



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

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R2005003

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

Rulemaking 20-05-003
(Filed May 7, 2020)

**AVA COMMUNITY ENERGY
NOTICE OF EX PARTE COMMUNICATION WITH COMMISSIONER BAKER'S
OFFICE**

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October 8, 2026

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**AVA COMMUNITY ENERGY
NOTICE OF EX PARTE COMMUNICATION WITH COMMISSIONER BAKER'S
OFFICE**

Pursuant to Rule 8.4 of the California Public Utilities Commission Rules of Practice and Procedure, Ava Community Energy files this notice of ex parte communication.

On October 6th, 2026, from approximately 3:00-3:30 PM, Michael Quiroz (Senior Regulatory and Data Analyst) and John Newton (Director of Regulatory Affairs), representatives of Ava Community Energy, met with Kyle Navis and Manisha Lakhanpal, advisors to Commissioner Baker. The meeting location was 1400 J Street, Sacramento, CA, 95814.

The meeting was requested by Ava Community Energy ("Ava") to discuss Ava's recommendations for the design and implementation of the Reliable and Clean Power Procurement Program ("RCPPP") in R.20-05-003. Ava provided recommendations orally, alongside a PowerPoint presentation attached here. Specifically, Ava expressed support for RCPMP's need determination measuring total system need and accounting for both new and existing resources to maximize procurement cost-effectiveness; need allocation maintaining technology-neutrality to contain costs and ensure reliability; procurement obligations tracking a Load Serving Entity's ("LSE's") load share to reduce unequitable cost-shifts; the Clean Energy Standard as the most practical and cost effective emissions reduction framework; LSE-first procurement, rather than central procurement; and compliance rules that preserve LSE negotiating leverage, account for good faith efforts, and streamline with existing reporting requirements.

Please note that Ava found an error on slide 5. Ava provides the original (as presented during the ex parte) and corrected versions of the slide in the attached presentation.

Respectfully submitted,

/s/Michael Quiroz

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October 8, 2026

Ava Recommendations for the Reliable and Clean Power Procurement Program



October 2026

Summary of recommendations

I. Reliability framework

- Procurement **need determination** should measure **total system need** and allow **both new and existing resources** to compete in order to prevent early retirements and improve cost-effectiveness
- **Need allocation** to LSEs should be **technology-neutral** to contain costs and ensure reliability
- Procurement obligations should track an LSE's load share to reduce unequitable cost-shifts across LSEs

II. Clean energy framework

- The **Clean Energy Standard** offers the most practical and affordable framework for achieving CA's targets

III. Central procurement

- **LSE-first procurement** reduces the concentration of risk and maximizes procurement transparency
- If a CPE is selected, consistent communication of progress is crucial to avoid last-minute procurement

IV. Compliance demonstration and enforcement

- Compliance requirements should ensure timely contracting while preserving LSE negotiating leverage
- Compliance should recognize **good faith efforts** and be **consolidated with existing filings**

Need determination should measure total system need

Total system need is the most effective guide for affordable and reliable procurement

	Total system need (new + existing resources)	Incremental need (new resources only)
Cost effectiveness	Allows LSEs to compare new development, retention, and repowering on a common reliability basis	Limits competition to new resources, potentially requiring higher-cost procurement when retention or repowering of existing clean resources is more cost effective
Resource retention	Supports continued use of viable existing resources	Increased risk of premature retirement and uneconomic replacement of viable capacity
Incentive for new resource procurement	Provides an appropriate investment signal for new resources based on load growth, planned retirements, and decarbonization goals	A new-build requirement may be unnecessary when recontracting prices are comparable; risks over procurement
Administrative burden	Eliminates need for baseline tracking	Baseline administration creates complexity for both CPUC and LSE staff

Tech-neutral allocations are critical for affordability and reliability

Tech-neutral allocations reduce costs and enable responsiveness to changing market conditions

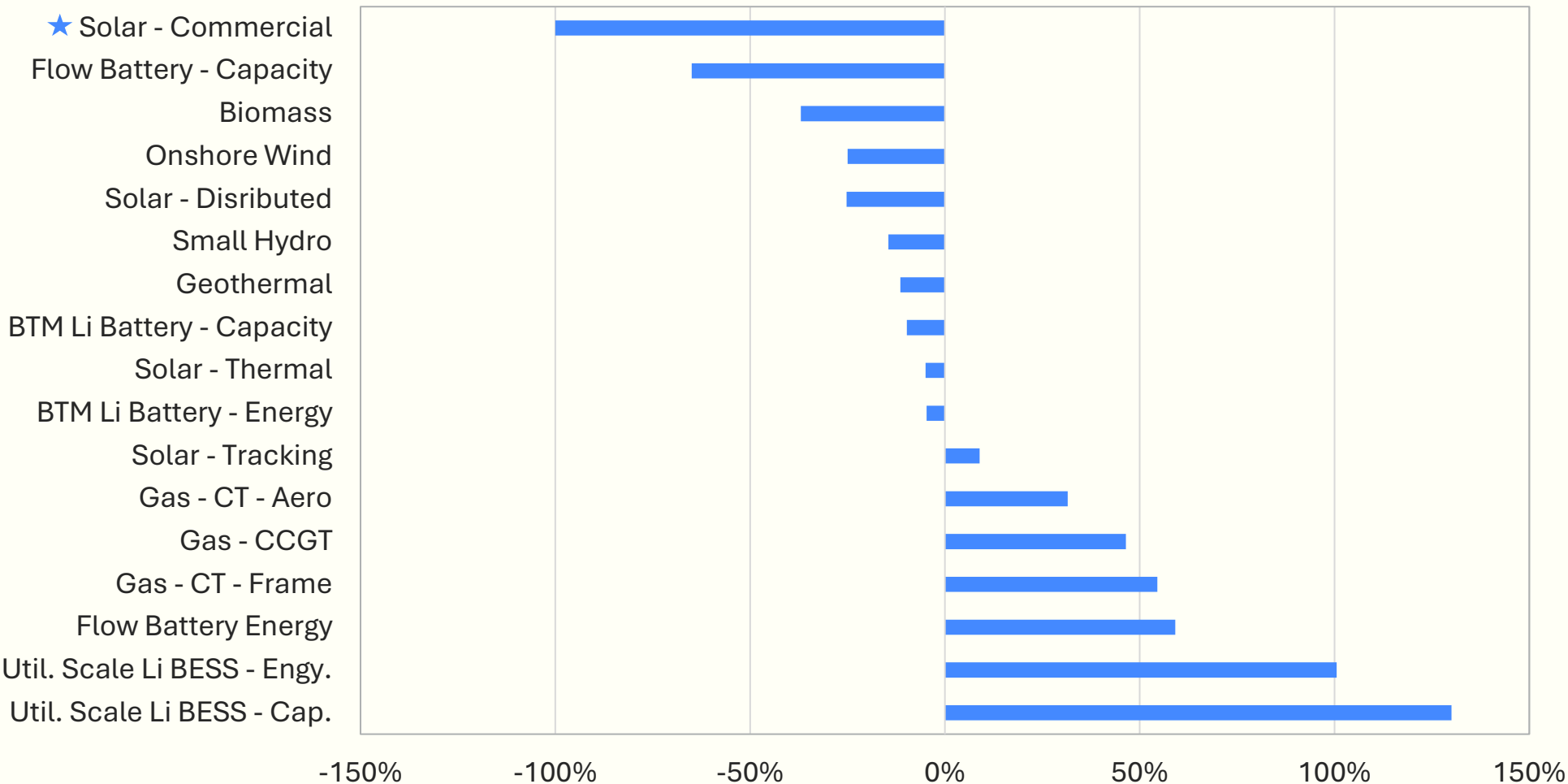
	Technology-neutral requirements	Technology-specific requirements
Resource competition and substitution	Encourages technologies to compete to meet reliability and clean energy needs	Restricts LSE’s ability to substitute across technologies in response to changing market conditions (prices, availability, policy, etc.)
Market power and cost containment	Ability to substitute between resource types preserves LSE negotiating leverage	Increases market power of suppliers, enabling retainment of scarcity value in contract prices, especially for less mature or supply-constrained resource categories
Responsiveness to changing conditions	Adapting to the most up-to-date market conditions allows LSEs to find the most effective portfolio based on real-world conditions	Commits customers to a specific technology mix based on assumptions that may no longer hold when the resource comes online Modeled TPP/PSP may not remain least-cost or reliable 5-7 years after their completion*

*Under option 3, ordered procurement is required to be online 5 years after portfolio finalization, and the inputs and assumptions for each portfolio are developed 0-2 years before portfolio finalization

IRP modeling can change significantly between cycles

Original slide

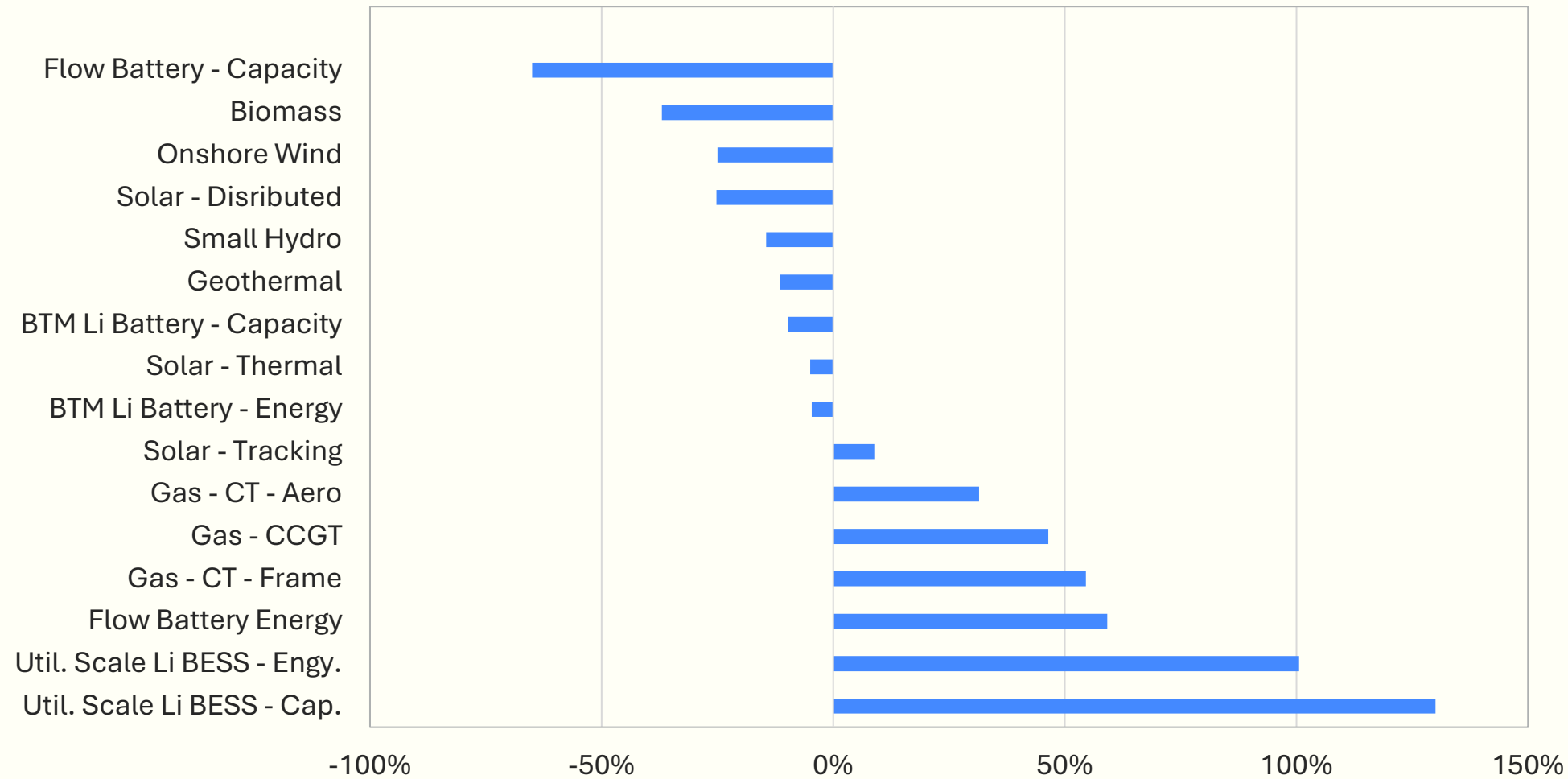
Change in forecasted 2028 levelized resource cost from 2021 PSP to 2023 PSP



IRP modeling can change significantly between cycles

Corrected slide

Change in forecasted 2028 levelized resource cost from 2021 PSP to 2023 PSP



Procurement obligations should track an LSE's load share

Currently proposed frameworks would leave LSE procurement obligations fixed despite changing share of system load, creating cost shifts between LSE customers

- New ESPs would have no MTR or RCPMP procurement obligation, creating a competitive disparity
- If some CCA customers return to the incumbent IOU, CCAs do not have a PCIA-like mechanism to recover the costs of system procurement undertaken to serve those departing customers
- Load forecasts may not correctly identify the LSE that will serve a new large load

To ensure equity, an LSE's share of system procurement should track its share of system load

- This could be achieved by:
 - Allocating each LSE a proportional share of the system's cumulative procurement requirement
 - Incorporating subsequent RCPMP allocations into the LSE's cumulative requirement
 - Periodically adjusting each LSE's allocation as its load share increases or decreases

The Clean Energy Standard offers the most practical framework

The CES is the easiest to implement and most cost-effective framework to enforce clean energy targets

	Annual and percentage-based targets (CES)	Hourly matching or mass-based targets
Implementation complexity	Builds on established RPS framework, which has proven effective in driving renewable procurement	Requires new tracking, data-sharing, and administrative processes, and potentially new market products
Administrative burden	Can be streamlined with existing RPS compliance filings	Creates incremental reporting and compliance requirements
Forecast uncertainty	Reduces sensitivity to forecast error by allowing variations in load and clean generation to balance across the year	Depends on highly variable, 8760 forecasts of hourly load, emissions, dispatch, and grid conditions
Cost effectiveness and procurement efficiency	Paring CES with a tech-neutral reliability requirement defines the CPUC’s desired outcomes will preserving LSE flexibility to find the least cost, best-fit portfolio based on current market conditions	Increases procurement cost* If evaluated ex-post, forecast uncertainty would encourage over procurement

*Experts have found both annualized and hourly-matching frameworks drove clean energy investment and similar emissions reductions, but hourly matching is significantly costlier and may require over-procurement by as much as 180%.

LSE-first procurement and CPE transparency reduce risk

If the CPUC determines long lead-time resources are needed, LSEs should have the first opportunity to procure

- Designating a single CPE concentrates risk and reduces transparency
 - LSEs provide consistent, comprehensive procurement updates to the CPUC; CPE provides less visibility
- If LSEs decline, or procurement is insufficient, a backstop entity could assume responsibility
 - Ideally, the entity would be a non-LSE such as DWR, to minimize competitive distortion
 - If the CPUC instead chooses an LSE to be a CPE, all LSEs, including CCAs, should be eligible

CPE procurement transparency improves affordability and reliability outcomes

- If procurement is assigned to a CPE, the CPUC and/or CPE should establish clear milestones and proactively communicate progress
 - LSEs are actively shaping their portfolios assuming CPE capacity will be fully procured
 - Delayed notice of shortfalls could leave LSEs with insufficient time to procure capacity needed for compliance, resulting in costly “last-minute” procurement, or impacting reliability outcomes

Procurement demonstrations should enable LSE flexibility

A commercial operation date requirement is sufficient to ensure timely contracting

- An enforceable COD requirement creates a strong incentive for LSEs to contract early enough to manage development risk and ensure resources are available when needed
- Separate forward contracting requirements would not materially improve procurement outcomes
 - Contracting requirements could compress solicitations timelines, weakening LSE leverage
 - LSEs may be forced to accept unfavorable pricing or suboptimal projects to avoid contracting penalties

If adopted, contracting requirements should account for import allocations and load forecasting uncertainty to ensure affordability

- Requiring 100% of obligations be under contract *beyond* T+1 would not account for import allocations, which are secured *within* T+1, effectively limiting imports
- Excessively high contracting requirements increase the risk of stranded costs, especially in the context of forecasting uncertainty and speculative large loads

Compliance should reduce procurement risk and streamline reporting

Compliance should ensure development progress while preserving a meaningful good-faith standard

- Project development milestones have proven effective for tracking new resource development
- Applying net cost of new entry to procurement deficiencies fairly ties penalties to the estimated cost of replacing missing capacity
- Allowing excess MTR procurement to count towards RCPPP is critical to avoid penalizing proactive LSEs and maintaining an incentive to procure outside of the RCPPP framework
- The CPUC should allow penalty waivers based on good-faith efforts when procurement becomes exceptionally difficult or unaffordable, reducing the risk of exorbitant costs

RCPPP reporting should replace, not layer onto, existing procurement filings

- Ava supports consolidating IRP, MTR, and RCPPP data submissions using common definitions, templates, and reporting dates, to reduce administrative burden for stakeholders and the CPUC
- Eliminating the second biannual MTR compliance filing, as well as the monthly data request, would further reduce administrative burden

Conclusion and Q&A

Ava Community
Energy

