

**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)

**OPENING 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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Dated: July 15, 2025

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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 comments to July 15, 2025.

The CAISO appreciates Commission staff’s time and effort to develop its Reliable and Clean Power Procurement Program (RCPPP) proposal (RCPPP Staff Proposal) and host workshops to discuss program design and party proposals. The CAISO supports the Commission developing a predictable, programmatic, long-term procurement framework. The CAISO supports the Commission shifting procurement away from emergency-based or “just in time” orders to a program that establishes procurement requirements well ahead of the need based on coordinated and proactive planning.

The CAISO sees several benefits of the Commission establishing forward, ongoing procurement requirements. Programmatic procurement requirements established well ahead of the need will enhance predictability and certainty for both load serving entities (LSEs) and developers, and allow procurement activities to take place with sufficient lead time to ensure new projects are developed on time to meet reliability and state policy goals. The CAISO sees a procurement framework that sets requirements several years forward as critical to ensure the

system is sufficiently resourced to meet reliability targets in the operational timeframe (when it is too late to develop new resources). A forward procurement program that plans for system needs and accounts for supply risks is a means to alleviate tight supply conditions and exit the cycle of the Commission setting binding resource adequacy (RA) requirements below levels needed to meet a 0.1 loss of load expectation (LOLE) target.

The CAISO also 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 between demand forecasting, resource planning and procurement, transmission planning, and interconnection processes. The RCPMP is critical to align procurement with coordinated planning processes, including the CAISO's transmission planning and interconnection processes.

In June workshops, parties engaged in substantive discussions on the RCPMP design and heard several party proposals for a comprehensive RCPMP framework. Although significant progress has been made to advance the RCPMP design, it is clear that more time is needed to fully develop a comprehensive design that spans integrated resource planning (IRP), RA, and Renewable Portfolio Standard (RPS) proceedings. As such, the CAISO's comments focus on prioritizing development of a near-term needs assessment covering the 2028-2032 timeframe and potentially issuing a new procurement order for this timeframe if the Commission identifies a need. The Commission should establish a separate track focused on a near-term needs assessment for the 2028-2032 timeframe and potential new procurement order, while parties continue to develop a comprehensive RCPMP framework. The CAISO's comments also detail key features of comprehensive long-term procurement framework.

II. Discussion

A. RCPMP Framework Key Attributes

The CAISO identifies key attributes of an effective long-term procurement framework. The Commission's procurement framework should:

- Ensure sufficient resources are developed and under contract to provide resource adequacy (RA), in order to meet a 0.1 LOLE in the operational timeframe.
- Ensure deployment of capital and investment in new resources occurs on a consistent basis to timely meet reliability and state policy goals.

- Ensure sufficient lead time for procurement and project development processes including time for LSEs to complete procurement processes, 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.
- Account for risks of project delays and risks that LSEs may not meet procurement targets.
- Effectively retain existing resources, enable new resource entry, and account for resource retirement where and when needed.
- Ensure that counting rules and program requirements across RA and integrated resource planning (IRP) frameworks allow buyers and sellers to transact across programs and develop reliable portfolios.

B. The Commission Should Conduct a Needs Assessment for the 2028-2032 Timeframe. If the Commission Identifies a Need for New Resources in This Timeframe, the Commission Should Issue a New Procurement Order as Soon as the End of 2025.

As a critical first step, the Commission should assess reliability needs in the 2028-2032 timeframe. Existing Commission procurement orders currently extend through 2028.¹ As such, the Commission should prioritize conducting a needs assessment for the 2028-2032 timeframe. This needs assessment should assess whether existing and certain contracted resources are sufficient to maintain reliability targets in the 2028-2032 timeframe or if new resources are needed. If new resources are needed in the 2028-2032 timeframe, the Commission should issue a new procurement order as soon as the end of 2025, while parties continue to develop the comprehensive RCPPP design.

To advance a near-term needs assessment and potential procurement order, the Commission should establish two separate tracks: A first track dedicated to a near term needs assessment for the 2028-2032 timeframe and potential new procurement order to be issued as soon as the end of 2025 if needs are identified, and a second track on a longer timeline focused on continued development of a comprehensive RCPPP framework. Establishing a track dedicated to a near-term needs assessment will allow parties to focus on developing and vetting Commission and party analyses of resource sufficiency in 2028-2032 to support a potential new procurement order as soon as the end of 2025.

¹ Decision (D.) 24-02-047 allows LSEs to extend meeting D.21-06-035 procurement requirements for long lead-time (LLT) resources by procuring generic capacity until LLT resources come online no later than June 1, 2031.

There are indicators that new resources beyond existing procurement orders and LSE contracted resources may be needed in the 2028-2032 timeframe. The CEC's latest demand forecast, to be used in the Commission's current IRP cycle, shows significant load growth starting in the 2028 timeframe that exceeds the prior CEC forecast vintage.² Additionally, there are projects in the CAISO's Cluster 14 without power purchase agreements (PPAs) that could come online in the 2028-2032 timeframe if the Commission finds that new resources are needed in this timeframe.³

As a starting point for a near-term needs assessment, the Commission should help parties establish a refreshed resource baseline considering existing resources, resources contracted to meet existing new procurement requirements, and LSE contracts for resources in excess of the Commission's ordered procurement that are likely to come online. A refreshed resource baseline is a critical starting point for a near-term needs assessment. The Commission is in the best position to develop, or help parties develop, a refreshed resource baseline based on its most current information on LSE contracts, which may be above and beyond existing Commission procurement orders.

C. RCPMP Should Include Explicit New Build Procurement Orders to Ensure New Development Occurs on a Timely, Ongoing Basis

The Commission's RCPMP framework should include explicit new-build requirements to ensure timely deployment of capital and development of new projects to meet future needs. The Commission's mid-term reliability (MTR) procurement orders, which explicitly ordered LSEs to contract for new resources under PPAs of at least 10 years, have been very effective to develop and connect a significant amount of new capacity to the CAISO system.⁴ This new capacity has significantly alleviated heightened grid reliability concerns since 2020. A significant amount of new resources continue to connect to the CAISO system each year, supporting grid reliability and state policy goals.

The CAISO has concerns with proposals that shift from explicit new procurement orders to simply relying on an RA program with compliance penalties to achieve the pace of investment and resource development needed to meet escalating electric demands and evolving demand shapes. It is not

² CEC, *Resolution Adopting the California Energy Demand 2024-2040 Forecast Update*, January 21, 2025, Slide 15: <https://www.energy.ca.gov/filebrowser/download/6928?fid=6928>.

³ American Clean Power California (ACP-California) presented analysis of CAISO Cluster 14 interconnection queue data; see slides 17-22 of the Commission's June 23, 2025 workshop slides: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/rcppp/rcppp-slides-day-1_ver2.pdf.

⁴ D.19-11-016, D.21-06-035, and D.23-02-040, directed LSEs to procure 3,300 MW, 11,500 MW, and 4,000 MW, respectively, between 2021 and 2028. As of April 2025, the Commission reports 25,844 MW of new nameplate capacity additions between January 1, 2020 and May 6, 2025, and a total of 19,569 MW of new nameplate capacity that is expected or under contract to come online by 2028. <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/summer-2021-reliability/tracking-energy-development/resource-tracking-data-april-2025-release.pdf>.

clear that RA penalties and clean procurement targets alone will result in LSEs collectively procuring reliable portfolios and investing in new resources where and when needed. Absent explicit new procurement orders, the CAISO is concerned that LSEs may not sequence new development with sufficient lead time, risking capacity shortfalls when options to cure shortfalls may be limited. This outcome not only creates reliability concerns but could also result in a tight RA market and high RA prices in nearer-term years where new development is not an option.

The RCPPP is critical to ensure procurement decisions and resource development happens well in advance of the need, in order to have a resource fleet in place to meet the 0.1 LOLE in the operational timeframe. The RCPPP is critical to exit the cycle of the Commission setting binding RA requirements below the levels needed to meet the 0.1 LOLE. The Commission should include explicit new-build procurement requirements under RCPPP to achieve these outcomes effectively.

Further, the CAISO sees a role for the Commission as a central planning entity to direct new procurement when needed to ensure resources are contracted and developed on time to meet emerging grid needs. In light of significant load growth and changing load shapes—including emerging winter morning peaks—reliability needs may extend to different parts of the day and the year. The Commission as the central planning entity is in the best position to ensure procurement and resource development across multiple LSEs best reflects the Commission’s Preferred System Plan (PSP) and remains on course to meet evolving reliability needs. The Commission should retain flexibility to issue specific procurement to ensure resource development best aligns with the resource types and locations specified in the Commission’s PSP, and with the CAISO’s transmission planning.

D. RCPPP Should Align with the CAISO’s Transmission Planning and Interconnection Processes and Timelines.

The CAISO sees the RCPPP as a critical piece of the 2022 MOU, which commits the CAISO, Commission, and CEC to tighten linkages between planning and procurement processes to ensure timely development of resources needed to achieve reliability targets and state policy goals. The procurement direction and timelines resulting from the Commission’s RCPPP should align with the CAISO’s transmission planning and interconnection processes.

Aligned with the MOU, the CAISO now takes a zonal approach to transmission planning, identifying capacity in transmission zones to guide interconnection and resource procurement processes. The CAISO also implemented several reforms to its interconnection processes to align with state resource

planning and procurement guidance.⁵ These reforms include giving priority to interconnection requests aligned with priority zones where transmission capacity exists or has been approved for development, and an option for LSEs to allocate points to projects indicating commercial interest, helping projects advance to the cluster study process.

LSE commercial interest and executing PPAs are critical steps for developers to enter and progress projects through the CAISO's interconnection queue. The RCPMP should drive LSE contracting and consistent deployment of capital to ensure new resources are completed on time to meet reliability needs and state policy goals. The RCPMP should provide sufficient lead-time for projects to move through the CAISO's interconnection process, align with CAISO interconnection milestones, and account for time needed to complete construction of any necessary local network upgrades. The RCPMP also should provide LSEs sufficient lead-time to complete procurement processes, and for project developers to secure financing and complete permitting and construction.

E. The CAISO Supports Including Risk Buffers in Forward Procurement Requirements.

The RCPMP Staff Proposal includes various risk buffers added to procurement requirements to account for various risks including project delays, project failures, failures to procure by LSEs, significant changes the demand forecast, and unexpected retirements.⁶ The CAISO supports the RCPMP including risk buffers regardless of the procurement design, to account for supply risks in procurement requirements years in advance when options to develop new resources, if needed, remain available. The CAISO agrees with the potential supply and demand risks identified in the RCPMP Staff Proposal that necessitate consideration of risk buffers in forward procurement requirements. The CAISO also agrees with the RCPMP Staff Proposal that risk buffers like the Collective Capacity Reserve (CCR) are preferable to backstop procurement measures that may identify capacity deficiencies too late, when new resource development to cure deficiencies is not an option.⁷

Although a significant amount of new resources have connected to CAISO system in recent years, some projects contracted to meet Commission procurement orders have incurred delays, and some

⁵ On September 30, 2024, Federal Energy Regulatory Commission (FERC) approved CAISO tariff revisions to implement the CAISO's 2023 Interconnection Process Enhancements Track 2 policy changes: https://elibrary.ferc.gov/eLibrary/filelist?accession_num=20240930-3094.

⁶ RCPMP Staff Proposal, Section 3.1.2 explains that a buffer will be added to the reliability procurement need "to mitigate development risks and/ or potential causes of insufficient resources being online for LSEs to meet year-ahead system Resource Adequacy requirements." Section 3.1.3 proposes a Collective Capacity Reserve (CCR) that "will function as collective insurance against a variety of events, including RCPMP capacity deficiencies of LSEs (which are unmitigable in real time), large changes in total load forecast, or unexpected retirements."

⁷ RCPMP Staff Proposal, p. 20.

LSEs have not met MTR procurement requirements.⁸ Additionally parties have filed petitions to modify D.21-06-035 to extend compliance dates for new procurement and allow bridge procurement as new projects continue to come online.⁹ As a result of the risk of project delays and tight supply conditions the Commission has determined in past RA decisions to set planning reserve margin (PRM) levels and thus RA requirements below levels needed to meet a 0.1 LOLE.¹⁰ The Commission should account for supply risks in forward procurement requirements given project delays have occurred and concerns about tight supply conditions persist. The Commission should seek to minimize risks of supply shortfalls that result in the Commission setting binding RA requirements below levels needed to meet a 0.1 LOLE reliability target.

The CAISO recognizes there is balance between costs and ensuring the system is sufficiently resourced to meet reliability targets. However, risk buffers in forward procurement requirements can help mitigate risks associated with identifying potential capacity shortfalls too late, when options to cure potential shortfalls may not exist or may be very expensive. Risk buffers in forward procurement requirements can help mitigate tight supply conditions and high capacity costs in the RA timeframe and allow the Commission to adopt binding RA requirements that meet a 0.1 LOLE.

F. The Commission Should Account for Replacement Resources in IRP planning and in RCPPP if Long Lead-Time and Locationally Constrained Centralized Procurement Does not Materialize.

Assembly Bill (AB) 1373 allows the Commission to direct the Department of Water Resources (DWR) to serve as a central buyer for long lead-time resources. The Commission adopted D.24-08-064 in August 2024, which implements AB 1373 requirements pertaining to centralized long lead-time

⁸ See CPUC, *Staff Review of Load-Serving Entities' (LSEs') Compliance with the Mid-Term Reliability (MTR, D.21-06-035) and Supplemental MTR (SMTR, D.23-02-040) Decisions*, pp. 19 and 39: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/compliance-status-reportmid-term-reliability-mtr-and-supplemental-mtr.pdf>.

Joint Agency Reliability Planning Assessment Combined First and Second Quarterly Report, May 1, 2025, p. 31: <https://efiling.energy.ca.gov/GetDocument.aspx?tn=262896&DocumentContentId=99540>.

⁹ Decision 24-02-047 addressed several petitions for modification filed by parties to extend procurement compliance dates and allow bridge procurement. On May 30, 2023, the California Energy Storage Alliance and Western Power Trading Forum filed a petition for modification to allow for an extension of up to three years for procurement of long lead time resource. On August 9, 2023, Southern California Edison and Pacific Gas and Electric Company filed a petition for modification to extend the procurement of resources intended to replace the Diablo Canyon Power Plant by two years.

¹⁰ For example, in D.23-06-029 the Commission adopted a 17% PRM for 2025, stating that “[g]iven the realities of available RA supply and persistent delays in development projects, it is prudent to retain the status quo 17 percent PRM for the 2024 and 2025 RA years. Increasing the PRM without greater certainty about installed RA resources for 2024 and 2025 is not appropriate at this time.” (Finding of Fact 4)

procurement and established a need determination for long lead-time resources. In February 2025, the Commission requested that DWR exercise its central procurement function and explore procuring up to 1 GW of 12-hour long duration energy storage, 1 GW of multiple day long duration energy storage, 1 GW of geothermal, and 7.6 GW of offshore wind.¹¹

However, D.24-08-064 is clear that long lead-time need determination amounts are maximum amounts, and DWR may procure between zero and the upper limits established in D.24-08-064 considering containment and ratepayer risks. As such, the Commission should include a contingency plan in IRP to backfill centralized long lead time or locationally constraint procurement that does not materialize.

The Commission should identify replacement resources within IRP planning for centralized procurement that does not materialize, with sufficient lead time for the CAISO to conduct necessary transmission planning and for the Commission to provide procurement direction to LSEs under the RCPPP.

G. The CAISO Supports Multi-Year Forward Procurement Requirements for Existing Resources and Rules Ensuring Resources Procured Under RCPPP are Also Available to Meet RA Requirements.

The CAISO supports multi-year procurement requirements for existing resources, in addition to explicit new build procurement requirements under RCPPP. The CAISO has consistently supported the Commission developing a multi-year procurement framework, coordinated between RA and IRP proceedings.¹² A multi-year approach to procurement can more effectively: (1) ensure existing resources are retained or replaced, as necessary; (2) co-optimize transmission planning with procurement, including considering the trade-offs between generation and transmission expansion, especially in local capacity areas.

The CAISO also supports elements of the RCPPP Staff Proposal that connect RCPPP to the RA program. For example, the CAISO supports the RCPPP Staff Proposal's requirements that resources procured for RCPPP have a Must-Offer Obligation (MOO).¹³ RCPPP should also require that resources

¹¹ On February 24, 2025, the Commission sent DWR a letter requesting DWR to exercise its central procurement function outlined in D.24-08-064: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/ab1373/cpuc-ab-1373-procurement-request_dwr.pdf.

¹² CAISO, *Opening Comments on Order Instituting Rulemaking*, Rulemaking (R.) 23-10-011, November 8, 2023, p. 2: <https://www.caiso.com/documents/nov8-2023-openingcomments-oir-resourceadequacyprogram-r23-10-011.pdf>.

CAISO, *Response to Joint Motion for All-Party Meeting*, September 5, 2023: <https://www.caiso.com/documents/sep5-2023-response-jointmotion-all-partymeeting-r20-05-003.pdf>

¹³ RCPPP Staff Proposal, p. 25.

be eligible to provide RA and that LSEs use resources procured for RCPMP to meet their RA requirements.

III. Conclusion

The CAISO appreciates the opportunity to provide comments on the RCPMP Staff Proposal and looks forward to continued collaboration with parties on this important design.

Respectfully submitted

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