

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Agenda ID# 24331
RESOLUTION E-5470
July 16, 2026

REDACTED
RESOLUTION

Resolution E-5470. Pacific Gas and Electric Company's request for approval of contract amendments with Atlas Solar XII, LLC and Atlas Solar XIII, LLC.

PROPOSED OUTCOME:

- Approve the Pacific Gas and Electric Company contract amendments with Atlas Solar XII, LLC and Atlas Solar XIII, LLC.

SAFETY CONSIDERATIONS:

- The owners and sellers of the projects are responsible for the safe construction and operation of their facilities in compliance with all applicable laws, including safety regulations.
- Seller is required to have a project safety plan that demonstrates responsible safety management during all lifecycle phases, referencing applicable safety-related codes and standards and its own safety programs and policies, and describing the project design and key safety-related systems, including potential hazards and risk mitigations/safeguards. The seller is required to demonstrate and enforce its contractors' and subcontractors' compliance with the safety requirements.

ESTIMATED COST:

- There are no additional costs.

By Advice Letter 7895-E and Advice Letter 7895-E-A, filed on April 17, 2026 and May 6, 2026, respectively.

SUMMARY

This Resolution approves Pacific Gas and Electric Company’s (PG&E’s) power purchase agreement (PPA) amendments with Atlas Solar XII, LLC and Atlas Solar XIII, LLC (collectively, Atlas Solar). The PPA amendments for which PG&E seeks approval in Advice Letter (AL) 7895-E are summarized in Table 1 below:

Counterparty	Facility/Technology	Location	Expected Initial Delivery Date	Term (Years)	Generation Capacity (MW)	Storage Capacity (MW)
Atlas Solar XII, LLC	Atlas Solar North 1 – Solar photovoltaic + Lithium-ion battery storage	La Paz, AZ	12/1/2027 9/1/2028	15	375	225
Atlas Solar XIII, LLC	Atlas Solar North 2 – Solar photovoltaic + Lithium-ion battery storage	La Paz, AZ	12/1/2027 9/1/2028	15	375	225

Table 1: PG&E AL 7895-E/E-A Contract Amendment Overview. See Confidential Appendix A for additional details.

BACKGROUND

Overview of Integrated Resource Planning (IRP) / Mid-Term Reliability (MTR) Requirements

Decision (D.) 21-06-035 requires load serving entities (LSEs) to procure at least their share of 11,500 MW of September net qualifying capacity (NQC), with at least 9,500 MW by 2025; and an additional 2,000 MW of long lead time resources online by June 1, 2026. D.21-06-035 also requires at least 2,500 MW procured of firm zero-emitting generation, generation paired with storage, or demand response resources by June 1, 2025 to replace Diablo Canyon Nuclear Power Plant (sometimes referred to as Diablo Canyon Replacement (DCR) procurement).

D.23-02-040 orders supplemental MTR procurement of 2,000 MW NQC for 2026 and 2,000 MW NQC for 2027, and revised the online date for long lead time resources from June 1, 2026 to June 1, 2028.

On February 20, 2024, the Commission approved PG&E's 2022 IRP via D.24-02-047, authorizing PG&E to begin procurement towards meeting its IRP requirements, including IRP greenhouse gas (GHG) emissions reductions targets as well as SB 1020 GHG-free energy requirements. D.24-02-047 allowed LSEs to request extensions of their long lead time procurement requirements from 2028 to 2031, but required the procurement of either bridge resources or resources that otherwise meet the requirements for generic procurement in D.21-06-035, until the long lead time resources come online.

On September 18, 2025, the Commission approved D.25-09-007, which granted Southern California Edison's Petition for Modification of D.23-02-040 and D.24-02-047, eliminating the option for LSEs to use bridge contracts as an alternative compliance mechanism and establishing that LSEs will be deemed compliant with their D.21-06-035 and D.23-02-040 obligations if they can show that:

1. They have sufficient executed long-term (ten years or more) active contracts that meet all of the long time lead requirements to meet applicable procurement obligations, and;
2. They have met their month ahead system resource adequacy obligations for all months in which their procurement is delayed, by the final deadline for curing any resource adequacy deficiency.

LSEs may be deemed compliant by using this alternative compliance pathway for a period of not more than three years from the required online date of the applicable procurement requirement. In the case of long lead time resources, this means no later than June 1, 2031.

On March 5, 2026, the Commission issued D.26-02-057, requiring LSEs to procure an additional 6,000 MW of NQC resources (2,000 MW by June 1, 2030; 2,000 MW by June 1, 2031; 2,000 MW by June 1, 2032). Any procurement towards meeting the requirements of D.21-06-036 and D.23-02-040 obligations that exceeds the requirements is eligible to count towards D.26-02-057 requirements, and the alternative compliance pathways allowed by D.25-09-007 are still applicable.

Overview of the Renewable Portfolio Standard (RPS) Program Requirements

The California RPS program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107, SB 1036, SB 2 (1X), SB 350 and SB 100.¹ The RPS program is codified in Public Utilities Code Sections 399.11-399.33.²

The RPS program administered by the CPUC requires each retail seller of electricity to procure eligible renewable energy resources so that the amount of electricity generated from eligible renewable resources equals 60 percent of retail sales by December 31, 2030.³ Retail sellers submit for approval annual RPS Procurement Plans outlaying their RPS portfolio management intents for the calendar year.

Additional background information about the CPUC's RPS Program is available at <https://www.cpuc.ca.gov/rps>.

Execution of Atlas Solar Contracts and First Amendments

On February 7, 2023, PG&E launched Phase 3 of its Mid-Term Reliability Request for Offers (MTRRFO) for incremental resources to satisfy MTR requirements. From this RFO, PG&E executed contracts with Atlas Solar XII, LLC and Atlas Solar XIII, LLC for the Atlas North 1 and Atlas North 2 projects, respectively. Each project represents a 375 MW solar photovoltaic generation paired with 225 MW lithium-ion battery storage. PG&E requested approval of these contracts by AL 7356-E, which was approved via Resolution E-5370 on February 26, 2025.

The contract amendments, executed March 23, 2026, modify the estimated initial delivery date of the Atlas Solar contracts from December 1, 2027 to September 1, 2028 due to delays in necessary network upgrades. Additional amendment terms are discussed in Confidential Appendix B. Most of the terms of the original contracts, including contracted capacity, contract term, and expected RPS Portfolio Content Category classification, remain unchanged.

¹ SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007); SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session); SB 350 (de León, Chapter 547, Statutes of 2015); SB 100 (de Leon, Chapter 312, Statutes of 2018).

² All further statutory references are to the Public Utilities Code unless otherwise specified.

³ D.11-12-020 established a methodology to calculate procurement requirement quantities for the three different compliance periods covered in SB 2 (1X) (2011-2013, 2014-2016, and 2017-2020). D.16-12-040 established additional procurement requirement quantities for the three compliance periods established by SB 350: 2021-2024, 2025-2027, 2028-2030.

NOTICE

PG&E states that a copy of AL 7895-E/E-A was distributed to parties on the service list for Rulemaking (R.) 20-05-003, R. 24-01-017, and R.25-06-019 in accordance with Section IV of General Order 96-B.

PROTESTS

PG&E AL 7895-E/E-A received no protests and one timely response, from Lydian Energy, LLC (Lydian). Lydian wrote detailing their support for AL 7895-E/E-A as the project's owner, citing the infeasibility of original planned timelines as well as the project's contributions towards RPS and Integrated Resources Planning (IRP) requirements. Lydian continues, noting that the delays represented by the amendments are less than a year, that the project pricing has not changed, and that Lydian and PG&E arrived at "mutually beneficial amendments". They conclude that approval of the AL will benefit all interests, including ratepayers who will receive carbon-free, dispatchable capacity "at stable rates in a long-term contract."

DISCUSSION

PG&E requests in AL 7895-E/E-A that the Commission issue a disposition that:

1. Approves the amendments to the PPAs with Atlas Solar XII, LLC and Atlas Solar XIII, LLC;
2. Adopts the following findings of fact and conclusions of law in support of Commission approval of the amendments to the Agreements for the Atlas North 1 Project and Atlas North 2 Project:
 - a. The amended Agreements identified and executed by PG&E, as submitted in this Advice Letter, are eligible to count toward PG&E's NQC procurements requirements ordered by D.23-02-040 (as modified by D.25-09-007), PG&E's IRP procurement authorized by D.24-02-047, and are further eligible to contribute toward PG&E's incremental NQC procurement requirements established in D.26-02-057, provided that PG&E comply with applicable ordering paragraphs and Commission requirements.
 - b. The amended Agreements are consistent with PG&E's Commission-approved RPS procurement plan.
 - c. Any procurement pursuant to the amended Agreements is procurement from eligible renewable energy resources for purposes of determining

PG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California RPS (California Public Utilities Code Section 399.11 et seq.), D.03-06-071, D.06-10-050, D.11-12-020, D.11-12-052, D.19-06-023, D.25-12-025 or other applicable law.

3. Adopts the following findings of fact and conclusions of law in support of cost recovery for each amended Agreement:
 - a. The amended Agreements and PG&E's entry into each amended Agreement are reasonable and prudent for all purposes, and that payments to be made by PG&E pursuant to each amended Agreement are recoverable in full by PG&E.
 - b. Finds that all procurement and administrative costs associated with amended Agreements shall be recovered in rates, as provided by Public Utilities Code Section 399.13(g).
 - c. The utility's net costs under each amended Agreement shall be recovered through PG&E's Portfolio Allocation Balancing Account.
4. Any above-market cost that may arise from each amended Agreement remains subject to the provisions of D.23-02-040 as a 2023 PCIA-eligible contract and shall be recorded to the Portfolio Allocation Balancing Account.

Energy Division evaluated the PPA Amendments based on the following criteria:

- Consistency with IRP and MTR Decisions D.21-06-035, D.23-02-040, D.24-02-047, D.25-12-025, and D.26-02-057;
- Consistency with PG&E's 2023 and 2025 Renewables Portfolio Standard (RPS) Procurement Plans;
- Valuation and Cost Reasonableness;
- Consistency with RPS Standard Terms and Conditions;
- Independent Evaluator Review

Consistency with IRP MTR Decisions

D.21-06-035, D.23-02-040, D.25-12-025, and D.26-02-057 (MTR Decisions) require PG&E to procure incremental zero-emitting capacity for mid-term reliability and authorize PG&E to conduct procurement activities "to procure the resource needs identified in their 2022 individual integrated resource plans [...]" granted in D.24-02-047 Ordering Paragraph (OP) 9.

The Atlas Solar amendments maintain the original contracts' generation and storage capacity which still may contribute towards PG&E's MTR obligations with the delayed Expected Initial Delivery Date. Specifically, the AL 7895-E/E-A amended contracts would continue to contribute to the satisfaction of MTR requirements from D.26-02-057 because they will be zero-emitting resources paired with energy storage resources to come online in 2028. We find that the contract amendments for which PG&E seeks approval in AL 7895-E/E-A are consistent with the MTR Decisions. However, final verification of specific resource eligibility for specific procurement categories is done via the IRP compliance process.

Consistency with PG&E's RPS Procurement Plans

Pursuant to statute, PG&E's RPS Plans include⁴:

- An assessment of RPS supply and demand forecasts;
- A description of existing RPS portfolio;
- A description of potential RPS compliance delays;
- A status update of projects within its RPS portfolio;
- An assessment of the project failure and delay risk within its RPS portfolio; and
- Bid solicitation protocols setting forth the need for renewable generation of various operational characteristics.

In its RPS Plans, PG&E showed that it has sufficient RPS bank volume to meet its near-term RPS compliance needs. However, it noted that incremental RPS procurement would be used to contribute to meeting long term RPS procurement obligations. PG&E requested in its 2023 Final RPS Plan authority to procure renewable energy resources to fulfil long-term RPS obligations as well as to meet MTR targets required under D.21-06-035 and D.23-02-040. D.23-12-008 OP 3 granted PG&E's procurement authorization request. For similar reasons, PG&E requested procurement authority in their 2025 RPS Plan, which was approved by D.25-12-025 OP 4. The Atlas Solar contract amendments have not altered the original contracts' product (photovoltaic energy and energy storage) nor the delivery term (15 years).

Therefore, we find that the Atlas Solar amendments, which are to long-term procurement contracts with renewable energy resources, are consistent with the RPS need and authorizations provided from its 2023 and 2025 RPS Procurement Plans (collectively, RPS Plans).

⁴ Pub. Util. Code § 399.13(a)(5).

Valuation and Cost Reasonableness

PG&E describes its evaluation processes in AL 7865-E Confidential Appendix B1. Because the Atlas Solar contract amendments do not affect the original contracts' positive valuation for ratepayers, we find that PG&E's valuation and the overall cost reasonableness of the AL 7895-E/E-A contract amendments to be fair and reasonable.

See Confidential Appendix B of this Resolution for additional discussion.

Consistency with RPS Terms and Conditions

The CPUC adopted a set of standard terms and conditions (STCs) required in RPS contracts, five of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028, D.10-03-021, as modified by D.11-01-025, and D.13-11-024.

Resolution E-5370, which approved the original Atlas contracts, found that "The Atlas contracts include all CPUC-adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025 and D.13-11-024." The amendments do not alter or modify the CPUC-adopted RPS "non-modifiable" standard terms and conditions. Therefore, we find that the amended Atlas Solar contracts are consistent with the RPS Terms and Conditions.

Independent Evaluator Review

Merrimack Energy (Merrimack) reviewed and evaluated PG&E's amendment negotiations, quantitative evaluation, drafts of the contract amendments, and e-mail correspondence between parties. After assessing the reasonableness of the process leading to final negotiation and execution of the contract amendments, Merrimack opined that the amendments provide "a reasonable balance of risk for Buyer and Seller," concluding that PG&E's customers should retain benefits from the amended contracts and recommending Commission approval of the amendments in their entirety.

We find that PG&E retained Merrimack as the IE for the AL 7895-E/E-A contract amendments consistent with D.04-12-048 and D.06-05-039.

Confidential Information

The Commission, through the implementation of Pub. Util. Code § 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032 and D.21-11-029, that certain

material submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066, as modified, adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, such as price, may be kept confidential until 30 days after the commercial operation date/energy delivery start date or eighteen months from the date of Commission approval, whichever comes first or one year after contract termination, except contracts between IOUs and their affiliates, which are public.

The confidential appendices marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution were waived.

FINDINGS

1. The Atlas Solar contract amendments are consistent with the Commission's procurement orders issued by D.23-02-040 (as modified by D.25-09-007), PG&E's procurement authorized by D.24-02-047, and are eligible towards PG&E's procurement requirements established in D.26-02-057, pending final verification of specific resource eligibility via the IRP compliance process.
2. The Atlas Solar contract amendments are consistent with PG&E's 2023 and 2025 RPS Procurement Plans.
3. PG&E's valuation and the overall cost reasonableness of the AL 7895-E/E-A contract amendments are fair and reasonable.

4. The Atlas Solar contract amendments are consistent with the RPS Terms and Conditions.
5. Consistent with D.06-05-039 and D.09-06-050, an independent evaluator reviewed and evaluated PG&E's negotiations with Atlas Solar and the amendments.
6. PG&E's request to allocate the benefits and costs of the Atlas Solar contracts to all applicable customers via the respective vintage in the Portfolio Allocation Balancing Account (PABA) 2021 and 2023 vintage subaccounts is reasonable. Payments to be made by PG&E pursuant to the Atlas contracts are recoverable by PG&E through the PABA, subject to PG&E's prudent administration of the Atlas Solar contracts.
7. Procurement pursuant to the amended MTR contracts is procurement from RPS-eligible renewable energy resources certified by the California Energy Commission for purposes of determining PG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Sections 399.11, et seq.), D.11-12-020 and D.11-12-052, or other applicable law on or before the first delivery of energy.
8. The above finding has never been intended, and shall not be read now, to allow the generation from a non-Renewables Portfolio Standard-eligible resource to count towards a Renewables Portfolio Standard compliance obligation absent California Energy Commission certification. Nor shall such finding absolve the seller of its obligation to obtain California Energy Commission certification, or the utility of its obligation to pursue remedies for breach of contract.
9. The confidential appendices, marked "[REDACTED]" in the public copy of this Resolution, as well as the confidential portions of Advice Letter 7895-E should remain confidential at this time.

THEREFORE IT IS ORDERED THAT:

1. Pacific Gas and Electric Company's Advice Letters 7895-E/E-A, requesting Commission review and approval of contract amendments with Atlas Solar XII LLC and Atlas Solar XIII are approved.

This Resolution is effective today.

Commissioner Signature blocks to be
added upon adoption of the resolution

The foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on July 16, 2026; the following Commissioners voting favorably thereon:

Dated _____, at [LOCATION], California.

Confidential Appendix A

Summary of Major Contract Terms

[REDACTED]

Confidential Appendix B
Valuation and Cost Reasonableness

[REDACTED]