



October 15, 2021

*Via Electronic Submission*

Senior International Trade Specialist Devin Horne  
International Trade Administration  
U.S. Department of Commerce  
1401 Constitution Ave  
Room 28018  
Washington, D.C. 20230

**Re: ITA-2021-0005, *Request for Comments on U.S. Clean Technologies Export Competitiveness Strategy***

Dear Mr. Horne,

The American Council on Renewable Energy (“ACORE”) respectfully submits supplemental comments concerning the August 30, 2021 Request for Comments on U.S. Clean Technologies Export Competitiveness Strategy (“Request for Comments”) from the International Trade Administration (“ITA”), identifier ITA-2021-0005.<sup>1</sup> ACORE is a national nonprofit organization dedicated to advancing the renewable energy sector through market development, policy changes and financial innovation.<sup>2</sup> Our membership includes some of the nation’s foremost institutional investors, renewable energy developers and manufacturers, technology companies and corporate energy offtakers.<sup>3</sup>

Our supplemental comments reflect specific offshore wind industry concerns given the pending legislative action on domestic content requirements within the budget reconciliation process, as well as administrative policy in place. While specific administrative action can be categorized as legacy, pending trade and manufacturing supply chain policy, such as the extension of Section 232 tariffs, creates market uncertainty. Further, maritime programs remain ripe for efficiencies to instill certainty for offshore wind project development.

**In response to Question 6, “*For sectors or technologies in which the United States does not currently have a competitive domestic industry, what are the main factors (i.e., economic, technical, regulatory, etc.) inhibiting U.S. industry competitiveness?*”**

The U.S. offshore wind (OSW) industry is well-positioned to lead the industry’s expansion as a global climate solution, though concerns remain regarding regulatory structures that will enable a robust and competitive U.S. OSW industry. Streamlined incentives across federal and state clean

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<sup>1</sup> See <https://acore.org/wp-content/uploads/2021/09/ACORE-Comments-on-Export-Strategy.pdf> for ACORE’s September 28, 2021 comments on U.S. Clean Technologies Export Competitiveness Strategy.

<sup>2</sup> See <https://acore.org/> for more information about ACORE.

<sup>3</sup> See <https://acore.org/our-members/> for more information about ACORE’s members.

energy procurement and permitting platforms are critical to enable OSW's growth as a domestic industry. Fundamentally, there are no technical challenges to enable U.S. industry competitiveness; OSW is a proven renewable energy source within large-scale foreign energy markets, including the European Union. Comparatively, the U.S. market is at an emerging development stage where regulatory and economic policy requires immediate attention and diligence to ensure global competitiveness in the OSW industry.

States along the Atlantic have already begun to create demand for a robust domestic OSW industry with identified procurement targets. However, these programs are relatively new and limited in scale despite ambitious goals for climate mitigation and clean energy sourcing. States have established over 29 GW of OSW procurement targets through executive order and legislative action.<sup>4</sup> While states pursue these targets, each articulating their own preferences for how OSW is developed via power purchase agreement or regulation, the Biden administration has also established its own goal: to develop 30 GW of OSW energy by 2030.<sup>5</sup> These state and federal targets have already unleashed \$2.9 billion of private sector investment across OSW manufacturing, port expansion, vessel specialization, workforce development and research to date. Still, an estimated \$57 billion in total OSW private sector investment must be unleashed to meet clean energy goals.<sup>6</sup>

The burden of upfront costs stymie investment and slow deployment while manufacturers and developers seek funding to build out a domestic supply chain. The development of ports, vessels, and the broader component supply chain inflate early costs for OSW, and first movers often bear the investment burden for the whole industry. When the federal government invests in and supports manufacturing infrastructure, costs level out, enabling a more competitive supply chain. The fundamental learning curve for the domestic OSW industry – to manufacture and install OSW components – is new to the U.S. and comes with substantial costs and a protracted timeframe to implement at scale for early commercial projects. These initial costs are expected to come down as the domestic OSW market matures.

***In Response to Question #9, “What are the most impactful existing tools or resources offered by the Government to reduce or remove challenges, risks, and barriers in order to help position U.S. clean technologies industries for competitiveness in the global market?”***

Federal tax credits, permitting certainty, as well as grants and loans to build out infrastructure are critical to the development of a globally competitive domestic OSW industry. Of particular importance is the investment tax credit for OSW. Tax credits have been an extremely valuable tool for scaling up the onshore renewable industry, and we fully expect they will accelerate offshore wind deployment.

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<sup>4</sup> American Clean Power Association. “Offshore wind power facts.” Accessed October 15, 2021.

<https://cleanpower.org/facts/offshore-wind/>

<sup>5</sup> White House. “Biden Administration Jumpstarts Offshore Wind Energy Projects to Create Jobs.” March 29, 2021.

<https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/29/fact-sheet-biden-administration-jumpstarts-offshore-wind-energy-projects-to-create-jobs/>

<sup>6</sup> American Wind Energy Association. “U.S. Offshore Wind Power Economic Impact Assessment.” March 2020.

[https://cleanpower.org/wp-content/uploads/2021/01/AWEA\\_Offshore-Wind-Economic-ImpactsV3.pdf](https://cleanpower.org/wp-content/uploads/2021/01/AWEA_Offshore-Wind-Economic-ImpactsV3.pdf)

Permitting and regulatory certainty will allow developers to plan and invest for timely deployment of domestic OSW projects. While projects are beginning to move through the federal permitting review process under the Biden administration, consistent and forward-looking agency cooperation with greater resources are critical to advance project permitting in a manner that is not only timely but also well-coordinated. Maintaining regulatory certainty around industrial policy to comply with coastwise trade policy is equally necessary. The existing frameworks should remain stable to provide the necessary confidence to undertake U.S. maritime investments.

Grants and loan programs across federal agencies that include eligibility for private entities are key mechanisms by which government targets investment in priority areas. Across all programs, large-scale upfront investment is necessary to accelerate the buildout of the domestic clean energy economy. Competitiveness in the global market is contingent upon leveling the playing field - from blue economy research to manufacturing development and port infrastructure buildout. Key grant and loan programs like the Department of Energy's Loan Program Office, MARAD's Port Infrastructure Development Program within the Department of Transportation (DOT), DOT's BUILD/RAISE grants, remediation support from the Environmental Protection Agency, and programs to train technicians and build out the infrastructure they'll operate are key to a rapid transition for the renewable energy industry. The administration's funding coordination across grant and loan programs serve as strong signals to the industry.<sup>7</sup>

***In response to Question 11, "What are the most impactful new actions the Government could take domestically to reduce or remove challenges, risks, and barriers in order to help position U.S. clean technologies industries for competitiveness in the global market?"***

Extending key tax incentives that incorporate specific industry needs will ensure that offshore wind and its ancillary supply chain can scale up as quickly and cost effectively as possible. For example, the extension of investment tax credits for projects that start construction before 2034 will send a powerful signal to the global offshore wind industry that the U.S. is a stable investment market. Tax credits facilitated by direct pay are the most efficient economic tool to monetize the full value of the OSW credit and should be a top priority.

To that end, manufacturing tax credits that support the development of a domestic supply chain, from turbine components to vessels, can reduce the cost, time and risk of building out the OSW industry. Capital intensive expenditures on the front end can be offset by manufacturing tax credits. Essentially, global industry experience can be implemented at greater scale and speed domestically.

***In response to Question 15, "How do U.S. trade policies impact the development and deployment of clean technologies in the United States and abroad?"***

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<sup>7</sup> Wasser, Miriam. "Offshore wind is America's new industry. Who will build it?" E&E News. October 13, 2021. <https://subscriber.politicopro.com/article/eenews/2021/10/13/promise-of-offshore-wind-jobs-danger-with-a-payday-281258>

Anti-dumping duties inappropriately disadvantage offshore wind towers imported from certain countries. Current Department of Commerce interpretations do not distinguish between onshore and offshore towers, which are fundamentally different products, as offshore towers are designed to meet unique scale, engineering constraints and offshore environments. Duties drive up the cost of near-term offshore wind projects, given that there are no existing domestic offshore tower manufacturers.

Domestic trade policies have a clear impact on the development and deployment of clean technologies in the U.S. and abroad, driving up costs for domestic production. Section 232 steel tariffs, for example, increase the cost of steel plates that can only be foreign-sourced. This tariff increases the cost of importing steel plates, making domestically produced monopiles more expensive and imported monopiles from the European Union more attractive to developers.<sup>8</sup> Additionally, the offshore industry predicts Section 232 tariffs will raise the levelized cost of energy by 3-5%.

Thank you for the opportunity to submit these supplemental comments. Please do not hesitate to contact ACORE's Director of Regulatory Affairs, Tyler Stoff, at [stoff@acore.org](mailto:stoff@acore.org) or (202) 507-4634 with any additional questions you may have.

Sincerely,

*/s/ Tyler Stoff*

Tyler Stoff

Director of Regulatory Affairs

American Council on Renewable Energy

*/s/ Allison Nyholm*

Allison Nyholm

Vice President of Policy

American Council on Renewable Energy

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<sup>8</sup> Wasser, Miriam. "Offshore wind is America's new industry. Who will build it?" E&E News. October 13, 2021. <https://subscriber.politicopro.com/article/eenews/2021/10/13/promise-of-offshore-wind-jobs-danger-with-a-payday-281258>