
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 1417 (Stefani) - Energy: Voluntary Offshore Wind and Coastal Resources Protection Program: community capacity funding activities and grants

Version: May 6, 2025

Policy Vote: E., U. & C. 13 - 2, N.R. & W.
5 - 2

Urgency: No

Mandate: No

Hearing Date: August 18, 2025

Consultant: Ashley Ames

Bill Summary: This bill would authorize the California Energy Commission (CEC) to allocate moneys in an existing continuously appropriated fund for capacity funding activities and grants for local communities and tribes to engage in offshore wind development, as provided

Fiscal Impact:

- The CEC estimates ongoing costs of about \$241,000 annually (Energy Resources Programs Account [ERPA] or other fund) for one position to conduct workshops and listening sessions specific to the issues identified in this bill to maintain up-to-date guidelines and inform potential funding opportunities. The CEC notes it did not receive any positions for the underlying Program and the work to support the development and implementation of the Program is currently being absorbed by existing resources, which are funded only temporarily.
- Cost pressure of an unknown but potentially significant amount to fund capacity funding activities and grants within local communities and tribal communities (various funds).

Background: Over the past few decades, California has established ambitious clean energy goals, including a requirement for 100% renewable and zero-carbon energy resources by the end of 2045. An important component of California's strategy to meet these goals is the development of offshore wind (OSW) energy resources.

In 2021, AB 525 (Chiu) set the foundation for the state's efforts to develop OSW by requiring the CEC to establish 2030 and 2045 planning goals for electricity generated by OSW energy resources. AB 525 also required the CEC to develop a five-part strategic plan for offshore wind development and to submit the plan to the Natural Resources Agency and the Legislature (OSW Strategic Plan or Strategic Plan).

In 2022, the state set dual goals of 5 gigawatts (GW) of OSW energy by 2030 and 25 GW by 2045. At the same time, SB 1020 (Laird) accelerated the requirement for state agencies by requiring them to meet the 100% clean energy target by 2035, and created benchmarks to help the state meet the broader 100% requirement. In 2024, the California Public Utilities Commission (CPUC) established an authorized capacity of 7.6 GW of OSW energy to be procured by the Department of Water Resources (DWR).

The previous federal administration set a goal of deploying 30 GW of OSW electricity generation by 2030. In contrast, on January 20, 2025, the Trump Administration

announced a temporary withdrawal of all areas on the Outer Continental Shelf for OSW leasing, and a review of existing federal wind permitting and leasing. In addition, the Trump Administration's recently-passed "One Big Beautiful Bill" which sharply reduces access to a 30% tax credit for solar and wind power projects that had been set to run until 2032, and which was an important financing mechanism for OSW projects.

OSW development off the California Coast. In late 2022, the federal Bureau of Ocean Energy Management (BOEM) awarded five leases off the shores of Morro Bay and Humboldt. The California Coastal Commission conditionally concurred with this federal action. More BOEM lease areas will be required to achieve the state's 2045 goals, although whether there will be additional federal lease auctions is unclear.

Due to the water depth in areas with high ambient winds, much of the OSW energy projects serving California are likely to be composed of very large floating wind turbines (as tall as the Eiffel Tower) anchored to the sea floor in federal waters offshore. These projects will include components in state waters, such as cables transporting the energy onshore, vessels navigating state waters to serve the projects, and docking and support facilities onshore. Depending on the type of floating structure, some assemblage of floating turbines may need to occur offshore, requiring naval cranes and vessels to stabilize such operations, and port infrastructure and specific port water depths.

CEC's OSW Strategic Plan. In June 2024, the final OSW Strategic Plan required by AB 525 for public comment was released by the CEC. The Strategic Plan describes the potential economic benefits of OSW, including direct benefits, indirect benefits, induced benefits, and potential increased tax revenue. A recent study estimates that more than 8,000 jobs will be generated by OSW during peak development. OSW has the potential to benefit the communities located near its development.

However, the Strategic Plan and related reports also note potential negative impacts on frontline communities. Historically, communities that have hosted large infrastructure projects have borne the brunt of their impacts, including various different types of pollution, noise, and traffic impacts.

As part of the process of preparing their plan and reports, the CEC consulted with California tribes to solicit their thoughts and concerns about offshore wind development. Different tribes have unique concerns about development in their communities. Tribes have raised concerns regarding access to commercial and recreational fishing grounds, access to areas used for subsistence fishing and hunting, impacts to species that use or pass through federal lease areas, impacts to culturally important areas, and tribal access to the coastline and tribal resources. Some tribes also expressed concerns about their ability to participate in the regular meetings involved in the OSW development process, which involves significant costs.

Under current law, OSW leaseholders are required to develop community benefits agreements (CBAs) with local communities to fulfill their lease bidding credits, which may include training and educational programs and requirements for local hiring that would benefit port communities and California tribes. Considering the potential for both valuable benefits and harmful negative impacts, it's crucial that communities have the opportunity to participate in this process. However, not all communities have the

financial means to do so. One way to facilitate their engagement is through community capacity building.

The Strategic Plan recommends identifying and evaluating ways to increase capacity for stakeholders to engage in the permitting, development, and mitigation of OSW development. The Strategic Plan recommends that the state should prioritize community capacity building opportunities in working toward achieving its OSW planning goals. Communities and tribes located close to OSW impacts, in particular, have a vested interest in decision-making opportunities during the offshore wind development process.

The CEC's Voluntary Offshore Wind and Coastal Resources Protection Program. In order to facilitate state efforts, AB 209, the 2022 energy budget trailer bill, established the Voluntary Offshore Wind and Coastal Resources Protection Program (Voluntary Program) to support activities related to OSW development, as provided. The CEC administers the Voluntary Program and awards funding to public and private entities, including state agencies, tribal entities, local government agencies, research institutions, and nonprofit entities through a variety of mechanisms, including grants.

Funding may be awarded to state agencies to engage in postlease assessments including project compliance and monitoring; for research; for contracts with technical experts to help to develop guidelines and best practices with the overall goal to avoid and minimize impacts to coastal resources; and to support infrastructure readiness, as provided.

AB 209 also established a new fund, the Voluntary Offshore Wind and Coastal Resources Protection Fund (Voluntary Fund), to accept donations from private and federal sources.

Proposed Law: This bill would authorize the CEC to allocate moneys in an existing continuously appropriated fund for capacity funding activities and grants for local communities and tribes to engage in OSW development, as provided.

Specifically, this bill would:

- 1) Add capacity funding activities and grants within local communities and tribal communities to the list of eligible activities that the CEC may allocate moneys to as part of the Voluntary Program.
- 2) Require an OSW entity to report to the CEC every 90 days the following information:
 - a) The aggregate amount of donations made.
 - b) The number of groups or tribes that received donations.
 - c) The counties where those groups or tribes are based.
 - d) The types of eligible entities that received a donation, including, but not limited to, whether the eligible entity is a tribe, community group, local government, or third party.

- 3) Revise CEC reporting requirements for donations made by an OSW entity and reported to the CEC described above as follows:
 - a) Annual reporting posted online, replacing within 30 days of each donation receipt.
 - b) All donations in the preceding year, as provided, replacing each individual donation and the name and address of each donor.
 - c) All donations received by eligible entities from OSW entities in each county in the preceding year.
 - d) The number of eligible entities receiving a donation in the preceding year.
- 4) Require the CEC to annually prepare and submit a report to the Legislature on the implementation and effectiveness of capacity funding activities and grants on or before March 1 of each year, as provided.
- 5) Expand the purposes for which continuously appropriated moneys may be allocated, thus making an appropriation.
- 6) Define various relevant terms, including an “eligible entity” to receive funds and “offshore wind entity,” as specified.

Related Legislation: AB 2537 (Addis, 2024) would have established the Offshore Wind Community Capacity Funding Grant Account for the purpose of building capacity within local communities and tribal communities to support engagement in the process of OSW energy development in California. The bill was vetoed by Governor Newsom whose veto message stated:

“While I share the author's desire to ensure communities hosting OSW projects are resourced to constructively engage in their planning and development, this bill falls short of providing a viable funding stream to accomplish this very objective. I encourage the author and the OSW developers to collaborate further with communities to identify an approach that not only fosters capacity for engagement but considers community benefits from the development of these projects.”

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