BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

FILED
04/21/26
04:59 PM
R2506019

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

RESPONSE OF 3 PHASES RENEWABLES INC. IN SUPPORT 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

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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), 3 Phases Renewables Inc. (3PR) 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.

In D.26-02-057, the Commission required load-serving entities (LSEs) to procure an additional 6,000 MW of net qualifying capacity (NQC) between 2029 and 2032, allocated among LSEs based on current load shares.[1] The Rehearing Parties argue that allocating a share of this new procurement obligation to Electric Service Providers (ESPs) violates multiple provisions of the Public Utilities Code — most notably Section 397(a)(1), as well as Sections 365.2, 366.2(d)(1), 366.3, and 454.52(c) — because the statutory cap on Direct Access (DA) service prevents ESPs from serving the vast majority of the new load growth (primarily large data centers and industrial loads) that drives the procurement need. They contend that this allocation

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

improperly shifts costs to ESPs for load they are legally barred from serving, and that the Decision lacks sufficient findings or evidence to support assigning procurement responsibility to ESPs.[2]

3PR strongly supports the AFR. 3PR agrees with the Rehearing Parties that the Commission's use of current load shares to allocate the new requirements is legally flawed. In addition, 3PR believes the allocation is arbitrary and capricious — and thus reversible error under Public Utilities Code Section 1757.1 — because there is no reasonably probable scenario in which ESPs' share of total load remains constant while overall load grows dramatically due to new data center development. The Commission's cursory dismissal of the DA load cap issue (noting only that "all customers contribute to the overall need" and "all benefit from a reliable electric system") provides no legally sufficient causal link between current ESP load shares and their contribution to the forecast reliability gap.

For these reasons, 3PR urges the Commission to grant the AFR and, on rehearing, reallocate the new procurement obligations such that ESPs are assigned only that portion of the new requirements, if any, that can be attributed to the forecast new loads which is reasonably be expected to be eligible for Direct Access service.

Respectfully submitted,

/s/

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[2] AFR at 3.