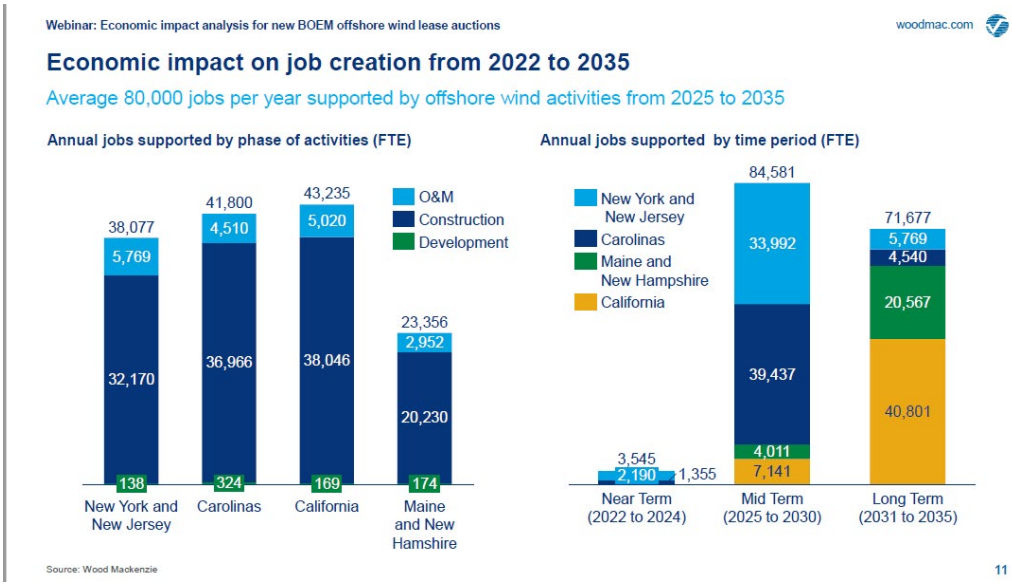
Statement For The Record By Erik Milito
President of the National Ocean Industries Association
Before The Subcommittee on Energy and Mineral Resources on April 20th, 2021
Hearing Entitled "*Building Back Better: Reducing Pollution and Creating Jobs Through Offshore Wind*"

Chairman Lowenthal, Ranking Member Stauber, and members of the Subcommittee, thank you for inviting me to testify today. My name is Erik Milito, and I am President of the National Ocean Industries Association, or NOIA. An almost 50-year-old organization, NOIA represents all segments of the offshore energy industry. This includes traditional fossil fuels such as oil and gas, primarily in the Gulf of Mexico, as well as renewable sources of energy like offshore wind. Further, our members include not just energy developers but also the businesses – large and small – who do the work of building, supplying, and maintaining these projects. The same U.S. companies in the supply chain that have built out the U.S. offshore oil and gas sector are already participating in the build-out of the U.S. offshore wind sector, and these companies are poised to contribute to the many projects to be constructed over the coming decade and beyond.

It is because of this work and the promise that offshore wind holds for the domestic economy and environmental protection that NOIA supports all three bills before this Committee today. However, as offshore wind begins its ascent as a prominent energy source for Americans, we must also recognize that offshore oil and gas will continue to play a vital role in the American economy and for energy security. In fact, this Committee should consider moving these bills in tandem with legislation to protect a continued program of oil and gas leasing in federal waters, particularly in the Central and Western Gulf of Mexico.

The Opportunity of Offshore Wind:

As of April of 2021, there are only two commercial offshore wind turbine arrays in U.S. waters, the first being the Block Island Wind Farm in state waters off Rhode Island and the second being the Coastal Virginia Offshore Wind Project, or CVOW, in Federal waters offshore Virginia. However, with the right regulatory environment U.S. offshore wind is positioned for dramatic growth.



Last year, NOIA and several other allied organizations commissioned a study that examined the net economic benefits of future offshore wind opportunities. That study found that by leasing the areas the Department of the Interior has discussed for future opportunities in places like offshore New York, New Jersey, the Carolinas, the Northeast, and California, the U.S. economy could support some 80,000 jobs *per year*, in addition to bringing in *billions* of dollars to the Treasury in the form revenue generated from new lease sales (see above chart). In other words, offshore wind will bring high-paying (and in some areas, union) jobs at a time when economic recovery is a focus at all levels of government.

Likewise, we know that offshore wind is a key part of a clean air strategy for areas that have historically suffered from poor air quality. For example, the Department of the Interior is currently reviewing the South Fork Wind project off the coast of Long Island. As NOIA pointed out in the docket to that project, the power from this project will be critical in reducing the use of existing "peaker" plants that are older and have remarkably high emissions of criteria pollutants. For example, the E.F. Barrett Generating Station on Long Island is roughly half a century old and emits 30 times more nitrogen oxide than newer facilities.[1] Nitrogen oxides like NO_2 are known to reduce lung function, worsen asthma and increase hospital admissions.[2] In fact, for *years* the Long Island community has planned on reducing the use of these aging plants through the transition to renewable energy like offshore wind.[3] This is a story that could be replicated in communities across the country.

Further, the climate is changing, and anthropogenic sources are contributing to climate change. Offshore wind can be a key piece of the strategy to reduce emissions, with individual projects providing zero emission energy to communities throughout the country.

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[1] https://www.liherald.com/stories/ef-barrett-generation-station-in-island-park-to-follow-new-dec-guidelines,121588

[2] https://www.lung.org/clean-air/outdoors/what-makes-air-unhealthy/nitrogen-dioxide

[3] https://www.lipower.org/wp-content/uploads/2016/10/Irp20Presention20BEST1.pdf

NOIA Supports Offshore Wind Legislation:

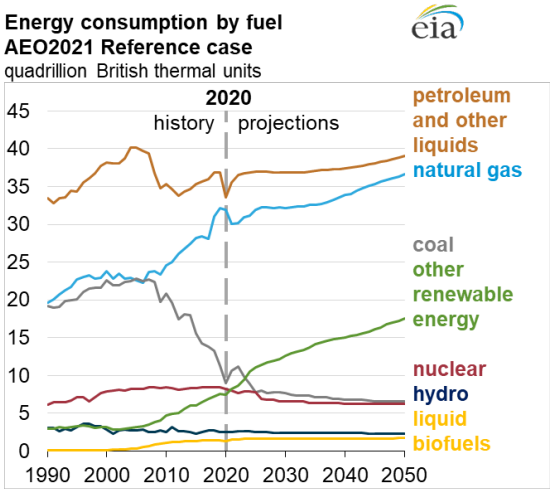
NOIA supports each of the bills before the Committee today and will take this opportunity to briefly explain that support, with a particular emphasis on two of the pieces of legislation.

1. **H.R. 998 (Keating)** "*Offshore Wind Jobs and Opportunity Act"* NOIA strongly endorsed the Offshore Wind Jobs and Opportunity Act last Congress and does so again this year. As mentioned above, the offshore wind sector is poised for incredible growth. This growth will be enabled with skilled labor ready to rise to the challenges and opportunities created by a new sector in offshore energy. As we saw in the onshore oil and gas industry in energy plays like the Marcellus in recent years, a trained labor force is critical to the success of energy development.[2] Now we can take the lessons learned from oil, gas, and onshore wind and apply it to the offshore wind sector. NOIA's membership includes domestic businesses already working to build new U.S. offshore wind farms. However, the U.S. will need *thousands* of new workers in the next decade to help this budding industry thrive. By establishing a federal grant program to assist colleges, universities, unions, and non-profits to develop programs, training, and internships, we can ensure that American workers are ready to fill these openings as they come about. We of course respect concerns about federal investments in an era of high national debt. However, industry investment in offshore wind leases is already approaching nearly a half a billion dollars directly to the U.S. treasury. This, of course, does not count all the additional tax revenue a rapidly expanding offshore wind industry will provide. By deploying a sliver of this new money entering federal coffers back into American communities to help fuel investment and economic growth, we are confident the offshore wind industry will pay dividends even for Americans who live far from the ocean.
2. **H.R. 1689 (González-Colón)***"Offshore Wind for Territories Act"* NOIA endorses this bill and believes that the benefits of offshore wind should be available to *all* communities and local economies. This is especially important in territories where energy resources might be more constrained than in the "Lower 48".
3. **H.R. _____ (Tonko)** "*Restoring Offshore Wind Opportunities Act"* NOIA supports this bill. As the Committee knows, in the final months of the Trump Administration the Department of the Interior issued withdrawals under OCSLA 12(a) to prohibit *all* forms of energy-production-related leasing beginning in the Eastern Gulf of Mexico and wrapping up to the North Carolina/Virginia border. Such blanket actions are short-sighted and can disrupt important investment in much needed future energy supplies and economic growth. As shown above, in just the next decade or so energy development off the Carolinas could create some 40,000 jobs and renewable energy for millions of homes. Rep. Tonko's bill would undo this action, though only for offshore wind and other forms of non-fossil energy. NOIA cautions efforts to treat different forms of offshore energy development in disparate ways in legislative action.

Support for Offshore Wind Could Be Paired With Targeted Oil and Gas Leasing

We support legislation on offshore wind, and Congress should also protect the Gulf of Mexico as a strategic, national oil and gas producing asset, including regions in the Central and Western

Gulf of Mexico. The United States will continue to need oil and gas for many years to come, even with the increasing shift to renewable energy (see EIA chart below). This necessarily means that the United States will need to continue to produce oil and gas for decades into the future; the alternative would be increased dependency on foreign supplies that are produced with higher carbon intensity and with weaker environmental standards and oversight.



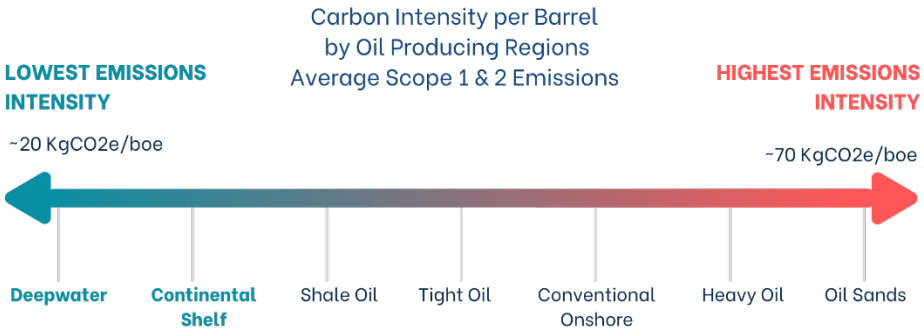
Source: U.S. Energy Information Administration, *Annual Energy Outlook 2021* (AEO2021) Reference case

We stand ready to continue to work with the committee on policies to promote offshore wind and offshore oil and gas, as both energy sources are critical to the economic, climate, social, energy, and national security needs of the country. There have already been several bills introduced this Congress designed to protect leasing for oil and gas production in producing areas of the Gulf of Mexico. These include a bipartisan bill by Representatives Kevin Brady and Henry Cuellar, as well as bills introduced and/or cosponsored by members of the House Natural Resources Committee. In addition to the three bills that are the subject of this hearing, the Committee should support and advance legislation designed to preserve offshore energy development in the Gulf of Mexico.

As long as we need oil and gas, the U.S. Gulf of Mexico should be elevated as the preferred region for our supplies. The U.S. offshore region is characterized by one of the strongest regulatory and oversight regimes in the world, making production here in the U.S. far less impactful on the environment than many producing regions in the world.

Importantly, due to the scale and level of investment, sophistication and technology, the offshore region provides the lowest carbon barrels of oil when compared to other oil producing regions. The carbon intensity of oil from the Gulf of Mexico is 50% of that of other producing regions[4]. As the graphic below shows, deepwater Scope 1 and Scope 2 emissions are first-in-class among the major producing areas.

[4] https://s3-eu-west-1.amazonaws.com/itempdf74155353254prod/12111480/Statistical_Study_of_Carbon_Intensities_in_the_GOM_and_PB_v1.pdf

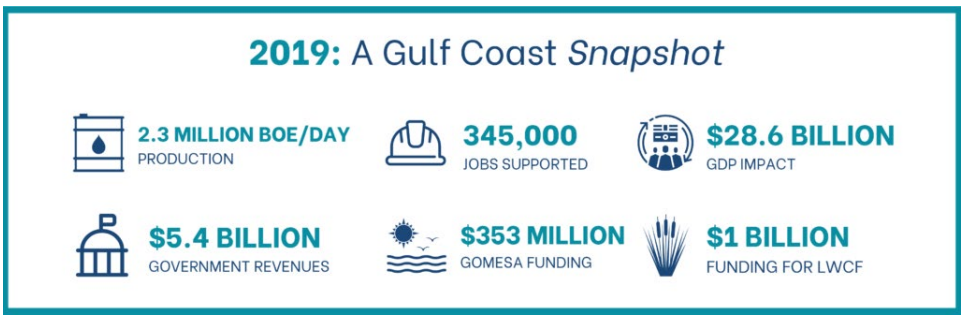


Source: Wood Mackenzie

This is why regulators from *both* parties have concluded that the Gulf of Mexico is a region of choice for the U.S. from an emissions standpoint. In fact, a 2016 report at the end of the Obama Administration—issued under then-Secretary Sally Jewell—found that:

> "U.S. GHG emissions would be higher if BOEM were to have no lease sales…. Emissions from substitutions are higher due to exploration, development, production, and transportation of oil from international sources being more carbon intensive."[5]

Beyond the environmental considerations, offshore oil and gas also remains vital for the domestic economy. NOIA commissioned a study by the Energy and Industrial Advisory Partners which looked at the job creation and economic contributions of the Gulf. The below chart shows the billions of dollars in economic activity driven by the Gulf in 2019, but it is also worth noting that the Gulf of Mexico oil and gas industry contributed some $5.4 billion in government revenue and supported 345,000 jobs.



Figures according to 2020 study performed by Energy and Industrial Advisory Partners

While most of these jobs are along the Gulf Coast, every state has jobs and businesses that are part of the Gulf of Mexico oil and gas industry. These jobs are high-paying and accessible, providing a unique opportunity for economic mobility that many people would not otherwise have[6].

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[5] https://www.boem.gov/sites/default/files/oil-and-gas-energy-program/Leasing/Five-Year-Program/2017-2022/OCS-Report-BOEM-2016-065---OCS-Oil-and-Natural-Gas---Potential-Lifecycle-GHG-Emissions-and-Social-Cost-of-Carbon.pdf

[6] https://www.api.org/-/media/Files/Policy/Jobs/Women-and-Minorities-in-oil-natural-gas-industry.pdf

As noted above, the industry generated $5.4 billion in government revenue in 2019. Historically, the offshore oil and gas industry has been an important generator of revenues for the Federal government, as well as state and local governments. Between 2000 and 2018, more than $120 billion in high bids, royalties and rents was generated for the government[7]. Some of these revenues flow back to key conservation programs, such as the Land & Water Conservation Fund (which is funded almost entirely by offshore oil and gas production) and, beginning in 2021, programs established by the Great American Outdoors Acts. In addition, revenues shared with Gulf Coast states through GOMESA are used by state and local governments for a host of vital programs, including wetlands preservation, coastal resiliency and restoration, flood prevention and hurricane mitigation.[8] Notably, these benefits are occurring in a small slice of federal waters. Some 97% of offshore oil and gas production happens in areas termed either the Central or Western Gulf of Mexico, and in fact more than 90 percent of U.S. offshore areas remain off-limits to development.

Offshore Oil and Gas Is Aiding The Offshore Wind Build-Out

There is an energy transition underway. The offshore oil and gas industry is continuously advancing efforts to innovate *and* to scale technological solutions that lead to a lower carbon future. Globally and at home, far too many people still do not have functional access to electricity, and energy demand is only going to rise[9]. The energy transition must be made in a way that increases the access, affordability, and reliability of energy for everyone.

The offshore sector is continuously finding ways to shrink its comparatively small environmental footprint, and these technologies and innovations can benefit other sectors. Whether you are talking about companies traditionally focused on oil and gas developing and investing in offshore wind and other emerging technologies, the deployment of remotely operated vehicles (ROVs) that were developed for the oil and gas industry to monitor offshore wind facilities, or the incorporation of virtual and augmented reality into worker training to reduce risk and the number of physical trips via boat or helicopter offshore, the offshore oil and gas industry is driving innovation and reducing emissions in ways that will enable and strengthen our energy future.

The offshore oil and gas industry helped build the first U.S. offshore wind farm at Block Island, Rhode Island and is currently involved in wind projects up and down the Atlantic Coast. Block Island showed that the synergy between offshore oil/gas and wind will ensure efficiencies and optimization in the build-out of the offshore wind sector. Overall, the offshore oil and gas sector will serve as key source of capital and engineering expertise for funding, scaling, and deploying the solutions to many of the technical challenges currently associated with the commercialization of low carbon technologies.

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7 https://revenuedata.doi.gov/explore/?dataType=Revenue&location=NF&mapLevel=State&offshoreRegions=true&period=Fiscal%20Year&year=2019

8 https://www.boem.gov/oil-gas-energy/energy-economics/gulf-mexico-energy-security-act-gomesa

9 https://www.realclearenergy.org/articles/2019/09/11/no_need_for_energy_poverty_110474.html

Again, thank you for the opportunity to testify. Our industry looks forward to continued engagement on these important policy issues.

Very respectfully,

Erik Milito
President
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