



C A L I F O R N I A

DEPARTMENT OF JUSTICE

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July 16, 2026

U.S. Department of the Interior
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Secretary Douglas J. Burgum
U.S. Department of the Interior
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Washington, D.C. 20240

Bureau of Ocean Energy Management
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Washington, D.C. 20240

Acting Director Matthew Giacona
Bureau of Ocean Energy Management
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Invenergy California Offshore LLC
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Jim Murphy, Chief Executive Officer
Invenergy California Offshore LLC
One South Wacker Drive, Ste. 1500
Chicago, IL 60606

**Re: Notice of Intent to Sue for Violations of the Outer Continental Shelf Lands Act via
Cancellation of Lease Number OCS-P 0565**

Dear Secretary Burgum, Acting Dir. Giacona, Ass. Atty. General Woodward, and Mr. Murphy:

This letter serves as notice by the State of California, by and through Attorney General Rob Bonta and the California Energy Commission, of its intent to sue for violations of the Outer Continental Shelf Lands Act (OCSLA), 43 U.S.C. §§ 1331 *et seq.*, to the extent such notice is deemed necessary by a court, in connection with the settlement and cancellation of Outer Continental Shelf Lease OCS-P 0565. This letter constitutes a notice of violation and intent to file suit (Notice Letter) under Section 23(a) of OCSLA, as required by 43 U.S.C. § 1349(a)(2)(A). We are sending this Notice Letter to you because you may be named as a defendant or necessary party in California's intended suit.

California's anticipated OCSLA citizen suit will challenge the purported settlement agreement between the United States and Invenergy California Offshore LLC (Invenergy) announced on June 17, 2026 (Agreement), and the cancellation of offshore wind Lease OCS-P 0565, which is held by Invenergy, set out in that Agreement for failure to comply with obligations under OCSLA, its implementing regulations, and associated requirements.

Lease OCS-P 0565, which Invenergy acquired at a competitive lease sale in 2022, comprises 80,418 acres in the Morro Bay Wind Energy Area off California's central coast. Wind turbines in the Lease area were anticipated to produce up to 2 gigawatts of offshore wind energy that would provide electricity to California. The United States Bureau of Ocean Energy Management (BOEM) awarded Invenergy the Lease after years of analysis and extensive consultation, including with the Department of War.

On June 17, 2026, the United States Department of Interior announced that it had reached an agreement with Invenergy to terminate the lease and reimburse the company up to \$111,769,231. This represents the amount that Invenergy paid for the lease, minus \$33,530,769 in bid credits that would have supported workforce training, domestic supply chain development, and community benefits in California. The Agreement provides that Invenergy or its affiliates will invest \$111,769,231 in other domestic energy projects and covenant not to sue, in exchange for the United States reimbursing Invenergy up to \$111,769,231 and cancelling the Lease.

OCSLA declares the Outer Continental Shelf to be "a vital national resource reserve held by the Federal Government for the public," and directs the Secretary of the Interior to make the Shelf "available for expeditious and orderly development, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs." 43 U.S.C. § 1332(3). OCSLA further declares that "the rights and responsibilities of all States . . . to preserve and protect their marine, human, and coastal environments through such means as regulation of land, air, and water uses, of safety, and of related development and activity should be considered and recognized." 43 U.S.C. § 1332(3), (5). Under 43 U.S.C. § 1337(p), OCSLA governs the development of energy resources other than oil and gas, including wind energy resources, on the Outer Continental Shelf.

The Agreement and the cancellation of Lease OCS-P 0565 set out in that Agreement violate OCSLA and its implementing regulations. Among other violations, the federal government (1) did not hold a hearing before deciding to cancel the Lease, in violation of 43 U.S.C. § 1334(a)(2)(A); (2) did not suspend the Lease for five years before cancellation, in violation of 43 U.S.C. § 1334(a)(2)(B); (3) did not notify or coordinate with the Governors of the affected States, in violation of 43 U.S.C. §§ 1334(h) and 1337(p)(7); (4) did not consider the required statutory priorities under 43 U.S.C. § 1337(p)(4) and 30 C.F.R. § 585.102; (5) did not follow the regulations for lease relinquishment under 30 C.F.R. § 585.435; (6) violated section 8 of the amended Lease agreement, which states that "[a]ny cancellations are subject to the limitations and protections contained in subsections 5(a)(2)(B) and (C) of the Act (43 U.S.C. §1334(a)(2)(B) and (C))" and that "[a]ny cancellation or suspension ordered by the Lessor that is predicated on a threat of serious irreparable, or immediate harm or damage, or on an imminent threat of serious or irreparable harm

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or damage, requires a finding by [BOEM] of particularized harm that it determines can only be feasibly averted by suspension of on-lease activities,” Amend. & Restatement of Renewable Energy Lease OCS-P 0565, § 8 (Jan. 14, 2025); and (7) otherwise failed to comply with OCSLA and its implementing regulations. The Agreement also provides for compensation in excess of the statutory formula for cancellations and suspensions, in violation of 43 U.S.C. §§ 1334(a)(2)(C) and 1341(d).

The Lease cancellation and Agreement adversely affect California’s legal interest in the “expeditious and orderly development,” 43 U.S.C. § 1332(3), of wind energy on the Outer Continental Shelf. California has invested over \$100 million to support the development of wind energy off the coast of the State. These investments and the wind energy production they support would have generated economic benefits, improved grid reliability, lowered energy costs, diversified the State’s energy supply, and advanced California’s statutory clean energy and climate policy goals. Lease OCS-P 0565 was crucial to the success of the State’s investments and important to its pursuit of these goals.

The Agreement and the Lease cancellation described above are causing ongoing harm to California, requiring California to take judicial action to compel compliance with OCSLA. Accordingly, pursuant to 43 U.S.C. § 1349(a), the State is hereby providing notice of OCSLA violations.

Please contact us if you have any questions or would like to discuss this matter. I declare under penalty of perjury that the foregoing is true and correct.

Sincerely,

/s/ Natalie Collins

MYUNG J. PARK

MICHAEL P. CAYABAN

Supervising Deputy Attorneys General

THEODORE A. MCCOMBS

NATALIE COLLINS

Deputy Attorneys General

For

ROB BONTA

Attorney General

TAM:

cc: Drew Bohan, California Energy Commission Executive Director
Josh Robbins, Crowell & Moring LLP