

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

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

Rulemaking 20-05-003
(Filed May 7, 2020)

**REPLY COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON
RELIABLE AND CLEAN POWER PROCUREMENT PROGRAM STAFF PROPOSAL**

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I. Introduction

The California Independent System Operator Corporation (CAISO) submits comments pursuant to the California Public Utilities Commission’s (Commission) April 29, 2025 *Administrative Law Judge’s Ruling Seeking Comments on Reliable and Clean Power Procurement Program Staff Proposal* (Ruling) and May 15, 2025 *Email Ruling Granting Request for Extension of Time* extending the time for filing of reply comments to August 5, 2025.

The CAISO recognizes broad party support for the Commission developing a Reliable and Clean Power Procurement Program (RCPPP) that establishes more predictable, programmatic forward procurement requirements. The CAISO sees the RCPMP as a key piece of the 2022 Memorandum of Understanding (MOU) among the CAISO, the Commission, and the California Energy Commission (CEC), which commits to tightening linkages among demand forecasting, resource planning and procurement, transmission planning, and interconnection processes. The RCPMP is critical to align forward procurement with coordinated planning processes including the CAISO’s transmission planning and interconnection processes.

The CAISO’s comments focus on a near-term needs assessment covering the 2028-2032 timeframe and a potential near-term procurement order if a need is identified. Pacific Gas and Electric Company’s (PG&E) needs assessment is a helpful first step to identify open reliability needs out to 2030 after existing procurement orders drop off. The CAISO also supports parties’ recommendations that the RCPMP include explicit new build requirements. Regarding a potential

near-term procurement order, opening comments by various parties explain concerns with CAISO's Cluster 14 and 2025 Transmission Plan Deliverability (TPD) allocation cycle timelines. The CAISO clarifies its next steps regarding these processes. Lastly, the CAISO responds to party recommendations that the Commission allow certain energy-only (EO) resources to count towards Commission procurement requirements.

II. Discussion

A. The Commission Should Establish a Track Dedicated to Development of a Near-Term Needs Assessment and Consider Issuing New Procurement Order by the End of the Year if a Need is Identified.

In opening comments, several parties recommend the Commission develop a near-term needs assessment and consider an interim, or near-term, procurement order.¹ PG&E's comments include a stack analysis to assess near-term reliability needs. PG&E's stack analysis finds there is insufficient resource adequacy (RA) capacity in September 2030 to meet the forecasted highest system demand of the month, plus a planning reserve margin (PRM), from hours ending (HE) 15 to 24.² PG&E estimates capacity shortfalls between 776 and 2,210 MW. PG&E's analysis also includes a storage charging sufficiency requirement and finds there is insufficient storage charging capacity of 64,327 MWh in September 2030.³ Based on PG&E's stack analysis, PG&E recommends the Commission issue a one-time procurement order of approximately 2,900 MW of net qualifying capacity (NQC) from zero-carbon energy generating resources by December 31, 2025, to come online in 2030.⁴

The CAISO appreciates PG&E's efforts to develop a near-term needs assessment. PG&E's analysis is a helpful first step to assess whether existing and certain contracted resources are sufficient to meet reliability needs by 2030. If the Commission determines there is an open reliability need, the CAISO supports PG&E's timing recommendation that the Commission issue a one-time procurement order by December 31, 2025.⁵ The CAISO supports elements of PG&E's analysis including 1) Use of a PRM level that is informed by a loss of load expectation

¹ PG&E opening comments, p. 2; Joint Proposal of American Clean Power – California (ACP), Solar Energy Industries Association, Large-Scale Solar Association, and Independent Energy Producers Association, p. 1-2.

² PG&E opening comments, p. 3.

³ *Ibid.*, p. 4.

⁴ *Ibid.*, p. 4.

⁵ *Ibid.*, p. 8.

(LOLE) study,⁶ 2) PG&E's aligning its stack analysis assumptions with the Commission's integrated resource planning (IRP) modeling⁷, and 3) PG&E's use of the CEC's 2024 California Energy Demand forecast, which shows a significant increase in peak demand and data center loads, increasing overall energy requirements and need for capacity in evening hours.

However, a final need determination should use a PRM level that meets a 0.1 LOLE in the study years. Additionally, as PG&E identifies, its analysis will benefit from a more thorough review of in-development resources to establish the appropriate resource baseline.⁸ To estimate in-development resources, PG&E uses "the IRP proceeding's March 2025 - Resource Tracking Data Report based on LSEs' self-reported contracting for projects expected to come online between 2025 and 2028."⁹ Although the Commission's reporting shows a significant amount of capacity is in-development and under contract with load serving entities (LSEs), it is not clear that all in-development projects reported by LSEs are on track to come online by 2030, or as PG&E notes, whether these resources are already earmarked to count towards existing procurement orders.¹⁰ The CAISO supports PG&E's recommendation suggesting "use of LSEs' upcoming IRP plans to conduct a preliminary evaluation and perform various calculations for a near-term reliability assessment, as needed."¹¹ The Commission and parties should more thoroughly review and update LSE-reported in-development figures to establish a resource baseline for a near-term needs assessment.

The CAISO also believes that parties would benefit from the Commission establishing a schedule to develop and review a near-term needs assessment. As stated in opening comments, the CAISO recommends the Commission create two separate tracks in this proceeding: 1) A first track dedicated to the development of a near-term needs assessment for the 2028-2032 timeframe that would inform a potential procurement order to be issued by the end of 2025, and 2) a second track focused on continued development of a comprehensive RCPPP framework.¹² The CAISO supports PG&E's recommendation that the Commission "conduct a reliability needs assessment

⁶ PG&E opening comments, Appendix A, p. A-5; Energy Division's latest LOLE study found a 21% PRM in summer months and 20% PRM in non-summer months for 2026 may meet a 0.1 LOLE: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M557/K609/557609748.PDF>

⁷ PG&E opening comments, Appendix A, p. A-4.

⁸ *Ibid.*, p. 21.

⁹ *Ibid.*, Appendix A, p. A-4.

¹⁰ *Ibid.*, p. 21.

¹¹ *Ibid.*, p. 21.

¹² CAISO opening comments, p. 3.

by September 30, 2025.”¹³ The Commission should use PG&E’s analysis as a starting point for the Commission and parties to further develop and review near-term reliability needs to inform a potential procurement order by the end of the year.

B. The RCPMP Should Include Explicit New Build Procurement Requirements.

In opening comments, several parties including Southern California Edison Company (SCE), The Utility Reform Network (TURN), and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) support a RCPMP framework that includes new build procurement requirements.¹⁴ Cal Advocates explains that the RCPMP is the Commission’s opportunity to design a procurement program that minimizes ongoing risk of “musical chairs” where “system RA prices rise as LSEs scramble for limited existing RA supply, and some LSEs enter RA delivery periods with shortfalls.”¹⁵

TURN similarly explains that, “Absent this [focus on new build resources], there would be no procurement program that prioritizes or requires any new reliability capacity development. Option I assumes that LSEs will collectively determine the correct mix between new and existing resources needed to meet future reliability targets. This assumption is not reasonable and is not supported by past experience.”¹⁶

SCE explains “Most importantly, Option II is most likely to achieve the fundamental goal of any IRP reliability procurement program – developing the new resources needed to maintain system reliability, which also collectively benefits all customers. Option II follows the proven approach that has worked to develop new reliability resources in the past by establishing new reliability resource procurement requirements and allocating the responsibility for such new resource development to all LSEs by load share.”¹⁷

The CAISO agrees with Cal Advocates that there is a risk of perpetuating ongoing supply and cost risks in the RA timeframe if existing and new resources directly compete for LSE contracts. In opening comments, the CAISO expressed similar concerns about whether a

¹³ PG&E opening comments, p. 2.

¹⁴ ACP opening comments, p. 2; SCE opening comments, p. 20; Cal Advocates opening comments, p. 40; TURN opening comments, p. 3; California Energy Storage Alliance (CESA) opening comments, p. 6, Terra-Gen, LLC (Terra-Gen) opening comments, p. 6.

¹⁵ Cal Advocates opening comments, p. 6-7.

¹⁶ TURN opening comments, p. 3-4.

¹⁷ SCE opening comments, p. 6.

combination of RA penalties and clean procurement targets will result in LSEs collectively procuring reliable portfolios and investing in new resources where and when needed.¹⁸ The CAISO also agrees with TURN and SCE’s comments supporting a focus on new build requirements in the RCPMP as the best approach to ensure new resource development and support grid reliability.¹⁹

Additionally, parties recognize that the Commission’s mid-term reliability procurement orders have been effective in directing LSEs to contract for new resources and have successfully resulted in connecting new capacity to the CAISO system. SCE states, “Option II builds on the success of the Commission’s mid-term reliability []procurement orders... Indeed, in recent history, the vast majority of new reliability resource development has occurred through either Commission orders requiring all LSEs to procure their share of the incremental resource procurement need or investor-owned utility (“IOU”) procurement of new resources on behalf of all LSE customers.”²⁰ The CAISO agrees with SCE, and recommends the Commission build on the success of its mid-term reliability procurement orders through explicit new build procurement requirements in the RCPMP, which will best ensure new development occurs with sufficient lead time to meet reliability needs.

C. The CAISO Clarifies Cluster 14 and 2025 TPD Allocation Cycle Timelines, and Will Not Adjust these Timelines.

In the Joint Proposal submitted by American Clean Power – California (ACP), the Solar Energy Industries Association (SEIA), the Large-Scale Solar Association (LSA), and the Independent Energy Producers Association (IEP) (Joint Parties), the Joint Parties recommend the Commission establish a near-term needs track to initiate an expedited near-term procurement order. The Joint Parties identify Cluster 14 projects in CAISO’s interconnection queue as critical resources to address a potential resource gap between 2028 and 2032.²¹ The Joint Parties recommend the Commission issue a Proposed Decision on near-term needs by September 2025.²² The Joint parties also recommend that the Commission coordinate actions with the CAISO which “include[s] exploration of potential modifications to the CAISO processes to

¹⁸ CAISO opening comments, p. 5.

¹⁹ SCE opening comments, p. 2-3; TURN opening comments, p. 3-4.

²⁰ SCE opening comments, p. 2-3.

²¹ Joint Proposal, p. 5.

²² Joint Proposal, p. 19.

ensure Cluster 14 resources remain a viable option for cost-effectively meeting near-term system needs.”²³

The Joint Parties express concern about the August 29, 2025 deadline for Cluster 14 projects in Group B to convert from a shortlist to an executed power purchase agreement (PPA) in order to retain their TPD allocation. The Joint Parties also raise concerns that “many projects from Cluster 14 which may be necessary to meet system needs are at risk of losing deliverability (and the opportunity for ITC/PTC) if they cannot move quickly towards procurement and progress to an executed PPA by March 2027.” Without a viable pathway to contracting, the Joint Parties express concern that Cluster 14 projects that do not have an executed PPA by the 2027 CAISO TPD allocation cycle deadline will be converted to energy only and potentially drop out of the interconnection queue.²⁴

The CAISO provides the following comments to clarify the upcoming 2025 TPD allocation timeline and Cluster 14 activities:

The due date for affidavits from interconnection customers seeking to obtain or to retain allocations of TPD for the 2025 TPD allocation cycle will be August 29, 2025. The results of the 2025 TPD allocation study are expected to be provided by the end of the first quarter of 2026.²⁵ The CAISO understands that timely results of the TPD allocation study will be critical. Deferring the August 29 TPD affidavit deadline will not result in meaningful benefit to the state or to customers, and instead would delay interconnection customers ready to proceed to construction. The CAISO believes that time is of the essence to provide the 2025 TPD allocation results as soon as practicable in 2026 to facilitate any new procurement activities and to give projects that receive an allocation in early 2026 sufficient time to market their project. Allocations made in early 2026 that require retention will have until mid-March 2027 to obtain a PPA.

The CAISO does not plan to adjust current Cluster 14 timelines. The CAISO will diligently work through the TPD study process so that projects can understand their TPD allocations as soon as practicable in the first quarter of 2026. The CAISO notes that projects that already received Group B (shortlisted) and Group D (all other) projects will be able to provide executed PPAs, and will join the many Group A projects that already provided executed PPAs in

²³ *Ibid.*, p. 17.

²⁴ *Ibid.*, p. 13.

²⁵ <https://www.caiso.com/notices/generator-interconnection-transmission-plan-deliverability-allocation-schedule-update-for-the-2025-allocation-cycle>

retaining their TPD allocations in this cycle. It is a reality of the competitive development process that there are more new generation projects than power purchase agreements for them. Ultimately, the CAISO's goal is to ensure that first-ready projects are first-served so that construction can proceed on a timely basis.

D. The CAISO Cannot Support Proposals to Allow EO Resources to Count Towards Storage Charging Requirements at This Time; If the Commission Adopts Such Proposals in Order to Expedite Contracting and Development, the Commission Should Apply Limits and Guardrails.

The Joint Parties recommend the Commission should allow the use of energy only resources for charging sufficiency requirements in the near term.²⁶ The Joint Parties recommend that the Commission work with the CAISO in the longer term to develop a more technical approach to allow EO resources to count towards storage charging sufficiency requirements.²⁷

As a potential guardrail, LSA-SEIA recommends the Commission allow EO resources to count toward storage charging sufficiency if the resource, “is within the same transmission study area as the storage.”²⁸ LSA-SEIA goes on to recommend that the “CPUC should collaborate with CAISO and stakeholders to define this locational requirement using existing zones or a simplified deliverability test.”²⁹ Terra-Gen similarly supports “a more practical locational, i.e., zonal, charging requirement, ensuring the charging resources are within the same transmission study area as the storage.”³⁰

The CAISO recognizes that allowing EO resources to count towards storage charging sufficiency requirements creates contracting opportunities and may enable certain projects to come online on a faster schedule. The Commission currently allows co-located EO resources to contribute towards storage charging needs of co-located storage resources under the RA Slice of Day framework.³¹ The Joint Parties, LSA-SEIA, and Terra-Gen proposals recommend the Commission allow EO resources, in general, to count towards storage charging sufficiency requirements, including charging storage across the transmission system.

²⁶ Joint Proposal, p. 18.

²⁷ *Ibid.*

²⁸ LSA-SEIA opening comments, p. 8.

²⁹ *Ibid.*

³⁰ Terra-Gen opening comments, p. 13.

³¹ CPUC 2025 RA Guide, p. 21: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacy-homepage/resource-adequacy-compliance-materials/guides-and-resources/2025-ra-slice-of-day-filing-guide.pdf>

The CAISO does not have a deliverability assessment specific to storage charging needs, nor a technical assessment to reasonably confirm that EO resources can be relied upon to charge storage resources across the transmission system. As such, the CAISO cannot support the Joint Parties, LSA-SEIA, and Terra-Gen proposals at this time. The CAISO appreciates LSA-SEIA offering guardrails, but even restricting EO resource contribution to a transmission planning area may miss critical localized constraints preventing delivery of an EO resource to the broader grid. Storage resources are now a large and critical share of the resources required to meet net peak demand on critical days. The Commission should not underestimate the consequences if storage resources are unable to charge sufficiently on critical days.

If, however, the Commission decides to move forward with ACP or LSA-SEIA proposals in order to expedite project contracting and development, the Commission should only consider such proposals on an interim basis until the Commission develops the record further to establish a viable approach to assess the ability of EO resources to reliably charge storage across the transmission system. Additionally, if the Commission considers these proposals, the Commission should apply conservative guardrails and limits on the amount of EO capacity that may qualify to meet storage charging needs. For example, the Commission should apply a discount to EO capacity that may qualify towards meeting charging sufficiency requirements.

E. If the Commission Allows Resources Delayed by Network Upgrades to Count Towards RCPMP Procurement Targets, Resources Can Only Be Shown as RA at the CAISO if they Receive Interim Deliverability.

In opening comments, LSA-SEIA proposes that projects delayed by network upgrades should remain eligible to be included in the Commission's Master Resource Database and thus qualify to meet RCPMP obligations.³²

LSA-SEIA states that "there may not be a need to disqualify projects affected by network upgrade delays at the RCPMP new resource development stage. Some projects could acquire interim deliverability, enabling them to become operational as scheduled, or benefit from an accelerated transmission upgrade timeline. These projects should stay in the MRD and count towards RCPMP requirements until it is clear they cannot meet RA compliance deadlines."³³

³² LSA-SEIA opening comments, p. 4.

³³ *Ibid.*, p. 5.

LSA-SEIA's comments accurately capture that projects may apply for and may receive interim deliverability before all their assigned delivery network upgrades are complete.

The CAISO adds that if the Commission allows resources behind network upgrades (and thus are not yet fully deliverable) to count towards RCPPP obligations, in order for these resources to be shown as RA at the CAISO, these resources must participate in annual TPD cycles and must receive interim deliverability in the annual process. Resources that do not receive interim deliverability while waiting for network upgrades to be completed will not be eligible to be shown as RA at the CAISO. The CAISO awards all interim deliverability as available based on the network topology at the time. If a resource does not receive an interim deliverability allocation, its generation cannot be delivered to load during peak conditions and must await the completion of its assigned delivery network upgrades first.

F. The RCPPP is a Key Part of the 2022 MOU and Should Ensure Procurement Activities Take Place with Sufficient Lead Time to Complete Project Development and Potential Network Upgrades.

It is critical that the RCPPP design ensures contracting occurs with sufficient lead time to complete procurement and project development processes including time for LSEs to complete solicitations and time for developers to secure financing, complete CAISO interconnection processes, complete construction of local network upgrades if needed, and complete permitting and construction activities.

To support successful sequencing and timing of procurement and project development, parties recommend the Commission establish higher binding procurement percentages and/or more forward binding procurement requirements to allow projects necessary time to complete interconnection processes, secure materials, and complete construction.³⁴

The CAISO supports features in the RCPPP that will help ensure sufficient lead time to complete interconnection and project development activities. To the extent the RCPPP design effectively ensures contracting occurs well ahead of the need, allowing time to complete project development and local network upgrades, the Commission may not need or may consider lower potential risk buffers.

³⁴ CESA opening comments, p. 13-14; TURN opening comments, p. 4.

III. Conclusion

The CAISO appreciates the opportunity to provide reply comments on party comments and proposals on the Commission's RCPPP framework.

Respectfully submitted,

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