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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Oversight of Electric Integrated Resource Planning and Procurement Processes.	Rulemaking 25-06-019

RESPONSE OF THE WESTERN POWER TRADING FORUM INSUPPORT OF THE APPLICATION FOR REHEARING OF DECISION 26-02-057 BY THE ALLIANCE FOR RETAIL ENERGY MARKETS, CALIFORNIA COALITION OF LARGE ENERGY USERS, THE REGENTS OF THE UNIVERSITY OF CALIFORNIA AND SHELL ENERGY NORTH AMERICA (US), L.P.

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April 21, 2026

WPTF WESTERN POWER TRADING FORUM

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In accordance with Rule 16.1(d) of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Western Power Trading Forum (WPTF) respectfully submits this response in support of the application for rehearing (AFR) of Decision (D.) 26-02-057 filed by the Alliance for Retail Energy Markets, the California Coalition of Large Energy Users, the Regents of the University of California, and Shell Energy North America (US), L.P. (Rehearing Parties) on April 6, 2026.

The Rehearing Parties seek a rehearing of D.26-02-057, with respect to the allocation of the new procurement requirements adopted therein. In relevant part, D.26-02-057 requires load-serving entities (LSEs) to procure an additional 6,000 megawatts (MW) of net qualifying capacity (NQC) between 2029 and 2032.[1] And D.26-02-057 allocates these new procurement requirements among LSEs based on their current load shares.[2] The Rehearing Parties allege that, in allocating a portion of the new procurement requirements to electric service providers (ESPs), the Commission failed to proceed in the manner required by law.[3]

[1] D.26-02-057, Ordering Paragraph (OP) 1, at 143-144.
[2] Id., OP 6, at 145.
[3] AFR at 3.

The gravamen of the Rehearing Parties' argument is that, because the statutorily mandated cap on the amount of customer demand that is eligible for Direct Access (DA) service effectively precludes ESPs from serving the forecast new customer loads that underpin the new procurement requirements, allocating a portion of those new requirements to ESPs violates multiple provisions of the Public Utilities Code,[4] including Section 397(a)(1), which requires that "electrical system integration resource procurement needs" be allocated based on "the contribution of the load-serving entity's load and resource portfolio to the electrical system conditions that created the need for the procurement," and Sections 365.2, 366.2(d)(1), 366.3, and 454.52(c), which prohibit the shifting of procurement costs between customer classes and between bundled and unbundled customers.[5] The Rehearing Parties also argue that the Commission committed reversible error in that its determination that a portion of the new procurement requirements should be allocated to ESPs "is unsupported by any findings or evidence that ESPs can serve the new load that is expected to occur."[6]

WPTF is a California non-profit mutual benefit corporation whose members include wholesale and retail energy market participants that are active in California's energy markets, including entities that transact with or on behalf of ESPs and their DA customers. WPTF has long advocated for competitive retail markets that are fair, efficient, and consistent with the statutory DA framework. WPTF previously submitted comments in this proceeding opposing the allocation of new procurement obligations to ESPs for load growth that ESPs are unable

[4] Unless stated otherwise, all subsequent statutory references herein are to the Public Utilities Code.
[5] AFR at 3.
[6] Id.

to serve under the DA load cap.[7] And WPTF agrees with the Rehearing Parties' foundational assertion that the Commission erred in adopting an allocation methodology for the new procurement requirements that fails to account for the impact of the DA load cap on the ability of ESPs to serve the forecasted new loads that underpin those requirements.[8]

Besides the grounds for rehearing identified by the Rehearing Parties, WPTF views the allocation of the new procurement to ESPs based on their current load shares to be arbitrary and capricious, and thus an abuse of the Commission's discretion, which under Section 1757.1 likewise constitutes reversible legal error. That is because, due to the effects of the DA load cap, there is no reasonably probable scenario in which (a) load grows at the forecasted rate (with that load growth being largely attributable to new data centers) and (b) the load share of ESPs, as a group, remains largely the same as it is today. Indeed, if things progress in line with the predictions and expectations underlying the load forecast upon which the Commission based the new procurement requirements, it is as close to an absolute certainty as one can get to in these situations that the load share of ESPs will decline significantly. However, the Commission did not even attempt to justify the load-share allocation of new procurement requirements to ESPs on the basis of causation (i.e., on the basis that ESP customers will contribute to the forecast load growth, and thus the forecast reliability gap that underlies the new procurement requirements, in proportion to their current load share). Indeed, nothing in the decision's numerated findings and conclusions touches on the load cap issue, much less supports the allocation of the new requirements to ESPs

[7] Comments of the Western Power Trading Forum in Response to the Administrative Law Judge's Ruling Seeking Comments on Electricity Portfolios for 2026-2027 Transmission Planning Process and Need for Additional Reliability Procurement (WPTF Comments), Oct. 22, 2025, at 7-8.
[8] AFR at 5.

based on their current load share. The failure of the decision to do so constitutes reversible error under Section 1757.1(a).

To compound matters, the Commission dismissed the load cap issue simply by "not[ing] that all customers contribute to the overall need to add resources to meet reliability standards" and "agree[ing] with reply comments on the proposed decision from SCE that all customers and providers benefit from a reliable electric system."[9] While both assertions are somewhat true, neither of them, nor even both of them combined, provide a reasonable basis for allocating the new requirement to ESPs based on their *current* load share. That is because existing customers that do not experience load growth will not, in fact, contribute to "the overall need to add resources to meet reliability standards." Rather, only a subset of customers will contribute to the forecast reliability gap that the new procurement requirements were adopted to address, i.e., the subset of (a) existing customers that add new load and (b) new customers. Under the DA program rules, ESPs can only serve new loads to the extent those loads are either added to existing DA service accounts or are associated with new customers that either win the DA lottery or acquire DA rights from another customer. And the total amount of new load that ESPs can collectively serve is ultimately subject to the DA load cap. Thus, the first assertion above—that *all* customers contribute to the need for new reliability resources—is not only inaccurate but is entirely inadequate in light of the issue at hand, i.e., the need for the Commission to identify a reasonable basis for allocating the new procurement requirements to ESPs based on their current load share, when ESPs' share of the forecast load is virtually certain to be significantly smaller than their current load share.

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[9] D.26-02-057 at 43.

The second assertion—that ESPs and their customers will benefit from a reliable electric system—is equally lacking. While it is obviously true that, all other things being equal, it will be better for ESPs and their customers if sufficient new resources are procured in the needed timeframe to maintain electric system reliability, that is not a reasonable basis for imposing hundreds of millions of dollars of new procurement requirements on ESPs, when the bulk of the forecast reliability gap upon which those procurement requirements are based is attributable to new loads that ESPs will not be able to serve as a result of the DA load cap. The allocation of procurement requirements to ESPs based on their current load shares is thus arbitrary and capricious and should be reexamined in a rehearing.

WPTF therefore urges the Commission to grant the AFR and reexamine the allocation methodology for the new procurement requirements, such that ESPs are assigned only that portion of the new requirements that can reasonably be attributed to the subset of forecast new loads that reasonably may be expected to be eligible for DA service. This targeted adjustment to the allocation methodology would bring D.26-02-057 into alignment with the requirements of Section 397 and would avoid the arbitrary and capricious imposition of enormous procurement costs on ESPs for new resources that will serve new loads that the ESPs themselves are unable to serve.

Respectfully submitted,

/s/

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