

DOCKETED

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Port funding request from ACP-CA, OWC, CAPA, BNOW

Additional submitted attachment is included below.



April 13, 2022

Honorable Nancy Skinner
Chair, Senate Budget Committee
California State Capitol Swing Space
1020 O Street, Room 8630
Sacramento, CA 95814

Honorable Bob Wieckowski
Chair, Senate Budget Subcommittee #2
California State Capitol Swing Space
1020 O Street, Room 6530
Sacramento, CA 95814

Honorable Phil Ting
Chair, Assembly Budget Committee
California State Capitol Swing Space
1020 O Street, Room 8230
Sacramento, CA 95814

Honorable Richard Bloom
Chair, Assembly Budget Subcommittee #3
California State Capitol Swing Space
1020 O Street, Room 8130
Sacramento, CA 95814

SUBJECT: Budget Augmentation of Offshore Wind Energy Deployment Facility Improvement Program

Dear Senators Skinner and Wieckowski and Assembly Members Ting and Bloom:

The undersigned coalition, including organizations representing global and state offshore wind developers and supply chain leaders, renewable energy providers, and California’s port authorities all support the responsible development of future offshore wind projects in federal waters off California’s coasts. This coalition is committed to supporting legislation that increases port infrastructure upgrades at California’s ports to help expedite the transition to cleaner energy resources in our state and provide significant environmental and economic benefits. As such, we respectfully request that the Legislature increase funding to improve port infrastructure which will be critical to accommodate future offshore wind deployment in California. Specifically, we respectfully request that the Legislature augment Governor Newsom’s proposed \$45 million with an additional \$55 million for the 2022-23 budget, thereby allocating a total of \$100 million for the reasons outlined below.

Redoubling State’s Climate Change Leadership by Supporting Offshore Wind Infrastructure

Last year the Legislature overwhelmingly supported California advancing the responsible development of offshore wind with the passage of Assembly Bill 525 (Chiu – Chapter 231, Statutes), which requires the state to develop, by June 1, 2022, offshore wind planning goals for 2030 and 2045, in addition to developing a five-part strategic plan for offshore wind developments by June 30, 2023, including an assessment of California’s waterfront facilities to help determine what infrastructure upgrades are needed to meet offshore wind deployment. We appreciate your collective leadership, and working with the Newsom Administration, you signaled the state’s desire through last year’s budget to provide initial planning and infrastructure resources for the North Coast that will help bring this reliable renewable energy resource online.

Examples include a \$20 million appropriation in the 2021-22 budget for offshore wind planning, which included \$11 million for early upgrades to accommodate offshore wind development in Humboldt County. We applaud the Port of Humboldt and the County’s early efforts as they are much further along

than the rest of the state in bringing future offshore wind projects to reality to help meet President Biden's national goal of 30 gigawatt of offshore wind by 2030.

This session, the Legislature could lead again by focusing timely action on developing a multi-ports strategy to fund infrastructure necessary to support this new clean energy industry and to create good living wage jobs for our coastal communities. This is especially timely given the state's significant 2022-23 budget surplus, which provides an opportunity to dedicate more funding for needed infrastructure and one-time capital outlay projects in the face of an ongoing surplus that is likely to be in the tens of billions.

Offshore wind is a strong, consistent renewable resource that produces energy at a time of day when energy demand is high, complementing other renewable energy and increasing overall system reliability. California's SB 100 Joint Agency Report notes that deploying at least 10 gigawatts (GW) of offshore wind by 2045 will reduce overall portfolio costs by at least \$2 billion per year. Creating adequate and timely port infrastructure to support offshore wind development, and ongoing operation and maintenance of floating offshore wind structures, is an essential component of realizing the potential of offshore wind supply chain and job creation.

California does not currently have port capacity necessary to support the construction of multiple commercial-scale offshore wind farms, especially on the Central Coast, where there is available sea space and transmission infrastructure necessary to build at least three GW of offshore wind capacity by 2030. The state must begin planning today to address issues of sea-space, environmental permitting, electric transmission, port improvements, supply chain, and workforce training. Without an urgent and focused effort, lack of port infrastructure could hinder development of this resource and a robust offshore wind supply chain, thereby reducing the economic and environmental benefits of offshore wind deployment. As such, it is critical to initiate a multi-ports strategy, backed with sufficient funding for port infrastructure upgrades, that identifies available port areas that can support offshore wind development.

Increase Infrastructure Port Funding, Expedite Feasibility Studies

The Governor's proposed budget included an allocation of \$45 million for port developments and feasibility studies. We support increasing this amount to a total of \$100 million, which will create a fund available for port engineering, design, environmental planning, and construction activities. This fund would also support grants to ports and local governments to secure federal matching funds that are available under the recently enacted Infrastructure Investment and Jobs Act.

We support the California Energy Commission (CEC) and the State Lands Commission (SLC) to complete the necessary port feasibility studies and to develop a plan for port infrastructure development in the State needed to support the final assembly and operation and maintenance of offshore wind projects. To complete the work required under AB 525, and to provide state matching grants for port upgrades and, if necessary, new port construction in California, those agencies will need at least \$5 million to complete the ports engineering and feasibility studies required under AB 525, and to develop a port development plan that:

1. Starts from a baseline of publicly available information, including existing port assessments and plans prepared to date by the Bureau of Ocean Energy Management, the Schatz Energy Research Center, and Humboldt County;
2. Defines the port infrastructure requirements needed to assemble, operate, and maintain floating offshore wind structures on the Central Coast capable of producing more than three GW of electricity by 2030;

3. Analyzes available port infrastructure in California considering those needs and ranks existing ports based on their suitability to support floating offshore wind development at scale and in a timeframe consistent with the goal of at least 3 GW of installed capacity by 2030;
4. Considers alternative locations, especially on the Central Coast, for new or expanded port infrastructure suitable to assemble, operate and maintain floating offshore wind structures capable of producing more than three GW of electricity by 2030 (e.g., in the Morro Bay Wind Energy Area (WEA); and
5. Recommends a proposed solution, i.e., identifies one or more new or existing port facilities in Central or Southern California capable of supporting the timely development of at least three GW of floating offshore wind in the Morro Bay WEA by 2030 (and is forward looking enough to accommodate the state's ultimate plan for full offshore wind build out beyond 2030).

The analysis and recommendations to the Legislature should consider all relevant factors, including costs and feasibility, relative economic, air quality, and other benefits to the State and affected communities, as well as distance to and from the Morro Bay WEA and associated tow duration, fuel consumption, air emissions, and other costs that will impact the levelized cost of energy produced from the windfarm installations off the coast of Morro Bay.

Once those studies and port development/redevelopment plans are complete, the State will need up to \$95 million of available funds to support the design engineering studies, environmental review and permitting of new or expanded port infrastructure, and construction activities. That amount will support direct grants in addition to matching grants to leverage available federal funding for port redevelopment and port construction.

The Benefits

- Developing a comprehensive plan for port infrastructure development in California, as required by AB 525, will enable the timely development of at least 3 GW of offshore wind on the Central Coast by 2030.
- Port infrastructure development will create thousands of family wage job opportunities for Californians and enable the State to meet its clean energy and offshore wind goals.

Finally, we encourage the CEC, in its current effort to establish offshore wind goals, to take a bold approach and consider setting goals that would establish California as a leader in offshore wind. We support planning to reach 3 GW of offshore wind by 2030, and to create a steady supply chain and jobs by maintaining consistent growth each year until 2045. Therefore, we encourage the CEC to consider establishing goals 18 GW by 2045 and up to 20 GW by 2050.

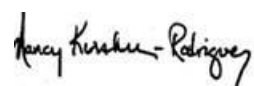
Sincerely,



Varner Seaman
American Clean Power-CA



Adam Stern
Offshore Wind California



Nancy Kirshner-Rodriguez
Business Network for Offshore Wind



Martha Miller
California Association of Port Authorities

cc: Governor Gavin Newsom
Keely Bosler, Director of Department of Finance
Ana Matosantos, Cabinet Secretary, Governor's Office
Karen Douglas, Senior Energy Advisor, Governor's Office
Commissioner David Hochschild, Chair of CEC
Commissioner Kourtney Vaccaro, CEC
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Assembly Speaker Anthony Rendon
Senate Republican Leader Scott Wilk
Assembly Republican Leader James Gallagher
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