

CPUC Energy Division Stakeholder Comments

California Public Utilities Commission, Energy Division Comments on Regional Resource Adequacy Program — Workshops 9 through 13

These comments are submitted by the Energy Division of the California Public Utilities Commission (CPUC or Commission) as the Local Regulatory Authority (LRA) that administers the Resource Adequacy (RA) program and oversees procurement planning in California for investor-owned utilities (IOU), community choice aggregators (CCA), and electric service providers (ESP) serving load in California.¹

Energy Division staff (or Energy Division) develops and administers energy policies and programs to serve the public interest, advises the CPUC, and ensures compliance with CPUC decisions and statutory mandates. Energy Division provides objective and expert analyses that promote reliable, safe, and environmentally sound energy services at just and reasonable rates for the people of California.² These comments reflect Energy Division staff perspectives, especially administering the CPUC RA program since its inception in 2004. These comments are intended to inform the EDAM Regional RA Work Group's (Work Group) Initial Draft Proposal, and do not constitute the Commission's position. The Energy Division appreciates the RA Sponsors' and Work Group's effort to advance a regional RA program in consultation with stakeholders and welcomes the recognition that it is intended to operate with established RA programs.³

Energy Division appreciates the opportunity to comment on Workshops 9 through 13 of the EDAM Regional RA Program stakeholder process. These comments are submitted at the stakeholder-input stage of the Regional RA process and are independent of, and should not be construed as, comments representative of the Commission's separate rulemaking implementing Assembly Bill (AB) 825 (Petrie-Norris, 2025).⁴

I. Proposed Governance Structure

Energy Division's comments on the proposed governance structure of the EDAM Regional RA program are focused primarily on whether the structure proposed for the program, as most recently described through Workshop 13 and the Revised Governance Proposal, adequately preserves the independent and voluntary aspects of the program as a durable feature of the governance structure, in a manner consistent with the California Legislature's directives in AB 825 that established Public Utilities (PU) Code Section 345.6.^{5, 6}

1. Preserving the Existing Division of State RA Authority and Jurisdiction

California's RA program is governed by Pub. Util. Code Section 380 which specifies that the Commission, in consultation with the CAISO, establishes resource adequacy requirements for all Load Serving Entities (LSEs) under its jurisdiction. The statute also requires that, in establishing RA requirements, the Commission ensure the reliability of electrical service in California while advancing, to the extent possible, the state's goals for clean energy, reducing air pollution, and lowering greenhouse gas emissions.⁷

¹ More information on the CPUC RA program is available at: [Resource Adequacy Homepage](#)

² More information about the CPUC Energy Division is available at: <https://www.cpuc.ca.gov/about-cpuc/divisions/energy-division>

³ Consistent with the EDAM Regional RA Program's Foundational Principle 4, that the program "[d]oes not infringe upon or impede other regional RA programs." [RA-Program-Overview-Documents_FINAL.pdf](#)
⁴ [R.26-09-009](#).

⁵ Regional Resource Adequacy Workshop 13, September 17, 2026. [Workshop-13_Final.pdf](#); Regional Resource Adequacy Governance Update, September 2026. [Regional-RA-Governance_FINAL.pdf](#)

⁶ Pub. Util. Code Section 345.6 (added by Stat. 2025, ch. 116 (AB 825 (Petrie-Norris))).

⁷ Pub. Util. Code Section 380.

Consistent with these objectives, the CPUC administers the CPUC-jurisdictional RA program, including setting RA requirements, determining the Planning Reserve Margin (PRM), and establishing resource accreditation methodologies. These elements serve as the foundation for the binding RA compliance program applicable to all LSEs within the CPUC's jurisdiction, and are determined, implemented, and enforced by the CPUC.

CAISO's reliability requirements, as defined in its tariff, are designed to complement the state's implementation of the RA framework.⁸ It does so by conducting annual local and flexible RA studies that are referenced by the CPUC when establishing the corresponding RA requirements, and by serving as a backstop procurement authority that supports the CPUC and other LRAs' RA programs.

With respect to RA program requirements, CAISO's role is primarily to carry out and administer the standards established by the CPUC and other LRAs. CAISO does not determine the RA requirements for CPUC-jurisdictional entities. Instead, it validates, coordinates, and backstops (under specified circumstances) those requirements through its tariff. When the CPUC or another LRA does not require certain RA inputs, such as reserve margins, qualifying capacity criteria, or demand forecasts, CAISO relies on its default tariff provisions to ensure it receives the information it needs to run its processes under the tariff. This separation of responsibilities is central to how California's RA framework works today: the CPUC sets the policy requirements that establish LSEs' RA procurement obligations, and CAISO implements them through operational processes and, when needed, backstop procurement.

More specifically, to ensure the state's authority provided under PU Code Section 380 is respected, the CAISO's Reliability Requirements tariff reflects and reinforces its coordination and support role. While CAISO develops a default PRM and resource accreditation methodology, each LRA retains the authority to set its own RA requirements, PRM, and accreditation methodology for the LSEs under its jurisdiction. Under Section 40 of the CAISO tariff, CAISO must use the Reserve Margin and qualifying capacity criteria adopted by the CPUC or other LRA, and its default study and methodology apply only where, and to the extent, an LRA has not exercised that authority itself.⁹ The tariff is therefore structured to respect the LRAs' authority in establishing their own reliability requirements.

Stakeholders have long had reasonable differences of opinion about the appropriate level of procurement needed to meet reliability needs — for instance, stakeholders may disagree on the appropriate PRM level. Reliability, and the costs associated with ensuring it, can be maintained either directly through the planning standard and models used to set a PRM, or indirectly through the conservatism of the load forecast, resource accounting, or compliance review process.

With the transition to and implementation of the EDAM and the ROWE governed regional market structure, AB 825 expressly protects state authority over reliability policy. The legislation added Section 345.6(a)(1) to the PU Code, which allows the CAISO and electrical corporations to "use voluntary energy markets governed by an independent regional organization only if" certain conditions are satisfied, including that the regional organization's governance documents and tariff provisions incorporate "a requirement to respect the authority of each state" with participating electrical corporations in the market "to set its own procurement, resource adequacy, environmental, reliability, and other public interest policies."¹⁰ Energy Division reads this provision to require that the regional market structure respect state authority over RA, as a condition of CPUC-jurisdiction LSE market participation. Therefore, any regional governing structure must make clear that states and LRAs have the authority to implement their own RA requirements, with the ROWE defaulting to the PRM and accounting methodology that results from the proposed CAISO study only

⁸ CAISO FERC Electric Tariff Section 40. (2026)

⁹ *id.*, Section 40.2.2.1, 40.4.1. (2026)

¹⁰ Pub. Util. Code Section 345.6(a)(1).

in the case where an LRA does not exert its authority. Absent such a provision, state RA authority could be narrowed or eroded over time, which would conflict with the requirements of AB 825, as well as the CPUC authority under PU Code Section 380 to set RA requirements.

As described in Workshop 13 and the Work Group's updated governance proposal, the Regional RA program would operate within the ROWE governance structure rather than as a separate and independent body. The ROWE Board would serve as the Independent Board for the RA Tariff as well as the Program Coordinator, CAISO as the Program Service Provider, and the Department of Market Monitoring (DMM) as Program Assessor. RA initiatives would proceed through the ROWE stakeholder process, including working groups, indicative voting, and remand, as an "additional voluntary ROWE service offering." A new Technical Review Committee (TRC) would serve as the RA program sector.¹¹ Every Program Participant, meaning a load-serving entity that voluntarily chooses to participate, would hold a TRC seat, alongside a non-voting liaison from the Body of State Regulators (BOSR). The TRC would approve changes to the RA Business Practice Manuals, with the ROWE Board holding final authority to resolve disputes. The BOSR's oversight role remains to be developed.

Energy Division appreciates the commitment to generally holding TRC meetings that are open to all stakeholders. Energy Division is able to support the ROWE RA program by providing technical expertise, which will help achieve the goal of foundational principle number 4, to "[o]perate alongside other regional RA programs[,] attempting to minimize direct impacts and avoid double counting."

Energy Division does not raise an issue with the proposed governance structure; a regional RA program housed under ROWE that remains strictly voluntary does not itself raise any fundamental jurisdictional issues. Rather, Energy Division Staff raises a concern related to how the governance documents and the tariff describe existing RA programs. As currently proposed, the ROWE RA program does not yet include a comparable explicit recognition of each participating LRA's authority to set its own RA requirements.

Energy Division recommends that an express statement recognizing state authority over RA be included both in the Work Group's forthcoming Initial Proposal, as well as in any future ROWE governance documents and tariff. This statement may be modeled after CAISO's FERC Tariff Section 40, as explained above. Though, at a minimum, it should recognize the PU Code Section 345.6(a)(1) requirement that the regional organization's governance documents and tariff provisions do not infringe on state authority over Resource Adequacy and a guarantee of the voluntary nature of the program.

II. CAISO RA Study Proposal

On the proposed CAISO RA study itself, Energy Division offers some technical feedback based on lessons learned from Energy Division's own RA study process. Overall, Energy Division supports the general direction of a transparent, two-phase study process (Phase 1 being an LOLE study; and Phase 2 an RA study, accreditation, and PRM setting) and offers the following comments on two primary areas where further development would strengthen the proposal: (1) interoperability across RA programs and potential market effects, and (2) the treatment of import assumptions and underlying data access.

1. Ensuring Interoperability Between the Regional RA program and Existing State RA Programs

Energy Division appreciates the progress the Work Group has made in putting forward a study framework and resource accreditations approach. As the program continues to take shape, Energy Division offers the

¹¹ Regional Resource Adequacy Workshop 11: Transmission and Governance, September 3, 2026. [Workshop-11 Final.pdf](#); Regional Resource Adequacy Governance Update, September 2026. [Regional-RA-Governance FINAL.pdf](#)

following observations to support discussion around how the program may interact with neighboring RA programs including the CPUC's Slice of Day (SOD) program.

Because each program reflects its policy goals and operational needs, differences in how requirements are set and how resources are valued are expected. Understanding how those differences interact may help support smooth participation and avoid outcomes participants do not intend. The table below illustrates some of these differences in accreditation methodologies, however, as reflected below the methodology for several resource types remains to-be-developed.

Resource Types	CAISO Regional RA Proposed Methodology	CPUC RA Implemented Methodology
Fossil Thermal, Dispatchable	Seasonal UCAP for each resource	Unit-specific UCAP beginning in the 2028 RA year
Renewable Thermal and Other, Dispatchable		
Nuclear		
Supply Side Demand Response	DR programs determined by the Demand Response QC methodology	Determined by Load Impact Protocols which establishes QC informed by actual performance
Run-of-River Hydro	QC values calculated by the PSP using the RoR QC methodology	Non-dispatchable hydro: monthly average of settlement data over RA Measurement Hours, using the three most recent years.
Dispatchable Hydro	QC values determined by the Storage Hydro QC methodology	Voluntary method using 10 years of bid or self-scheduled capacity: median weighted 80%, 10% exceedance value weighted 20%.
Battery Storage	Average ELCC, with unit specific, seasonal adjustments based on availability	May be shown up to Pmax for the number of hours based on battery size, until Energy per Cycle is fully used. Must also show charging capacity plus round trip efficiency losses
Wind	Average ELCC, with unit specific, seasonal adjustments based on performance	Exceedance methodology using historical settlement data. Specific to technology type and region. The monthly QC is the peak hour value.
Solar		

A first observation is that, because accreditation methods differ across state and regional programs (being developed), the same resource may receive different accredited values depending on the program in which it participates. This does not present a barrier, but it may influence how resources are traded or contracted across programs, as accredited capacity is a core driver of supply-and-demand balances and pricing. Considering how these differences may interact could help the Work Group anticipate how resources might move between programs as conditions evolve.

A second consideration is how to represent resources that may participate across multiple RA programs (i.e. CPUC and EDAM Regional RA). If a resource is intended to count under more than one framework, accurately capturing its characteristics in the regional study becomes increasingly important. Including such resources in the modeling in a way that reflects their potential commitments across programs may help ensure that the resulting PRM reflects the resource mix that will actually be relied upon. This raises useful design questions about how these units should be represented in study inputs to support consistency across frameworks.

A third related point is how accredited values might translate if a resource serves obligations in more than one program. If the same resource is assigned different values, LSEs and owners may need tools or reference points to help reconcile those values when preparing compliance showings or structuring contracts. Exploring whether such translation mechanisms would be helpful could aid in avoiding inadvertent oversubscription or double counting and may reduce administrative complexity for participants.

Finally, differences across programs may shape the commercial incentives resource owners face. Variations in accreditation methods, must-offer obligations, or contracting requirements may influence when resources choose to participate in one program or the other. Understanding these interactions during program development may help maintain planning stability and long-term contracting support across both regional and state RA programs.

Energy Division offers these observations in the spirit of supporting a regional RA design that works well alongside existing state frameworks. Considering interoperability questions early may help identify opportunities to improve planning accuracy, smooth participation for LSEs and resource owners, and avoid unintended market outcomes as the programs operate in parallel.

2. Import and Resource Assumptions and Data Access within the Proposed LOLE Study

Further, Energy Division raises several observations on how coordinated import and resource assumptions can support consistent and reliable results across both the regional RA program and the state RA programs operating in parallel. Because import capability and baseline resource availability depend on assumptions made across multiple BAAs, a shared approach to these inputs may help avoid overlapping expectations about which resources are available to support reliability needs.

Energy Division's recent LOLE study for the 2026 RA year illustrates this point. To reflect the resources serving the CAISO area, staff relied on CAISO's Master Generating Capability List for internal resources and WECC's Anchor Data Set for resources outside California, and applied simultaneous import limits to produce realistic interchange patterns. As described in the Draft Report, the study used a CAISO simultaneous import limit of 11,040 MW year-round, and an additional 4,000 MW limit during June through September peak hours (5 p.m.–10 p.m.).¹² These constraints were intended to avoid modeling internal CAISO resources as simultaneously available to meet both California's reliability needs and those of neighboring BAAs.

A related lesson from the CPUC's LOLE work is the value of developing these assumptions in a transparent, traceable manner. Clearly documenting the data sources, modeling choices, and assumptions about imports and internal resources helps ensure that all entities have a shared understanding of how reliability

¹² CPUC Energy Division Staff, *Loss of Load Expectation Study for 2028: Draft Results, Resource Adequacy Program, Slice of Day Planning Reserve Margin* (2026), 15. <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacy-homepage/resource-adequacy-compliance-materials/resource-adequacy-history/8-17-2026-track-2/energy-division-draft-2028-lole-study.pdf>.

is being assessed. A similar level of clarity may be useful as the regional LOLE study is developed, particularly where internal resources could contribute to obligations under more than one RA framework.

Data Sharing and Transparency

Complete and transparent data sharing among participating BAAs is critical to getting these assumptions right. The Work Group's workshop materials recognize that import and transfer-limit data will need to be drawn from participating entities. They describe this as a "regional RA entity data request" supplemented by secondary sources such as WECC path ratings and WEIM transfer limits, but do not yet specify a defined data submission standard or process. Energy Division asks that the Initial Draft Proposal address this process directly, given how heavily the resource mix and import assumptions, and the resulting PRM, depend on the accuracy and completeness of the underlying data.

Data sharing may also need to run in the other direction. As the regional market and RA program are implemented, the resulting resource mix and import data will also become a relevant input to individual states' and LRAs' own reliability planning. The Initial Draft Proposal should therefore include a clear process for sharing that data back to participating states, so that each LRA can incorporate it, as appropriate, into its own reliability planning processes.

III. Compliance and Enforcement

The Work Group also put forward an updated compliance proposal that included further development of penalties and other compliance mechanisms. Energy Division supports the development and direction of this proposal and recommends further development to establish clear compliance incentives while maintaining a program that is realistic, fair to participants, and does not cause unintended or imbalanced market incentives across the region.

The Workshop 12 materials describe a data integrity charge in the range of \$15,000 to \$30,000 per submission, escalating charges for repeated incomplete submissions, up to and including expulsion from the program. For capacity deficiencies, they identify options including a programmatic financial penalty and backstop procurement, with the associated costs acting as the penalty. For transmission deficiencies, they identify a programmatic financial penalty and backstop procurement of qualifying transmission rights.

As a point of comparison, the CPUC strictly enforces non-compliance with RA obligations through citations and associated financial penalties.¹³ The CPUC expects all LSEs to maintain full compliance with the RA program and avoid citations. There is no waiver for LSEs who are unable to provide their share of System RA; failure to do so jeopardizes the reliability of all customers since insufficient electricity capacity resources can directly cause grid emergencies or outages. The CPUC's LSEs are required to meet RA obligations, irrespective of price, availability, or penalties, with the limited exception of waiver opportunities for capacity in constrained local areas. The CPUC complements this RA stringency with work in the Integrated Resource Planning process, including bundled procurement policies for the IOUs that serve bundled customer load. With the IRP process, the CPUC ensures that forward procurement (beyond the one year ahead RA time frame) is on track to meet forward load forecasts with either new or existing

¹³ See CPUC RA Citations and Penalties, <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/resource-adequacy-homepage/resource-adequacy-penalties-and-citations>; RA Citations Briefing, February 2024, available at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacy-homepage/ra-penalties-and-citations/ra-citation-database-fact-sheet-2024.pdf>

resources. The intention is that long-term procurement planning ensures that CPUC jurisdictional LSEs can enter the RA program year with sufficient installed capacity to meet RA obligations.

In the event that LSEs fail to procure capacity sufficient to ensure load can meet reliability standards, LSEs are subject to a penalty structure. These penalties have always been designed to motivate compliance; they should be high enough to make LSEs want to comply, but not so high that they just add to ratepayer burdens.

The Commission's penalty structure for capacity deficiencies is built around meaningful, scaled financial penalties:

	Deficiency in either System, Local or Flexible RA Filing (Modifying Appendix A in Resolution E-4195)		
	System RA Penalty	Local RA Penalty	Flexible RA Penalty
Deficiency cured within five business days from the date of notification by the Energy Division	\$5,000 per incident if the deficiency is 10MW or smaller, \$10,000 for a deficiency larger than 10 MW. For the second and each subsequent deficiency in any calendar year, penalties will be \$10,000 per incident if the deficiency is 10 MW or smaller, \$20,000 for a deficiency larger than 10 MW.	\$5,000 per incident if the deficiency is 10MW or smaller, \$10,000 for a deficiency larger than 10 MW. For the second and each subsequent deficiency in any calendar year, penalties will be \$10,000 per incident if the deficiency is 10 MW or smaller, \$20,000 for a deficiency larger than 10 MW	\$5,000 per incident if the deficiency is 10MW or smaller, \$10,000 for a deficiency larger than 10 MW. For the second and each subsequent deficiency in any calendar year, penalties will be \$10,000 per incident if the deficiency is 10 MW or smaller, \$20,000 for a deficiency larger than 10 MW
Replaced after five business days from the date of notification or not replaced	\$8.88/kW-month in summer months (May through October) and \$4.44/kW-month in non-summer months (November to April)	\$4.25/kW-month	\$3.33/kW-month
Programmatic Deficiency (Late or Incorrect Filing)	\$1,000 per incident plus \$500 per day for the first ten days the filing was late and \$1,000 for each day thereafter.		

For most years of the CPUC's RA program, capacity deficiencies (especially uncured deficiencies) and programmatic deficiencies (for administrative issues) have been somewhat rare events and total penalty

costs have been relatively minor. Starting in 2017 there was a steady increase in the types of penalties as a large number of new LSEs entered the scene and resource scarcity emerged in the early 2020s, the result of a confluence of factors – more LSEs adding complexity to resource portfolio optimization, higher load forecast growth, and reduced effectiveness (ELCCs) of variable resources as penetration levels increased. Some LSEs may have found it easier to pay penalties than secure resources and so the Commission has also added a tiered point system that escalates penalties for repeat deficiencies, to deter repeat offenders. Energy Division compiled and released detailed deficiency and citation information as deterrence and transparency, being mindful that financial penalties do not by themselves ensure new capacity gets built.¹⁴ Energy Division's experience is that a compliance regime relying primarily on good-faith attestations or positive incentives is not, on its own, sufficient to ensure that RA showings translate into capacity that is actually available to the system.

Energy Division encourages the Work Group to align the program's penalty framework with California's RA program to the extent possible, to support smooth operation between the programs. Penalties help shape the prices at which capacity is bought and sold, because they inform what an LSE would be willing to pay to avoid a deficiency. If one program's penalties are substantially higher than another's, resources may be drawn toward the higher-penalty program, where they can reasonably expect higher prices. This could risk reliability or create imbalanced market incentives. Energy Division therefore recommends that the Initial Draft Proposal establish a clear framework for setting penalty levels that are comparable to the CPUC's RA program's.

That said, Energy Division acknowledges the concerns raised about including strict financial penalties from the outset of the program. In the case the Work Group does not include comparable financial penalties with initial implementation, they should, at least, (1) establish binding consequences for non-compliance, (2) identify transitional compliance mechanisms as the initial means of implementation if necessary, and (3) include a clear process to determine how and when financial penalties should be phased in. Any consequences should also be designed so that LSEs and their customers are not exposed to duplicative charges for the same deficiency under both the regional RA program and the RSE.

Conclusion

Energy Division appreciates the opportunity to comment on Workshops 9 through 13 and reiterates its support for the Work Group's continued effort to develop a transparent, workable Regional RA program. Energy Division's comments center on several fundamental program design elements – the importance of establishing clear protections for preserving state RA authority, ensuring interoperability with existing state programs, and establishing a credible compliance structure – that we believe can support a successful regional RA program without creating adverse effects for California LSEs or ratepayers. Energy Division does not raise these issues to suggest that the program's current direction is out of alignment, but to prioritize areas where additional specificity in the Initial Draft Proposal would allow Energy Division, and other state regulators, to evaluate the program's design with confidence. Energy Division looks forward to continuing to engage with the Work Group, the RA Sponsors, and other stakeholders as the Initial Draft Proposal is developed.

¹⁴ See RA Citations Database, <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacy-homepage/ra-penalties-and-citations/ra-citations-database-public-updated-v2.xlsx>