CalWEA

California Wind Energy Association

September 11, 2017

Senator Ben Hueso
Chairman, Senate Energy, Utilities & Communications Committee
Capitol Building
Sacramento, CA 95814

RE: Assembly Bill 726 / Senate Bill 813 – Oppose Unless Amend

Dear Chairman Hueso,

The California Wind Energy Association (CalWEA) is a 17-year-old trade association representing wind energy and related companies focused on the California market, including owners, operators and developers of wind energy projects located in California. We wish to apprise you of our opposition to two bills by Assembly Member Holden -- AB 726 and SB 813 (both as amended on September 8th) -- unless they are amended to address our concerns. Without amendment, the bills would limit opportunities for the procurement of wind energy, thereby also reducing associated ratepayer benefits and local economic benefits.

AB 726 and SB 813 would ostensibly require the Public Utilities Commission (PUC) to require electrical corporations to procure tax-advantaged solar and wind energy resources if it finds that procuring those resources would be consistent with the reference system plan developed as part of the Commission's Integrated Resources Planning (IRP) efforts, and the plan shows that earlier-than-required procurement will reduce the overall long-term expense of procuring renewables. However, in numerous ways, other parts of the bill contradict the purpose of IRP, which is to cost-effectively achieve the state's greenhouse gas, renewable energy, and other goals while maintaining system reliability.

First, the bills waive away the problem of energy curtailment, which (along with related ramping requirements) is among the most pressing grid management issues currently faced by the CAISO. Second, the bills would suspend the rules governing renewable energy procurement, which include evaluation of indirect costs and benefits of renewable resources. Third, the bills give priority to renewable energy projects that are flexible and controllable or can displace conventional generation in locally constrained areas regardless of whether these resources are found to be cost-effective or consistent with the reference system plan in meeting either reliability or greenhouse-gas reduction goals.

These bill specifications will serve to greatly disadvantage wind energy resources, which have been shown to complement solar energy resources such that, together, they create a least-cost portfolio that minimizes curtailment and the need for storage resources. Wind energy resources are further disadvantaged in the bill because PUC consideration of the federal wind tax credit is limited to earlier in the wind-tax-credit phase-out schedule than solar is in relation to the solar-tax-credit phase-out schedule, even though the solar tax credit does not begin its phase-out schedule until 2020, while the wind-tax-credit phase-out has already begun. If part of the purpose of the bill is to capture federal tax credits for consumers and promote a least-cost portfolio, this disparity does not make sense.

In addition to these issues, we are concerned that the current procurement activities of Community Choice Aggregators (CCAs), which include voluntary consideration of wind energy purchases, are likely to come to a standstill if the CCAs are required by these bills to procure other types of resources.

We appreciate your consideration of our concerns.

Sincerely,

Nancy Rader
Executive Director

cc: Members and Staff, Senate Energy, Utilities and Communications Committee
Assembly Member Chris Holden
Assembly Speaker Anthony Rendon
Senate Pro Tempore Kevin De León