

# Offshore Wind Constitutional Amendment Supporting Fact Sheet

## Ballot Language

*"Do you support an amendment to require that federal revenues received by the state generated from Outer Continental Shelf alternative or renewable energy production be deposited into the Coastal Protection and Restoration Fund?"*

## Constitutional Amendment Key Facts

### Topics

[Importance of Coastal Protection and Restoration](#)

[Gulf of Mexico Energy Security Act \(GOMESA\)](#)

[Outer Continental Shelf Oil and Gas Activity](#)

[LA and the Offshore Wind](#)

[RISEE Eligible Uses](#)

## IMPORTANCE OF COASTAL PROTECTION AND RESTORATION

- CPRA has constructed 157 projects since 2007
  - Past several years have spent \$1Billion each year on project implementation
  - Level of spending creates over 10,000 jobs each year
  - 383 miles of levee improvement,
  - 71.6 miles of barrier island restoration,
  - 105 square miles of habitat benefits (67,200)
- Losing coastal wetlands and other habitats increases the hurricane vulnerability of our communities by decreasing the distance between them and the Gulf of Mexico and by reducing the effectiveness of existing hurricane protection levees.
- A vulnerable coast also creates vulnerabilities for the entire state economy.

- Without an aggressive coastal program to counter perceptions of Louisiana as disaster prone, workforce recruitment and retention, economic development, and other types of investment become more challenging.
- The coastal crisis impacts homes and home values, unique and rich cultural traditions, threatens major economic engines and assets like oil and gas refineries, pipelines, and ports, threatens navigation, harms our fisheries, and casts a pall over Louisiana’s efforts to attract tourists and business development.
- Damage estimates in CMP’23
  - 1,100-3,000 square miles of land loss projected by end of year 50
  - Expected Annual Damages \$15.2-\$24.3 Billion
  - 14,000 to 22,000 structures at risk
- Coastal Master Plan is a science-based process for addressing risk
  - 314-233 square miles of avoided land loss
  - \$10.7-\$14.5 billion in avoided annual economic damages—lower risk than we have today
  - 10,900-14,500 fewer structures damaged
- In FY’25, Louisiana’s annual coastal investment will be the highest ever at \$1.7 billion. It supports 136 active projects to nourish 12,770 acres and improve 121 miles of levee.

**Economic Benefits of Avoided Land Loss and Storm Vulnerability (adjusted for 2023 dollars)**

Loss Avoidance Category	Economic Values Estimated
Capital stock loss from land loss	\$2.8 B to \$4.6 B
Economic Activity Disruption from land loss	\$7.7 B to \$9.8 B
Capital stock loss from increased storm damage	\$13.3 B to \$176.4 B
Economic activity disruption from increased storm damage	\$6.6 B to \$67.7 B

**GOMESA**

- GOMESA max award to State of LA (CPRA and Parishes)
  - Most recent—Cap Hit; \$353M total sent to Gulf; \$156.2M to LA (\$124.9 CPRA/\$31.3M)
  - 44% of all revenues shared with Gulf Producing States
- Eligible Uses (federal) from [GOMESA](#)
  - Coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland loss
  - Mitigation of damage to fish, wildlife, or natural resources

- Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan
- Mitigation of the impact of OCS activities through the funding of onshore infrastructure projects
- Planning assistance and the administrative costs of complying with this section (limited to 3%)
- Eligible Uses from CPRA Trust Fund ([Constitution 7 10.2](#))
  - “The money in the fund may be appropriated for purposes consistent with the Coastal Protection Plan developed by the Coastal Protection and Restoration Authority...No appropriation shall be made from the fund inconsistent with the purposes of the plan.”
  - Coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly impacted by coastal wetlands losses (infrastructure capped at 10% by state law).
- Percent of Total CPRA Revenues from GOMESA
  - FY’25 Annual Plan shows
    - Revenues--\$90M GOMESA; \$79.6M GOMESA Carry-forward (\$169.6M) and Total Revenues of \$1,710.7 M =**10% of CPRA Revenues in FY’25**
    - 3-year average FY’25-FY’27 is 12.4%
- Key Projects Built with GOMESA \$\$\$
  - Bayou Chene--\$80M regional flood protection located in St. Mary but benefitting 6 parishes. (30,000 people and 1,000 businesses benefit).
  - SW Coastal home elevation project in conjunction with Corps
  - MTG system
  - Parish Matching Program to leverage \$\$ flowing directly to Parishes for greater impact
  - Ecosystem: NW Little Lake Marsh; East Bank Sediment Transport Corridor;
- Importance of GOMESA as a funding stream
  - Direct \$\$; not a grant reimbursable
  - Provides for *proactive* investment to reduce disaster damages
  - Flexible—nonstructural, restoration, protection all eligible, (some funding streams are not) also coast-wide
  - Provides money directly to parishes for their priorities
  - Can be used to cash flow other revenue streams that are grant reimbursable (NFWF, RESTORE)
  - State Law guarantees balanced investments in protection and restoration from GOMESA
  - Importance of GOMESA will grow as BP revenues diminish (larger and larger % of total funds available to CPRA)

## GULF OIL AND GAS

- Federal offshore production accounts for 15% total US crude oil production and 5% total dry natural gas production
- The United States produced more **crude oil** than any nation at any time for the past six years in a row according to the [Energy Information Administration](#) (3/2024);
- The United States also exported more **liquefied natural gas** than any other country in 2023 ([EIA](#));
- Louisiana is a very large part of that story—3<sup>d</sup> in natural gas production (10% of total); fifth in natural gas reserves (7% of us total) ([EIA](#));
  - 15 oil refineries account for nearly 1/6<sup>th</sup> of total U.S. refining capacity
  - In 2022, we shipped **63% of all US LNG exports** and 14% of coal exports.

## OFFSHORE WIND IN THE GULF OF MEXICO

- Louisiana businesses have helped to design and build equipment and vessels for Atlantic offshore wind farms.
  - By 2031 a [recent report](#) suggests that LA's export potential and procurement goals for Offshore Wind could generate more than 3,700 jobs across manufacturing, shipbuilding, installation and commissioning, and operations and maintenance.
  - At least 15 companies have already supplied goods and services for offshore wind projects
  - More than 450 companies across LA could one-day support offshore wind.
- [Gulf Offshore Wind Lease Sale](#) (8/29/23)
  - \$5.6M winning bid to RWE (Germany)
  - 2 bids for Lake Charles area; 0 bids for either TX area
  - \$55/acre winning bid plus \$860K credits for workforce training and domestic supply chain and \$430K credits for fisheries compensatory mitigation
  - 1.24 GW capacity=434,400 homes

## Scenarios for Federal Revenues from OSW ([Blanco](#))

- Includes assumptions about the percentage of leases that are offered and taken up; how much overall wind capacity is finally developed on those leases;
- Estimates are for total revenues arriving by 2030 (takes time to build the project and get the operating revenues).
  - Bonus Bids the largest potential source of revenues—highly dependent on demand for leasing areas, general bullishness on the project needs--were very low in lease 1
  - Rents very low and depend on how much of the leased area is taken up and then stays out of production. Fixed at \$3/acre.

- Operating fees—formulaic; depends on price of wholesale electricity, installed capacity, and hours per year. \$3-\$30M per year.
- Medium Scenario.
  - Bonus Bids of \$404.6 Million
  - First Year Rents of \$0.7 Million
  - Operating Fees of \$8.2 Million at full capacity.

## **Future Gulf Offshore Wind Lease Sales**

- Sale 2: September, 2024—*cancelled by BOEM for lack of competitive interest; However, there is an ongoing unsolicited lease request in TX wind energy areas.*
- Sale 3: Q3 2025
- Sale 4: Q3 2027

## **RISEE Eligible Uses for Wind Energy Money (via National Oceans and Coastal Security Fund)**

- Coastal restoration
- Hurricane protection
- Infrastructure
- Mitigate damage to fish, wildlife, or other natural resources
- Fisheries science and research
- Implement a marine, coastal, or conservation management plan

## **REFERENCES**

*Offshore Wind in the Gulf of Mexico: Natural Resource Revenue Potential.* BLANCO Center. May, 2023.

*Investment Decisions for Coastal Restoration: Timely Actions, Sustainable Benefits.* BLANCO Center. August, 2023

*Louisiana Offshore Wind Supply Chain Assessment.* Xodus, GNO, Inc., Southeastern Wind Coalition, CPEX, Pew

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<https://blancocenter.louisiana.edu/sites/blancocenter/files/Blanco%20Center-Timing%20of%20Benefits-Aug%202023.pdf>