

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



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Order Instituting Rulemaking to
Continue Electric Integrated
Resource Planning and Related
Procurement Processes.

Rulemaking 20-05-003

**COMMENTS ON THE ADMINISTRATIVE LAW JUDGE'S RULING SEEKING
COMMENTS ON ADDITIONAL PROPOSAL FOR A RELIABLE AND CLEAN
POWER PROCUREMENT PROGRAM ("RCPPP")**

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”), the California Energy Storage Alliance (“CESA”) hereby submits these Comments on the Administrative Law Judge’s (“ALJ”) *Ruling Seeking Comments on Additional Proposal for a Reliable and Clean Power Procurement Program*, issued on June 23, 2026. These comments respond to the additional RCPMP option described in the Ruling (“Option III”) and build upon CESA’s prior opening and reply comments on the April 29, 2025, RCPMP Staff Proposal.

I. Introduction

CESA appreciates the opportunity to provide Comments on the ALJ’s Ruling Seeking Comments on the Reliable and Clean Power Procurement Program (“RCPMP”) Staff Proposal. CESA's primary objective remains to establish a reliable and decarbonized electric grid by establishing a simple and clear mid- and long-term procurement framework that accurately accounts for energy storage's contribution to emission reductions and fostering proactive investment in clean and reliable resources for California's future grid.

- **Section II** provides support for Option III as the most workable starting point for RCPPP.
- **Section III** explains that RCPPP need determination should be technology-neutral but attribute-specific.
- **Section IV** proposes how repowering and expansion of existing resources must be addressed in the initial Option III framework.
- **Section V** describes why the 100 percent RCPPP contracting deadline should be moved from T+3 to T+2.
- **Section VI** explains that LLT resource need determination and compliance deadlines must reflect longer development timelines, with LLT resources subject to T+2 contracting requirements and flexibility with the LLT COD timelines.
- **Section VII** recommends that procurement bands be designed to ensure actual procurement remains consistent with the reliability and GHG performance of the modeled PSP or TPP portfolio.
- **Section VIII** proposes that penalty structures should create the intended procurement incentives by making non-compliance more costly than procurement, while avoiding duplicative penalties for the same deficiency.
- **Section IX** suggests that penalty revenues should fund central procurement of deficient resources or attributes so that portfolio shortfalls are corrected through physical replacement procurement rather than financial penalties alone.
- **Section X** recommends that energy-only resources should count toward RCPPP compliance to the extent they provide incremental clean energy or emissions-reduction benefits.

II. Option III provides a simplified and workable framework for an RCPPP that will achieve the goals of Integrated Resource Planning (“IRP”). (Questions 1-3)

A. Option III is the best RCPPP starting point because it links resource planning and procurement.

The core objective of the IRP process is to get resources built as needed to achieve California’s clean and reliable electricity goals.¹ As such, it should send clear and simple forward procurement signals. By decoupling RCPPP from the existing Resource Adequacy (“RA”) and Renewable Portfolio Standards (“RPS”) programs, Option III avoids creating redundant regulations that would introduce unnecessary complexity and potentially undermine the success of RA and RPS. This represents a superior outcome compared to Reliability Option I (“Option I”) and Reliability Option II (“Option II”), which become entangled with the RA program via the Reliability Procurement Requirement (“RPR”), and the RPS program via the proposed Clean Energy Standard (“CES”).

Option III also takes a constructive step by attempting to connect the adopted Preferred System Plan (“PSP”) and/or Transmission Planning Process (“TPP”) base case portfolio to binding LSE procurement obligations. If properly designed, this approach can ensure that the resources assumed in transmission planning and reliability modeling are actually procured. This is especially important where California Independent System Operator (“CAISO”) transmission planning assumes development of specific resource zones, deliverability attributes, or resource categories,

¹ ALJ Ruling Seeking Comments on Additional Proposal for a Reliable and Clean Power Procurement Program, June 2026, p. 4.

but the Commission currently lacks an enforceable mechanism to ensure that Load Serving Entity (“LSE”) procurement follows through on those assumptions.

In this respect, Option III’s direct alignment of planning and procurement functions represents a positive step towards ensuring California can meet its clean energy goals and maintain grid reliability at least cost. Although Option III introduces some complexity related to defining the baseline portfolio, resource procurement categories, and procurement ranges, these complexities can be mitigated, as discussed in these comments in subsequent sections.

B. Option III wisely avoids entanglement with the RA and RPS programs.

The Commission correctly notes that although many LSEs previously advocated for alignment between RA and RCPPP accreditation methodologies, these two programs need not have identical accounting metrics.² Some stakeholders may be concerned that the RCPPP framework must retain an explicit tie to the RA program, and that Slice-of-Day accounting should therefore be carried into RCPPP compliance. CESA disagrees with the premise that Slice-of-Day must be directly linked to RCPPP. Option III establishes a distinct IRP-compliance product, namely, the procurement of new resources needed to meet the objectives of the PSP portfolio. A single resource carries both an RCPPP/IRP attribute and an RA attribute, and these attributes can be unbundled and transacted independently. An LSE that contracts a resource to meet its RCPPP obligation retains both the IRP and RA attributes and could resell both the IRP and RA attributes it does not need.³ Because RA operates on a short-term horizon while RCPPP secures resources

² ALJ Ruling Seeking Comments on Additional Proposal for a Reliable and Clean Power Procurement Program, June 2026, p. 3-4.

³ See D.21-06-035 at p. 79, “[A]n LSE may retain the IRP compliance attribute of an incremental resource it procured, even if it sells that resource to another LSE within the CAISO territory. The buyer of this resource will not be able to show the same resource for IRP procurement compliance purposes, but can purchase the resource adequacy attributes. Simply put, only one LSE may show a particular resource for IRP compliance and retains that

several years in advance, developers can defer the sale of RA rights until two to three years prior to the compliance year, when RA value is needed and can be most efficiently valued. **To make this flexibility explicit, CESA recommends that the Commission confirm that RA attributes associated with an RCPPP-procured resource may be separated and traded in advance of the resource's COD year.**

With respect to RCPPP's relationship with the RPS program, Option III does not introduce a CES as proposed in Options I and II. Energy Division Staff originally introduced the CES with the purpose of procuring resources to meet California's Greenhouse Gas ("GHG") reduction goals.⁴ Instead, Option III requires LSEs to procure resources within specified procurement ranges, which are based on a PSP/TPP portfolio *that has already been optimized to meet reliability and GHG emissions constraints*. Provided robust modeling tools, minimum and maximum procurement bands are adequately narrow, and non-compliance penalties incentivize compliance, the resulting procurement should ensure applicable GHG targets are achieved.

CESA supports the Ruling's recognition that one of the central purposes of RCPPP is to bridge integrated resource planning, transmission planning, and LSE procurement. Option III would do exactly so and would also create a transparent cadence for need determination, allocation, compliance, and enforcement.

III. Need determination should be attribute-based and reflect consistency with attributes modeled in the IRP. (Question 5)

CESA supports identifying RCPPP procurement needs by resource attributes rather than technology-specific mandates. Attribute-based procurement promotes competition among

attribute so long as the resource remains within the CAISO. LSEs will continue to have the ability to transact for excess procurement from another LSE, as long as that procurement has not yet been shown for IRP compliance by the first LSE."

⁴ Staff Proposal: Reliable and Clean Power Procurement Program, April 2025, p. 8.

candidate technologies and gives LSEs flexibility to build portfolios that provide equivalent reliability and clean energy value while better serving their customers' needs. Technology-specific requirements could undermine competition where limited technology supplier pools create market power and increase ratepayer costs. Conversely, focusing procurement on attributes will spur innovation and provide clear incentives to develop new products and capabilities in both new and existing technologies, driving down costs.

Technology neutrality should not come at the expense of the distinct capabilities reflected in the IRP portfolio. Attribute-based procurement must preserve, rather than dilute, the modeled portfolio by establishing categories that are sufficiently distinct, directly traceable to the resource categories modeled in RESOLVE and SERVIM, and aligned with the adopted PSP or TPP base case. This requires the Commission's modeling to capture material differences in how resources contribute to reliability, emissions reductions, and system operations. Storage duration, for example, demonstrates why different attributes must be modeled separately. Four-hour, eight-hour, and longer-duration storage serve different use cases. Whereas four-hour storage may primarily address intraday energy shifting needs, longer-duration resources can support extended net load ramps, multi-day reliability events, and other periods of sustained energy scarcity. Naturally, the emissions intensity associated with each of these use cases is unique. To capture these dynamics, the Commission should model distinct storage durations.

Just as storage resources provide different value depending on their duration, resources provide different value depending on where they are located. Attribute-based procurement would also support an explicit local procurement component within the RCPPP framework. The

Commission has previously recognized the importance of prioritizing local reliability needs,⁵ but it has not yet undertaken localized planning or ordered area-specific clean procurement. RCPPP Option III provides a pathway to incorporate local reliability analysis into resource portfolios so that those needs can flow directly into procurement obligations.

This structure is increasingly important as project-driven load growth reshapes local reliability needs. The 2025 IEPR forecast shows that data centers, building electrification, EV charging, and other project-driven loads are increasingly defining the risk profile.⁶ Future reliability needs therefore depend not only on aggregate statewide capacity, but also on where and when capacity is available. By basing procurement targets on attributes such as locational value, the Commission can better align RCPPP procurement with localized reliability needs while preserving technology-neutral competition.

Because Option III's need determination and allocation are closely linked to the modeled PSP/TPP portfolio, it is critical for the IRP's modeling to accurately reflect the attributes needed. For example, as the need for multi-day storage grows, the RESOLVE model must be improved to evaluate multi-day periods, rather than single, representative days.⁷ Likewise, Energy Divisions' ELCC modeling for storage durations greater than eight hours continues to rely on multipliers of the eight-hour dimension of the solar-storage ELCC surface.⁸ To the extent that these methods fail to accurately capture the reliability and clean energy benefits of longer-duration storage, the IRP modeling may send inaccurate procurement signals.

⁵ R.20.05.003 Scoping Ruling, September 2020, p. 4 - 5.

⁶ [2025 Integrated Energy Policy Report](#), July 2026, p. 10.

⁷ 2024 – 2026 IRP Inputs & Assumptions, February 2026, p. 153-154.

⁸ *Ibid.*, p. 188-189.

IV. Repowering and expansion of existing resources must be clearly addressed in Option III. The incremental attributes provided by repowered and expanded resources should be eligible for RCPPP compliance.

A. Repowering and expansion projects must be addressed now because they can provide cost-effective decarbonization and reliability benefits.

While Option III asserts that accounting for repowering issues can be addressed later in the RCPPP development process, handling resource repowering is critical for defining an accurate baseline and subsequent need determination.⁹ In its original proposal on RCPPP, Energy Division staff acknowledge that “order-by-order” procurement does not clearly address existing resource retention, which can hinder efficient procurement and put grid reliability at risk.¹⁰ Currently, there are approximately 18 GW of resources connected to the California Independent System Operator’s grid over 20 years old, including over 5 GW of natural gas powered resources that have been operating for at least 35 years.¹¹ As aging existing resources approach the end of their useful lives, repowering and expansion offer these resources a pathway for continuing their contributions to grid reliability while offering incremental decarbonization. As such, this issue must be handled carefully to ensure that RCPPP produces clear signals not only for the development of new clean and reliable resources, but also for the conversion of existing resources to optimize their contributions to reliability and decarbonization.

In these comments, CESA defines “repowering” as the replacement of existing power generation equipment at a given point of interconnection while the total capability and electrical characteristics of the Generating Unit remain substantially unchanged.¹² In the context of these

⁹ALJ Ruling Seeking Comments on Additional Proposal for a Reliable and Clean Power Procurement Program, June 2026, p. 12.

¹⁰ Staff Proposal: Reliable and Clean Power Procurement Program, p. 11.

¹¹ Numbers sourced from CAISO Master Control Area Generating Capability List.

¹² CAISO Tariff Section 25.

comments, CESA defines “expansion” as the modification of an existing resource to increase the energy capacity (i.e., duration or reliable capability) of the resource beyond what was originally designed without increasing the power output at the point of interconnection. An expansion could represent either a material increase in an existing energy storage resource’s duration, or the addition of energy storage to an existing thermal resource. In these comments, CESA defines “augmentation” as the modification of an energy storage resource to offset degradation and maintain the original operating characteristics, such as power capacity and energy capacity, of the resource. Restoration of an existing energy storage resource’s duration to account for degradation over time would qualify as an augmentation, rather than an expansion.

B. Proposed RCPMP options fail to send signals that incentivize resource repowering and expansion.

For RCPMP Option III to be successful, it must provide a clear signal for repowering or expansion of existing resources. As proposed under Option III, if an existing resource contemplating retirement is modeled in the CPUC’s baseline, e.g., because it has not yet filed a retirement affidavit, then pursuing a repower to cleaner technology does not provide any incremental reliability value in the RCPMP structure. Similarly, expansion of existing resources to provide additional storage duration or other incremental clean energy attributes would not receive any RCPMP compliance value if the original resource capability is already counted in the baseline. The absence of a repowering/expansion signal has resulted in generating units ceasing operations without taking any definitive actions to retain deliverability allocations and interconnection service capacity rights.¹³

¹³ CAISO Final Proposal on Retention of Interconnection Service and Deliverability for Retirements and Repowers, June 2026, p. 3.

C. Integrating contract status into the baseline portfolio provides orderly signals for repowering and expansion.

In prior comments on RCPPP, CESA proposed a “contract status” baseline methodology as an objective approach for developing an accurate baseline portfolio that sends orderly signals for resource repowering and expansion.¹⁴ Under this approach, all “existing uncontracted resources” would be excluded from the baseline portfolio, thereby creating a need for new resource development, repowering, and expansion. In the context of Option III, CESA proposes that the following resources would be considered “existing uncontracted resources” and removed from the CPUC’s baseline:

- (1) all resources that have given notice to CAISO to retire prior to the Summer of T+5;
- (2) all existing resources that have been online for a duration longer than its generally accepted economic life (e.g., 20-years for four-hour storage resources¹⁵) by T+5 and do not have a contract extending over the Summer of T+5

CESA defines T+0 as the first year of the RCPPP cycle, i.e., T+0 represents 2028 for the first RCPPP compliance cycle, with T+5 representing 2033.¹⁶ Removal of these resources from the baseline increases the need for new resource development, including repowering and expansion.

To avoid double-counting, compliance credit would be limited exclusively to the incremental capability added through the repowering or expansion activity. Under CESA’s

¹⁴ CESA Comments on the Administrative Law Judge’s Ruling Seeking Comments on Reliable and Clean Power Procurement Program (“RCPPP”) Staff Proposal, July 2025, p. 11-13. CESA’s prior comments note that a “contract status” baseline would support repowering and augmentation; however, CESA did not formally define repowering or augmentation in its past comments. Following CESA’s definition of repowering, expansion, and augmentation in these comments, a contract status baseline would send orderly signals for repowering and expansion, but not augmentation.

¹⁵ The 2024-2026 IRP Inputs and Assumptions Report states the assumed economic life for lithium-ion batteries and long-duration energy storage is 20-years. See 2024 – 2026 IRP Inputs & Assumptions, February 2026, p. 106-108.

¹⁶ Throughout these comments, CESA refers to T+0 as the first year in an RCPPP compliance cycle, with the first full compliance deadline occurring in year T+5, as proposed in Option III.

proposal, double-counting is not an issue: the existing uncontracted capacity is removed from the baseline, and so any incremental capabilities added through repowering or expansion would be recognized as meeting RCPPP needs and subsequently integrated into future baselines. For instance, if a four-hour battery facility is expanded to provide eight-hour duration, only the incremental four-hour capability would qualify toward procurement compliance. Furthermore, augmentation activities that merely preserve an existing resource's original operational characteristics should not qualify as repowering or expansion for compliance purposes.

Few changes would be needed to Energy Division's existing baseline methodology to enact CESA's proposed baseline methodology. To account for existing uncontracted resources, Energy Division Staff would subtract from its current baseline methodology any resources which, according to its Aggregation and Reallocation Tool ("RECART"), are no longer under contract by Summer of T+5.¹⁷ Resources that have already given notice to CAISO to retire prior to the Summer of T+5 would already be excluded from CPUC's baseline because these would be reflected in CAISO's Retirement and Mothball List. Potential concerns that resources could "game the system" should be minimal because CESA's proposal would only provide RCPPP compliance credit to the incremental attributes that resource provides.

CESA's proposed threshold to exclude resources from the baseline that have surpassed their generally accepted economic life provides an objective way to distinguish aging uncontracted resources that should create new RCPPP procurement need from newer resources whose retention should continue to be addressed through the RA program. While the definition of "generally accepted economic life" could be refined with Energy Division and Party input, it is important to distinguish that different resource classes generally have different economic lifespans. Applying

¹⁷ IRP MAG Webinar on Potential Updates to the Busbar Mapping Methodology, June 16, 2026, Slide 39.

resource-specific economic life assumptions when excluding resources from the baseline is necessary to ensure resources are not prematurely removed from the baseline, thereby resulting in unnecessary overbuild costs to ratepayers. For example, according to the 2024-2026 IRP Inputs and Assumptions Report, four-hour and eight-hour energy storage resources have assumed economic lives of 20 years, while solar and wind resources have assumed economic lives of 30 years.¹⁸ As such, under CESA's proposal, existing energy storage resources that have been online for less than 20 years by T+5 and do not have a contract extending over the Summer of T+5 would be included in the baseline portfolio. Likewise, existing solar and wind resources that have been online for less than 30 years by T+5 and do not have a contract extending over the Summer of T+5 would be included in the baseline. Contracting with such resources would not count towards RCPPP compliance, consistent with the fundamental objectives of IRP/RCPPP to support new resource development. Because existing contracted resources would not qualify for incremental RCPPP compliance credit, they would depend on the RA program, supporting its core objective of existing resource retention.

D. Incremental attributes of repowered and expanded resources should count towards RCPPP compliance.

As discussed in Section III, repowered or expanded resources should be eligible to meet only the procurement category corresponding to the incremental attributes they provide and should not receive credit for any existing capability. Because existing uncontracted resources are excluded from the baseline, the PSP portfolio would reflect their relevant attributes as incremental procurement need, rather than define a specific procurement category for resource repowering. Consequently, LSEs would be incentivized to evaluate resources eligible for repowering to meet

¹⁸ 2024 – 2026 IRP Inputs & Assumptions, February 2026, p. 97-108.

relevant need determination categories. Once an existing resource is repowered, its incremental attributes would be reflected in future baselines. For example, a repowering project that adds incremental four-hour storage should receive RCPPP compliance credit only for those incremental attributes that storage resource provides, such as duration, emissions reduction, or local reliability, subject to applicable deliverability limits and documentation sufficient to avoid double-counting. After the RCPPP compliance showing, that resource's incremental attributes would be included in all future baselines.

This principle should also apply where an existing or in-development resource expansion increases the resource's accredited reliability contribution without increasing deliverable nameplate capacity. For example, if an existing four-hour storage resource is expanded to provide eight-hour duration, the resource should receive RCPPP compliance credit only for the incremental accredited reliability value associated with the additional duration, and not for the original four-hour capability already reflected in the baseline portfolio. Another relevant example arises if an existing Full Capacity Deliverability Status ("FCDS") storage resource is expanded to include co-located solar with Energy Only Deliverability Status ("EODS") that exceeds the POI limit. In this case the EODS solar will contribute energy to satisfy charging needs of the storage resource and should receive incremental procurement credit to the extent that it increases the accredited reliability contribution of the integrated facility.

Clarifying this treatment is particularly important in a constrained Transmission Plan Deliverability ("TPD") environment. Where incremental reliability value can be achieved by expanding the capability or accreditation of an existing or in-development facility, RCPPP should recognize that value rather than requiring all incremental procurement need to be satisfied through

new deliverable nameplate capacity. This approach would better utilize existing deliverability on the transmission system.

E. Expansion of existing thermal resources with energy storage should be modeled as a candidate resource to enable decarbonization.

Thermal-storage expansion should be modeled and credited as a storage procurement pathway that provides incremental decarbonization value. Existing thermal resources already contribute reliability value to the baseline portfolio, but adding energy storage can provide a cost-effective source of emissions reductions. To create a clear procurement signal, CESA recommends that Energy Division broaden the RESOLVE candidate resource set to include an option for expanding existing thermal resources with energy storage, such as four-hour storage. Although the existing thermal resource should not receive additional reliability credit just by adding storage, RESOLVE may select thermal-storage expansion where the incremental storage provides decarbonization value. This distinction is especially important in the near-term RCPPP cycles because, according to the 2026 CPUC Filing Requirements Modeling, the planning reserve margin does not become a binding constraint in RESOLVE until 2040, while the GHG emissions constraint is binding in all modeled years.¹⁹

F. Thermal-storage expansion should be reflected as a distinct RCPPP procurement category so that LSEs receive compliance credit for the incremental attributes it provides.

To translate any thermal-storage expansion selected in the PSP into procurement obligations, CESA recommends that the Commission establish thermal-storage expansion as a

¹⁹ 2026 CPUC Filing Requirements Modeling, January 16, 2026, Slide 21.

distinct RCPPP procurement category if it is selected in the modeled portfolio. For example, if the PSP selects 5 GW of standalone four-hour storage and 1 GW of gas resources expanded to include four-hour storage, the resulting procurement need should be defined as 5 GW of standalone four-hour storage and 1 GW of thermal-storage expansion. This structure would preserve the resource attributes selected in the PSP, provide a clear and enforceable procurement signal for thermal-storage expansion, and avoid ambiguity over whether LSEs may substitute standalone storage for a resource category that the model selected because of its distinct cost, reliability, and/or decarbonization value. Thermal-storage expansion should receive RCPPP compliance credit only for the incremental storage attributes added to the existing thermal resource and should not receive additional credit for reliability attributes already reflected in the baseline portfolio.

G. The Commission can rely on existing CAISO Post-COD modification documentation, together with executed contracts, to verify incremental repowering and expansion attributes for RCPPP compliance.

Administratively, the Commission can verify compliance with the proposed repowering and expansion framework using existing CAISO processes. Pursuant to CAISO Tariff Section 25, repowering projects require submission of a Post-COD modification request, including supporting technical information demonstrating the proposed changes to the resource's electrical characteristics. These filings provide an objective and administratively efficient means of verifying that a project is delivering incremental capability beyond what was included in the baseline portfolio. The Commission could rely on such documentation, together with executed procurement contracts for the incremental attributes, as evidence that a repowered or expanded resource qualifies for RCPPP compliance.

V. The RCPMP contracting deadline must be changed to T+2 to promote consistency across cycles and be supportive of long-lead time (“LLT”) resource development. (Questions 10-12, 17)

A. The 100 percent contracting deadline should move from T+3 to T+2 so each

RCPMP cycle can incorporate prior cycle contracting information into the next baseline portfolio.

CESA recommends that Option III modify the contracting framework by aligning the 100 percent contracting requirement such that it can be integrated into the baseline definition for the following cycle. Specifically, CESA suggests the 100 percent contracting requirement is moved from T+3 to T+2. As currently proposed, the 100 percent contracting requirement would occur in T+3, or June 1, 2031, in RCPMP Cycle 1.²⁰ This creates misalignment with RCPMP Cycle 2, which, as proposed in Option III, would have marginal ELCC values for the 2035 compliance assessment posted by August 2030. The misalignment arises from the fact that Energy Division staff would be required to develop its resource baseline and PSP/TPP base case portfolio for RCPMP Cycle 2 before knowing the mix of resources that were contracted in RCPMP Cycle 1.

Aligning the procurement deadline to T+2 is especially important if the Commission allows LSEs flexibility in their procurement through the introduction of procurement bands. While important for providing LSEs flexibility in procurement, the introduction of procurement bands creates variability in the marginal ELCCs. Given that marginal ELCC values are influenced by the composition of the portfolio, any procurement in RCPMP Cycle 1 that deviates from the PSP portfolio will impact the accreditation values in RCPMP Cycle 2. By moving the 100 percent contracting requirement to T+2, Energy Division staff will be able to integrate the most up-to-date

²⁰ RCPMP Cycle 1 represents the events in the five years up to and including the first RCPMP Compliance Deadline of June 1, 2033. A similar definition can be extended for RCPMP Cycle 2, which represents the events in the five years up to and including the second RCPMP Compliance Deadline of June 1, 2035.

information when developing the marginal ELCC values for subsequent RCPPP cycles. To ensure Energy Division staff has enough time to integrate LSE's contracting decisions into the next RCPPP cycle's baseline, additional schedule changes may be required. For example, contract showing could be moved earlier than June of T+2 or the marginal ELCC study results could be published later than August of T+0 for the following cycle. For example, if RCPPP Cycle 1 requires LSEs to contract 100 percent of allocated need by June 2030, the Commission may not have sufficient time to incorporate those contracts before publishing RCPPP Cycle 2 marginal ELCC values in August 2030. In that circumstance, the Commission should have flexibility to delay publication as needed, so long as Cycle 1 contracted resources are reflected in the Cycle 2 marginal ELCC study.

B. A T+2 contracting deadline would better align RCPPP with CAISO deliverability timelines and encourage LSEs to contract with nearer-term projects capable of meeting identified procurement needs.

Moving the contracting deadline to T+2 also better aligns RCPPP with CAISO's processes. It is important to acknowledge that forward contracting is essential for project development, financing, interconnection, and deliverability allocation/retention. A 100 percent contracting requirement by T+2 would provide a clearer and earlier signal to projects advancing through the CAISO interconnection queue. This timing is particularly important for resources seeking TPD allocation because deliverability decisions can depend on whether a project has secured a power purchase agreement ("PPA") with an LSE. Moving the 100 percent contracting requirement up to T+2 promotes contracting with projects that are far enough along in the interconnection process to contribute to near-term procurement needs. Cluster 15 projects are expected to seek TPD allocation during 2027 – 2029. Thus, requiring full contracting by T+2 in the first RCPPP cycle (i.e., June

2030) would strongly incentivize LSEs to pursue contracts with Cluster 15 projects, rather than potentially delay contracting decisions for the prospect of Cluster 16 projects.

New LLT resource procurement should also be subject to the same T+2 contracting requirement. As discussed in Section VI, LLT resources require a longer compliance period because their development timelines extend beyond the standard T+5 online deadline.

VI. LLT resource need determination and compliance deadlines must reflect their development timelines.

A. LLT resources should be contracted by T+2 with flexibility in COD compliance.

For LLT resources, five years is insufficient lead time to achieve commercial operations. The CPUC's latest IRP Modeling Advisory Group Webinar on Potential Updates to the Busbar Mapping Methodology notes that generic wind and geothermal resources, a subset of LLT resources, would not be available until 2035 – 2037.²¹ To ensure meaningful efforts can be made to satisfy LLT resource procurement, CESA proposes that commercial operations date ("COD") compliance assessment for LLT resources defined by the CPUC's need determination and allocation analysis should include some flexibility at the time of LLT resource contracting. Under CESA's proposed framework, LSEs would still be required to contract 100 percent of their LLT and non-LLT resource allocations by T+2 with other resources being procured. For example, in RCPPP Cycle 1, LSEs would be required to show 100 percent contracting for all resource attributes (LLT and non-LLT) by June 1, 2030. LSEs would then need to achieve COD for 100 percent of non-LLT resources by June 1, 2033 (T+5) and flexibility for COD of LLT resources, which would come online in subsequent years. This structure preserves the benefits of early contracting by allowing LLT contracts to be incorporated into subsequent RCPPP cycle baseline portfolios, while

²¹ IRP MAG Webinar on Potential Updates to the Busbar Mapping Methodology, June 16, 2026, Slide 18.

allowing the flexibility needed to bring these resources onto the system swiftly but within realistic timelines for the specific LLT resources being procured and developed.

B. Indicative resource procurement need and marginal ELCC values should be published for T+7 and T+12 to guide LSEs and developers on the direction of future procurement needs.

While Option III specifies modeling time horizons of five, ten, and fifteen years, the CPUC should provide indicative resource needs and marginal ELCC values for intermediate years, such as T+7 and T+12. Doing so will not only provide LSEs with indicative guidance for what procurement will be needed in the next RCPPP cycle, but it will also strengthen procurement signals for LLT resource developers. Without sufficient guidance on future procurement needs, infeasible timelines may drive LSEs towards more readily available resources, potentially undermining Option III’s goal of aligning procurement with the PSP/TPP portfolio.

Compliance timeline — schedule repeats each 2-year cycle (T = portfolio adoption year)						
Cycle 1 (2028 – 2033)	2028	2029	2030	2031	2032	2033
Cycle 2 (2030 – 2035)	2030	2031	2032	2033	2034	2035
Milestone	T+0	T+1	T+2	T+3	T+4	T+5
IEPR load forecast adopted (Jan/Feb)	X					
PSP / TPP base case adopted (Feb)	X					
5-yr procurement need allocated - <i>advisory for T+7/T+10/T+12</i> (Mar)	X					
mELCCs published for T+5 - <i>advisory for T+7/T+10/T+12</i> (Aug)	X					
Penalty values published (Aug)		X				
Individual LSE IRPs filed (June 1)			X			
100% under long-term contract compliance deadline (June 1)			X			
100% of non-LLT resources online compliance deadline (June 1)						X

Figure 1: Summary of Key Milestones in CESA’s Proposed RCPPP schedule.

VII. Procurement bands must be designed to preserve the state’s reliability and emissions goals. (Questions 7 – 9)

A. Attribute-specific minimum procurement requirements that deviate from the PSP must result in a relatively similar reliable and clean portfolio.

CESA supports procurement flexibility within resource or attribute categories, but only to the extent that such flexibility preserves the reliability and decarbonization value of the adopted portfolio. Generic procurement ranges, such as 70 – 130 percent or 50 – 150 percent, could materially alter the procured resource mix and undermine RCPPP’s core objective of aligning planning and procurement. The PSP reflects an optimized portfolio for meeting the state’s reliability and policy goals, and significant deviations from that portfolio may produce less efficient outcomes by increasing cost, weakening reliability, or increasing emissions. Marginal ELCCs, and their resulting Net Qualifying Capacity (“NQC”) values are dependent on the portfolio’s composition. Consider the simplified example below, where minimum procurement is set to 70%, and an LSE procures 70% of its required solar, 130% of its required four-hour storage, and 100% of its required eight-hour storage requirement:

Resource	Published ELCC (%) [A]	Min Procurement Requirement (%) [B]	100% Need Determination (MW) [C]	Implied NQC Need (MW) [D] = [A]*[C]	Actual Procured Nameplate (MW) [E]	Actual Procurement NQC (MW) [F] = [A]*[E]	“New” or “Real” ELCC based on procured portfolio (%) [G]	“Real” NQC procured (MW) [H] = [E]*[G]
Solar	6%	70%	500	30	350	21	10%	35
4hr Storage	25%	70%	250	62.5	325	81.25	15%	48.75
8hr Storage	35%	70%	100	35	100	35	25%	25
TOTAL	-	-	850	127.5	775	137.25	-	108.75

Figure 2: Procurement bands may compromise reliability.

In this case, based on the originally published ELCC values, the procured portfolio satisfies the category-specific procurement requirements, and shows NQC in excess of the allocated procurement need. However, if the portfolio's marginal ELCCs were re-assessed based on the actual procurement mix, the "real" marginal ELCC values could change. If the marginal ELCC surfaces are not robustly defined, then the marginal ELCC values could depart significantly from the initially published values. As shown in Figure 2, the "real" procured NQC may fall short of what was originally required, resulting in a reliability shortfall. Deviations from the optimal portfolio may have compounding implications for developing a cost-optimal reliable and clean portfolio over time.

In light of this risk, the Commission should not adopt procurement ranges unless it can demonstrate that portfolios at the edge of such procurement ranges still maintain the 0.1 LOLE reliability standard and satisfy the applicable GHG constraints. At the same time, because all models carry some degree of uncertainty, limited deviations from the PSP may be appropriate where they remain within a reasonable modeling tolerance and do not compromise the portfolio's reliability or GHG performance. In this vein, the lower bounds are the most important to define accurately. If a lower bound is too low, LSEs may under-procure the resource/attribute category that the PSP/TPP portfolio depends on.

B. Attribute-specific maximum procurement requirements are not necessary and would likely be ineffective.

The Ruling introduces the concept of specifying a maximum range for procurement requirements. CESA generally finds that defining maximum procurement LSE over-procurement is not a concern, as any excess procurement should not adversely impact reliability and decarbonization. Additionally, maximum procurement limits may be ineffective, given that LSEs

could simply choose not to report contracts exceeding the maximum limit to avoid over-procurement penalties. With respect to cost, LSEs already have a natural incentive to minimize ratepayer costs, so any over-procurement should reflect an LSE-specific determination that the additional procurement is justified. Thus, CESA recommends that the Commission does not define an upper bound to LSE procurement ranges. Instead, it is more important for the Commission to ensure the minimum procurement requirements are appropriately defined and remain true to its reliability and decarbonization objectives, which will translate to upper bounds when procurement decisions are made.

C. LLT procurement requirements should remain at 100% of the identified need.

Due to the lack of substitutes for LLT resources, CESA proposes that the minimum LSE procurement requirements for LLT resources be fixed at 100 percent of the need allocation. Allowing lower minimum procurement for LLT resource need would undermine the purpose of identifying those resources/attributes and could result in LSEs satisfying procurement obligations with more readily available resources that do not provide the same modeled reliability, duration, clean firm, or decarbonization attributes. To account for modeling error, some small deviation, e.g., less than five percent, may be allowed at the Commission's discretion.

VIII. Penalty structures should create intended procurement incentives without duplicative punishment. (Questions 14-16)

A. Non-LLT penalties should be set high enough to make procurement less costly than non-compliance, while T+2 contracting penalties should remain administrative to avoid duplicating T+5 COD penalties.

CESA supports meaningful penalties for total NQC shortfalls and for failure to procure minimum quantities of resource/attribute categories. For non-LLT resources, CESA recommends

applying a net Cost of New Entry (“CONE”) penalty based on the highest-cost non-LLT marginal resource for both category-specific T+5 COD shortfalls and total NQC allocation shortfalls.²² As shown in Figure 3, the cost to show 100% compliance with the required procurement may present a more expensive solution to LSEs than procuring to the minimum requirements and accepting a penalty for the total NQC shortfall.

100% procurement compliance case										
Resource	ELCC	Nameplate Need (MW)	NQC Need (MW)	Procured Nameplate (MW)	Cost (\$/kW)	Procurement Cost (\$)	NQC Procured	Shortfall MW	Shortfall Penalty (\$)	Total Cost
Solar	10%	250	25	250	\$1,200	\$300 M	25	0	\$0	\$300 M
4hr Storage	20%	100	20	100	\$1,500	\$150 M	20	0	\$0	\$150 M
TOTAL	-	350	45	350	-	\$450	45	0	\$0	\$450 M
Procure to minimum solar, 100% storage										
Assume Net CONE = \$15/kW-mo; 80% min. procurement target										
Resource	ELCC	Nameplate Need (MW)	NQC Need (MW)	Procured Nameplate (MW)	Cost (\$/kW)	Procurement Cost (\$)	NQC Procured	Shortfall MW	Shortfall Penalty (\$)	Total Cost
Solar	10%	250	25	200	\$1,200	\$240 M	20	50	\$9 M	\$249 M
4hr Storage	20%	100	20	100	\$1,500	\$150 M	20	0	\$0	\$150 M
TOTAL	-	350	45	300	-	\$390 M	40	60	\$9 M	\$399 M

Figure 3: Net CONE penalties must be strengthened to incentivize procurement

Therefore, for total online NQC deficiencies, a net CONE penalty based on the highest-cost marginal resource is needed to ensure LSEs are not incentivized to accept an NQC-shortfall penalty rather than procure to the compliance requirement. Any penalties for non-compliance with the T+2 contracting requirement should be purely administrative in nature to avoid duplication with the T+5 COD penalties.

²² The Ruling proposes a net CONE penalty for shortfalls of the total required procurement NQC and penalties based on the highest-cost marginal resource in the portfolio (Ruling, p. 13-14). CESA recommends both penalties are based on the highest-cost marginal resource to strengthen compliance incentives.

B. LLT penalties should incentivize timely T+2 contracting, reserve net CONE penalties for COD failures or procurement shortfalls, and use the Central Procurement Entity (“CPE”) to backstop unmet LLT obligations.

The penalty structure for LLT resources should reinforce timely contracting without duplicating penalties at later compliance milestones. If an LSE successfully contracts for its LLT resource allocation by T+2, it should not be subject to a net CONE penalty unless it later fails to achieve the contracted COD, which becomes the compliance deadline. By contrast, failure to meet the T+2 contracting requirement should trigger an administrative non-compliance penalty and referral to the CPE backstop procurement process. This approach preserves a strong incentive for early LLT contracting while reserving net CONE penalties for failures to deliver the contracted LLT resource by the applicable COD deadline. Net CONE penalties for LLT resources should be designed as the net CONE penalties for non-LLT resources. Namely, total NQC and category-specific procurement shortfalls should be penalized at the net CONE of the most expensive marginal LLT resource. The penalty structure for LLT resources should reinforce timely contracting and procurement. If an LSE fails to meet its T+2 contracting obligation for an allocated LLT need, the CPE should be authorized to procure the resource on behalf of the deficient LSE. In that circumstance, the LSE should be responsible for an administrative non-compliance penalty and for a procurement-related charge sufficient to support the cost of central procurement, such as the net CONE for the relevant LLT resource category. Any such penalty revenues should be directed to the CPE procurement fund used to secure the replacement resource. By contrast, if an LSE successfully contracts for its LLT resource allocation by T+2, it would only be subject to net CONE penalties if it fails to achieve the contracted COD deadline. This approach creates a strong incentive for LSEs to contract early for LLT resources.

C. The Commission should establish a good faith effort waiver process for procurement penalties where resources fail to achieve COD.

CESA supports strong enforcement mechanisms that ensure RCPPP procurement obligations result in actual resource development. However, procurement penalties should be structured to distinguish between an LSE that fails to take meaningful action to satisfy its obligation and an LSE that executes a bona fide contract in a timely manner, actively supports the project's development, but nevertheless experiences a delay outside its reasonable control. To that end, CESA suggests the Commission adopts a good faith effort waiver process for procurement penalties associated with delayed commercial operation. Good faith effort would consist of the actions outlined by the Commission in D.21-06-035 and could be extended to include non-LLT resources if a T+5 timeline proves to be infeasible due to broad-reaching constraints related to CAISO interconnection timelines. Without a waiver process for good faith effort, RCPPP could penalize diligent procurement behavior in the same manner as non-compliance, increasing ratepayer costs without improving reliability or accelerating resource development.

IX. Penalty revenues should fund central procurement of deficient resources/attributes to ensure the overall portfolio remains consistent from cycle to cycle.

If an LSE fails to meet its T+2 contracting obligation for an allocated LLT need, the CPE should be authorized to procure the resource on behalf of the deficient LSE. In that circumstance, the LSE should be responsible for an administrative non-compliance penalty and a procurement-related charge sufficient to support central procurement. Any such penalty revenues should be directed to the CPE procurement fund used to secure the replacement resource. This structure ensures that LLT procurement deficiencies are corrected with physical procurement, rather than through penalties alone.

X. Energy-only resources should count towards RCPPP compliance for the incremental clean energy benefits they provide.

Despite the recent RA proceeding's decision to prohibit EODS resources from counting towards RA capacity, EODS resources should continue to count towards RCPPP requirements.²³ Although the IRP modeling does not recognize EODS resources as providing reliability value, the model does select these resources to meet the GHG reduction targets.²⁴ As discussed in Section IV, near-term emissions reductions constraints are more immediately binding than reliability-based constraints. As shown in the Commission's recent IRP modeling, the portfolio is over-reliable in the modeled years 2028 through 2035 as a result of binding GHG constraints.²⁵ This outcome suggests there is a need for resources that can provide GHG emissions reductions benefits, such as solar and storage, even if they do not provide a direct reliability benefit. EODS resources provide these exact benefits. The PSP portfolio should establish the total procurement need necessary to satisfy both reliability and emissions reduction constraints. To distinguish the portion of that need that requires deliverable capacity from the portion that provides incremental clean energy value, Energy Division should explicitly state NQC procurement requirements for FCDS resources, as well as any additional procurement requirements for EODS resources. The need determination dictated by the PSP would directly translate selected EODS and FCDS resources in the RESOLVE modeling to FCDS and EODS procurement categories by resource type. However, under this framework, EODS procurement requirements should be eligible to be met by FCDS resources; in other words, LSEs should not be penalized for procuring excess FCDS resources instead of EODS resources. For example, if the RESOLVE model concludes that 5 GW

²³ D.26-07-008, p. 40.

²⁴ 2024 – 2026 IRP Inputs & Assumptions, February 2026, p. 113.

²⁵ Reliability Filing Requirements for Load Serving Entities' 2024-26 Integrated Resource Plans – Results of Marginal ELCC Studies, February 10, 2026, Slide 28.

of FCDS solar and 1 GW of EODS solar are required, LSEs should not be penalized if they procure 6 GW of FCDS solar.

XI. Conclusion

CESA appreciates the opportunity to submit these comments.

Respectfully submitted,

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