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Newsom Signs Law Intended to Spark Clean Energy Procurement



The new law will create a central buyer for offshore wind and other kinds of renewable energy. Photographer: David Paul Morris/Bloomberg

- Central procurement aims to get more renewables on grid
- California earlier set goals for offshore wind, clean electricity

By [Drew Hutchinson](#)

California Gov. Gavin Newsom (D) signed into law on Oct. 7 a bill that authorizes state regulators to create a central buyer for offshore wind and other kinds of renewable energy, a move intended to push the state toward its 2045 goal of 100% clean electricity.

AB 1373, which was part of a [September deal](#) between the governor and legislature, allows the California Department of Water Resources (DWR) to procure offshore wind energy, geothermal energy, and other non-fossil fuel electricity generation sources with longer project development timelines.

The method, known as “central procurement,” is a bid to get more clean energy onto the state’s electric grid. This new energy bought by the department will be available to public and private utilities to distribute to their customers, the law says.

Load-serving entities, a catchall term to describe the entities that procure electricity for customers, have had trouble building their renewable electric capacity in “what seems to be a seller’s market,” according to a September [bill analysis](#).

Clean energy sources needed for decarbonization are often seen as “too costly and to risky” for smaller entities to invest in, the analysis says. Creating a centralized procurement entity through DWR will help aggregate the “buying power” of all those smaller entities, a move that could “dilute” the risk associated with zero-carbon energy.

“Making sure a market exists for this clean power will fast-track California’s ambitious clean energy plans,” Dan Jacobson, senior adviser for Environment California, said in a statement.

California outlined its ambitious offshore wind goals in [AB 525](#) two years ago. The law set a target aiming to add up to 5 gigawatts of offshore wind energy to the state’s grid by the end of the decade, and 25 gigawatts by 2045.

“By helping develop new clean power sources at the end of the day when solar generation declines and natural gas plants ramp up, central procurement will propel our progress towards building a 100 percent clean energy grid,” Katelyn Roedner Sutter, California state director at the Environmental Defense Fund, said in a statement.

To offset procurement costs, AB 1373 allows the Department of Water Resources to issue bonds. Regulators also have the authority to levy additional charges on participating utilities’ ratepayers to fund those entities’ participation in the program, as long as the California Public Utilities Commission finds that those charges do not “unreasonably increase costs to customers,” according to the bill.

The California Municipal Utilities Association wrote in opposition to a previous version of this bill, expressing concerns about possible impacts to publicly owned utilities and ratepayers.