



California Wind Energy Association

September 2, 2023

Senator Steven Bradford
Chair, Senate Energy & Utilities Committee
1021 O Street, Suite 7210
Sacramento, CA 95814

Re: AB 1373 (E. Garcia) As Amended 8/31/23- SUPPORT

Dear Chair Bradford,

The California Wind Energy Association (CalWEA) strongly supports the passage of AB 1373 this year to create a central procurement mechanism for floating offshore wind and any other very large-scale clean energy resources that provide substantial value to the state's overall resource portfolio. These types of resources will not be practical for any single load-serving entity to procure, necessitating a central procurement mechanism.

The Energy Commission has established a planning goal of 25 GW of offshore wind due to the enormous benefits this resource would bring to the state, as a high-capacity factor resource with a generation profile that would complement California's current over-reliance on solar energy, including production in the critical "net peak" period after the sun sets. The offshore wind industry also has the potential to create tens of thousands of well-paying California jobs and invigorate local economies. In addition, offshore wind would bring myriad risk-reduction benefits, including reducing the supply chain, price, and operational risks that will be present with a grid that is heavily reliant on solar and batteries, as California has already experienced. Offshore wind would also reduce risks related to limitations on, and conflicts over, land availability in solar-heavy portfolios. Finally, and as importantly, more-resource-diverse portfolios could reduce the overall need for capacity by tens of gigawatts, as has been shown by many studies. This reduced capacity need is, in and of itself, a major benefit and would increase the odds that California will meet its clean-energy goals.

To achieve these benefits, direct policy and market intervention will be required, including a durable procurement pathway. Most load-serving entities (LSEs) are not sufficiently planning for offshore wind energy because the major benefits noted above do not manifest in purchase prices, nor is any single LSE (or even group of LSEs) equipped to manage the purchase of a brand-new technology of very large scale. Such weak commitments will be fatal to the achievement of California's offshore wind goals, which requires sending clear signals to investors in the offshore wind industry that they will find a market for their energy and capacity, as well as to others that must make major investments to support the

development of offshore wind resources, including ports, workforce, and supply chain (e.g., manufacturing of floating foundation components, anchoring systems and potentially other components such as blades, nacelles, substations, and cables).

CalWEA supports the Department of Water Resources (DWR) acting as a central procurement entity for offshore wind because it is experienced in energy procurement, bonding authority, ability to consider non-price criteria, and potential to incorporate alternative sources of cost recovery outside the rate base. DWR procurement of offshore wind could help promote near-term investments in port infrastructure, support local communities and workforce development, and foster early learning on environmental impacts on marine life and related mitigation techniques. Delay in advancing central procurement legislation this year would stall development and investment and increase the challenge of achieving California's goals.

For these reasons, CalWEA urges passage of AB 1373, as amended on 8/31/23, this session to enable California to make immediate progress toward procuring offshore wind and realize the myriad benefits that this resource will bring to ratepayers, the job market and economy, and to California's ability to timely achieve its SB 100 goals.

Sincerely,



Nancy Rader
Executive Director
nrader@calwea.org
(510) 919-6358