

**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

**COMMENTS OF OFFSHORE WIND CALIFORNIA ON  
PROPOSED DECISION ADOPTING 2021 PREFERRED SYSTEM PLAN**

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January 14, 2022

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**I. INTRODUCTION**

Pursuant to Rule 14.3 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, Offshore Wind California (“OWC”) respectfully submits the following comments on the *Proposed Decision Adopting 2021 Preferred System Plan* (“Proposed Decision”).<sup>1</sup>

OWC’s comments propose refinements to the approach the Proposed Decision has set out. OWC generally supports the Proposed Decision with these proposed changes because it both strongly encourages LSEs to pursue viable opportunities for offshore wind projects as they become available, and expresses the Commission’s commitment to establish specific offshore wind procurement requirements in the next cycle of the Integrated Resource Planning (“IRP”) process.<sup>2</sup> Furthermore, the Proposed Decision recognizes the importance of the Commission’s continuing to evaluate the need for more offshore wind resources.<sup>3</sup> OWC offers limited comments pertaining to clarification of the roadmap and timeline for decisions on offshore wind in the 2022-2023 IRP process, and the Commission’s role in addressing offshore wind transmission and procurement.

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<sup>1</sup> A table of authorities, as identified in Rule 14.3, is not necessary for these limited comments.

<sup>2</sup> See Proposed Decision at 141.

<sup>3</sup> See Proposed Decision at 3.

**II. THE COMMISSION SHOULD CONSIDER THE CAISO’S OFFSHORE WIND SENSITIVITY ANALYSIS AND THE CEC’S INTERIM FINDINGS TO TIMELY INCLUDE OFFSHORE WIND IN THE 2024-2025 TPP CYCLE**

The Proposed Decision indicates that work now underway at the CAISO and the CEC will be important to the Commission’s analysis of offshore wind in the next IRP cycle. CAISO’s analysis of the offshore wind sensitivity portfolio in the 2021-2022 TPP is expected to conclude by March 2022. The CEC’s strategic plan for the development of California’s offshore wind resources, mandated by AB 525, is due by June 30, 2023. The Proposed Decision states that until the CAISO and CEC’s efforts are completed, “1.7 GW of offshore wind in the 2022-2023 TPP base case portfolio by 2032 is an appropriate starting assumption.”<sup>4</sup>

OWC believes that it is premature for the Commission to settle for an assessment of 1.7 GW. Given federal and state policies and growing reliability concerns, rising costs from wildfires and other climate-related disasters, it is prudent to allow the CAISO to assess transmission requirements for a higher level of offshore wind development in this cycle rather than deferring another two years.

If the Commission waits for publication of the AB 525 strategic plan before it updates its offshore wind target, the Reference System Portfolio (“RSP”) and individual IRP plans it receives will be based on outdated analysis, creating distortions that will be difficult if not impossible to correct in the formulation of the Preferred System Plan (“PSP”), and TPP base case. To avoid this outcome, the Commission should consider the CAISO’s offshore wind sensitivity analysis and coordinate with the CEC to accelerate key aspects of the AB 525 strategic planning process to provide relevant guidance for the LSEs when they submit their IRPs in September 2022 and for Commission Staff when it works to devise a RSP and PSP based on

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<sup>4</sup> Proposed Decision at 141.

LSE submissions.<sup>5</sup> Deferring reconsideration of the current 1.7 GW target for offshore wind development until the CEC completes the strategic plan required by AB 525 in mid-2023 risks unnecessary delay in the development of a promising new resource at a time when thousands of new MWs of renewables are needed to balance the State’s generation portfolio and meet increased electricity demand and carbon reduction objectives.

The Commission should revise the Proposed Decision to provide for Commission consideration of interim findings from the CEC, including the preliminary findings that will be published in June 2022. These interim findings can improve decision-making in the early stages of the next IRP cycle, while the Commission continues to work with CEC staff to finalize the AB 525 strategic plan.

**III. THE COMMISSION SHOULD ESTABLISH A TIMELINE FOR INCLUDING OFFSHORE WIND AS A PREFERRED RESOURCE WITHIN THE PSP FOR THE 2022-2023 TPP PROCESS**

The Proposed Decision correctly provides strong support for including offshore wind as a default candidate resource for consideration alongside others and recognizes the Biden Administration and Newsom Administration’s plans for offshore wind development in California.<sup>6</sup> Toward this end, the Commission should outline a timeline to include offshore wind as a preferred resource within the PSP to ensure the CAISO can make public policy determinations and assess any transmission needs to support this resource among those resources LSEs may procure in this cycle.

In February 2021, the Commission asked the CAISO to study an offshore wind sensitivity portfolio to evaluate the transmission needs and costs to interconnect approximately

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<sup>5</sup> Proposed Decision at 3.

<sup>6</sup> Proposed Decision at 138.

8,000 MW of offshore wind.<sup>7</sup> The Commission will use the results of this analysis, when it becomes available, to inform its analysis of offshore wind targets in the 2022-2023 IRP process.<sup>8</sup> However, the Commission should not wait for the end of the 2022-2023 IRP cycle to seek further action from the CAISO on offshore wind transmission planning. The Commission should request that the CAISO assess public policy transmission needed to integrate an 8,000 MW scenario in the 2022-2023 TPP process rather than just 1.7 GW in the current proposed PSP. Given the long development timeline for large-scale transmission projects, bringing this transmission assessment into the current TPP cycle will ensure California can take timely action to develop offshore wind at sufficient scale to address public policy goals around reliability, peak pricing and resource adequacy concerns alongside pressing climate issues in the near term. Ratepayers will benefit both from larger scale resource diversity/system reliability and also better overall cost and pricing scenarios that may otherwise be deferred and lost in the pre-2030 term if offshore wind is not included sooner at scale. By establishing a timeline for including offshore wind in the PSP, the Commission can protect against losing out on including additional offshore wind.

**IV. THE COMMISSION SHOULD RECOGNIZE IT HAS AN IMPORTANT ROLE IT CAN PLAY TO PRESERVE NECESSARY TRANSMISSION FOR OFFSHORE WIND**

The Proposed Decision states that the Commission will require PG&E to consult with the Commission’s Executive Director and/or Deputy Executive Director for Energy and Climate Policy before taking any action that would impact its transmission deliverability assets associated with Diablo Canyon.<sup>9</sup> The Proposed Decision clarifies the Commission’s policy interest in

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<sup>7</sup> Decision 21-02-008 (Decision .Transferring Electric Resource Portfolios to California Independent System Operator for 2021-2022 Transmission Planning Process( (R.20-05-003).

<sup>8</sup> Proposed Decision at 138-139.

<sup>9</sup> Proposed Decision at 143.

ensuring that at least a portion of the Central Coast transmission capacity can be utilized for offshore wind development.<sup>10</sup> However, it recognizes that interconnection and deliverability are addressed in CAISO tariff provisions regulated by FERC.<sup>11</sup>

Transmission deliverability is not only a matter of FERC policy and CAISO tariffs. To ensure this transmission capacity can actually be utilized, the Commission has an important role that it can play in clarifying PG&E's obligations. Both the Commission and the CAISO have discretion to make public policy based decisions about transmission assessment and deployment. The Commission should be proactive in its collaboration with the CAISO to ensure adequate, safe transmission assets will be available when resources are ready deliver power. A diverse portfolio inclusive of offshore wind is necessary to meet the state's energy reliability, resource adequacy and its critical climate goals and action in this PSP cycle to move the process forward will ensure readiness by 2030. Inaction will likely ensure these areas are not addressed soon enough.

V. **THE COMMISSION SHOULD DEVELOP A CENTRAL PROCUREMENT PROCESS FOR OFFSHORE WIND**

The Commission appropriately encourages "LSEs to pursue viable opportunities for projects."<sup>12</sup> However, the Commission must address the need for central procurement of offshore wind to best enable parties to sell gigawatt scale levels of offshore wind.

Given the long lead time and large scale of offshore wind projects, and the fact that a large and growing proportion of load in California is served by relatively small, recently created LSEs that are not well position to make long-term, large-scale purchases of power generated using new technology, the Commission should explore the development of a central procurement

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<sup>10</sup> Proposed Decision at 142.

<sup>11</sup> Proposed Decision at 142.

<sup>12</sup> Proposed Decision at 141.

process. The Commission could refer to its central procurement and backstop procurement frameworks established in the Resource Adequacy proceeding<sup>13</sup> and IRP proceeding<sup>14</sup> for insight on how central procurement could be designed for long-lead-time resources. If needed, the Commission should facilitate having the State be the direct procuring party for offshore wind. Such centralized procurement also addresses the policy reality that the benefits of having offshore wind accrue to all network users, and therefore the higher per-kWh cost of offshore wind (versus its higher, longer term value to the grid and all users) should be shared broadly, rather than placed only on IOU customers.

A diverse portfolio inclusive of offshore wind must be measured based on value, avoided cost (including the escalating cost of utility-facility-caused-wildfires that can be mitigated with offshore delivery) and peak period cost reductions associated with real time resources like offshore wind that are able to deliver large quantities of renewable power when demand occurs. The Commission should begin to take thoughtful action on the development of central procurement for offshore wind.

## **VI. CONCLUSION**

For the foregoing reasons, the Commission should adopt the Proposed Decision, subject to the minor modifications set forth below in Appendix A.

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<sup>13</sup> See Decision 20-06-002 (Decision on Central Procurement of the Resource Adequacy Program) (R.17-09-020).

<sup>14</sup> See Decision 21-06-035 (Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026) (R.20-05-003).



January 14, 2022

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## APPENDIX A

### Proposed Revisions to the Proposed Decision

#### 7.2.1.2 Discussion

We note that the CAISO is in the middle of studying the offshore wind sensitivity portfolio from the 2021-2022 TPP. CEC is the lead agency on the development of the AB 525 strategic plan and we will be coordinating closely. **We will consider the CAISO's offshore wind sensitivity analysis and coordinate with the CEC to consider key aspects of the AB 525 strategic planning process, including interim findings, to provide relevant guidance for the LSEs when they submit their IRPs in September 2022 and for Commission Staff when it works to devise a RSP and PSP based on LSE submissions.** ~~Until these efforts are completed, we are satisfied that 1.7 GW of offshore wind in the 2022-2023 TPP base case portfolio by 2032 is an appropriate starting assumption.~~

#### Conclusions of Law

~~24. Interconnection and deliverability on the transmission system ultimately falls within CAISO tariff provisions regulated by FERC.~~