

**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
PROPOSED DECISION ADOPTING 2021 PREFERRED SYSTEM PLAN**

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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 reply comments on the *Proposed Decision Adopting 2021 Preferred System Plan* (“Proposed Decision”). OWC’s reply is focused on the opening comments related to offshore wind procurement, development, and transmission.

A. Offshore Wind is an Available Technology That Should Be Included in Procurement Planning

The Proposed Decision correctly encourages offshore wind procurement.¹ The Proposed Decision reflects the Commission’s commitment to establish offshore wind procurement requirements in the IRP.² However, it is clear more decisive direction is needed in order to deploy this resource by the end of the decade to address both climate and reliability issues.

Contrary to Public Advocates Office’s (“Cal Advocates”) suggestion that offshore wind is not an “available” resource,³ floating offshore wind is in fact supplying power today from successful first-generation projects and progressing, with large-scale projects under development

¹ Proposed Decision at 141.

² See D.21-02-008 at 26-28.

³ Cal Advocates Opening Comments at 7.

at deep water locations around the globe.⁴ California, with its central load centers and strong winds over deep coastal waters, is well-positioned to take advantage of this new source of clean electricity. However, as Coalition of California Utility Employees (“CUE”) and California Unions for Reliable Energy (“CURE”) explain, “it is unlikely the 1.7 GW of offshore wind in the system plan will be achieved without the Commission requiring the procurement of these resources.”⁵ The Commission should heed American Clean Power – California’s (“ACP-CA”) comments that planning for an insufficient quantity of offshore wind in the next TPP cycle will lead to an incremental and more expensive upgrade process to prepare the transmission system for offshore wind.⁶ Offshore wind must be planned for in a manner consistent with cost-containment and at sufficient scale to address the pressing grid safety, resource adequacy and reliability needs.

Adequate Commission direction to procure offshore wind and develop centralized procurement will allow offshore wind, like all other resources, to develop at the scale needed to help address reliability and climate concerns in California and contain costs. The Commission should commit to move quickly to devise a workable program for central procurement of offshore wind.

B. Offshore Wind is a Cost-Effective Resource That Will Aid California With its Reliability Goals

Cal Advocates erroneously claims the Proposed Decision lacks “cost data and analysis” to include 1,708 MW of offshore wind in the base case portfolio.⁷ Offshore wind is already demonstrably part of a least-cost portfolio. The E3 and USC/Schwarzenegger Institute studies,

⁴ Ten projects are using floating platforms in deep water off the coasts of the U.K. (Scotland), Portugal, Spain, Norway, France, and Japan, as reported in “Offshore Wind Industry Responses to Questions from Staff of the California Public Utilities Commission,” (Mar. 15, 2021).

⁵ CUE and CURE Opening Comments at 3.

⁶ ACP-CA Opening Comments at 7.

⁷ Cal Advocates Opening Comments at 1.

alongside other cost, price, and system reliability information in the record, evidence that offshore wind is a valuable and cost-effective resource.⁸

Offshore wind is part of a least-cost best-fit generation mix for the State of California because it can deliver large quantities of clean power when and where it is needed for the State to meet its environmental and reliability goals. Cal Advocates' objection to offshore wind incorrectly focuses on unit prices rather than value to the grid.⁹ Too many years of only buying the cheapest resources and failing to invest on a forward-looking basis have been costly to California in terms of reliability, safety, and meeting climate goals.

The single highest driver of costs for utilities in the West and especially in California is wildfire prevention and losses associated with wildfire destruction. The emissions from wildfires include vast amounts of black carbon, and 2021 was the worst fire year on record per acres burned, exceeding 2020, which had been the worst fire year to date. Transmission modernization, and planning ahead for the best resources to address wildfire avoidance and resilience will avoid billions of dollars in environmental devastation and mitigation costs as well as property losses.

The Commission set targets and has ordered significant procurement for energy storage to address grid risks, reliability and resource pairing needs. Yet, offshore wind is an available and valuable resource that will provide even further and broader benefits and enduring cost reductions. And it will do so, while accelerating climate response and helping mitigate deadly and costly wildfire impacts.

⁸ See [The Economic Value of Offshore Wind Power in California](#), E3 (Aug. 2019); Adam Rose, Dan Wei, and Adam Einbinder, [California's Offshore Wind Electricity Opportunity](#), USC Schwarzenegger Institute for State and Global Policy (Aug. 2021).

⁹ Cal Advocates Opening Comments at 4-8.

Planning now for resources like bulk and long-term storage and offshore wind, which can deliver large amounts of energy supply when demand is at its peak, is imperative. Investments in these resources as well as in the needed transmission to support them is prudent, timely, and must not be deferred. The benefits of a well-designed system and well-planned resources that reduce these risks and costs going forward inures well beyond the utility sector. Thus, cost assessments and allocations going forward should be determined accordingly.

C. A “Study Now, Act Later” Approach Will Impede Offshore Wind Development

Bay Area Municipal Transmission Group (“BAMx”) suggests “more study” on transmission should occur before offshore wind procurement is advanced.¹⁰ Cal Advocates urges the Commission to “wait for additional information” before including large amounts of offshore wind in the 2021 PSP.¹¹ California Community Choice Association (“CalCCA”) recommends that cost and feasibility considerations for offshore wind be incorporated into the IRP.¹² However, these recommendations would directly contrast the aggressive steps the Commission has taken and must take to develop large-scale energy storage and facilitate longer duration storage to gain the same types of benefits that offshore wind will soon match or exceed. Thus, the Commission should disregard these unfounded calls for delay because they harm the advancement of offshore wind development, procurement and transmission.

D. Several Commenters Advocate for the Preservation of Transmission for Offshore Wind

California Wind Energy Association (“CalWEA”) urges the Commission to “direct staff to pursue, several options to ensure that transmission access will be available when needed for offshore wind developers at the Central Coast, rather than relying on the uncertain prospect that

¹⁰ See BAMx Opening Comments at 4.

¹¹ Cal Advocates Opening Comments at 6-7.

¹² CalCCA Opening Comments at 12.

PG&E's Diablo Canyon transmission rights will become available for that purpose."¹³ CalWEA goes on to advocate that "[n]ear-term Commission action guaranteeing offtake of offshore wind is also important for securing any transmission that becomes available."¹⁴

Likewise, The Utility Reform Network ("TURN") argues the Proposed Decision should be amended "to more strongly encourage PG&E to work directly with CAISO on any sensitivity analyses associated with offshore wind injection points and ensure that all existing central coast transmission assets are able to be fully utilized in CAISO's modeling to allow for delivery of offshore wind power."¹⁵ Natural Resource Defense Council ("NRDC") supports efforts to prioritize existing central coast transmission for offshore wind development and address transmission needs through local preferred resources.¹⁶ The Commission should strongly consider all of these proposals and clarify PG&E's obligations to ensure transmission assets will be available when resources are ready to deliver power. The Commission should also heed ACP-CA's recommendation for stronger public policy guidance for the CAISO and energy agencies to "fully assess and eventually approve necessary upgrades to accommodate resources like regional renewables and offshore wind in a more timely and transparent manner."¹⁷

E. Conclusion

For the foregoing reasons, the Commission should adopt the Proposed Decision, subject to the minor modifications set forth in OWC's opening comments.

¹³ CalWEA Opening Comments at 2-3.

¹⁴ *Id.*

¹⁵ TURN Opening Comments at 2.

¹⁶ NRDC Opening Comments at 4-5.

¹⁷ ACP-CA Opening Comments at 5.

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