

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

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

Rulemaking 25-06-019

**OPENING COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION ON ADMINISTRATIVE LAW JUDGE'S RULING
SEEKING COMMENTS ON ELECTRICITY PORTFOLIOS FOR 2026-2027
TRANSMISSION PLANNING PROCESS AND NEED FOR ADDITIONAL
RELIABILITY PROCUREMENT**

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I. Introduction

Pursuant to the *Administrative Law Judge’s Ruling Seeking Comments on Electricity Portfolios for 2026-2027 Transmission Planning Process and Need for Additional Reliability Procurement* (Ruling), issued by the California Public Utilities Commission (Commission) on September 30, 2025, the California Independent System Operator Corporation (CAISO) hereby submits its opening comments.

The CAISO supports the Ruling’s recommended base case and Limited Wind Sensitivity portfolios for study in the CAISO’s 2026-2027 Transmission Planning Process (TPP). The CAISO also supports the Ruling’s need determination and proposed procurement order covering open reliability needs between 2029 and 2032. The Commission should order new procurement now to meet near-term reliability needs, while parties continue to develop a comprehensive Reliable and Clean Power Procurement Program (RCPPP).

II. Discussion

A. The CAISO Supports the Ruling’s Recommended Base Case Portfolio.

The CAISO appreciates Energy Division staff’s efforts to develop the proposed portfolios for study in the CAISO’s 2026-2027 TPP. The CAISO generally supports the Ruling’s proposed base case portfolio. The proposed base portfolio uses the California Energy Commission’s (CEC) 2024 Integrated Energy Policy Report (IEPR) forecast, which projects higher load growth

compared to the 2023 IEPR forecast used to develop portfolios for the 2025-2026 TPP. Consequently, the recommended base case shows a larger resource buildout than the portfolio used in the 2025-2026 TPP. Notably, the base case portfolio shows an increase in longer duration storage, solar, geothermal, and out-of-state wind. This growth and shift in composition of the base case portfolio is necessary to align with the CEC's higher demand forecast and to achieve reliability and greenhouse gas reduction targets across the study horizon. The CAISO supports the Ruling's recommended base portfolio for use in the 2026-2027 TPP.

B. The CAISO Supports the Ruling's Recommended Limited Wind Sensitivity Portfolio.

The CAISO appreciates Energy Division staff's development of the proposed Limited Wind Sensitivity portfolio. The Commission should adopt a Limited Wind Sensitivity portfolio as a sensitivity case for the CAISO to study in the 2026-2027 TPP. This sensitivity portfolio intends to "study how transmission needs would differ if recent preferred system plan portfolios and prior TPP portfolios change over time to include fewer wind resources."¹ The portfolio reflects the current challenges facing wind development, including permitting and recent shifts in federal policy.²

In light of growing uncertainty surrounding wind development, the CAISO agrees that studying a Limited Wind Sensitivity scenario is prudent. The Limited Wind Sensitivity portfolio incorporates additional non-wind resources, including solar, storage, and geothermal. These resources may have different transmission requirements than wind, therefore early study is critical to understand any transmission solutions needed to support them. By proactively evaluating transmission needs for additional non-wind resources as a sensitivity in the TPP, the Commission and stakeholders can better understand the infrastructure needed to ensure system reliability and meet state policy goals if the base portfolio composition changes.

C. The CAISO Supports Energy Division's Reliability Need Determination Analysis.

The CAISO agrees with Energy Division's approach to its reliability needs assessment, particularly its focus on: (1) identifying and recommending procurement based on reliability needs in the 2028-2032 horizon; (2) using the CEC's 2024 IEPR forecast; (3) targeting a 0.1

¹ Ruling, p.16.

² *Id.*

Loss of Load Expectation (LOLE) reliability standard across the study period; and (4) evaluating a range of sensitivity scenarios to test the robustness of the need determination.

Based on Energy Division's needs assessment, the CAISO agrees with Energy Division's conclusion that open reliability needs exist in the 2029-2032 period. The CAISO supports the Ruling's recommended procurement order of 6 GW of new effective load carrying capability (ELCC) net qualifying capacity (NQC) by 2032.

The CAISO supports Energy Division's use of the CEC's 2024 IEPR forecast, which projects increased load growth starting around 2028 compared to the 2023 IEPR. The CAISO also supports the Energy Division's use of a 0.1 LOLE reliability target across the study period. A 0.1 LOLE is a widely accepted industry standard for supply sufficiency, and planning to this standard helps avoid capacity shortfalls and reliability risks. The Commission should ensure procurement remains on track to meet the 0.1 LOLE standard in future years. Lastly, the CAISO supports Energy Division's approach of using sensitivity scenarios that account for key uncertainties – such as delayed long lead-time (LLT) resource procurement, continued operation of Diablo Canyon Power Plant (DCPP), increased data center load, and reduced electrification-driven demand – to inform the procurement recommendation.

Although Energy Division's analysis shows that continued DCPP operations and reduced electrification and data center load lower capacity needs, delayed LLT procurement and higher data center demand increase capacity needs.³ Based on these sensitivity cases, Energy Division's need determination and recommended procurement amounts are reasonable. The Ruling also notes that in Energy Division's need determination, "no failure rate for contracts and no assumptions for delays were used."⁴ Risk that contracts underway may not materialize further supports the Ruling's recommended procurement levels, at minimum to help ensure reliability in future years.

The Commission should adopt the recommended procurement order of 6 GW of ELCC NQC by 2032 to address potential reliability risks in the 2029-2032 horizon.

³ Ruling, p. 33.

⁴ *Id.*, p. 29.

D. The Commission Should Order Procurement for 2029-2032 Now, While Parties Continue to Develop the RCPMP Framework.

The CAISO strongly supports the Ruling's recommendation to order new procurement for 2029-2032 now, while parties continue to develop a comprehensive RCPMP framework. Issuing a procurement order well ahead of the identified need will help provide load-serving entities (LSEs) and developers with the necessary lead time to complete procurement processes and navigate potential development delays. This proactive approach is critical to avoid capacity shortfalls in 2029-2032. It accounts for uncertainties such as project delays, development failures, LSE procurement shortfalls, and potential delays in bringing LLT resources online. The CAISO agrees that ordering a reasonable amount of procurement now can also help smooth the transition to a future RCPMP framework.⁵

While the proposed procurement amounts are prudent based on Energy Division's need assessment, the Commission should view this order as establishing a minimum amount of procurement necessary to support reliability through 2032. The Commission should remain flexible and ready to reassess reliability needs in future years. The recommended procurement order for 2029-2032 is based on current modeling assumptions. However, additional procurement may be needed as new demand forecasts emerge and as the pace of resource buildout becomes clearer. For example, in Energy Division's need assessment, "no failure rate for contracts and no assumptions for delays were used."⁶ However, the Ruling acknowledges that in the needs assessment, "the capacity based on the contracted online dates may, in reality, be optimistic, and the realized incremental new capacity may be less than assumed for this analysis and/or the capacity is assumed to be online earlier than it will be in reality."⁷ Contract failures or project delays could result in additional reliability needs in the 2029-2032 timeframe. If the Commission identifies resource needs in 2029-2032 beyond what the recommended near-term procurement order covers, then RCPMP or subsequent procurement orders should address any open resource needs.⁸

⁵ *Id.*, p. 35.

⁶ Ruling, p. 29.

⁷ *Id.*

⁸ The Ruling indicates that the RCPMP could be operational by compliance year 2031 or 2032. Ruling, p. 35.

E. The Commission Should Structure a Near-Term Procurement Order Consistent with Past Procurement Orders.

The CAISO supports the Ruling’s recommendation to move forward with a near-term procurement order modeled closely on mid-term reliability (MTR) procurement orders.⁹ These procurement orders have worked effectively to bring a significant amount of new capacity online since 2020, greatly enhancing system reliability. The CAISO supports the Ruling’s recommendation to structure near-term procurement with the following elements: (1) making procurement requirements binding and subject to potential penalties for non-compliance, creating an incentive for LSEs to contract with new resources; and (2) accrediting new procurement under a marginal ELCC approach consistent with previous MTR procurement orders. The MTR approach has proven successful in bringing new generation online at an accelerated pace over the past four years.

ELCC values for solar and 4-hour storage may change significantly depending on the composition of the resource portfolio, particularly as portfolios include greater amounts of solar and storage resources. The Commission should ensure marginal ELCC values are accurate and reflect a portfolio that is balanced and provides sufficient energy for charging storage resources. Insufficient generating resources to charge storage resources creates reliability risks. The Commission should guide LSE procurement toward the Commission’s planning portfolio that is calibrated to meet a 0.1 LOLE, and the Commission should guard against any single resource type dominating LSE procurement.

F. The Commission Should Not Issue Procurement Under an “Effective” Planning Reserve Margin Structure.

Regarding procurement need allocation, the Ruling notes that “another approach could also be for the Commission to adjust the effective PRM mechanism as used in the resource adequacy proceeding, for some or all of the need determination.”¹⁰ The Commission should not consider extending an “effective” PRM mechanism to the IRP proceeding. In the RA proceeding, the “effective” PRM mechanism covers the difference between the binding PRM and the PRM level needed to meet a 0.1 LOLE. Under this mechanism, LSEs are not required to procure towards “effective” PRM amounts. An “effective” PRM approach creates no incentive for LSEs

⁹*Id.*, p.38.

¹⁰ Ruling, p. 37.

to procure new capacity identified in the Commission’s reliability need determination analysis. Extending the “effective” PRM construct to IRP will create a risk of capacity shortfalls between 2029 and 2032. The Commission should maintain a binding and enforceable procurement structure to prevent a capacity shortfall in the near term and ensure that LSEs procure new capacity to meet the 0.1 LOLE reliability target.

G. CAISO Deliverability Reservations Should be Supported by Consistent Portfolios and Procurement Pathways.

In Decision (D.) 25-02-026, the Commission asked the CAISO to reserve deliverability for various resource types. If the CAISO reserves transmission plan deliverability for certain resource types with uncertain development futures, this could significantly reduce the amount of deliverability available to support other, potentially more viable projects. Therefore, the Commission should provide a reasonable level of certainty that any resource types and capacity amounts for which it asks the CAISO to reserve deliverability will remain in future portfolios and be supported by procurement pathways. The CAISO requests that the Commission consider the importance of consistency of long lead-time resources in its portfolios from year to year and convey any recommended modifications to requested deliverability reservations in the Proposed and Final Decision.

III. Conclusion

The CAISO appreciates the opportunity to provide opening comments on the Ruling and looks forward to working with parties on these important topics.

Respectfully submitted

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