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COMMENTS OF THE PUBLIC ADVOCATES OFFICE ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON ADDITIONAL PROPOSAL FOR A RELIABLE AND CLEAN POWER PROCUREMENT PROGRAM

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I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits the following comments in response to the California Public Utilities Commission (Commission) *Administrative Law Judge's Ruling Seeking Comments on Additional Proposal for a Reliable and Clean Power Procurement Program* (Ruling), issued June 23, 2026 in the *Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes*, Rulemaking (R.) 20-05-003 (IRP).[1] The Ruling proposes a new programmatic design option ("Option 3") for the Reliable and Clean Power Procurement Program (RCPPP), in addition to the prior RCPPP options.[2] Pursuant to the Ruling, comments were originally due on July 22, 2026; the deadline for comments was later extended to August 14, 2026 by ruling dated July 10, 2026.[3]

Under Option 3, the Commission would assign each load-serving entity (LSE) multiple procurement obligations for each compliance year, based on a recent Preferred System Plan (PSP) or California Independent System Operator Corporation (CAISO) Transmission Planning Process (TPP) base case resource portfolio.[4] The Commission would denominate LSEs' procurement obligations for different resource types or resource attributes in Net Qualifying Capacity (NQC) amounts.[5] For each compliance year, the Commission would require the LSEs to procure: (1) between a minimum and maximum percentage of their allocated NQC amount of each resource type or resource attribute category, and (2) an overall NQC procurement obligation.[6] The Commission would

[1] Available at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M609/K223/609223925.PDF.

[2] Ruling at 3.

[3] *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 on Additional Proposal for a Reliable and Clean Power Procurement Program*, issued July 10, 2026. Available at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M610/K764/610764732.PDF.

[4] Ruling at 10.

[5] Ruling at 8.

[6] Ruling at 10.

assign procurement obligations every other year, with new resources due to come online five years later.[7]

Below, Cal Advocates provides responses to questions 1, 2, 5, 7, 11, 14, 17, 19, and 21 of the Ruling. Cal Advocates has no response to the other questions in the Ruling at this time. Cal Advocates reserves the right to reply to comments on any and all questions.

II. SUMMARY OF RECOMMENDATIONS

Cal Advocates continues to recommend that the Commission adopt a modified version of RCPPP reliability Option 2, paired with a forward-looking greenhouse-gas (GHG) emissions reduction compliance tool based on the Clean System Power (CSP) Calculator.[8] Option 3 could incentivize the LSEs to avoid higher-risk planned resources and could result in widespread procurement challenges in the event that the market for new resources cannot supply the LSEs' aggregated minimum obligation for any given resource category (see Cal Advocates' response to Question 1). Option 3 also lacks a robust GHG compliance mechanism (see Cal Advocates' response to Question 1) and includes an unreasonably small and flat procurement buffer (see Cal Advocates' response to Question 7).

Cal Advocates would view Option 3 as on par with Cal Advocates' recommended version of Option 2 if the Commission can modify Option 3 to address each of these drawbacks.[9] The issues of weak GHG compliance and the buffer are remediable: the Commission could simply adopt an overall GHG compliance mechanism and a larger, adaptive buffer. However, the risk that Option 3 could lead to widespread procurement challenges due to market infeasibility may or may not be mitigable via modifications.

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[7] Ruling at 8.

[8] See Cal Advocates' previous comments on this RCPPP recommendation. Cal Advocates, *Comments of the Public Advocates Office on Administrative Law Judge's Ruling Seeking Comments on Reliable and Clean Power Procurement Program Staff Proposal*, July 15, 2025 (Cal Advocates RCPPP Comments).

[9] Regardless, Option 3 is superior to RCPPP reliability Option 1, because Option 3 shares the new-build requirement of RCPPP reliability Option 2. See Cal Advocates RCPPP Comments at 5-9.

The Commission should undertake additional record development to determine if additional modifications can or cannot address this risk (see Cal Advocates' response to Question 1). Unless and until the Commission develops modifications that can reduce the procurement risks of Option 3, the Commission should instead adopt Cal Advocates' version of Option 2.

With respect to the specific questions in the Ruling, Cal Advocates provides the following comments:

- Question 1: As proposed, Option 3 may be unworkable because of the following drawbacks:
  - Option 3 would incentivize LSEs to exclude higher-risk resource types from their individual IRPs.
  - Option 3 lacks sufficient flexibility in the event of uncompetitive market conditions for any given resource category.
  - Option 3 includes a weak compliance mechanism to ensure that the LSEs' procured resources comply with the LSEs' GHG emissions reduction requirements.
- Question 2: Option 3 may be easier to implement but nonetheless presents other risks that outweigh ease of implementation.
- Question 5: The Commission should not define the need determination in terms of specific resource types, nor in terms of resource attributes defined so narrowly that they are effectively resource carveouts.
- Question 7: The Commission should hold workshops to establish a larger, adaptive buffer rather than a flat 1% buffer.
- Question 11: Five years may be insufficient lead time for certain resource attributes, particularly "long lead time" (LLT) resources.
- Question 14: The Commission should continue to use a Net CONE-based penalty methodology.
- Question 17: The Commission should allow the LSEs to submit updates halfway through every four-year cycle.
- Question 19: The Commission should extend the LSEs' system resource adequacy (RA) obligations by one additional year if the Commission adopts an RCPPP option with a new-build reliability component (i.e., Option 2 or Option 3).
- Question 21: The Commission should determine whether ratepayers could benefit from investor-owned utility (IOU) centralized

procurement of market-constrained resource categories, rather than Option 3 allocations to all LSEs.

III. DISCUSSION

A. 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?*

Option 3 may not be workable without modifications to address three significant drawbacks. First, Option 3 may incentivize LSEs to exclude higher-risk planned resources from their individual IRPs. Second, Option 3 lacks sufficient flexibility in the event of uncompetitive market conditions for any given resource category. Third, Option 3 relies upon a weak compliance mechanism to ensure that the LSEs' procured resources comply with the LSEs' GHG emissions reduction requirements. Cal Advocates addresses each of these in turn.

1. As proposed, Option 3 may incentivize LSEs to exclude higher-risk planned resources from their individual IRPs.

Under Option 3, the individual LSE IRPs would be particularly influential over the LSEs' procurement obligations. The Commission would aggregate the planned resources in the individual IRPs into one portfolio. The Commission would then base the LSEs' procurement obligations on that same portfolio, with

> some ongoing baseline analysis, including identification of resources already online, those under contract or in development, and those planned by LSEs, in order to ensure a fair allocation to LSEs based on previous procurement contributions.[10]

While the Ruling offers no further explanation, Option 3 will not be workable if Option 3 treats the LSEs' planned resources as equivalent to baseline resources, pursuant to an unspecified baseline analysis. If Option 3 were to treat the LSEs' planned resources as equivalent to baseline resources, then the Option 3 modeling would identify few, if any, new resources beyond the LSEs' planned resources. This is because LSEs'

[10] Ruling at 8-11.

individual IRPs include sufficient planned resources to meet the LSEs' reliability and GHG emissions reduction targets to begin with. The PSP would therefore only include additional resources if the PSP modeling assumptions deviate from the assumptions for the reliability and GHG components of the individual IRPs. Moreover, treating the LSEs' planned resources as equivalent to baseline resources could effectively exempt those resources from the eventual RCPPP compliance mechanism.

Therefore, Cal Advocates reads this Ruling language to suggest instead that the Commission will allocate disproportionately low or high shares of certain resource category obligations, rather than strict load or peak load shares, to certain LSEs on the basis of some analysis of the LSEs' planned resources in their individual IRPs. Such adjustments could be reasonable, in order to prevent Option 3 allocations that prejudice any LSE that might include disproportionate levels of a given resource type in its individual IRP.[11]

But even in this case, Option 3 could risk an unreasonable dependence between the individual IRPs and the LSEs' procurement obligations. The Option 3 program design could incentivize LSEs to populate their individual IRPs with lower-risk resource types, because the LSEs' planned resources will directly influence the procurement obligations that the LSEs later receive. LSEs may seek to reduce their later procurement obligations for resource categories that the LSEs perceive as higher-risk by reducing those same resource types in their earlier individual IRPs. For example, LSEs may substitute higher levels of solar and storage for lower levels of offshore wind, geothermal, and emerging technologies in their individual IRPs. Such outcomes could reduce ratepayer benefits if the substituted resources do not provide commensurate attributes at similar cost, even if the perceived risk is lower. In the example above, this could be the case if storage resources' reliability values (i.e., effective load-carrying capability (ELCC) values) continue to decline.

[11] Without any such adjustment, an LSE whose individual IRP includes a disproportionate share of a given resource type would find that its individual IRP level of that resource type later exceeds its maximum percentage for the corresponding Option 3 resource category when the Commission assigns procurement obligations.

The aggregated portfolios would also become less diverse, if the LSEs choose to substitute higher-risk resource types out of their individual IRPs.[12] If such higher-risk resource types were otherwise cost-effective portfolio components, then their substitution out of the aggregated portfolio would increase total ratepayer costs. In a more extreme version of the example above, the replacement of higher-risk resource types with larger and larger amounts of solar and storage resources could result in portfolios with solar and storage levels that are too large for the market to provide.[13] Therefore, the proposed Option 3 program design may be unworkable if the LSEs' incentive to avoid higher-risk resource types in their individual IRPs steers the modeled portfolios, procurement obligations, and future resources away from the more diverse, cost-effective portfolios that ratepayers need to achieve the goals of the IRP.[14]

Regardless, Option 3 may be feasible if the Commission modifies it to substitute some LSE planned resources where necessary to preserve cost-effective resource diversity in the portfolio. To accomplish this, the Commission should return to some form of counterfactual modeling wherein the model includes only contracted and/or in-development resources, rather than all planned resources – not unlike the role of the former Reference System Plan (RSP). Such counterfactual modeling could uncover potential differences between the aggregate of the LSEs' planned resources, versus the unconstrained modeled portfolio. The Commission's identification of these differences

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[12] Furthermore, the LSEs would face some degree of this misaligned incentive problem, even if the Commission does not adjust the LSEs' Option 3 resource category obligations from the LSEs' load or peak load shares. This is because any substitution within an LSE's individual IRP, away from higher-risk resources and towards lower-risk resources, will reduce the procurement risks of their eventual obligations, even if that risk reduction is shared with the other LSEs.

[13] All else equal, the Commission should expect the ELCC values of storage resources to continue to decline as storage resources' portfolio penetration (percentage) continues to increase. In turn, the decreasing ELCC values imply that LSEs would need to procure larger and larger nameplate storage amounts, to achieve the same reliability value. If storage ELCC values decline too quickly, the market may be unable to supply sufficient storage overall.

[14] However, the decline of ELCC values for lower-risk resource types, such as solar and lithium-ion batteries, may mitigate some of the challenges associated with this misaligned incentive. Declining solar and battery ELCC values (relative to higher-risk resource types in the LSEs' individual IRP Resource Data Templates) will provide a partial countervailing incentive for LSEs to include fewer of these resources in their individual IRPs. In this case, the LSEs may return to more balanced individual IRPs that can support diverse Option 3 portfolios over time.

could improve the Option 3 resource categorization and the substitution of LSE planned resources where necessary.

2. As proposed, Option 3 lacks sufficient flexibility in the event of uncompetitive market conditions for any given resource category.

Under Option 3, the Commission would base RCPPP procurement orders on a recent PSP or TPP base case portfolio.[15] Each LSE would receive procurement obligations for different resource categories for each compliance year, with flexibility to procure any amount within a mandatory minimum and maximum percentage of each resource category obligation.[16] The Ruling suggests that possible resource categories could include the "archetypal" resource categories in the IRP modeling (e.g., geothermal), "particular storage minimum durations," or "'clean firm' resources with specific capacity factors."[17] This Option 3 structure provides some degree of flexibility, because the LSEs could substitute procurement across resource categories, down to the minimum percentage levels of each resource category. The Ruling also contemplates that the Commission could define resource categories "based on market realities" to begin with.[18]

However, this program design is likely insufficient to prevent LSE exposure to uncompetitive market conditions, such as those that characterize the current market for the firm, zero-emitting resources that the Commission ordered in Decision (D.) 21-06-035 (the Mid-Term Reliability (MTR) Decision).[19] As described in more detail in response to Question 5, the LSEs have faced serious procurement challenges in meeting this specific MTR carveout, due to ongoing market limitations. While the Commission

[15] Ruling at 10.

[16] Ruling at 10.

[17] Ruling at 8-9.

[18] Ruling at 8.

[19] D.21-06-035, *Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)*, June 24, 2021 (or MTR Decision), Ordering Paragraph 2 at 94-95; available at: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF.

could provide greater flexibility under Option 3 through lower minimum percentages – e.g., 50% rather than 80%[20] – the Ruling offers no assurance that even a relatively lower minimum percentage would prevent similarly uncompetitive market conditions for any given Option 3 resource category.[21] In turn, uncompetitive market conditions may result in higher-priced contract prices for ratepayers, especially bundled ratepayers.[22]

The need for greater LSE procurement flexibility results from the greater onus that Option 3 places on the individual LSE IRPs and the IRP modeling that supports the PSP and/or TPP base case portfolios.[23] If the various assumptions that underpin the IRP models were perfect predictors of the future, then Option 3 would be a generally workable framework, because the future market would be able to supply the volumes of different resources in the portfolios, in the years modeled. However, any differences between the IRP model assumptions and the actual future market for new resources will

[20] Ruling at 10.

[21] At even lower minimum percentages, the Option 3 program design would approach that of RCPPP Option 2 – in which case, the purported value of the Option 3 resource categories would be limited, and the Commission should adopt Option 2 as the simpler program design.

[22] Bundled ratepayers may be especially disadvantaged in a constrained (sellers') market. The IOUs conduct procurement pursuant to prescriptive Bundled Procurement Plans (BPPs) and present contracts for Commission review and approval. To the extent that other LSEs negotiate contracts without similar BPP prescriptions and may obtain governing body approval with less process or more quickly, sellers may disfavor IOU off-taking. A sellers' market exacerbates this IOU procurement challenge. In the worst case, other LSEs may procure cheaper or better projects at the expense of bundled IOU ratepayers.

[23] Modeled results may be better viewed as directional rather than deterministic predictors of the future. Project timelines and construction lead times are not uniform. For example, the first available years for candidate renewable resource technologies in the RESOLVE capacity expansion model are partly based on "typical development lead times for resources and transmission." (See *2024-2026 Integrated Resource Planning (IRP) Inputs & Assumptions*, February 2026 at 76; available at: https://webproda.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan/2024-2026-irp-cycle-events-and-materials/2025_inputs_and_assumptions_report_20260210.pdf). Market obstacles may prevent the eventual development of new resources in the same timelines, volumes, and geographic areas as in the modeled results. Developer financial or permitting difficulties, for example, can hinder LSEs' ability to procure specific resource types within strict timelines. And lead times for emergent technologies may be particularly uncertain, where a resource type may require unknown lead time for the development of supporting infrastructure (e.g., port infrastructure and supply chain development for offshore wind) or where the technology is pre-commercial (e.g., carbon capture) or in the earliest stages of commercialization (e.g., enhanced geothermal).

risk procurement challenges if the actual market cannot ultimately supply the various resources in the modeled portfolio.

Even if the modeling assumptions reflected perfect foresight, Option 3 could still introduce similar risks because the planned resources in the LSEs' individual IRPs may not reflect future market availability or may become stale (the Ruling specifically proposes that LSEs file IRP plans every four years).[24] And though LSEs' procurement plans can capture the LSEs' stated procurement preferences,[25] the LSEs' preferences may not necessarily translate to procurement if the market cannot supply the LSEs' preferred resources in a timely and cost-effective manner. As described above, the LSEs would face high-level market risks if the Option 3 resource categories do not reflect competitive supply conditions. And even where the LSEs include high-certainty, near-term projects in their five-year plans, the LSEs still face project-level risks that may emerge up until the resource comes online. If a project risk materializes and causes a delay, the LSE cannot backfill the resource with a similar one if the market is uncompetitive and cannot supply a substitute resource for that same Option 3 resource category.

3. As proposed, Option 3 includes a weak compliance mechanism to ensure that the LSEs' procured resources comply with the LSEs' GHG emissions reduction requirements.

Option 3 includes an overall true-up requirement for the LSEs' NQC requirements, but not for their GHG emission reduction requirements. The Ruling describes how Option 3 would require each LSE to procure additional NQC from other resource categories, if the LSE chooses to procure less than its allocated obligation for a given resource category.[26] Specifically, the LSE could procure as little as the minimum percentage of a given resource category, but would need to make up the NQC differential with surplus procurement in other categories. Option 3 does not have a similar true up

[24] Ruling at 15.

[25] Ruling at 6.

[26] Ruling at 10.

function for the LSEs' GHG emissions reduction obligations. Rather, Option 3 relies on the IRP modeling to identify portfolios that meet the Commission's GHG emissions reduction targets. The Commission's allocation of different resource category obligations to the LSEs based on the modeled portfolios implicitly assigns each LSE its share of the total GHG emissions reduction obligation, because the total allocations would match the underlying GHG-constrained portfolio(s).

However, Option 3 would allow the LSEs to substitute procurement across resource categories, without truing up the resulting GHG emissions-related difference in the same manner that the LSEs would need to true up any NQC difference. This Option 3 drawback could result in insufficient GHG emissions-related procurement in the event that the LSEs choose to substitute resources with lesser GHG emissions reduction potential for resources with greater GHG emissions reduction potential. For example, Option 3 could allow the LSEs to procure higher levels of storage and lower levels of zero-emitting generation resources, relative to their corresponding resource category allocations.

One way the Commission could address this risk of insufficient GHG emissions reduction would be to remove the proposed minimum and maximum ranges from the program design of Option 3. However, the Commission would still need to ensure Option 3 provides reasonable flexibility when modeled circumstances do not match market realities. The Commission should not allow any procurement flexibility measure to compromise LSEs' procurement pursuant to GHG reductions requirements.

Even with the proposed Option 3 minimum and maximum resource category levels, this GHG-related Option 3 drawback is remediable, because the Commission could amend the Option 3 proposal to incorporate a GHG emissions check and true-up requirement. Specifically, the Commission could improve Option 3 with the incorporation of Cal Advocates' recommended CSP Calculator-based compliance tool.[27]

[27] Cal Advocates RCPPP Comments at 34 et seq. Cal Advocates continues to recommend that the Commission workshop specific design options for the CSP Calculator-based tool (Cal Advocates RCPPP Comments at 46-47).

The CSP Calculator-based tool would ensure the LSEs are on track to procure to their respective GHG benchmarks, because the tool would test the total GHG level of the portfolio of resources that each LSE brings online. In this way, the tool would function as a true-up requirement for each LSE to procure additional GHG emissions-reducing resources from other Option 3 resource categories, in the event that the LSE procures closer to the minimum levels of any given Option 3 resource category.

B. Question 2: *Will the proposal described in this ruling be simpler to implement than other proposals under consideration? Why or why not? Compare and contrast benefits and costs as directly as possible.*

Option 3 may be simpler to implement, because Option 3 includes neither a multi-year RA component nor an independent GHG emission reduction component.[28] However, relative ease of implementation does not necessarily equate to greater feasibility. As discussed above in response to Question 1, the market may be unable to supply competitive market conditions for LSE procurement for all Option 3 resource categories in the year(s) that the individual LSE IRPs and the IRP modeling assume.[29] More general resource attribute categories could help mitigate the risks associated with overly prescriptive procurement orders (see Cal Advocates' response to Question 5).

[28] Specifically, Option 3 would effectively embed the LSEs' GHG emissions reduction obligations into the LSEs' model-based resource attribute obligations. In contrast, the April 29, 2025 *Administrative Law Judge's Ruling Seeking Comments on Reliable and Clean Power Procurement Program Staff Proposal* proposed a credit-based compliance structure (at Attachment A at 41-42). Cal Advocates continues to recommend a mass-based GHG emissions reduction compliance mechanism (Cal Advocates RCPPP Comments at 34 et seq.).

[29] Cal Advocates continues to support the Commission's efforts to regularly update IRP models and incorporate any incremental efforts to improve modeled representations of resource availability and performance. Robust modeling will also benefit any of the other RCPPP reliability framework options under consideration and improve any procurement signals that are based on ELCC calculations. However, the Commission should refrain from issuing procurement orders that are overly dependent on specific modeled resources.

C. Question 5: *If the Commission were to implement the proposal in this ruling, should the need determination be based on specific identified resources or resource attributes? How (in general) and how (specifically) should the procurement need be expressed?*

The Commission should not express the procurement need in terms of specific resource types. The Commission should base the need determination on resource attributes but not define them so narrowly that they are effectively resource-specific carveouts. As outlined in Cal Advocates' response to Question 1, Option 3 would be more vulnerable to the risks of an uncompetitive procurement environment if the actual market availability of different resource types cannot match what the IRP models or the LSE IRP plans assume. This risk is especially high for resources that have long lead times to develop.

The Commission also should not define resource attributes as it did in the MTR Decision – an alternative that the Ruling suggests.[30] In the MTR Decision, the Commission created two LLT resource carveouts, one for 1,000 megawatts (MW) of long-duration energy storage (LDES),[31] and another for 1,000 MW of firm, zero-emitting resources.[32] The Commission required the 1,000 MW of firm, zero-emitting resources to have a minimum capacity factor of 80 percent, which effectively ruled out weather-dependent or intermittent resources. Geothermal and biomass were the only resources likely to fulfill this category.[33] The Commission's reasoning for the MTR LLT resource carveout was that specific orders were necessary to "spur their development"[34] as a

[30] Ruling at 8-9.

[31] The Commission defined LDES resources as storage resources that can discharge at maximum capacity for eight or more hours. D.21-06-035, Ordering Paragraph 2 at 94-95.

[32] If a resource has emissions on-site but still has an 80 percent capacity factor, then the resource could qualify so long as it qualifies for the Renewable Portfolio Standard eligibility requirements. See D.21-06-035, Ordering Paragraph 2 at 95.

[33] See D.21-06-035 at 84.

[34] D.21-06-035 at 35.

matter of policy to "provide important resource diversity, renewable integration, and system reliability benefits."[35]

The Commission should not repeat this MTR firm zero-emitting carveout, because (1) constrained market conditions meant that this MTR carveout amounted to a resource-specific geothermal[36] carveout in practice – itself a resource type with a constrained supply market – and (2) this MTR carveout was not based on quantitative, persistent modeling results. Specifically, the 2019 RSP portfolio adopted in D.20-03-028,[37] which partially supported the Commission's reasoning for an LDES carveout in the procurement order,[38] did not include new geothermal. RESOLVE had not selected any new geothermal.[39] The baseline generator list that informed the modeling of the RSP that year appeared to only include existing geothermal resources.[40] Therefore, the Commission's decision to create a carveout with attributes that effectively only geothermal could qualify for was not based on quantitative, persistent IRP modeling results.[41]

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[35] D.21-06-035, Findings of Fact 13 at 88.

[36] LSEs have also procured a small amount of biomass for this MTR carveout.

[37] D.20-03-028, *2019-2020 Electric Resource Portfolios to Inform Integrated Resource Plans and Transmission Planning*, March 26, 2020; issued in R.16-02-007, *Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements*.

[38] D.21-06-035 at 25.

[39] Commission, RESOLVE Model Inputs and Results used for 2019 IRP Reference System Plan Decision, RESOLVE Results Viewer. Available at: https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/long-term-procurement-planning/2019-20-irp-events-and-materials/resolve-model-inputs-and-results-used-for-2019-irp-reference-system-plan-decision.

[40] Baseline generator list for 2019 RSP. RESOLVE Results Viewer available at: https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/long-term-procurement-planning/2019-20-irp-events-and-materials/resolve-model-inputs-and-results-used-for-2019-irp-reference-system-plan-decision.

[41] The same is true of biomass.

Option 3 would be an improvement to the process the Commission took to create the MTR LLT carveouts, because quantitative, persistent model results did not form the basis of the MTR LLT carveouts. However, again, the Commission should not assume that the market will necessarily be able to supply the specific volumes of various resources in the IRP model results. If the Commission's procurement orders are optimistic relative to what the market can actually supply, then the RCPPP risks widespread compliance delays or failures – as in the case of the delayed deadlines for the MTR LLT carveouts. In the MTR Decision, the Commission appropriately recognized that the level of commercial interest for "diverse and LLT resources that can be online by 2026 may be limited" (D.21-06-035 at 36)

On the other hand, the MTR LLT LDES carveout provides an example of how the Commission's definition of a higher-level resource attribute for the procurement need, rather than the corresponding specific resource type in the underlying portfolio, enabled a greater degree of LSE compliance. The MTR LLT LDES carveout was based on the 2019 RSP's inclusion of new pumped hydro storage, a proxy for LDES candidate resources,[42] with a modeled minimum duration of 12-hours.[43] For the MTR LLT LDES obligation, the Commission defined LDES as a resource with the ability to deliver at maximum capacity for 8 hours or more.[44] Most LSEs appear to have procured 8-hour duration lithium-ion batteries to meet their LDES requirement.[45] The 8-hour duration storage resource attribute – a deviation from the specific resource type (pumped storage) or duration (12 hours) in the modeled portfolio – allowed for more LSEs to be on track to meet the MTR LLT LDES procurement obligation by 2028.

Ultimately, the lack of LSE procurement of 12-hour duration storage for the MTR LLT LDES carveout, even with an extension to 2031, demonstrates the value of flexibility in the Commission's procurement orders, including higher-level resource attribute definitions that enable the LSEs to procure the most cost-effective available resources. With respect to potential procurement under Option 3, the Commission should

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and allowed LSE extension requests through 2028 (D.21-06-035, Ordering Paragraph 5 at 95-96). After a limited initial market response to the MTR LLT carveout orders – particularly for firm, zero-emitting resources, the Commission amended the online year requirement to 2028 (see D.23-02-040, *Decision Ordering Supplemental Mid-Term Reliability Procurement (2026-2027) and Transmitting Electric Resource Portfolios to California Independent System Operator for 2023-2024 Transmission Planning Process*, February 23, 2023, Ordering Paragraph 2 at 87; available at: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M502/K956/502956567.PDF) and allowed LSEs to request extensions to 2031 (D.24-02-047, *Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions for Modification*, February 15, 2024, Ordering Paragraph 17 at 140; available at: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M525/K918/525918033.PDF).

[42] D.20-03-028 at 63.

[43] Commission, Inputs & Assumptions: 2019-2020 Integrated Resource Planning, February 2020 at 58. Available at: https://files.cpuc.ca.gov/energy/modeling/Inputs%20%20Assumptions%202019-2020%20CPUC%20IRP%202020-02-27.pdf.

[44] D.21-06-035, Ordering Paragraph 2 at 94-95.

[45] See Commission, *Mid-Term Need Determination Analysis*, September 30, 2025 at 17. Available at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan/2025_09_need-determination-analysis.pdf.

refrain from basing procurement need determination on resource types, including specific storage durations that may not be available in the market, or strict resource attribute criteria. Such strict prescription can lead to infeasible procurement schedules, less cost-effective procurement, and higher costs and risks for ratepayers due to the lack of a competitive market.

D. Question 7: *Comment on the proposal for a smaller buffer than included in the Staff Proposal from April 2025.*

Regardless of the ultimate RCPPP program design choice (i.e., Option 3 versus any other option), the Commission should include a larger, adaptive retirement allowance in order to ensure that the LSEs' new resources provide sufficient long-term liquidity for the system RA market; see Cal Advocates' prior RCPPP comments for a more detailed recommendation for such a retirement allowance.[46] Here, "adaptive" means that the size of the retirement allowance in each year's RCPPP reliability need determination would vary based on actual market exit, including baseline resource retirements, long-term baseline export contracts, and the retirement component of a repower.[47] Cal Advocates continues to recommend that the Commission hold a workshop to establish a methodology to properly size the retirement allowance.[48]

The proposed 1% buffer in Option 3[49] is likely too small to provide sufficient system RA liquidity. 1% of LSEs' total new-build requirement would only result in 10 or 20 NQC MW if the annual total new-build requirement is 1,000 or 2,000 NQC MW. At 10-20 NQC MW, the buffer would only provide sufficient new-build surplus capacity to enable a single small resource to retire

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[46] Cal Advocates RCPPP Comments at 8-11, 14, and 19-20.

[47] Cal Advocates RCPPP Comments at 11, footnote 31:

> For example, suppose the Commission establishes a 500 MW existing resource retirement allowance in a given year, but actual market exit in that year totals only 300 MW. In this case, the Commission would apply the difference of 200 MW to reduce the amount of the [Reliability Procurement Need (RPN)] in the next available RPN calculation cycle.

[48] Cal Advocates RCPPP Comments at 14.

[49] Ruling at 9.

from the baseline, take on an export contract, or repower without the risk of higher RA contract prices for ratepayers. This is because the IRP modeling relies on the combination of assumed baseline resources and new-build resources to meet the modeled reliability constraint. Recent iterations of the baseline generator list have included essentially no future resource retirements,[50] such that baseline resources' attributes are included in the modeling through the entire long-term study horizon (2045).

These attributes include the baseline resources' NQC. The RCPPP new-build requirement would otherwise be higher if more of the baseline resources were assumed to retire via the baseline generator list itself. In modeled study years with a binding reliability need,[51] the model's reliance on baseline resource availability means that any actual market exit in excess of the buffer would risk tighter system RA conditions, because the actual market would have less NQC available than the model's assumptions.

The proposed 1% buffer in Option 3 is also problematic because it is flat rather than adaptive. A flat buffer of any size does not change regardless of whether the buffer amount turns out to be high or low relative to actual market exit in any given year. On the other hand, an adaptive approach matches the size of the buffer to actual market exit over time and thereby provides greater long-term assurance of system RA liquidity.[52]

Cal Advocates continues to recommend that the Commission hold a dedicated workshop for further record development on the appropriate size of an adaptive retirement allowance for the RCPPP. Cal Advocates previously recommended that workshops on the retirement allowance start from the notion of a 1-2% level for retirements, "plus any additional budget for repowers and other market exit . . . ." –

[50] Cal Advocates bases this statement on the baseline generator lists in recent years' RESOLVE packages in the "Baseline Resources & Tx Workbook" file at Tab, "Generator List." Resources with "offline dates" beyond 2045 provide attributes for all modeled study years – i.e., through 2045.

[51] This may not occur in study years in which the GHG emission reduction constraint in RESOLVE causes excess system reliability due to the selection of additional resources beyond the minimum needed for the reliability constraint alone.

[52] See Cal Advocates RCPPP Comments at 11, footnote 31.

ultimately, a level that could be significantly higher than the flat 1% as proposed in Option 3.[53]

E. Question 11: *Comment on the proposed requirement for 100 percent of required resources to be online within five years from the date the need is identified and allocated.*

If the Commission adopts Option 3, five years may be insufficient lead time for certain resource types/attributes. Five years is the amount of time that the Commission originally allowed the LSEs for their MTR LLT resource carveouts: June 2026 deadlines for resource obligations that the Commission allocated in the June 2021 MTR Decision.[54] As described above in response to Question 5, five years was insufficient lead time for the LLT market. Though the Commission extended the MTR LLT deadlines to 2028-2031[55] – seven to ten years out from the MTR Decision – these extensions did not produce competitive market conditions. Similarly, an Option 3 requirement for 100 percent of resources to be online within five years from the date that the Commission identifies and allocates the need may be an unworkable requirement if five years proves insufficient for the market to supply the corresponding resources (see Cal Advocates' responses to Questions 1, 2, and 5).

F. Question 14: *Comment on the proposal to penalize non-compliance with online resource requirements using a net CONE calculation.*

The Commission should penalize the LSEs for failing to meet their total required NQC procurement using the net CONE calculation methodology. Cal Advocates' July 14, 2026 *Informal Responses to the Commission's Procurement Compliance Staff Proposal Workshop Questions* provide more detailed comments on how the Commission should incorporate net CONE in its procurement non-compliance mechanism.[56]

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[53] Cal Advocates RCPPP Comments at 11, footnote 30.

[54] D.21-06-035, Ordering Paragraph 2 at 94-95.

[55] D.24-02-047, Ordering Paragraph 17 at 140.

[56] Cal Advocates, *The Public Advocates Office's Informal Responses to the Commission's Procurement Compliance Staff Proposal Workshop Questions*, July 14, 2026 (Cal Advocates Informal Responses to the

Specifically, Cal Advocates recommended that the Commission set net CONE penalties based on 4-hour lithium-ion battery or 8-hour lithium-ion battery resource costs, because these resources predominate the CAISO interconnection queue.[57] However, the Commission should update the penalty methodology in the future if a more suitable proxy resource type becomes more widely available in the market.

G. Question 17: *Comment on the proposal to move to a four-year interval for consideration of individual LSE IRPs.*

The Commission should ensure that the LSEs have an opportunity to provide updates to their individual IRPs on a more regular basis than once every four years, as the Commission proposes in Option 3.[58] If the LSEs file individual IRPs on a four-year cycle, it is possible that the LSEs may maintain outdated assumptions of baseline and planned resources in their IRPs. For example, in its proposed 2026-2027 TPP base case portfolio, the Commission updated its statewide planned offshore wind development assumptions from the LSEs' November 2022 individual IRPs based on emergent federal policy impacts.[59] The Commission delayed the portfolio level of 2.9 gigawatts (GW) of Morro Bay offshore wind from 2032 to 2036, and delayed the portfolio level of 1.6 GW of Humboldt offshore wind from 2035 to 2041.[60] Additionally, the Commission has made frequent, significant adjustments to its modeled resource baseline in its TPP portfolios to account for online and in-development resources incremental to resources

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Commission's Procurement Compliance Staff Proposal Workshop Questions) at 2-5; served on service list for R.25-06-019, *Order Instituting Rulemaking to Continue Oversight of Electric Integrated Resource Planning and Procurement Processes*.

[57] Cal Advocates Informal Responses to the Commission's Procurement Compliance Staff Proposal Workshop Questions at 2-3.

[58] Ruling at 15.

[59] *Administrative Law Judge's Ruling Seeking Comments on Electricity Portfolios for 2026-2027 Transmission Planning Process and Need for Additional Reliability Procurement*, September 30, 2025 at 9; filed in R.25-06-019. Available at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M582/K082/582082526.PDF.

[60] D.26-02-057, *Decision Requiring 2029-2032 Electric Resource Procurement and Transmitting Portfolios for 2026-2027 Transmission Planning Process*, February 26, 2026 at 59; issued in R.25-06-019. Available at: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M601/K777/601777006.PDF.

that the LSEs included in their November 2022 individual IRPs.[61] Without such updates, the Commission's portfolios would continue to rely on outdated information. Any reliance on outdated information risks suboptimal transmission and resource planning outcomes.

In order to mitigate these risks, the Commission should allow LSEs to provide an optional update in between their mandated individual IRP plan filing dates. Specifically, the Commission should allow the LSEs to submit updates halfway through the proposed four-year cycle, in the mid-cycle even-numbered year (e.g., by June 1, 2032, in the schedule provided in the Ruling).[62] This optional update would provide the LSEs an opportunity to update their resource portfolios to reflect any emergent market developments, so that the Commission's resource portfolios represent more accurate information. This would allow Commission staff sufficient time to incorporate the results of the LSEs' individual IRP updates in advance of the Commission's development of the subsequent 2-year TPP portfolio, which the Commission would submit in the following even-numbered year.[63]

H. Question 19: *Comment on the relationship of this proposal to the RA program.*

The Commission should extend the LSEs' system RA obligations by one additional year if the Commission adopts an RCPPP option with a new-build reliability component (i.e., Option 2 or Option 3).[64] A second year of system RA obligations is

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[61] Commission, *26-27 Transmission Planning Process RESOLVE Modeling Results R.25-06-019 Integrated Resource Planning Attachment to Administrative Law Judge's Ruling*, September 30, 2025 at 14-15. Available at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan/2024-2026-irp-cycle-events-and-materials/assumptions-for-the-2026-2027-tpp/ruling_26-27-tpp-results_updated_20251013.pdf.

[62] Ruling at 16-18.

[63] See CAISO, *FERC Order No. 1920 Compliance*, September 18, 2025 at 10 to 11. Available at: https://www.caiso.com/documents/presentation-ferc-order-no-1920-compliance-filing-sep-18-2025.pdf. CAISO's compliance filing enacts a TPP cadence in which the CAISO submits a comprehensive transmission plan every two years, in every even-numbered year. The Ruling proposes to align the RCPPP Option 3 schedule with this new CAISO TPP cadence. See Ruling at 16-18.

[64] This is consistent with Cal Advocates' previous recommendation regarding Option 2. Cal Advocates RCPPP Comments at 12.

prudent in light of: (1) increased competition for capacity, including from the Western Resource Adequacy Program, and (2) LSEs' structural uncertainty at the "hand-off" between their long-term IRP obligations and their short-term RA obligations.[65]

I. Question 21: *Please comment on anything else that is not already covered in the list above.*

The Commission should consider whether ratepayers will likely benefit from IOU centralized procurement of market-constrained resource categories,[66] rather than allocations to all LSEs for market-constrained resource categories as proposed in Option 3.[67] As discussed above in response to Questions 1, 2, and 5, Option 3 would expose ratepayers to the risk of uncompetitive market conditions for any given Option 3 resource category. Option 3 would place the numerous LSEs into direct competition with each other for the scarce market supply of any constrained resource category. This demand-side competition (i.e., a sellers' market) could raise contract prices for all LSEs, and prejudice bundled ratepayers in particular if the sellers' market produces an uneven procurement playing field across the LSEs.[68] In short, Commission adoption of Option 3

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[65] Cal Advocates RCPPP Comments at 12.

[66] The Commission should select an IOU to conduct any additional centralized procurement, if the Commission determines that centralized procurement of market-constrained resource categories would produce ratepayer benefits. The choice of an IOU may be necessary to preserve Commission jurisdiction and oversight over the centralized procurement process and outcomes. Cal Advocates would oppose broader centralized procurement alternatives, such as hypothetical CAISO centralized procurement, due to the greater jurisdictional risks.

The IOUs present additional advantages as potential centralized procurement entities, including direct Commission regulation, significant staff resources and procurement experience, and pre-existing guardrails (e.g., Bundled Procurement Plans and Procurement Review Groups) that could support any future RCPPP centralized procurement function.

In footnote 69, Cal Advocates notes that statute prohibits the Department of Water Resources (DWR) from centralized procurement after 2034. In the event that the Legislature extends the centralized procurement authority of DWR, then the Commission could also consider additional DWR centralized procurement rather than any IOU centralized procurement.

[67] Ruling at 8-9.

[68] See footnote 22:

> Bundled ratepayers may be especially disadvantaged in a constrained (sellers') market. The IOUs conduct procurement pursuant to prescriptive Bundled Procurement Plans (BPPs) and present contracts for Commission review and approval. To the extent that other LSEs negotiate contracts without similar BPP prescriptions and may obtain

as proposed could result in both higher prices for all LSEs, as well as relative winners and losers across the LSEs.

Additional IOU centralized procurement of market-constrained resource categories could mitigate these risks, beyond the amounts of any future DWR contracts entered into pursuant to Assembly Bill 1373.[69] Centralized procurement could reduce future costs for market-constrained resources because the single buyer would reduce sellers' leverage. Centralized procurement would also eliminate the winners-and-losers risks of an uneven procurement playing field for any LSE, because all LSEs would share evenly in the costs of any contracted resources.

IV. CONCLUSION

The Commission should adopt Cal Advocates' recommended version of RCPPP Option 2, with a CSP Calculator-based compliance tool for the GHG emissions reduction component. With respect to the Ruling questions, the Commission should review the following comments and adopt the following recommendations:

- Question 1: As proposed, Option 3 may be unworkable because of the following drawbacks:
  - Option 3 would incentivize LSEs to exclude higher-risk resource types from their individual IRPs.
  - Option 3 lacks sufficient flexibility in the event of uncompetitive market conditions for any given resource category.

governing body approval with less process or more quickly, sellers may disfavor IOU off-taking. A sellers' market exacerbates this IOU procurement challenge. In the worst case, other LSEs may procure cheaper or better projects at the expense of bundled IOU ratepayers.

[69] Ruling at 9. DWR may not be available to conduct centralized procurement. The Commission limited the DWR's maximum potential centralized procurement to certain resource types, which may or may not align with future Option 3 resource categories (D.24-08-064, *Decision Determining Need for Centralized Procurement of Long Lead-Time Resources,* August 22, 2024, Ordering Paragraph 1 at 86). Moreover, the DWR cannot sign centralized procurement contracts after 2034. See Water Code Section 80820(a)(3), available at: https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=WAT&division=29.5.&title=&part=&chapter=3.&article=.

    - Option 3 includes a weak compliance mechanism to ensure that the LSEs' procured resources comply with the LSEs' GHG emissions reduction requirements.
- Question 2: Option 3 may be easier to implement but nonetheless presents other risks that outweigh ease of implementation.
- Question 5: The Commission should not define the need determination in terms of specific resource types, nor in terms of resource attributes defined so narrowly that they are effectively resource carveouts.
- Question 7: The Commission should hold workshops to establish a larger, adaptive buffer rather than a flat 1% buffer.
- Question 11: Five years may be insufficient lead time for certain resource attributes, particularly LLT resources.
- Question 14: The Commission should continue to use a Net CONE-based penalty methodology.
- Question 17: The Commission should allow the LSEs to submit updates halfway through every four-year cycle.
- Question 19: The Commission should extend the LSEs' system RA obligations by one additional year if the Commission adopts an RCPPP option with a new-build reliability component (i.e., Option 2 or Option 3).
- Question 21: The Commission should determine whether ratepayers could benefit from IOU centralized procurement of market-constrained resource categories, rather than Option 3 allocations to all LSEs.

Respectfully Submitted,

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