

# RECHARGE

September 1, 2023 (Updated Sept. 5, 2023)

## California bill to centralise state procurement to unlock gigascale floating wind power

Huntington Beach, CA - October 6, 2017: Surfer Clay Pfaendler surfing off the coast of Huntington Beach California on a DMA Surfboard. Photo: Shutterstock



*Proposed law before state legislature would also fast-track grid infrastructure development, likewise needed for gigascale growth*

By **Tim Ferry**

California's governor and legislature reached an agreement to centralise electricity procurement to enable large scale deployment of clean energy, including floating wind power. The bill now before the legislature, AB 1373, would authorise the Department of Water Resources to take on the additional role of central buyer of uncontracted clean energy resources, a key concern for the nascent floating wind sector.

California lacks a central authority along the lines of the New Jersey Board of Public Utilities or the New York State Energy Research & Development Authority capable of organising procurement of vast volumes of offshore wind energy production. The bill would also fast-track **grid development**, another industry worry, particularly for the Humboldt wind energy area (WEA) off Northern California where wind resources are especially rich, but which has very limited transmission infrastructure.

"We've set some of the most ambitious clean energy goals in the nation to break the vicious cycle of climate change-caused energy emergencies – we need every tool at our disposal to achieve them," said governor Gavin Newsom. "This legislation will help us achieve a 100% clean electric grid and phase out the very pollution that causes extreme weather in the first place. We're taking action to build the clean energy we need, faster."

The bill is sponsored by assemblyman Eduardo Garcia, Democrat. Governor Newsom is a Democrat, and the party holds a supermajority in the legislature, enhancing chances for passage. Despite setting the nation's highest offshore wind targets of 3-5GW by 2030 and 25GW by 2045, the federal auction off its coastline last year underperformed expectations in large part on offtake concerns.

Last December the Bureau of Ocean Energy Management (BOEM) hosted its **first floating wind auction off California** where it sold five leases holding as much as 7GW for \$757m. At an average of \$2,000/acre, the auction fell far short of the New York Bight and the Carolina Long Bay, with California's lack of centralised buying agency leading to suppressed demand and lower prices. The lack of centralised purchasing was likewise a factor in the disappointing Gulf of Mexico auction last Tuesday that saw only a single lease out of three attract any bids.

Industry advocate American Clean Power Association (ACP) applauded the bill for charting a path forward on procurement. To get the floating wind market on its feet, "developers need a dedicated buyer with the capacity to support long lead-time, large-scale energy resources over the years it will take to stand up this new industry," said ACP-California director Alex Jackson. "This 'central procurement' mechanism will provide the market clarity needed to start unlocking billions of dollars in investments."

Vineyard Offshore CEO, Lars Pedersen told *Recharge*: "This is a great step forward, and proof positive that governor Newsom and legislative leadership realise the grid and economic benefits that offshore wind can bring, both for job creation and making California's grid cleaner and more reliable." Vineyard Offshore develops US projects that receive investment from Copenhagen Infrastructure Partners (CIP) funds. CIP was one of the winners in the California auction.

Adam Stern, executive director of industry advocacy group Offshore Wind California, called the procurement bill a "key next step" for the industry, but more work needs to be done. "We must also move forward to invest in ports and transmission, set a clear permitting roadmap, build a sustainable supply chain and workforce training, engage key stakeholders, and identify suitable sea space to reach the state's 25GW goal," he said.

Transmission upgrades are likewise in critical need and upgrading the state grid to incorporate even 10GW of floating wind will require some \$8bn in additional investment, the California ISO (Caiso) warned. Caiso operates the grid for most of the state.

The state also faces a serious shortfall in available port capacity despite its lengthy coastline. California has 11 deepwater ports including San Francisco and San Diego, but only the Port of Humboldt Bay located near the Humboldt WEA has been tipped for floating wind marshalling and installation.

The new bill is expected to be heard next week by the California Senate Energy, Utilities and Communication committee.