FILED
11/06/26
04:59 PM
R2609009

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Implement Assembly Bill 825 Related to Independent Regional Organization.	Rulemaking 26-09-009

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338 E) AND PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E) JOINT REPLY COMMENTS ON THE ORDER INSTITUTING RULEMAKING TO IMPLEMENT ASSEMBLY BILL 825

GERARDO HUERTA

Attorney for
SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-5835
E-mail: Jerry.Huerta@sce.com

BENJAMIN C. ELLIS

Attorney for
PACIFIC GAS AND ELECTRIC COMPANY
300 Lakeside, Suite 210
Oakland, CA 94612
Telephone: (415) 819-6810
Email: Ben.Ellis@pge.com

Dated: November 6, 2026

TABLE OF CONTENTS

Page

I. INTRODUCTION 1

II. JOINT IOUS' REPLY COMMENTS 2

A. THE COMMISSION SHOULD PRIORITIZE THE SECTION 345.6 PARTICIPATION DETERMINATION 2

B. THE COMMISSION SHOULD DEVELOP THE PHASE 1 RECORD AS RELEVANT MATERIALS BECOME AVAILABLE 3

C. THE COMMISSION SHOULD CLARIFY THE RESPECTIVE ROLES OF ROWE AND CAISO 4

D. PHASE 1 SHOULD ADDRESS ONLY THOSE WITHDRAWAL MATTERS NECESSARY TO THE STATUTORY DETERMINATION 5

E. THE COMMISSION SHOULD PRESERVE FLEXIBILITY REGARDING THE SEQUENCING OF FERC AND COMMISSION ACTION 6

F. REGIONAL RESOURCE ADEQUACY ISSUES SHOULD BE DEFERRED UNTIL A SUFFICIENTLY DEVELOPED PROPOSAL EXISTS 7

G. POST-AUTHORIZATION OVERSIGHT SHOULD BE CONSIDERED SEPARATELY FROM THE INITIAL PARTICIPATION DETERMINATION 8

H. ANY NECESSARY PORTFOLIO CONTENT CATEGORY 1 IMPLEMENTATION REVIEW SHOULD BE TARGETED AND ADDRESSED SUBSEQUENTLY 9

I. THE COMMISSION SHOULD MAINTAIN A SCHEDULE THAT SUPPORTS TIMELY RESOLUTION OF PHASE 1 9

III. CONCLUSION 10

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Implement Assembly Bill 825 Related to Independent Regional Organization.	Rulemaking 26-09-009

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338 E) AND PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E) JOINT REPLY COMMENTS ON THE ORDER INSTITUTING RULEMAKING TO IMPLEMENT ASSEMBLY BILL 825

Pursuant to Ordering Paragraph 6 of the *Order Instituting Rulemaking (OIR)*, issued on September 23, 2026, and the September 28, 2026, Administrative Law Judge Ruling Extending the Deadline for Reply Comments to November 6, 2026, Southern California Edison Company (SCE) and Pacific Gas and Electric Company (PG&E) (collectively, the "Joint IOUs") respectfully submit these comments in reply to certain issued raised in parties' opening comments.[1]

I. INTRODUCTION

The opening comments reflect substantial agreement regarding the appropriate sequencing of this proceeding. Parties broadly support prioritizing the Commission's determination of whether the requirements of Public Utilities Code Section 345.6(a) and (b) are satisfied, while addressing implementation matters not necessary to that determination separately or subsequently.[2]

---

[1] Pursuant to Rule 1.8(d), counsel for PG&E confirms that SCE authorized PG&E to file this motion on its behalf.

[2] *See, e.g., Regional Organization for Western Energy Opening Comments on the Order Instituting Rulemaking* (ROWE Opening Comments), p. 3-5 (Oct. 27, 2026); *see also, e.g., California Community Choice Association's Opening Comments on the Order Instituting Rulemaking* (CalCCA Opening Comments), pp. 3-4 (Oct. 27, 2026); *Opening Comments of the Balancing Authority of Northern California* (BANC Opening Comments), pp. 3-4 (Oct. 27, 2026); *San Diego Gas & Electric Company Comments on Order Instituting Rulemaking* (SDG&E Opening Comments), pp. 3-5 (Oct. 27, 2026); *American Clean Power-California Opening Comments* (ACP-California Opening Comments), p. 2 (Oct. 27, 2026); *Opening Comments of Environmental Defense Fund, Natural Resources Defense Council, Coalition of California Utility Employees and California State Association of Electrical Workers* (EDF/NRDC/IBEW Opening Comments), pp. 5-8 (Oct. 27, 2026); *Opening Comments of the Western Power Trading Forum and Independent Energy Producers Association* (WPTF/IEP Opening Comments), pp. 2-4 (Oct. 27, 2026)

Consistent with this record, the Commission should establish a focused first phase that: (1) addresses the statutory requirements necessary to authorize electrical corporation participation in markets governed by the Regional Organization for Western Energy (ROWE); (2) develops the evidentiary record as relevant governance, tariff, and implementation materials become available; and, (3) distinguishes ROWE's governance authority from the California Independent System Operator Corporation's (CAISO) role as market operator. The Joint IOUs proposed substantially this framework in opening comments.[3]

Issues not necessary to the initial statutory determination, including detailed withdrawal implementation, participation in additional regional services, and related implementation matters, should not delay Phase 1.[4]

II. JOINT IOUS' REPLY COMMENTS

A. THE COMMISSION SHOULD PRIORITIZE THE SECTION 345.6 PARTICIPATION DETERMINATION

ROWE recommends addressing Issue 1 in Track 1 and Issues 2 through 4 after ROWE launches.[5] CalCCA similarly recommends addressing Issue 1 in Phase 1 and Issues 2 through 4 in Phase 2.[6] BANC states that Issues 2 through 4 are not presently required and that including them in the initial phase could complicate and delay the statutory-compliance determination.[7] SDG&E recommends prioritizing Sections 345.6(a) and (b) in Phase 1 and addressing the remaining implementation issues subsequently.[8] ACP-California likewise recommends a bifurcated schedule that first addresses the issues necessary to determine whether the IOUs may initially participate.[9] EDF/NRDC/IBEW recommend a narrower scope under which Issues 2

---

3 *Southern California Edison Company and Pacific Gas and Electric Company Joint Opening Comments* (Joint IOU Opening Comments), pp. 1-5 (Oct. 27, 2026)

4 *See id.* at pp. 2-3, 6-8.

5 ROWE Opening Comments at pp. 3-5.

6 CalCCA Opening Comments at pp. 3-4.

7 BANC Opening Comments at pp. 3-4.

8 SDG&E Opening Comments at pp. 3-5.

9 ACP-California Opening Comments at p. 2.

through 4 would either be excluded or addressed on a subsequent track.[10] WPTF/IEP similarly recommends a first phase focused on initial participation, while assigning most remaining implementation matters to Phase 2.[11]

The Commission should adopt this broadly supported approach. Phase 1 should address the requirements necessary for the Commission's initial determination under Section 345.[12] Issues 2 through 4 should be addressed subsequently. Such sequencing does not require the Commission to eliminate Issues 2 through 4 from this proceeding. As CalCCA proposes, the Commission may retain those issues while establishing a separate procedural schedule for their consideration.

B. THE COMMISSION SHOULD DEVELOP THE PHASE 1 RECORD AS RELEVANT MATERIALS BECOME AVAILABLE

The Commission need not defer substantive review until every ROWE and CAISO governance document, tariff provision, agreement, or regulatory approval is final. ROWE proposes development of the Commission's record based on existing governance documents, draft tariffs, and agreements, followed by review of the tariffs and agreements ultimately filed at FERC.[13] SDG&E similarly recommends consideration of available governance documents, draft tariff language, and other implementation materials without waiting until every element of ROWE implementation is complete.[14] WPTF/IEP recommend review of draft governance documents, tariff provisions, CAISO findings, and the CAISO-ROWE coordination agreement as those materials become available.[15] The general approach described by parties above is consistent with the Joint IOUs' recommendation that the Commission identify the categories of evidence relevant to each statutory criterion while allowing the record to incorporate final

---

10 EDF/NRDC/IBEW Opening Comments at pp. 5-8.

11 WPTF/IEP Opening Comments at pp. 2-4.

12 *See* CalCCA Opening Comments at pp. 3-4.

13 ROWE Opening Comments at pp. 3, 6.

14 SDG&E Opening Comments at pp. 4-5.

15 WPTF/IEP Opening Comments at pp. 7-9.

governance documents, tariffs, approvals, resolutions, and other evidence as they become available.[16]

The Commission should therefore organize Phase 1 around each requirement of Sections 345.6(a) and (b). For each requirement, the record should identify: (1) the applicable statutory criterion; (2) the ROWE or CAISO authority relevant to that criterion; (3) the evidence demonstrating compliance; and, (4) any remaining evidence necessary for the Commission's determination.[17] WPTF/IEP's comments provide a helpful explanation for how the Commission could approach the organization and completion for this effort.[18]

C. THE COMMISSION SHOULD CLARIFY THE RESPECTIVE ROLES OF ROWE AND CAISO

CAISO identifies an important clarification regarding the respective roles of ROWE and CAISO. CAISO explains that AB 825 contemplates that CAISO will operate the energy markets subject to rules determined by the independent regional organization, rather than govern the regional organization's market. CAISO therefore recommends deleting or revising the OIR question that suggests otherwise.[19] The Commission should adopt the CAISO's proposed modification to section 2.2.2 question d to the scope of this proceeding.

The clarification also supports the Joint IOUs' recommendation that the Phase 1 record include evidence of a consistent crosswalk among the ROWE governance documents, the CAISO integrated tariff, and relevant operating agreements. The Joint IOUs proposed that the evidence points to a crosswalk identifying which entity possesses authority over each matter, where coordination or joint action is required, and how state-law authority is preserved.[20] The Commission should review evidence to support that crosswalk as part of the Phase 1 record.

---

16 Joint IOU Opening Comments at pp. 2-4.

17 *See id.* at pp. 3-4.

18 WPTF/IEP Opening Comments at pp. 7-8.

19 *Comments of the California Independent System Operator Corporation on Order Instituting Rulemaking* (CAISO Opening Comments), p. 3 (Oct. 27, 2026).

20 Joint IOU Opening Comments at pp. 4-5.

D. PHASE 1 SHOULD ADDRESS ONLY THOSE WITHDRAWAL MATTERS NECESSARY TO THE STATUTORY DETERMINATION

Many parties support broad deferral of withdrawal to a Phase 2 effort. ROWE proposes placing Issue 2 in Track 2, noting that withdrawal authority would arise, if at all, after initial participation.[21] SDG&E similarly recommends addressing the specific practical and operational details of withdrawal in Phase 2.[22] BANC recommends bifurcating Issues 2 through 4 because those issues are not required to be answered now and could complicate or delay the statutory-compliance determination.[23]

WPTF/IEP recommend establishing a basic procedure for Commission-directed withdrawal in Phase 1, while reserving more detailed withdrawal procedures for Phase 2.[24] Their proposed Phase 1 procedure would provide notice of a proposed withdrawal directive, a reasonable opportunity for affected parties to comment, and a reasoned decision. WPTF/IEP explain that the proposal is intended as a means of organizing the proceeding rather than as an additional statutory condition for participation.[25]

The Joint IOUs' opening comments likewise recommend developing a durable withdrawal framework in Phase 2, while recognizing that a discrete withdrawal issue should be addressed in Phase 1 if necessary to determine compliance with Sections 345.6(a) or (b).[26]

Detailed operational and contingency planning should be addressed subsequently. Those matters may depend on the market structures, tariffs, services, contractual arrangements, and operational circumstances applicable at the time withdrawal is considered. Resolving those matters is not necessary for the Commission's initial participation determination.

---

21 ROWE Opening Comments at pp. 4-5.

22 SDG&E Opening Comments at pp. 4-5.

23 BANC Opening Comments at pp. 3-4.

24 WPTF/IEP Opening Comments at pp. 4, 9-10.

25 *Id*.

26 Joint IOU Opening Comments at pp. 6-7.

Accordingly, the Commission should distinguish between withdrawal provisions necessary to satisfy Section 345.6 and detailed implementation matters that can be addressed in Phase 2.

E. THE COMMISSION SHOULD PRESERVE FLEXIBILITY REGARDING THE SEQUENCING OF FERC AND COMMISSION ACTION

Several parties propose procedural mechanisms to permit the Commission to advance its review while relevant Federal Energy Regulatory Commission ("FERC") action remains pending.

ROWE recommends that the Commission commence review using available information and issue a decision following CAISO approval conditioned on final FERC approval, after which the IOUs could submit a joint advice letter confirming compliance with the Commission's conditions.[27]

EDF/NRDC/IBEW similarly recommend an Issue 1 decision in August 2027 that could be conditioned on FERC accepting the proposed ROWE and CAISO tariff language in substantially the same form, followed by a Tier 1 Advice Letter confirming that event.[28]

WPTF/IEP recommend that the Commission consider any legally available interim or conditional decisions that would advance the review while recognizing the statutory requirement that the requirements be satisfied before participation.[29]

These proposals are consistent with the objective identified by the Joint IOUs: providing early regulatory clarity without treating draft or pending materials as final evidence where Section 345.6 expressly requires final action. The Joint IOUs support consideration of a conditional procedural approval mechanism only if it preserves the requirement that the

---

[27] ROWE Opening Comments at pp. 5-6.

[28] EDF/NRDC/IBEW Opening Comments at pp. 5-6.

[29] WPTF/IEP Opening Comments at pp. 8-9.

Commission make its final Section 345.6 determination before electrical corporations participate.[30]

F. REGIONAL RESOURCE ADEQUACY ISSUES SHOULD BE DEFERRED UNTIL A SUFFICIENTLY DEVELOPED PROPOSAL EXISTS

The opening comments raise materially different views concerning the appropriate relationship between a potential ROWE Resource Adequacy ("RA") service and the Commission's existing RA framework. Those differences reinforce the Joint IOUs' recommendation that detailed RA implementation questions should not be part of the scope of the Phase 1 participation determination.

AReM urges the Commission to treat alignment between California's existing RA framework and a potential ROWE-administered RA program as a guiding objective.[31] At the same time, other parties note that the regional RA proposal remains under development. The Joint IOUs agree that avoiding unnecessary duplication or inconsistent compliance obligations is an appropriate consideration, but the Commission should not prejudge the appropriate degree or method of alignment before the regional program is sufficiently developed for meaningful review.

In addressing Issue 3 subsequently, as WPTF/IEP suggests, the Commission also should distinguish participation in an additional ROWE product or service from modifications to the rules governing an already-authorized market, so that ordinary market evolution does not unnecessarily trigger recurring questions concerning additional participation authorization.[32]

The Commission need not determine in Phase 1 the ultimate relationship between its RA program and a future ROWE-administered regional service. Without a sufficiently developed regional RA proposal, detailed consideration of implementation, interaction with existing

---

30 Joint IOU Opening Comments at pp. 5-6.

31 AREM Opening Comments at p. 4.

32 WPTF/IEP Opening Comments at p. 7.

Commission requirements, costs, benefits, reliability implications, and state-policy considerations would be premature.

The Commission should therefore reserve regional RA issues for another appropriate proceeding once a sufficiently developed proposal exists and potential program interaction or involvement is clearly defined and well understood.

G. POST-AUTHORIZATION OVERSIGHT SHOULD BE CONSIDERED SEPARATELY FROM THE INITIAL PARTICIPATION DETERMINATION

The Commission should distinguish between the initial statutory findings required by Section 345.6 and broader requirements that may be appropriate to govern or monitor market participation after authorization. Items for post-authorization oversight may warrant Commission consideration but should not expand the requirements applicable to the initial participation determination unless necessary to satisfy Section 345.6.

Cal Advocates proposes several matters beyond the Commission's initial participation determination, including ongoing review of compliance with Section 345.6, additional consideration of data access, recurring analysis of the costs and benefits of regional market participation, administrative-cost allocation, and consideration of potential implications for procurement-related proceedings.[33] These proposals raise questions that are distinct from the Commission's threshold determination of whether the statutory prerequisites for initial participation have been satisfied.

To the extent the Commission determines that additional post-authorization oversight is warranted, the appropriate form, frequency, scope, and procedural vehicle for any post-authorization oversight should be considered separately from the Section 345.6(c) determination and on a record suited to those issues.

This sequencing does not diminish the Commission's continuing authority or prevent consideration of relevant consumer-protection, monitoring, or implementation issues as regional market participation develops. It simply distinguishes the statutory findings necessary for initial

[33] *See* Cal Advocates Opening Comments at p. 3.

participation from broader oversight and policy questions that are not prerequisites to that determination.

H. ANY NECESSARY PORTFOLIO CONTENT CATEGORY 1 IMPLEMENTATION REVIEW SHOULD BE TARGETED AND ADDRESSED SUBSEQUENTLY

The parties generally agree that potential revisions associated with Issue 4 need not delay the initial participation determination. SDG&E further recommends that the Commission first determine whether revisions to existing rules or guidance are necessary at all,[34] while WPTF/IEP recommends coordination with the California Energy Commission if revisions ultimately are required.[35]

The Joint IOUs agree with this targeted approach. The Commission should first determine whether any existing rules or guidance require modification to implement the applicable statutory requirements. If revisions are necessary, they should be addressed through a coordinated process based on sufficiently developed implementation details and should not delay the Commission's Section 345.6(c) determination.

Issue 4 also should not become a vehicle for resolving broader procurement or integrated-resource-planning policy matters that are unnecessary to the statutory participation determination. Such matters can be addressed through the appropriate Commission processes if and when sufficiently developed.

I. THE COMMISSION SHOULD MAINTAIN A SCHEDULE THAT SUPPORTS TIMELY RESOLUTION OF PHASE 1

The opening comments also support maintaining a schedule directed toward timely resolution of Issue 1.

---

[34] *See* SDG&E Opening Comments at pp. 4-5.

[35] *See* WPTF/IEP Opening Comments at pp. 13-14.

CAISO states that the OIR's schedule for a proposed decision in the third quarter of 2027 provides adequate opportunity to develop the record necessary for the AB 825 determinations before participation may begin on or after January 1, 2028.[36]

ROWE recommends a Track 1 decision in the third quarter of 2027.[37] BANC likewise urges Commission action by the third quarter of 2027.[38] CalCCA recommends using the OIR's preliminary schedule for Issue 1 while establishing a separate schedule for Issues 2 through 4.[39] ACP-California recommends completing the first phase sufficiently early in 2027 to provide time for necessary activities before January 2028.[40]

EDF/NRDC/IBEW recommend an August 2027 Issue 1 decision, while SDG&E states that narrowing Phase 1 could permit a proposed decision in the second or third quarter of 2027.[41]

The breadth of these proposals supports a Phase 1 schedule focused on the statutory participation determination. Expanding Phase 1 to encompass detailed withdrawal implementation, regional RA design, additional regional services, or broader post-authorization monitoring would add issues that are not necessary to that determination.

The Commission should instead establish a schedule focused on development of the statutory record and separately sequence matters that are not necessary to the participation determination.

III. CONCLUSION

The opening comments demonstrate substantial agreement regarding the appropriate sequencing of this proceeding. The Commission should build upon that agreement by focusing

---

36 CAISO Opening Comments at p. 3.

37 ROWE Opening Comments at pp. 3-5.

38 BANC Opening Comments at p. 3.

39 CalCCA Opening Comments at pp. 3-4.

40 ACP-California Opening Comments at 2.

41 *See* EDF/NRDC/IBEW Opening Comments at pp. 5-6, 8; *see also* SDG&E Opening Comments at p. 6.

Phase 1 on the statutory requirements necessary for initial participation while preserving other implementation matters for subsequent consideration.[42]

The Joint IOUs respectfully request that the Commission:

1. Limit Phase 1 to matters necessary for the Commission's initial determination under Section 345.6;

2. Address Issues 2 through 4 subsequently, except to the extent a discrete issue must be resolved to determine compliance with Sections 345.6(a) or (b);

3. Develop the evidentiary record as relevant ROWE and CAISO materials become available;

4. Organize the record by the applicable requirements of Sections 345.6(a) and (b);

5. Clarify ROWE's governance authority and CAISO's market-operator responsibilities through an appropriate authority crosswalk;

6. Limit Phase 1 consideration of withdrawal to matters necessary to satisfy Section 345.6;

7. Preserve procedural flexibility regarding FERC sequencing while ensuring the Commission makes the required statutory determination before participation;

8. Defer regional RA issues until a sufficiently developed proposal exists;

9. Consider broader post-authorization monitoring and oversight separately from the initial participation determination

10. Determine whether PCC-related revisions are necessary and, if so, address them through a targeted subsequent process coordinated as appropriate with the CEC; and,

11. Adopt a procedural schedule that permits timely resolution of Issue 1 without making downstream implementation issues prerequisites to participation.

///

///

///

[42] *See* ROWE Opening Comments at pp. 3-6; *see also* CalCCA Opening Comments at pp. 3-4; BANC Opening Comments at pp. 3-4; SDG&E Opening Comments at pp. 3-6; ACP-California Opening Comments at p. 2; EDF/NRDC/IBEW Opening Comments at pp. 5-8; WPTF/IEP Opening Comments at pp. 2-10.

This approach gives effect to the substantial areas of agreement reflected in the opening comments, provides a disciplined framework for the Commission's review, and preserves remaining implementation issues for consideration when sufficiently developed.

Respectfully Submitted,

BENJAMIN C. ELLIS

By: */s/ Benjamin C. Ellis*
BENJAMIN C. ELLIS

Pacific Gas and Electric Company
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Telephone: (415) 819-6810
E-Mail: ben.ellis@pge.com

Attorney for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: November 6, 2026