



June 11, 2021

The Honorable Nancy Pelosi
Speaker of the House
H-232, The Capitol
Washington, D.C. 20515

The Honorable Charles Schumer
Senate Majority Leader
S-221, The Capitol
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
H-204, The Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Minority Leader
S-230, The Capitol
Washington, D.C. 20510

Dear Speaker Pelosi and Leaders Schumer, McCarthy, and McConnell,

I write on behalf of the National Ocean Industries Association, or NOIA. An almost 50 year old organization, NOIA represents all segments of the offshore energy industry. This includes traditional fossil fuels such as oil and gas, primarily in the Gulf of Mexico, as well as important new sources of energy like offshore wind. Further, our members include not just energy developers but also the businesses - large and small - who do the work of building, supplying, and maintaining these projects. In short, our members are responsible for hundreds of thousands of jobs and vital energy needed to power this country both now and in the future.

We appreciate the work being undertaken to consider a sweeping new infrastructure package, along with a renewed focus on infrastructure in the ongoing appropriations process. As a nation, we face generational challenges and opportunities. Not only are we grappling with aging infrastructure in this country, but we are also (hopefully) pulling out of a pandemic as we reckon with the threat of anthropogenic climate change. At the same time, we are seeing a continued evolution in how this nation produces and consumes energy. Combined, these factors bring a unique opportunity for leaders to advance American infrastructure in the months ahead.

In particular, we believe this could be an opportunity to support the nascent offshore wind (OSW) industry. While this is an emerging technology here in the United States, it is one for which there is significant interest. States already have offshore wind procurement targets of nearly 30GW of electricity. An American Wind Energy Association March 2020 Report "U.S. Offshore Wind Power Economic Assessment" found that the U.S. can support up to 45,000 offshore wind-related jobs and \$14 billion in annual economic output over the next five years.¹ Further, a study commissioned by NOIA points to the possibility of up to \$1.7 billion in federal revenue in the next year or two alone.² This is an enormous possibility for the United States, but it can be greatly assisted by the right policies.

¹ <https://cleanpower.org/resources/u-s-offshore-wind-economic-impact-assessment/>

² <https://www.noia.org/offshore-energy-industry-releases-economic-impact-study-new-federal-offshore-wind-lease-auctions/>



To that end, NOIA would like to suggest legislative fixes across several areas that can help address these issues and also help spur economic growth and environmental protection. These can be roughly broken down into the following areas:

1. Vessel funding;
2. Ports funding; and
3. General energy.

Vessel Funding:

With the sheer scale of offshore wind projects likely to be built in the next decade, demand for vessels to make these projects a reality is set to skyrocket. In order to fully capture this increased demand, the following policies should be considered for the infrastructure package:

- a. Create a 30% tax credit for the US based construction or retrofit of vessels for offshore wind purposes, potentially under the umbrella of the 48C program. While tax credits for renewable energy have proven useful to expediting America's grid transformation, offshore wind is unique in that it has limited ability to come to market without increased vessel capacity. A tax credit to incentivize domestic shipbuilding and offset the enormous upfront cost of these ships could be key to fostering this domestic industry.
- b. Substantially increase the funding for Title XI MARAD loan guarantees, namely the Federal Ship Financing Program (which helps with shipyard modernization and financing of new ships). However, given repeated complaints we have heard about delays and bureaucratic issues with the program, we strongly believe the Committees should include language funding a review with the aim of streamlining or expediting the issuance of loan guarantees. With the current speed of the offshore wind industry's development, a multi-year delay helps no-one but America's competitors.

Ports Funding:

Historic port infrastructure along the east coast (and eventually the west coast) is not prepared for the potential new congestion related to offshore wind or the enormous scale of OSW components. Ports need to be prepared for heavy lift work and to accommodate the massive scale of offshore wind infrastructure, with investments reaching over \$250 million from various funding sources for the South Brooklyn Marine Terminal and over \$350 million at the Port of Albany alone. Elsewhere, developers are already looking to remedy this, with \$35 million committed for heavy lift deepwater staging facilities at the New London State Pier in Connecticut, \$40 million for construction, fabrication and operations work at ProvPort and Quonset Point, and \$13 million for Tradepoint Atlantic in Baltimore. However, clearly the federal government has a key role in ports funding and multi-billion-dollar levels of funding will be needed to establish the port infrastructure to support U.S. offshore wind. Given this, we



believe that the following funding measures should be included by this Congress to meet the requirements for multi-billion-dollar funding levels:

- a. Significant funding for the Port Infrastructure Development Program, a level that would mirror what was authorized in January's bipartisan William M. Thornberry National Defense Authorization Act for FY 2021.
- b. A significant increase in grant funding for The Better Utilizing Investments to Leverage Development Act program, to build on the nearly \$9 billion in nationwide BUILD Act program funding to date.

Congress should also ensure that the caps are lifted for these funding programs so that arbitrary levels are not in place for projects that will create and support thousands of jobs and propel the U.S. to offshore wind leadership.

General Energy

Offshore wind will bring significant new renewable energy resources to regions that have historically struggled to attract new energy capital and have been left out of “energy booms” seen in fossil fuel regions typified by shale development. Achieving this opportunity will require historic levels of capital investment and will also require development of new manufacturing facilities for the supply chain along with the skilled and semi-skilled labor pools to operate them and the projects they enable. Integrating this new energy will also come with some significant costs, for example, private investors brought together some \$250 million to develop a 1.2GW high voltage DC converter and 400 MW of battery storage—notably the Brayton Point site in Massachusetts is taking the place of a former coal plant. Ambitious projects such as this will bring net positives but *will* benefit from federal assistance.

Given this, we would recommend that this year Congress focus on passage of the following:

- a. Allow existing tax credits for offshore wind energy to be claimed under “direct pay” provisions. This makes industry less reliant on tax equity markets and instead means job creators can complete projects without financial roadblocks and unnecessary hurdles to deploying clean energy.
- b. Jobs training legislation such as the Offshore Wind Jobs and Opportunity Act or similar workforce development;
- c. In the Interior, Environment, and Related Agencies appropriations package, *at least* the full requested amount for Interior's BOEM Office of Renewable Energy Programs and Environmental Studies Program

Together, these steps will prove vitally important for allowing the expansion of offshore wind in this country, and all the benefits it will bring. At the same time, it is our belief that no policy included in this Congress should come at the expense of the essential fuels we continue to rely on such as oil and gas. Energy from the Gulf is among the cleanest available on a per-barrel basis for the American market, and paired with burgeoning renewable energy sources will help us meet important climate goals such as the Paris Accord.



Very respectfully,

A handwritten signature in black ink, appearing to read "Erik Milito". The signature is fluid and cursive, with a prominent loop at the end.

Erik Milito
President
National Ocean Industries Association