden announced a national goal of 30 GW of offshore wind by 2030. On May 25, the President and the Governor announced a plan to move forward with leasing for an initial 4.6 GW of offshore wind in Morro Bay and Humboldt.

With offshore wind, California could become the center of a growing global industry at the intersection of innovation, manufacturing, and clean energy. Global offshore wind targets exceed 275 gigawatts (GW). Floating offshore wind, required for California's deeper waters, is a newer technology that is commercial in Europe and Asia; 6.5 GW of floating offshore wind is expected by the end of the decade based on project pipelines and investment plans; floating offshore wind projects up to 1 GW in size are currently in development. The UK recently set a target of 1 GW floating offshore wind by 2030. The



technology is commercially proven and ready for mass deployment, with costs expected to be competitive by the early 2030s.³

Most importantly, offshore wind presents a huge potential to create local jobs, fight climate change, prepare for a carbon-free electric system, and protect the environment.

Job Creation

As part of near-term and long-term economic recovery from the pandemic, California must establish new industries that support skilled, middle-class jobs in manufacturing, construction, operations, and supply chain. At the same time, we must bolster those industries that will help combat climate change. With the necessary state leadership and policy support, offshore wind could be the next innovative clean energy industry that puts Californians back to work.

Offshore wind will require trade workers and assemblers in manufacturing, fabrication, staging, and maintenance. This will include on-site and project development work in construction, transportation, and management; supply chain jobs for production of turbine blades, towers, and gearboxes; and induced jobs through increased local spending and service demands. According to a report by the National Renewable Energy Lab, development of 10,000 MW of offshore wind in California has the potential to create up to 14,000 annual jobs during the peak construction phase as well as nearly 3,000 long-term operations and maintenance jobs.⁴

Through the development of port capacity and a local supply chain, California's economic benefits from offshore wind could extend beyond the local market to serve other coastal states and even the global market.

Climate Mitigation and Clean Power

Mitigating climate change is of course one of the most important reasons for action on offshore wind. Of all ocean-based climate solutions available in the U.S., offshore wind offers the greatest and most decisive investment that could be made today. With large-scale deployment nationally, offshore wind could offset 30% of U.S. electric system emissions.⁵ Climate change is by far and without a doubt the greatest threat to ocean wildlife and ocean industries, and it necessitates bold and aggressive action on offshore wind.

At large scale, offshore wind can make a significant impact on climate mitigation. 10GW of offshore wind is equivalent to ~15% of California's expected statewide peak demand in 2030.⁶ To achieve a zero-carbon electric system, we will not only need to build a huge quantity of renewables and storage—an

³ NREL 2020, <https://www.nrel.gov/docs/fy21osti/77384.pdf>

⁴ NREL 2016, <https://www.nrel.gov/docs/fy16osti/65352.pdf>

⁵ CEA Consulting, https://oceanpanel.org/sites/default/files/2019-10/HLP_Report_Ocean_Solution_Climate_Change_final.pdf

⁶ 2019 IEPR <https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report/2019-integrated-energy-policy-report>



estimated 145 GW by 2045⁷ – but we will need to design and develop a diverse renewable portfolio that includes not only solar and battery storage, but also regional wind, long-duration storage, and offshore wind. The right portfolio of resources will enable and ensure reliability at the least cost. Offshore wind is an essential addition to California’s clean power mix because of its generation profile: it typically generates during the late afternoon and evening and in the summer, when our solar-dominant renewable system is the most stretched.⁸ By 2035, California will need to dispatch more than 18 GW *per hour* to meet its maximum 3-hour net load ramp as a result of solar production declining in the afternoon.⁹ To be able to replace dispatchable resources like coastal gas and nuclear facilities with clean power, we need clean generation that will show up at all hours of the day.¹⁰ The Final SB 100 Joint Agency report confirmed the value of resource diversity and offshore wind specifically, finding that a portfolio that achieved SB 100 but excluded offshore wind would increase total annual resource costs by \$1 Billion.¹¹ A 2019 study from E3 arrived at a similar conclusion: a resource portfolio that includes between 7 and 9 GW of offshore wind could save California customers between \$1 billion and \$2 billion (net present value) between now and 2040 when compared to a less diverse energy portfolio.¹²

Balancing Conservation and Climate Goals

Transitioning to a zero-carbon electric system will have major land-use implications. While climate change will inarguably cause the most severe impacts to species and habitats, we still need to site renewables responsibly. The state must proactively identify commercially viable, low-conflict, environmentally responsible locations to site vast amounts of new energy facilities and infrastructure.

The Nature Conservancy’s Power of Place report concluded that clean power sourced over a larger, more diverse area will allow for more cost-effective opportunities to balance clean energy and conservation objectives.¹³ Building a portion of renewable energy in low-conflict areas of the ocean will enable California to appropriately balance its conservation and wildlife protection goals with its climate objectives. It will not be possible to site all of the new renewables we need to build in the California desert, or on rooftops. We need utility-scale developments in the West and in the ocean too.

⁷ Joint Agency SB100 Report, <https://www.energy.ca.gov/sb100>

⁸ California Polytechnic Institute, <https://doi.org/10.1088/2515-7620/ab4ee1> & E3, The Economic Value of Offshore Wind Power in California, http://castlewind.com/wp-content/uploads/2019/08/2019-08-08_E3-CastleWind-OffshoreWindValueReport_compressed.pdf

⁹ Energy Strategies for Western Interstate Energy Bureau, <https://westernenergyboard.org/wp-content/uploads/2019/12/12-10-19-ES-WIEB-Western-Flexibility-Assessment-Final-Report.pdf>

¹⁰ Brightline Defense Project, <https://www.brightlinedefense.org/news/caoffshorewind>

¹¹ CEC, https://www.energy.ca.gov/sb100#anchor_report

¹² E3, http://castlewind.com/wp-content/uploads/2019/08/2019-08-08_E3-CastleWind-OffshoreWindValueReport_compressed.pdf

¹³ The Nature Conservancy, <https://efiling.energy.ca.gov/getdocument.aspx?tn=232226>



We appreciate the work of the CEC and BOEM to get us to this starting point and we look forward to a bright future for offshore wind in California.

Sincerely,

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

Danielle Osborn Mills
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