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American Clean Power - California Comments on Draft AB 525 Goals

Additional submitted attachment is included below.

Comments of American Clean Power – California
RE: CEC -800-2022-001

Draft California Energy Commission Report on: Offshore Wind Energy Development in Federal Waters Off the Coast of California: Maximum Feasible Capacity and Megawatt Planning Goals for 2030 and 2045 dated May, 6, 2022

As the California Energy Commission considers the draft report: Offshore Wind Energy Development of the California Coast: Maximum Feasible Capacity and Megawatt Planning goals for 2030 and 2045 ('Draft Report') we encourage the Commission to take a broad view of the purpose and requirements of AB 525 and set ambitious offshore wind planning goals. Specifically, we ask the commission to adopt the 2030 3GW goal and establishing a planning goal of 20GW by 2045 with interim steps. We also encourage adopting goals without lower bound ranges.

The Role of Goals in Driving All Planning Processes

American Clean Power – California ("ACP-CA") is an association of renewable energy companies that have decades of experience in California and deeply rooted in our understanding of the current challenges in our power system. Today the State of California faces numerous challenges (reliability, resource adequacy, grid stability, legacy and illegal once-through-cooling gas plants, the imminent retirement and decommissioning of Diablo Canyon Power Plant) that are the result of a lack of planning and implementation of California's energy and climate goals and the demands on a changing energy system. As we move forward California must plan for and then execute on the challenge of adding the roughly 150 GW of new renewable capacity necessary to reach our SB 100 goals.

We also need to reflect on the purpose of these offshore wind planning goals. The actions of the CEC will set the path for other state and federal agencies as they assess the scale of supply chain, port infrastructure, new transmission, workforce, and other capacities necessary to meet these goals. It's a truism that we don't do more than we plan for. Setting ranges of 10-15GW lowers the site of all these other efforts and essentially sets the upper bound of what we are likely to achieve for OSW.

The California Public Utilities Commission has shown us that this decision by the CEC will drive their planning for offshore wind by stating in their most recent resource planning decision, "We also note that the CEC is the lead agency on the development of the AB 525 strategic plan and we will be coordinating closely. We recognize that, once fully vetted, these efforts could quickly flow through to planning for a higher amount of offshore wind than what is included in this decision."¹

In the 2019-21 IRP Cycle, the Commission included 1,700 MW of OSW in its 2032 IRP plan. It recognized the need to update this volume in the current 2022-2023 IRP cycle based on the actions of the CEC. The IRP Process will continue to be updated between now and 2030 and there will be time for future refinement as we get closer to these target dates.

Experience of Innovation Calls us to Look Big

As ACP-CA reviewed the Draft Report and recommendations and in conversations with staff, it is apparent the underlying report does not consider the likelihood of technological advances and

¹ See CPUC D.22-02-004, p. 143, available at:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M451/K412/451412947.PDF>

reductions in the cost of offshore wind. But we know from our experience during this century, that is not realistic. As noted in the Executive Summary, “CEC staff recognizes that by 2045 there may be sufficient technological developments and related cost reductions...that could potentially support a larger megawatt planning goal of up to 20GW between 2045 and 2050.”

Today we are at the midpoint in time between the year 2000 and the planning horizon of 2045. As we look back to the year 2000, we can see how far and how fast changes have occurred. In the year 2000 we didn't have electric cars, there was no such thing as Space X, wind and solar energy were still considered experimental, and there was no such thing as social media. In 2000 the levelized cost of energy for land-based wind averaged \$86/MWh² (in 2020 dollars) which has trended down to \$33/MWh by 2020. At the same time the capacity and energy production out of a single unit has only grown.

As we look towards 2045, some 23 years from now, we can reasonably assume that the same type of innovation we have seen the last 23 years will be at least matched, if not exceeded. At the same time, with the acceleration of the climate crisis, it is both reasonable and justified for the CEC to consider planning goals that are at the maximum level of what might seem possible.

We also note the comments filed in this docket by the scientists at Goldman School of Public Policy, University of California Berkeley. These comments called for consideration of significantly higher 50 GW goal by 2045 that would have environmental benefits while not raising the cost of energy for California rate payers. These comments focus on the role the CEC can play in being bold leaders that can help accelerate the deployment of offshore wind.

The Draft Report does a good job of summarizing the currently available analysis and studies cited in the Report and notes that in developing the strategic plan the CEC will be looking at a variety of future scenarios. We encourage the CEC staff and Commissioners to accelerate the look towards innovation in the future by moving up the consideration of 20 GW goals to 2045.

At the same time, we encourage the CEC to consider including in the planning goals interim steps to provide a market signal for consistent, sustained development of this new industry. This will have benefits both for workforce consistency, as well as for supply chain development.

Conclusion

The CEC has an opportunity with strong planning goals to set in motion planning efforts that are commensurate with the imperative of our time in cutting carbon out of our grid. Setting clear targets, at the upper number and without being a range, will set the state on the strongest course towards a strong offshore wind path. The state of California benefits in this course of action by being able to secure the diversity benefit and economic benefits of a strong offshore wind market.

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² US Department of Energy: [Land-Based Wind Market Report: 2021 Edition \(lbl.gov\)](https://www.eia.gov/analysis/studies/wind/land-based-wind-market-report-2021-edition/)