

July 3, 2024

The Honorable Dave Cortese
Senator, District 15
1021 O Street, Suite 6630
Sacramento, CA 95814

Re: Opposition to SB 1298

Dear Senator Cortese:

The undersigned organizations must regrettably OPPOSE SB 1298, which poses a serious threat to our state's ambitious and world-leading climate goals.

SB 1298 is responding to a real issue: our outdated and unreliable electric grid is failing to bring new clean energy resources online fast enough to reliably serve customers during extreme weather conditions. Our organizations are working with the California Legislature on this serious problem and are eager to identify potential solutions. We understand why data center owners and operators are concerned and understand the need to keep facilities running at all hours and under all conditions.

Unfortunately, SB 1298 would take our state backwards in its pursuit of developing a clean, reliable, and equitable energy system for all Californians. This legislation would authorize the Energy Commission to "exempt from certification" backup generation for new data centers, up to 150 MW in size. The Energy Commission conducts this certification process before authorizing new power plants specifically in order to review potential environmental impacts and other relevant factors. While SB 1298 contains several references to environmental protection, this legislation is clearly aimed at allowing new fossil fuel-powered generation to come online faster while bypassing necessary Energy Commission oversight and accountability. The bill text does not include any requirement that new generation authorized under this section be renewable or carbon-free, even past 2045 – the year the state aims to achieve carbon neutrality.

Authorizing these new fossil fuel-powered generators – which are big enough to power a small city – to come online with no environmental review will have several negative impacts:

- **SB 1298 functionally exempts a rapidly growing sector from California's clean energy goals.** Data centers are likely to become one of the largest electricity users in our economy over the decades to come. SB 1298 would essentially exempt this entire sector's backup generation from the 100% clean energy goal, indefinitely. While this legislation is nominally targeted at "backup" power, there is nothing in the bill to prevent the operator of one of these generators from using it for backup power every day if they so choose. This will only become more of a problem as data centers increase in number and associated power demand grows.
- **SB 1298 endangers public health in California's most vulnerable communities.** These generators – which exceed many large power plants in size – are likely to be sited in

communities already experiencing a significant environmental burden. Removing essentially any environmental review whatsoever from the approval process for these generators is not appropriate when they will likely have significant negative effects on local air and water quality and human health. In addition, there is also nothing in SB 1298 that would prevent a data center operator from siting multiple facilities side-by-side, meaning that much more than 150 MW of “backup” generation could be located in a single community.

- **SB 1298 writes a blank check for data centers to develop dirty backup generation before the full impacts are understood.** As noted by numerous experts in a recent Energy Commission Electricity Load Growth workshop,¹ the rapid development of data centers in California introduces significant uncertainty in forecasting energy demand. As of now, it is unclear how many data centers will appear, where they will be, or what the total energy demand for those centers will be, although it is likely they will become a significant percentage of total electricity use over time. SB 1298 aims to exempt an unspecified number of large, polluting backup generators from the state’s environmental laws before we even understand the magnitude of the potential impacts.

As mentioned above, passage of SB 1298 will blow a gaping hole in the state’s climate goals, particularly the goal of reaching 100% clean energy by 2045. We respect that SB 1298 is attempting to address a real issue, and we look forward to working together to build a more reliable electric grid while achieving California’s climate goals on schedule. Should you have any questions or concerns, or wish to discuss these issues further, please do not hesitate to contact any of our organizations directly.

Thank you for your consideration.

Sincerely,

¹ IEPR Commissioner Workshop on Electricity Load Growth Areas. May 16, 2024. [https://www.energy.ca.gov/event/workshop/2024-05/iepr-commissioner-workshop-electricity-load-growth-areas#:~:text=The%20California%20Energy%20Commission%20\(CEC,electricity%20demand%20for%20hydrogen%20production](https://www.energy.ca.gov/event/workshop/2024-05/iepr-commissioner-workshop-electricity-load-growth-areas#:~:text=The%20California%20Energy%20Commission%20(CEC,electricity%20demand%20for%20hydrogen%20production).