



September 23, 2022

The Honorable Nancy Skinner, Chair  
Members of the Joint Legislative Budget Committee  
1020 N Street, Room 553  
Sacramento, California 95814

Dear Senator Skinner and Committee Members:

This letter is to inform you that the California Energy Commission (CEC) is preparing to enter a sole source agreement with the National Offshore Wind Research and Development Consortium (NOWRDC) to plan and implement an offshore wind research and development program that will leverage federal and other state funding for offshore wind projects that are beneficial to California. This agreement will be for up to \$10 million in Electric Program Investment Charge (EPIC) program funds with \$1 million in program funding immediately available; the balance of \$9 million will be available contingent upon approval of future funds.

The NOWRDC is a nationally focused, not-for-profit organization that supports and promotes Research & Development (R&D) activities that address technological and supply chain barriers to deployment and helps lower development risk to investors. NOWRDC was established in 2018 when the U.S. Department of Energy selected the New York State Energy Research and Development Authority (NYSERDA), in partnership with the Renewables Consulting Group and the Carbon Trust, to lead the formation of a nationwide R&D consortium for the offshore wind industry. The NOWRDC manages industry-focused R&D with state and federal government collaboration to reduce offshore wind development costs and risks while maximizing economic benefits. Under this proposed sole source agreement, NOWRDC will be a block grant administrator. With input from the CEC, NOWRDC will competitively select grant recipients for offshore wind projects. Funds will come solely from EPIC or a combination of EPIC and other sources of leveraged funds. Awarded grants will meet all EPIC requirements.

EPIC was created to support innovative investments in clean technologies and strategies to improve the state's electricity systems and continues to benefit electricity ratepayers by investing in scientific and technological research to accelerate the transformation of the electricity sector to meet the state's energy

and climate goals. The proposed funding for the NOWRDC is consistent with EPIC's goals and investment plan objectives, which include reducing cost and accelerating market acceptance of existing and emerging utility-scale renewable generation systems and improving technologies to minimize the effects of climate change on the electric system.

California's offshore wind energy resource is an important component of the state's future energy mix needed to meet the requirements outlined in Senate Bill 100 – "The 100 Percent Clean Energy Act of 2018" (SB 100, De León, Chapter 312, Statutes of 2018). As you know, SB 100 accelerates the renewable electricity goal for California to 60 percent by 2030 and establishes a 100 percent renewable and zero-carbon electricity goal by 2045. Assembly Bill 525 (AB 525, Chiu, Chapter 231, Statutes of 2021), signed by Governor Gavin Newsom on September 23, 2021, requires the CEC, in coordination with federal, state, and local agencies and a wide variety of stakeholders, to develop a strategic plan for offshore wind energy deployment off the California coast in federal waters.

In its August 2022 report on offshore wind energy development off the California coast under AB 525 (AB 525 Report), the CEC established a preliminary planning goal range of 2 gigawatts (GW) to 5 GW of offshore wind for 2030, and 25 GW for 2045.<sup>1</sup> Furthermore, in early 2021, the Biden Administration prioritized the northern and central coasts of California as the first commercial scale offshore wind projects off the Pacific Coast. This significant milestone is part of the Biden-Harris Administration's goal to create thousands of green jobs through the deployment of 30 GW of offshore wind by 2030.

California has a significant offshore wind energy resource potential. The accessible offshore wind resource for California is estimated at 201 GW,<sup>2</sup> with about 96 percent of this resource potential located in water deeper than 60 meters where floating technology is needed. The CEC, in its AB 525 Report, evaluated studies that assess nearly 21.8 GW of offshore wind technical potential and used this 21.8 GW of potential as a baseline or reference point in its continuing evaluation of technically feasible capacity, considering different factors such as sea space, transmission and grid integration needs, port infrastructure, and impacts on coastal resources. However, California faces unique challenges in the deployment of offshore wind, including a lack of technical history and technological maturity of floating systems, deep coastal waters, high technology costs, and sensitive marine habitat.

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<sup>1</sup> Scott et al 2022, Publication Number: CEC-800- 2022-001-REV.  
<https://www.energy.ca.gov/publications/2022/offshore-wind-energy-development-california-coast-maximum-feasible-capacity-and>

<sup>2</sup> National Renewable Energy Laboratory. 2020. [2020 Offshore Wind Resource Assessment for the California Pacific Outer Continental Shelf](#).

The proposed agreement with the NOWRDC will be an important opportunity to address these challenges, co-fund research and development projects that advance offshore wind energy technology and strategies for California, leverage results from other NOWRDC projects, access a network of experts, and benefit from lessons learned from R&D and offshore wind implementation in other states. Furthermore, this agreement would allow a CEC representative to participate in the policy committee with other states, enabling CEC to leverage expertise and contribute to the national offshore wind efforts by sharing research and insights to influence NOWRDC's R&D priorities and inform project directions that are better suited for California.

Public Resources Code Section 25711.5 (h)(2)(A) allows the CEC to “use a sole source or interagency agreement method to noncompetitively award funding for a project if the project has a reasonable cost, [and] the project satisfies one or more of the criteria described in [subdivision \(f\) of Section 25620.5](#),” which are:

- (1) The proposal was unsolicited and meets the evaluation criteria of this chapter.
- (2) The expertise, service, or product is unique.
- (3) A competitive solicitation would frustrate obtaining necessary information, goods, or services in a timely manner.
- (4) The award funds the next phase of a multiphased proposal and the existing agreement is being satisfactorily performed.
- (5) When it is determined by the commission to be in the best interests of the state.

Additionally, Public Resources Code Section 25711.5 (h)(2)(A) requires both of the following conditions to be met:

- (i) The commission, at least 60 days prior to making an award pursuant to this subdivision, notifies the Joint Legislative Budget Committee and the relevant policy committees in both houses of the Legislature, in writing, of its intent to take the proposed action.
- (ii) The Joint Legislative Budget Committee either approves or does not disapprove the proposed action within 60 days from the date of notification required by clause (i).

The proposed funding agreement meets the necessary criteria, including Public Resources Code Section 25711.5(a), and it is also in the best interests of the state. A primary intent of collaborating and providing cost share funds to the NOWRDC is to help accelerate the deployment of offshore wind in California by adding to the pool of technology and expert resources needed to overcome various challenges. The NOWRDC's access to a network of experts from the

offshore wind industry, state and federal government resources, and results and lessons from offshore wind deployment projects in other states will inform the development and deployment of offshore wind in California while affording the CEC an opportunity to contribute to the national offshore wind efforts by way of research direction and priorities with respect to project awards and cost share funding.

Specifically, the CEC will be able to participate in NOWRDC's Research and Development Committee with other states, which determines the geographic diversity requirements, among other project selection criteria, thus ensuring that projects co-funded by EPIC funds are relevant and beneficial to California. In addition, the CEC will also be able to attend all other NOWRDC meetings including Energy Advisory Boards, which exist for each contracted project and provide an opportunity to engage more deeply in specific project activities, and the State Action Network, which is a venue to discuss issues impacting states and potential collaboration. Like the EPIC program, the NOWRDC supports renewable energy innovations by conducting solicitations and managing research projects that could reduce the costs associated with offshore wind and provide economic and societal benefits. California would benefit from leveraging NOWRDC's unique collaborative structure.

Currently, NOWRDC does not have other West Coast states involved (members include Maine, Maryland, Massachusetts, New Jersey, New York, and Virginia), but has expressed interest in engaging Washington and Oregon. Without the proposed formal agreement, CEC would have limited access to NOWRDC projects and information exchange.

As noted above, Public Resources Code Section 25711.5 (h)(2)(A)(i) requires the CEC, at least 60 days prior to taking an action on a proposed sole-source or interagency award, to notify the Joint Legislative Budget Committee (JLBC) and the relevant Senate and Assembly policy committees of the proposed action. This letter provides the required notice.

The JLBC has 60 days from the date of notification to either approve or disapprove the proposed action. If the JLBC approves or does not disapprove this proposed award within 60 days, the CEC is authorized to proceed with it<sup>3</sup>. The CEC anticipates executing this agreement by December 30, 2022.

If you have any questions, please contact CEC Director of Governmental and International Affairs, Anna Ferrera, at (916) 891-9172 or [Anna.Ferrera@energy.ca.gov](mailto:Anna.Ferrera@energy.ca.gov).

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<sup>3</sup> PRC section 25711.5(h)(2)(A)(ii)

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Sincerely,



Drew Bohan  
Executive Director

Enclosure

cc:

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Agency

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Genevieve Morelos, Consultant, Assembly Budget Subcommittee #3 on Climate  
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