



California Wind Energy Association

April 18, 2023

Assembly Member Eduardo Garcia
Chair, Assembly Committee on Utilities and Energy
LOB, Room 408
Sacramento CA 95814

Re: AB 1373 – Support

Dear Chair Garcia,

On behalf of the California Wind Energy Association (CalWEA), I am writing to convey our strong support for your bill, AB 1373. CalWEA supports the bill because it would promote achievement of a resource-diverse clean energy portfolio, including resources such as offshore wind energy, by clarifying that the Public Utilities Commission (Commission) may direct all load-serving entities (LSEs) to procure needed diverse resources and would add options for centralized procurement of such resources as necessary. We offer two suggestions for strengthening the bill toward these purposes and reducing associated ratepayer costs.

CalWEA is a 23-year-old trade association. Our wind energy industry members are focused on operating and developing wind energy resources within and directly interconnected to California and off the coast of California, as well as capturing the related economic and workforce development benefits for California.

CalWEA supports AB 1373 because it appropriately clarifies that the diverse and balanced portfolio that the Commission is now required to plan for should also be used to establish procurement requirements on all LSEs. A diverse and balanced electric resource portfolio, one that provides optimal integration of renewable energy and resource diversity in a cost-effective manner, is also a more reliable electricity portfolio. Resource diversity reduces various types of risks that would be associated with an imbalanced portfolio that substantially relies on just a few technologies. A more-diverse portfolio also substantially reduces the overall amount of capacity needed, thereby reducing overall demand for land and sea space and the raw materials needed to achieve our SB 100 goals. But to achieve these benefits, such a portfolio must be procured, as well as planned for. This bill would make clear that the Commission has that authority.

Toward that end, CalWEA recommends that the bill also require that each LSE's individual resource plan be aimed at achieving that LSE's share of the overall diverse resource plan. Such an amendment should be placed in Section 6 of the bill as a new subsection (B) in PU Code Sec. 454.52(a)(1). Currently, the bill would allow the Commission to direct central procurement of

diverse resources by an electrical corporation or the Department of Water Resources (DWR) upon reviewing the progress toward achievement of the diverse portfolio of resources, without directing LSEs to plan for, and procure, towards the commission's planned portfolio in the first place. Without such direction, the gap in achieving the Commission's planned resource diversity will be much larger and, because resources will have already been procured toward a suboptimal portfolio, the outcome will be less efficient and more costly for ratepayers.

Second, the bill would authorize the DWR, upon a determination by the Commission, to develop and conduct one or more competitive solicitations to procure diverse clean energy resources. Enabling procurement by DWR, as an alternative option to procurement by an investor-owned utility, may prove to be important particularly to promote participation by LSEs that are not under the Commission's jurisdiction.

Toward that end, however, the bill should allow for procurement through single-source, open-book negotiations as well as competitive solicitations. Such an amendment can be accomplished in Section 16 of the bill under proposed Division 29.5, Chapter 3, as amendments to proposed Water Code sections 80820 (a) and (b)(2). Providing a sole-source, cost-based option is important because, with diverse resources in a nascent stage of development, such as floating offshore wind projects and potentially other types of emerging resources, competition may not be sufficient to support traditional market-based procurement where competition can be relied upon to deliver reasonable power purchase prices. Accordingly, DWR should be able to conduct open-book, cost-based procurement for diverse resources. If desired, such procurement could be limited to projects certified as Environmental Leadership Development Projects (ELDP) described under the Public Resources Code commencing with Section 21178. Because the ELDP program's legislative mandate sunsets January 1, 2024, an extension of its expiration date also would be advisable.

For these reasons, CalWEA strongly supports AB 1373 and recommends amendments in the two areas referenced above.

Sincerely,



Nancy Rader
Executive Director
California Wind Energy Association
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cc: Vice Chair Jim Patterson
Members of the Committee
