



**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

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) COMMENTS ON
ENERGY DIVISION'S PROPOSED INPUTS AND ASSUMPTIONS**

JANET S. COMBS
REBECCA MEIERS-DE PASTINO

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-6016
E-mail: Rebecca.Meiers-Depastino@sce.com

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Pursuant to the Assigned Commissioner’s Scoping Memo and Ruling issued on December 12, 2025 (Scoping Memo), the Administrative Law Judge’s Ruling Modifying 2028 Loss of Load Expectation Study Schedule dated March 30, 2026 (LOLE Study Schedule Ruling), the Administrative Law Judge’s Ruling Modifying Track 1 Schedule for Local Capacity Requirement Issues dated April 3, 2026 (Track 1 Modified LCR Schedule Ruling) and the Administrative Law Judge’s Ruling on Energy Division’s Proposed Inputs and Assumptions dated April 10, 2026, Southern California Edison Company submits the following *Comments on Energy Division’s Proposed Inputs and Assumptions dated April 9, 2026 (Appendix A to the Strategic Energy Risk Valuation Model (SERVM) 2026 Data Updates in Support of Resource Adequacy (RA) and Integrated Resource Planning (IRP))*.

I.

INTRODUCTION

Southern California Edison Company (SCE) appreciates Energy Division’s continued efforts to update and refine the Strategic Energy Risk Valuation Model (SERVM) inputs and assumptions for the forthcoming 2028 Resource Adequacy (RA) Loss of Load Expectation (LOLE) study. SCE supports the Commission’s objective of grounding RA requirements in analytically robust reliability studies. To that

end, the Commission must ensure that the assumptions embedded in those studies are reasonable, internally consistent, and not outcome-driven, particularly where they materially affect Planning Reserve Margin (PRM) calibration and customer costs. A common set of such assumptions will enable parties to perform their own LOLE analyses and submit their results into the record of the proceeding. SCE comments on the Energy Division's Proposed Inputs and Assumptions (I&A), informed in part by the April 14, 2026 RA I&A Workshop, focus on three areas that are especially consequential for the 2028 LOLE study: (1) the treatment of simultaneous import constraints in the LOLE study, including their application across all months and their use in PRM calibration; (2) the proposed reliance on Unforced Capacity (UCAP) values in the PRM setting process; and (3) the need for transparent and bounded treatment of economic and demographic uncertainty for load scenarios.

II.

THE COMMISSION SHOULD NOT UNIFORMLY APPLY SIMULTANEOUS IMPORT CONSTRAINTS ACROSS ALL MONTHS OR REDUCE BELOW 4,000 MW IN PRM CALIBRATION

A. Monthly Uniform Import Constraint Is Inconsistent with Historical Practice and Prior Commission LOLE Modeling

SERVIM is currently used in the RA proceeding to conduct annual reliability assessments and ensure that the CAISO system reliability level does not exceed a 0.1 day per year LOLE, which is equivalent to satisfying the Commission's 1-day-in-10-year reliability standard in the IRP proceeding. The I&A, for purposes of the RA LOLE study, proposes to apply the 4,000 MW simultaneous import constraint in all months.¹ Applying the 4,000 MW import limit during peak load hours across all months of the year is overly conservative and not reflective of expected market and system conditions for three reasons. First, applying the import limit to all seasons does not capture the seasonal variability of

¹ I&A, p. 43.

transfer capability into California.² Applying a uniform peak hour import cap across all months will not reflect the seasonal diversity in import availability and regional conditions within the Western Interconnection. For instance, in many non-summer months, coincident peak conditions across regions are less likely, increasing import capability above the assumed limit. Second, by restricting imports uniformly across all months, the I&A not only limits available imports to serve load directly but also artificially reduces charging opportunities for batteries, which understates the reliability contribution of existing and planned battery resources. Third, the uniform import limit may compound conservatism when combined with other stress assumptions (*e.g.*, extreme load and renewable shapes, generator outages and maintenance), potentially resulting in an unrealistic representation of system reliability risk.

The I&A is also inconsistent with the Commission’s prior LOLE studies. As SCE explained in its Opening Comments in R.23-10-011³, prior IRP and reliability studies applied tight import constraints only during identified peak risk periods, not uniformly across the calendar year. For example, the 2022–2023 IRP reliability modeling applied the 4,000 MW import constraint only during defined peak hours, while allowing higher import availability (11,040 MW) outside those periods.⁴ Applying a flat import limitation across all months, particularly when also modeling storage, alters not only capacity availability but also energy sufficiency and charging dynamics, distorting PRM outcomes rather than simply shifting supply stacks.

B. The Commission Should Not Artificially Reduce Import Limits Below 4,000 MW for PRM Calibration

SCE is also concerned by the I&A’s indication, consistent with the 2026 LOLE calibration experience, that the simultaneous import limit could be further reduced below 4,000 MW during the PRM calibration process if the baseline system appears “over-reliable.” As SCE previously commented

² Using CAISO OASIS system import datasets from midnight to early morning (HE1 to HE6), the average CAISO imports were ~6,800 MW in September 2025 and ~8,700 MW in January 2026.

³ SCE Opening Comments in R.23-10-011, p. 10.

⁴ I&A, p. 42.

in R.23-10-011,⁵ reducing the import limit during calibration from 4,000 MW to materially lower levels such as 2,500 MW was not based on physical transmission capability, contractual realities, or observed CAISO conditions. Rather, it functioned as an outcome-forcing mechanism to increase LOLE (outside of the LOLE modeling process) and inflate the translated PRM. The Commission should investigate alternative approaches to bring the system LOLE to 0.1 in the PRM calibration process. The I&A's artificial approach risks predetermining results rather than allowing the reliability model to reflect credible system conditions. Conservative import assumptions are similar to removing perfect capacity in the system when calibrating PRM in order to get 0.1 LOLE – both lead to a modeled system that does not reflect expected and actual operating conditions. Outcome driven changes to I&As also prevent parties from performing alternate LOLE analyses that can be directly compared with Energy Division's results, which frustrates the objective of stakeholder involvement and input through, among other things, producing alternative analyses. Accordingly, SCE reiterates its prior recommendation: the simultaneous import constraint used in PRM calibration should not be reduced below 4,000 MW, and any use of lower values should be explicitly justified, not solely by reference to LOLE outcomes.

III.

THE COMMISSION SHOULD HAVE AN ALTERNATE UCAP FRAMEWORK FOR THE 2028 PRM CALIBRATION PROCESS

During the April 14 workshop, Energy Division stated that the PRM for the 2028 study would be UCAP-based, and that UCAP values evaluated for the resource-counting will set applicable resource capacities in the SOD PRM-setting calibration tool. Energy Division acknowledged that the Commission has yet to adopt UCAP as the capacity accreditation framework for RA. The Track 3 Decision in R.23-10-011 deferred UCAP implementation pending further development, coordination with CAISO, and resolution of multiple design issues. As a result, Energy Division's proposed plan to effectively embed UCAP into the PRM calculation itself, shaping binding RA obligations for 2028, may

⁵ *Id.*, pp. 10-11.

not be possible if the Commission does not have a UCAP framework for 2028. In that event, Energy Division explained that the Commission may have to develop multiple PRMs (*e.g.*, UCAP-based PRMs for a future SOD framework and traditional PRMs for CAISO alignment). SCE agrees with Energy Division that the PRM should account for UCAP and that UCAP should be implemented in 2028, but if that does not occur, SCE supports the Energy Division developing alternative plans should the Commission not have a UCAP framework for 2028.

SCE is hopeful the Commission will have a UCAP framework given that it is part of the scope of Track 1 of this proceeding. If the Commission adopts a UCAP framework during an ongoing LOLE-PRM study, SCE requests that all stakeholders have access to the UCAP values to ensure transparency, analytic integrity, and consistency across all analyses. Thus, if the Commission adopts a UCAP framework during the LOLE study process, SCE urges the Commission to publish the applicable UCAP values for the LOLE-PRM study as quickly as possible, and notify stakeholders of any updates from the UCAP-Adjusted PRM Calibration Workbook published on January 23, 2026. Prompt publication will allow all parties to understand how the Commission is applying UCAP in the 2028 LOLE-PRM study, evaluate the interaction with LOLE-PRM modeling assumptions, and avoid ambiguity regarding the inputs used to inform RA determinations and associated PRMs.

IV.

THE COMMISSION AND CEC SHOULD COLLABORATE TO DEVELOP ALTERNATIVE TREATMENT OF ECONOMIC AND DEMOGRAPHIC UNCERTAINTIES

SCE appreciates Energy Division's transparency in documenting its approach to economic and demographic uncertainty, the core drivers of the California Energy Commission's (CEC's) IEPR Planning Scenarios forecast error in the I&A. As SCE detailed in earlier comments,⁶ the probabilistic weighting and magnitude of non-weather related unexpected upward load shocks—particularly when applied uniformly across all hours—materially inflates PRM results without reflecting plausible near-

⁶ *Id.*, pp. 9-10.

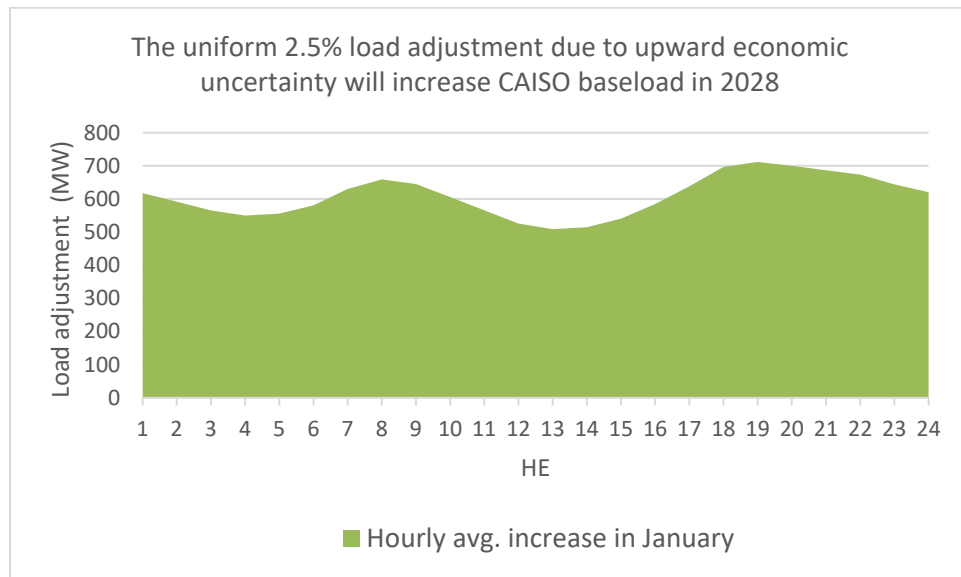
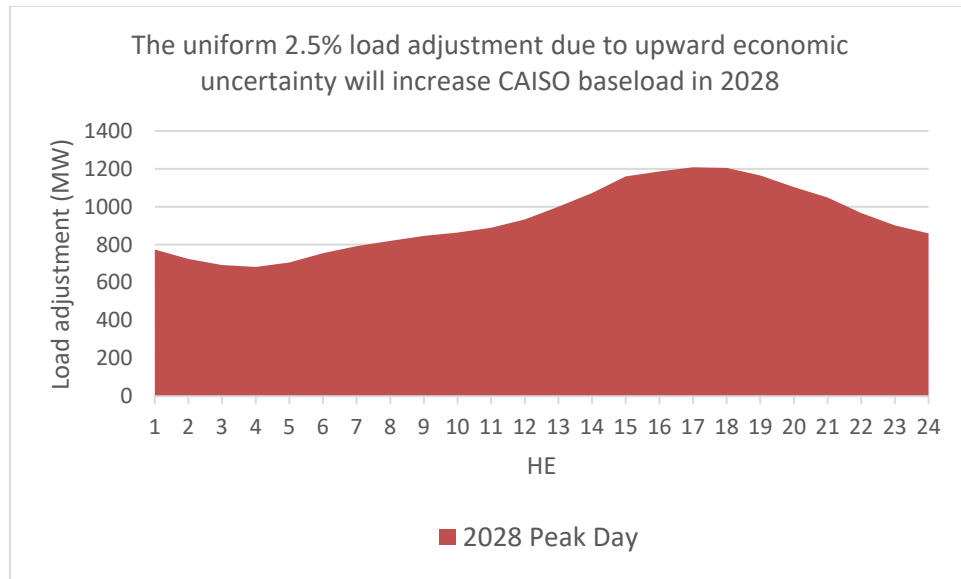
term conditions, in this case for 2028. As discussed at the Workshop, SCE suggests Energy Division collaborate with the CEC to investigate alternatives to accomplish three goals.

First, Energy Division and the CEC should collaborate to align the scale and probability of economic uncertainty with the near-term RA planning horizon. For example, SCE conducted a sensitivity analysis to evaluate potential impacts from an anticipated economic shock following the unexpected high tariff announcement on April 2, 2025, and the subsequent stock market decline. The analysis shows that in aggregate, a downside economic scenario with an assumed 10 percent probability and an approximately three percentage point growth shock resulted in only about a 1.2 percentage point reduction in forecast energy demand for near-term forecast years (2026–2028). With this analysis as a reference, the economy would need to unexpectedly grow significantly, and at an extreme unlikelihood, in just two years to produce a 2.5% upward error in demand forecast for the RA planning year. Assigning a ± 2.5 percent swing in electricity demand to scenarios with less than a 10 percent probability overstates plausible economic impacts, even under symmetric assumptions for upside and downside economic risk.

SCE suggests that a ± 1.5 percent (or lower) swing in electricity demand to scenarios with low probability is a more reasonable representation of near term economic and demographic uncertainty to electricity demand. SCE also recommends assigning a lower probability to upward load shock scenarios, as upside surprises near-term are historically rare and forecast errors tend to be smaller than downward surprises, and since in the LOLE-PRM study the tightest scenarios impact PRM directly. The upward load deviations have a disproportionately large effect on LOLE, as reliability risk is driven by a small number of extreme, high-load conditions. In contrast, downward deviations provide limited incremental reliability benefit once planning reserves are sufficient. The high sensitivity of LOLE to upward load shocks, combined with the relatively low likelihood of such events, creates a risk of overstating reliability needs and inflating PRM requirement.

Second, the two agencies should collaborate to differentiate uncertainty impacts by season and load hour, rather than applying flat multipliers. Uniformly applying a +2.5% load adjustment would

significantly increase the base load in every hour. The figures below illustrate the magnitude and shape of the load-upward adjustment. On the 2028 peak day, this adjustment would result in 1,200 MW of additional load at the peak hour, and more problematically, the adjustment would result in at least 600 MW of additional load during the night hours that would not be expected to be impacted from a near-term upward economic shock.



Third and finally, the two agencies should work together to improve transparency about how these uncertainty assumptions translate into LOLE and PRM outcomes.

V.

CONCLUSION

SCE supports the Commission's continued use of LOLE-based analysis to inform RA planning but reiterates that outcomes are only as sound as their underlying assumptions. Thus, for the foregoing reasons, SCE requests that the Commission adopt SCE's recommendations to maintain confidence that the resulting PRM reflects actual reliability needs, rather than cumulative modeling conservatism.

Respectfully submitted,

JANET S. COMBS
REBECCA MEIERS-DE PASTINO

/s/ Rebecca Meiers-De Pastino
By: Rebecca Meiers-De Pastino

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-6016
Email: Rebecca.Meiers.Depastino@sce.com

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