



June 22, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Leader McConnell, Speaker Pelosi, Minority Leader Schumer and Minority Leader McCarthy:

As members of the Bipartisan Policy Center's Offshore Wind Advisory Group, we are writing to urge Congress to adopt offshore wind policies in potential upcoming legislation in the 116th Congress. In particular, we ask you to support six key policies that will support jobs, encourage economic development, and create new national energy infrastructure.

Offshore wind energy holds enormous potential in several regions of the U.S. and is a rapidly growing industry. Offshore wind projects are important to many domestic job-creating industries, including shipbuilders, manufacturers, ports, offshore services companies, and offshore wind developers, among others. The American Wind Energy Association estimates that by 2025, offshore wind energy could support up to 45,000 jobs, with the potential to reach 83,000 jobs by 2030. Yet, the U.S. offshore wind industry is still in a nascent stage with respect to its supply chain and supporting infrastructure. It is also challenged by a patchwork of federal, state, and local siting and permitting processes, as well as the changing suite of tax credits and other government incentives. In addition, the COVID-19 pandemic is resulting in substantial uncertainty and potential offshore wind project delays given continued disruption to labor markets, supply chains, and construction operations, among other factors.

In the coming months, Congress has the opportunity to address some of these challenges and strengthen the U.S. offshore wind industry while laying the groundwork for significant new investments in American energy infrastructure. Specifically, we recommend the following:

1. **National Defense Authorization Act.** When Congress examines the NDAA, it should increase authorization for the Maritime Administration's America's Marine Highways Program, Port Infrastructure Development Grants Program, and the Small Shipyards Grant Program to modernize and upgrade the nation's ports. Improved ports and other maritime infrastructure will strengthen not only the offshore wind industry supply chain, but other industries and national defense activities that rely on quality, state-of-the-art ports.
2. **Fiscal Year 2021 Department of Interior Appropriations.** As part of FY21 appropriation considerations, the Bureau of Ocean Energy Management's Office of Renewable Energy

Programs FY 2021 budget should be increased to \$28 million, of which \$3 million should be directed towards competitive lease auctions/sales and \$3 million to the review of site assessment and construction and operations plans. In addition, Congress should require the Director of BOEM to report to Congress annually on the Bureau's progress in completing competitive lease auctions/sales, reviewing and approving site assessment, right-of-way applications and construction and operations plans, and timely permitting. Other recommended report language is provided in an appendix below.

3. **Fiscal Year 2021 Department of Transportation Appropriations.** As part of FY21 appropriation deliberations, Congress should increase funding for BUILD grants (Better Utilizing Investments to Leverage Development) to support port modernization projects. Under the predecessor TIGER discretionary grants program, 14 port-related projects received capital construction grant funds. Specialized upgrades to U.S. ports for offshore wind installations—including heavy-duty cranes, turbine assembly areas, lay-down yards, deep draft berth, and multi-modal transport connections (e.g., to rail spurs and highway networks)—will also drive near-term economic development in coastal communities.
4. **Fiscal Year 2021 Department of Energy Appropriations.** During consideration of the appropriations bills, we ask for increased funding to DOE programs that fund research, development, and early deployment projects related to offshore wind energy. For example, ARPA-E's ATLANTIS program funds projects on floating offshore wind turbines with a particular emphasis on new designs, computer tools, and experiments. DOE's Offshore Wind Advanced Technology Demonstration Projects supports a portfolio of advanced wind energy technology demonstration projects across the country. DOE's National Offshore Wind R&D Consortium issues grants to address technological barriers and lower the costs and risks of offshore wind development in the United States. The DOE Loan Programs Office's resources should be expanded to support design and implementation of a planned offshore wind transmission grid, as well as supporting construction of Jones Act-compliant installation vessels by U.S. shipbuilders.
5. **Production & Investment Tax Credits.** We ask that you extend the wind production tax credit and investment tax credit for two years and revise the continuity safe harbor provision for energy projects qualifying for the PTC/ITC.
 - Project finance and supply chain development in a slowing economy is a challenge. A limited two-year extension of tax credits will reduce overall project costs and facilitate the advancement of commercial-scale clean energy projects across the United States. Successful completion of early offshore wind projects drives learning curves and efficiencies across the industry and within the federal and state regulatory system, which will help reduce costs for future projects.
 - The IRS safe harbor guidance, even with recent revisions, does not take into account the unique challenges facing the offshore wind industry. In the uncertain environment of the ongoing pandemic, it is impossible to predict what additional disruptions might occur that would impact project delivery. In addition, as a relatively young industry, offshore wind technology advancements are occurring rapidly (e.g., longer turbine blades, floating foundations). Current IRS guidance creates an overemphasis on up-front project spending and fixed construction windows, which hampers efficient procurement, local supply chain



development, and disadvantages the offshore wind industry for circumstances outside of its control. We request that you extend the continuity safe harbor by a total of three years, in addition to the standard four-year period, and that the Congress act to revise the continuity safe harbor provision to create more procurement and construction flexibility for offshore wind projects.

6. **Manufacturing Tax Credit.** We request that Congress reinstate the 48C Advanced Energy Manufacturing Tax Credit program to help spur development of a robust U.S. manufacturing capacity for American-made offshore wind turbines, nacelles, blades, subsea cables, and other parts and equipment. U.S. workers should be supplying domestic offshore wind projects, as well as supporting development of U.S. exports as the global market for offshore wind energy continues to grow.

We believe these six targeted recommendations could leverage near-term legislative opportunities and provide some of the institutional, financial, and R&D support that offshore wind needs to continue making progress in the United States. Greater federal support for the U.S. offshore wind industry would contribute to economic recovery and improved international technological leadership.

Sincerely,

Tommy P. Beaudreau
Partner & Global Co-Chair of the firm's Project Siting & Approvals Practice, **Latham & Watkins, LLP**
Former Director, **Bureau of Ocean Energy Management**

James Cotter
General Manager, Americas Offshore Wind
Shell New Energies

Colette D. Honorable
Senior Fellow, **Bipartisan Policy Center**
Former Commissioner, **Federal Energy Regulatory Commission**

Kevin Knobloch
President
New York OceanGrid LLC
Anbaric Development Partners
Former Chief of Staff, **U.S. Department of Energy**

Michele Stockwell
Executive Director
Bipartisan Policy Center Action



Stephanie McClellan
Founder/Advisor
Special Initiative on Offshore Wind at University of Delaware

Mark D. Mitchell
Vice President, Generation Construction
Dominion Energy

Noah Shaw
Partner & Co-Chair of the Renewable Energy Practice, **Hodgson Russ, LLP**
Former General Counsel of the **New York State Energy Research and Development Authority**

Pamela Venzke
President of External Affairs
Ørsted

Appendix:

Fiscal Year 2021 Interior Appropriations Report language request: *The Committee finds that offshore energy development creates jobs, stimulates investment and grows manufacturing, all while strengthening America's energy security. The Committee encourages the Department to pursue additional benefits from offshore energy production, including from wind resources on the U.S. Outer Continental Shelf (OCS). Further, the committee is encouraged by the engagement, consultation and cooperation among stakeholders that will benefit from and/or be impacted by offshore wind energy development. The Committee is concerned that frequent delays in permitting schedules have created uncertainty for the entire offshore industry about the feasibility of getting through the relevant permitting processes. In order to mitigate these concerns, the Secretary shall ensure timely permitting, reliable access, and a predictable regulatory environment throughout the American energy sector in order to provide reliable schedules, which are critical to attracting investment, securing supply chain commitments, and addressing workforce development needs in the offshore industry.*