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RE: Commercial Leasing for Wind Power Development: Outer Continental Shelf Offshore California - BOEM-2018-0045-0001

The National Ocean Industries Association (NOIA) represents more than 230 companies engaged in all sectors of the U.S. offshore energy industry, including exploration, production, equipment manufacture and supply, geophysical, catering, transportation, and other diverse offshore support services. Either directly or indirectly, our member companies are all working to explore for and produce energy and hydrocarbon resources from the nation's Outer Continental Shelf (OCS) in an environmentally sensitive and responsible manner. We have strong views focused on energy development from the domestic offshore, including the continued development of offshore renewable energy and the neighboring ports and local infrastructure that help support it.

In responding to the Bureau of Ocean Energy Management (BOEM) request for comments on commercial leasing for wind power development on the OCS offshore California, NOIA strongly encourages the Secretary of the Interior and BOEM to proceed with the broadest possible lease sales, planning, and development. Opening significant OCS acreage offshore California and scheduling regular lease sales will send a critical signal to industry in terms of potential power production. A firm commitment by BOEM to a clear leasing and regulatory structure that encourages domestic industry development will result in a solid foundation for significant job creations, technology and economic opportunity throughout the Pacific Coast. And, as we have seen with offshore oil and gas development, the benefits of offshore wind energy infrastructure will flow broadly to the entire nation in terms of jobs and energy security. By offering new wind leasing potential offshore California, BOEM can be the catalyst for significant new energy security and increased revenue to taxpayers.

Large and Diverse Leasing in the Current Call Areas

The three areas identified in the call request represent an adequate first start to a Pacific leasing program. The call areas are geographically diverse while also significantly sized to provide for multiple wind energy areas which will drive competition and create greater benefits for the American people and California consumers.

BOEM should promote a leasing plan for these areas that covers the full extent of the areas identified in the call. While the Pacific leasing program is just beginning the industry is prepared for a significant step forward with leasing of the broadest possible areas. In finalizing leasing plans BOEM should attempt to maximize the number of leases. As we saw with the December Massachusetts sale, which increased the number of leases in the call area from 2 to 3, industry is prepared to compete for opportunities in the OCS.

The current call areas are ripe for BOEM to establish multiple lease areas within most of the call areas. Between Humboldt, Morro Bay, and Diablo Canyon BOEM could create at least 6 separate lease areas off the Pacific coast, BOEM, through this one lease sale, could establish nearly half the number of leases issued in the Atlantic over the last decade. That kick start will help drive the development of the offshore wind industry in California, creating jobs and economic opportunity up and down the Pacific coast.

Technology is not a challenge to California Development

One of the greatest challenges facing regulatory agencies is keeping up with technological advancements in a rapidly developing industry. There is no doubt that the offshore wind industry is experiencing a tremendous technological boom. Project sizes previously unimagined are now the norm and turbine height, size and related energy production is advancing by leaps and bounds. While BOEM has made great strides in advancing shallow-water leasing in the Atlantic, we urge BOEM not to underestimate the state of the technology for deeper water development of floating structures in the Pacific. There is no question that the state of technology of floating offshore wind structures has advanced to the point of viability today, and even further advancements will be achieved in the next 5 to 7 years, before the projects being envisioned in this leasing call will be constructed.

Protecting the Bidding Process for Return to the Taxpayer

In the beginning of the OCS leasing program, BOEM built a leasing structure based on multiple factor auction (MFA) arrangements in lease sales to ensure that successful bidders were in a position to achieve successful wind development. Today's offshore wind industry has reached the point where greater competition means BOEM can focus instead on maximizing return to the taxpayer.

It is important for the offshore wind industry to be treated and viewed by stakeholders as a mature industry able to play a role in the energy mix -- as environmental stewards, as job creators and as a source of revenue to the Treasury -- in exchange for using the wind resources harnessed by infrastructure built on public submerged lands and waters. Because of the number of companies that have demonstrated serious interest in leasing and/or participated in lease sales, the offshore wind industry should be in a position where lease sales are won based on the highest dollar amount bid without market distortions, like bidding credits or non-monetary factors.

Additionally, awarding leases to companies with the highest bid removes any doubt about transparency and avoids criticism of how BOEM determined credits or which factors BOEM believes to be worth non-monetary rewards. Wind producers have built models of Community Benefits Agreements, Power Purchase Agreements and other factors that are important and will continue regardless of whether credits or other incentives are offered. The offshore wind industry has a track record of working across the board with stakeholders and will continue to do so regardless of credits. This is proven by the recent record lease sale by BOEM off the coast of Massachusetts where three NOIA member companies successfully won leases for a combined $405 million to the taxpayer, all without unnecessary bidding credits. NOIA member companies are prepared to participate actively off the coast of California and we encourage BOEM to focus the lease terms on maximizing the return to the taxpayer.

Start, not Goal, of Leasing Program

NOIA has strongly urged BOEM to develop a national wind leasing program with a goal of reaching at least two gigawatts of offshore leasing annually in the OCS. That level of leasing, and the subsequent development, will drive investment and capital construction for an active and competitive domestic supply chain for servicing, production and maintenance of offshore wind facilities. A competitive supply chain will not only expand jobs and benefits across industries, but will lower costs to developers, ratepayers and consumers.

For that reason, it is important that BOEM make this call and eventual leasing as large as possible However it is important that this eventual leasing isn't the goal of the Pacific program, but instead just the start. BOEM should focus on additional future call areas off of California, but also promote future leasing off of Washington and Oregon as well.

As the agency responsible for leasing the entire United States OCS, BOEM has both the control and responsibility to plan if/when/what will be developed in the OCS. As the offshore wind industry looks to grow and engage in this tremendous opportunity, a clear commitment by BOEM will spur job creation and capital investment.

Safety, Fishing and Tourism

While working offshore and heavy industrial manufacturing pose certain dangers and risks, the offshore wind industry has a remarkable track record of safety. Our companies will continue to invest heavily in a workforce of highly trained people knowledgeable about safety practices and committed to a culture of safety. BOEM should procced with confidence knowing that this is an industry prepared to protect America's workers and environment.

Finally, many opposed to offshore wind development cite concerns over conflicts with existing activities and the local way of life. However, pitting development of the OCS against tourism, fishing, or recreation creates a false choice. NOIA's oil and gas industry members have decades of experience in the Gulf of Mexico, Alaska and off the coast of California showing that oil and natural gas development and other ocean industries can co-exist and thrive alongside each other. This has been proven time and time again. Be it interactions with the Department of Defense or development of fishing or conservation resources like sanctuaries, industry has proven capable of being a good neighbor and compatible operator in the shared ocean space.

Development of the offshore wind industry faces many of the same challenges, with concerns over DOD interactions, established fisheries, and local concerns over sight lines and property values. As evident in the Gulf of Mexico, the offshore industry knows how to address these concerns and live in harmony with other interests. America needs offshore wind development for our national energy future. Finding space in the OCS to lease that energy while balancing these needs should not be a conflict but a solution. BOEM is the arbiter of that solution and should endeavor to develop the suggested policies, procedures, and streamlining as expeditiously as possible.

Closing

In closing, we reiterate NOIA's support for the broadest possible leasing area off the coast of California in conjunction with this call. BOEM can and should establish multiple large wind energy lease areas to create competition and drive development of the offshore wind industry in the Pacific. The time has come for offshore wind in California and BOEM's efforts in the OCS will create jobs, deliver greater economic, energy and national security, and simultaneously preserve the shared environmental and social values which make America special. This kind of energy development is the type of America First plan which will ensure a generation of American energy dominance.

Sincerely,

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