

Decision \_\_\_\_\_

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

Order Instituting Investigation on the Commission's Own Motion to Determine Whether the Elkhorn Energy Storage System has Remained Out of Service for Nine or More Consecutive Months and Whether any Consideration of the Value of Plant or any Expenses Associated with the Out of Service Plant Should be Eliminated or Disallowed from Pacific Gas and Electric Company's Rates.

Investigation 26-04-xxx

**ORDER INSTITUTING INVESTIGATION**

This Order Instituting Investigation (OII) is opened on the Commission's own motion pursuant to California Public Utilities (Pub. Util.) Code § 451, § 455.5(c), and Rule 5.1 of the Commission's Rules of Practice and Procedure.<sup>1</sup> The purpose of this OII is to determine whether the Elkhorn Energy Storage System (Elkhorn or Elkhorn ESS) has remained out of service for nine or more consecutive months and qualifies as a "generation or production facility" under Pub. Util. Code § 455.5; and, whether the Commission should disallow costs related to the Elkhorn ESS from the rates of Pacific Gas and Electric Company (PG&E) pursuant to Pub. Util. Code § 455.5 or other statutory authorities.

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<sup>1</sup> Unless noted otherwise, all future references to rules refer to the Commission's Rules of Practice and Procedure.

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Additionally, this OII directs PG&E to establish a memorandum account, effective immediately, to track its authorized revenue requirement and all revenues PG&E receives for its normal, business-as-usual costs to own and operate the Elkhorn ESS.

PG&E, the owner and operator of the Elkhorn ESS, is named as a respondent to this OII. Responses to the proposed scope, schedule, and need for hearings are due 30 days from the issuance date of this OII.

### **1. Background**

Public Utilities (Pub. Util.) Code § 455.5(a)<sup>2</sup> provides in relevant part that the Commission may eliminate consideration of the value of any facility that remains out of service for nine or more consecutive months and may disallow expenses which are related to the out of service facility, to be recovered through rates collected from customers by the utility that operates such facility. Pub. Util. Code § 455.5(b) mandates that the regulated utility immediately notify the Commission when any portion of the facility is out of service for nine or more consecutive months. Pacific Gas and Electric Company (PG&E) sent a letter to the Commission dated February 27, 2026, indicating that, although PG&E does not believe Elkhorn ESS qualifies as a “generation or production facility” under Section 455.5, PG&E is providing “notice voluntarily in the spirit of the statute” that the utility-owned Electric ESS would be offline for nine consecutive months as of March 2, 2026 (PG&E February 2026 Letter).<sup>3</sup>

Pub. Util. Code § 455.5(c) requires the Commission open an OII to determine whether to reduce the rates of the utility to reflect the portion of the

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<sup>2</sup> All § references are the Pub. Util. Code, unless otherwise specified.

<sup>3</sup> PG&E February 2026 Letter at 1. A copy of PG&E's February 27, 2026 letter is included as Attachment A to this Order Instituting Investigation.

facility which is out of service.<sup>4</sup> Pub. Util. Code § 455.5(c) also states in relevant part that the Commission “shall consolidate the hearing on the investigation with the next general rate proceeding instituted for the corporation.”

Beyond the specific criteria set forth in Pub. Util. Code § 455.5, section XII of the California Constitution and Pub. Util. Code §§ 451 and 703 confer broad authority on the Commission to regulate public utilities and ensure all charges demanded or received by public utilities for services or commodities are “just and reasonable.”

### **1.1. Elkhorn ESS Outage**

The Elkhorn ESS is a utility-owned energy storage facility originally authorized for cost recovery in Commission Resolution E-4949, issued Nov. 8, 2018. PG&E contracted with Tesla, Inc. (Tesla) to construct and to support the long-term operation and maintenance of the facility. The Elkhorn ESS is located adjacent to PG&E’s Moss Landing substation in Monterey County, California, and has the capacity to store and dispatch up to 730 megawatt hours of energy to the electrical grid at a maximum rate of 182.5 megawatts (MWs) for up to four hours. Commercial operations of the Elkhorn ESS began on April 7, 2022.<sup>5</sup>

On September 20, 2022, the Elkhorn ESS experienced a thermal event and caught fire, causing the facility to be taken offline. Property damage was primarily limited to the loss of a single Megapack<sup>6</sup> out of the 256 units that

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<sup>4</sup> Typically, rates associated with an out-of-service facility are subject to refund from the date of the OII. To effectuate the potential refunds of consideration of value and expenses related to the Elkhorn ESS effective as of the date of the issuance of this OII, and to avoid retroactive ratemaking, this OII directs PG&E to establish a memorandum account to track its authorized revenue requirement and all revenues PG&E receives to own and operate the Elkhorn ESS.

<sup>5</sup> Resolution E-4949 at 3, 4; PG&E February 2026 Letter at 2.

<sup>6</sup> The Megapack is a lithium-ion battery energy storage system consisting of battery modules, power electronics, a thermal management system, and control systems.

occupy the site (i.e., less than 0.5 percent of the facility's battery energy storage capacity). The Elkhorn ESS was placed back online on December 30, 2022.<sup>7</sup>

On January 16, 2025, a fire at the third-party-owned Vistra 300 MW battery energy storage facility in the area caused Elkhorn ESS to be initially taken offline due to safety considerations. PG&E began to bring the facility back online on June 1, 2025.<sup>8,9</sup>

A coolant leak required the Elkhorn ESS to be forced offline again on June 2, 2025.<sup>9</sup> The facility has been offline since that time. In its letter, PG&E states it is working with Tesla, the maintenance contractor and warranty service provider for the batteries, to resolve concerns related to the coolant leak that occurred when restarting the facility on June 1, 2025. PG&E does not have a definitive date for the Elkhorn facility to resume operations at this time and, for resource planning purposes, has shown the Elkhorn facility as offline for the remainder of 2026.<sup>10</sup>

## **1.2. Other Commission Actions and Investigations**

The Commission's Electric Safety and Reliability Branch (ESRB) at Safety and Enforcement Division is conducting investigations into the safety incidents at Elkhorn ESS on September 20, 2022 and June 2, 2025. At the time of this Order

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<sup>7</sup> Public Report of Technical Findings by the Energy Safety Response Group, entitled "Elkhorn Battery Energy Storage System Fire of September 20, 2022," dated May 1, 2023. A copy of the report is available here: <https://www.pge.com/assets/pge/currents/safety/esrg-elkhorn-fire-report-09.2022.pdf>. (last accessed March 31, 2026).

<sup>8</sup> PG&E February 2026 Letter at 2.

<sup>9</sup> In its letter, PG&E indicates it "began" to bring the Elkhorn ESS back online on June 1, 2025, before the facility was forced offline the following day. (PG&E February 2026 Letter at 2). In the event the Elkhorn facility was never successfully brought online, the Elkhorn ESS would

have been offline for a consecutive period closer to 13 months before PG&E notified the Commission of the outage.

<sup>10</sup> PG&E February 2026 Letter at 2.

Instituting Investigation (OII), ESRB's investigations are ongoing. ESRB staff have also completed separate investigations of incidents at Elkhorn ESS concerning coolant leaks in March 2024, and a water intrusion in November 2024.<sup>11</sup>

### **1.3. Other Agency Jurisdictions**

While regulation of the Elkhorn ESS falls under the general jurisdiction of the Commission, the facility is located on land used for electric transmission, subjecting such land to Federal Energy Regulatory Commission (FERC) oversight. The North County Fire Protection District serves as the designated authority having jurisdiction for fire emergencies at the facility.

## **2. Discussion**

Customers of PG&E currently pay rates and charges that reimburse PG&E for its business-as-usual costs to own and operate a functional Elkhorn ESS, including costs related to depreciation, rate-of-return, taxes, operations and maintenance, administrative and general, and other direct and indirect costs.<sup>12</sup> Pursuant to Resolution E-4949, the Elkhorn ESS revenue requirement is recovered through the Cost Allocation Mechanism.<sup>13</sup>

As noted above, while PG&E does not believe § 455.5(b) explicitly applies to energy storage systems, PG&E provided notice of the outage at Elkhorn ESS

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<sup>11</sup> November 5, 2024, letter from ESRP to PG&E, concerning General Order (GO) 167-B Safety-Related Incident Report Generation Incident Numbers GA2024-0324-01 & GA20240411-01; November 23, 2025, letter from ESRP to PG&E, concerning Compliance Letter: Incident GE20241203-01.

<sup>12</sup> In general, the revenue requirement for the normal, business-as-usual costs to own and operate Elkhorn ESS is authorized by the Commission in general rate case proceedings, cost of-capital proceedings, and other proceedings (e.g., D.23-11-069 (addressing PG&E's Test Year 2023 General Rate Case); also, D.22-11-018, D.22-12-031, D.24-10-008, and D.25-12-043 (resolving

various cost of capital applications)).

<sup>13</sup> Resolution E-4949 at 28-29.

“voluntarily in the spirit of the statute.”<sup>14</sup> Upon receiving the notification specified in § 455.5(b), the Commission is required to open an investigation to determine whether to reduce the rates of the corporation to reflect the portion of the electric generation or production facility which is out of service, and require the rates associated with that facility be subject to refund from the date the investigation is issued.<sup>15</sup>

A preliminary issue for consideration in this proceeding is whether Elkhorn ESS qualifies as “generation or production facility,” or otherwise meets the statutory intent of § 455.5. If the Commission determines that Pub. Util. Code § 455.5 applies to Elkhorn ESS, the Commission will also consider to what extent PG&E’s rates should be refunded to customers for the Elkhorn ESS business-as-usual costs. Pursuant to § 455.5(c), the Commission must also cause the rates associated with the facility to be subject to refund from the date the OII was issued, and “shall consolidate the hearing on the investigation with the next general rate proceeding instituted for the corporation.” Consistent with § 455.5(c), PG&E is directed to establish a memorandum account, effective immediately, to track its authorized revenue requirement and all revenues PG&E receives for its normal, business-as-usual costs to own and operate the Elkhorn ESS. PG&E shall file a Tier 1 Advice Letter within 20 days from the issuance date of this order confirming the establishment of this memorandum account.

Concerning the consolidation of hearings in this investigation with PG&E’s next general rate case (GRC), PG&E’s Test Year 2027 GRC Application (A.) 25-05-009) is ongoing, while PG&E’s next GRC application is not expected to

<sup>14</sup> PG&E February 2026 Letter.

<sup>15</sup> § 455.5(c).

be filed until May of 2029.<sup>16</sup> In consideration of the length of time before PG&E's next GRC filing, and to promote a more efficient and timely resolution of this OII, if we find that rate adjustments should be made, then we will direct PG&E to update its Test Year 2027 GRC testimony to include a discussion concerning whether Elkhorn ESS has been out of service for nine or more consecutive months. At that time PG&E should also be prepared to discuss the authorized revenue requirement and all revenues that PG&E receives for its normal, business-as-usual costs to own and operate Elkhorn ESS. We defer to the assigned Commissioner and Administrative Law Judges (ALJs) in A.25-05-009 to determine the appropriate process and schedule for considering PG&E's updated testimony, which may take place in a subsequent track of the proceeding.

Beyond the specific criteria set forth in § 455.5, section XII of the California Constitution and Pub. Util. Code §§ 451 and 703 confer broad authority on the Commission to ensure all charges demanded or received by public utilities for services or commodities are "just and reasonable." In the event the Commission determines that § 455.5 does not apply to energy storage systems, this OII may also consider whether, and to what extent, PG&E's rates should be refunded to customers for the business-as-usual costs of Elkhorn ESS under the just and reasonable standard.

Accordingly, we open this OII pursuant to § 451, § 455.5, and Rule 5.1, and direct PG&E to establish a memorandum account, effective immediately, to track its authorized revenue requirement and all revenues PG&E receives for its normal, business-as-usual costs to own and operate the Elkhorn ESS. This formal

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<sup>16</sup> See D.20-01-002, Appendix A.

proceeding will allow the Commission to exercise its broad regulatory oversight and responsibilities in the best interest of PG&E's customers.

### **3. Preliminary Scoping Memo**

This investigation will be conducted in accordance with Article 5 of the Commission's Rules. As required by Rule 7.1(c), this OII includes a preliminary scoping memo as set forth below, and preliminarily determines the category of this proceeding and need for hearing.

In response to this OII, parties will have the opportunity to provide comments on the preliminary issues, schedule, category, and need for hearing. After a prehearing conference, the assigned Commissioner will issue a Scoping Memo and Ruling that will establish the issues and procedural path in greater detail.

#### **3.1. Scope**

We divide the preliminary issues the Commission anticipates in this matter into two phases, as set forth below:

##### **Phase 1**

- (1) Does Pub. Util. Code § 455.5(b) apply to energy storage systems?
- (2) Has the Elkhorn ESS been out of service for nine or more consecutive months pursuant to Pub. Util. Code § 455.5(a)?
- (3) If Elkhorn ESS is subject to Pub. Util. Code § 455.5, and has been out of service for nine or more consecutive months, should rate adjustments be made?
- (4) If Elkhorn ESS is not subject to Pub. Util. Code § 455.5, is there otherwise good cause for rate adjustments to be made?

##### **Phase 2**

- (5) If rates are adjusted, when should they start?
- (6) What should be the amount of the adjusted rates?

- (7) What should be the correct accounting of these adjusted rates?
- (8) If Elkhorn ESS is out of service, should it be considered a plant held for future use, treated as allowance for funds used during construction, or otherwise treated differently than it is currently?

### 3.2. Issues out of Scope

This proceeding is not intended to consider or address ESRB's ongoing investigations into the safety incidents at Elkhorn ESS, or issues under FERC's jurisdiction.

### 3.3. Schedule

Item	Date
Responses to the OII	30 days from the issuance date of the OII
Prehearing Conference	Within 30 days of receipt of responses
Scoping Memo	TBD
Opening Briefs on Phase 1 issues	Per Scoping Memo
Reply Briefs on Phase 1 issues	Per Scoping Memo
Proposed Decision on Phase 1 Issues	~90 days after Submission
Final Decision on Phase 1 Issues	~30 days from Proposed Decision
Prehearing Conference on Phase 2 Issues	Established by ALJ Ruling if Required
Prepared Testimony on Phase 2 Issues	Per direction provided in A.25-05-009
Prepared Rebuttal Testimony on Phase 2 Issues	Per direction provided in A.25-05-009
Hearings on Phase 2 Issues (if needed)	Per direction provided in A.25-05-009
Opening Briefs on Phase 2 Issues	Per direction provided in A.25-05-009
Reply Briefs on Phase 2 Issues	Per direction provided in A.25-05-009
Proposed Decision on Phase 2 Issues	~90 days after Submission

Final Decision on Phase 2 Issues	~30 days from Proposed Decision
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The preliminary schedule is set forth below.<sup>17</sup> A final schedule will be adopted in the Assigned Commissioner’s Scoping Memo in this case. The schedule may be modified by written ruling by the assigned ALJ or the assigned Commissioner.

Pursuant to the authorization conferred by Pub. Util. Code § 1701.5(b), this proceeding may extend for 36 months beyond the date of this OII. The OII presents complex issues and will likely involve multiple parties. Additionally, Pub. Util. Code § 455.5(c) mandates that the hearing on the investigation be consolidated with PG&E’s GRC, which includes a broad and complex set of issues already under consideration.<sup>18</sup>

#### **4. Responses to the OII and Party Status**

PG&E is a respondent to this OII. Other entities interested in participating in this OII may file a response to the preliminary scope, schedule and need for hearing determination within 30 days from the issuance date of this OII. Entities that file responses will be granted party status.

#### **5. Category and *Ex Parte* Communications**

The proceeding is categorized as ratesetting. Pursuant to Rule 7.1(c); this determination is appealable under the procedures in Rule 7.6. *Ex parte* communications are governed by Pub. Util. Code § 1701.3 and Article 8 of the Commission’s Rules of Practice and Procedure. Communication with the

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<sup>17</sup> The schedule is preliminary and subject to change. The schedule is also subject to change when this matter is consolidated with A.25-05-009, PG&E’s Test Year 2027 GRC proceeding.

<sup>18</sup> See July 31, 2025, Assigned Commissioner’s Scoping Memo and Ruling (A.25-05-009), at 4-16; January 6, 2026, Assigned Commissioner’s Amended Scoping Memo and Ruling (A.25-05-009),

at 3-4; March 3, 2026, Assigned Commissioner's Second Amended Scoping Memo and Ruling (A.25-05-009), at 1-5.

assigned ALJ shall occur either through formal filing or via written e-mail to the entire service list of this proceeding.

## **6. Need for Hearings**

Pursuant to Rule 7.1(c), it is preliminarily determined that hearings will be needed in this proceeding. A final determination on the need for hearings will be made in the assigned Commissioner's Scoping Memo and Ruling.

## **7. Notice and Distribution of OII**

In the interest of broad notice, this OII will be served on the official service lists for the following dockets: A.21-06-021 (PG&E's Test Year 2023 GRC); A.25-05-009 (PG&E's Test Year 2027 GRC); A.25-05-011 (PG&E's 2026 Energy Resource Recovery Account (ERRA) Forecast); and A.26-02-019 (PG&E's 2026 ERRA Compliance).

Service of this OII does not confer party status or place a person or organization that has received such service on the Official Service List for this proceeding, except as otherwise noted (PG&E as respondent is automatically a party; entities that file responses to the OII will be conferred party status). To be placed on the service list, persons or entities should follow the instructions in Section 8, below.

## **8. Addition to the Official Service List**

Additions to the official service list shall be governed by Rule 1.9(f).

Persons who file responsive comments to the OII will become parties to this proceeding and will be added to the "Parties" category of the official service list upon such filing. *In order to assure service of comments and other documents and correspondence in advance of obtaining party status, persons should promptly request addition to the "Information Only" category as described below.* They will be removed

from that category upon obtaining party status.

Any person will be added to the “Information Only” category of the official service list upon request and will receive electronic service of all documents in the proceeding. Interested entities should request to be added to the service list promptly to ensure timely service of comments and other documents and correspondence in the proceeding. (*See* Rule 1.9(f).) The request must be sent to the Process Office by e-mail ([processoffice@cpuc.ca.gov](mailto:processoffice@cpuc.ca.gov)) or letter (Process Office, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California 94102). Please include the Docket number of this investigation in the request.

#### **9. Subscription Service**

Persons may monitor the proceeding by subscribing to receive electronic copies of documents in this proceeding that are published on the Commission’s website. There is no need to be on the official service list in order to use the subscription service. Instructions for enrolling in the subscription service are available on the Commission’s website at <http://subscribecpuc.cpuc.ca.gov/>.

#### **10. Filing and Service of Comments and Other Documents**

Filing and service of comments and other documents in this proceeding are governed by the rules contained in article 1 of the Commission’s Rules of Practice and Procedure. (*See*, particularly, Rules 1.5 through 1.10 and 1.13.) If you have questions about the Commission’s filing and service procedures, contact the Docket Office ([Docket\\_Office@cpuc.ca.gov](mailto:Docket_Office@cpuc.ca.gov)) or check the Practitioner’s Page on our website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

#### **11. Public Advisor**

Any person or entity interested in participating in this Rulemaking who is

unfamiliar with the Commission's procedures should contact the Commission's

Public Advisor in San Francisco at (415) 703-2074 or (866) 849-8390 or e-mail [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov). The TYY number is (866) 836-7825.

## **12. Intervenor Compensation**

Any party that expects to claim intervenor compensation for its participation in this Investigation must file its notice of intent to claim intervenor compensation within 30 days of the filing of a response to the OIL, except that notice may also be filed within 30 days of the prehearing conference. Intervenor compensation rules are governed by § 1801 *et seq.* of the Pub. Util. Code. Parties new to participating in Commission proceedings may contact the Public Advisor's office for assistance. Contact information is set forth in Section 11, above.

## **O R D E R**

**IT IS ORDERED** that:

1. The Commission institutes this investigation on its own motion to determine whether the Elkhorn Energy Storage System (Elkhorn or Elkhorn ESS) qualifies as "generation or production facility" under Public Utilities (Pub. Util.) Code § 455.5(a) and has remained out of service for nine or more consecutive months; and, if found to be out of service, whether to eliminate consideration of value of any portion of Elkhorn ESS or disallow expenses related to Elkhorn ESS from the rates of Pacific Gas and Electric Company, pursuant to Pub. Util. Code §§ 455.5, 451, 703, or section XII of the California Constitution. The preliminary scope and schedule are set forth herein.
2. Pacific Gas and Electric Company is named as a respondent to this investigation.

3. Pursuant to the authorization conferred by Public Utilities Code § 1701.5(b), this Order Instituting Investigation adopts a 36-month timeframe.
4. Responses to the preliminary scope, schedule, and determination on the need for hearings are due 30 days from the issuance date of this Order Instituting Investigation.
5. Any entity that submits a response or reply will be conferred party status in this proceeding.
6. This Order Instituting Investigation is classified as ratesetting. Pursuant to Rule 7.1(c) of the Commission's Rules of Practice and Procedure (Rules), this determination is final but appealable under the procedures in Rule 7.6.
7. This Order Instituting Investigation preliminarily determines that hearings will be needed.
8. Pursuant to Public Utilities Code § 455.5(c), Pacific Gas and Electric Company (PG&E) is directed to establish a memorandum account, effective immediately, to track its authorized revenue requirement and all revenues PG&E receives for its normal, business-as-usual costs to own and operate the Elkhorn Energy Storage System. PG&E shall file a Tier 1 Advice Letter within 20 days from the issuance date of this Order Instituting Investigation confirming the establishment of this memorandum account.
9. The authorized revenue requirement and revenues tracked by the memorandum account established in this Order Instituting Investigation shall accrue interest and be subject to refund from the date this Order Instituting Investigation is issued.
10. In order to promote an efficient and timely resolution of this Order

Instituting Investigation, if the Commission finds that rate adjustments should be made pursuant to Public Utilities Code § 455.5(c), then we will consolidate the

hearing about the specifics of those adjustments with Application 25-05-009, Pacific Gas and Electric Company's Test Year 2027 General Rate Case proceeding.

11. If the Commission finds that rate adjustments should be made pursuant to section XII of the California Constitution or Public Utilities Code Sections 451 or 701, then the assigned Commissioner and/or Administrative Law Judge to this Order Instituting Investigation (OII) will determine whether to conduct the hearing about the specifics of those adjustments within this OII, or consolidate the hearing with Application 25-05-009, Pacific Gas and Electric Company's Test Year 2027 General Rate Case proceeding.

12. The Executive Director shall cause this Order Instituting Investigation to be served on the following service lists: Application (A.) 21-06-021; A.25-05-009; A.25-05-011; and A.26-02-019.

13. *Ex Parte* communications in this investigation are governed by Public Utilities Code Section 1701.3 and Article 8 of the Commission's Rules of Practice and Procedure. Communications with the assigned Administrative Law Judge shall occur either through formal filing or via e-mail written to the entire service list in this proceeding.

14. The assigned Administrative Law Judge shall set a Prehearing Conference in this proceeding as soon as practicable after the receipt of responses to the Order Instituting Investigation. The assigned Commissioner or Administrative Law Judge may adjust the schedule or scope identified herein as needed to promote the efficient and fair resolution of this investigation.

15. A party that expects to request intervenor compensation for its participation in this proceeding must file its notice of intent to claim intervenor compensation within 30 days of the filing of a response, except that notice may be filed within 30 days of a prehearing conference in the event that one is held (*See* Rule 17.1(a)(2) of the Commission's Rules of Practice and Procedure.)

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.

# Attachment A



300 Lakeside Drive  
Suite 210  
Oakland, CA 94612-3534

General PO Box:  
P.O. Box 28209  
Oakland, CA 94612-8209

February 27, 2026

**Via E-Mail**

Ms. Leuwam Tesfai, Executive Director  
CALIFORNIA PUBLIC UTILITIES COMMISSION  
505 Van Ness Avenue  
San Francisco, CA 94102-3214

**Re: Public Utilities Code § 455.5(b) Notice Regarding Elkhorn BESS Outage**

Dear Ms. Tesfai:

Pacific Gas and Electric Company (“PG&E”) submits this letter to provide notice to the California Public Utilities Commission (“Commission”) that it expects its utility-owned Elkhorn Energy Storage System (“Elkhorn ESS”) will have been offline for nine consecutive months as of March 2, 2026.

**Applicability of Section 455.5 to Elkhorn ESS**

California Public Utilities Code Section<sup>1</sup> 455.5(b) requires utilities to notify the Commission when any portion of a major electric generation facility included in an electrical corporation’s rate base has been “out of service for nine consecutive months.” While Section 455.5 does not explicitly apply to energy storage systems, as opposed to electric generation facilities, PG&E provides this notice voluntarily in the spirit of the statute and to identify a potential gap in the applicability of Section 455.5.

Section 455.5 requires reporting when there is an outage of a facility or any independent operating unit at a major generation facility for nine months. A “major generation or production facility” includes any generation plant or facility with nameplate capacity of 50 megawatts (“MW”) or more, or that represents at least one percent (1%) of an electric utility’s retained generation system capacity, whichever is smaller.<sup>2</sup> PG&E’s Elkhorn ESS has a nameplate capacity of approximately 182 MW; therefore, the facility would exceed the reporting threshold if energy storage systems were reportable under Section 455.5.

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<sup>1</sup> All further references to codified sections in this letter are to the California Public Utilities code.

<sup>2</sup> Decision (D.) 07-09-021, p. 8 and Ordering Paragraph 1.

The Commission has found in other contexts that energy storage facilities are distinct from generation facilities. For example, Commission General Orders (“GO”), including GO 131-E<sup>3</sup> and GO 167<sup>4</sup> have distinguished energy storage systems from generation facilities and, where similar Commission regulatory processes might apply to both, the Commission has specifically described the requirements applicable to each category. Additionally, the Public Utilities Code treats electric generation facilities and energy storage facilities as separate and distinct categories in another section.<sup>5</sup>

Based on these authorities, PG&E does not believe that Elkhorn ESS is a “generation or production facility” under Section 455.5, and therefore does not believe that notice of the current outage is required under that statute or that the other provisions of Section 455.5 are applicable. Nevertheless, in the interest of transparency and consistency with the spirit of the statute, PG&E is providing this voluntary notice of the current outage at the Elkhorn ESS.

### **Description of Elkhorn ESS Outage**

The Elkhorn ESS is a utility-owned energy storage facility originally authorized for cost recovery in Commission Resolution E-4949, issued Nov. 8, 2018. PG&E contracted with Tesla, Inc. (“Tesla”) to construct and to support the long-term operation and maintenance of the facility. Commercial operations of the Elkhorn ESS began on April 7, 2022. The Elkhorn ESS is located adjacent to PG&E’s Moss Landing substation, and other large energy storage facilities owned by third parties are also located in the area.

On January 16, 2025, a fire at the third-party-owned Vistra 300 MW battery energy storage facility in the area caused Elkhorn ESS to be initially taken offline due to safety considerations. Following discussions with the Commission and local government entities, PG&E began to bring the facility back online on June 1, 2025.

A coolant leak required the Elkhorn ESS to be forced offline again on June 2, 2025. The facility has been offline since that time. PG&E is working with Tesla, the maintenance contractor and warranty service provider for the batteries, to resolve concerns related to the coolant leak that occurred when restarting the facility on June 1, 2025.

PG&E does not have a definitive date for the Elkhorn facility to resume operations at this time. For purposes of resource planning, PG&E has shown the Elkhorn facility as offline for the remainder of 2026. Thus, as of March 2, 2026, the Elkhorn ESS will have been offline for nine consecutive months.

### **Prior Notifications of Elkhorn ESS Outage**

PG&E is providing as Attachment 1 to this letter a summary of its prior key communications with the Commission regarding the outage at the Elkhorn ESS. While these communications provided effective

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<sup>3</sup> D.25-01-055, pp. 119-124 (adopting GO 131-E and discussing Battery Energy Storage System facilities, distinguishing their treatment under GO 131-E from utility-owned electric generation resources).

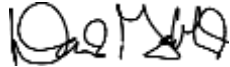
<sup>4</sup> GO 167-C, Enforcement of Maintenance and Operation Standards for Electric Generating Facilities and Energy Storage Systems, §§ 2.5, 2.8 (defining and treating an “Energy Storage System” distinctly from a “Generating Asset”).

<sup>5</sup> See Cal. Pub. Util. Code § 761.3.

notice to the Commission of the outage, PG&E is providing this specific notice to meet the spirit of Section 455.5 and to ensure transparency with the Commission regarding the outage.

I am happy to provide any additional information regarding this matter or answer any questions you might have.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Gabbard".

Dave Gabbard  
Vice President, Power Generation, PG&E

cc: Christine Hammond, General Counsel, CPUC  
Shilpa Ramaiya, Vice President, Regulatory and Rates, PG&E

Encl:

Attachment 1 - Summary of Primary PG&E Communications with CPUC Staff Regarding Elkhorn ESS Outage, Beginning June 2, 2025

Attachment 1

**Summary of Primary PG&E Communications with CPUC Staff**  
**Regarding Elkhorn ESS Outage, Beginning June 2, 2025**

<b>Date</b>	<b>CPUC Recipient</b>	<b>Subject</b>
6/2/25	Safety & Enforcement Division (SED)	Incident Report related to 6/2/25 coolant leak and subsequent outage
6/23/25	SED	Submission of clean-up report
6/30/25	Various CPUC managers and subject-matter experts	PG&E leadership meeting with CPUC to provide formal update on the Elkhorn ESS outage
6/30/25	CPUC Outage Portal	Notification of Elkhorn ESS outage
7/9/25	SED	PG&E hosted SED for Elkhorn ESS Site Visit
10/9/25	SED	PG&E request to remove and dispose of failed battery modules from Elkhorn site; SED response with approval
11/11/25	SED	PG&E notice of suspension of Tesla work at Elkhorn ESS
1/26/26	SED	PG&E response to SED questions re Elkhorn ESS
2/2/26	SED	PG&E notification that operations expected to resume on 1/1/27