



OFFICE OF THE GOVERNOR

April 27, 2022

The Honorable Gina M. Raimondo
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Ave NW
Washington, DC 20230

Dear Secretary Raimondo,

In follow up to our conversation, I write to share information on the impact of the Department of Commerce's inquiry regarding the import of solar cells and modules on California's efforts to maintain reliability as we transition to clean energy. The inquiry, and resulting uncertainty, is delaying at least 4,350 MW megawatts of solar plus storage projects in total nameplate capacity that we need to come online between 2022 and 2024. In 2022 alone, we are anticipating delays of over 400 megawatts of hybrid solar plus storage projects, including 163 megawatts of storage that we were counting on coming online in September of this year.

Delays and interruptions of this magnitude hinder our efforts to combat climate change and threaten our ability to maintain energy reliability ahead of the retirement of 6,000 megawatts primarily generated by aging, gas powered once through cooling plants. Prompt resolution of the inquiry and clarity on the timing on the application of any findings is critical for California's energy system.

Climate change is causing unprecedented stress on California's energy system—driving high demand and constraining supply. We have experienced back-to-back years of energy reliability challenges including a multi-day extreme heat event across the western United States with temperatures up to 20 degrees above normal in California, that resulted in rotating outages in August 2020. In 2021, heat waves in June prompted a Grid Warning and the onset of

emergency conditions and the Bootleg Fire caused the loss of one transmission line reducing import capability by 3,000 megawatts.

We are tackling these challenges head on. We have mandated an unprecedented amount of energy procurements, accelerated projects and postponed the planned retirement of several power plants that generate thousands of megawatts. We have redoubled efforts to reduce demand and increase supply during the critical “net peak” hours when solar production is minimal. In 2021, the California Public Utilities Commission ordered procurement of more than 11,500 megawatts of clean, zero-emitting energy resources by mid-decade for a total of 14,500 megawatts ordered since 2019– enough energy to power 2.5 million homes. This procurement is one of the largest procurements ordered in U.S. history and the new resources under contract largely consist of battery storage and hybrid solar plus storage.

Accelerating our clean energy generation will be essential to maintaining grid reliability during this critical transition. In 2021, California installed more clean energy capacity than any other year in our history. Record amounts of battery storage have been deployed, allowing the State to store excess solar energy produced during the day to meet peak customer demand when solar production drops. We have achieved a tenfold increase in the amount of battery storage connected to the grid over the past two years and are expecting well over 4000 MW (nameplate capacity) of storage by 2024. However, we are concerned with potential delays in the installation of battery storage projects due to supply chain constraints, rising lithium and commodity prices, Covid lockdowns, rising shipping costs and other factors. In this environment, California can ill afford the additional uncertainties and potential loss or delay of solar plus storage projects caused by the initiation of this inquiry and the potential for retroactive application of tariffs.

I am steadfast in my commitment to developing clean energy jobs in California and recognize the need to ensure the United States' tariffs are implemented effectively. Just and equitable workforce standards, coupled with increased domestic manufacturing of clean energy are key to our future. To that end, I am proposing unprecedented funding commitments and new avenues for permitting projects that help us achieve these goals. We need to increase domestic solar production, to maintain reliability and to continue our progress in cleaning up our grid. The longer the uncertainty caused by this inquiry persists, the more difficult it will be to build the projects that California is counting on to maintain reliability and accelerate the transition to clean energy in California and the country.

Given the threat posed to the grid from extreme heat, wildfires, and a severe drought that has reduced our hydroelectric generation capacity, we need to

accelerate, not slow down the deployment of clean energy and storage projects.

I respectfully urge you to take immediate action to resolve this issue as soon as possible and restore certainty in the market. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Gavin Newsom', with a long horizontal flourish extending to the right.

Gavin Newsom
Governor of California

Cc: The Honorable Nancy Pelosi, Speaker of the U.S. House of Representatives
The Honorable Dianne Feinstein, U.S. Senator
The Honorable Alex Padilla, U.S. Senator