BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON THE ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON ELECTRICITY PORTFOLIOS FOR 2026-2027 TRANSMISSION PLANNING PROCESS AND NEED FOR ADDITIONAL RELIABILITY PROCUREMENT

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission's ("Commission"), the California Energy Storage Alliance ("CESA") respectfully submits these reply comments on the Administrative Law Judge's ("ALJ") *Ruling Seeking Comments on Electricity Portfolios for 2026-2027 Transmission Planning Process and Need for Additional Reliability Procurement* ("Ruling"), issued on September 30, 2025.

I. INTRODUCTION

CESA's reply comments focus on ensuring procurement orders remain feasible, efficient, and do not discriminate against energy storage's critical contribution to reliability and Greenhouse Gas ("GHG") reduction objectives, and ensuring that the Commission's Integrated Resource Planning ("IRP") processes and modeling continue to strive towards an accurate reflection of operational reality.

CESA firmly supports the procurement order for additional reliability capacity, acknowledging that staff's analysis clearly demonstrates that another procurement order for 6 GW is needed and commending the timely work in determining this essential need. To ensure this

necessary procurement is successful and that LSEs are not set up for failure, CESA urges staff to to assess the feasibility of bringing queued resources online in the designated timeframe considering existing barriers. Additionally, CESA emphasizes the critical need for staff to publish Effective Load Carrying Capability ("ELCC") values sooner rather than later, as these values are integral to effectively understanding the scope of the procurement need, signaling the relative reliability value between different resource types, and allow the market to react to needed projects. Consistent with its opening comments, CESA proposes that the Commission should calculate and publish binding tranched ELCC values for 2029-2030 and advisory ELCC values for 2031 and beyond as soon as possible.

In ***Section II***, CESA:

- Opposes Pacific Gas & Electric's ("PG&E") proposal to add an explicit energy component to the procurement order because existing market forces and regulatory frameworks already provide the necessary signals and incentives to secure a balanced portfolio,
- Opposes American Clean Power – California's ("ACP-CA") recommendation to exclude Energy Only ("EO") resources from theIRP model because the current IRP model is better aligned with actual system operations, and
- Generally supports Southern California Edison's ("SCE") intent for the Commission to ensure EO resources co-located with battery storage resources are valued in the procurement order.

II. DISCUSSION

A. PG&E's Proposal to Add an Explicit Energy Component to the Procurement Order is Unnecessary

PG&E advocates for including an explicit energy generating component as part of the proposed reliability procurement order, arguing that relying solely on generic capacity is insufficient to address emerging system constraints.[1] It claims this necessity is supported by analysis showing a potential for insufficient RA supply and inadequate energy storage charging capacity. PG&E cites the Commission's indicative ELCC values, noting a comparison of the 2023 and 2025 ELCC study results revealed a material reduction in ELCC values for energy storage. For instance, the ELCC for 4-hour storage fell from 77 percent to 37 percent, and 8-hour storage fell from 90 percent to 41 percent. Concurrently, the ELCC values for energy generating resources, such as solar, increased from 9 percent to 16 percent. PG&E also suggests that the convergence of ELCC values between different storage durations (the difference between 4-hour and 8-hour storage ELCCs shrank significantly between the 2023 and 2025 studies) suggests an emerging energy insufficiency issue, as longer-duration storage typically retains higher ELCC values unless constrained by insufficient charging energy. PG&E recommends that the final procurement order requires Load-Serving Entities ("LSEs") to procure 50 percent of their allocated requirement from "energy generating capacity."

CESA disagrees with PG&E that a new reliability procurement order must mandate an explicit energy or generation component, such as PG&E's recommended requirement that LSEs procure roughly 50 percent of their capacity from energy generating resources. The procurement requirement should be entirely for generic capacity resources based on the fungible marginal

[1] PG&E Opening Comments, Response to Question 14, pgs. 17-22.

ELCC value. The existing market forces and regulatory frameworks already provide the necessary signals and incentives to secure a balanced portfolio, rendering an explicit mandate redundant, inefficient, and unduly discriminatory. Furthermore, the CAISO queue data presented by PG&E supports the fact that diligent LSEs are naturally following a balanced approach to meet their procurement objectives.

PG&E advocates for the mandate by pointing to the material reduction in ELCC values for energy storage observed between the 2023 and 2025 studies (e.g., 4-hour storage values fell from 77% to 37% and 8-hour storage values fell from 90% to 41%). PG&E interprets the past direction of this divergence, and the convergence of ELCC values between different storage durations, as an indicator of an emerging energy insufficiency issue caused by irrational LSE procurement actions. However, CESA emphasizes that the marginal ELCC metric itself is designed to resolve this exact problem and the movements are sending the right signals to the market. These signals show that as the system becomes too energy-constrained to charge storage resources, the marginal ELCC of storage will decline, and simultaneously, the marginal ELCC of energy-providing resources (such as solar and wind) will begin to increase (solar ELCC increased from 9% to 16% in the recent study). This decline in storage ELCC and corresponding increase in solar ELCC confirms that the system is already sending the appropriate signal for LSEs to invest in diverse and complementary resources. Allowing the ELCC values to guide appropriate procurement facilitates the efficient pairing of storage with clean energy resources and avoids technology over-saturation.

LSEs are already strongly incentivized by existing programs to procure the necessary energy generation alongside new storage capacity, making an explicit mandate unnecessary. Southern California Edison ("SCE") argues that LSEs should not be required to procure a specific

energy component in an interim procurement order.[2] This is because the RA program already mandates that LSEs maintain sufficient energy to count storage towards RA requirements. Therefore, LSEs procuring new generic capacity are already incentivized to procure new clean energy to satisfy RA energy sufficiency requirements. Additionally, the Renewables Portfolio Standard ("RPS") program requires increasing levels of clean energy procurement, and LSEs possess the existing authority to procure additional clean energy resources needed for Greenhouse Gas ("GHG") reduction purposes.

Finally, the market dynamics demonstrated by the interconnection queue reflect that LSEs are naturally pursuing a prudent and balanced procurement approach, which will be further reinforced by the observed movements in ELCC values. PG&E presents two tables,[3] the first table lists the total nameplate capacity of Group A, B, and D projects and the second table lists the nameplate capacity of Group D projects. The second table is the portion of the projects from the first table that remain uncontracted or shortlisted. The difference between the two tables show the amount of contracted procurement from the queue in 2029-2032 (See ***Figure 1*** below).

Figure 1 shows that that co-located, solar, and wind resource contracting activity outpaces standalone storage by a factor of over 2 to 1 in 2029-2032.

Resource Type	2029	2030	2031	2032	Total
Solar & Wind	425	-	-	-	425
Energy Storage	1,236	800	2,331	400	4,767
Co-Located Resources	7,108	1,340	1,100	-	9,548

Figure 1: Contracted Nameplate MW in the Queue

[2] SCE Opening Comments, pg. 17
[3] PG&E Opening Comments, pg. 25, Table 2 and Table 3.

Not only does overall co-located resource contracting outpace standalone storage in 2029-2032, but LSEs have naturally contracted 100% of the solar/wind project capacity and 86% of the co-located project capacity while only contracting 51% of the standalone storage project capacity in 2029. The percentage of queued project capacity currently contracted follows a relatively balanced trajectory over the four-year future horizon, with more apparent demand for solar, wind, and co-located resources.

Resource Type	2029	2030	2031	2032	Average
Solar & Wind	100%				100%
Energy Storage	51%	33%	28%	11%	30%
Co-Located Resources	86%	32%	39%	0%	39%

Figure 2: Percentage of Queued Project Nameplate Capacity Currently Contracted

PG&E's own data indicates that LSEs are naturally procuring resource types that package both capacity and energy. Mandating a specific percentage of procurement to be energy generating would restrict LSE flexibility to co-optimize their procurement across multiple requirements.

B. CESA Opposes ACP-CA's Proposal to Exclude EO Resources From the IRP Model Because the Current IRP Model Is Better Aligned with Actual System Operations

The IRP modeling process must reflect the most efficient and operational reality of the system, and therefore, CESA opposes American Clean Power – California's ("ACP-CA") recommendation to exclude Energy Only ("EO") resources from the IRP model.

ACP-CA asserts that Energy Only ("EO") resources should not be included in the IRP modeling that informs the Transmission Planning Process ("TPP") portfolio.[4] While ACP-CA

[4] ACP-CA Opening Comments, Section II.2.A, "Deliverability Requirements for Storage Charging Sufficiency."

acknowledges that allowing EO resources to charge battery storage resources in the RESOLVE model is a "reasonable assumption from an operational perspective," it believes this practice is misaligned with the signals the Commission should be sending through the IRP proceeding. This misalignment arises because the current RA program requires resources used by LSEs for charging sufficiency to also be deliverable, unless those resources are hybrid or co-located. As a result, ACP-CA argues that modeling EO resources as capacity-contributing effectively bypasses this RA requirement, potentially leading to an unaligned view of the need for deliverability upgrades within the TPP. Consequently, ACP-CA argues that the CPUC should exclude EO resources from TPP modeling until the RA program is updated to permit EO resources to contribute to energy storage charging.

As a threshold matter, the Commission's current IRP modeling is its most accurate view towards operational reality. The IRP process is designed for long-term planning, and its outputs guide prudent transmission development and least-cost resource acquisition towards reliable system operation. ACP-CA itself notes that allowing EO resources to charge battery storage resources in the modeling is a "reasonable assumption from an operational perspective,"[5] even though it is not currently aligned with certain evolving RA program intricacies. This is precisely why the modeling should retain EO resources: the IRP must maintain an alignment with actual system operations to provide technically sound and cost-effective planning signals.

The Commission should avoid unnecessarily constraining the charging capability of the system in the IRP model given these operational realities and the fact that hourly reliability is already being overly constrained in the RA program. The consequence of constraining the IRP

[5] ACP-CA Opening Comments, pg. 5.

model to adhere to current RA limitations would be to plan for a suboptimal portfolio from a system reliability and GHG reduction perspective. By accurately modeling resource capabilities, the IRP ensures that the resource build-out is efficient, supporting the transition to a clean energy system.

This issue must be addressed in the RA proceeding. While CESA agrees with the fundamental premise that the issue regarding the deliverability and charging sufficiency contributions of EO resources should be addressed, this should be addressed within the RA proceeding, not by artificially constraining the IRP modeling. ACP-CA's concern is rooted in the fact that the RA program currently requires resources used by LSEs for charging sufficiency to also be deliverable (unless co-located). This RA program rule, which creates market friction and is not reflective of how EO resources actually contribute to charging sufficiency, is what must be fixed, not the IRP model.

C. CESA Generally Supports SCE's Intent for the Commission to Ensure EO Resources Co-Located with Battery Storage Resources are Valued In the Procurement Order

SCE recommends that the Commission update the ELCC counting rules to ensure that EO resources co-located with battery storage resources are provided with an ELCC value.[6] Under the current Mid-Term Reliability ("MTR") rules, a co-located EO resource does not receive an ELCC value that counts toward MTR procurement because resources are required to be fully deliverable and qualify for RA accreditation. SCE contends this exclusion is misaligned with the RA program's own Slice-of-Day ("SOD") framework, which correctly recognizes that a co-located

[6] SCE Opening Comments, pg. 21.

EO resource provides sufficient charging capability for its paired battery, confirming that these resources do contribute to reliability and should be eligible for procurement compliance. To correct this inconsistency, SCE proposes a straightforward approach for new procurement: the co-located EO resource should be allowed to count up to the nameplate capacity needed to charge the paired battery, and this adjusted capacity would then be multiplied by the applicable ELCC factor.

CESA is generally supportive of the intent, but cautions that if the Commission expands procurement eligibility as SCE proposes, the IRP modeling results could provide an overly optimistic ELCC value for EO co-located resources if not performed correctly, the resulting incentives would risk undermining the procurement signal for deliverable IRP procured capacity. CESA recommends that if the Commission adopts this SCE proposal, ELCC values calculated for EO co-located resources should accurately reflect the nature of the reliability contribution of these resources. Specifically, it should ensure the ELCC modeling reflects the interconnection constraints, including aggregate limits on the grid output, such as the limits of interconnection rights of EO co-located resources, including the impact of binding interconnection right limits capping output from paired resources. This is particularly important to account for during peak conditions when IRP procured capacity is needed most.

III. CONCLUSION

CESA appreciates the opportunity to comment on the Commission's Ruling and looks forward to further engaging on this topic in this proceeding.

Respectfully submitted,

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