BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA

FILED
07/09/26
04:59 PM
R2502005

Order Instituting Rulemaking to Update and Reform Energy Resource Recovery Account and Power Charge Indifference Adjustment Policies and Processes	**Rulemaking 25-02-005** **(Filed February 20, 2025)**

CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION WORKSHOP COMMENTS

Sam Harper
Harper Advisory LLC
9002 Six Pines Drive
Shenandoah, TX 77380
(214) 463-9423
Sam@harper.energy

Consultant to the California Large Energy Consumers Association

Nora Sheriff
Samir A. Hafez
Buchalter LLP
425 Market Street, 29th Floor
San Francisco, CA 94105-2491
415.227.3551 office
nsheriff@buchalter.com
shafez@buchalter.com

Counsel for the California Large Energy Consumers Association

July 9, 2026

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CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION WORKSHOP COMMENTS

The California Large Energy Consumers Association (CLECA)[1] submits these comments pursuant to the June 19, 2026 *Administrative Law Judge's Ruling Authorizing Party Comments On Track Three Workshop And Related Issues* (Ruling).

I. INTRODUCTION

CLECA represents large, high load factor, and high voltage industrial electric customers whose members take service under both bundled utility arrangements and unbundled arrangements through Community Choice Aggregators (CCAs) and Electric Service Providers (ESPs). For these customers, electricity prices and reliability directly affect competitiveness, and predictable, stable rates are central to their ability to continue operating in California. Because

[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).

CLECA members participate on both sides of the bundled and unbundled divide, CLECA has an express interest in a Power Charge Indifference Adjustment (PCIA) framework that operates symmetrically, maintains rate stability over time, and remains suited for evolving market and load growth conditions. That interest translates into three principles, reinforced during the Track 3 Planning Workshop, that should shape the scope, sequencing, and analytical framework the Commission adopts in Track 3.

First, the Commission should prioritize issues that preserve and maintain true indifference between bundled and unbundled customers. As President Reynolds' acknowledged during the Workshop, the PCIA is largely a zero-sum mechanism, meaning that any reduction in cost allocated to one customer group necessarily shifts the cost to the other. Reforms that reallocate risk in only one direction cannot be reconciled with the statutory standard set forth in Public Utilities Code Sections 365.2 and 366.2(d)(1) and applied in D.18-10-019.[2]

Second, the Commission must avoid changes to the PCIA that are driven by short-term outcomes. As CLECA previously noted, reversing recently adopted reforms in response to a single year's benchmark result would whipsaw customer rates and undermine the stability the current framework is intended to provide.[3] Accordingly, any proposed changes must be based on a methodological flaw that is clearly identified and supported by the record.

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[2] *See, e.g.*, *California Large Energy Consumers Association Reply Comments On Administrative Law Judge's Ruling Authorizing Parties To File Comments On Issues To Address In Track 3,* R.25-02-005, Apr. 10, 2026 (CLECA Pre-Workshop Reply Comments) at 2 ("A proposal to establish a zero floor on negative PCIA rates . . . introduces an asymmetry into the PCIA framework that is inconsistent with the Commission's indifference standard.").

[3] *California Large Energy Consumers Association Opening Comments On Track 3 Scoping Issues*, R.25-02-005, Mar. 27, 2026 (CLECA Pre-Workshop Opening Comments) at 2.

Third, Track 3 should include a genuine evaluation of structural alternatives to the current PCIA framework, not merely refinements to market price benchmarks. Commissioner Baker's Day 1 question about whether the current PCIA framework remains the right approach in light of forecast load growth is a consequential issue that should be reflected in the Track 3 Scoping Memo. CalCCA's PCIA sunset concept, which would allow the "IOUs unencumbered access to the PCIA portfolios," warrants a comprehensive, data-driven examination in this proceeding.[4] That examination is especially timely given the recent and ongoing changes to the markets upon which the current benchmarks depend, including Slice of Day in R.25-10-003 and the Reliable and Clean Power Procurement Program under consideration in R.20-05-003.[5]

II. COMMENTS

A. RESPONSES TO ALJ WORKSHOP QUESTIONS

1. Issues Discussed on Day 1: Structural Changes

a. **Do the following topics have the potential for sufficient net benefits to warrant their inclusion in the scope of Track 3? If so, please provide a brief (one to two sentences) explanation of the direction you would like to consider with regards to this topic. Likewise, please identify if consideration of any topic should be considered mutually exclusive with others**

[4] *See California Community Choice Association's Opening Comments On Administrative Law Judge's Ruling Authorizing Parties To File Comments On Issues To Address In Track 3*, R.25-02-005, Mar. 27, 2026 at 3.

[5] *Administrative Law Judge's Ruling Seeking Comments on Additional Proposal for a Reliable and Clean Power Procurement Program*, R.20-05-003, June 23, 2026) (proposing a framework under which each LSE would be required to procure its proportional share of new resources identified as needed on a five-year forward basis, allocated by reference to the Preferred System Plan and Transmission Planning Process base case portfolios; if adopted, this framework would drive additional long-term LSE procurement of new resources and, over time, shape the composition of LSE portfolios and the mix of resources and attributes appearing in the RA and RPS transactions on which the PCIA Market Price Benchmarks depend).

All four topics identified in the Ruling have the potential for sufficient net benefits and should be included in Track 3. None should be treated as mutually exclusive with any other. Consistent with the Ruling's direction, CLECA offers a brief explanation regarding each topic below.

i. Targeted solutions to recover costs for uneconomic legacy resources

The Commission should evaluate whether portfolio management options for legacy resources could reduce PCIA burdens more effectively than continued recovery under the existing rules. Such options may include asset disposition, contract renegotiation, and re-vintaging where operational or economic character has changed materially. For example, the Commission should evaluate whether divestiture of certain legacy utility-owned resources, such as small hydro, coupled with contract restructuring, would reduce customer cost more effectively than continued operation and rate-based recovery.

ii. Revisiting allocation, in particular the potential for mandatory allocations

The Commission should evaluate whether allocation-based mechanisms for one or more attribute categories would preserve symmetric indifference while reducing the volatility associated with benchmark-based valuation. Any allocation approach must operate consistently for both bundled and unbundled customers and incorporate appropriate recognition of the impact of the cap on Direct Access (DA).

iii. Mechanisms to reduce volatility and stabilize rates

The Commission should evaluate options to mitigate volatility where clear and verifiable evidence demonstrates a specific methodological flaw. In evaluating any such proposal, the

Commission should distinguish forecast-versus-actual divergence from structural flaws in benchmark design. Only the latter justifies modifying the benchmark; reacting to the former risks the very rate instability these reforms are intended to prevent.

iv. Other proposals or structural frameworks for achieving indifference that may produce greater net benefits for ratepayers and promote competition among LSEs

Forecast load growth from electrification and new large loads presents an opportunity to evaluate alternative PCIA frameworks that produce greater net benefits for all customers, bundled and unbundled alike. Track 3 should entail the evaluation of such alternatives, including CalCCA's sunset proposal, approaches that leverage a larger customer base to defray the cost of uneconomic legacy resources, and the treatment of new large loads under the indifference framework. Consistent with the Ruling's identification of competition among LSEs as a scoping consideration, the Commission should also evaluate how existing structural constraints on LSE participation interact with the PCIA. Specifically, the Commission should evaluate the extent to which the cap on DA enrollment affects the pace and cost of serving new load, and the base over which legacy costs are recovered.

b. **If these issues are included in scope, and parties are permitted to make proposals for structural changes, how much time to develop proposals is necessary?**

To facilitate the development and evaluation of parties' proposals on these issues, the Commission should schedule additional in-person technical workshops at appropriate intervals. The June 8, June 9, and June 15 planning workshops demonstrated that in-person engagement produces substantive dialogue on complex issues that remote workshops and written comments alone do not. Interim, in-person workshops during the proposal development period would allow

parties to test preliminary structural concepts, identify areas of convergence and disagreement, and refine proposals before formal testimony is served. That process will produce a stronger evidentiary record and a smaller universe of unresolved disputes at hearing than would result from a written-only schedule.

c. **If these issues are included in scope, should they be addressed concurrently with, before, or after other issues?**

These structural change issues should be addressed concurrently with methodology refinement issues, on parallel tracks.

2. Issues Discussed on Day 2: Refinements to PCIA and ERRA

Any refinement adopted in Track 3, including proposed refinements to the RPS MPB or the Energy Index MPB, must be tested against the statutory indifference standard set forth in Public Utilities Code Sections 365.2 and 366.2(d)(1). If a refinement would serve to re-allocate risk in one direction only, it must be rejected.

Moreover, Track 3 refinements should maintain stability, not undermine it. Consistent with CLECA's Opening Comments, the methodological refinements adopted in Track 1 should be observed in operation before being reversed or materially modified, to avoid the whipsaw results of frequent policy reversals.[6] Adopting further proposed refinements on the basis of a single year's benchmark result or a single year's PABA balance movement risks producing the very rate instability the recent revisions to the PCIA framework were designed to prevent.

Track 3 refinements must also account for the interdependency between the PCIA and the Resource Adequacy (RA) proceeding, R.25-10-003. As CLECA explained in its Opening

[6] CLECA Pre-Workshop Opening Comments at 2-3

Comments, the Slice of Day framework under development in that proceeding will fundamentally change how RA is valued and trued up, and any refinement to the RA market price benchmark should therefore be coordinated with that proceeding to ensure consistent results.[7]

a. **What are your 2-3 highest-priority issues?**

CLECA's top priority is affordability, followed by co-equal priorities of stability and fairness. The Commission must prioritize driving down power costs for all customers, bundled and unbundled alike, given the affordability crisis. The opportunity to improve affordability presented by potential load growth must not be squandered.

b. **What is the level of complexity in record development anticipated to address each of the priority issues? For instance, what analysis is necessary?**

3. Issues Discussed on Day 3: Data Access

CLECA supports a Track 3 data access framework that enables authorized party representatives to verify the accuracy of PCIA calculations and develop and test proposals on an informed basis, while preserving appropriate protections for commercially sensitive and customer-specific data.[8] Track 3 should also explore whether additional PCIA-related data can be made public, to improve overall transparency without compromising truly commercially or customer-sensitive data. Anonymized and aggregated market data could likely be made public after a reasonable time lag without jeopardizing commercial sensitivity.[9]

[7] CLECA Pre-Workshop Opening Comments at 2.
[8] Id. at 3.
[9] Id.

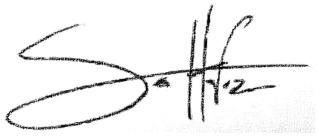
III. CONCLUSION

The California Large Energy Consumers Association appreciates the opportunity to provide these comments.

Respectfully submitted,

BUCHALTER LLP

By:



Samir A. Hafez
Counsel for the California Large Energy Consumers Association

CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION

July 9, 2026