

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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

Rulemaking 26-09-009

**COMMENTS OF THE PUBLIC ADVOCATES OFFICE
ON THE ORDER INSTITUTING RULEMAKING**

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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 *Order Instituting Rulemaking* (OIR) issued in Rulemaking (R.) 26-09-009 on September 23, 2026.^{1,2}

Cal Advocates supports the OIR's preliminary categorization of the proceeding as quasi-legislative. The California Public Utilities Commission (Commission) should modify the OIR scope as follows:

- The scoping memo should invite other public utility commissions and ratepayer advocates to evaluate data access.
- The scoping memo should invite ongoing evaluation of the Regional Organization for Western Energy (ROWE)'s compliance with the goals and requirements of Public Utilities Code § 345.6.
- The Commission should work with the California Independent System Operator Corporation (CAISO) on contingency planning around a potential withdrawal from ROWE-administered markets.
- The Commission should defer specific consideration of electrical corporation participation in any ROWE-administered resource adequacy (RA) program.
- The Commission should determine whether the Extended Day-Ahead Market (EDAM) and ROWE-governed markets merit any changes to future procurement-related Commission proceedings to maximize ratepayer benefits.
- The scope should include an annual analysis of benefits and costs to ratepayers of Commission-jurisdictional load-serving entities (LSEs).
- The scoping memo should include cost allocation of ROWE and CAISO administrative costs.

¹ *Order Instituting Rulemaking to Implement Assembly Bill 825 Related to Independent Regional Organization* (OIR), issued September 23, 2026, available at: <https://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=620584815>.

² In these comments, we use the commonly used acronyms Regional Organization for Western Energy and California Independent System Operator Corporation rather than the Legislature's terms: regional organization and independent system operator.

The Commission should modify the OIR schedule as follows:

- The schedule should explicitly aim to have a final decision issue well in advance of January 1, 2028.
- The schedule should consider whether a second track is needed to address details that can be evaluated on a slower schedule.
- The schedule should add comment and reply comment opportunities.

II. DISCUSSION

A. Scope – Issue 1

1. **The scoping memo should invite commissions and ratepayer advocates to evaluate data access.**

California Public Utilities Code § 345.6(a)(7)³ requires that ROWE provide data access for the Commission and Public Advocates Office to the same or greater extent as provided by the CAISO as of December 31, 2024.⁴ The Commission should add the following issue to the scope of this Rulemaking:

When evaluating § 345.6(a)(7), how should the Commission assess the adequacy of the Commission’s and Public Advocates Office’s access to data? Section 345.6(a)(7) requires market data access for other states' commissions and ratepayer advocates offices, in addition to California's. Should the Commission also evaluate the access allowed to other states’ commissions and ratepayer advocate offices? If so, how?

The Commission should add this issue to ensure that the Commission and Cal Advocates have adequate access to ROWE data. Furthermore, this issue would address whether it would be helpful for the Commission to evaluate other states’ data access to ensure that all states receive uniform access.

³ Hereinafter, all references using “§” refer to the California Public Utilities Code.

⁴ Public Utilities Code § 345.6(a)(7).

2. The scoping memo should invite ongoing evaluation of ROWE compliance with the goals and requirements of § 345.6.

The requirements in § 345.6(a) are ongoing. The Commission should conduct an initial determination, as well as ongoing reviews to determine if those requirements remain satisfied. The questions the OIR raises in section 2.2.1 – particularly the prohibition on undermining state programs in section 2.2.1.a⁵ – should solicit stakeholder thoughts about an ongoing evaluation, not a one-time evaluation. The Commission should include language about ongoing evaluation in the scoping memo. This could include changing “how should the Commission assess [a topic]” to instead ask “how should the Commission initially assess [the topic] and how should the Commission perform ongoing assessments in the future?”

Furthermore, the Commission should request the ROWE and CAISO participate in these ongoing evaluations. The Commission should include language in the OIR to discuss the form of this participation and reporting. The Commission could ask:

What information from the CAISO and the ROWE would be useful for the Commission to perform the ongoing evaluation of the criteria described in § 345.6(a)? With what cadence should the CAISO and ROWE provide this information?

The Commission should make the above modifications to the scope to ensure that assessments are ongoing and thus better facilitate compliance with § 345.6(a).

B. Scope – Issue 2

1. The Commission should work with the CAISO on contingency planning around a potential withdrawal from ROWE-administered markets.

In issue 2, the OIR discusses the requirement that the CAISO provide “separate market services for those entities” that withdraw.⁶ To provide these separate market services, the CAISO would need to have a plan in place for such an event. The CAISO

⁵ OIR at 5.

⁶ OIR at 7, quoting § 345.6(e)(1).

would also need to consider one or more specific scenarios of what services to provide, to which market participants, and on what timeline. The Commission, in coordination with the CAISO, should develop these contingencies. The Commission should add the following question to the scoping memo:

What contingencies should the CAISO be prepared for in order to ensure its ability to provide separate market services? When the ROWE governs multiple markets and programs (e.g. the day-ahead market, the real-time market, as well as potential additional services), should the CAISO consider cases where withdrawn California entities continue participating in some ROWE-governed markets (e.g. only the real-time market)?

The Commission should ensure that the CAISO has evaluated the ability to provide market services under any contingencies the Commission describes. The Commission should ask the CAISO to update its withdrawal contingency plan periodically (e.g. once every five years) to incorporate any changes in market dynamics or the services that participants may withdraw from in such a contingency.

Some withdrawal contingency planning will take significant time for the Commission and CAISO to develop. If needed, these details could be worked out in a second track of this proceeding. In the initial track, the Commission should prioritize the rules the ROWE creates around withdrawal, evaluating rules around timing and cost of withdrawal.

While these contingency plans may take some time to develop, the Commission should articulate the processes it will follow to ensure the requirements of § 345.6 – regarding exit fees, withdrawal timelines, and the like – are met by the ROWE’s policies. The Commission should articulate the plan, including after the end of this proceeding, to ensure the CAISO provides adequate ongoing capacity for the withdrawal contingencies the Commission specifies.

C. Scope – Issue 3

1. **The Commission should defer specific consideration of electrical corporation participation in any ROWE-administered RA program.**

The OIR’s discussion of issue 3 in section 2.2.3 asks whether and how to “authorize an electrical corporation’s participation in a potential ROWE-administered resource adequacy program.” The proposal for a ROWE-administered program is in early stages of development.⁷ Without knowing more about the program, the Commission should not allow electrical corporations to participate. If the Commission allowed participation in a ROWE-administered program *in addition to* the Commission’s own program, such participation would introduce unnecessary compliance obligations, RA scarcity, and ultimately, ratepayer cost. If the Commission allowed participation in a ROWE-administered program *instead of* participating in the Commission’s program, this could run counter to §345.6(d)’s explicit grant of authority to the Commission to order withdrawal from a market in the event of “any activities of the independent regional organization that would undermine or jeopardize the commission’s authority regarding resource adequacy.”⁸ To allow participation before the program is sufficiently developed for the Commission to understand what the rules and possible risks to participation are would potentially jeopardize the Commission’s RA program and its authority over the program. Therefore, the Commission should either remove issue 3 in section 2.2.3 from the scope of the proceeding or move it to a second track of the proceeding.

Lastly, a new RA program among ROWE participants will involve trading RA resources. There will almost certainly be transactions between program participants or resource owners in a ROWE-administered RA program and those in the Commission’s RA program. It is important to avoid ambiguity, double counting, or unnecessary administrative burden created by having these two programs operating side by side. As

⁷ As of September 17, 2026, the sponsors of the intended ROWE RA program planned to send an initial proposal to the ROWE Board in March 2027.

⁸ Public Utilities Code § 345.6(d).

such, the scoping memo *should* ask if there are any clarifications that are necessary for transactions of RA products between the Commission’s RA program and any ROWE-administered program.

D. Scope – Issue 4

1. The Commission should ask whether EDAM and ROWE-governed markets merit any changes to future procurement-related Commission proceedings to maximize ratepayer benefits.

The ongoing expansion of EDAM under planned ROWE governance will change some aspects of scheduling and interties between balancing authority areas in the western grid.² The Commission should invite stakeholders to discuss possible changes to procurement policy – such as integrated resource planning – that could maximize the ratepayer benefits of the expanding day-ahead market.

E. Scope – Proposed Issue 5 on Benefits and Costs

The Commission should add an issue to the scope of the proceeding to discuss any changes in ratepayer benefits and costs due to the transfer of market governance to the ROWE and future changes to the market under the ROWE.

1. The Commission should add, to the scope of the proceeding, an annual analysis of benefits and costs to ratepayers of Commission-jurisdictional LSEs.

The proceeding should evaluate the potential for Commission staff to analyze the benefits and costs Commission-jurisdictional LSEs’ ratepayers receive from joining EDAM and whether those benefits would continue or change under ROWE governance. Any benefits and cost evaluation should occur on a regular basis, in an annual report, not as a one-off study. If implemented, an analysis of ratepayer benefits should begin with the questions below:

- What aspects of the markets or governance structure would be studied?

² See CAISO, *Initiative: Intertie schedule modeling enhancements*, June 5, 2026. Available at: <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Intertie-Schedule-Modeling-Evolution>.

- How would benefits be calculated, and what counterfactuals would be used in the estimation?
- What non-financial outcomes, including reliability impacts, should be evaluated?
- What is the schedule of development of a cost benefit examination, if designed in this proceeding, relative to this proceeding timeline and ROWE implementation?

2. The scoping memo should include cost allocation of ROWE and CAISO administrative costs.

The CAISO has meaningful administrative costs that are largely covered by market participants in the grid management charge.¹⁰ The administrative costs of ROWE governance – and ROWE market participants’ contribution to the CAISO’s administrative costs – should be allocated equitably across participants. The costs of voluntary programs should also be allocated only to participants of those programs. This proceeding should result in a finding that these costs for any program – the core ROWE markets or voluntary add-ons – must be allocated to participants of those programs.

F. Schedule

1. The schedule should explicitly aim to have a final decision well in advance of January 1, 2028.

Section 345.6(b) allows the ROWE to begin governance on or after January 1, 2028. That start date should be an explicit part of the scoping memo’s schedule.

The current schedule indicates a proposed decision will be published in the third quarter of 2027.¹¹ The Commission should revise this schedule to provide for a final decision date by the end of the third quarter of 2027, at the latest. The ROWE, the CAISO, and various stakeholders will need time to comply with any changes the Commission determines are necessary. If Federal Energy Regulatory Commission (FERC) tariff filings need to be revised, that will also take time.

¹⁰ CAISO, 2023 Cost-of-Service Study and 2024 through 2026 Grid Management Charges and Supplement Service Fees Update, November 4, 2024, Table 60 at 78. Available at: <https://www.caiso.com/documents/revised-draft-final-2023-cost-of-service-study-and-2024-2026-grid-management-charge-update.pdf>.

¹¹ OIR, section 3 at 10.

2. If necessary, there should be a second track to address details that can be evaluated on a slower schedule.

A second track would allow the Commission to evaluate certain topics more in more depth, while still meeting the timeline for the ROWE to begin governance January 1, 2028. If this is necessary, Cal Advocates proposes the topics in this second track should be: (1) the CAISO's ability to provide service to California entities in the event of a withdrawal and (2) coordination or interaction with a ROWE RA program (including administrative costs).

3. The schedule should add comment and reply comment opportunities.

The proposed schedule includes a workshop in February 2027 and comments in March/April 2027.¹² The schedule should be revised to incorporate replies to stakeholder comments (20 days after the March/April 2027 comment date) and comments on the proposed decision (20 days after the proposed decision).

Additionally, the issuance of a staff proposal from Energy Division in the second quarter of 2027 would provide a focal point for stakeholder discussion. Specifically, issuance of a staff proposal, with an opportunity for parties to comment on the staff proposal, would help ensure timely progression towards issuance of a final decision well in advance of the end of 2027.¹³ The Commission should ensure that the timing of any staff proposal serves to accelerate, rather than slow, stakeholder engagement and the Commission's decisions.

III. CONCLUSION

The Commission should adopt the scope and schedule changes described above in order to better facilitate compliance with § 345.6, to provide opportunity to maximize ratepayer benefits, and to allow efficient yet thorough evaluation of the proceeding's issues.

¹² OIR, section 3 at 9.

¹³ OIR, section 2.2.1.k at 6-7.

Respectfully,

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