CalWEA

California Wind Energy Association

July 29, 2020

Senator Ben Hueso, Chair
Senate Energy and Utilities Committee
State Capitol
Sacramento, CA 95814

Re: **AB 1720 (as amended 7/27/20) – OPPOSE (Carrillo)**

Dear Chair Hueso:

The California Wind Energy Association (CalWEA) is a 20-year-old trade association representing wind energy companies focused on the California market, primarily consisting of owners and operators of projects located in California. AB 1720, with amendments dated July 27, 2020, would establish a process favoring the construction of the 1,300-megawatt (MW) Eagle Crest pumped storage project in the desert adjacent to the Joshua Tree National Monument, potentially culminating in procurement by the Department of Water Resources (DWR) if the Public Utilities Commission (Commission) does not issue a procurement order by March 1, 2021 – an unprecedented commandeering of the Commission's Constitutional and statutory authority to protect the interests of electric utility ratepayers.

CalWEA respectfully opposes this legislation for three primary reasons.

First, the legislation is at odds with the CPUC's Integrated Resource Planning (IRP) process, which was established by the legislature in SB 350 in 2015. The Commission is currently evaluating two resource planning portfolios for 2030 – a tentatively adopted one with a greenhouse-gas (GHG) target of 46 million metric tons (MMT) and an alternative one with a GHG target of 38 MMT. Each of these includes a significant amount of long-duration storage (973 MW and 1,605 MW, respectively); however, there are other resource portfolios that could require far less storage (discussed next). AB 1720, as amended, would require the Commission to plan for <u>and procure</u> long-duration storage assuming the portfolio currently associated with the lower, 38-MMT GHG target. AB 1720 would set in stone what is, in fact, a preliminary plan that is still undergoing evaluation, and would completely upend the Commission's IRP process.

Second, studies completed for the California Energy Commission (CEC) indicate that far less storage would be needed in a more diverse resource portfolio. Specifically, the CEC's June 2018 "Deep Decarbonization in a High Renewables Future" shows that achieving the state's ultimate GHG goals with a balanced wind-solar portfolio would dramatically reduce the need for storage resources, compared with a solar-dominated portfolio. Further, such a portfolio would dramatically reduce total costs. California's tremendous offshore wind resources could play a large role in such a balanced portfolio. Therefore, it is too soon to say how much storage – long-duration or otherwise – will be needed to most efficiently achieve California's long-term GHG goals.

Third, the DWR's primary duty – the operation of the State Water Project – does not involve procurement of power on behalf of California ratepayers. Its involvement in power procurement in 2001 resulted from a crisis situation in which the investor-owned utilities lacked sufficient credit to support procurement. Such circumstances are not present today. Invoking DWR for the benefit of a large pumped storage facility is wholly inappropriate. Moreover, the bill provides no requirement for competitive procurement to drive down costs for ratepayers.

CalWEA believes that it would be very damaging to the state's GHG planning process for the legislature to metaphorically hold a gun to the Commission's head to immediately approve a large pumped storage project, or else inject DWR into the process to achieve ends not approved by the Commission. This is especially inappropriate in the context of the Covid-19 crisis that is undoubtedly straining the Commission's resources.

For these reasons, we respectfully urge you to reject AB 1720.

Sincerely,

Nancy Rader
Executive Director

cc: Members, Senate Committee on Energy and Utilities
Assembly Member Wendy Carillo