



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

FILED

09/02/26

03:06 PM

R2005003

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

R.20-05-003

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S REPLY COMMENTS
ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON
ADDITIONAL PROPOSAL FOR A RELIABLE AND CLEAN POWER
PROCUREMENT PROGRAM**

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September 2, 2026

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SUMMARY OF RECOMMENDATIONS¹

The Commission should:

- Reject Option 3 for the reasons described by AReM, the CAISO, Cal Advocates, and SCE, including Option 3's heavy reliance on modeled portfolios, risk of creating uncompetitive market conditions, misalignment with existing compliance programs, and incompatibility with LLT resources;
- Reject recommendations for resource-specific or prescriptive attribute-specific procurement requirements because they would likely not reflect the resources that are cost-effective and available in the market and therefore make RCPPP unaffordable for customers;
- Reject recommendations by AReM, Cal Advocates, and PG&E for the use of central procurement because it is unnecessary and creates an uneven playing field across LSEs;
- Include an assessment of good faith efforts and alternative compliance mechanisms, as recommended by ACP-CA, AReM, PG&E, and SCE, to ensure customers are not paying unnecessary or excessive costs when circumstances outside the control of the LSE impact compliance progress;
- Adopt SCE's recommendation that a contracting requirement is unnecessary because other compliance requirements will incent contracting without introducing risks associated with rushed contracting or contracting with unviable projects;
- Decline to adopt a buffer for the reasons stated by PG&E and SCE, including that a buffer is not the best way to manage uncertainty and will likely increase costs; and
- Hold additional workshops on need allocation to ensure an equitable methodology that addresses the concerns of AReM and CalCCA that existing need allocation methodologies do not fairly address forecasted load growth, load migration, and large loads.

¹ Acronyms used herein are defined in the body of this document.

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California Community Choice Association² (CalCCA) submits these reply comments pursuant to the *Administrative Law Judge's Ruling Seeking Comments on Additional Proposal for a Reliable and Clean Power Procurement Program*³ (Ruling), dated June 23, 2026, and the *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*,⁴ dated July 10, 2026.

² California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance of Southern California, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, Valley Clean Energy, and WestLight Energy.

³ *Administrative Law Judge's Ruling Seeking Comments on Additional Proposal for a Reliable and Clean Power Procurement Program*, Rulemaking (R.) 20-05-003 (June 23, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M609/K223/609223925.PDF>.

⁴ *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*, R.20-05-003 (July 10, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M610/K764/610764732.PDF>.

I. INTRODUCTION

Senate Bill 350⁵ requires the California Public Utilities Commission’s (Commission) Integrated Resource Planning (IRP) proceeding to “[i]dentify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner.”⁶ Contrary to the claims of some parties in Opening Comments,⁷ the option set forth in the Ruling (Option 3) *does not* satisfy SB 350 because it does not provide optimal integration of renewable energy in a *cost-effective manner*.

Opening Comments demonstrate that Option 3: (1) relies on RESOLVE modeling assumptions that will likely not materialize exactly as modeled; (2) fails to protect load-serving entities (LSE) from uncompetitive market conditions; (3) does not align with existing reliability and clean energy compliance requirements; and (4) does not provide a workable path for procurement of long-lead time (LLT) resources. For these reasons, Option 3 raises significant affordability concerns and should be rejected. CalCCA continues to support the development of a Reliable and Clean Power Procurement Program (RCPPP) that considers total needs and allows LSEs to meet these needs with new and existing resources (*i.e.*, Option 1 plus a Clean Energy Standard (CES)) as a more cost-effective alternative to meeting reliability and clean energy objectives.

Opening Comments also reveal that there are several key elements necessary for any RCPMP design the Commission ultimately adopts. These include: (1) technology agnostic procurement

⁵ Senate Bill 350 (SB 350) Ch. 547, Stats. 2015 (De León), https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB350.

⁶ Cal. Pub. Util. Code § 454.51. References to code sections herein refer to those in the California Public Utilities Code.

⁷ References herein to “Opening Comments” refer to those filed on or about August 14, 2026, in R.20-05-003 in response to the Ruling; *see e.g.*, California Environmental Justice Alliance and Sierra Club (CEJA/Sierra Club) Opening Comments, at 4 (“...Option 3, as described in the ALJ Ruling, is more consistent with SB 350’s intent than the other RCPMP options considered to date, which fail to effectively connect planning to procurement...”).

requirements to enable competitive supply and diverse and affordable procurement; (2) LSE-based procurement requirements, rather than central procurement; (3) a compliance framework with the ability for LSEs to demonstrate good faith efforts or utilize alternative compliance requirements when circumstances outside their control impact their progress; (4) a penalty mechanism that targets commercial operation date (COD) compliance, the ultimate objective of RCPPP, and does not incentivize LSEs to take on unnecessarily risky contracts; (5) procurement requirements based on a 1-in-10 loss-of-load expectation (LOLE) standard, rather than a generic buffer; and (6) an allocation methodology that accounts for different rates of load growth and advanced clean resource procurement.

CalCCA's reply comments agree with party concerns regarding the shortcomings of Option 3 and expand upon the key design elements necessary for RCPPP. In summary, the Commission should do the following with respect to RCPPP:

- Reject Option 3 for the reasons described by Alliance for Retail Energy Markets (AReM), California Independent System Operator (CAISO), The Public Advocates Office of the California Public Utilities Commission (Cal Advocates), and Southern California Edison Company (SCE), including Option 3's heavy reliance on modeled portfolios, risk of creating uncompetitive market conditions, misalignment with existing compliance programs, and incompatibility with LLT resources;
- Reject recommendations for resource-specific or prescriptive attribute-specific procurement requirements because they would likely not reflect the resources that are cost-effective and available in the market and therefore make RCPPP unaffordable for customers;
- Reject recommendations by AReM, Cal Advocates, and Pacific Gas and Electric Company (PG&E) for the use of central procurement because it is unnecessary and creates an uneven playing field across LSEs;
- Include an assessment of good faith efforts and alternative compliance mechanisms, as recommended by American Clean Power-California (ACP-CA), AReM, PG&E, and SCE, to ensure customers are not paying unnecessary or excessive costs when circumstances outside the control of the LSE impact compliance progress;
- Adopt SCE's recommendation that a contracting requirement is unnecessary because other compliance requirements will incent contracting without introducing risks associated with rushed contracting or contracting with unviable projects;

- Decline to adopt a buffer for the reasons stated by PG&E and SCE, including that a buffer is not the best way to manage uncertainty and will likely increase costs; and
- Hold additional workshops on need allocation to ensure an equitable methodology that addresses the concerns of AReM and CalCCA that existing need allocation methodologies do not fairly address forecasted load growth, load migration, and large loads.

II. OPTION 3 SHOULD BE REJECTED FOR REASONS DESCRIBED BY AREM, CAL ADVOCATES, THE CAISO, AND SCE INCLUDING OPTION 3’S HEAVY RELIANCE ON MODELED PORTFOLIOS, RISK OF CREATING UNCOMPETITIVE MARKET CONDITIONS, MISALIGNMENT WITH EXISTING COMPLIANCE PROGRAMS, AND INCOMPATIBILITY WITH LLT RESOURCES

A. The Commission Should Reject Option 3 Because, as SCE States, It Relies on Modeled Portfolios and Planning Assumptions that Can “Diverge Significantly” from Actual Load Growth, Resource and Transmission Development, and Market Conditions

Senate Bill 350 requires the IRP proceeding to “[i]dentify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner.”⁸ The Ruling asks parties to comment on, among other things, whether Option 3 is a “workable framework” to achieve this goal, and the rest of the goals in SB 350.⁹

CalCCA disagrees with parties finding that Option 3 provides a workable framework, or a workable framework with modifications, to achieve the goals of SB 350.¹⁰ For example, CEJA/Sierra Club find that Option 3 “is more consistent with SB 350’s intent than the other RCPPP options considered to date,” because of its connection between planning and procurement.¹¹ CalCCA disagrees.

⁸ Cal. Pub. Util. Code § 454.51.

⁹ Ruling, at 18.

¹⁰ See, e.g., Opening Comments: ACP-CA, at 3; CEJA/Sierra Club, at 4; the California Energy Storage Alliance, at 6-7; California Unions for Reliable Energy Opening Comments, at 2-4; Rev Renewables LLC, at 2-3; and The Utility Reform Network (TURN), at 1-3.

¹¹ See CEJA/Sierra Club Opening Comments, at 4 (“...Option 3, as described in the ALJ Ruling, is more consistent with SB 350’s intent than the other RCPPP options considered to date, which fail to effectively connect planning to procurement...”).

Option 3 *does not* satisfy SB 350 because it does not provide optimal integration of renewable energy in a *cost-effective manner*. The identification of a diverse and balanced portfolio is useful for planning purposes including for providing input into the Transmission Planning Process (TPP), informing LSE procurement, and sending signals to the market about LSEs' needs and preferences. However, the IRP portfolios are necessarily based on planning assumptions that may "diverge materially" from actual conditions.¹² SCE's Opening Comments explain why this divergence makes Option 3 unworkable as proposed. CalCCA agrees with SCE's statement that Option 3:

relies on IRP planning portfolios as the basis for procurement obligations *even though these planning portfolios were not designed to serve as binding procurement mandates and do not fully account for market conditions, resource availability, transmission readiness, or development risk*.¹³

CalCCA also agrees with SCE that:

[a]s market conditions evolve, the resource mix identified as optimal in a long-term planning exercise *may not represent, particularly in the near-term, the resources that can most feasibly and cost-effectively be developed and procured to achieve California's reliability and GHG reduction objectives*.¹⁴

The "least-cost" IRP portfolios are based upon assumptions about resource costs and resource availability. The Commission should not presume cost assumptions will drive actual cost effectiveness. Indeed, forecasts of prices in future years are extremely uncertain. The degree to which they are inaccurate may lead to large swings in the optimal portfolio. If the RCPMP were to lock LSEs into matching the modeled portfolio in which the assumptions of the model prove to diverge significantly from market realities, a cost-optimal portfolio would not be achieved. Thus, if

¹² See SCE Opening Comments, at 21.

¹³ *Id.* at 4 (footnote omitted) (emphasis added).

¹⁴ *Id.* at 8 (emphasis added).

the RCPMP were to require anything approaching strict conformity to the modeled portfolio it would create “a risk that the framework could result in binding procurement obligations that are neither feasible to achieve nor affordable for customers.”¹⁵

B. Option 3 Should be Rejected as Recommended by Cal Advocates Because it Does Not “Prevent LSE Exposure to Uncompetitive Market Conditions”

Cal Advocates further demonstrate why Option 3 does not satisfy the “cost-effectiveness” component of SB 350. Specifically, Cal Advocates states that Option 3 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).”¹⁶ CalCCA agrees that Option 3 could exacerbate uncompetitive market conditions and unaffordable costs for customers when the actual availability of different resource types does not match the modeled portfolio.¹⁷

As Cal Advocates notes, defining resource “attributes” that LSEs must procure can create the same uncompetitive conditions as defining specific resource technologies. For example, the MTR Decision ordered procurement of firm zero-emitting resources that effectively could only be met by geothermal resources¹⁸ – a resource whose market is particularly constrained relative to other technologies available at the time of the order. Experiences in the market and the CAISO interconnection queue sharply demonstrate that the problem California faces in deploying these resources is not a lack of LSE demand for them, but rather a lack of supply.¹⁹ Pushing more demand in a supply-constrained market could raise prices. Such strictly prescribed procurement requirements

¹⁵ *Id.*

¹⁶ Cal Advocates Opening Comments, at 7 (emphasis added).

¹⁷ *See id.* at 12.

¹⁸ D.21-06-035, *Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)*, R.20-05-003 (June 30, 2021), at 35, <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF>.

¹⁹ CalCCA Opening Comments, at 10-11.

“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.”²⁰

C. Option 3 Should be Rejected as Stated by AReM Because it Does Not Align with the RA or RPS Programs

CalCCA agrees with AReM that Option 3 does not align with the RA or RPS programs, and that this misalignment is likely “costly and inefficient.”²¹ Any time an LSE’s RA and RCPPP requirements are inconsistent, an LSE’s portfolio could comply with one program but not the other. When this occurs, the LSE would either need to procure additional resources or face penalties for non-compliance. Either outcome results in unnecessary costs to customers due to a misalignment in mid- to long-term requirements in RCPPP and short-term requirements in the RA program.

Likewise, Option 3 is inconsistent with RPS, the ultimate compliance program for clean energy. CalCCA agrees with AReM that “a significant weakness of this proposal is the lack of specific tracking for meeting clean energy mandates.”²² Adding different standards for the same need will simply increase costs while adding complexity for both LSEs and Commission staff.

D. Multiple Party Comments Demonstrate That Option 3 Does Not Provide a Workable Path for LLT Resources

Many parties, including Calpine, LLC (Calpine), CAISO, the California Wind Energy Association (CalWEA), Cal Advocates, Fervo Energy Company (Fervo), the Independent Energy Producers Association (IEP), and Shell Energy North America (US), L.P. (Shell) express concern that Option 3 does not provide a workable path forward for the procurement of LLT resources.²³ Option 3 would require LSEs to bring LLT resources online within five years of receiving an

²⁰ Cal Advocates Opening Comments, at 15.

²¹ See AReM Opening Comments, at 19.

²² *Id.* at 20.

²³ See e.g., Opening Comments: Calpine, at 7-8; CAISO, at 6; CalWEA at 4; Cal Advocates, at 17; Fervo, at 3; IEP, at 8; and Shell, at 14.

allocation.²⁴ These parties explain this requirement is not compatible with development timelines for many resource types, which may limit the supply available for LSEs to procure that will meet the requirements established through the RCPPP.

As stated by the CAISO:

First, a uniform five-year compliance timeline does not provide sufficient flexibility to accommodate resource-specific development considerations, particularly for long lead-time resources that depend on substantial transmission network upgrades. Second, the proposed five-year requirement could narrow the range of resources capable of satisfying procurement obligations, thereby reducing resource diversity, increasing procurement costs, and weakening alignment between resource and transmission planning processes.²⁵

CalCCA agrees with the CAISO that the inflexibility inherent in Option 3 would unnecessarily narrow the pool of resources capable of meeting RCPPP requirements and, in turn, increase procurement costs. To accommodate for this inflexibility, LSEs may be deterred from including a diverse set of technologies in their IRPs or pursuing them in their procurement activity because of the increased compliance risk associated with development of technologies that may not follow these strict timelines.

This problem is inherent with Option 3 because of its resource- or attribute-specific nature. LSEs can and do plan and procure LLT resources with lead times longer than five years. However, Option 3 adds risks of doing so because: (1) it establishes requirements five years forward, which is too compressed for the development timelines of LLT resources; and (2) LSEs do not have assurances that procurement they perform in advance of the five-year forward allocation will count towards the resources or attributes (*e.g.*, the clean-firm attribute category) that the Commission requires. If an LSE procures an LLT resource that it expects to count towards future RCPPP

²⁴ Ruling, at 11.

²⁵ CAISO Opening Comments, at 6.

obligations, and the Commission subsequently orders procurement of a different type of LLT resource, the LSE's original LLT resource procurement will be stranded, *and* it will not be able to perform new LLT procurement within the timelines established in Option 3.

The Commission should therefore reject Option 3 in favor of a procurement framework that provides LSEs with the flexibility to pursue diverse technologies that achieve reliability and clean energy objectives, though potentially on different timelines. Under CalCCA's preferred approach, Option 1 plus CES, LSEs can procure LLT resources with assurances that those resources will count towards their requirements in future compliance periods consistent with the resources' SOD profiles. This provides LSEs with the flexibility needed to pursue diverse resources without undue risk that their procurement will not count for compliance.

III. THE COMMISSION SHOULD REJECT PARTY RECOMMENDATIONS FOR RESOURCE-SPECIFIC OR PRESCRIPTIVE ATTRIBUTE-SPECIFIC PROCUREMENT REQUIREMENTS

The Commission should reject party recommendations for prescriptive procurement requirements. Some parties, including ACP-CA, Environmental Defense Fund (EDF), Form Energy Inc. (Form), Fervo, Green Hydrogen Coalition (Green Hydrogen), and TURN support resource-specific or prescriptive attribute-specific procurement requirements.²⁶ For example, ACP-CA advances multiple approaches that would establish technology-specific, highly prescriptive attribute-based requirements, and high minimums for harder to procure categories.²⁷

²⁶ See Opening Comments: ACP-CA, at 13; EDF, at 10-12; Form, at 4; Fervo, at 3; Green Hydrogen, at 10; and TURN, at 5.

²⁷ See ACP-CA Opening Comments, at 13 ("For example, resources could be categorized as "geothermal," "wind," "solar," and storage disaggregated by duration (*e.g.*, "4-hour, 6-hour, 8-hour, 10-hour, 12-hour, 24-hour and multi-day storage"). Alternatively resource categories could be established based on attributes or expected performance (*e.g.*, annual capacity factor of 70% or higher for hours ending 17-21, capacity factor of 50% or higher for hours ending 22-6). In either case, establishing "minimums" for various resource types along with a total NQC requirement likely obviates the need to apply any resource maximum. Further establishing relatively high minimums for harder to procure

The Commission should reject these recommendations because, and as discussed above and in Opening Comments from Cal Advocates and SCE, Option 3 would likely make RCPPP unaffordable for customers by creating prescriptive procurement requirements based on modeled portfolios that may not reflect the resources that are cost-effective and available in the market. RCPPP should enable competitive supply so that LSEs have optionality to procure resources that best meet their requirements, ensure reliability, progress on clean energy objectives, and serve the needs of their customers. The California Large Energy Consumers Association (CLECA) articulates this need well, stating that, “[a] level playing field among resources is essential to achieving the statute’s least-cost objective. When every capable resource competes, the need is met at the lowest cost to consumers.”²⁸

IV. RECOMMENDATIONS BY AREM, CAL ADVOCATES, AND PG&E FOR THE USE OF CENTRAL PROCUREMENT SHOULD BE REJECTED BECAUSE IT IS UNNECESSARY AND CREATES AN UNLEVEL PLAYING FIELD ACROSS LSES

The Commission should reject recommendations from AReM, Cal Advocates, and PG&E that the Commission consider expanding the use of central procurement.²⁹ CalCCA does not agree with AReM that “[f]or certain nascent and long lead time [LLT] technologies, fragmented procurement by individual [LSEs] may not provide the scale necessary to support project financing or cost effective development,” and that central procurement can “provide a more viable mechanism for bringing these resources to market.”³⁰ In fact, one of the only successful examples of OOS wind currently operating and meeting LSE IRP needs is the Sunzia wind project. This project is an LLT resource identified in the PSP dependent on interregional transmission that was developed *without*

categories (e.g., 80% capacity factor and long duration storage resources) will help ensure that LSEs do not simply focus on least-cost resources and there is clear direction to meet the IRP’s resource diversity requirements.”).

²⁸ CLECA Opening Comments, at 4.

²⁹ Opening Comments: AReM, at 2, 9, and 19; Cal Advocates, at 20-21; and PG&E, at 27.

³⁰ AReM Opening Comments, at 2-3.

central procurement of generation, procured by multiple individual California LSEs including CCAs, and supported through transmission developed through the subscriber participating transmission owner (PTO) model.³¹

PG&E recommends that if the Commission continues to desire a procurement buffer, the Commission should use investor-owned utility (IOU) central procurement through the effective planning reserve margin (PRM).³² As described in prior comments on RCPMP and in the RA proceeding, IOU effective PRM procurement creates an uneven playing field across LSEs by allowing the IOUs to shift resources to and from the effective PRM and their bundled portfolio.³³ It has also not been proven that the IOUs are more successful at bringing new resources online than other LSEs.³⁴ The core function of LSEs is to procure for their customers' electricity needs and reliance on centralized procurement by the IOUs undermines this core function. Indeed, CCAs are entitled to choose how to satisfy procurement requirements as set forth in section 454.51(d).

CalCCA also objects to Cal Advocates' recommendation that the Commission should consider IOU central procurement when the market is constrained.³⁵ Cal Advocates claims that

³¹ RTO Insider, *Massive SunZia Wind Project Starts Commercial Operation* (June 5, 2026): <https://www.rtoinsider.com/133829-massive-sunzia-wind-project-starts-commercial-operation/>. "SunZia is joining CAISO's balancing authority area as a subscriber participating transmission owner (PTO), an arrangement that allows transmission developers to join CAISO without their project being selected through the ISO's transmission planning process. SunZia Wind, which intends to use the entire capacity of SunZia Transmission, *has entitlements with Salt River Project, Western Area Power Administration and Tucson Electric Power to send its wind power beyond SunZia Transmission's Pinal Central terminus to Palo Verde, which connects with the CAISO system*" (emphasis added).

³² PG&E Opening Comments, at 27.

³³ See *California Community Choice Association's Comments on Administrative Law Judge's Ruling Seeking Comments on Reliable and Clean Power Procurement Program Staff Proposal*, R.20-05-003 (July 15, 2026) (CalCCA July 15, 2026, Comments), at 18-20:

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M573/K513/573513376.PDF>; see also *California Community Choice Association's Track 2 Loss of Load Expectation Study and PRM Proposals*, R.25-10-003 (Aug. 14, 2026), at 19-22:

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M614/K484/614484383.PDF>.

³⁴ CalCCA July 15, 2026, Comments, at 19-20.

³⁵ Cal Advocates Opening Comments, at 20.

competition by multiple LSEs 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.”³⁶ The cost impacts of a constrained market, however, point to the need for the Commission to enable a competitive market *through increasing supply*, not a need for central procurement. If the market is constrained, competitive concerns will exist regardless - the same megawatts will be available for purchase regardless of whether there is a single buyer or multiple buyers. For these reasons, the Commission should reject recommendations for expanding the use of central procurement.

V. THE COMMISSION SHOULD INCLUDE IN RCPPP AN ASSESSMENT OF GOOD FAITH EFFORTS AND ALTERNATIVE COMPLIANCE MECHANISMS, AS RECOMMENDED BY ACP-CA, AREM, PG&E, AND SCE

Multiple parties recommend that the Commission adopt within RCPPP a good-faith efforts standard and/or extend the alternative compliance mechanism adopted in D.25-09-007.³⁷ CalCCA agrees that a good faith effort standard and alternative compliance mechanism are necessary to ensure LSEs are not incentivized to comply at any cost or unduly penalized for circumstances outside of their control. Both outcomes would have adverse impacts on customer affordability. There are many factors impacting project development timelines that are expressly outside the control of the LSE, and penalties for these events do nothing to place incentives in the hands of the entities that have control over the delays (*e.g.*, participating transmission owners responsible for transmission delays). As stated by SCE, a compliance framework with a good-faith efforts standard “will better support successful resource development, reduce unnecessary risks and costs to customers, and improve the likelihood that California’s reliability and clean energy objectives are achieved.”³⁸

³⁶ *Id* (footnote omitted).

³⁷ See Opening Comments: ACP-CA at 19; AReM, at 15-18; PG&E, at 16; and SCE, at 12.

³⁸ SCE Opening Comments, at 12.

VI. THE COMMISSION SHOULD ADOPT SCE'S RECOMMENDATION THAT A CONTRACTING REQUIREMENT IS UNNECESSARY

CalCCA agrees with SCE that the Commission should not adopt the proposed requirement that 100 percent of required resources be under contract three years in advance of the compliance year. SCE correctly observes that LSEs have sufficient incentives to comply through the net Cost of New Entry (CONE) penalties for COD deficiencies, and other compliance penalties in the RA and RPS programs.³⁹ Further, SCE states:

A strict 100 percent T+3 contracting requirement is unnecessary given the availability of online sufficiency penalties and existing compliance mechanisms under other programs that require timely procurement, including RA and RPS... Faced with a hard T+3 compliance obligation, LSEs may be incentivized to execute contracts for projects that are unlikely to succeed or with uncertain viability to demonstrate compliance. Such outcomes would not improve reliability and could increase customer costs.⁴⁰

For the reasons outlined by SCE, the Commission should reject proposals from other parties that would make contracting requirements even more rigid. Hydrostor, Inc. (Hydrostor) proposes that the Commission modify Option 3 to “move up the procurement obligation window to one year after the PSP is issued.”⁴¹ Requiring LSEs to contract 100 percent of their obligation within one year, as Hydrostor appears to propose, would unnecessarily compress LSE processes for issuing RFOs, evaluating offers, negotiating contract terms, and conducting other procurement activities. For the reasons SCE articulates, this would add unnecessary risk and costs to LSEs and their customers.

If the Commission declines SCE and CalCCA's recommendations and instead applies penalties for both contracting and COD requirements, the Commission should ensure the aggregate of the two penalties does not exceed net CONE by adopting the following rules. First, if an LSE is

³⁹ See *id.* at 28.

⁴⁰ *Ibid.*

⁴¹ Hydrostor Opening Comments, at 3-4.

short on its contracting requirement and COD requirement, the LSE should pay: (1) the administrative fee associated with the contracting deficiency penalty; and (2) net CONE minus the administrative fee already paid for the COD deficiency. Second, if an LSE has a contracting deficiency and cures the deficiency by bringing sufficient capacity online to meet its total requirement, the Commission should waive the administrative fee.

VII. A BUFFER IS UNNECESSARY FOR THE REASONS STATED BY PG&E AND SCE

CalCCA agrees with PG&E and SCE that RCPMP requirements should not include a buffer. SCE clearly articulated the problem stating, “any administratively-determined buffer would require customers to pay for procurement beyond the level demonstrated to be needed for reliability through the Commission’s planning process.”⁴² PG&E expresses similar concerns stating, “[a]bsent a demonstrated need, the Commission should not require procurement beyond that standard, particularly using an arbitrary buffer which may (1) penalize LSEs who are already prudently managing their own portfolio risks and (2) potentially require unnecessary and costly overprocurement.”⁴³ As PG&E and SCE state, a buffer is not the most cost-effective nor accurate way to manage the uncertainty associated with resource development. LSEs are best positioned to address such uncertainty in evaluating the potential for resource development failures and potential penalties combined with evaluation of future needs and past over procurement.

In addition to the challenges highlighted by PG&E and SCE, the proposal to procure excess may result in the future need decreasing. Coupled with a load ratio share allocation, LSEs that do not fully meet prior requirements (*i.e.*, their allocation of need *plus* buffer) would see their future need reduced. Those LSEs that did fully meet prior requirements would not see the full reduction in their future need, as it is spread to all LSEs by load. Such a mechanism is inequitable and provides

⁴² SCE Opening Comments, at 25.

⁴³ PG&E Opening Comments, at 26.

perverse incentives. Correcting for this perverse allocation would be complicated and unnecessary given the increased cost to customers in exceeding reliability and clean energy needs through a generic buffer.

VIII. AREM'S AND CALCCA'S OPENING COMMENTS ON NEED ALLOCATION DEMONSTRATE THE NEED FOR ADDITIONAL WORKSHOPS

The process for allocating RCPPP requirements in an equitable manner is a complex exercise. AREM proposes a “Dynamic Need Allocation Process” to address load migration.⁴⁴ While CalCCA appreciates the intent of AREM’s proposal, load migration is not the only issue complicating RCPPP need allocation.

The need for new resources is driven by two factors: (1) load growth; and (2) the need to meet Senate Bill 100⁴⁵ goals. The latter is a factor in driving the need *even in the absence of load growth*. These two elements therefore impact LSEs differently. In addition, the proposed mechanism is likely to penalize responsible LSEs that proactively plan additional procurement in their IRPs by shifting costs onto them, contrary to the principles of costs causation and the requirements of section 454.52(c).

Regarding the first factor, there are LSEs whose load is forecasted to grow significantly. There are also LSEs within California where load is not growing, not expected to grow, and could even decline. The proposal to allocate new resource need to all LSEs on a load ratio share basis completely ignores that some LSEs may be growing at a very different rate from others either because their load growth is lower than the average or because the forecasted load growth does not materialize. Asking an entity that is not experiencing load growth or that is experiencing declining load to procure new resources to address system-level load growth or forecasted load growth that does not materialize will

⁴⁴ See AREM Opening Comments, Attachment A.

⁴⁵ Senate Bill 100 (SB 100) Ch. 312, Stats. 2018 (De León), https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB100.

result in increased rates for its customers. This is because the increase in procurement costs will not be spread over a larger load, as it would be in an LSE experiencing load growth.

Regarding the second factor, examining the case for new resources needed to address SB 100 goals is no less complicated. Early actors may have already procured sufficient resources to meet their SB 100 needs, or at least more than the system has in aggregate. Treating each LSE as the average for SB 100 fails to account for actions taken before the MTR Order that will not be attributed to the early actor.

Furthermore, assessing the overall need as resources needed beyond the aggregated LSE IRPs could shift costs from LSEs that plan for only required procurement onto those that proactively plan for procurement beyond minimum requirements. If LSEs differ in the proportion of their load they plan to meet with long term contracts, any shortfall above the aggregated IRPs will predominantly be driven by the shortfalls from LSEs that only procure the minimum. However, if this residual need is allocated to all LSEs on a load share basis, LSEs proactively procuring and therefore lessening the overall shortfall will be penalized through the requirement that they also pay a share of the shortfall caused by LSEs only procuring the minimum. Therefore, while the need will not be equally caused, the allocation will be spread equally among LSEs, contravening cost causation principles, and shifting costs among customers of load-serving entities as prohibited by section 454.52(c). Developing an allocation mechanism that avoids this situation will likely require additional work from stakeholders.

Given the limited time available in this proceeding to develop and adopt an allocation mechanism, the Commission should, if Option 2 or Option 3 is adopted⁴⁶, dedicate workshops to

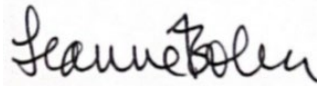
⁴⁶ Since Option 1 plus CES uses the RA program and an actual clean energy assessment after the fact, the issue of load forecasting is reduced. The RA program would need to address any changes necessary to address load forecast uncertainty if a multi-year forward RA mechanism is adopted.

address allocation options to ensure that the allocation is reasonable and equitable for individual LSE circumstances.

IX. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests consideration of the comments herein and looks forward to an ongoing dialogue with the Commission and stakeholders.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Leanne Bober", is centered below the "Respectfully submitted," text.

Leanne Bober,
Director of Regulatory Affairs and
Deputy General Counsel

CALIFORNIA COMMUNITY CHOICE
ASSOCIATION

September 2, 2026