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NHA Comments on the Final 2024 Integrated Energy Policy Report Update

Additional submitted attachment is included below.

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October 6, 2025

Chair David Hochschild
Vice Chair Siva Gunda
California Energy Commission
Docket Unit, MS-4
Docket No. 24-IEPR-01
715 P Street Sacramento, CA 95814-5512

Subject: National Hydropower Association Comments on the Final 2024 Integrated Energy Policy Report Update

Dear Chair Hochschild and Vice Chair Gunda:

The National Hydropower Association (NHA) is pleased to submit comments on the Final 2024 Integrated Energy Policy Report (IEPR) Update. NHA is a non-profit national association dedicated to advancing water power as a reliable, affordable, and renewable source of baseload electricity, currently serving an estimated 30 million Americans. NHA's members represent the full range of water power technologies, including conventional hydropower, pumped storage, and marine energy systems.

The following comments focus on marine energy—encompassing wave, tidal, and ocean and river current systems. For clarity and consistency, we will refer to this suite of technologies collectively as "marine energy" throughout the remainder of these comments.

Since we have submitted comments to the California Energy Commission (CEC) throughout the 2024 IEPR process, we will keep this submission brief and focus exclusively on the "Next Steps and Recommendations" section of Chapter 2: Senate Bill 605 Evaluation of Feasibility, Costs, and Benefits of Wave and Tidal Energy Resources. We applaud CEC on the inclusion of marine energy-specific recommendations to the Governor and Legislature on page 73 of the IEPR update. By including five succinct recommendations, the CEC shows that it is focused in its actions to explore how marine energy can "help advance California's clean energy goals and diversify its renewable generation mix." We especially appreciate the second recommendation:

> *Explore the potential development of market policies to support investment in wave and tidal energy technology, such as the development and investments in technology research, demonstration, and deployment.*

"Market policies" can mean a variety of things, and a portfolio of these policies will be necessary for the state of California to address gaps in marine energy technology, research, and deployment, before eventually supporting commercial scale-up. The years ahead should include a phased approach to implementing marine energy market policies. Such a phased approach could look something like this:

1) **State cost-share support:** One logical place to start is a program to provide cost-share for federally funded projects. Generally speaking, for demonstration devices for research purposes, the U.S. Department of Energy has recently funded 80 to 90 percent of projects, leaving 10 to 20 percent of funds for developers to cover on their own. While the 80 to 90 percent federal cost share is significant, the "research" aspect does not provide any return to private investors, but rather shows the potential for future returns with scale. Small businesses in the marine energy sector often spend a significant amount of their time and effort on raising the final 10 to 20 percent cost-share (which is required to access the other 80 to 90 percent), sacrificing resources that would be more effectively applied to technology development. By creating a program that supports federal award recipients with state cost-share, California could 1) ensure that all company activities are directed toward activities critical to successful technology demonstrations, and 2) motivate companies to stay in California in the long term.
2) **Investment tax credits:** Once marine energy demonstration projects have been deployed with moderate state cost-share support, marine energy technology developers will work on scaling their manufacturing capabilities. However, for these companies to successfully scale their manufacturing capabilities (and for project developers to successfully deploy projects with the resulting devices), there should exist support mechanisms to suggest an attractive return on investment for private capital investors. This is where a marine energy investment tax credit (ITC) could attract projects to California, when they may otherwise go to other states with significant marine energy resources like Alaska, Oregon, or Washington. A relevant example is the Offshore Wind Tax Incentive Program in Massachusetts, established in 2022. As written in the Governor's FY25 budget recommendation, the program's "Wind Power Incentive Investment Credit is available for certified offshore wind companies that make a capital investment in an offshore wind facility that they either own or lease in an amount up to 50 percent of such investment." While the program requires projects to have a capital investment of at least $35 million and a full-time employment of at least 200 employees, a marine energy ITC in California should of course be designed for marine energy, not offshore wind, and for the specific employment conditions in California, not Massachusetts.
3) **Clean transition tariff:** While a marine energy ITC would help create sufficient supply for off-takers, a clean transition tariff (CTT) would help create sufficient demand from off-takers. Companies that require data centers, many of which are based in California, argue that since consistent energy is more valuable than intermittent energy, it should draw a higher price from buyers. Marine energy resources are more consistent and more predictable than solar and wind energy resources, and therefore should fetch a higher price. While no state yet uses granular renewable energy certificates (granular RECs), or time-based energy attribute certificates (T-EACs), Google and NV Energy "asked Nevada regulators for permission to enter into a power supply agreement based on a proposed 'Clean Transition Tariff' that would allow large energy users to pay a premium for 24/7 clean energy from new resources" in June 2024. The Public Utilities Commission of Nevada approved the CTT in May 2025, allowing Google to procure 115 MW of geothermal power from Fervo Energy to run its data centers.

We would not push to adopt these market policies in haste; rather, the state of California should set pragmatic interim targets for marine energy deployment before adopting the next logical market policy. For example, ITC adoption may occur after a certain amount of marine energy demonstration projects have occurred offshore California, and CTT adoption may occur after some predetermined amount of marine energy capacity has been deployed offshore California.

While the ITC and CTT explanations above include examples from other states, California should not only look at energy policies in other states; California should consider how its own offshore wind policies can be applied to the local marine energy sector. Here are a few examples:

1) Language from AB 525, which directed the CEC to "complete and submit a strategic plan for offshore wind development in federal waters off the California coast to the California Natural Resources Agency and the relevant fiscal and policy committees of the State Legislature," could be applied to marine energy. In addition to the final strategic plan released in July 2024, the CEC released multiple interim reports during the implementation of AB 525. These types of interim reports, where the CEC creates capacity targets, quantifies economic benefits, and sets a permitting roadmap, would also be invaluable to the marine energy sector in California.
2) Within the $10 billion climate bond (Proposition 4) California voters approved in 2024, there is $475 million available for port infrastructure for offshore wind development. The CEC, as well as entities like the Humboldt Bay Harbor, Recreation, and Conservation District and the Port of Long Beach, should ensure the resulting port upgrades are sufficient to support the buildout of marine energy technologies in addition to offshore wind technologies. If the Legislature introduces additional climate bonds in future sessions, then it should use the results from a "marine energy version" of AB 525 to inform whether and to what extent it includes support for marine energy infrastructure.
3) Once marine energy technologies have been further proven out commercially, either in California or elsewhere, the California Public Utilities Commission (CPUC) should set a procurement target similar to the offshore wind target it set in August 2024, when it announced that it would request the California Department of Water Resources (DWR) to procure up to 7.6 GW of offshore wind nameplate capacity by 2037.

Thank you for providing another opportunity to participate in the SB 605 process. We look forward to our continued engagement with the CEC.

Sincerely,

Kelly Rogers

Senior Program Manager

National Hydropower Association

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