

September 13, 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:

As governors of States leading on offshore wind development, we strongly support your goal of building 30 gigawatts of U.S. offshore wind power by 2030. Development of a domestic offshore wind industry will create thousands of jobs, provide a robust source of clean energy, strengthen grid reliability, and reduce the planet-warming emissions driving climate change. Through our procurement authorities, States are responsible for 100% of the commitments to build offshore wind in the U.S. to date, secured by contracts backed by States' ratepayers.

Unfortunately, inflationary pressures, Russia's invasion of Ukraine, and the lingering supply chain disruptions resulting from the COVID-19 pandemic have created extraordinary economic challenges that threaten to reverse these offshore wind gains. Instead of continued price declines, offshore wind faces cost increases in orders of magnitude that threaten States' ability to make purchasing decisions. These pressures are affecting not only procurements of new offshore wind<sup>1</sup> but, critically, previously procured projects already in the pipeline. Absent intervention, these near-term projects are increasingly at risk of failing.<sup>2</sup> Without federal action, offshore wind deployment in the U.S. is at serious risk of stalling because States' ratepayers may be unable to absorb these significant new costs alone.

Therefore, we respectfully request your support for three actions from your administration: updating Treasury Guidance, establishing a revenue sharing program, and expediting clean energy permitting.

1. *Update IRA Clean Energy Tax Credit Guidance:* We urgently request updated guidance from the Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) to ensure offshore wind projects are fully eligible for federal clean energy tax credits,

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<sup>1</sup> See, e.g., Rhode Island Energy, *Rhode Island Energy not moving forward on sole bid received in most recent offshore wind solicitation* (July 18, 2023) (news release), <https://news.pplweb.com/news-releases?item=137899>.

<sup>2</sup> See "Offshore Wind Runs Into Rising Costs and Delays" (August 7, 2023), *The New York Times*, <https://www.nytimes.com/2023/08/07/business/offshore-wind-costs-delays.html>.

including the Domestic Content and Energy Community Bonus Credits to the Investment Tax Credit (ITC) and Production Tax Credit (PTC), under the Inflation Reduction Act of 2022 (IRA). This guidance must ensure that offshore wind projects (including the near-term offshore wind projects) are able to move forward in the current economic climate by providing achievable pathways to qualify for the bonus tax credits and ensuring that the ITC is available for all project components, including the transfer and power conditioning equipment needed to bring offshore wind power to land as well as associated land-based distribution and transmission needed to interconnect these projects. With our States facing near-term project and procurement decisions, we urge the Biden Administration to utilize every federal tool available, including the IRA's clean energy tax credits, to ensure offshore wind projects are as competitive as possible, and to enable us to meet our respective state and federal deployment targets for this resource.

2. *Establish a Revenue Sharing Program:* Current federal law requires that all revenue generated from offshore wind leases beyond state waters be returned to the U.S. Treasury, leaving ratepayers to bear the brunt of the development costs for these critical projects. The lease revenue is a cost to offshore wind developers, meaning that States' electricity ratepayers will bear the cost of leases for projects that ultimately interconnect into States' electric grids. A portion of these revenues should be re-distributed back to the proximate States that bear these costs as proposed by the bipartisan Reinvesting in Shoreline Economies and Ecosystems (RISEE) Act. This legislation recognizes the critical role States play in advancing offshore wind and enable investments in projects to directly address coastal restoration, hurricane protection, infrastructure improvements and mitigation of damage to fish, wildlife, and other natural resources. We encourage you to work with Congress to swiftly pass this important piece of legislation.
3. *Expedite Clean Energy Permitting:* Slow permitting timelines have the potential to severely limit our ability to grow the clean energy economy at the pace necessary to meet the decarbonization goals science requires. As we work to expedite offshore wind projects to meet our shared goals, we ask that you work with your agencies to ensure permitting processes are expedited and streamlined for these projects to avoid unnecessary cost increases and unlock the full potential of the U.S clean energy economy.

In short, we urgently need prompt federal action to ensure that States can move forward now with offshore wind projects that will deliver significant domestic manufacturing, labor, and community benefits for both current and future generations.

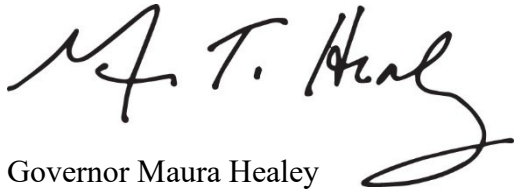
Sincerely,



Governor Ned Lamont  
State of Connecticut



Governor Wes Moore  
State of Maryland



Governor Maura Healey  
State of Massachusetts



Governor Phil Murphy  
State of New Jersey



Governor Kathy Hochul  
State of New York



Governor Dan McKee  
State of Rhode Island

CC: The Honorable Janet Yellen, Secretary, U.S. Department of the Treasury  
The Honorable Daniel Werfel, Commissioner, Internal Revenue Service  
The Honorable Jennifer Granholm, Secretary, U.S. Department of Energy  
The Honorable David Turk, Deputy Secretary, U.S. Department of Energy  
The Honorable John Podesta, Senior Advisor to the President for Clean Energy  
Innovation and Implementation  
The Honorable Ali Zaidi, Assistant to the President and National Climate Advisor