

July 28, 2020

The Honorable Senator Ben Hueso
State Capitol, Room 4035
Sacramento, CA 95814



RE: Assembly Bill 1720 (Carrillo) – SUPPORT

Dear Senator Hueso,

NextEra Energy Resources submits this letter in support of Assembly Bill 1720. AB 1720 provides a pathway to procure the energy storage capacity necessary to meet California's ambitious greenhouse gas emissions goals in the electricity sector. By fostering the deployment of long duration energy storage technology in California, AB 1720 would allow for the timely construction of the energy infrastructure essential to the state's ability to increase its reliance on renewable energy resources and maintain grid reliability while supporting thousands of clean energy jobs in this time of economic uncertainty.

NextEra Energy Resources is California's largest renewable generation owner and operator with more than three decades of experience producing clean, renewable energy and supporting jobs and local communities across the state. We currently own 25 large-scale wind and solar facilities in the state, as well as a large and growing portfolios of storage and customer-sited solar assets. Together, our projects represent nearly \$7 billion of investment in the state.

California needs to start building long duration energy storage now. It is critical to maintain the state's advances in the fight against climate change and to have energy storage resources in place to meet the growth in renewable energy while reducing dependence on aging natural gas plants. We applaud the steps taken by the California Public Utilities Commission (CPUC) in its recent Integrated Resource Planning decision, which recognized the need for constructing long duration storage resources by 2026 to hit the emission reduction targets, maintain electric grid reliability and do so at the least cost. Those are the right goals and an admirable effort. While the CPUC's decision establishes a 46MMT greenhouse gas emission target (with a sensitivity for 38MMT) for the current planning cycle, it has recognized institutional challenges associated with long lead time energy storage projects and procuring for system wide grid reliability requirements. We support AB 1720 because it provides a safety net to ensure procurement of long duration storage gets done on a timeline required to meet carbon reduction targets while providing a backstop in the event the CPUC process does not yield the amount or type of long duration energy storage required by the CPUC's planning process.

Setting the course for long duration storage is important for two reasons: 1) a process is necessary to get long lead time resources constructed in time to meet state mandates; and 2) the state needs to establish a market for the emerging technologies that will be required to diversify the energy storage mix.

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AB 1720 ensures a realistic path to building the necessary long duration energy storage capacity California needs while simultaneously addressing the unique challenges posed by capital-intensive and long lead time projects. By respecting the need determination established in the CPUC's 2019-2020 IRP and the CPUC's carbon reduction target of 38MMT, AB 1720 would: 1) ensure long duration storage projects get built in time to meet the carbon reduction targets and maintain grid reliability; 2) provide a one-time, safety net procurement authorization for the Department of Water Resources in the event the CPUC process isn't able to efficiently carry out needed procurement; and 3) establishes a market going forward for emerging technologies that will be required as the state further reduces its carbon emissions.

The CPUC's recent resource planning decision validated the need for long duration storage – the need is no longer in dispute. The matter that requires consideration is how California meets its clean energy infrastructure requirements while navigating the realities of the state's complex energy market. AB 1720 solves a problem by charting a course that ensures clean energy infrastructure gets built in the most efficient and cost effective manner. Importantly, AB 1720 honors the CPUC's existing process, while creating a backstop to ensure California's carbon objectives are achieved.

We must act now to prepare for the future and ensure we meet our ambitious emissions reduction goals in the electricity sector.

For these reasons, we support AB 1720.

Sincerely,

Kerry Hattevik
NextEra Energy Resources

Cc: Senator John M. W. Moorlach
Senator Steven Bradford
Senator Ling Ling Chang
Senator Brian Dahle
Senator Bill Dodd
Senator Robert Hertzberg
Senator Jerry Hill
Senator Mike McGuire
Senator Susan Rubio
Senator Nancy Skinner
Senator Henry I. Stern
Senator Scott D. Weiner