

United States Senate

WASHINGTON, DC 20510

October 20, 2023

The Honorable Joseph R. Biden, Jr.
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear President Biden:

We congratulate your administration on advancement of the first two commercial-scale offshore wind farms, Vineyard Wind 1 and South Fork Wind, to construction. A National Renewable Energy Laboratory study shows that in order to achieve 100% clean electricity generation by 2035, the U.S. needs roughly 2 terawatts (2,000 gigawatts) of wind and solar capacity. Offshore wind has the technical potential to provide up to 1.5 terawatts of energy from fixed-bottom offshore wind and up to 2.8 terawatts from floating offshore wind. Building out a robust portfolio of offshore wind projects could yield as many as 45,000 jobs by 2025 and 83,000 jobs by 2030.

Your administration recognized these benefits in establishing a goal of 30 gigawatts of offshore wind by 2030. Many of our states recognize the same benefits and established their own targets. Fulfillment of these state targets is central to our success in achieving the national offshore wind and clean electricity goals. Our states, however, face strong headwinds in bringing subsequent projects to commercial operation.

Offshore wind projects are negotiated via long-term contracts, which provide protection against the price volatility of fossil fuel resources. Locking in prices is valuable to ratepayers, but it leaves little room for unforeseen changes to project financing needs. The economic environment wrought by the COVID-19 pandemic, supply chain constraints, Russia's invasion of Ukraine, and increased interest rates put upward pressure on project costs, to the tune of an estimated 30-50% between 2021 and 2023. There have also been frustrations in the federal permitting process, affecting developers and fishing interests. As a result, our states are facing requests to renegotiate contracts – or risk termination of projects. In fact, one such contract between Avangrid and the state of Connecticut was recently terminated, with the developer pointing to rising costs as the cause.

Several governors recently wrote to you to request federal action. Specifically, they requested, and we echo, the following: issuing and updating Treasury Department tax credit guidance, establishing a revenue sharing program, and improving the clean energy permitting process.

- (1) Tax Credit Guidance. We request swift action by the Treasury Department (Treasury) and the Internal Revenue Service (IRS) in issuing long-awaited guidance for the Offshore Wind Investment Tax Credit. Congressional intent is clear: assets leading up to and including the onshore transformer and project substation qualify. This guidance can have a near-immediate and material impact on projects. We also urge Treasury and the IRS to ensure the Domestic Content and Energy Communities bonus credits support offshore

wind to the fullest extent possible. The Energy Communities Bonus Credit, in particular, was designed to stimulate job growth and economic development. We encourage Treasury and the IRS to make sure offshore wind can deliver benefits to as many of these communities as possible.

- (2) Revenue Sharing. Unlike oil and gas, states proximate to offshore wind facilities in federal waters do not receive a portion of the revenues generated by the project. These states deserve equal treatment for offshore facilities. The Reinvesting in Shoreline Economies and Ecosystems (RISEE) Act would remedy this discrepancy, providing states with funding to address needs related to infrastructure projects, coastal restoration, hurricane protection, and mitigation of damage to fish, wildlife, and other natural resources. We urge you to work with us to enable the passage of this sorely needed legislation and lift this unfortunate disincentive.
- (3) Clean Energy Permitting. We must also improve the manner in which we permit clean energy projects. Successful projects require careful decision-making and thorough stakeholder engagement to minimize ecosystem impacts, as well as impacts to fishing businesses. Changes to project timelines have economic consequences, particularly for these early projects where port infrastructure and available vessels are limited. Early scheduling and contracting help to spread resources, but delays for one project can disrupt the schedule of others relying on those same assets. Too often delays result from a lack of interagency coordination and collaboration as well as inadequate resources at key permitting agencies for offshore wind. We are eager to address these issues and bring about meaningful changes that improve stakeholder engagement and result in more timely project reviews and decisions.

With your leadership, we have made significant strides in addressing the climate crisis. We stand ready to work with you once again to ensure future offshore wind projects reach commercial operation and our imperative national goals are achieved.

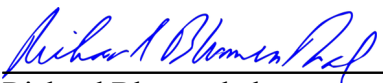
Sincerely,



Sheldon Whitehouse
United States Senator



Chris Van Hollen
United States Senator



Richard Blumenthal
United States Senator



Martin Heinrich
United States Senator



Christopher S. Murphy
United States Senator



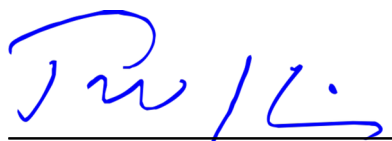
Jack Reed
United States Senator



Cory A. Booker
United States Senator



Benjamin L. Cardin
United States Senator



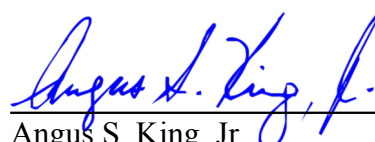
Tim Kaine
United States Senator



Kirsten Gillibrand
United States Senator



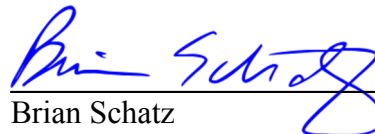
Jeanne Shaheen
United States Senator



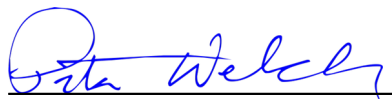
Angus S. King, Jr.
United States Senator



Mark R. Warner
United States Senator



Brian Schatz
United States Senator

A handwritten signature in blue ink, appearing to read "Peter Welch", is written over a horizontal line.

Peter Welch

United States Senator