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Order Instituting Rulemaking to Continue Oversight of Electric Integrated Resource Planning and Procurement Processes.	Rulemaking 26-09-009

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

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TABLE OF CONTENTS

Page

I. INTRODUCTION 1

II. DISCUSSION 1

A. The Commission should create two tracks, with data access and withdrawal basics included in Track 1. 1

B. In Track 2, the Commission should adopt WPTF–IEP's suggestions for reviewing the annual CAISO report. 4

C. In Track 2, the Commission should consider AReM's recommendations around voluntary program alignment. 4

III. CONCLUSION 5

I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits the following reply comments in response to the *Order Instituting Rulemaking* (OIR) issued in Rulemaking (R.) 26-09-009 on September 23, 2026.[1] [2] On October 27, 2026, parties submitted comments in response to questions in the OIR.

The California Public Utilities Commission (Commission) should modify the OIR scope, as follows:

- The Commission should create two tracks, with data access and withdrawal basics included in Track 1;
- In Track 2, the Commission should adopt the Western Power Trading Forum (WPTF) and Independent Energy Producers Association (IEP) suggestions for reviewing the annual CAISO report;
- In Track 2, the Commission should consider the Alliance for Retail Energy Markets' (AReM's) recommendations around voluntary program alignment.

II. DISCUSSION

A. The Commission should create two tracks for this proceeding and address data access and withdrawal basics in Track 1.

Many parties' comments suggest separating the rulemaking into two tracks: a fast track for issues the party wants addressed well in advance of January 1, 2028, and a second, track for the Commission to consider topics that will take more time to develop.[3]

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

[2] In these comments, Regional Organization for Western Energy (ROWE) and California Independent System Operator Corporation (CAISO) are used as acronyms, rather than the Legislature's terms: regional organization and independent system operator.

[3] See, e.g., Southern California Edison Company and Pacific Gas and Electric Company, *Southern California Edison Company (U 338-E) and Pacific Gas and Electric Company's (U 39 E) Joint Opening Comments on the Order Instituting Rulemaking to Implement Assembly Bill 825,* (SCE–PG&E Comments), October 27, 2026. Available at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M626/K522/626522087.PDF.

The proposals differ in the fast track's content.[4] All parties that suggest tracking agree that the Commission should complete the steps required by Public Utilities Code §345.6(a) and §345.6(b) in the fast track.[5] In joint comments, WPTF and IEP further recommend the Commission consider some of the details of a potential withdrawal in the first track.

Cal Advocates supports having two tracks. However, while many stakeholders ask the Commission to consider the absolute minimum set of topics that, according to them, would meet the requirements of §345.6,[6] the Commission should instead consider the full set of policies that must be codified before the ROWE takes over governance. Specifically, the Commission must include a non-cursory review of policies for data access[7] and unilateral withdrawal procedure.[8]

To achieve a robust review while still moving quickly, the Commission should attempt to move as much of the *policy design* as possible into Track 2 while retaining any questions of *governance* in Track 1. As Cal Advocates and several other parties note in opening comments, those Track 2 topics should include participation in any voluntary ROWE offerings – including resource adequacy (RA) – and the details of a withdrawal scenario.[9] Furthermore, Cal Advocates agrees with the parties that argue regulations

[4] For example, differing from the SCE–PG&E Comments, WPTF and IEP, *Opening Comments of the Western Power Trading Forum and The Independent Electricity Producers Association on the Order Instituting Rulemaking,* (WPTF–IEP Comments), October 28, 2026. Amended version submitted by email to the R.26-09-009 service list.

[5] Hereinafter, all references using "§" refer to the California Public Utilities Code.

[6] For example, the ROWE Board writes "In fact, the need to exercise Commission authority under these circumstances [of IOU withdrawal, additional market services, and RPS compliance] may never arise, calling into question any urgent need to establish processes for the Commission's exercise of its authority." ROWE Board, *Regional Organization for Western Energy Opening Comments on the Order Instituting Rulemaking,* October 27, 2026, (ROWE Board Comments) at 4. Available at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M625/K854/625854296.PDF.

[7] § 345.6(a)(7).

[8] § 345.6(a)(13).

[9] ROWE Board Comments at 4, among others.

around portfolio content category requirements (OIR Issue 4) should be considered in Track 2.[10]

To address WPTF and IEP's concerns, the Commission may want to provide an indicative, non-binding preview of what a withdrawal could look like.[11] Doing so would provide market participants with some additional certainty. However, the full development of the details of a withdrawal will likely take significant effort from the Commission, CAISO, and stakeholders. Regardless of the approach and timing of the withdrawal approach, in Track 1, the Commission should prioritize the rules the ROWE creates around withdrawal, evaluating rules around timing, and cost of withdrawal.

Summarizing Cal Advocates track recommendations, Track 1 should include:

- Review the various governance criteria the ROWE is expected to meet, listed in § 345.6(a)(1) through (6) and (8) through (12);
- *Completion* of any prerequisites the ROWE and CAISO will require for the data access described in § 345.6(a)(7), including any legal agreements or memoranda of understanding;
- Robust evaluation of § 345.6(a)(13), the rules the ROWE creates around withdrawal, including cost and timing;
- Review of the conditions on CAISO listed in § 345.6(b);
- Optionally, a preliminary statement from the Commission about what it expects under a withdrawal scenario.

Track 2 should include:

- Any discussion of a ROWE RA program or other voluntary market offerings;
- Details of withdrawal contingency planning;

[10] ROWE Board Comments at 4, among others.

[11] For example, the Commission could indicate that in the most likely withdrawal scenario, they would order all Commission-jurisdictional Participating Transmission Operators in the CAISO Balancing Authority Area to withdraw from the ROWE-governed Extended Day Ahead Market (EDAM) and any voluntary ROWE offerings. Depending on the reason for withdrawal, this withdrawal could be only from the day-ahead market or both the day-ahead and real-time markets. An exit would not be instantaneous, but could be fairly quick, similar to the timeline of this proceeding. CAISO would continue providing service to both ROWE and the withdrawn market. Depending on the reason for withdrawal, the Commission may work with CAISO to establish different wholesale market practices.

- The Commission's procedure for reviewing the annual CAISO report;
- Any discussion of RPS compliance rules.

B. In Track 2, the Commission should adopt WPTF–IEP's suggestions for reviewing the annual CAISO report.

WPTF and IEP suggest that the Commission should develop "a process in Phase 2 for addressing deficiencies in an annual report [described by § 345.6(e)(2)] and any underlying compliance problems it identifies".[12] Cal Advocates supports this recommendation. Doing so creates a clearer path for the Commission to fix any identified problems from the issues reported by the CAISO.

C. In Track 2, the Commission should consider AReM's recommendations around voluntary program alignment.

AReM notes that accreditation differences and other divergences between RA programs can increase costs that are ultimately recovered from ratepayers, and encourages the Commission to align its RA program with a ROWE RA program.[13] Cal Advocates agrees that the Commission should carefully consider the impact of any voluntary programs offered by the ROWE and how the Commission might address the issues these differences may cause. Cal Advocates noted this issue in comments on the proposed ROWE RA program.[14] However, issues of misalignment are caused by both the Commission's choices and the choices ROWE makes for its RA program; it is not solely the Commission's responsibility to address misalignment. In future Commission RA rulemakings and the suggestions the Commission provides to the ROWE about the ROWE RA proposal, the Commission should evaluate differences between the programs and work to reduce any differences that increase ratepayer costs. Similarly, in the

[12] WPTF–IEP Comments at 11.

[13] AReM, *Comments of the Alliance for Retail Energy Markets on the Order Instituting Rulemaking,* October 27, 2026 (AReM Comments) at 4. Available at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M625/K858/625858806.PDF.

[14] Cal Advocates, *The Public Advocates Office's Informal Comments on EDAM-aligned RA,* June 17, 2026, at PDF 106-107. Available at: https://rowesternenergy.org/wp-content/uploads/2026/06/Consolidated-Spring-Workshop-Comments_06222026.pdf.

ROWE's RA program design and the ROWE's engagement with the Commission's RA program, the ROWE should evaluate the ratepayer consequences of its design choices and differences between its new program and the Commission's existing design.

Finally, the Commission should consider how to ensure that the ROWE rules or tariffs do not burden or impair California's achievement of its policy goals, including resource adequacy and procurement goals.

III. CONCLUSION

The Commission should adopt the tracking proposals 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.

Respectfully,

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