



## California Wind Energy Association

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March 31, 2023

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

Re: AB 538 – Support if Amend

Dear Chair Garcia,

On behalf of the California Wind Energy Association (CalWEA), I am writing to convey our support for AB 538 (Holden), if amended to offset various possible detrimental effects that may result if California diminishes its influence over the grid operator. 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.

As CalWEA members are dedicated to maintaining and developing projects within or proximate to California, CalWEA is naturally concerned that expanding California's grid to include other Western states will put California land-based and offshore wind developments at a serious economic disadvantage. In addition, expanding the grid across the West may reduce grid reliability for Californians, increase California's dependence on gas-fired power plants, and make it more difficult for California independent power producers to access the grid.

Relative to other Western states, developers and operators of California wind projects pay high prevailing wages and full property and sales taxes, comply with rigorous environmental review, and pay high land costs. While grid expansion may lower California's electricity prices, the state will lose the good jobs and economic benefits associated with clean energy development, much as globalized markets have hollowed out the U.S. manufacturing sector. California will also lose control of environmental review of clean energy projects, resulting in exporting environmental impacts to other states. If the legislature wishes to ensure that the state continues to capture the economic benefits associated with the state's clean energy goals, while promoting environmental stewardship, AB 538 should be amended

to authorize grid expansion only after California has put in place policies that support existing and new clean energy projects in California -- particularly those that add resource diversity to a portfolio that is rapidly growing dependent on solar and batteries.

A regionalized grid may reduce electricity reliability for Californians. The studies summarized in response to ACR 188 generally were not performed from California's perspective. The studies did not consider the increased reliability risks that may follow from increased dependence on a grid extending thousands of miles away, under a regional board that can be expected to favor out-of-state transmission investments over resolving local-area transmission constraints, such as in the Los Angeles Basin and Bay Area. For the same reason, California may find it more difficult to reduce dependence on natural-gas-fired units in those areas. Similarly, a regional board may favor transmission that promotes development of Western-state resources rather than wind resources off the coast of California. Therefore, the legislature may wish to call for further studies to be conducted with California's interests in mind. In addition, we ask that this bill be amended to ensure that CAISO adopts plans to eliminate local area constraints and to access offshore wind resources prior to grid expansion.

CAISO policies and procedures in implementing FERC's open access rules have generally been very favorable to independent power producers. These policies could be diluted when other states, which have historically been more responsive to utilities, are in control. However, CAISO is currently proposing to modify these rules in ways that would compromise its existing open access policies. CAISO is also planning to consider important reforms to the way in which it determines whether projects can interconnect to the grid with the full deliverability status needed to qualify under the CPUC's Resource Adequacy program; reform could significantly reduce the interconnection queue backlog, which would improve the state's ability to achieve the CPUC's mid-decade reliability and clean energy goals. These policy initiatives will determine whether CAISO will continue its commitment to strong open access policies and promote efficient use of the grid. California's influence in shaping these policies will diminish once it relinquishes control of the CAISO, and out-of-state developments are added to an already jammed interconnection queue. Therefore, the legislature should amend the bill to delay authorization to join a regional RTO until these policies are settled, and condition participation in the regional grid on maintenance of policies that ensure open access and efficient use of the grid.

The amendments outlined above will help protect California's economic prosperity and climate policies in a regional market. With these changes, CalWEA will be in support of AB 538.

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Sincerely,

A handwritten signature in black ink that reads "Nancy Rader". The signature is written in a cursive, flowing style.

Nancy Rader  
Executive Director  
California Wind Energy Association  
nrader@calwea.org

cc: Assemblymember Chris Holden  
Vice Chair Jim Patterson  
Members of the Committee