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ACP Comments on May 23 Ports and Workforce Workshop

Additional submitted attachment is included below.



June 13, 2023

California Energy Commission
715 P Street
Sacramento, California 95814

Re: Docket No. 17-MISC-01

Dear Chair Hochschild and Commissioners:

RE: Workshop on AB 525 - Ports and Workforce Development to Support Floating Offshore Wind Development

American Clean Power Association – California is a multi-technology clean energy trade association. We represent several offshore wind developers, including all five of California’s first offshore wind leaseholders.

ACP-CA thanks the California Energy Commission and State Lands Commission for their work to date on this chapter of the AB 525 Strategic Plan. This section of the Strategic Plan is crucial. As presenters of the workshop have explained, there will be no offshore wind industry in the state without proper staging and integration (S&I) ports. Further, to maximize the workforce and economic development opportunities afforded by offshore wind we must also have adequate manufacturing ports. Through the work of the Energy Commission, State Lands Commission, BOEM, and consultant, Moffat Nichol, California stakeholders, government and industry know much more than we did two years ago about the needs and capabilities of ports in the state to serve S&I and manufacturing functions. In adopting the final version of this chapter of the Strategic Plan, the Energy Commission should:

- Prioritize S&I solutions as the most critical component of port and supply chain infrastructure to launch the offshore wind industry. Draw clear conclusions in its analysis on the best alternatives for S&I to serve the first Morro Bay and Humboldt lease areas.
- Identify and commit to executing the next steps in a port upgrade plan, including: assessing the feasibility of expedited port upgrade processes, developing a permitting road map for coordinated or consolidated port permitting, facilitating federal, state and creative public-private financing, and ongoing stakeholder and Tribal engagement.
- Plan to initiate and lead the development of a preliminary multi-port strategy with Oregon and Washington covering S&I, manufacturing, and vessels.

These recommendations are discussed further below.

Prioritize Staging & Integration Solutions for the First OSW Projects and Draw Clear Conclusions in the Final Chapter

Developers around the globe have experience finding creative solutions for the supply and construction of offshore wind farms. California developers are prepared to face a number of challenges in sourcing offshore

wind components, as is typical of launching a brand-new industry in a new location. However, given the need to assemble floating offshore wind turbines and foundations directly at a port side, there is no California offshore wind future without S&I ports. Thus, we urge the Energy Commission to focus its further efforts and energies toward solving this critical infrastructure challenge.

We applaud the early accomplishment of the Port of Humboldt to prepare designs and plans for upgrading of the Humboldt terminal for offshore wind. Humboldt has for years seen the opportunities presented to the County from offshore wind development and has taken initiative to define itself as a leader in the industry. At the May 23 Workshop, the Port described its work-to-date in early CEQA and technical engineering as well as its plans to apply for grants, prepare permits, progress technical designs, and begin project financing. We similarly applaud the Port of Long Beach for identifying the severe gap in existing port capabilities for offshore wind and stepping forward as a potential solution. The design and planning work the Port has accomplished in just 5 months is impressive and exciting.

The clear conclusion of the BOEM and SLC analyses is that the Port of Humboldt and the Port of Long Beach are the best candidates to become S&I ports in the state, all things considered. Given the technical requirements of channel depth and width, vertical clearance out to sea, wet storage, total acreage, nearby industrial sites, wharf loading and length, and port appetite and availability, these two ports are the best existing alternatives identified for S&I. Moffat Nichol's analysis also screened for potential locations for a new port taking into consideration various land and coastal use restrictions between the Bay Area and Southern California and identified three potential locations – China Harbor, Port San Luis, and Gato Canyon. However, the timeframe for development of these facilities will be significantly longer and will face heightened environmental impacts.¹ While these green field locations are not the best alternatives for first S&I facilities, REACH has concluded that they could very well provide installation support (e.g., staging for mooring lines and anchors) in later years.² ACP-CA looks forward to the further development of a multi-port strategy that incorporates smaller or new facilities for construction support, manufacturing and O&M.

The latest analysis has clarified that the Port of Humboldt and Long Beach are the best alternatives for priority S&I development today. The Energy Commission should affirmatively state this conclusion in the final ports and workforce development chapter of the AB 525 Strategic Plan. Doing so will enable policymakers and stakeholders to move beyond alternative analysis and toward action planning and implementation for the first phase of offshore wind development. It is also critical to focus at this time on getting these first S&I ports built to serve the first five offshore wind projects in Morro Bay and Humboldt. Solving this infrastructure challenge will unleash additional planning and investments aimed at manufacturing and O&M ports and early learning from upgrades at Humboldt and Long Beach will also aid in the identification and development of future west coast S&I facilities. But the state should focus its offshore wind ports strategy today on getting the first two S&I ports completed.

The next greatest challenge for the ports strategy will be to determine how upgrades can be completed in time to bring offshore wind projects online in the early 2030s. ACP-CA believes that achieving 8-10 GW of offshore wind by 2035 is possible with sufficient port infrastructure, including two large S&I ports. A port upgrade plan that takes too long to implement, or that fails to sufficiently support large-scale S&I port upgrades will undermine this goal. Furthermore, offshore wind developers require clarity about the locations, availability dates, and capabilities of port facilities to serve their projects in order to properly plan project design and construction and commence project financing. The state can enable an efficient timeline for port development by 1) establishing a centralized offshore wind procurement mechanism that will provide certainty to offshore

¹ State Lands Commission, Moffat Nichol, "Alternative Ports Assessment to Support Offshore Wind," Jan 31, 2023: "A development timeline to construct either of the top three S&I sites was also estimated. The build out of an S&I site at Port San Luis, China Harbor, or Gato Canyon will take approximately 10 to 15 years since a port authority will first need to be established to then initiate this type of project with significant impacts."

² REACH, Central Coast Emerging Industries Waterfront Siting + Infrastructure Study, Dec. 2022, available: <https://reachcentralcoast.org/wp-content/uploads/Waterfront-Infrastructure-Report-121522.pdf>

wind developers and private capital; and 2) by committing to an S&I port implementation plan, as described below.

Commit to next steps in an implementation plan

The Energy Commission should build on the conclusions of its alternatives analysis by defining next steps in an implementation plan for upgrading the S&I ports. These steps should include the following.

1. Assess feasibility of expedited port upgrades

As a first step, the Commission should work closely with the Ports of Long Beach and Humboldt and offshore wind leaseholders to assess the feasibility of completing offshore wind upgrades on the timeframe needed for the first central coast projects. This group should also identify pinch-points that might impede development on schedule. The Commission should include in this assessment average permitting timeframes and potential for improved efficiencies. Notably, Port of Long Beach's analysis recognizes that its facilities cannot be completed on time under standard development schedules but could be completed on time with aggressive development schedules.³ The state must provide the Ports of Long Beach and Humboldt with the support necessary to achieve upgrades on time.

2. Develop a permitting roadmap for offshore wind ports

Although several factors in upgrading port facilities are beyond the state's control, policymakers can influence timelines for permitting. To that end, the Energy Commission should initiate the development of a permitting roadmap for offshore wind ports, taking primary guidance from the Ports of Humboldt and Long Beach themselves. The Commission should bring state agencies together in the development of this roadmap to identify agency requirements and propose a solution that promotes high levels of coordination and will facilitate the port's abilities to complete CEQA and state and federal permitting requirements on time. As we've recommended for the permitting roadmap section of the AB 525 Strategic Plan, ACP-CA recommends this ports roadmap include a single permit application checklist, an integrated process for submittal and review of application materials, schedules for interagency coordination and reviews, milestones and timelines to complete permitting, close coordination and potential joint document review with the federal government, and procedures for problem solving. Some of these elements may be implemented by MOUs. In addition, the legislature will need to provide sufficient and sustained funding to state agencies involved in port permitting so that they have the resources and staff needed to direct proper attention and efficiency in this process.

3. Support public and private financing

Offshore wind port facilities, like most port facilities, require public support to be commercially viable. The state will have an essential role in financing offshore wind port upgrades, both directly through state grants as well as indirectly through support for bidding for federal grant opportunities, public-private finance models, and other creative mechanisms. The State of New York, for example, has committed \$700 Million to support state port infrastructure upgrades and made available \$300 million in funding as part of its 2022 solicitation for offshore wind contracts.⁴ New Jersey has committed \$400 Million in upgrades for the New Jersey Wind Port.⁵ The state also utilized Green Bonds to raise \$160 Million for port project. Both states' investments are expected to yield significant private investment and boost the overall local economic benefits from offshore wind. California's commitment to fund port upgrades beginning in the

³ Pier Wind Project Concept Phase, April 20, 2023, Appendix K, available at <https://polb.com/port-info/projects/#pier-wind>

⁴ NYSERDA, Port Infrastructure for Offshore Wind, <https://www.nyserda.ny.gov/All-Programs/Offshore-Wind/Focus-Areas/Supply-Chain-Economic-Development/Port-Infrastructure>

⁵ REACH, Dec. 2022

next few years and through all phases of port development (from planning through construction) will provide the certainty needed to ports and offshore wind developers who are developing their own financing strategies.

Ports are public infrastructure projects which absolutely require public funding. An important next step in port development for offshore wind will be California's plan to directly subsidize S&I port upgrades. The state's initial grant of \$10.5 Million to the Port of Humboldt and its appropriation of \$45 Million for further offshore wind port investments is a good start, but must be just the beginning. The state should identify potential federal grant opportunities that the state will assist the ports in securing, and prepare to match if required. In addition, the state should explore alternative methods to secure capital for port upgrades, such as through the use of Green Bonds, Blue Bonds or other mechanisms to complete the total stack of public and private investments necessary.

4. Continue engaging stakeholders and Tribal Nations

The Energy Commission has done an excellent job to date bringing in various stakeholders' perspectives, interests, and concerns to the table in its offshore wind planning efforts. The state should play a role in continued stakeholder engagement on the topic of port upgrades. Tribes, local communities, environmental justice interests, environmental groups, labor, fisherman, the shipping industry and the offshore wind industry will all need to consider the benefits and potential impacts of port development, as well as strategies for maximizing benefits and minimizing and mitigating impacts. In particular, the state should commit to further workforce planning and investments in collaboration with the offshore wind industry, labor, Tribes, and educational institutions local to S&I and future manufacturing ports, and as part of a future multi-port strategy.

As part of its conclusions in the AB 525 Strategic Plan, the CEC should identify and commit to delivering all of the above elements of a next-phase port strategy. The Energy Commission has been an important driver of state ambition and planning on offshore wind. To move from planning into "the Great Implementation" as California Energy Commission Chair Hochschild has called it, the state will require strong and sustained political leadership on offshore wind from the Governor himself, and through the leadership of each of the state agencies who will be responsible for permitting, stakeholder engagement, funding, and partnership with the federal government.

Leading Regional Coordination

Studies by Moffat Nichol have concluded that to achieve California's 25 GW by 2045 offshore wind goal, we will need at least 10 large (>80 acre) port sites.⁶ REACH's analysis has similarly identified several central coast locations that could support small construction and operations and maintenance functions for offshore wind. The offshore wind industry in California agrees that success necessitates a diverse, multi-port strategy. While ACP-CA urges the state to focus its near-term efforts on supporting the first two S&I ports needed to bring the first offshore wind projects online on time, we must also begin planning the infrastructure that will meet our longer-term needs. Based on CEC's early analysis of suitable sea-space to achieve the state's 25 GW goals, we know that substantial additional offshore wind development may occur north of the Bay Area. At the same time, BOEM is preparing for a potential auction of offshore wind leases off the Southern Coast of Oregon. Washington, through the Port of Seattle, has also made it clear that it has an interest in being part of a future west coast offshore wind economy. California should take advantage of its leadership role in floating offshore wind to initiate a regional port strategy with political leadership from Oregon and Washington. By assuming

⁶ May 23 Offshore Wind Ports and Workforce Workshop Presentation, <https://www.energy.ca.gov/event/workshop/2023-05/workshop-assembly-bill-525-ports-and-workforce-development-support-floating>

this role, California can define its own success in a regional strategy, maximizing its desired in-state benefits while taking advantage of the efficiencies and savings that will be afforded through cooperation.

Conclusion

The Energy Commission and State Lands Commission have completed very helpful analyses on the suitability of seaports to support floating offshore wind. Now is the time to draw appropriate conclusions from this analysis and identify the specific next steps the state will commit to taking in order to produce a comprehensive and actionable port and workforce strategy. We look forward to continued collaboration with the State on this topic as we prepare to launch the offshore wind industry together.

Sincerely,



Molly Croll
Director, Pacific Offshore Wind
American Clean Power Association