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**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 |

# OPENING COMMENTS OF DIAMOND GENERATING LLC ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON ADDITIONAL PROPOSAL FOR A RELIABLE AND CLEAN POWER PROCUREMENT PROGRAM

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August 14, 2026

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

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**OPENING COMMENTS OF DIAMOND GENERATING LLC ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON ADDITIONAL PROPOSAL FOR A RELIABLE AND CLEAN POWER PROCUREMENT PROGRAM**

Pursuant to the June 23, 2026 *Administrative Law Judge's Ruling Seeking Comments an Additional Proposal for a Reliable and Clean Power Procurement Program* (the "ALJ Ruling"), and Administrative Law Judge Julie A. Fitch's subsequent *Email Ruling Partially Granting Joint Inventor-Owned Utilities' Request for an Extension of Time for Comments in Response to Administrative Law Judge's Ruling Seeking Comments an Additional Proposal for a Reliable and Clean Power Procurement Program*, dated July 10, 2026, Diamond Generating LLC ("Diamond") hereby provides its opening comments in response to the additional proposal for a Reliable and Clean Power Procurement Program ("Option 3") presented in the ALJ Ruling.

Diamond Generating, LLC owns and operates firm capacity resources at several locations in California. As discussed in response to the Questions set forth in the ALJ Ruling below, Diamond Generating recommends revising Option 3 or revisiting Option 1 to provide a clear, predictable, and long-term contracting pathway for existing resources.

## I. RESPONSE TO ALJ RULING QUESTIONS

### Question 1: Does this ruling describe a workable framework for an RCPPP that will achieve the goals of IRP, pursuant to SB 350? Why or why not?

Diamond does not believe that the Ruling describes a workable framework, but it can be revised to provide a workable framework that meets the long term reliability objectives of the IRP. The Commission has stated on numerous occasions that it intends to address procurement mechanisms to provide contracting opportunities for existing resources. Option 3 should be revised to fulfill this commitment, or the Commission should continue to refine Option 1, which would provide a clearer procurement pathway for existing resources.

The ALJ Ruling concludes that the Resource Adequacy ("RA") program provides a mechanism for procurement of existing resources. While this is true, the RA program in and of itself is insufficient to fulfill the objectives of the IRP. Pricing in the RA program can be volatile, making planning longer-term investments or decarbonization projects difficult for asset owners.

The CPUC's capacity expansion plans have consistently found a need to retain much of the existing fleet, but there is no long-term mechanism to actually fulfill the capacity expansion plans. The ALJ Ruling "recognizes that the Commission may need to address how to handle repowering of existing resources, and that future consideration of those resources could change the baseline process. Accounting for repowering issues can be addressed later in the RCPPP development process."[1]

We believe it is imprudent to continue to defer consideration of existing resource contracting needs. If adopted without such consideration, Option 3 would send a signal to the existing fleet operators that California regulators wish to retain their capacity but are not committed to doing so in the longer term. Clear eligibility signals are necessary to encourage the ultimate conversion of existing sites with gas resources over time, without undermining overall system reliability. For example, it may be possible to partially derate or retire parts of an existing gas generation resource and add a BESS to the same site without necessarily triggering the need for significant interconnection upgrading. The existing baseline rules preclude this

[1] Ruling at p. 12.

approach to investing in new clean capacity to the detriment of State policies encouraging the decarbonization of the grid.

At a minimum, the Commission should consider new BESS capacity as an incremental resource to the system and should be eligible for procurement, notwithstanding that the total capacity at the site may not have increased. The resulting adjusted capacity should be eligible for an update to the baseline resource list. This approach would provide reliability insurance in terms of keeping existing gas capacity available if needed by CAISO, while still expanding the storage fleet that provides flexible capacity and the ability to leverage hours of surplus clean energy generation in a timely and cost-effective manner. Currently, this type of site repowering is completely foreclosed under the existing baseline rules that are continued under Option 3.

To be clear, to the extent some type of modification that adds deliverability can be made to an existing interconnection, which would be a material modification under the CAISO Tariff and Business Practice Manuals, a BESS may be added to an existing site ahead of any gas resource retirement and should clearly be considered incremental and eligible for procurement. But a modification to the incrementality rule for baseline resources that recognizes the decarbonization value to updating the site configuration to add incremental BESS capacity while retaining some existing reliable gas capacity would avoid the loss and ultimate deficiency of system capacity that will occur with gas generation retirements or sales outside of CAISO. In other words, while an interconnection at an existing site may be modified to add potential new capacity injections, it may be delayed until other system upgrades are realized before that added capacity will be considered deliverable by CAISO. By recognizing modification to the assets behind an existing interconnection as incremental, the system will see new clean capacity available sooner and at potentially lower overall costs.

While the Commission has stated that there has not been sufficient justification provided for altering the baseline rules to accommodate repowers, the reality is that without a means for existing generation sites to transfer existing deliverability to zero-emissions resources, and/or when storage capacity results in unnecessary capital expenditures on interconnections at new sites, those generation sites lose the opportunity to leverage existing transmission and interconnection investments. The Commission should be encouraging modification at existing generation sites that yield decarbonization results. The current baseline rules completely foreclose that opportunity. Instead, baseline rules that apply to resources with emissions should be made more flexible to allow the addition of clean generation or storage capacity at an existing site so that those resources can be procured, and the baseline resource list should be adjusted to reflect this reality in tandem.

Without this adjustment to Option 3, it is entirely unclear whether the system will lose existing capacity as gas resources become more disfavored for procurement for Resource Adequacy on anything other than an extremely short-term basis. If those resources retire, that will result in a loss of system resource capacity. The baseline rule modifications suggested here would allow for timely replacement of existing capacity at sites with clean generation or storage, minimizing loss of overall system resource capacity.

Diamond recommends revising Option 3 and the associated baseline rules such as swapping and waivers be updated to encourage the transition of deliverability at existing resource sites with incremental assets that, if the same asset were developed at a new and different site, would be entirely eligible as incremental.

## II. CONCLUSION

Diamond appreciates the opportunity to provide comments on the ALJ Ruling.

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Respectfully submitted,

*/s/ Paul Shepard*

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