

August 27, 2020

The Honorable Steven T. Mnuchin  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

Secretary Mnuchin:

We commend your efforts to rapidly implement relief measures to ease economic hardship for individuals and businesses experiencing significant disruptions because of the global COVID-19 pandemic. We write to you as leaders in the U.S. offshore wind energy industry, an industry which can play an important role in our nation's economic recovery, to request targeted adjustments to existing Internal Revenue Service (IRS) guidance to ensure that offshore wind energy projects that have qualified for current law tax credits are able to *maintain* eligibility for those credits even in light of federal permitting and pandemic related delays.

The U.S. offshore wind industry is poised for significant growth. While there is currently only 30 MW of offshore wind operating in the U.S.<sup>1</sup> and 12 MW installed in federal waters,<sup>2</sup> the areas leased by the Bureau of Ocean Energy Management (BOEM) include 27,000 MW of potential development that are in various stages of permitting. Twelve projects totaling more than 9,000 MW have already secured offtake agreements with states or utilities with planned in service dates by the early-to-mid 2020s. States are planning additional auctions later this year to procure additional offshore wind energy. AWEA economic analysis<sup>3</sup> finds that deploying up to 14 GW over the next five years will deliver \$14 billion annually to the US economy growing to \$25 billion annually by 2030 and will create up to 83,000 jobs in that timeframe.

The offshore wind industry is at an inflection point where billions of dollars of capital is standing by to make investments and create jobs in supply chain development, manufacturing, port improvements, workforce development, and other areas even before projects begin construction in the water in the early-to-mid 2020s. These investments would greatly assist in our nation's economic recovery from the COVID-19 pandemic. However, investors need more certainty that planned tax credits for which projects have qualified will remain available.

Offshore wind projects are facing two challenges that could be relieved through Treasury action. First, the federal permitting timeline for offshore wind facilities from lease award to final approval can take up to eight years. For various commercial reasons, leaseholders have had to take steps to qualify projects for federal tax credits well in advance of a final federal decision. In addition, the construction timelines for offshore wind facilities are significantly longer than those of land-based wind or solar facilities, which prior Treasury start of construction guidance is

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<sup>1</sup> The Block Island Wind Farm, a 5 turbine, 30 MW project in state waters that began commercial operations in December 2016.

<sup>2</sup> The Coastal Virginia Offshore Wind Farm, a 2 turbine, 12 MW project 27 miles off the Virginia Coast. Additional information available here: <https://www.dominionenergy.com/company/making-energy/renewable-generation/wind/coastal-virginia-offshore-wind>

<sup>3</sup> *U.S. Offshore Wind Power Economic Impact Assessment*, American Wind Energy Association, March 2020, available at: [https://supportoffshorewind.org/wp-content/uploads/sites/6/2020/03/AWEA\\_Offshore-Wind-Economic-ImpactsV3.pdf](https://supportoffshorewind.org/wp-content/uploads/sites/6/2020/03/AWEA_Offshore-Wind-Economic-ImpactsV3.pdf)

largely designed around. Second, like many other sectors of the economy, COVID-19 has impacted offshore wind development, including through delayed offshore wind survey work, which in turn delays the preparation and submission of plans required by federal regulators; curtailed access to port facilities; stay-at-home orders delaying public meetings, outreach required by regulators, and state solicitations; and supply chain delivery delays.

**AWEA, NOIA and the undersigned offshore wind companies request Treasury provide the following targeted relief to improve business certainty, which will help facilitate economic recovery through offshore wind infrastructure investment, supply chain development, port revitalization and related benefits that will accrue to the U.S.:**

- Extend the continuity safe harbor in existing guidance to 7 years specifically for offshore wind facilities that start construction in 2016 or subsequent years.
- Allow projects to demonstrate continuity using continuous efforts regardless of which method (physical work or five percent safe harbor) a project used to start construction.

Thank you for your consideration of this request. We would welcome the opportunity to meet with you or your designee to discuss this issue further. Please have your staff contact Tom Vinson at AWEA ([tvinson@awea.org](mailto:tvinson@awea.org)) or Richard England at NOIA ([rengland@noia.org](mailto:rengland@noia.org)) with any questions or to follow up on scheduling a meeting.

Sincerely,

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cc: David Kautter, Assistant Secretary for Tax Policy