



California Wind Energy Association

March 6, 2019

The Honorable Bill Quirk
State Capitol Room 2163
Sacramento, CA 95814

RE: AB 1584 (Quirk) – Support

Dear Assemblyman Quirk,

The California Wind Energy Association (CalWEA) is a 19-year-old trade association representing wind energy and related companies focused on the California market, primarily including owners and operators of wind energy projects located in California.

CalWEA is pleased to sponsor your bill, AB 1584, which seeks to ensure that the California Public Utilities Commission allocates system integration resource requirements and related costs to load-serving entities (LSEs) based on the extent to which their resource portfolios create a need for those resources. The bill is focused on integration resources under the Commission's purview, namely flexible resource adequacy (RA) requirements (which are likely to be met with natural gas plants, at least in the short term) and any energy storage that the Commission or the Legislature may find necessary to require as part of a diverse and balanced resource portfolio needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner.

Currently, the Commission has no policy to spread integration resource requirements and costs based on the degree to which LSEs cause a need for integration resources, even though the California Independent System Operator provides the Commission with this information with regard to flexible-RA needs. In addition, the Commission's authority to direct the procurement of a proliferating number of LSEs to ensure balanced resource portfolios that track their customer loads is very limited by statute. In this increasingly fragmented electricity market, it is important that, at a minimum, LSEs receive cost signals that discourage them from shifting costs onto the shared electrical system, to be paid for by other LSEs and their customers.

By charging needed integration resources to LSEs based on their contribution to the need for these resources, LSEs will be encouraged to assemble resource portfolios that match their customer loads as closely as possible, thereby minimizing the need for system integration resources in the first place. In turn, this will reduce the indirect system costs associated with meeting California's clean energy goals. Further, any investments made in system integration resources will go further in ensuring system reliability as California increases its reliance on variable renewable energy resources.

The need for this legislation is urgent because, by 2021, all LSEs must have 65% of their renewable resources under long-term contracts of 10 years or longer. Before these resources are locked in, LSEs should be provided with a clear incentive to create balanced portfolios that minimize integration costs on the shared electrical system.

For all these reasons, we are pleased to sponsor your AB 1584.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Rader". The signature is fluid and cursive, with the first name "Nancy" written in a larger, more prominent script than the last name "Rader".

Nancy Rader
Executive Director

cc: Members and Staff, Assembly Committee on Utilities and Energy
