

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



**FILED**

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Order Instituting Rulemaking to Oversee  
the Resource Adequacy Program,  
Consider Program Reforms and  
Refinements, and Establish Forward  
Resource Adequacy Procurement  
Obligations.

Rulemaking 25-10-003

**TRACK 1 PROPOSAL OF MN8 ENERGY LLC**

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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Reforms and Refinements, and Establish Forward Resource Adequacy Procurement Obligations.

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**TRACK 1 PROPOSAL OF MN8 ENERGY LLC**

MN8 Energy LLC (“MN8”) hereby submits this Track 1 proposal in accordance with the procedural schedule set forth in the Assigned Commissioner’s Scoping Memo and Ruling (“Scoping Ruling”) issued in the above-captioned proceeding on December 12, 2025.

**I. INTRODUCTION**

The Scoping Ruling includes “Accreditation for Solar and Wind Resources” as the fifth item for Track 1.<sup>1</sup> Pursuant to this item, MN8 submits for consideration the following proposal. Our proposal is narrowly focused on the monthly accreditation factors that the CPUC sets for the purposes of determining Net Qualifying Capacity (“NQC”), which is used in resource adequacy showings held by the California Independent System Operator (“CAISO”). In short, the current monthly accreditations

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<sup>1</sup> Scoping Ruling, Item 5, p4 (Dec. 12, 2025)

do not reflect expected resource performance during peak reliability risk periods and should instead be calculated using a risk-weighted-average performance method.

## II. DISCUSSION

The Qualifying Capacity (“QC”) rules that took effect in 2025 fail to accurately reflect solar’s reliability contribution across seasons in material respects—overstating it in the summer while likely understating it in the winter (Figure 1). The root cause is that the new QC factors are anchored to solar production at peak load hours<sup>2</sup> rather than hours of highest reliability risk, but CPUC’s own reliability analysis shows that peak load is not the same as peak reliability risk (Figures 2 and 3). For example, loss of load expectation (“LOLE”) results for the month of July show peak reliability risk falling between hours ending (“HE”) 18-20, whereas monthly QC factors are now set based on exceedance output at HE 17. As a result, the current methodology systematically calibrates QC values to hours that do not reflect the system’s binding reliability conditions.

*Figure 1: Comparison between monthly QC factors under four methods: peak load exceedance (current method), average availability assessment hours (“AAH”), net peak load exceedance, and monthly average Effective Load Carrying Capability (“ELCC”) (previous method). The table*

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<sup>2</sup> Monthly tech factors are set as the exceedance value that corresponds to the *peak managed net load* hour, which is defined as peak load minus all BTM solar generation—this is approximately the same as the peak load hour.

is on slide 155 of the deck presented by CPUC at the LDES and VER Accreditation Workshop on November 4, 2025 (“November workshop”)<sup>3</sup>.

	Peak - Solar	AAH - Solar	Net Peak - Solar	ELCC - Solar	Peak - Wind	AAH - Wind	Net Peak - Wind	ELCC - Wind
Jan	0.1	0.1	0.1	10.9%	14.5%	14.94%	14.5%	14.6%
Feb	0.1	0.2%	0.1	9.2%	24.0%	23.2%	24.0%	10.8%
Mar	0.1	7.4%	0.1	11.8%	28.0%	27.2%	28.0%	12.6%
Apr	0.8%	16.0%	0.8%	13.2%	39.4%	38.9%	39.4%	33.6%
May	4.10%	20.8%	0.1	14.0%	42.0%	41.7%	42.0%	38.3%
Jun	42.14%	39.2%	0.1	19.4%	39.7%	38.6%	45.6%	38.6%
Jul	64.36%	36.8%	7.2%	21.5%	37.0%	39.9%	44.6%	29.9%
Aug	20.58%	28.6%	1.0%	18.2%	32.2%	31.6%	36.5%	27.9%
Sep	39.03%	22.5%	5.8%	19.4%	23.4%	26.8%	27.1%	33.9%
Oct	16.02%	14.0%	0.3%	10.7%	14.3%	15.3%	15.7%	14.0%
Nov	0.1	0.7%	0.1	11.3%	11.1%	11.8%	11.1%	11.5%
Dec	0.1	0.4%	0.1	11.5%	12.6%	13.4%	12.6%	5.5%

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Figure 2: Coefficients for hours of reliability concern from LOLE study as presented during the November workshop (slide 108).

	Coefficients - Hours of Reliability Concern																							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1 Jan	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	1	1	1
2 Feb	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	1	1	1
3 Mar	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	2	1	1
4 Apr	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	2	1	1
5 May	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	2	1	1
6 Jun	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	1	1	1
7 Jul	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	3	3	3	3	2	1	1
8 Aug	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	3	3	3	3	3	1	1
9 Sep	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	3	3	3	3	3	1	1	1
10 Oct	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	1	1	1
11 Nov	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	1	1	1
12 Dec	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	1	1	1

Figure 3: Monthly QC factors for solar from the 2025 Draft NQC Report. The hours used to set monthly QC factors are based on peak load and are generally earlier than peak reliability risk hours in Figure 1.

Solar Fixed Exceedance				Solar Tracking Exceedance			Solar Thermal Exceedance	
Month	Hour	Norcal	Socal	Month	Norcal	Socal	Month	Socal
1	19	0.1	0.1	1	0.1	0.1	1	0.1
2	19	0.1	0.1	2	0.1	0.1	2	0.1
3	19	0.1	0.1	3	0.1	0.1	3	0.1
4	19	1.34%	0.29%	4	1.36%	0.48%	4	3.43%
5	19	5.24%	1.52%	5	7.03%	3.22%	5	9.05%
6	18	38.31%	25.30%	6	56.70%	42.52%	6	43.66%
7	17	59.91%	49.65%	7	72.97%	67.29%	7	53.55%
8	18	20.10%	12.26%	8	26.72%	20.30%	8	28.57%
9	17	40.07%	26.75%	9	47.51%	38.96%	9	45.18%
10	18	0.65%	0.15%	10	0.38%	0.18%	10	2.13%
11	18	0.1	0.1	11	0.1	0.1	11	0.1
12	18	0.1	0.1	12	0.1	0.1	12	0.1

When the CPUC switched to the current exceedance-based method, the QC value for solar in the month of July increased to 3.5-5 times what it was in 2024 (Figure

<sup>3</sup> Accessible online via: <https://webproda.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacy-homepage/resource-adequacy-compliance-materials/resource-adequacy-history/r23-10-011/20251104-ver--ldes-workshop-final.pdf>

4). This miscalibration has real downstream consequences for co-located configurations behind a shared point of interconnection (“POI”). Projects with components that had been sized under the previous QC factors were suddenly represented in the CAISO NQC report as though they were constrained by the POI because of the increase in solar QC, even though operationally there is sufficient deliverability to maximize the reliability value of both resources.

*Figure 4: Monthly QC factors for solar from the 2024 Final NQC Report. The July QC value increased 5x in the next NQC report (Figure 3).*

Solar PV and Solar Thermal ELCC	
Month	
1	0.4%
2	3.0%
3	3.5%
4	4.4%
5	6.4%
6	13.1%
7	14.4%
8	12.4%
9	11.1%
10	7.4%
11	5.7%
12	3.5%

CAISO applies POI constraints as though the QC values are accurate to determine resource deliverability status. This drives a reduction in the solar resource’s deliverability and depresses its NQC across *all* months of the year because the deliverability status percentage is applied annually. This is problematic because 1) it incorrectly characterizes solar deliverability and 2) it artificially discounts NQC, even in months where no binding POI constraint exists.

This misalignment undermines CPUC’s statutory obligation to ensure that resource adequacy accreditation reflects actual system reliability needs and does not distort investment or operational outcomes. When a solar resource’s deliverability status percentage is reduced, this negatively impacts the value of a solar project. Furthermore, this policy discourages the development of new assets co-located with solar, especially assets with high capacity value like battery storage, because doing so would adversely

impact existing solar deliverability awards, even if both assets are physically deliverable during peak reliability risk periods. This is particularly problematic for existing projects that were developed on the basis of the old formulations, for which the new rules are stranding value and driving down investor returns.

### **III. PROPOSAL**

CPUC should align monthly QC factors with the actual reliability value of the resource. We propose that the CPUC develop monthly accreditation values for each resource class by leveraging its LOLE analysis.<sup>4</sup> Specifically, CPUC should set the monthly tech factors as the risk-weighted-average production for each resource class, where production is weighted by the hourly LOLE coefficients produced in the reliability analysis. The result of this calculation would accredit resources based on their expected performance during hours of peak reliability risk, which is aligned with the broader objective of capacity resource accreditation. Under this change, the CAISO would also need to revise the monthly QC requirement to the aggregate risk-weighted capacity needed to meet the reliability target so that NQC obligations for load serving entities (“LSEs”) are back-to-back with reliability needs.<sup>5</sup>

Besides risk-weighted-average production, a next-best solution would be to set monthly QC factors at the exceedance value for the net peak load hour. This approach is a better proxy for monthly ELCC than the status quo and is materially better aligned

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<sup>4</sup> Reliability risk models are often used to produce resource ELCCs. If CPUC’s LOLE model is capable of the same, then it may be simplest to pull monthly marginal ELCCs from the model and use those values as the monthly QC factors. This should produce a very similar result to risk-weighted-average monthly production.

<sup>5</sup> The total monthly QC value can be calculated as the sum of all accredited monthly capacity when the LOLE model is calibrated to the reliability target.

with the hours that actually drive reliability risk. Under this change, CAISO would need to modify the monthly NQC requirement to the total amount of capacity needed in the peak net load hour plus a reserve margin.

**IV. CONCLUSION**

MN8 appreciates the opportunity to submit these comments and thanks the CPUC and other Parties for their consideration of the recommendations proposed herein.

Respectfully submitted,

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