



**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
(Filed May 7, 2020)

**AVA COMMUNITY ENERGY
OPENING COMMENTS ON THE ADMINISTRATIVE LAW JUDGE'S
RULING SEEKING COMMENTS ON ADDITIONAL PROPOSAL FOR A
RELIABLE AND CLEAN POWER PROCUREMENT PROGRAM**

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Contents

I.	Introduction.....	3
II.	The Commission Should Not Impose Technology- or Attribute-Specific Procurement Requirements	4
A.	Static Modeling Inputs Cannot Fully Reflect Changing Market Conditions.....	4
B.	Technology-Specific Quotas Would Increase Supplier Market Power and Ratepayer Costs.....	5
C.	Technology- or Attribute-Specific Requirements Would Unduly Constrain LSE Autonomy	6
III.	The Proposed T+3 Contracting and T+5 Online Deadlines Are Not Feasible	7
A.	A Five-Year Online Deadline Is Inconsistent with Development and Interconnection Sequencing.....	7
B.	The T+3 Contracting Mandate Is Unnecessary and Would Further Restrict Least-Cost Procurement	8
IV.	The T+5 Online Requirement Would Effectively Exclude Procurement of Long-Lead-Time Resources.....	9
V.	RCPPP Should Measure Total System Need and Permit Both Existing and New Resources to Satisfy LSE Obligations	9
VI.	The Commission Should Instead Pair Technology-Neutral Reliability Obligations with a Clean Energy Standard	10
VII.	The Commission Should Not Mandate Ten-Year Contracts for All Compliance Resources	12
VIII.	RCPPP Reporting Should Replace, Not Layer Onto, Existing Procurement Filings	12
IX.	Mandated Procurement Must Include Protections Against Forecast Risk.....	13
X.	Conclusion	14

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Pursuant to the Administrative Law Judge’s Ruling Seeking Comments on Additional Proposal for a Reliable and Clean Power Procurement Program (“RCPPP”), issued on June 23, 2026, and later modified by an email ruling on July 13, 2026, Ava Community Energy (“Ava”) respectfully submits comments on the additional RCP PP proposal.

I. Introduction

On June 23, 2026, the Administrative Law Judge issued the Ruling Seeking Comments on Additional Proposal for a Reliable and Clean Power Procurement Program (“Ruling”). The Ruling presents an additional potential framework for the RCP PP that would more directly connect Integrated Resource Planning (“IRP”) modeling to binding procurement obligations. Under the proposal, the Commission would use the most recently adopted Preferred System Plan (“PSP”) portfolio and/or the portfolio transmitted to the California Independent System Operator (“CAISO”) for its Transmission Planning Process (“TPP”) to identify new resource needs five years forward. Each load-serving entity (“LSE”) would then be assigned a proportional share of those needs, potentially by resource type or attribute, with minimum and maximum procurement bands.

Ava supports the Commission's objectives of maintaining reliability, achieving California's greenhouse-gas reduction goals, and improving coordination among resource planning, transmission planning, and procurement. Ava also recognizes the value of the IRP modeling process as a system-planning tool and remains committed to satisfying Commission requirements as well as the policy directives adopted by Ava's Board of Directors. Ava does not, however, support converting a modeled PSP or TPP portfolio into granular, binding procurement requirements for individual LSEs. Among the alternatives under consideration, this proposal presents the greatest risk of constraining LSE portfolio management, increasing procurement costs, and requiring resources on timelines that do not reflect development and interconnection realities. Collectively, these risks will result in increased costs to customers during a sustained affordability crisis. Ava therefore respectfully recommends that the Commission decline to adopt the proposal in its current form and instead pursue the technology-neutral framework described below.

II. The Commission Should Not Impose Technology- or Attribute-Specific Procurement Requirements

This section responds to questions 5, 8, and 9 in the Ruling.

A. Static Modeling Inputs Cannot Fully Reflect Changing Market Conditions

A PSP or TPP portfolio necessarily depends on assumptions concerning load, resource costs, technology performance, tax policy, permitting, transmission availability, supply chains, and commercial interest. Those assumptions may be reasonable when adopted and still diverge materially from market conditions several years later. The effective age of the assumptions may also exceed the time elapsed since portfolio adoption because modeling and stakeholder development occur before the Commission adopts the final portfolio.

Recent federal policy changes illustrate this risk. Since 2025, federal actions have altered assumptions relevant to offshore wind leasing, permitting, and timing and availability of tax benefits for wind and solar facilities. These developments could not have been anticipated in the development of IRP planning portfolios leading up to 2025. These substantial deviations from the set of assumptions used in previous PSP or TPP portfolios may change the optimal resource mix, and under the additional proposal, LSEs would not have the flexibility to respond to these market conditions.

Accordingly, although the PSP provides valuable information for system and transmission planning, binding and granular procurement requirements derived from a fixed set of inputs will not remain least-cost or feasible as conditions evolve. A technology-specific requirement could obligate LSEs to procure a resource that becomes less available, more expensive, or slower to develop than the model assumed. It could also distort individual IRP development: if an LSE expects its planning assumptions later to become a binding quota, it may rationally favor resources with the greatest near-term certainty rather than present a candid range of portfolios or support emerging resources whose costs and schedules remain uncertain. That result would reduce, rather than improve, the informational value of individual IRPs.

B. Technology-Specific Quotas Would Increase Supplier Market Power and Ratepayer Costs

Technology- or attribute-specific requirements would reduce an LSE's ability to substitute across technologies in response to changing market conditions. A fixed deadline, binding procurement obligation, and noncompliance penalty make LSE demand less responsive to price. Developers would know both that LSEs must procure a particular resource type and that delaying or declining procurement for that resource type would expose those LSEs to penalties.

This combination can increase the market power of developers, enabling them to retain more scarcity value in contract prices.

The effect is likely to be most pronounced for resource categories with few commercially mature projects, constrained deliverability, specialized siting needs, or long development timelines. In those circumstances, LSE solicitations may compete for the same small group of projects, and later-moving LSEs may face a thin market or holdout pricing. The resulting premium would not necessarily reflect a corresponding increase in reliability or clean-energy value; it could instead reflect the artificial scarcity created by the rigid compliance category and deadline.

Allowing compliance within a band around each category target would not resolve these concerns. So long as each category retains a binding minimum, the LSE must still purchase from the eligible set of resources. Bands may reduce the precision of the procurement obligations, but they do not restore technology-neutral competition or preserve an LSE's ability to optimize across its entire portfolio.

C. Technology- or Attribute-Specific Requirements Would Unduly Constrain LSE Autonomy

The Ruling reasons that the PSP reflects LSE preferences because it begins with an aggregation of individual LSE plans. That characterization overlooks an important distinction between an input and an allocation. Once individual plans are aggregated and augmented through the Commission's own capacity-expansion modeling and optimized at the system level, the resulting portfolio no longer represents any individual LSE's preferred portfolio. Allocating a pro rata share of the system portfolio back to each LSE would therefore require each LSE to procure a slice of the collective resource mix, including resource preferences advanced by other LSEs

and modeling-selected additions that may not appear in its own plan. For any single LSE, its individual preferences may have only a minor effect on, and not be substantially reflected in, the aggregate portfolio.

The PSP and TPP portfolios should continue to inform system planning, including identification of aggregate reliability needs and transmission investments. But their value as planning tools does not establish that they should operate as prescriptive procurement mandates for every LSE. The Commission can preserve system coordination by establishing clear reliability and clean-energy outcomes while allowing each LSE to determine the portfolio that meets those outcomes at least cost and in a manner consistent with the priorities established by its governing body.

III. The Proposed T+3 Contracting and T+5 Online Deadlines Are Not Feasible

This section responds to questions 10 and 11 in the Ruling.

A. A Five-Year Online Deadline Is Inconsistent with Development and Interconnection Sequencing

Requiring all allocated resources to be online within five years of the need determination is not workable for all eligible resource categories. Developing a new resource requires substantial time for site control, permitting, interconnection studies, deliverability assessments, transmission upgrades, financing, construction, and testing before commercial operation. These activities are sequential, may involve multiple entities, and can be affected by factors outside an LSE's or developer's control.

This challenge is heightened because the proposed obligations would be technology- or attribute-specific. The Ruling does not provide indicative resource-type allocations before the PSP or TPP portfolio is finalized. LSEs therefore cannot reliably anticipate the quantity or

category they will be required to procure. By the time a binding need determination is issued, the development pipeline for the required resource category may be insufficient to support competitive procurement and timely commercial operation.

A five-year online deadline should not be imposed unless the Commission first demonstrates, for each applicable resource category, that an adequate and competitive project pipeline can satisfy the requirement within the full development, permitting, interconnection, and construction timeline. At a minimum, the Commission should provide sufficient advance visibility into likely resource needs and allow compliance timelines that reflect the distinct development risks of each resource category.

B. The T+3 Contracting Mandate Is Unnecessary and Would Further Restrict Least-Cost Procurement

The proposed requirement that 100 percent of an LSE's allocation be under contract by T+3 is not justified by the structure of the proposal. An enforceable online requirement already gives each LSE a strong incentive to contract early enough to manage development risk. A separate 100-percent contracting milestone, particularly when paired with technology-specific minimums and a ten-year minimum contract term, would compress solicitations into a narrow window and weaken LSE leverage. It could force an LSE to accept unfavorable pricing or immature projects simply to avoid an administrative penalty, even when a later solicitation, portfolio substitution, or alternative contracting structure would better protect customers.

If the Commission retains an interim milestone, it should allow a broader good-faith compliance showing based on the maturity of the LSE's procurement process and project pipeline, rather than require 100 percent executed contracts by a fixed date. At a minimum, the

Commission should recognize solicitation progress, shortlisted bids, contract negotiations, development security, and demonstrated access to qualifying replacement resources.

IV. The T+5 Online Requirement Would Effectively Exclude Procurement of Long-Lead-Time Resources

This section responds to question 6 in the Ruling.

The five-year online deadline is especially incompatible with long-lead-time (“LLT”) resources. The Commission has already identified offshore wind, geothermal, and long duration energy storage categories for purposes of centralized procurement.

These resources may require specialized permitting, transmission, supply-chain development, and construction schedules that cannot begin only after an obligation is allocated. The CPUC has allowed delays for LLT resources required by the Mid-Term Reliability procurement orders, acknowledging these factors; those findings counsel against a uniform five-year online rule.

The proposal also creates an incentive problem. If an LSE will receive technology- or attribute-specific obligations only five years before the online date, it has little reason to undertake any procurement until it has certainty regarding the magnitude and distribution of capacity across technology or attribute types, yet waiting for the formal allocation may make timely development impossible. Under this proposal, LLT resources would therefore require an earlier planning and procurement pathway, not a uniform T+5 obligation imposed after portfolio adoption.

V. RCPPP Should Measure Total System Need and Permit Both Existing and New Resources to Satisfy LSE Obligations

This section responds to question 5 in the Ruling.

A total-system-need framework would improve cost optimization by allowing LSEs to compare retention, repowering, uprates, imports with available capacity, and new development on a common reliability-value basis. The Ruling instead proposes an obligation limited to new resources incremental to a baseline. That approach risks treating retention and incremental development as unrelated problems even though both contribute to the same reliability outcome.

Existing resources provide real reliability value. Excluding them categorically could encourage uneconomic replacement of viable capacity, increase retirement risk, and require customers to pay for new resources while separately paying to retain existing resources needed by the system. It would also constrain LSEs at a time when obtaining interconnection and deliverability for new projects remains difficult. A resource does not cease to support reliability merely because it predates an administratively selected baseline.

Allowing existing resources to count would not eliminate the need for new development. Load growth, electrification, resource retirements, and declining accreditation values will produce a genuine net requirement for additional capacity. The Commission need not create a separate exclusion to induce that development; the gap between total need and the dependable contribution of the existing fleet will do so. Nor is there a clear economic incentive for LSEs to rely exclusively on existing resources if recontracting prices are comparable to the cost of competitively procured new supply, which is often true in today's market conditions. LSEs will continue to select new resources where they offer better value, cleaner attributes, longer-term price certainty, or a more reliable path to compliance.

VI. The Commission Should Instead Pair Technology-Neutral Reliability Obligations with a Clean Energy Standard

This section responds to questions 2 and 4 in the Ruling.

In its prior comments and proposal, Ava did not express a strong preference among programmatic frameworks for the greenhouse-gas-reduction component of the RCPMP. Ava instead emphasized that any incremental framework should be consolidated with existing compliance processes. Based on the proposals now under consideration, Ava supports a clean energy standard (CES) as the preferable framework for the clean-energy component, using percentage-based targets and annual emissions accounting.

A CES would be comparatively predictable, administrable, and compatible with established RPS contracting and compliance practices. It would avoid much of the complexity and volatility associated with mass-based obligations and hourly-matching methodologies while preserving a clear trajectory toward the Commission's emissions goals. For reliability, the Commission should adopt technology-neutral procurement obligations allocated proportionally among LSEs.

Together, a technology-neutral reliability requirement and a CES would specify the outcomes the Commission requires while preserving LSE flexibility to select the least-cost, best-fit portfolio. If the Commission continues to use ELCC-based accreditation for forward years, the values should be (1) published sufficiently in advance of reasonable procurement activity which would occur potentially years before expected energization of new resources and (2) remain stable for a defined compliance cycle. For near-term years, continued alignment with the slice-of-day framework used in the RA program would reduce administrative friction. Regardless of the resource accounting approach adopted, Ava is very concerned about the negative effects of imposing binding PSP- or TPP-derived resource quotas.

VII. The Commission Should Not Mandate Ten-Year Contracts for All Compliance Resources

This section responds to question 16 in the Ruling.

Ava does not support a categorical requirement that every contract used for RCPPP compliance have a term of at least ten years. New resource development often requires long-term revenue certainty to support financing, and increasing demand will continue to create a commercial need for long-term offtake. LSEs therefore already have incentives to enter long-term contracts when those contracts are necessary to bring new resources online or offer favorable customer value.

A universal minimum term would nevertheless constrain prudent portfolio management. Appropriate contract length depends on project maturity, financing needs, load uncertainty, market conditions, resource life, and the LSE's existing position. Load migration and local policy changes can make excessive long-term commitments costly. A mandate could also strengthen seller leverage by removing term length as a negotiable dimension.

The Commission should establish the reliability and clean-energy outcomes to be achieved and allow each LSE to manage the mix of long- and short-term products needed to achieve them.

VIII. RCPPP Reporting Should Replace, Not Layer Onto, Existing Procurement Filings

This section responds to question 12 in the Ruling.

Any RCPPP reporting framework should replace overlapping MTR procurement filings rather than create an additional compliance layer. Ava supports consolidating IRP, MTR, and RCPPP data submissions to the greatest extent practicable, using common definitions, templates,

and reporting dates. The Ruling's proposal to eliminate the December procurement data filing and move to an annual showing is a constructive step.

Ava further recommends discontinuing the monthly procurement data request unless Energy Division identifies a clear and distinct use for monthly reporting that cannot be met through the consolidated annual filing or targeted requests. Frequent duplicative reporting imposes material administrative burdens. The final RCPPP decision should identify each required filing, the decision it supports, and the existing report it replaces.

IX. Mandated Procurement Must Include Protections Against Forecast Risk

This section responds to question 21 in the Ruling.

The five- and three-year procurement deadlines also fail to account adequately for the risk that realized demand growth may diverge materially from forecasts. Requiring LSEs to procure large volumes of long-term resources based on uncertain load forecasts could leave them locked into above-market contracts if projected demand does not materialize, forcing their customers to bear the costs of resources that are not ultimately needed to serve them.

That risk will not be distributed evenly across LSEs. A significant share of projected load growth is associated with large-load customers, including data centers, whose development and energization remain uncertain. Some projects may proceed as expected, while others may be delayed, downsized, or never materialize. As a result, an LSE that procures long-term resources in reliance on Commission-directed demand forecasts could ultimately face substantial excess procurement costs even where its own procurement decisions were consistent with Commission requirements, while another LSE may experience the anticipated load growth.

These uncertainties underscore the risk of imposing substantial long-term procurement obligations on individual LSEs based on demand forecasts that may not materialize within their service territories. The longer the required contractual commitment and the greater the volume procured in advance, the more significant the potential consequences of forecast error. The Commission should therefore carefully consider these risks when determining the timing and magnitude of any procurement requirements tied to projected demand growth, particularly where that growth depends on large-load projects whose timing, scale, and ultimate realization remain uncertain.

X. Conclusion

Ava appreciates the Commission's effort to create a durable procurement framework and agrees that California needs better coordination among resource planning, transmission planning, and LSE procurement. The additional proposal, however, would convert system-planning portfolios into granular LSE mandates, restrict technology substitution, increase supplier leverage, and impose contracting and online deadlines that are not aligned with the interconnection and development sequence and may ultimately increase ratepayer costs. These risks would ultimately be borne by customers.

Ava therefore respectfully recommends that the Commission not adopt the proposal in its current form. Instead, the Commission should: (1) establish technology-neutral reliability obligations based on total system need, with appropriate credit for both existing and new resources; (2) pair those obligations with a percentage-based clean energy standard and annual emissions accounting; (3) preserve LSE discretion over resource selection and contract duration; (4) adopt timelines that reflect resource-specific development and interconnection realities; and (5) consolidate RCPPP reporting with existing IRP and MTR requirements. This approach would

better advance reliability and emissions objectives while preserving competition, affordability, and accountable local portfolio management.

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Respectfully submitted,

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