

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA



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

Rulemaking 20-05-003

(Filed May 07, 2020)

**CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION
COMMENTS ON ADMINISTRATIVE LAW JUDGE'S RULING
SEEKING COMMENTS ON ADDITIONAL PROPOSAL FOR A
RELIABLE AND CLEAN POWER PROCUREMENT PROGRAM**

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August 14, 2026

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Pursuant to the California Public Utilities Commission (Commission) Rules of Practice and Procedure and the ruling of the assigned Administrative Law Judge (ALJ), the California Large Energy Consumers Association ([CLECA](#))¹ submits these comments to the June 23, 2026, *Administrative Law Judge’s Ruling Seeking Comments On Additional Proposal For A Reliable And Clean Power Procurement Program*.²

¹ CLECA member companies produce goods essential for daily life, including critical infrastructure, oxygen for hospitals, and food distribution. CLECA members represent the steel, cement, industrial and medical gas, glass, beverage, minerals processing, cold storage, and pipeline transportation industries. Their aggregate electric demand is about 500 Megawatts, which is equivalent to the electricity consumption of approximately 470,000 average California households. CLECA members are large, high load factor and high voltage industrial electric customers in California for whom the price of electricity is essential to their competitiveness and for whom the reliability of electricity service is critically important. For both reasons, CLECA member companies have participated for decades in the Base Interruptible Program (BIP), providing reliability demand response to the grid in times of need. (For more information, please go to [CLECA.org](#)).

² *Administrative Law Judge’s Ruling Seeking Comments on Additional Proposal for a Reliable and Clean Power Procurement Program* (June 23, 2026) (ALJ Ruling).

I. INTRODUCTION

The ruling follows the April 29, 2025, RCPPP ruling, which attached the “Staff Proposal: Reliable and Clean Power Procurement Program” (Staff Proposal),³ and on which CLECA filed comments.⁴ CLECA appreciates the Commission’s continued effort to establish a predictable, programmatic framework for electricity procurement to replace *ad hoc* procurement orders.

CLECA does not support the framework as proposed and recommends targeted modifications’ to address significant affordability and reliability concerns.

Affordability: This program must meet the state’s resource needs at a reasonable cost.⁵ Buffers, accreditation volatility, compliance complexity, and stacking penalties (including those resulting from aggressive procurement deadlines) must not unduly burden already strained ratepayers. Resource obligations should be allocated based on demand during critical hours to align customer incentives with system needs and encourage load reductions when the system is constrained. In addition, procurement needs should be expressed as resource attributes rather than specific technologies or categories, so that every capable resource can compete to deliver the most affordable clean and reliable power.

Reliability: Demand response, including the Base Interruptible Program, is clean, dispatchable capacity that the Legislature expressly prioritized.⁶ The Staff Proposal’s need

³ *Staff Proposal: Reliable and Clean Power Procurement Program*, attached as Appendix A to the April 29, 2025 Administrative Law Judge’s Ruling (April 29, 2025) (Staff Proposal).

⁴ *California Large Energy Consumers Association Comments on the CPUC Staff Proposal for the Reliable and Clean Power Procurement Program* (July 15, 2025) (CLECA Comments on Staff Proposal).

⁵ Pub. Util. Code § 454.52(a)(1)(D) (“Minimize impacts on ratepayers’ bills.”)

⁶ Pub. Util. Code § 454.5(b)(9)(C)(i) (“The electrical corporation shall first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.”).

determination assumes the continued availability and performance of this capacity, but the framework contains no mechanism to maintain it. The framework should therefore provide a pathway for incremental demand response resources to satisfy the new resource obligation, while also preserving the baseline demand response that the need determination assumes.

CLECA responds below to Questions 1, 5, 7, 9, 11, 13, and 19. For the remaining questions listed in the ruling, CLECA takes no position at this time but reserves the right to address issues raised in parties' opening comments through reply comments.

II. COMMENTS

1. Does this ruling describe a workable framework for an RCPPP that will achieve the goals of IRP, pursuant to SB 350? Why or why not?

The framework will only achieve the goals of IRP with the targeted modifications described in these comments.

CLECA's principal concern is that the framework depends on existing resources it does nothing to sustain. The need determination begins from a portfolio in which existing resources, including supply-side demand response such as the Base Interruptible Program (BIP), are assumed to continue performing at modeled values indefinitely. The Staff Proposal's indicative accreditation table lists demand response among the resource types in the modeled portfolio.⁷ Yet the program would extend ten-year revenue certainty only to new resources, while excluding existing demand response resources that support the modeled portfolio. Absent a mechanism to maintain these resources, the portfolio that underlies the need determination may diverge from the portfolio that ultimately materializes.

⁷ Staff Proposal, Table 5 at 24.

This exclusion is inconsistent with the priority the Legislature has assigned to demand response resources, which directs that unmet resource needs be met “first” through “all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.”⁸ The Integrated Resource Planning (IRP) statute, under which this program would be adopted, directs the Commission to ensure that LSEs “[e]nhance distribution systems and demand-side energy management” and authorizes all-source procurement that includes demand-side resources.⁹

A level playing field among resources is essential to achieving the statute’s least-cost objective. When every capable resource competes, the need is met at the lowest cost to consumers. However, the proposed framework fails to provide such a level playing field, not only by excluding demand response but also by mandating resource category quotas, rather than the resource attributes themselves (i.e., availability, duration, dispatchability, and carbon intensity). This narrows the field of eligible bidders before price is considered, raising the cost of the same reliability.

5. If the Commission were to implement the proposal in this ruling, should the need determination be based on specific identified resources or resource attributes? How (in general) and how (specifically) should the procurement need be expressed?

⁸ Pub. Util. Code § 454.5(b)(9)(C)(i) (“The electrical corporation shall first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.”).

⁹ Pub. Util. Code § 454.52(a)(1)(H); see also § 454.52(a)(2)(A) (authorizing all-source procurement including “demand-side resources, supply-side resources, and resources that may be either demand-side resources or supply-side resources”); § 454.52(a)(3) (directing consideration of distributed energy resources in meeting reliability needs while “reducing the need for new electricity generation resources” at “the least cost to ratepayers”).

The Commission should express procurement need through resource attributes (availability during critical hours, dispatchability, duration, and carbon intensity) rather than resource categories, thereby allowing all capable resources to compete to meet reliability needs at the lowest reasonable cost to ratepayers. Expressing need by named technology forecloses competition among resources capable of providing the same reliability service and embeds technology selection in an administrative forecast rather than in competitive procurement.

However the need is expressed, demand response must be eligible to participate. The ruling would require compliance contracts to be long term, “meaning, for a period of ten years or more.”¹⁰ Demand response can satisfy that requirement: interruptible capacity can be committed under multi-year and ten-year agreements just as supply resources can, and incremental demand response provides the very attribute the obligation is designed to procure: additional capacity available during critical hours to meet incremental need. CLECA recommends that the Commission confirm that demand response, including incremental interruptible load committed for the required term and accredited under established load impact protocols, is eligible to satisfy the procurement requirement.

7. Comment on the proposal for a smaller buffer than included in the Staff Proposal from April 2025.

CLECA supports the ALJ Proposal’s recommendation of a one-percent buffer in the Staff Proposal as a maximum reasonable value.¹¹ As CLECA explained in its previous comments, the

¹⁰ ALJ Proposal at 11.

¹¹ *Id.* at 9.

1-day-in-10-year loss of load expectation standard, implemented through the planning reserve margin, is already conservative.¹² Additional layers of procurement above that standard impose costs that exceed their incremental reliability value. CLECA therefore supports adopting as small a buffer that reasonably meets reliability goals.

9. Comment on this ruling's proposal for need allocation to specific LSEs.

The ruling asks whether each LSE's proportional share should be based on "demand in critical hours, annual energy demand, or a combination of both."¹³ CLECA supports allocation based on demand in critical hours. The need being allocated is primarily a capacity need that arises during a limited set of critical hours, and cost causation principles require that each LSE's share reflect its contribution to that need. Allocation based on annual energy demand, or on a combination of critical-hour demand and annual energy demand, would move away from cost causation, ucing efficiency and thus putting further pressure on affordability.

A critical-hours basis also preserves the incentive the ruling identifies: that LSEs "would be incentivized to affect their load shape and/or their load in general through investment in demand-side management."¹⁴ That incentive operates only if load management during critical hours results in a lower LSE allocation. Consistent with CLECA's previous comments, the Commission should clearly define critical hours and provide transparency regarding the allocation methodology in advance, so that LSEs and their toms can plan against them.¹⁵

¹² CLECA Comments on Staff Proposal at 10.

¹³ ALJ Proposal at 10.

¹⁴ *Id.* at 11.

¹⁵ CLECA Comments on Staff Proposal at 5.

11. Comment on the proposed requirement for 100 percent of required resources to be online within five years from the date the need is identified and allocated.

Under the proposed schedule, a need allocated in March 2028 must be fully under contract by June 1, 2031, and online and delivering by June 1, 2033. The proposed timeline appears aggressive given current project development timelines. However, whether these timelines are reasonable is a question on which LSEs and resource developers are better positioned to comment, and CLECA reserves the right to address the issue in reply comments. CLECA focuses instead on the treatment of delay, which determines who bears the cost when a resource does not arrive on schedule.

Consistent with its prior comments, CLECA recommends that compliance requirements for future years include safe harbors for development delays beyond the LSE's control, including permitting, interconnection, and force majeure. An LSE should be required to demonstrate reasonable efforts both to procure and to mitigate delays, but binding penalties in those circumstances are inappropriate.¹⁶ Where network upgrades serving a resource are not yet in service, the Commission should recognize partial or delayed deliverability and allow the LSE to count the portion of capacity deliverable during critical hours.¹⁷

13. Comment on the reasonableness of using marginal ELCC accreditation toward the procurement requirements for the resources identified in this proposal.

Marginal ELCC values are too volatile and impose an excessively complex and incongruent compliance burden on LSEs.¹⁸ The Staff Proposal's indicative table shows demand

¹⁶ CLECA Comments on Staff Proposal at 6.

¹⁷ *Id.* at 5.

¹⁸ *Id.*

response falling from 33 percent to 22 percent, and four-hour storage falling from 52 percent to 37 percent, between adjacent years.¹⁹ A single marginal ELCC study fixes the accreditation for each compliance year, but each subsequent cycle re-accredits the same resource at a different value. An LSE committing to a contract of ten years or more therefore cannot know what the resource will be worth against any obligation past the first compliance year.

Accreditation aligned with the Slice-of-Day (SOD) framework used in the Resource Adequacy (RA) program would be more stable and familiar to LSEs, while also avoiding incongruent compliance requirements that risk over-procurement and further erode affordability.

If the Commission nonetheless retains marginal ELCC accreditation for RCPPP, CLECA recommends, as a mitigation for its volatility, a limitation in year-over-year movement in published accreditation values. As an indicative example, published values could be permitted to move no more than one percentage point per year. Alternatively, the Commission should ensure that marginal ELCC used for LSE compliance is consistent with the marginal ELCC measurement at the time of procurement allocation.

19. Comment on the relationship of this proposal to the RA program.

This proposal's relationship to the RA program is incomplete with respect to demand response. The RA program counts existing resources; it does not provide a mechanism for incremental demand response to satisfy a new-resource obligation. That mechanism must be established through the RCPPP eligibility rules. Accordingly, the fact that demand response is already accounted for in RA does not resolve how incremental demand response should be

¹⁹ Staff Proposal, Table 5 at 24.

treated in a program designed to procure incremental capacity. CLECA addresses this issue in its response to Question 5.

Separately, because the RA program operates on a different accreditation basis, the same resources would be held to two inconsistent standards, leading to likely over-procurement and the possibility that a single shortfall could be penalized under both programs. This compliance risk and penalty stacking unnecessarily raises costs for consumers and should therefore be avoided, as noted in CLECA's prior comments.²⁰

III. CONCLUSION

CLECA appreciates the opportunity to provide these comments and looks forward to participating in the reply comments.

Respectfully submitted,

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²⁰ CLECA Comments on Staff Proposal at 3.