



PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA

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February 24, 2025

Delphine Hou
Deputy Director, Statewide Energy, Executive Division
California Department of Water Resources
715 P Street, Sacramento, CA 95814

Via email to: Delphine.Hou@water.ca.gov

Subject: CPUC AB 1373 Procurement Request

Dear Deputy Director Hou,

As required by Public Utilities Code section 454.52(a)(4)(C), the California Public Utilities Commission (CPUC) may request the Department of Water Resources (DWR) to exercise its central procurement function within 6 months of determining that there is need for central procurement. On behalf of the CPUC, I am sending this letter to serve as the procurement request to DWR's Statewide Energy Office (SWEO) to initiate its central procurement function. I look forward to collaborating with DWR SWEO on the efforts to develop and execute the solicitation process, and I encourage DWR SWEO to keep the CPUC and staff informed about the progress of solicitations and major milestones via updates to the Executive Director, Energy Division, and the service list of this proceeding or a successor Integrated Resources Plan (IRP) rulemaking.

On August 22, 2024, the CPUC announced its Decision Determining Need for Centralized Procurement of Long Lead-time (LLT) Resources (D.24-08-064), implementing Assembly Bill (AB) 1373 (Stats. 2023, Ch 367).¹ The August 22, 2024, need determination identified the following resources, quantities, and timeline, as shown in Table 1:

¹ [Decision 24-08-064 Decision Determining Need for Centralized Procurement of Long Lead-time Resources](#)

Table 1. Decision Need Determination

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
Geothermal	1 GW	2027	2031-2037
Offshore Wind	7.6 GW	2027	2035-2037

Per AB 1373, which codified Sections 80821(a)(1) and 80822.5(a) of the Water Code, additional quantities of procurement may be voluntarily requested by publicly owned utilities (POU) and load serving entities (LSEs) beyond what was ordered in the decision. I encourage voluntary POU participation in cost sharing for this central procurement opportunity to help drive market transformation and to support California's clean energy and climate goals while benefiting from the procurement of these resources.

As described in D.24-08-064, the CPUC's need determination amounts are maximum amounts. I expect that DWR SWEO will conduct solicitations and carefully evaluate the quality of bids received, including cost containment and ratepayer risk provisions, and that DWR SWEO may procure in amounts between zero and the upper limits established in this decision.

As discussed in D.24-08-064, specific resources and their amounts were selected for this initial need determination for several reasons. The resources include emerging technologies that need to achieve economies of scale to bring costs down, resource types not currently being procured by individual LSEs in significant enough amounts to facilitate cost reductions or meet long-term environmental goals, and technologies that will increase resource diversity.

I encourage DWR SWEO to follow the recommended timeline suggested in D.24-08-064 for the solicitation process as shown in the table below:

Table 2. Recommended Approach and Indicative Timing for LLT Solicitations²

Activity	Timing Target
DWR preparatory activities, including formation of procurement group	Late 2024 and 2025
DWR development of solicitation plans and materials, in consultation with CPUC staff and procurement group	2025

² D.24-08-064, Table 2, page 64

First LDES Solicitation – Up to 1 GW of multi-day storage and up to 1 GW of 12+-hour duration storage, for deliveries beginning June 1, 2031 through June 1, 2035	
Pre-bid activities	Early 2026
Solicitation open for proposals	Late 2026
Proposed contracts submitted to CPUC for approval	Mid 2027
First Geothermal Solicitation – Up to 1 GW for deliveries beginning June 1, 2031 through June 1, 2035	
Pre-bid activities	Late 2026
Solicitation open for proposals	Early 2027
Proposed contracts submitted to CPUC for approval	Late 2027
First OSW Solicitation – Up to 7.6 GW, for deliveries by June 1, 2035	
Pre-bid activities	Early 2027
Solicitation open for proposals	Late 2027
Proposed contracts submitted to CPUC for approval	Mid 2028
Second LDES Solicitation – Residual amount not procured in first LDES solicitation, of up to 1 GW of multi-day storage and up to 1 GW of 12+-hour duration storage, for deliveries beginning June 1, 2033 through June 1, 2037	
Pre-bid activities	Early 2028
Solicitation open for proposals	Late 2028
Proposed contracts submitted to CPUC for approval	Mid 2029
Second Geothermal Solicitation – Residual amount not procured in first EGS solicitation, of up to 1 GW, for deliveries beginning June 1, 2033 through June 1, 2037	
Pre-bid activities	Late 2028
Solicitation open for proposals	Early 2029
Proposed contracts submitted to CPUC for approval	Late 2029
Second OSW Solicitation – Residual amount not procured in first OSW solicitation, of Up to 7.6 GW, for deliveries by June 1, 2036	
Pre-bid activities	Early 2029
Solicitation open for proposals	Late 2029
Proposed contracts submitted to CPUC for approval	Mid 2030

Third OSW Solicitation – Residual amount not procured in first and second OSW solicitations, of Up to 7.6 GW, for deliveries by June 1, 2037	
Pre-bid activities	Late 2029
Solicitation open for proposals	Early 2030
Proposed contracts submitted to CPUC for approval	Late 2030

This letter serves as the CPUC’s request for DWR SWEO to commence the solicitation process; it does not serve as approval of the results of a solicitation. As per D.24-08-064, should any DWR SWEO solicitations result in one or more proposed contracts meeting the desired terms and qualifications, one or more memoranda may be brought before the CPUC regarding those proposed contract(s). CPUC will review and either approve or disapprove such memoranda and contract(s) for conformance with D.24-08-064, reasonableness, and cost recovery.

Sincerely,



Alice Busching Reynolds
 President
 California Public Utilities Commission