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California governor proposes \$2B clean energy spend

Offshore wind infrastructure would receive a record \$45M

By Henrik Nilsson

With plenty of cash at hand, California Gov. Gavin Newsom on Monday presented a budget proposal that would include \$2 billion toward clean energy investments.

Newsom intends to use the funds to address energy needs and drive down consumer costs. The largest portion of the proposal, \$962.4 million, is allocated to decarbonize existing buildings. Other sectors, such as offshore wind infrastructure, hydrogen and long-duration storage, will also see significant funding to boost clean energy initiatives, according to the proposal.

“It’s the largest commitment that the state of California has made to support offshore wind infrastructure,” Adam Stern, executive director at Offshore Wind California, told *The Foster Energy Report*.

Around \$45 million will go to offshore wind infrastructure in order to advance the development of wind energy in federal waters off California’s coast. The budget proposal comes after the state legislature passed a bill last year directing the state to set planning targets for offshore wind.

The Port of Humboldt Bay in Northern California has already received millions in state and federal funds to perform upgrades to support offshore wind. The Humboldt Wind Energy Area is approximately 206 square miles and could bring 1.6 GW of energy, if developed. The Bureau of Ocean Energy Management has also designated a wind energy area off California’s Central Coast for potential leasing.

Some hurdles to this proposal remain, Stern said. Stakeholders must be ready to build a supply chain and there are also environmental reviews to consider, he said.

“But this investment, the largest of its kind in California, will advance needed infrastructure to spur responsible development of offshore wind power in federal waters off California,” Stern said.

The budget allocates \$100 million for green hydrogen projects and \$380 million over two years to invest in long-duration storage projects to support grid reliability. Approximately \$210 million will go to speed up industrial sector decarbonization.

The California Energy Commission (CEC) will lead many of the projects. The commission would also receive \$2 billion for zero-emission vehicle charging infrastructure and more, Michael Ward, spokesperson for CEC, told *The Foster Energy Report*.

“Altogether, Governor Newsom is proposing an additional \$3.8 billion for the Energy Commission, which is the single biggest infusion of funds in our agency’s 47-year history,” Ward said.

The proposal is needed for a sustainable future, Adam Rose, a research professor with Price School of Public Policy at University of Southern California, told *The Foster Energy Report*.

“We need to diversify our portfolio and not put all our eggs in one basket or go with one or two alternatives, and instead start venturing into the future, especially with alternatives like hydrogen,” Rose said.

The proposal includes \$85 million for investments in energy-efficient technologies in food production. The Oroville dam, the nation’s tallest dam, will also get \$240 million for upgrades, allowing it to operate at a greater capacity. Some \$7 million will go to energy modeling activities.

In total, Newsom’s budget proposal allocates \$22.5 billion over five years for climate solutions, which is in addition to \$15 billion from last year. In total, the spending plan amounts to \$286.4 billion.

The proposal comes as the National Oceanic and Atmospheric Administration (NOAA) released its annual report detailing the massive cost of climate change. Last year, the U.S. was hit by 20 separate billion-dollar climate disasters. Fires, tornadoes, hurricanes and blistering cold spells hit parts of the country, totaling approximately \$145 billion, according to NOAA.

“So, \$2 billion by the state of California and a few billion elsewhere which can reduce greenhouse gases on a permanent basis looks like a pretty good investment in juxtaposition to \$145 billion of weather-related losses,” Rose said. “Not to mention the social cost of carbon.”