



Central Procurement Entity Proposed Decision

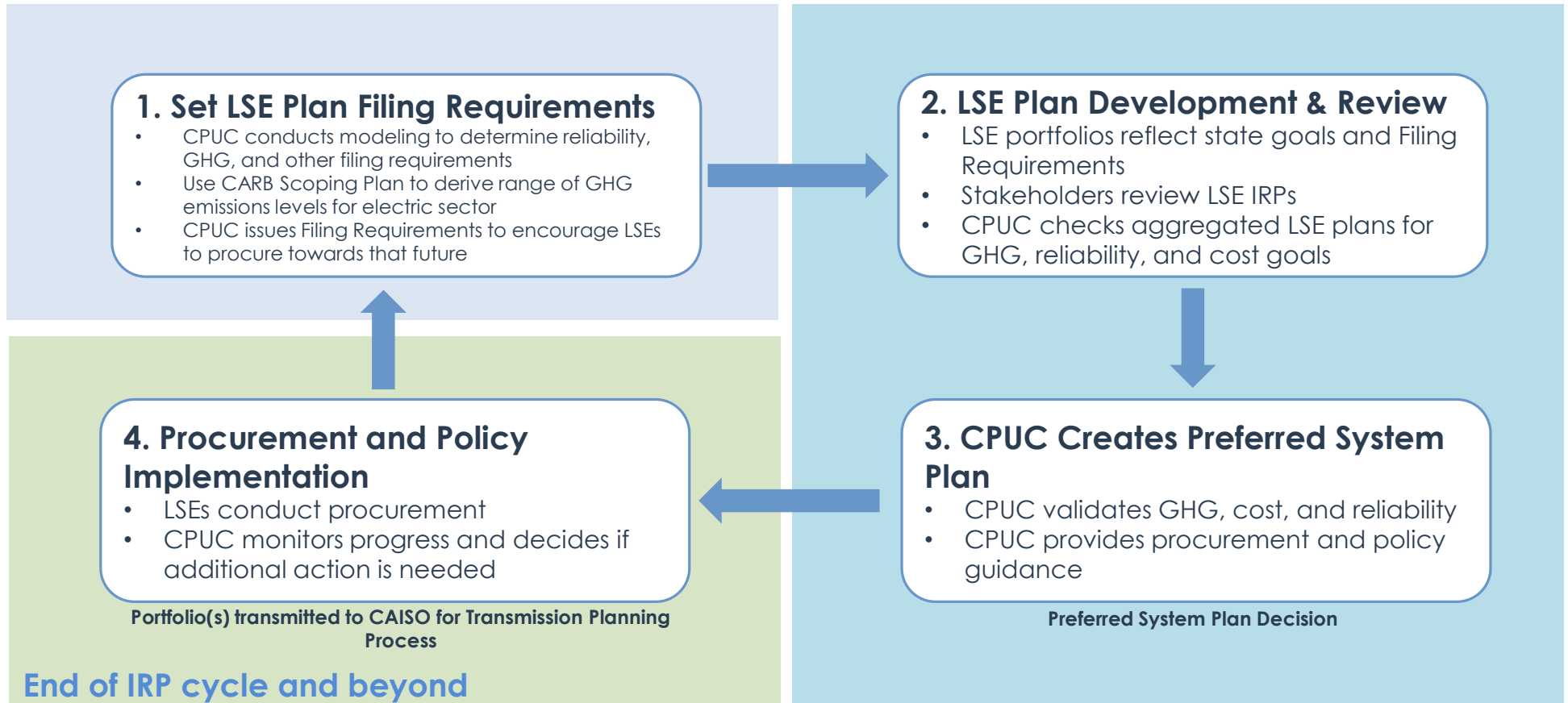
Implementation of AB 1373 (Garcia)

Committee on Assembly Utilities and Energy
August 14, 2024



Integrated Resources Planning (IRP) Overview

What does the CPUC's IRP Cycle look like?





AB 1373: Central Procurement

AB 1373 Overview

- AB 1373 (Garcia, 2023) enables the Commission to request that the Department of Water Resources (DWR) conduct centralized procurement of certain eligible long lead-time (LLT) resources, on behalf of customers of all load-serving entities (LSEs) under the Commission's integrated resource planning (IRP) purview.
- By September 1, 2024, the Commission is required to make an initial need determination for procurement using a centralized procurement mechanism.
- If a need is found, within six months the Commission may then make a procurement request to DWR to exercise the centralized procurement mechanism.
- If DWR performs centralized procurement on behalf of customers of LSEs under the Commission's purview and it is subsequently approved by the Commission, the Commission must then allocate the costs and benefits of any electric resource procurement conducted by DWR.
- Publicly-owned utilities (POUs) are permitted to voluntarily participate in central procurement.

AB 1373 Proposed Decision

- On July 19, 2024, in the IRP proceeding, the Commission issued a Proposed Decision (PD)
- The PD covers the following topics:
 - Need Determination
 - Relationship to LSE procurement
 - Procurement Process and Timeline
 - Allocation of Costs and Benefit

Proposed Decision: Need Determination

- The Proposed Decision makes a determination that the CPE should be activated to procure up to the following energy resource needs
- A “need determination” is defined as the maximum value determined by the CPUC that could be procured by the Central Procurement Entity (CPE), in this case DWR, for specified resource types and/or resource attribute(s).

Resource Type	Quantity	Online by
Enhanced Geothermal Systems (EGS)	1 GW	2031-2037
Long Duration Energy Storage (LDES): 12-hour + duration	1 GW	2031-2037
LDES: Multi-day	1 GW	2031-2037
Offshore Wind	7.6 GW	2035-2037



Proposed Decision: Relationship to LSE Procurement

- Any resulting procurement will be on behalf of all energy providers regulated by the CPUC.
- AB 1373 procurement will operate **distinctly and complementary** of current IRP procurement orders for LSEs (18,800 MW over 3 decisions), as well any future IRP procurement requirements
 - AB 1373 central procurement will not count towards IRP procurement orders
- Future procurement cycles will consider impacts of AB 1373.

Proposed Decision: Procurement Process

- The Proposed Decision proposes the below solicitation start dates with additional rounds of solicitations conducted for remaining quantities of resources not contracted for in the earlier rounds
 - Long Duration Energy Storage: 2 solicitations to begin in 2026 and 2028
 - Enhanced Geothermal: 2 solicitations to begin in 2027 and 2029
 - Offshore Wind Solicitation: 3 solicitations to begin in 2027, 2029, and 2030.

AB 1373 Next Steps

- Parties file opening and reply comments on the Proposed Decision.
 - August 8th 2024, Opening Comments
 - August 13th, 2024, Reply Comments
- Proposed Decision is expected to be an agenda item on the August 22, 2024 Commission Meeting.
- If the PD is adopted, the CPUC would then submit a "procurement request" to the DWR to initiate preparation for the solicitation process.

Questions?



California Public
Utilities Commission