



Fact Sheet:

Proposed Decision Determining Need for Centralized Procurement of Long Lead-time Resources (R.20-05-003)

July 19, 2024

Overview of the Proposed Decision

On July 19, 2024, the California Public Utilities Commission (CPUC) issued a Proposed Decision (PD) to determine the need for centralized procurement of long lead-time (LLT) resources, implementing Assembly Bill (AB) 1373 (Stats. 2023, Ch 367). This proposal aims to make it easier to secure emerging technology energy resources through a central entity, such as the Department of Water Resources (DWR). By increasing clean energy supplies in California, this tool helps the state reduce greenhouse gases (GHG) and provide reliable power through diversified energy resources. The proposal seeks to contain costs by maximizing opportunities to reduce project expenses over the long term, including a series of solicitations to leverage declining costs over time.

Central Procurement Authorization

- AB 1373 directs the CPUC to assess the need for DWR to procure long lead-time energy resources.
- 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).
- The proposal determines there is a need for centralized procurement activity by DWR for the following LLT resources, outlining maximum quantities, initial round of solicitation dates, and online dates for potential procurement:

Resource Type	Maximum Quantity	Solicitations Beginning In	Online by
Long Duration Energy Storage: 12 hour+ duration	1 GW	2026	2031-2037
Long Duration Energy Storage: multiple day duration	1 GW	2026	2031-2037
Enhanced Geothermal (EGS)	1 GW	2027	2031-2037
Offshore Wind	7.6 GW	2027	2035-2037





- The Proposed Decision proposes the above solicitation start dates with additional rounds of solicitations conducted for remaining quantities of resources not contracted for in the earlier rounds.
- These specific resources were selected because they are technologies that present opportunities to help California meet its GHG emissions reduction goals for 2045 and beyond. They include emerging technologies that need scaling to lower costs, because they are not currently being procured in large enough quantities by individual energy providers. Future central procurement needs will be regularly assessed within the IRP process and may consider other technologies.
- The Central Procurement Entity or CPUC may decide not to procure these technologies if costs are too high, as electric system planning needs and Senate Bill 100 targets do not require procurement at maximum values.

Relationship to LSE Procurement

- Any resulting procurement will be on behalf of all energy providers regulated by the CPUC. Separately, publicly owned utilities (POUs) can request DWR also procure LLT resources on their behalf, contributing to market transformation and supporting California’s clean energy and climate goals.
- AB 1373's central procurement will operate distinctly and complementary of current requirements for energy providers in IRP, such as existing procurement under D.21-06-035, D.23-02-040, and D.24-02-047, as well any future IRP procurement requirements.

Allocation of Costs and Benefits

- The proposal establishes principles for distributing the costs and benefits of centralized procurement across energy providers.
- The proposal suggests exploring funding sources beyond electricity bills to support these efforts.

Procurement Process

- The proposal outlines the following steps for the CPUC’s consideration of DWR contracts:



DWR Submits Contracts:

DWR submits a memorandum to the CPUC detailing costs to be recovered from energy providers via a non-bypassable charge.

ALJ Ruling:

An Administrative Law Judge (ALJ) issues a ruling initiating the CPUC’s review and requesting comments on DWR's memorandum.

CPUC Decision:

The CPUC reviews the comments, considers the reasonableness of proposed contract costs, and authorizes cost recovery as necessary.



- **CPUC Proposed Decision:**
<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M536/K273/536273174.PDF>
- **CPUC IRP Website:** <https://www.cpuc.ca.gov/irp>
- **Relevant AB 1373 materials:** [AB 1373 Centralized Procurement of Specified Long Lead-time Resources \(ca.gov\)](#)