FILED
08/17/26
11:27 AM
R2506019

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENT ON THE INVESTOR-OWNED UTILITIES' BUNDLED PROCUREMENT PLANS, PROCEEDING SCHEDULE, AND NOTICE OF WORKSHOP

Summary

This ruling notifies the parties of an Energy Division staff workshop to discuss the investor-owned utilities' bundled procurement plans (BPPs). This ruling also gives instruction for workshop participation. Following the Energy Division staff workshop, this ruling seeks comments from parties on the BPPs. Parties who wish to provide formal comments in response to this ruling must file and serve them by no later than November 13, 2026. Reply comments must be filed and served by no later than November 30, 2026.

1. Background

Assembly Bill (AB) 57 (Stats. 2002, Ch. 835) and the investor-owned utilities' (IOUs') bundled procurement plans (BPPs) grew out of the California energy crisis of the early 2000s. AB 57 added Section 454.5 to the Public Utilities Code, which sought to protect customers, promote reliability, and reverse damage to the IOUs by establishing a framework for IOU procurement of forward contracts for the purchase of energy. Section 454.5 changed the approval paradigm for certain energy market transactions from an after-the-fact reasonableness review to upfront achievable standards, which, if met, ensured that those energy market transactions were *per se* reasonable and the recovery of associated expenses was pre-approved.

Section 454.5 required the IOUs to propose and the Commission to oversee IOU procurement plans with upfront achievable standards and criteria by which the acceptability and eligibility for rate recovery of a proposed procurement transaction will be known by the electrical corporation before the execution of the bilateral contract for the transaction. Section 454.5 codifies the objectives an approved procurement plan must meet.[1]

The last Commission process for updates to the IOU BPPs culminated in 2015 with Decision (D.) 15-10-031.

On June 1, 2026, pursuant to the Assigned Commissioner's Scoping Memo and Ruling in this proceeding, and pursuant to a ruling granting the IOUs' request for an extension of time to submit their BPPs, Pacific Gas & Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) submitted their BPP filings in support of their proposed updates to their AB 57 BPPs.

2. Request for Formal Comments

To guide parties' and the Commission's review of the material, this ruling directs parties to discuss their position in response to the questions below. When responding to the questions below, parties shall organize and submit their comments in the same order in which the issues and questions are presented in this ruling.

[1] Section 454.5(b)(7),(c)(3).

When responding, discuss your reasoning thoroughly.

2.1. Questions

2.1.1. PG&E

PG&E's substantive updates to its BPP include an array of changes.[2]

Parties are directed to discuss the following:

1. Is PG&E's proposed pre-approved framework to buy and sell renewables portfolio standard (RPS) products with delivery terms of up to five years, reported through its Quarterly Compliance Report (QCR) rather than the current Tier 1 advice letters process, reasonable? Why or why not? Please discuss and address reasonableness relative to meeting RPS rules and requirements, cost, risks to ratepayers, and affordability.
2. Is PG&E's proposed methodology for its renewable energy credit (REC) purchase volume limit and resulting limits to RPS transactions under its BPP reasonable? Why or why not? When responding, include reasonableness of methodology regarding meeting RPS requirements and affordability.
3. Is PG&E's proposed expanded authority for Resource Adequacy (RA) transactions up to 10 years and for other electric and fuel transactions up to and including five years, reasonable? Why or why not?
4. Are PG&E's updates to its planning assumptions, procurement limits, ratable rates, gas limit calculations reasonable? Why or why not?
5. Are the showings that PG&E proposes regarding the pricing of REC transactions conducted through bilateral negotiations reasonable? Why or why not? When responding, discuss the potential risks to ratepayers and affordability.
6. Are the pricing and price-reasonableness methodologies that PG&E proposes for REC transactions conducted

[2] PG&E BPP Compliance Filing at 2.

through solicitations (IOU and third-party) and brokers and exchanges reasonable? Why or why not? When responding, discuss the potential risks to ratepayers and affordability.

7. Are PG&E's updates to the procurement review group (PRG) and independent evaluator (IE) requirements reasonable? Why or why not? When responding, discuss your reasoning thoroughly addressing types of products, frequency and quantities of transactions, and consistency with Commission rules and decisions.

8. Is PG&E's request to use the Western Systems Power Pool (WSPP) enabling agreement with prepayment for delivery periods of up to three months to facilitate RA product sales reasonable? Why or why not?

2.1.2. SCE

SCE's substantive updates to its BPP include an array of changes.[3] Parties are directed to discuss the following:

1. Are SCE's proposed additions to the authorized products under its BPP reasonable? Why or why not? When responding, discuss your reasoning thoroughly.

2. Is SCE's request to transact authorized RECs under the upfront achievable standard of the BPP reasonable? Why or why not? When responding, discuss RPS decisions and rules that should be included in the upfront achievable standard.

3. Is SCE's proposed methodology for its REC purchase volume limit under its BPP reasonable? Why or why not? When responding, include reasonableness of methodology regarding meeting RPS requirements and affordability.

4. Considering the RPS long-term contracting requirement, is SCE's proposed REC purchase volume limit reasonable? When responding, include reasonableness of limit

[3] SCE BPP Compliance Filing at 2.

regarding RPS rules and requirements, RPS markets, and affordability.

5. Are the strong showings that SCE proposes regarding the pricing of its REC transactions reasonable? Why or why not? When responding, address risks to ratepayers and affordability.
6. Is SCE's request to purchase RECs and use Bioenergy Renewable Auction Mechanism (BioRAM) RECs from its own sales solicitations reasonable? Why or why not? When responding, discuss your reasoning thoroughly addressing consistency with Commission rules and decisions.
7. Is SCE's request to purchase and use BioRAM mechanism RECs reasonable? Why or why not?
8. Is SCE's request for new Day Ahead Market Enhancement products reasonable? Why or why not?
9. Is SCE's request to transact for RA products with terms less than 10 years under the BPP upfront achievable standards reasonable? Why or why not?
10. Is SCE' request to transact other authorized products for five years or less reasonable? Why or why not?
11. Is SCE's proposed volume limit formula and volume limit for authorized REC purchases reasonable? Why or why not?
12. Is SCE's proposed update to the BPP ratable rates formula for RA transactions and its request to update its 2x ratable framework from market heat rate to a capacity price metric reasonable? Why or why not?
13. Are SCE's proposals for the PRG process reasonable? Why or why not? When responding, discuss your reasoning thoroughly by addressing the types of products, frequency, and quantities of transactions.

2.1.3. SDG&E

SDG&E's substantive updates to its BPP include an array of changes.[4] Parties are directed to discuss the following:

1. Is SDG&E's request for pre-approval of short-term RPS transactions through the QCR process reasonable? Why or why not? When responding, discuss your reasoning thoroughly and address reasonableness relative to meeting RPS rules and requirements, cost, risks to ratepayers, and affordability.
2. Is SDG&E's proposed REC purchase volume limit methodology under its BPP reasonable? Why or why not? When responding, include reasonableness of methodology regarding meeting RPS requirements and affordability.
3. Is SDG&E's proposal that it will transact according to market transactions reasonable? What methodolog(ies) (e.g. price floor/ceiling) should be used to ensure consistency and reasonableness of transactions? When responding, discuss your reasoning thoroughly, address risks to ratepayers and affordability.
4. Are SDG&E's proposed strong showings for RPS transactions reasonable? Why or why not? Please explain your reasoning. When responding, address risks to ratepayers and affordability.
5. Is SDG&E's request to execute contracts for RA products with a contract term length of ten years or less without seeking prior Commission approval reasonable? Why or why not?
6. Are SDG&E's proposals for its ratable rate methodology reasonable? Why or why not?
7. Are SDG&E's proposals for the PRG process reasonable? Why or why not? When responding, discuss your reasoning thoroughly addressing types of products,

[4] SCE BPP Compliance Filing at 2.

frequency and quantities of transactions, and consistency with Commission rules and decisions.

2.1.4. Joint RPS Topics for PG&E, SCE, and SDG&E

Each IOU proposes to transact RPS products under the upfront achievable standards of its BPP. Parties are directed to discuss the following:

1. Some of the upfront achievable standards and criteria for short-term RPS transactions that the IOUs propose in their BPPs are different than the standards and frameworks that were previously approved in the IOUs' 2023, 2024, and 2025 RPS Procurement Plans.
    a. Compare and contrast the upfront achievable standards and criteria for short-term RPS transactions proposed in the IOUs' BPPs with the standards and frameworks previously approved in the IOUs' RPS Procurement Plans.
    b. Should the IOUs be required to use the previously approved frameworks from their RPS Procurement Plans in their BPPs? When responding, discuss your reasoning thoroughly and discussion should consider need to meet RPS requirements, risk to ratepayers, and affordability.
2. Are the IOUs' proposals for upfront achievable standards and criteria for short-term RPS transactions specific, transparent, and stringent enough to provide streamlined and straightforward review via the QCR process? Why or why not? If not, how should the proposals be modified. Please discuss your reasoning thoroughly.
3. What principles and criteria should the IOUs use to establish clear and reasonable RPS procurement and sales volume limits?
4. What principles and criteria should the IOUs use to demonstrate price reasonableness for RPS transactions?
5. Although the IOUs propose standardized elements for RPS product and transaction types, delivery terms, and RPS

transaction methods and sources, should the IOUs also propose a common, standardized methodology for determining REC procurement and sales volume limits? Why or why not?

6. What, if any changes should be made to the proposed RPS frameworks to minimize the number of RECs from the Power Charge Indifference Adjustment (PCIA) portfolios that become "unsold RPS"?[5]

2.1.5. Joint RA Topics for PG&E, SCE, and SDG&E

Each IOU proposes to transact RA products under the upfront achievable standard of its BPP. Parties are directed to discuss the following:

7. In D.26-07-008, the Commission adopted the Unforced Capacity (UCAP) framework for RA counting, beginning with the 2028 compliance year. What, if any, changes are necessary to incorporate UCAP into the BPPs?
8. Each of the three updated BPP filings adds California Independent System Operator (CAISO) Day-Ahead Market Enhancement (DAME) products, Imbalance Reserves (IR) and Reliability Capacity (RC), to its authorized products.
    a. In D.26-07-008 the Commission determined IR to be a capacity product duplicative of RA capacity, with certain exceptions. Discuss how the proposed BPP authorization to purchase and sell DAME products conforms to those requirements.
    b. Explain how these new products will be included (if at all) in the IOUs' hedging plans and least cost dispatch formula where the IOU is the Scheduling Coordinator for the resource?
9. Is there anything that the BPPs should consider proactively in the event that new market products are added in the future? How will such products be allowed? What is the proper process for ongoing revisions to the BPPs? When responding, discuss your reasoning thoroughly?

[5] "Unsold RPS" *see* D.19-10-001 and D.21-05-030.

10. Do the individual BPPs take an appropriate approach to risk management given the market experience of the past 20 years? Why or why not? When responding, discuss your reasoning thoroughly, addressing risks to ratepayers and affordability.
11. Are there aspects of the BPPs that should be replicated for the other IOUs (e.g., insight or details in one that should be carried over into the others)? Why or why not? When responding, discuss your reasoning thoroughly.

2.1.6. Congestion Revenue Rights Joint Topics

Each BPP presents limited or no updates regarding Congestion Revenue Rights (CRR). Each BPP broadly re-adopted the CRR market participation restrictions that had been adopted in 2006 via Resolution. Parties are directed to discuss the following:

1. How have the CRR restrictions adopted in Resolutions E-4135, E-4122, E-4134, E-4124, and E-4136 impacted ratepayers who fund the construction, upkeep, and maintenance of the grid?
   a. Are congestion revenues paid in full to ratepayers or are some of those congestion revenues paid to non-ratepayer entities who are purchasing CRRs in the auction? If so, why does this occur?
   b. Would liquidity and competition be improved on CRR paths in the auction by reducing or eliminating the restrictions imposed on the IOUs adopted in the previously mentioned resolutions? Why or why not?
2. Would expanded CRR market participation by IOUs increase CRR revenues that could reduce rates for customers? Why or why not?
3. Are the current restrictions on CRR auction speculation necessary? Why or why not?
4. Would authorization of CRR market participation for IOUs and their ratepayers address or create any cost-recovery or ratepayers concerns? Please explain.

5. Are modifications to the draft BPPs needed to address future revisions of the Extended Day-Ahead Market (EDAM) Congestion Revenue Allocation design? If so, how should any potential modifications be incorporated into the BPP?

2.1.7. Greenhouse Gas and Cap-and-Trade Joint Topics for PG&E, SCE, and SDG&E

Each IOU procures GHG compliance instruments as needed under the Cap-and-Trade program. Parties are directed to discuss whether, and on what terms, the following GHG compliance-instrument procurements should be authorized under the BPP:

1. The appropriate limits and any strong-showing or ratable-rate treatment;
2. How such transactions are reported through the QCR for cost and reasonableness review; and
3. Whether any BPP provision impedes cost-effective procurement for ratepayers.

Parties need not disclose strategy or positions protected under California Air Resources Board confidentiality rules. Responses shall be limited to the authorization framework and reporting.

2.1.8. Excess RA Sales Framework Joint Topics

Given that the IOUs must manage their portfolio to provide multiple system-wide reliability services for their Transmission Access Charge (TAC) area, including Cost Allocation Mechanism (CAM) procurement (for local Resource Adequacy), Central Procurement Entity (CPE) procurement, and PCIA allocations, what guidelines should be added or modified to the excess sales framework?

1. When responding, consider guidelines that could be added or modified that may be aimed at enabling resources that could be resold in a timely manner, while maintaining the IOUs' ability to manage their various responsibilities to provide reliability services.
2. What changes, if any, could be made to the excess sales framework to provide greater transparency into the IOU portfolio without creating an imbalance between IOU and

non-IOU load serving entities' positions as counterparties in an RA transaction?

3. Are any changes necessary to the excess sales framework for RA to qualify as unsold RA? Why or why not?

2.1.9. Comparable Disclosure and Review Joint Topics for PG&E, SCE, and SDG&E

In their opening comments, PG&E, SCE, and SDG&E shall submit a matrix identifying where their BPPs are similar and different. When identifying differences between the individual BPPs, PG&E, SCE, and SDG&E shall discuss why there is a need for the divergence by addressing the following:

1. How the BPPs differ and what justifies each divergence for each (a) RA product definitions and counting basis.
2. The term thresholds and volume limits.
3. Ratable-rate and price benchmark disclosures.
4. QCR reporting template and advice letter tier.

Additionally, PG&E, SCE, and SDG&E shall propose additional elements that could be standardized to support comparable review of transactions.

2.1.10. Joint Independent Evaluator and Procurement Review Group Process Topics

Each IOU's BPP addresses the Procurement Review Group (PRG) and Independent Evaluator (IE) requirements applicable to its procurement. Parties are directed to discuss the following:

1. How can the Independent Evaluator (IE) and Procurement Review Group (PRG) processes be adapted to allow the Energy Division to revise and evolve its review and oversight of IOU procurement as necessary? When responding, discuss your reasoning thoroughly, addressing what process, reporting, or template mechanisms would enable the Commission's IE and PRG requirements to be updated over time to reflect new

products, standardized reporting, and evolving Commission rules and decisions.

2.1.11. Miscellaneous

Parties may raise any issues that are not related to the specific questions above at the end of their comments.

2.2. Schedule of Activities

The following schedule for review of the BPPs is adopted herein and may be modified by the ALJs, as necessary, to promote the efficient and fair resolution of this portion of the proceeding:

Event	Date
August 17, 2026	ALJ Ruling Regarding Schedule of Activities for Bundled Procurement Plans and Notice of Energy Division Staff Workshop
Mid-September	Energy Division Staff Workshop: Bundled Procurement Plans
November 13, 2026	Opening Comments in Response to ALJ Ruling and Workshop
November 30, 2026	Reply Comments in Response to ALJ Ruling and Workshop
Proposed Decision	90-Days from Submission of Record

3. Instruction for Workshop Participation

The Commission's Energy Division staff will host a public workshop in this proceeding in hybrid format. For parties who wish to participate in person, parties may participate at the physical address listed on the Commission's Daily Calendar. For parties who wish to participate remotely, parties may participate via the Webex information listed on the Commission's Daily Calendar.

The primary goal of the workshop is to discuss the IOUs' BPPs and potential changes needed to enhance transparency and affordability.

Parties who wish to participate in this workshop shall notify the Energy Division Staff identified as the contact person on the Commission's Daily Calendar. Parties shall be prepared to develop workshop materials under the guidance of a forthcoming Energy Division Workshop Instruction Notice.

Following the workshop, parties shall attach their workshop materials to their opening comments.

IT IS RULED that:

1. Parties who wish to file formal comments in response to this ruling must file and serve them by November 13, 2026. Reply comments must be filed and served by November 30, 2026.
2. Parties shall attach their workshop materials to their opening comments.

Dated August 17, 2026, at San Francisco, California.

/s/ COLIN RIZZO

Colin Rizzo
Administrative Law Judge