

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



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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.

R. 25-10-003  
(Filed October 9, 2025)

**INDEPENDENT ENERGY PRODUCERS ASSOCIATION'S  
REPLY COMMENTS TO OPENING COMMENTS ON TRACK 1 PROPOSALS**

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March 20, 2026

**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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**INDEPENDENT ENERGY PRODUCERS ASSOCIATION'S  
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In accordance with Assigned Commissioner Alice Reynold's *Assigned Commissioner's Scoping Memo and Ruling*, issued on December 12, 2025, and as affirmed by Administrative Law Judge Debbie Chiv in the *E-mail Ruling Modifying Track 1 Schedule*, issued on February 9, 2026, the Independent Energy Producers Association<sup>1</sup> (IEP) respectfully submits the following reply comments to parties' opening comments on Track 1 proposals submitted on January 23, 2026.

**I. DISCUSSION**

IEP's reply comments center on parties'<sup>2</sup> comments that discuss resource adequacy (RA) reform topics such as: (1) Reliability Capacity Up (RCU), Reliability Capacity Down (RCD), and Imbalance Reserve (IR) products under the California Independent System Operator's (CAISO) Day-Ahead Market Enhancements (DAME) ("DAME Products") and (2) Unforced

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<sup>1</sup> IEP represents the interests of developers and operators of independent transmission facilities, energy generation, and storage facilities. IEP members collectively own and operate approximately one-third of California's installed generating capacity, producing and transporting reliable power to load-serving entities (LSEs), community choice aggregators (CCAs), and other electric service providers (ESPs) from generating resources like solar, wind, biomass, natural gas, geothermal, hydrogen, hydropower, and storage resources.

<sup>2</sup> Parties' opening comments include Middle River Power (MRP) and REV Renewables (REV).

Capacity (UCAP) methodology. IEP supports comments that advocate for removing market restrictions, improving accuracy of accreditation, and promoting reliability within the RA program.

**a. The Commission should adopt CAISO’s proposal that rejects bidding and revenue requirements on DAME products.**

IEP supports Middle River Power’s recommendation<sup>3</sup> to reject the Energy Division’s proposal<sup>4</sup> to include zero-dollar bid requirements for DAME products and, instead, adopt CAISO’s proposal<sup>5</sup> to reject this requirement. CAISO’s new DAME products—RCU, RCD, and IRs—as approved in the amended tariff<sup>6</sup> make the zero-dollar bid requirement unnecessary because these products are procured in the day-ahead market instead of through the must-offer obligation (MOO) rules. These voluntary products address potential shortages—RCU, oversupply—RCD, and uncertainty—IR. With these products, generators have the incentive to bid their flexible capacity because it can earn a market price. This removes the need to force generators to bid their capacity into the market at zero dollars to ensure reliability. With the expansion of the DAME and the Extended Day Ahead Market (EDAM) into neighboring balancing areas throughout the region, generators should be able to receive revenue on their capacity from all balancing areas. If zero-dollar bid requirements remain, other balancing areas would have access to the first-to-clear California-based generation at no cost.

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<sup>3</sup> Middle River Power’s opening comments, page 12.

<sup>4</sup> Energy Division, California Public Utilities Commission Track 1 Proposal.

<sup>5</sup> CAISO Track 1 Proposal, page 3.

<sup>6</sup> Federal Energy Regulatory Commission, Docket No. ER23-2686-000, *Order Accepting in Part, Subject to Condition, and Rejecting in Part Tariff Revisions*. Issued December 20, 2023.

**b. The Commission should revise the ED staff’s UCAP proposal.**

**i. ED Staff’s Proposal should remove Nature-of-Work outage categories that are not within the generator’s direct control and forced outages under certain circumstances.**

As noted in IEP’s comments on the Workshop on Unforced Capacity Methodology and Preliminary Results, and as stated in MRP’s opening comments,<sup>7</sup> Nature-of-Work (NOW) outage categories that are outside of the generator’s direct control should not be included in UCAP. The following outages relate to issues not within the generator’s control and should be removed from ED Staff’s UCAP proposal:<sup>8</sup> “ambient not due to temperature,” “ambient fuel insufficiency,” “metering/telemetry,” “remote terminal unit RTU/RIG,” and “transitional limitation.” IEP member generators cannot prepare their resources to mitigate these outages because third parties are responsible for issues that currently fall under these categories. For example, telemetry lines connecting generators’ products to CAISO are inoperable; a distribution line is down; or limitations across transmission. When an outage occurs, generators are unable to collect revenue for their generation. When a resource is categorized under one of these outages, the generators are penalized twice—they are unable to collect revenue on their resource, and their resource is down-rated through UCAP due to issues outside their control. IEP agrees with MRP that categories outside the generator’s control should not be included in the UCAP calculation methodology.

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<sup>7</sup> MRP opening comments, page 3.

<sup>8</sup> ED Staff Proposal, page 50.

IEP supports REV's request<sup>9</sup> to have clarity on the definition of "forced outage" and ensure it accounts for the operations of energy storage systems. As stated in CESA's Track 1 Proposal, and as highlighted by REV, the Commission should align the definition to traditional forced outage reporting definitions. Ambiguous definitions capture resources too broadly and risk discounting their capacity during hours when they could be fully operational.

**ii. ED Staff's UCAP methodology proposal should be revised to account for separate generating capacity resources like geothermal units and co-located or hybrid natural gas and energy storage resources in the UCAP methodology.**

IEP agrees with MRP's support of Calpine's proposal to amend the UCAP methodology to include interdependent units, like geothermal, and apply that methodology to hybrid and co-located resources.<sup>10</sup> Each geothermal resource operates as one integrated resource in the market, even though that resource may have multiple units stemming from each well, because when one unit is down, the remaining units are able to maintain the total capacity amount. Therefore, an outage in one unit should not result in an outage for the resource. A UCAP methodology should account for the flexibility of these units and adopt a facility-level UCAP with unit-level flexibility, as proposed by Calpine and supported by MRP.

Further, IEP supports MRP's recommendation<sup>11</sup> to add a UCAP methodology for co-located or hybrid natural gas and energy storage resources that reflects their value to reduce carbon emissions while maintaining reliability. As noted by MRP, co-located and hybrid

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<sup>9</sup> REV opening comments, page 6.

<sup>10</sup> MRP opening comments, page 10; Calpine Proposal, page 3.

<sup>11</sup> MRP opening comments, page 9.

resources are metered separately due to their separate generation capabilities and should be treated similarly to geothermal units and receive unit-level flexibility.

## II. CONCLUSION

IEP appreciates the parties' proposals and comments on reforms to the RA program. We look forward to the ongoing discussion and respectfully request consideration of our reply comments.

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*/s/ Sara Fitzsimon*

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