

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue
Electric Integrated Resource Planning and
Related Procurement Processes.

Rulemaking 20-05-003

**CALIFORNIA WIND ENERGY ASSOCIATION
REPLY COMMENTS ON PROPOSED DECISION
DETERMINING NEED FOR CENTRALIZED PROCUREMENT
OF LONG LEAD-TIME RESOURCES**

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***On behalf of the California Wind
Energy Association***

August 13, 2024

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I. INTRODUCTION AND SUMMARY

Pursuant to the Proposed Decision Determining *Need for Centralized Procurement of Long Lead-Time Resources* (“Proposed Decision” or “PD”) issued by Administrative Law Judge Julie Fitch on July 19, 2024, the California Wind Energy Association (“CalWEA”) provides these comments in reply to parties’ August 8, 2024, opening comments on the Proposed Decision. All page references are to parties’ opening comments on the PD unless otherwise noted.

In summary, CalWEA argues that the need determination for 7.6 GW of offshore wind (“OSW”) has been fully justified, and that the Commission should provide credit for early procurement of small-scale OSW projects by load-serving entities (“LSEs”).

II. COMMENTS

A. The Need Determination for 7.6 GW of Offshore Wind Has Been Fully Justified

Several load-serving entities (“LSEs”) argued in opening comments that the need determination for 7.6 gigawatts (“GW”) of offshore wind should be reduced or delayed.¹ SDG&E

¹ For example: California Community Power (“CC Power”), at pp.5-6, asked the Commission to defer the need determinations for all technologies until after it has had an opportunity to assess the next LSE IRP filings in November 1, 2025; the Alliance For Retail Energy Markets and the Regents of the University of California requested, at p. 3, that the order not exceed PSP quantities; and Southern

(at p. 6) misrepresents staff’s analysis of many scenarios as “recommending” a target of just 1 to 3 GW of OSW. The Commission should reject these arguments.

As the PD notes, the cost-benefit analysis conducted by Commission staff shows potential ratepayer benefits from 7.6 GW of OSW capacity.² CalWEA agrees with SDG&E (at p. 7) and other parties, however, that more analysis is warranted. CalWEA recommended in comments on the Ruling that the Commission expand its determination of resource cost-effectiveness by evaluating resource-diversity benefits in the IRP process, not only for OSW resources but also for onshore wind, geothermal, and long-duration storage resources.³ As ACP-California also stated (at p. 9), the Commission should “continue to study the value of maintaining and increasing resource diversity in the IRP process through additional production cost modeling and scenario planning that examines a larger variety of future scenarios with different levels of risk.” The Commission can consider the results of these additional analyses when it evaluates any OSW contracts submitted by the Department of Water Resources.

Crucially, not moving forward with a need determination for at least 7.6 GW of OSW would all but prevent any progress toward the long-lead-time infrastructure that is necessary to enable offshore wind. As PG&E noted (at p. 5), compared to other LLT resources, “OSW requires more significant supporting infrastructure development (e.g., ports and transmission build-out).” Numerous parties have explained the importance of establishing a potential market for OSW on the scale necessary to reduce project development costs and stimulate investments in projects, ports and a robust supply chain.⁴ While many parties express doubt that central procurement is warranted for other technologies,⁵ it is clearly warranted for OSW, as there is no evidence that Commission-jurisdictional load-serving entities are seeking to procure full-scale OSW projects.

California Edison Company (“SCE”) at p. 9 argued that the Commission should authorize just half of the 4.5 GW identified in the PSP.

² PD at p. 47. Also see May 7, 2024, Energy Division Staff Workshop slides at PDF-pp.45 and 48.

³ CalWEA Comments on Administrative Law Judge’s Ruling Seeking Comments on Need and Process for Centralized Procurement of Specified Long Lead-Time Resources (May 24, 2024) at p. 5.

⁴ See, e.g., parties’ opening comments on *Administrative Law Judge’s Ruling Seeking Comments on Need and Process for Centralized Procurement of Specified Long Lead-Time Resources* (May 24, 2024): ACP-California at p. 17; Oceantic Network’s comments at pp. 5-6; CalWEA at pp. 12-13; Environmental Defense Fund at p. 7.

⁵ See, e.g., SCE at pp.1-2 and 7 (“LSEs are already soliciting and/or procuring EGS and various LDES technologies”), and Union of Concerned Scientists at p. 2 (“central procurement of offshore wind in particular is likely necessary given the complexity of getting that industry started. However, UCS is agnostic as to who should be responsible for procurement of the other types of emerging technologies.”)

B. The Commission Should Provide LSEs with Credit for Early Procurement of Small-Scale OSW Projects

CalWEA requested in its opening comments (at pp. 3-4) that the Commission make clear in its final decision that DWR may consider procurement of the 60-megawatt CADEMO project, subject to all the conditions that would apply to GW-scale projects, if the DWR finds that the project would “create the potential for future cost reductions through economies of scale or learning about the best ways to conduct resource development.” We noted that it may be possible for DWR to work on cooperative arrangements with local entities that may have offtake interest.

For its part, CC Power requested in its opening comments (at p. 14), that the Commission “adopt a crediting mechanism for any ‘like-for-like’ procurement of LLT resources to ensure that LSEs that procure resources that meet the goals of any CPE procurement thereby have reduced costs or obligations from any central procurement.” While CalWEA strongly disagrees with CC Power’s larger request to “first allow” LSEs to self-procure OSW and other LLT resources with DWR as a “backstop” (we agree with ACP-California, at p. 10, that this could put DWR “in a constant state of ‘wait and see’”), we do agree that it is feasible for a single LSE, or group of LSEs such as CC Power, to procure the small-scale CADEMO OSW project in the relatively near-term (compared to longer-term federal-waters OSW projects). CC Power has already demonstrated an interest in procuring CADEMO.⁶ The Commission should encourage such early procurement by providing that successful procurement will be credited towards procuring LSEs’ CPE procurement obligations. At the same time, the Commission should clarify that DWR is also authorized to procure CADEMO’s output to ensure that multiple paths to procurement are open for this valuable project.

⁶ See CC Power’s Opening Comments on *Administrative Law Judge’s Ruling Seeking Comments on Need and Process for Centralized Procurement of Specified Long Lead-Time Resources* (May 24, 2024) at pp.7-8.

Respectfully submitted,

/s/ Nancy Rader

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***On behalf of the California Wind Energy
Association***

August 8, 2024

VERIFICATION

I, Nancy Rader, am the Executive Director of the California Wind Energy Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of CALIFORNIA WIND ENERGY ASSOCIATION REPLY COMMENTS ON PROPOSED DECISION DETERMINING NEED FOR CENTRALIZED PROCUREMENT OF LONG LEAD-TIME RESOURCES are true of my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 13, 2024, at Berkeley, California.

/s/ Nancy Rader _____
Nancy Rader
Executive Director
California Wind Energy Association