

Written Testimony of

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**Before the House Committee on Natural Resources
Subcommittee on Energy and Mineral Resources
U.S. House of Representatives**

“Power in the Pacific, Unlocking Offshore Wind Energy for the American West.”

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Chair Lowenthal, Ranking Member Stauber, and Committee members:

I appreciate the opportunity to provide a voice for those who are too-often left voiceless during the policymaking process: small business owners.

I’m the owner of Calwise Spirits Co., a craft distillery with a small restaurant and bar in Paso Robles. I also currently serve as the President of the Distillers of San Luis Obispo County.

Our Golden State’s population is expected to grow. It’s vital that we produce enough energy to sustain population growth and the small businesses that comprise the backbone of the fifth largest economy in the world.

About 6 weeks ago, my business experienced a power outage. My machinery stopped running and we couldn’t manufacture any more product for the rest of the day. My lights, refrigerators, and payment processing system shut off and we couldn’t serve our customers. We lost potential sales and our tight production schedule was delayed by a full day.

If I had had active fermentations, it would have been even worse. There are thousands of wineries, breweries, and distilleries in California that rely on electricity to cool fermentations. Yeast isn’t a sentient being – we can’t stick our heads into our tanks and say “Hi, our power just turned off, can we reschedule this fermentation?” If the electricity goes out in the middle of a fermentation on a hot day, the entire batch will be spoiled, resulting in significant losses.

Similarly, restaurants and grocery stores need to keep their refrigerators running so their stock doesn’t spoil and hospitals need to power their life-saving equipment.

The wind will probably blow hard enough to generate enough power 99% of the time – but if there is no nuclear energy or natural gas as a backup, it will only take one unusually breezeless day during a heat wave to wreak utter havoc on the grid.

Beyond the importance of energy reliability and ecology, affordability is crucial to ensure social equity and economic success.

After payroll and raw materials, energy is my 3rd largest variable cost – and it continues to skyrocket. Since last year, my electricity rate has increased a whopping 23%. Rising energy prices are one of the main causes of our historic inflation rate. Overall, my electricity rate has increased over 50% in just the past 4 years.

I'm a huge proponent of sustainability and work to incorporate its principles in my operation. But for an activity to be sustainable, it needs to satisfy the Three E's requirements: ecology, equity, and economy. I think good arguments can be made that wind energy passes the first two tests – but its economic viability in its current form is questionable.

I'm a businessman. I always look at the numbers. I acquired the following numbers from reports by the California Energy Commission, the University of Stanford, and MIT.

Natural gas is by far the most cost-effective electricity generation option. The most efficient plants can produce electricity for just \$10 per MWh.

Stanford and MIT concluded that even after accounting for necessary retrofits, Diablo Canyon nuclear power plant will produce electricity for \$54 per MWh.

Solar energy doesn't cost much more, ranging about \$40-60 per MWh, but the lifespan is only 20-30 years and the technology doesn't function at night.

Offshore wind energy, like the project proposed off the coast of Morro Bay, is estimated to cost anywhere from \$130-450 per MWh to generate electricity. This is up to 8 times higher than nuclear energy or even solar. If the cost to produce electricity increases exponentially, the cost of doing business will increase exponentially – and stoke inflation.

Some claim that any negative economic side effects of overly expensive energy projects will be offset by the jobs that will be created to construct them. However, if every other business is paying exponentially more for their electric bill, this will stifle their growth and subsequently result in a net loss of jobs. Instead of spending more money on electricity, I'd rather spend my money on creating new jobs at my business.

I do believe that striving for innovation and green solutions is important, but it needs to make sense for everyone. Implementation cannot be all-or-nothing. We cannot use them to justify the complete closure of conventional energy generation plants. There needs to be an option on the table that keeps Diablo Canyon and natural gas plants operational.

Diablo Canyon provides the cheapest and most reliable emissions-free energy in California. As my state has experienced an increasing number of rolling blackouts, I credit our proximity to Diablo Canyon as one of the top reasons our community's businesses and residents have not found themselves in the dark as often as the average Californian. We need to find solutions that create both a happy planet and a happy economy.

Thank you considering my point of view and the well-being of small businesses as we come together to solve our society's most salient problems.