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	Rulemaking 25-10-003

COMMENTS OF ENGIE NORTH AMERICA, INC. ON ADMINISTRATIVE LAW JUDGE'S PROPOSED DECISION ADOPTING LOCAL CAPACITY OBLIGATIONS FOR 2027-2029, FLEXIBLE CAPACITY OBLIGATIONS FOR 2027, AND PROGRAM REFINEMENTS

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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	Rulemaking 25-10-003

COMMENTS OF ENGIE NORTH AMERICA, INC. ON ADMINISTRATIVE LAW JUDGE'S PROPOSED DECISION ADOPTING LOCAL CAPACITY OBLIGATIONS FOR 2027-2029, FLEXIBLE CAPACITY OBLIGATIONS FOR 2027, AND PROGRAM REFINEMENTS

Pursuant to Rule 14.3 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, ENGIE North America, Inc. ("ENGIE") respectfully submits these comments on the Administrative Law Judge's Proposed Decision Adopting Local Capacity Obligations for 2027-2029, Flexible Capacity Obligations for 2027, and Program Refinements ("Proposed Decision"), issued on June 1, 2026. ENGIE is an owner, operator, and developer of utility-scale generation and energy storage resources serving California load-serving entities ("LSEs") and the California Independent System Operator ("CAISO") markets. ENGIE has a direct interest in ensuring that the Resource Adequacy ("RA") program accredits energy storage and energy-only resources in a manner that accurately reflects their true reliability contribution.

ENGIE limits these comments to two issues in the Proposed Decision: (1) the scope of energy-only ("EO") resource eligibility to satisfy charging sufficiency; and (2) the use of the Equivalent Forced Outage Rate Demand ("EFORd") metric to capture energy storage non-linearity ("foldback") limitations. On the first, ENGIE urges the Commission to adopt a broader interim expansion of EO resource eligibility for charging sufficiency rather than limiting eligibility to

resources behind the same Point of Interconnection ("POI"). On the second, ENGIE urges the Commission to remove foldback from the EFORd calculation and instead reflect it through the Qualifying Capacity ("QC") accreditation framework.

I. THE RECORD SUPPORTS A BROADER INTERIM EXPANSION OF ENERGY-ONLY RESOURCE ELIGIBILITY FOR CHARGING SUFFICIENCY.

ENGIE supports the Proposed Decision's determination that EO resources located behind the same POI as a storage resource should count toward an LSE's charging sufficiency. ENGIE submits, however, that the record supports a broader interim expansion of EO eligibility and that limiting eligibility to behind-the-POI resources, pending completion of CAISO's preliminary Transmission Planning Process ("TPP"), is unnecessarily restrictive and will impose avoidable costs on LSEs and developers, PD errs in ignoring evidence of CAISO's existing off-peak deliverability analysis and widespread acknowledgement of the value of EO resources in not expanding the utilization of EO resources and creating an explicit path forward on incorporating any additional CAISO analysis.

A. The record contains unrefuted evidence that EO resources deliver meaningful energy to the grid during worst-day conditions.

The record includes Pacific Gas and Electric Company ("PG&E") worst-day exceedance value calculations and CAISO off-peak deliverability analyses from past cycles of TPP demonstrating that EO resources deliver meaningful quantities of energy to the grid, including during midday hours when stand alone storage charges, PG&E's exceedance values follow the same worst-day methodology that sets QC values for Full Capacity Deliverability Status resources; they therefore represent real megawatts delivered to the grid under worst-day conditions. No party refuted this evidence, and the Proposed Decision does not explain why it should be disregarded when determining the appropriate scope of EO eligibility for charging sufficiency. Expanded EO eligibility also enjoys broad support across parties in this proceeding.

B. Deferring expanded eligibility to the TPP results creates avoidable procurement uncertainty and cost.

The Proposed Decision limits EO eligibility to behind-the-POI resources pending CAISO's preliminary TPP results. Those results, however, are not expected until November 2026—after the Cluster 16 Application Window and after additional credit postings for the Cluster 14 and 15 projects—which creates uncertainty for developers and LSEs making interconnection and procurement decisions in the interim. Adopting an unnecessarily restrictive interim standard risks excluding resources that provide genuine charging sufficiency benefits, which in turn forces LSEs to procure additional charging sufficiency resources without any corresponding reliability benefit and increases program costs and strains the transmission system by not more fully utilizing it. The benefits of establishing a reasonable interim geographic footprint—such as the existing NP/SP delineation proposed by PG&E—while the Commission awaits CAISO's study outweigh the risks of an overly narrow interim rule. ENGIE accordingly recommends that the Commission adopt PG&E's proposed charging sufficiency eligibility approach on an interim basis, subject to refinement once CAISO's next round of TPP results become available.

Additionally, the Commission only recognizes that CAISO will be doing a TPP study, ignoring that this has happened in the past, and not providing a clear path forward with how any results would be incorporated. ENGIE of course is not opposed to additional CAISO analysis on this topic, however, we believe that the CPUC should adopt an interim rule recognizing the value of EO resources that exists today. If the Commission determines that additional CAISO analysis is necessary before adopting final or additional standards related to the treatment of Energy Only resources for charging sufficiency under the slice of day model, the final decision should commit the Commission to working with the CAISO to establish a clear procedural path and timeline for that analysis. It is not sufficient to defer the issue generally to a future CAISO study without a commitment to working with the CAISO to specify how the study will be scoped, when the

study parameters will be established, and that the results will be available for use in the next RA proceeding. Without that direction, the analysis may be completed too late to inform proposals or party comments in the next RA cycle. This indication of the path forward is critical to both the load serving entities who must comply with the recent procurement order in the Integrated Resource Planning proceeding, and the developers whose projects will be needed to help the state reach its clean and reliable grid goals allowing both sets of parties to make commercial decisions that support the state. Delay taking this action will increase costs for ratepayers.

II. THE PROPOSED DECISION SHOULD NOT USE EFORD TO CAPTURE ENERGY STORAGE FOLDBACK LIMITATIONS.

ENGIE supports the adoption of an Unforced Capacity ("UCAP") framework to improve resource counting and the establishment of a definition for "forced outage." ENGIE also supports the Proposed Decision's QC methodology for energy storage, which directly measures and incorporates foldback through a Maximum Continuous Energy calculation. ENGIE's concern is narrow but consequential: having correctly captured foldback in the QC accreditation, the Proposed Decision then treats the same physical limitation a second time as an outage event within EFORd. Doing so relies on a probabilistic metric to quantify a known, deterministic resource characteristic, which introduces avoidable error and undermines both reliability and affordability.

A. Foldback is a known physical characteristic, not an outage, and EFORd is the wrong tool to measure it.

EFORd is a backward-looking, probabilistic measure of the frequency with which a unit is forced out of service. It is designed to approximate the likelihood of unexpected unavailability. Foldback, by contrast, is a consistent, predictable, and measurable limitation inherent to the physical design of an energy storage resource. It is not an outage and it is not probabilistic. Using a probabilistic outage metric to represent a deterministic, known limitation is a category error that produces inaccurate accreditation. When a resource's true technical limitation is known—as

foldback is—it should be incorporated directly into the accreditation calculation rather than approximated through EFORd sampling.

Because EFORd captures only a limited subset of assessment hours that do not necessarily correspond to the hours in which the market dispatches energy-limited resources, its application to foldback risks both overcounting and undercounting a resource's availability. A resource that is dispatched into its foldback region during assessment hours may incur a substantial EFORd penalty—potentially across multiple assessment hours—while an otherwise identical resource that happens not to be dispatched into foldback during those hours shows no limitation at all. The result is that two physically identical resources can receive materially different accreditation values based solely on how the market happened to dispatch them, not on their actual capabilities. This is the fundamental weakness of using a probabilistic assessment to represent a known characteristic: it approximates reality rather than measuring it. The Proposed Decision's QC methodology already measures the limitation accurately; layering EFORd on top of it introduces error in the opposite direction.

B. Including foldback in EFORd double-penalizes storage and is not cured by applying EFORd to Pmax.

The Proposed Decision identifies a typographical error in the Energy Division's proposal and, on that basis, dismisses parties' concerns regarding double-counting. That conclusion does not respond to the concern actually raised. A single foldback event can affect multiple assessment hours even where a resource has already satisfied its RA obligation by discharging continuously at its accredited QC. As a result, the same physical limitation can be reflected both in the QC calculation—which already reduces the resource's accredited capacity to account for foldback—and again through an EFORd penalty applied across multiple assessment intervals. The Proposed Decision's assurance that EFORd is applied to Pmax rather than PmaxRA does not resolve this, because it leaves unexplained how the UCAP value interacts with the storage accreditation

framework, whether procurement obligations are ultimately satisfied on the basis of QC or UCAP, and how either preserves the Commission's determination that storage accreditation should reflect four continuous hours of deliverability. Until that interaction is established in the record, the Commission cannot verify that no double penalty occurs, and the present record indicates that one does.

The consequence is not merely a private cost borne by storage owners. Systematically understating storage capability that in fact meets CAISO's real-time reliability needs requires LSEs to procure additional replacement capacity, raising RA costs without any corresponding reliability benefit.

C. Including foldback in EFORd creates a withholding incentive that a new outage code cannot resolve.

The Proposed Decision acknowledges that including foldback in EFORd may create an incentive for resources to withhold energy in later hours to preserve accreditation, and it concludes that this concern has merit. ENGIE supports the development of a foldback-specific Nature of Work ("NOW") code and agrees that CAISO should pursue it. But monitoring alone cannot resolve the underlying distortion. A NOW code would capture only those resources that elect to offer capacity despite the resulting EFORd penalty; resources that instead withhold foldback energy to protect their accreditation would remain unobservable. The monitoring framework would therefore systematically understate the very distortion the Proposed Decision identifies. A framework that may discourage energy provision during scarcity conditions is difficult to reconcile with the Commission's reliability objectives, and the Proposed Decision does not explain why retaining that distortion is preferable to reflecting foldback through the accreditation framework, where it can be measured directly.

The premise that foldback cannot currently be distinguished from other outage causes does

not follow from the absence of a dedicated NOW code. Foldback is a known and verifiable operating characteristic, and resource operators can identify foldback-related derates even where CAISO's present reporting framework lacks a dedicated classification. Because historical outage data collected during the transition period will form the basis of future EFORd calculations, data quality during that period is critical. ENGIE therefore recommends that the Commission establish a process allowing resource operators to identify and substantiate foldback-related derates in historical records, so that those events are excluded from EFORd pending implementation of a dedicated NOW code. This approach reflects foldback accurately—through QC—without permanently embedding a known classification error into future UCAP calculations.

III. CONCLUSION

ENGIE appreciates the opportunity to comment on the Proposed Decision. ENGIE respectfully urges the Commission to (1) adopt a broader interim expansion of EO resource eligibility for charging sufficiency pending completion of CAISO's TPP study; and (2) remove the foldback period from the EFORd calculation and instead reflect foldback through the QC accreditation framework, including by establishing a transition-period process for substantiating foldback-related derates.

Respectfully submitted this 22nd day of June, 2026 from Walnut Creek, California.

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