



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

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06/26/26

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R2510003

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

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
NOTICE OF EX PARTE COMMUNICATION**

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June 26, 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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**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
NOTICE OF EX PARTE COMMUNICATION**

Pursuant to Rule 8.4(a) of the California Public Utilities Commission (Commission) Rules of Practice and Procedure,¹ California Community Choice Association² (CalCCA) hereby gives notice of an ex parte communication in which the participants discussed CalCCA's recommendations that the Resource Adequacy (RA) Track 1 Proposed Decision³ (Proposed Decision) be modified to: (1) remove the Decision (D.) 05-10-042⁴ requirements dictating bidding and revenue allocation for California Independent System Operator (CAISO) market products; (2) adopt hourly load obligation trading (LOT) as a commonsense affordability measure; (3) adopt a durable RA allocation process for

¹ *State of California Public Utilities Commission, Rules of Practice and Procedure, California Code of Regulations Title 20, Division 1, Chapter 1* (May 2021), <https://webproda.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/rules-of-practice-and-procedure-may-2021.pdf>.

² California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance of Southern California, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

³ *Proposed Decision Adopting Local Capacity Obligations for 2027-2029, Flexible Capacity Obligations for 2027, and Program Refinement*, Rulemaking (R.) 25-10-003 (June 1, 2026), <https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=608058096>.

⁴ D.05-10-042, *Opinion on Resource Adequacy Requirements*, R.04-04-003 (Apr. 1, 2004), https://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_DECISION/50731.PDF.

data center loads to ensure fair and accurate allocations; and (4) adopt additional clarifications related to resource counting and load migration.

DATE AND TIME: Friday, June 26, 2026, 2:00 PM-2:30 PM.

LOCATION: Webex.

WHO INITIATED THE COMMUNICATION: Leanne Bober, CalCCA.

NAMES AND TITLES OF CPUC PERSONS PRESENT:

Julian Buchwalter, Advisor to Commissioner Karen Douglas.

NAMES AND TITLES OF NON-CPUC PERSONS PRESENT:

Eric Little, CalCCA - Director of Market Design; Lauren Carr, CalCCA - Senior Manager, Regulatory Affairs and Market Policy; and Kevin Johnston, CalCCA – Regulatory Counsel.

DESCRIPTION OF COMMUNICATION:

CalCCA presented its recommended modifications to the Proposed Decision. *First*, CalCCA asked that the Commission modify the Proposed Decision to remove the D.05-10-042 requirements dictating bidding and revenue allocation for the new CAISO market products, Imbalance Reserves (IR), and Reliability Capacity (RC). CalCCA explained that extending the D.05-10-042 requirements to IR and RC is not intended to fix a reliability issue and incorrectly assumes the transfer of IR and RC revenues to the load-serving entity (LSE) will *always* be the most affordable outcome. It also raises concerns about federal preemption and extends beyond the Commission’s authority over Community Choice Aggregators. CalCCA also explained that the Proposed Decision may necessitate the renegotiation of many existing contracts, which would likely increase RA costs, despite the Proposed Decision basing its findings on data from the test environment that has not been replicated in implementation.

Second, CalCCA also recommended the Commission modify the Proposed Decision to adopt LOT as a commonsense affordability measure. CalCCA explained that LOT could have avoided up to \$180 million of RA costs in 2025, while maintaining the reliability of the RA program.

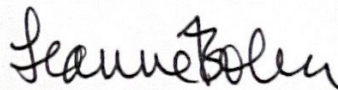
Third, CalCCA asked that the Proposed Decision be revised to adopt a durable RA allocation process for data center loads to ensure fair and accurate RA allocations. CalCCA explained that its approach would use interconnection information and milestones to determine when, and to which LSE, data center loads should be allocated for RA purposes. CalCCA encouraged the Commission to adopt its proposal, or at minimum, commit to developing a data center RA allocation proposal in Track 2 of the RA proceeding given the magnitude and time-sensitive nature of the issue.

Fourth, CalCCA recommended that the Commission adopt additional clarifications related to resource counting and load migration. These clarifications include: (1) storage qualifying capacity adjustments related to foldback to reflect hourly variability consistent with resources' operational capabilities and the slice-of-day (SOD) framework; (2) clarifications to the Proposed Decision's load migration definition to reduce ambiguity and provide clear processes and timelines; and (3) clarifications to the showing of long-duration energy storage resource showings in the SOD templates.

WRITTEN MATERIALS PROVIDED:

RA TRACK 1 PROPOSED DECISION (PowerPoint presentation), attached hereto.

Respectfully submitted,



Leanne Bober,
Director of Regulatory Affairs and Deputy
General Counsel
CALIFORNIA COMMUNITY CHOICE
ASSOCIATION

June 26, 2026

**ATTACHMENT
TO
CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
NOTICE OF EX PARTE COMMUNICATIONS**

**RA TRACK 1 PROPOSED DECISION
June 26, 2026**

ATTACHMENT

RA Track 1 Proposed Decision

June 26, 2026

Summary: The Track 1 RA PD Should be Modified

- **Remove the “status quo” requirements from D.05-10-042** dictating bidding and prohibiting revenues for Imbalance Reserve (IR) and Reliability Capacity (RC)
- Adopt **hourly load obligation trading** (LOT) as a commonsense affordability measure that maintains RA program reliability
- Adopt a **durable RA allocation process for data center loads** to ensure RA allocations are fair and accurate
- Additional Clarifications
 - Reflect non-linearity in storage QC consistent with operational capabilities and slice-of-day (SOD)
 - Clarify PG&E’s load migration proposal to provide clear processes and timelines
 - Clarify the LDES and EO resource showings in the SOD templates and allow for future improvements

The PD's IR and RC Requirements Should be Removed

Background

- Prior to the Extended Day-Ahead Market (EDAM), RA resources provided capacity to the CAISO through the Residual Unit Commitment (RUC) process via zero-dollar bids into the CAISO market without payment
- With EDAM, the CAISO has removed the zero-dollar bid requirement and revenue prohibition from its tariff
 - This is because RUC is being replaced with IRs and Reliability Capacity, which are cleared in the day-ahead market to serve **all** EDAM participants' needs
- In response, ED Staff proposed that RA contracts with a CPUC jurisdictional LSE must flow any revenues for both IR and RC from the generator to the LSE

The PD's IR and RC Requirements Should be Removed

Rationale

Economics

Assuming transfer of IR and RC revenues to the LSE will *always* be most cost-effective is incorrect and constrains LSEs from pursuing alternative, potentially lower cost contracting arrangements

Federal Preemption

While states retain authority over resource procurement and RA, they may not intrude upon FERC's jurisdiction over wholesale market participation, bidding behavior, and compensation

CCA Autonomy

CPUC lacks jurisdiction to dictate specific terms and conditions of CCA procurement agreements beyond what is necessary for compliance with *reliability and clean energy* goals

Contract Renegotiation

Of 11 CCAs surveyed, 249 contracts worth over 18,500 MW of Sept. NQC may be at risk for renegotiation

Price Data

The PD's findings are based on non-financially binding test environment prices and prices immediately following implementation. Data now shows prices are often at or near \$0 per MWh

The PD Should be Revised to Adopt LOT, a Commonsense Affordability Measure that Could Maintain Program Reliability at Lower Costs

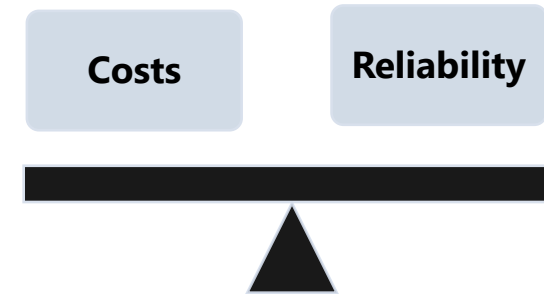
- LOT is a measure that could have avoided up to **\$180 million in RA costs in 2025**, while:
 - ✓ Promoting affordability by allowing LSEs to capture diversity
 - ✓ Maintaining reliability requirements
 - ✓ Ensuring each LSE pays for their share
 - ✓ Avoiding penalties when the system is sufficient
 - ✓ Limiting complexity associated with LOT



A Durable RA Allocation Process for Data Center Loads is Needed to Ensure Fairness and Accuracy

- The PD:
 - Rejects CalCCA's data center RA allocation proposal; and
 - Relies on the existing meet-and-confer process
- Meet-and-confer is potentially helpful for information sharing across the CPUC, CEC, IOU, and LSEs, but insufficient as an RA allocation process
- For CCAs currently experiencing large load growth, data center demand exhibits a wide band of forecast uncertainty (e.g., three forecast sources for SJCE)
 - CEC 2025 IEPR Forecast – 40% increase by 2028
 - CPUC 2026 IRP assumptions – 100% increase by 2028
 - SJCE modeling – 10% increase by 2028

Incorporating large, discrete, and/or uncertain data center load is a balancing act



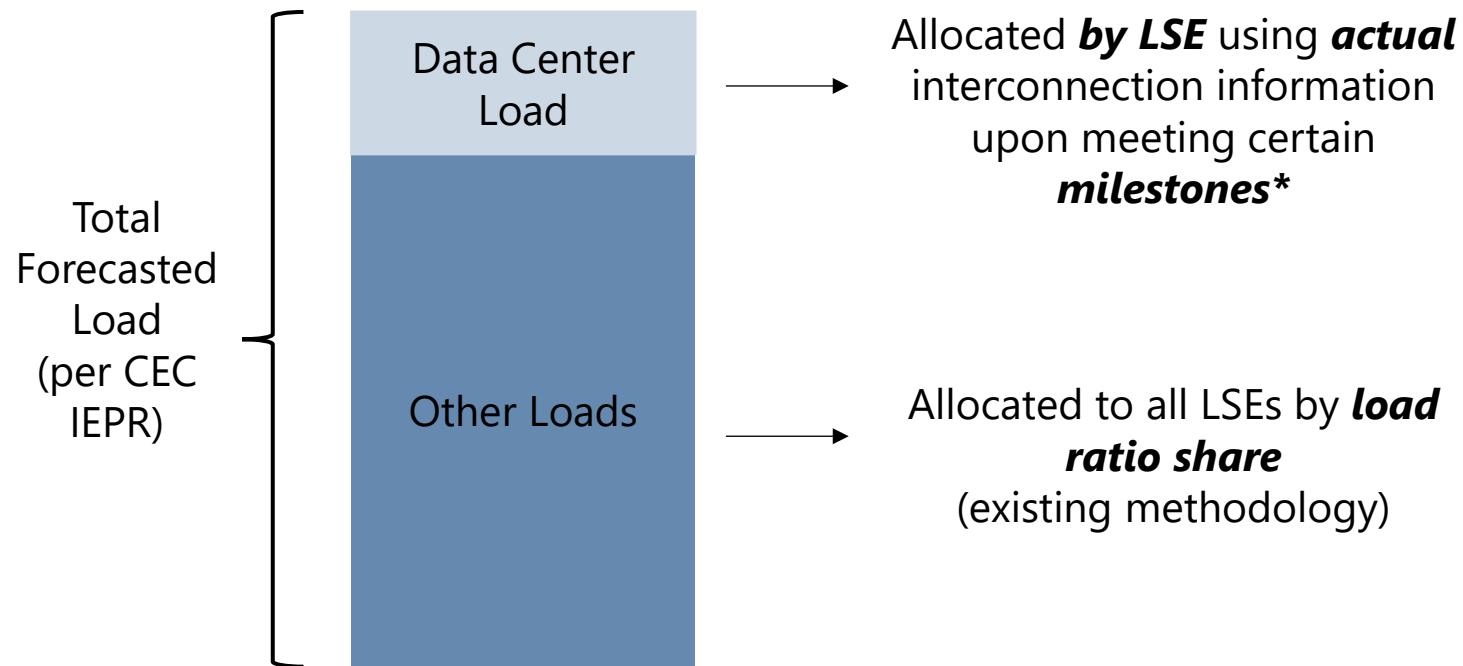
Forecast Too High

- Excess Costs
- Unused Capacity

Forecast Too Low

- Risk of Outages
- Insufficient RA

The CPUC, in Coordination w/ the CEC Should Use Actual Interconnection Info to Set RA Obligations by LSE



*Milestones could include:

- Chosen LSE generation provider;
- Executed interconnection agreement;
- Forecasted customer ramp/utilization and onsite generation;
- Energization date within the RA year validated by the interconnecting IOU;
- Local permits to construct;
- Site control; and
- Started construction.

- A new process is necessary to **protect existing customers** from absorbing costs associated with data center load that does not materialize and **ensure the costs of providing RA are based on accurate needs and allocated fairly**
- The PD should adopt CalCCA's RA allocation proposal or, at minimum, commit to developing a data center RA allocation process in Track 2

Other Clarifications Related to Resource Counting and Load Migration

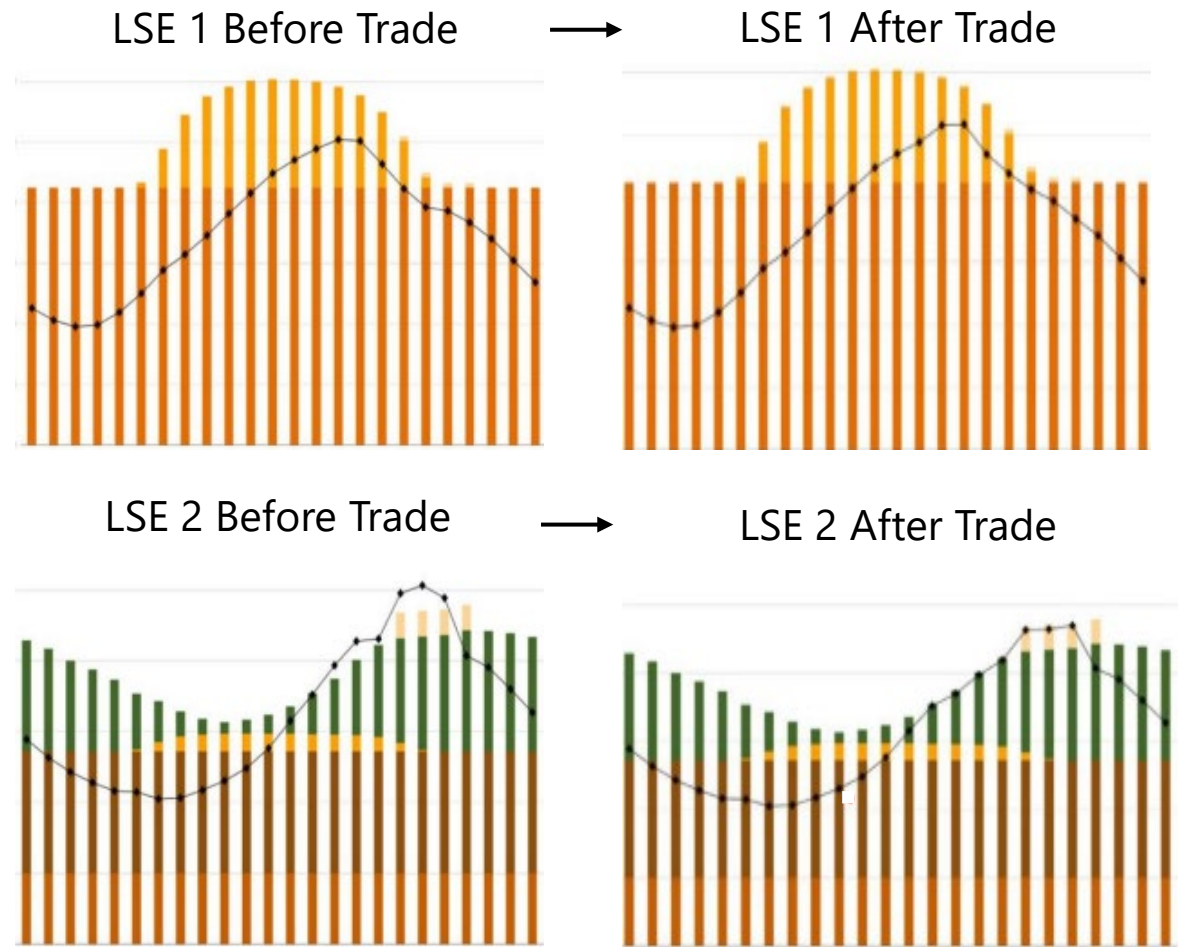
- Clarify storage QC foldback adjustments to reflect hourly variability consistent with resources' operational capabilities and the SOD framework
- Clarify PG&E's load migration proposal to reduce ambiguity and provide clear processes and timelines
- Clarify the LDES and EO resource showings in the SOD templates and leave room for future improvements

Appendix

Hourly Load Obligation (LOT) Trading Proposal

Allow all CPUC-jurisdictional LSEs to voluntarily transact their load obligations at the same granularity as the SOD requirement (*i.e.*, hourly)

- Promotes affordability by allowing LSEs to capture diversity in their portfolios and SOD requirements
- Maintains reliability keeping aggregate RA requirements unchanged
- Avoids leaning by ensuring each LSE pays for their share of reliability, while avoiding penalties when the system is sufficient
- Retains the responsibility of the original LSE, subject to penalties, that there will be sufficient RA to serve its load, whether procuring a resource or procuring a new “hourly load obligation” product
- Limits complexity by involving LSEs only, keeping generators and their requirements and the CAISO and its processes unaffected



Example: LSE 2 pays LSE 1 for trade in hours when LSE 2 is short, and LSE 1 is long

Energy Division Diminishes the Transactability Problems with SOD and Disregards a Much-Needed Opportunity for Avoided Costs

- Report authorized in D.25-06-048:
 - Finds that “[g]iven the limited evidence of need, uncertain magnitude of benefits, and heightened implementation risks, ... the potential gains do not outweigh the added complexity and risk of unintended consequences,” of hourly load obligation trading
 - Applies the wrong standard in its assessment: Focusing on whether the measure is “necessary” for compliance, rather than seizing the opportunity to adopt a tool that will bring greater efficiency and affordability
 - Materially understates the potential affordability benefits this optimization tool could deliver for ratepayers by ignoring the increased cost following SOD implementation
 - Continues to seek cover behind potential “unintended consequences” that have not been well-defined or supported
- CalCCA analysis of 2025 RA showings estimates LOT could have resulted in up to **\$180 million** in savings via avoided RA purchases and decreased RA demand

Methodological Differences Lead to Energy Division Materially Understating Potential Benefits

Similarities Between CalCCA and Energy Division Estimates

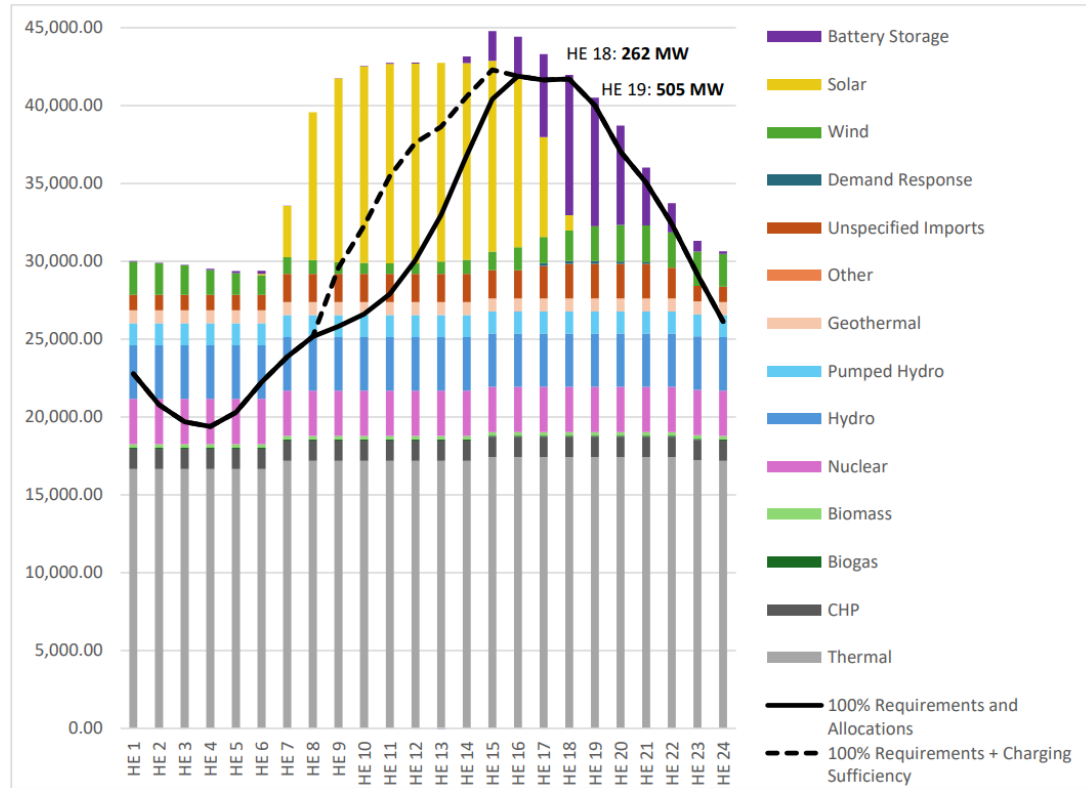
- RA procured by LSEs exceeds RA requirements
- Maximum benefit of LOT values excess RA at current RA market prices

Key Differences

Topic	CalCCA	Energy Division
Treatment of Storage	Excess RA depends on capability of storage, within SOD accreditation rules	Excess RA depends on how LSEs show storage with unused storage allocated to all 24-hours of day
Months Included	Excess quantified in all summer months	Excess only considered in September
RA Prices	RA prices vary by month and are reflect transactions between YARA and MARA	RA prices use market price benchmark: flat across the year and includes transactions starting 12/2021
Indirect Benefits	Reducing RA demand puts downward pressure on RA prices for all LSEs	No quantification of indirect benefits (implies zero indirect benefit to consumers)
Coverage	24 CCAs, extrapolated to all LSEs	Access to data from all CPUC jurisdictional LSEs
Resulting Benefits	Up to \$180 million annually	At most \$7.6 million in September

CalCCA Approach Maximizes Potential Value of Storage with LOT; Energy Division's Approach Unnecessarily Understates This Value

Figure 3: September 2025 MA Aggregate LSE Showings³

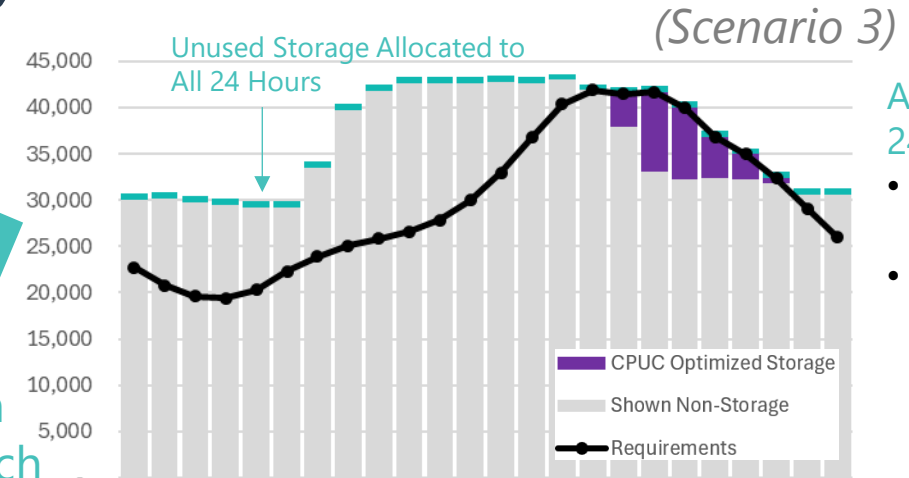


(Scenario 1)

Shown Storage: 262 MW excess RA -> \$2.9 million cost at MPB

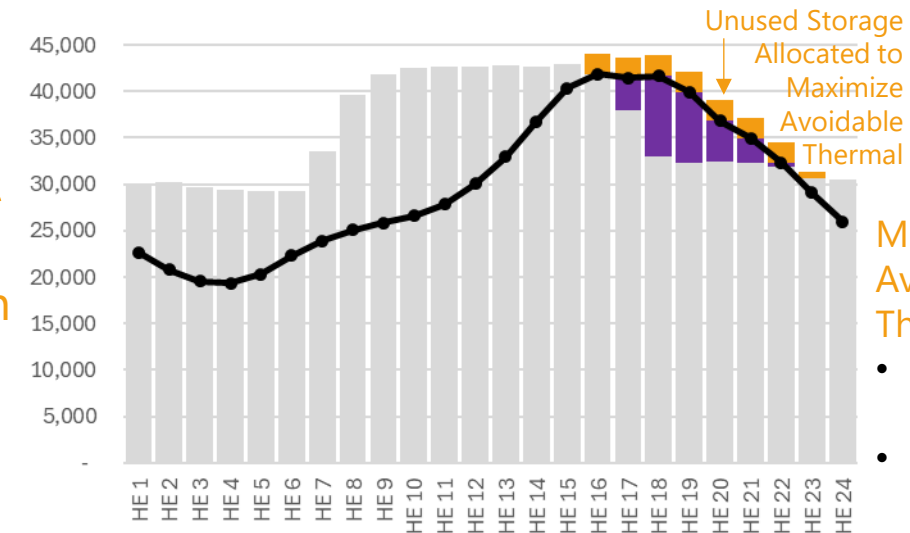
Energy Division Approach

CalCCA Approach



Allocate to All 24 Hours:

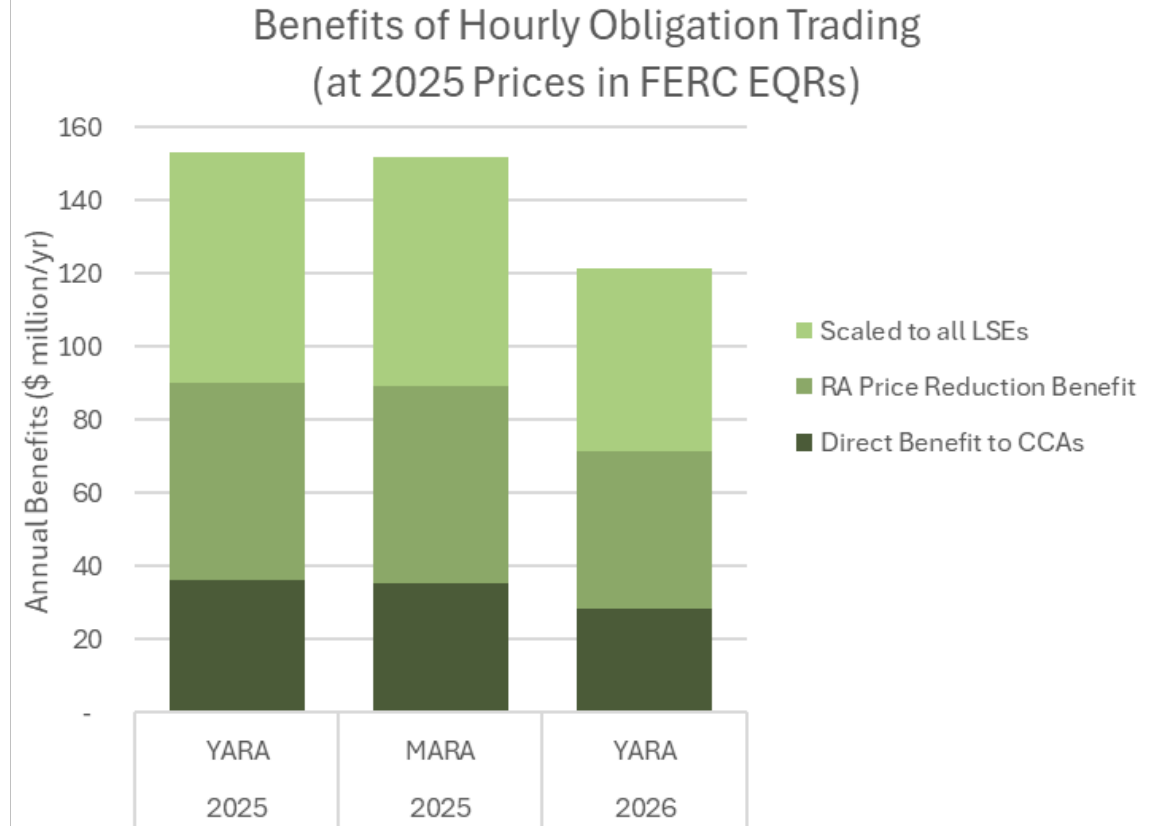
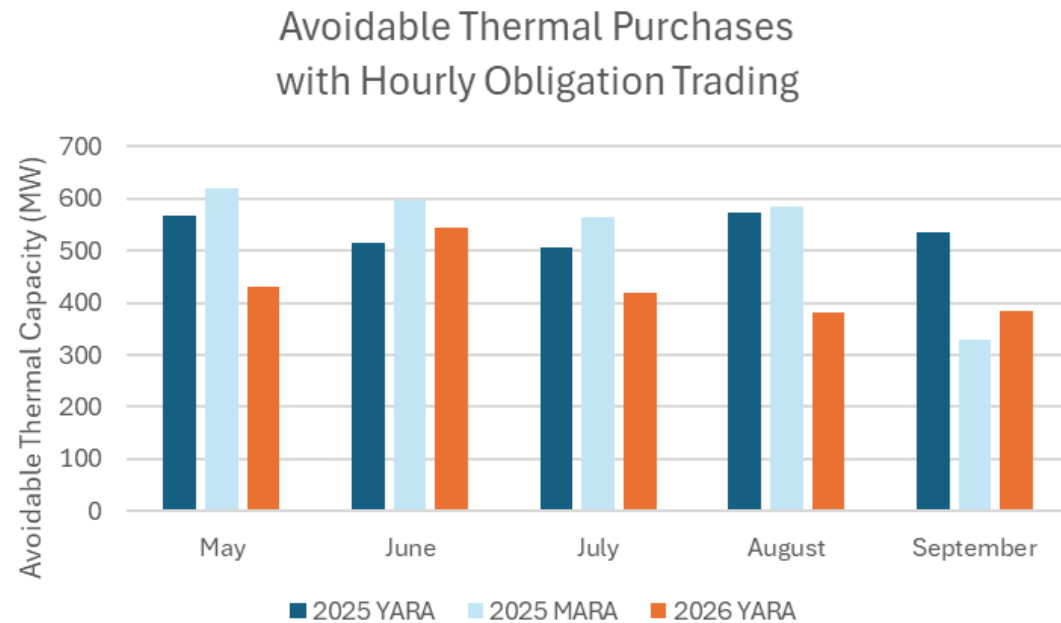
- 678 MW excess RA
- \$7.6 million cost at MPB



Maximize Avoidable Thermal:

- 2,175 MW excess RA
- \$24.4 million cost at MPB

CalCCA Analysis of CCA SOD RA Filings Shows Continuing Reliance on Excess Capacity



The Commission Should Invest in the Tools Necessary to Automate the RA Compliance Process

LOT proposal designed to fit w/ existing templates, which have become increasingly complex

- LSEs submit RA showings in Excel, which has grown increasingly complex over the 20+ year history
 - 14 visible sheets, 18 hidden sheets, 6 macros, and a 58-page user guide
- The Report expresses concern with the compressed timeline to validate and finalize RA showings
 - 15 days to validate, issue deficiency notices, enable a cure period, and finalize

The Commission should explore whether new software & systems are necessary to support LOT

- The RA program is a critical reliability function, procures billions of dollars of capacity annually, and carries strict fines for non-compliance
- Continued reliance on spreadsheets should no longer be a barrier to the adoption of sound policy proposals with the potential for significant affordability benefits

If automation is not adopted immediately, temporary guardrails on amount (*e.g.*, 25 percent of obligation) and timing of LOTs could aid in assessing compliance

CalCCA Responses to Party Concerns with LOT

Party	Comment	CalCCA Response
PG&E	CalCCA overstates the benefits of LOT	LOT proactively addresses market scarcity conditions and can result in overall annual cost savings benefitting ratepayers, and PG&E mischaracterizes CalCCA's methodology for treating unused storage
PG&E, SCE	LOT could present "untenable competitive disadvantages" for the IOUs / concerns about how the IOUs will participate	The IOUs, like all LSEs, can voluntarily participate in LOT and procedural pathways are available for the IOUs to update their BPPs to enable them to do so
PG&E	"Potential downstream impacts" demonstrate that the CalCCA LOT proposal is "under-developed"	LOT: (1) will not impact CAM allocations because it will not affect an LSE's load ratio share upon which the RA allocations are based; (2) will not impact the POLR framework and how FSR calculations are adjusted because LOT does not change LSE responsibility for meeting reliability requirements for their customers; and (3) will not impact Energy Division's ability to verify and measure compliance in a timely manner, especially given CalCCA's proposal to limit LOTs to 25 percent of an LSEs requirement
PG&E, SCE	LOT may impact the RA MPB and other PCIA calculation methodology elements	Address potential impacts on the RA MPB and other PCIA elements in the PCIA proceeding which is already positioned to address PCIA calculation impacts from SOD and related policy changes
SCE	Consideration of LOT should be delayed until RCPMP is further developed	Development of a future IRP compliance program is not relevant to the immediate affordability issues with the currently active RA compliance program and LOT's ability to mitigate these affordability issues
SDG&E	LOT could enable "leaning" and cost shifts	Reject SDG&E's misleading characterization of LOT as "leaning" and a cost shift; LOT would in fact prevent leaning and improve cost causation by enabling LSEs to more efficiently meet RA requirements
Vistra	Increasing compliance opportunities is bad for competition and can introduce market power concerns	LOT improves access to capacity by making purchased capacity used and useful, rather than forcing ratepayers to pay for excess. Adding products that can meet compliance obligations increases, rather than decreases, RA market competition. LOT is intended to provide LSEs with relief from market power that can be exerted in the bilateral system RA capacity market with no market power mitigation mechanism