STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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TO PARTIES OF RECORD IN RULEMAKING 21-06-017:

This is the proposed decision of Commissioner Darcie L. Houck. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's September 3, 2026 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ MICHELLE COOKE
Michelle Cooke
Chief Administrative Law Judge

MLC: cg7
Attachment

Decision **PROPOSED DECISION OF COMMISSIONER DARCIE HOUCK**
(Mailed 07/28/2026)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future.	Rulemaking 21-06-017

DECISION REVISING THE INTEGRATION CAPACITY ANALYSIS WORKSHOP SCHEDULE AND ORDERING GRID MODERNIZATION PROGRESS REPORTS

Summary

This decision adopts a biannual schedule for the Integration Capacity Analysis workshops starting January 1, 2027. This decision allows Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company, collectively the IOUs, to file a Tier 2 advice letter to propose changes to the workshop cadence. This decision also orders the IOUs to produce Grid Modernization Progress Reports in the fall of even-numbered years, due on October 1, aligned with the requirements set forth in California Public Utilities Code § 913.6.

This proceeding remains open.

1. Background of Integration Capacity Analysis Workshops

The Commission established the Distribution Resources Plans (DRP) to guide electric investor-owned utilities in developing DRP proposals that identify optimal locations for the deployment of distributed resources, as required by

Assembly Bill (AB) 327 (Perea), Stats. 2013, ch. 611. AB 327 added Public Utilities Code (Pub. Util. Code) § 769 requiring electric investor-owned utilities to file DRP proposals and providing guidance to the Commission on the review, modification, and ultimate approval of the utilities' DRP proposals. The DRP proceeding (Rulemaking 14-08-013) established the Integration Capacity Analysis (ICA), Data Portals, and the Distribution Investment Deferral Framework (DIDF) as part of this process.

As required by Pub. Util. Code § 769(b), the DRP proposals were to, among other things, evaluate locational benefits and costs of distributed energy resources (DERs) located on the distribution system based on reductions or increases in local generation capacity needs. Track 1 of Rulemaking (R.) 14-08-013 directed the determination of issues related to an ICA, which quantifies the maximum amount of power that can be injected to, or drawn from, the distribution system while requiring minimal to no distribution mitigations, upgrades, or operational restrictions. Following the review of an ICA Working Group Final Report, the Commission adopted Decision (D.) 17-09-026, which considered many recommendations from the report and directed a workplan for a nine-month ICA rollout.

D.24-10-030 ordered various improvements to the ICA, including:

- Consolidation of all reporting into new biannual reports;
- Requirements for the Utilities to file Tier 3 advice letters containing remediation plans for all known ICA issues; and
- Quarterly workshops to discuss the biannual reports and remediation plans.

D.24-10-030 also ordered Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric

Company (SDG&E), collectively referred to as the IOUs, to submit a Tier 3 advice letter after the fourth anniversary of the first ICA workshop proposing to either sunset or extend the quarterly ICA workshop series and providing justification for the proposal.[1] The IOU workshop remediation plans addressing possible changes to the ICA workshop series were approved in Resolution E-5440 keeping the quarterly ICA workshop cadence.[2]

2. Submission Date

This matter was submitted on April 30, 2026, upon submission of reply comments to the Assigned Commissioner's Ruling issued on March 23, 2026 (March 23 Ruling).

3. Issues Before the Commission

This decision addresses whether to modify the cadence of the quarterly ICA workshops and whether to require the IOUs to file biennial Grid Modernization Progress Reports.

This decision relates to the following issues identified in the Assigned Commissioner's Amended Scoping Memo and Ruling:

- How should ICA data and calculations be improved to enhance accuracy and usefulness for DER planning, siting, and interconnection, especially with respect to electrification load?[3]
- What updates are needed to the Grid Modernization Framework adopted in D.18-03-023 to better prepare the electric grid for a high DER future?[4]

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[1] D.24-10-030 at 166-167.

[2] Resolution E-5440 at 24.

[3] Assigned Commissioner's Amended Scoping Memo and Ruling at 5.

[4] Assigned Commissioner's Amended Scoping Memo and Ruling at 8.

4. Integration Capacity Analysis Workshop Cadence

The March 23 Ruling asked parties questions about DER orchestration in general, including whether the ICA workshop frequency should be reduced and whether the IOUs should be able to file a Tier 2 advice letter to modify the workshop cadence. Both proposals were supported by PG&E, SCE, SDG&E, and Nexamp, and were opposed by 350 Bay Area and Cal Advocates. PG&E, SCE, and Nexamp state that a biannual ICA workshop cadence would better align with the release of the biannual ICA report. SDG&E supports a biannual ICA workshop cadence and also proposes that the cadence of the ICA reports be modified to an annual basis.[5] SDG&E also states that a Tier 2 advice letter process would give IOUs "flexibility to adapt to changing regulatory environments," which is "critical from an efficiency and resourcing perspective."[6] 350 Bay Area states that a biannual schedule could result in longer time to address issues and having "delays stack up on each other."[7] Cal Advocates states that the current quarterly workshop cadence "remains justified because it supports transparency, accountability, and more timely correction of ICA problems."[8]

The Commission agrees with PG&E, SCE, SDG&E, and Nexamp that a biannual ICA workshop cadence would better align the ICA workshop cadence with the biannual ICA report cadence. Reducing the workshop frequency would also allow for the IOUs to provide more meaningful updates and focus on

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[5] PG&E Opening Comments on Tracks 1 and 2 DER Orchestration at 19-20, SCE Opening Comments on Tracks 1 and 2 DER Orchestration at 12, and Nexamp Opening Comments on Tracks 1 and 2 DER Orchestration at 11.

[6] SDG&E Opening Comments on Tracks 1 and 2 DER Orchestration at 20.

[7] 350 Bay Area Opening Comments on Tracks 1 and 2 DER Orchestration at 15.

[8] Cal Advocates Opening Comments on Tracks 1 and 2 DER Orchestration at 25.

implementing the remediation plans in response to industry developments. The Commission also agrees with SDG&E that authorizing IOUs to file a Tier 2 advice letter to propose changes to the ICA workshop cadence would provide the IOUs with needed flexibility to adapt to changing regulatory environments such as the evolving ICA process. Accordingly, this decision adopts a biannual ICA workshop cadence. In addition, this decision allows the IOUs to file a Tier 2 advice letter to propose further ICA workshop cadence modifications by providing evidence that either 1) the current workload of hosting workshops is overly burdensome; or 2) that the current status of the ICA and improvements is not suited for biannual updates due to the approved implementation schedule and current standing of the ICA process. This decision also cancels the fourth quarter 2026 ICA workshop originally required by Resolution E-5440.

5. Biennial Utility Grid Modernization Progress Reports

AB 242 (Holden) Stats. 2021, ch. 228, amended Pub. Util. Code § 913.6 to require the Commission to biennially report to the Legislature and the Governor on the progress made toward modernizing the state's distribution and transmission grid and the impacts of DERs on the state's distribution and transmission grid and ratepayers. The next installment of the California Grid Modernization Report to the Legislature and the Governor is due to be published by February 1, 2027.

To support the production of the first legislative report, the Commission's Energy Division issued a data request to the IOUs to gather updates on their grid modernization progress. The resulting updates were included as part of the 2025 version of the legislative report.[9]

The March 23 Ruling asked parties whether the Commission should require the IOUs to submit Biennial Grid Modernization Progress Reports in the fall of even-numbered years, whether to adopt the proposed Appendix A as the standardized format and content, what information to include or exclude in the reports, whether to establish sunset or review dates for Appendix A, whether to allow IOUs to file a Tier 1 or Tier 2 advice letter to modify the reporting approach or content, and whether to authorize Energy Division to make direct changes to the report content and format.

California Solar & Storage Association (CalSSA), Environmental Defense Fund (EDF), and Nexamp support requiring the IOUs to submit reports in the fall of even-numbered years.[10] PG&E and SCE recommend using the Grid Modernization Progress Reports included in their general rate case (GRC) filings but supports submitting an updated report if the information in the GRC is not sufficient.[11] Cal Advocates, CalSSA, EDF, Nexamp, PG&E, and SCE generally support using Appendix A in the reports.[12] PG&E and SCE oppose including

[9] The 2025 *California's Grid Modernization Report to the Governor and Legislature* is found here: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2025/californias-grid-modernization-report-2025--volume-i.pdf

[10] Cal Advocates Opening Comments on Tracks 1 and 2 DER Orchestration at 26, CalSSA Opening Comments on Tracks 1 and 2 DER Orchestration at 13, EDF Opening Comments on Tracks 1 and 2 DER Orchestration at 17, and Nexamp Opening Comments on Tracks 1 and 2 DER Orchestration at 11.

[11] PG&E Opening Comments on Tracks 1 and 2 DER Orchestration at 20 and SCE Opening Comments on Tracks 1 and 2 DER Orchestration at 12.

[12] Cal Advocates Opening Comments on Tracks 1 and 2 DER Orchestration at 26, CalSSA Opening Comments on Tracks 1 and 2 DER Orchestration at 13, EDF Opening Comments on Tracks 1 and 2 DER Orchestration at 18, and Nexamp Opening Comments on Tracks 1 and 2 DER Orchestration at 11.

"costs incurred and anticipated" since they state the information is already provided in their GRC filings and find the requirements for Section II.e (Other relevant technologies and topics) overly broad.[13] SCE recommends that Section II.d (Advanced Metering Infrastructure and Grid Edge Computing Applications) should be scoped to avoid duplicative cost reporting where those investments have already been presented.[14]

CalSSA, PG&E, and SCE support periodic review of the Appendix A requirements to ensure alignment with the evolving grid modernization technology and goals.[15] Cal Advocates, CalSSA, EDF, Nexamp, and PG&E recommend the IOUs be allowed to file Tier 2 advice letters to modify the approach and content of the reports.[16] SCE does not support requiring the IOUs to file advice letters to modify the approach and content of the reports but suggests requiring Tier 1 advice letters if an advice letter will be required.[17]

CalSSA, EDF, and SCE support authorizing Energy Division to make direct changes to the report approach and content, with EDF stating that "[i]f Staff identifies a change that would improve the usefulness of the utilities' biennial reports, it should not need to wait for the utilities to submit an advice

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[13] PG&E Opening Comments on Tracks 1 and 2 DER Orchestration at 20-21 and SCE Opening Comments on Tracks 1 and 2 DER Orchestration at 13.

[14] SCE Opening Comments on Tracks 1 and 2 DER Orchestration at 13.

[15] CalSSA Opening Comments on Tracks 1 and 2 DER Orchestration at 14, Nexamp Opening Comments on Tracks 1 and 2 DER Orchestration at 12, PG&E Opening Comments on Tracks 1 and 2 DER Orchestration at 21, and SCE Opening Comments on Tracks 1 and 2 DER Orchestration at 13.

[16] Cal Advocates Opening Comments on Tracks 1 and 2 DER Orchestration at 28, CalSSA Opening Comments on Tracks 1 and 2 DER Orchestration at 14, EDF Opening Comments on Tracks 1 and 2 DER Orchestration at 18-19, Nexamp Opening Comments on Tracks 1 and 2 DER Orchestration at 13, and PG&E Opening Comments on Tracks 1 and 2 DER Orchestration at 21.

[17] SCE Opening Comments on Tracks 1 and 2 DER Orchestration at 13.

letter to make that change."[18] Nexamp and PG&E do not support requiring IOUs to suggest report content and approach changes only through Tier 1 advice letters.[19]

SDG&E opposes requiring the IOUs to file Grid Modernization Progress Reports and finds the existing data request process adequate.[20]

The Commission concludes that it is reasonable to require the IOUs to file biennial Grid Modernization Progress Reports in the fall of even-numbered years starting in 2026. Rather than the Energy Division issuing data requests to the IOUs for each biennial legislative report, requiring the IOUs to file Grid Modernization Progress Reports would make this reporting more consistent both in timing and content.

The reports should explain how grid modernization tools have been utilized, the benefits they delivered, and the specific use cases they supported over the two years before the filing year. In addition, the IOUs should include forward-looking information outlining plans for tools that have not yet been implemented, along with their anticipated benefits and applications. The report must also note any modifications or adjustments made to previous grid modernization plans.

Energy Division and the IOUs should jointly review Appendix A four months prior to the IOUs' submission of their reports to account for recent developments in the capabilities of grid technologies as well as other industry

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[18] CalSSA Opening Comments on Tracks 1 and 2 DER Orchestration at 14, EDF Opening Comments on Tracks 1 and 2 DER Orchestration at 19, and SCE Opening Comments on Tracks 1 and 2 DER Orchestration at 14.

[19] Nexamp Opening Comments on Tracks 1 and 2 DER Orchestration at 13 and PG&E Opening Comments on Tracks 1 and 2 DER Orchestration at 22.

[20] SDG&E Opening Comments on Tracks 1 and 2 DER Orchestration at 21-24.

developments. To support flexibility in reporting requirements, Energy Division can then make any necessary changes to the content and format of the reporting approach to account for recent industry developments identified by Energy Division and the IOUs.

Accordingly, this decision requires the IOUs to serve to the Energy Division biennial Grid Modernization Progress Reports in the fall of even-numbered years, due October 1, starting in 2026 following the direction provided above.

6. Summary of Public Comment

Rule 1.18 of the Commission's Rules of Process and Procedure (Rules) allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

No relevant public comments were received in the docket of this proceeding as of the date of submission of the record for this decision.

7. Procedural Matters

This decision affirms all rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

8. Comments on Proposed Decision

The proposed decision of Commissioner Darcie L. Houck in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of

Practice and Procedure. Comments were filed on __________, and reply comments were filed on _____________ by ________________.

9. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner, and Jack Chang is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. A biannual ICA workshop cadence would better align with the release of the biannual ICA report.
2. Allowing the IOUs to suggest modifications to the ICA workshop cadence would help align the workshops with industry developments.
3. Requiring the IOUs to submit biennial Grid Modernization Progress Reports would make reporting on progress made toward modernizing the state's distribution and transmission grid and the impacts of DERs more consistent both in timing and content.
4. Allowing Energy Division staff to modify the content and format of the Grid Modernization Progress Reports would provide needed flexibility to the report process to account for technological and other industry developments.

Conclusions of Law

1. ICA workshops should be held on a biannual basis starting in the first quarter of 2027.
2. The fourth quarter 2026 ICA workshop required by Resolution E-5440 should be canceled.
3. The IOUs should be authorized to file Tier 2 advice letters to propose further ICA workshop cadence modifications presenting evidence that either the current workload of hosting workshops is overly burdensome, or that the current

status of ICA and improvements is not suited for quarterly updates due to the approved implementation schedule and current standing of the ICA process.

4. The IOUs should file biennial Grid Modernization Progress Reports in the fall of even-numbered years, due on October 1, starting in 2026 based on the template provided in Appendix A.

5. The Grid Modernization Progress Reports should explain how grid modernization tools have been utilized, the benefits they delivered, and the specific use cases they supported over the two years before the filing year.

6. The IOUs should include in the Grid Modernization Progress Reports forward-looking information outlining plans for grid modernization tools that have not yet been implemented, along with their anticipated benefits and applications.

7. The Grid Modernization Progress Reports must note any modifications or adjustments made to previous grid modernization plans.

8. Energy Division and the IOUs should jointly review Appendix A four months prior to the IOUs' submission of their reports to adjust reporting requirements to recent developments in the capabilities of grid technologies as well as other industry developments.

9. Energy Division should be authorized to make necessary changes to the content and format of the reports so long as such changes are consistent with the other Conclusions of Law of this decision.

10. Energy Division should send a revised Appendix A template to the service list of this proceeding at least 30 days before the IOUs must submit their Grid Modernization Progress Reports.

O R D E R

IT IS ORDERED that:

1. Unless otherwise directed pursuant to Ordering Paragraph 2, Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Edison Company shall hold biannual Integration Capacity Analysis public workshops, facilitated by Energy Division, starting in the first quarter of 2027. The fourth quarter 2026 Integration Capacity Analysis workshop required by Resolution E-5440 is cancelled.
2. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company may file Tier 2 advice letters to propose further Integration Capacity Analysis workshop cadence modifications. Such advice letters must demonstrate with evidence that either the current workload of hosting workshops is overly burdensome, or that the current status of the ICA and improvements is not suited for biannual updates due to the approved implementation schedule and current standing of the ICA process.
3. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall serve Grid Modernization Progress Reports to Energy Division in the fall of even-numbered years, due on October 1, starting in 2026, aligned with the requirements set forth in California Public Utilities Code §913.6 and following the instructions in the Conclusions of Law and the template included in Appendix A.
4. Rulemaking 21-06-017 remains open.

This order is effective today.

Dated Month __, 2026, at Sacramento, California

Appendix A

I. Introduction

a. Overview of Grid Modernization Plan and related background information

II. Grid Modernization Activities (Past Two Years)

a. Grid Management Systems (e.g., ADMS, DERMS, etc.)

- Description and status (e.g., completed, in progress, deployed)
- Key milestones achieved, including timelines
- Benefits realized and current use cases
- Challenges encountered and any modifications to the original plan
- Planned future use cases and anticipated benefits
- Cost incurred and anticipated

b. Communications and Cybersecurity Infrastructure

- Description and status (e.g., completed, in progress, deployed)
- Key milestones achieved, including timelines
- Benefits realized and current use cases
- Challenges encountered and any modifications to the original plan
- Planned future use cases and anticipated benefits
- Cost incurred and anticipated

c. Engineering Software and Planning Tools

- Description and current status (e.g., completed, in progress, deployed)
- Key milestones achieved, including timelines
- Benefits realized and current use cases

- Challenges encountered and any modifications to the original plan
- Planned future use cases and anticipated benefits
- Cost incurred and anticipated

d. Advanced Metering Infrastructure (AMI) and Grid Edge Computing Applications

- Description and status (e.g., completed, in progress, deployed)
- Key milestones achieved, including timelines
- Benefits realized and current use cases
- Challenges encountered and any modifications to the original plan
- Planned future use cases and anticipated benefits
- Cost incurred and anticipated

e. Other relevant technologies and topics

III. Conclusion

a. Summary of key findings and progress

b. Forward-looking outlook and next steps

END Appendix A