

**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

**REPLY COMMENTS OF OFFSHORE WIND CALIFORNIA ON  
ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON  
STAFF PAPER ON PROCUREMENT PROGRAM**

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Dated: January 9, 2023

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**I. Introduction**

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) and the September 8, 2022 *Administrative Law Judge’s Ruling Seeking Comments on Staff Paper on Procurement Program and Potential Near-Term Actions to Encourage Additional Procurement* and October 7, 2022 *Administrative Law Judge’s Ruling Seeking Comments on Electricity Resource Portfolios for 2023-2024 Transmission Planning Process*,<sup>1</sup> Offshore Wind California (“OWC”) respectfully submits the following reply comments regarding the Reliable and Clean Power Procurement Program Staff Options Paper (the “Staff Paper”). OWC is a trade group of more than 40 companies, including offshore wind developers, technology providers, and consultancies committed to the responsible development of offshore wind power in California.

OWC commends Staff on its timely and thoughtful Staff Paper and continued commitment to market stability and transparency with participants and stakeholders. OWC also applauds Staff’s invitation for market creativity in approaching the Integrated Resource Planning (“IRP”) proceeding

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<sup>1</sup> The October 7 Ruling updated the deadline for filing reply comments from November 28, 2022 to January 9, 2023.

with fresh eyes in light of the existential demands of climate change and the significant demands of trajectory transparency, progress tracking, and enforcement of the State’s goals under Senate Bill (“SB”) 350 and SB 100.

## **II. OWC Supports a Framework to Procure Long Lead Time Resources Including Offshore Wind**

OWC supports resource-specific procurement for long lead-time (“LLT”) resources in the current IRP cycle and the inclusion of offshore wind in an organized procurement mechanism. In Opening Comments, American Clean Power – California (“ACP-California”) recommends that the Commission adopt a holistic strategy that “evaluate[s] near-, mid- and long-term procurement ... that is implemented by the end of 2023. There should be a single procurement directive following the adoption of the preferred system plan (“PSP”) for this IRP cycle.”<sup>2</sup> OWC agrees that the Commission should seek to advance both LLT resources and resource-specific approaches for offshore wind in this IRP cycle, tied to the PSP, to ensure offshore wind can be developed in timely fashion to aid the State in achieving its goals.

OWC supports Staff’s acknowledgement that offshore wind warrants close consideration by the Commission, consistent with authorizations existing in the Public Utilities Code. Offshore wind presents a unique opportunity for the State given its compelling combination of large-scale, LLT, greenhouse gas reduction and economic and workforce development potential, with complimentary generation profiles to meet consumer and reliability demands. Accordingly, OWC generally supports the proposal for technology-specific procurement for LLT resources via LLT procurement orders in addition to a consolidated Programmatic Procurement Track (“PPT”), as set forth in Appendix 1 of ACP-California’s opening comments.<sup>3</sup> ACP-California’s proposal, which builds on

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<sup>2</sup> ACP-California at 2.

<sup>3</sup> *Id.* at A-1 – A-2.

Option 1 in the Staff Paper, specifies that “the LLT portion of the procurement order would direct 80% - 100% of certain technology-specific LLT resources” that are identified in the PSP.<sup>4</sup> OWC supports technology-specific LLT resource procurement to ensure sufficient capacity is procured to meet PSP timelines. ACP-California proposes that LSEs “procure their share of the LLT need in each category [or] opt-out and be subject to Cost Allocation Mechanism costs associated with a Central Procurement Entity who would procure the LLT need.”<sup>5</sup>

OWC acknowledges the success of the energy-based Clean Energy Standard (“CES”) and Renewable Energy Credits (“RECs”) as efficient models to support: holistic and transparent goal trajectory planning; tracking; and enforcement in several markets across the United States. For example, such models complement offshore wind on the Atlantic Coast. OWC also supports implementation of an organized procurement mechanism via a Central Procurement Entity that can provide backstop procurement if LSEs’ procurement falls short of LLT procurement directives. Such an approach would complement the goals of the State’s LSEs, including California’s more than 25 community choice aggregators (“CCAs”), who could accelerate their share of clean energy procurement.

California Wind Energy Association (“CalWEA”) specifies that resource-specific requirements for LSEs are appropriate for offshore wind, as “offshore wind ... must have very clear offtake certainty to support major infrastructure requirements.”<sup>6</sup> OWC agrees with CalWEA’s assertion and emphasizes the need for offtake certainty for offshore wind in light of the investments required by many stakeholders to support development of offshore wind, including ports and

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<sup>4</sup> *Id.* at A-3.

<sup>5</sup> *Id.* at A-6.

<sup>6</sup> CalWEA at 11.

manufacturers of floating offshore wind components.<sup>7</sup> CalWEA additionally states that “resource-specific procurement requirements, including those that require central procurement, or attribute-based requirements, should be included in the programmatic framework and not be postponed or handled on a separate track.”<sup>8</sup> OWC agrees that both resource-specific and attribute-based procurement should be included in the IRP programmatic framework.

OWC further acknowledges the importance of offshore wind policy and market design in Staff’s objective of “achiev[ing] economically efficient procurement.”<sup>9</sup> The role of transmission planning, cost recovery methods for critical infrastructure (e.g., ports, supply chain), economic development, workforce development, project susceptibility to inflation, and market changes as a LLT resource will warrant the Commission and Staff’s close attention and collaboration with industry and stakeholders. Additionally, within the context of technology-agnostic procurement in this proceeding, OWC encourages the Commission and Staff’s continued efforts to promote definitions for “cost” that harmonize the appropriate valuation of all clean energy generation types with resource adequacy, non-price attributes of the resource, the roles of transmission and storage planning, and inter-regional planning opportunities, which are notoriously ill-captured by resource adequacy modeling techniques. These factors are critical in light of the extraordinary opportunities afforded under the federal Inflation Reduction Act and Bipartisan Infrastructure Law, which represent an unprecedented opportunity for the State and ratepayers.

Natural Resources Defense Council (“NRDC”) and Union of Concerned Scientists (“UCS”) jointly suggest that the program should “help drive procurement for those specific resources that

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<sup>7</sup> See CalWEA at 4, 17.

<sup>8</sup> *Id.* at 2.

<sup>9</sup> Staff Paper at 8.

aren't likely to be developed via attribute-focused market signals alone.”<sup>10</sup> NRDC and UCS point out that offshore wind requires “additional regulatory certainty” so that the infrastructure necessary to deliver electricity (i.e., port development, transmission infrastructure) “is ready in time for these resources to deliver electricity.”<sup>11</sup> In addition, “economies of scale are necessary for those novel resources to be cost-effective[;] this means that commitment for a minimum amount of capacity of these resources is necessary.”<sup>12</sup> OWC agrees with the assertion that resource-specific procurement for offshore wind is *necessary* to provide market certainty, drive down costs, and spur the enabling transmission and port infrastructure required to realize offshore wind’s clean electricity generation and resource adequacy benefits at the scale required to meet California’s ambitious climate goals.

### **III. The Commission Has the Authority to Order Resource-Specific Procurement**

OWC believes the Commission has the authority to order resource-specific procurement within the IRP program through its statutory authority.<sup>13</sup> The Commission has interpreted its own procurement authority in the IRP proceedings. For instance, in D.20-03-028, the Commission determined that an “unprecedented” amount of incremental clean energy resources was required by 2030.<sup>14</sup> The Reference System Portfolio acknowledged the need for LLT resources such as long-duration storage and out-of-state wind. Specifically, D.20-03-028 concluded that the CPUC “should, in the procurement track of this proceeding, continue to consider steps required to develop

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<sup>10</sup> NRDC and UCS at 6.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *See, e.g.*, Pub.Util. Code Sections 454.51 and 454.52.

<sup>14</sup> *See* CPUC Energy Division, *Staff Proposal for Resource Procurement Framework in Integrated Resource Planning* (Nov. 2020) (“IRP Staff Proposal”) at A-13, <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M351/K577/351577337.PDF>. The RSP in D.20-03-028 determined that, in addition to existing resources, the following procurement would be required by 2030: 14,500 megawatts (MW) of new supply-side renewables, 8,900 MW of new battery storage and 1,000 MW of new long-duration storage resources. *See* D.20-03-028 at 41 (Table 5).

and procure not only the resources identified in the 2019-2020 RSP, but also potentially additional geothermal and offshore wind resources, or other resources designed to bring diversity to the portfolio.”<sup>15</sup> In the second IRP proceeding<sup>16</sup>, the Commission announced it would use the IRP Procurement Track to “continue to consider procurement issues associated with long lead-time resources, such as long-duration storage, offshore wind, and out-of-state renewables, and other resources that add portfolio diversity, such as geothermal.”<sup>17</sup>

It is critical that the Commission order resource-specific procurement for offshore wind to ensure adequate and timely procurement to meet state goals and provide market certainty. The Commission acknowledged in its mid-term reliability decision (“MTR Decision”) that “specific orders have been needed from the Commission in the areas of solar, biomass, and storage, to name a few” and required a minimum of 2,000 MW of LLT resources in 2026.<sup>18</sup> In advance of the MTR Decision, Commission staff explained that “the C[ommission] needs to find reasonable ways to have technology specific processes in the IRP Procurement Framework” in order “to promote resource diversity or pursue large-scale, long lead-time resources.”<sup>19</sup> This Commission objective still applies. OWC believes that the Commission has the existing authority and that the system requires LLT resource-specific procurement for resources like offshore wind.

#### **IV. Conclusion**

OWC appreciates Staff’s commitment to adoption and implementation of the Reliable and Clean Power Procurement Program in 2023. OWC encourages the Commission to adopt a

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<sup>15</sup> D.20-03-028 at 101 (Conclusion of Law 18).

<sup>16</sup> See R.20-05-003.

<sup>17</sup> IRP OIR at 10.

<sup>18</sup> MTR Decision, D.21-06-035 at 35.

<sup>19</sup> IRP Staff Proposal at A-20; see also Pub. Util. Code Section 454.52(a)(2)(B).

procurement structure that accommodates both technology-agnostic procurement orders and technology-specific LLT procurement orders as outlined by ACP-California. Through the IRP, the Commission can establish the regulatory certainty necessary so that offshore wind enables California to meet its ambitious climate goals and reliability challenges. OWC appreciates the opportunity to submit these reply comments as a deliberative effort and looks forward to collaborating with the Commission and stakeholders in this proceeding.

Respectfully submitted,

Dated: January 9, 2023

/s/ \_\_\_\_\_  
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