



To: House Committee on Natural Resources Republican Members
From: Subcommittee on Energy and Mineral Resources; Ashley Nichols
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Date: September 6, 2022
Subject: Field Hearing: “*Power in the Pacific: Unlocking Offshore Wind Energy for the American West*”

The Subcommittee on Energy and Mineral Resources will hold an oversight field hearing titled, “*Power in the Pacific: Unlocking Offshore Wind Energy for the American West*” on Thursday, September 8, 2022, at 10:00 A.M. PDT. This is an in-person only hearing, which will be held at the Morro Bay Community Center in Morro Bay, California.

Member offices are requested to notify Ashley Nichols (Ashley.Nichols@mail.house.gov) if their Member intends to attend and participate in the field hearing. Submissions for the hearing record must be submitted through the Committee’s electronic repository at HNRCDocs@mail.house.gov.

I. KEY MESSAGES

- Wind energy development on the Outer Continental Shelf (OCS) has the potential to create jobs and diversify the energy sector. However, there are many competing interests that enjoy access to the OCS, complicating wind energy deployment offshore California and elsewhere in the U.S.
- California has a large population with a correspondingly high energy demand. The state has also enacted laws to meet 100 percent of its electricity needs from zero-carbon sources by 2045.¹ These factors, in addition to the wind generation potential of the region, have contributed to industry interest in developing the Pacific for offshore wind.
- Despite the region’s wind energy potential, multiple local concerns, conflicts with the Department of the Defense, opposition from the commercial fishing industry, and other competing interests along with state and Federal regulatory burdens, will make full-scale deployment of wind energy in this area challenging.
- While offshore wind development would provide opportunities to diversify California’s energy supply, California should pursue an “all-of-the-above” energy strategy to address ongoing electricity reliability concerns and rising prices for ratepayers.

¹ Laura Comay, Congressional Research Service, *Offshore Wind Energy: Federal Leasing, Permitting, Deployment, and Revenues*, (Dec. 7, 2021) <https://sgp.fas.org/crs/misc/R46970.pdf>.



II. WITNESSES

Panel I:

- Mr. Doug Boren, Pacific Regional Director, Bureau of Ocean Energy Management, U.S. Department of the Interior
- Mr. Ronald Tickle, Deputy Assistant Secretary of Defense for Real Property, U.S. Department of Defense

Panel II:

- Jordan Cunningham, Assembly Member, 35th District, California State Assembly [*Republican Witness*]
- Commissioner Kourtney Vaccaro, Lead Commissioner for Offshore Wind, California Energy Commission
- The Hon. Dawn Ortiz-Legg, Supervisor, San Luis Obispo County
- The Hon. Violet Sage Walker, Chairwoman, Northern Chumash Tribal Council

Panel III:

- Debbie Arnold, Supervisor, 5th District, San Luis Obispo County [*Republican Witness*]
- Mr. Jeremiah O'Brien, Vice President, Morro Bay Commercial Fisherman's Organization
- Mr. Mario Cordero, Executive Director, Port of Long Beach
- Mr. Josh Boswell, REACH Central Coast

Panel IV:

- Aaron Bergh, Owner of Calwise Spirits Co. & President of The Distillers of San Luis Obispo County [*Republican witness*]
- Mr. Adam Stern, Executive Director, Offshore Wind California
- Mr. Mark Simonin, Business Manager, IBEW Local 639
- Mr. Eddie Ahn, Executive Director, Brightline Defense

III. BACKGROUND

President Biden has set aggressive goals for electric grid decarbonization and renewable energy deployment, aiming to fully decarbonize the U.S. power grid by 2035.² Toward this end, the Department of the Interior (DOI) aims to double renewable energy production from offshore wind to a total of 30 gigawatts³ (GW) by 2030.⁴ However, offshore wind development is hampered by regulatory burdens at multiple levels of government. Meanwhile, conflicting federal, state, local, and private interests pose numerous competing priorities that offshore wind developers must balance.

Additionally, the Biden Administration has pushed a major scale-up in renewables to “replace” energy generation and jobs lost in the conventional energy sector as a result of their anti-

² The White House, *President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-Paying Union Jobs and Securing U.S. Leadership on Clean Energy Technologies*, <https://bit.ly/3BZhJO3>.

³ A gigawatt is enough electricity to power up to 750,000 homes. AJ Dellinger, *Gigawatt: The solar energy term you should know about* (Nov. 16, 2021) <https://www.cnet.com/home/energy-and-utilities/gigawatt-the-solar-energy-term-you-should-know-about/>.

⁴ The White House, *President Biden Takes Executive Actions to Tackle the Climate Crisis at Home and Abroad, Create Jobs, and Restore Scientific Integrity Across Federal Government*, <https://bit.ly/3knbv19>.

conventional energy policies. However, that scale-up is simply not feasible in the short term. While renewables are certainly growing in our energy mix, current technology is not capable of shouldering the high demands of the American electric grid or replacing the hundreds of thousands of good-paying jobs supported by other facets of the energy sector and related industries. It is for these reasons that Republicans support an all-of-the-above energy strategy that empowers communities to utilize all the energy resources available to them in the appropriate mix to provide safe, efficient, reliable electricity to their citizens.

Wind Leasing on the Outer Continental Shelf (OCS):

Offshore wind leasing in federal waters, authorized under the *Outer Continental Shelf Lands Act* (OCSLA; 43 U.S.C. 1331 et seq.) and administered by the Bureau of Ocean Energy Management (BOEM), has until now been limited to waters off the East Coast. However, advancements in technology and growing interest from industry have incentivized wind leasing offshore California and elsewhere.

In addition, new requirements in the *Inflation Reduction Act of 2022* (IRA)⁵ may affect the pace of offshore wind leasing. The IRA requires that, during the first 10 years after its enactment, DOI cannot issue a lease for offshore wind development on the OCS unless an offshore oil and gas lease sale has been held in the previous year. This requirement pits the Biden administration's well-documented resistance to regular oil and gas leasing directly against their renewable energy goals. It is currently unknown how this new policy will affect offshore wind deployment – or oil and gas development – on the OCS.

The first lease sale offshore California was announced on May 26, 2022.⁶ The Proposed Sale Notice included three proposed lease areas in the Morro Bay Wind Energy Area (central coast of California) and two proposed lease areas in the Humboldt Wind Energy Area (northern coast of California).⁷ These prospective lease areas total approximately 373,268 acres, with an energy generation potential of around 4.5 GW.⁸ The 60-day public comment period on the Proposed Sale Notice closed on August 1, 2022.⁹ These comments, along with environmental analysis and required consultations, will inform possible changes to the leasing areas. This process will conclude with the release of a Final Sale Notice, which will be published in the Federal Register at least 30 days before BOEM conducts the lease sale.¹⁰

Overlapping Agency Jurisdiction:

Many offshore wind projects, particularly those involving new transmission, cross wide areas of offshore lands with a variety of private, county, state, and federal ownership. This creates overlapping jurisdictions and authorities, with each level of government having its own permitting processes, approval timelines, and requirements to be coordinated and completed. At the Federal level, BOEM, the Federal Energy Regulatory Commission (FERC), the National

⁵ Public Law 117-169.

⁶ U.S. Department of the Interior, *Biden-Harris Administration Proposes First-Ever California Offshore Wind Lease Sale*, (May 26, 2022) <https://www.doi.gov/pressreleases/biden-harris-administration-proposes-first-ever-california-offshore-wind-lease-sale>.

⁷ 87 Fed. Reg. 32443, <https://www.boem.gov/sites/default/files/documents/renewable-energy/state-activities/california/2022-11537.pdf>.

⁸ *Supra* n. 6.

⁹ *Supra* n. 7.

¹⁰ *Id.*

Oceanic and Atmospheric Administration (NOAA), and the Department of Defense (DOD) all have jurisdictional interests in the siting of offshore energy projects, in addition to the many state and local governments that wield significant power in ultimate decision-making. Coordination among all the interested government parties will be crucial to the successful deployment of offshore wind in the Pacific.

Local Opposition to Wind Energy:

Local opposition to wind development has existed since the inception of the offshore wind industry in the United States. Community concerns may be focused on aesthetics (e.g., not wanting beachfront views obstructed), but may also include opposition to transmission construction close to their neighborhoods. In California, another regional concern is the possible designation of the Chumash Heritage National Marine Sanctuary.¹¹ This area would comprise approximately 7,000 square miles off the central coast of California, adjacent to the Morro Bay Wind Energy Area (WEA).¹² BOEM cannot issue leases, rights-of-way, or easements within any unit of the National Marine Sanctuary System.¹³ A designation of the Chumash Heritage National Marine Sanctuary would likely impact offshore wind developers' ability to build transmission, expand their operations, or even site projects in economically viable areas. One of the witnesses at the hearing, Ms. Violet Sage Walker, is the Chairwoman of the Northern Chumash Tribal Council and will likely represent the tribal perspective on this designation. Other local witnesses will include Supervisor Dawn Ortiz-Legg of San Luis Obispo County, Mr. Eddie Ahn, Executive Director of Brightline Defense Jordan Cunningham, Assembly Member for the 35th Assembly District, Debbie Arnold, San Luis Obispo County Supervisor and Aaron Bergh, Owner of Calwise Spirits Co. & President of The Distillers of San Luis Obispo County.

Concerns of the Commercial Fishing Industry:

In California and elsewhere where offshore wind power has been developed or proposed, the commercial fishing industry, recreational anglers and fishing-dependent communities are concerned that they will lose access to the waters used for wind power development. Commercial fishing access, such as bottom fishing and trawling, could be lost if wind turbines are sited in offshore California.¹⁴ As a result, a number of commercial fishing organizations have banded together to form the California Fisherman's Resiliency Association, to act as a unified voice for the fishing industry in offshore wind development.¹⁵ Mr. Jeremiah O'Brien, the Vice President of the Morro Bay Commercial Fisherman's Organization (Morro Bay CFO), will testify on what role the fishing industry can play in the regulatory process and concerns over loss of fishing access. Although there is a diversity of catch from Morro Bay CFO's membership, a significant amount of the species caught is Dungeness Crab, which resides on the ocean floor.¹⁶

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ Matthew Renda, *California takes step toward first offshore wind farm on West Coast* (April 7, 2022), <https://www.courthousenews.com/california-takes-first-step-toward-first-offshore-wind-farm-on-west-coast/>.

¹⁵ *Fishermen Join Forces Amid Humboldt County Offshore Wind Development*, TIMES STANDARD (June 11, 2022) <https://www.times-standard.com/2022/06/11/fishermen-join-forces-amid-humboldt-county-offshore-wind-development/>.

¹⁶ Morrow Bay Commercial Fisheries, *2017 Economic Impact Report* (Dec. 2017) https://www.mbcfo.org/uploads/1/4/4/8/14484252/lwc_final_mb-econ2017_121817.pdf, at 15.

Conflicts with the Department of Defense:

One of the complications of any energy production offshore, either conventional or renewable, is the difficulty balancing two national priorities – national defense and energy production. The DOD relies on large swaths of federal waters for readiness and training exercises,¹⁷ both aerial and on the sea-surface. This presents a natural conflict with permanent non-military infrastructure, such as that used for energy production. In California, DOD training areas are widespread and pose conflicts for some high potential WEAs. To attempt to deconflict these interests, in May 2021, the White House, DOI, DOD, and the State of California announced an agreement on an area, known as the “Morro Bay 399 Area,” constituting about 399 square miles (255,487 acres) off California’s central coast that could support around 3 GW of offshore wind generation.¹⁸ DOD has determined the proposed Morro Bay WEAs included in the upcoming California lease sale are suitable for development; however, site-specific stipulations in consultation with DOD will likely be required.¹⁹ If the DOD places stipulations on wind projects that are too extensive, it is possible these will threaten the economic viability of the project and depress interest in leasing in these areas. Mr. Ronald Tickle, Deputy Assistant Secretary of Defense for Real Property of DOD, will be testifying at this hearing.

Impacts of the Endangered Species Act and Other Federal Statutes on Offshore Wind Permitting:

Offshore wind energy projects may impact marine species through noise, obstruction, and water quality impacts, and may impact avian species through bird strikes. These potential impacts can implicate the Endangered Species Act (ESA),²⁰ the Marine Mammal Protection Act (MMPA),²¹ and the Migratory Bird Treaty Act (MBTA).²² The agencies that administer the provisions in these statutes do not have final authority over leasing decisions but are likely to be involved in the environmental review process leading to a final DOI decision.²³ Specifically, the ESA prohibits the “taking” of an endangered or threatened species.²⁴ The term “take” is broadly defined as “to harass, harm, pursue, hunt, shoot, wound, kill, trap, capture or collect, or to attempt to engage in any such conduct.”²⁵ Any federal action that could impact endangered species must engage in Section 7 consultation with the U.S. Fish and Wildlife Service (USFWS) or the National Marine Fisheries Service (NMFS).²⁶ Section 7 consultation refers to this numbered section of the ESA, which requires Federal agencies to consult with USFWS or NMFS to ensure that actions they fund, authorize, permit, or otherwise carry out will not jeopardize the continued existence of any listed species or adversely modify designated critical habitats.²⁷ Wind energy projects may be allowed to proceed despite some incidental takes, but mitigation is

¹⁷ *Supra* n. 1.

¹⁸ *Supra* n. 7.

¹⁹ *Supra* n. 7.

²⁰ 16 U.S.C. §§1531-1544.

²¹ 16 U.S.C. §§1361-1407.

²² 16 U.S.C. §§703-712.

²³ Adam Vann, Congressional Research Service, *Wind Energy: Offshore Permitting*, (March 8, 2021)

<https://crsreports.congress.gov/product/pdf/R/R40175/16>.

²⁴ 16 U.S.C. § 1538.

²⁵ *Id.*

²⁶ NOAA Fisheries, *Section 7 of the Endangered Species Act and Offshore Wind*, Slide 2, (March 17, 2017)

https://www.boem.gov/sites/default/files/renewable-energy-program/Day-1-Morning_Crocker_ESA.pdf.

²⁷ U.S. Fish and Wildlife Service, *ESA Section 7 Consultation*, <https://www.fws.gov/service/esa-section-7-consultation>.

usually required and may be extensive. ESA, MMPA, and MBTA pose serious permitting and litigatory barriers for offshore wind and other kinds of energy development.

Lack of Transmission:

Another issue facing wind energy buildout is the lack of transmission to get the power to major population centers. Increasing transmission is required for largescale renewable energy expansion, but permitting transmission is extremely difficult and time-consuming. Currently, connectivity to the California electric grid is possible through existing transmission infrastructure at Diablo Canyon and Morro Bay.²⁸ However, significantly more transmission infrastructure will be needed to bring future wind power to shore. In addition, the type of infrastructure likely utilized for offshore wind in California – floating turbines – has yet to be used in the United States.²⁹ Uncertainty over the future infrastructure of offshore transmission makes wind developers cautious, fearing that generation projects may reach completion before sufficient transmission is fully available to bring the power to market.³⁰

Job Opportunities and Economic Benefits:

Committee Republicans support an all-of-the-above energy strategy, and the potential for federal revenues and job growth in the offshore wind sector are promising. In fact, a wind lease sale offshore Massachusetts in 2018 generated a record-breaking \$405 million in bonus bid revenues.³¹ According to DOI, new wind leasing in the Pacific has the potential to create thousands of jobs and other economic benefits to the region.³² As this new sector continues to develop, it is important to continue to be cognizant of ways to prioritize creating good paying American jobs. Mr. Mark Simonin, Business Manager of the International Brotherhood of Electrical Workers Local 639, will likely speak to job potential from a union perspective at this hearing.

State Energy Shortage and Diablo Canyon Nuclear Power Plant:

The State of California has suffered from significant energy shortages in recent years, with rolling blackouts reported during the summer of 2020.³³ The energy crisis is likely to worsen as the state continues to enact policies to shift away from conventional fuel sources without sufficient replacement power. The consequences of these decisions are already apparent, with residents asked on August 30, 2022, to avoid charging electric vehicles and other large appliances during peak hours to reduce stress on the electric grid.³⁴ Such warnings signal increasing challenges in the coming years as other state policies go into effect; for instance, only

²⁸ REACH, *Economic Benefits of 3GW Offshore Wind in Morro Bay – Estimated at \$262 Million and 650 Good-Paying Jobs Annually – Depend on Port*, (May 26, 2021) <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/>.

²⁹ *Supra* n. 1.

³⁰ Staff briefing. Orsted. November 2, 2021.

³¹ U.S. Department of the Interior, *Bidding Bonanza! Trump Administration Smashes Record for Offshore Wind Auction with \$405 Million in Winning Bids*, (Dec. 14, 2018) <https://www.doi.gov/pressreleases/bidding-bonanza-trump-administration-smashes-record-offshore-wind-auction-405-million>.

³² *Supra* n. 6.

³³ Nathan Rott, *California Issues 1st Rolling Blackouts Since 2001 As Heat Wave Bakes Western U.S.*, NPR, (Aug. 15, 2020)

<https://www.npr.org/2020/08/15/902781690/california-issues-first-rolling-blackouts-since-2001-as-heat-wave-bakes-western->

³⁴ California ISO, Heat Bulletin, (Aug. 30, 2022) <http://www.caiso.com/Documents/excessive-heat-starting-tomorrow-will-stress-energy-grid.pdf>.

days before the warning to avoid charging electric vehicles, California announced a ban on the sale of gas-powered cars by 2035.³⁵

Due to growing concerns about power shortages, on September 1, 2022, the California legislature voted to extend the life of the Diablo Canyon nuclear plant, which had been slated for closure in 2025.³⁶ This deal would keep the plant open for another five years, contingent on a loan agreement between PG&E Corp. (a California utility and owner of the plant) and the Department of Energy (DOE) – PG&E will receive a \$1.4 billion loan to run the plant through October 2030, but only if DOE reimburses the expense to the state.³⁷ PG&E has until September 6 to apply for the federal funding, and will also need approval from the Nuclear Regulatory Commission to extend the plant’s operating license, an often years-long process.³⁸ California has a goal of sourcing all of its energy needs from renewable sources by 2045, a target that may be difficult to achieve without Diablo Canyon, the state’s single largest power source in 2021.³⁹

³⁵ State of California Air Resources Board, *Advanced Clean Cars II Regulations*, Resolution 22-12, Agenda Item No.: 22-10-1, (Aug. 25, 2022), <https://ww2.arb.ca.gov/sites/default/files/barcu/board/books/2022/082522/prores22-12.pdf>.

³⁶ Nathan Rott, *California lawmakers extend the life of the state's last nuclear power plant*, NPR, (Sept. 1, 2022),

<https://www.npr.org/2022/09/01/1119778975/california-lawmakers-extend-the-life-of-the-states-last-nuclear-power-plant>.

³⁷ David R Baker and Mark Chediak, *California Lawmakers Vote to Keep Last Nuclear Plant Online*, BLOOMBERG, (Sept. 1, 2022),

<https://www.bloomberg.com/news/articles/2022-09-01/california-lawmakers-vote-to-keep-its-last-nuclear-plant-online>.

³⁸ *Id.*

³⁹ Taryn Luna, *Lawmakers approve \$1.4-billion loan for PG&E to keep Diablo Canyon nuclear plant open*, LA TIMES, (Sept. 1, 2022),

<https://www.latimes.com/california/story/2022-09-01/lawmakers-approve-1-4-billion-loan-for-pg-e-to-keep-diablo-canyon-nuclear-plant-open>.