

Bundled Procurement Plans (BPP) Workshop (R.25-06-019)

September 21, 2026

Held in the Courtyard Room at the CPUC headquarters in San Francisco and on-line via Webex



California Public
Utilities Commission

Workshop Agenda

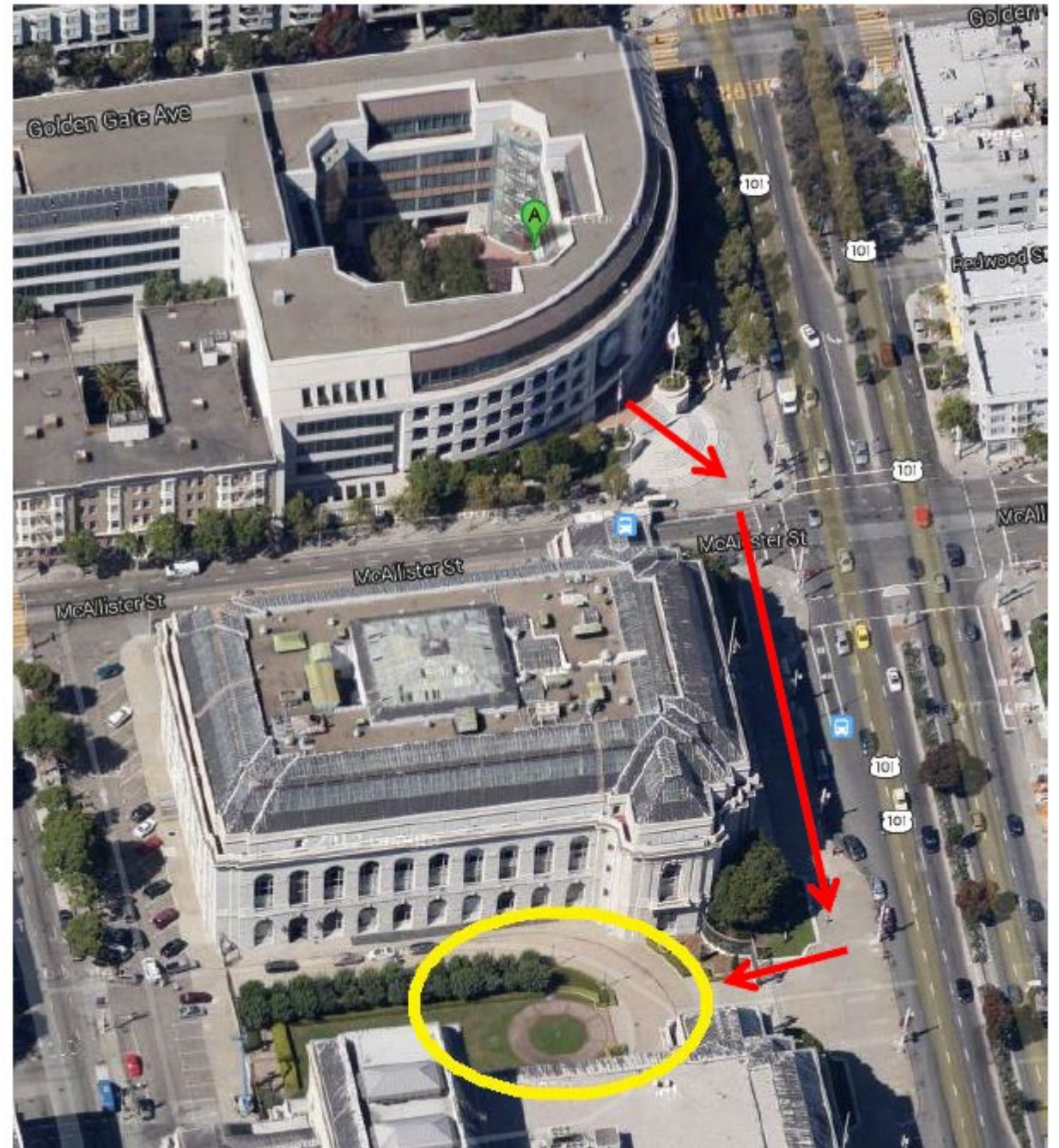
	Topic	Presenter	Start	End
1	Welcome and Introductions	Energy Division	10:00 am	10:05
2	Energy Division Staff History of BPPs	Energy Division – Eric Dupre and Allyson DiLorenzo	10:05	10:35
3	RPS in the BPPs	Energy Division – Christian Knierim	10:35	11:05
4	<i>Stretch break</i>		<i>11:05</i>	<i>11:10</i>
5	CRRs in the BPPs	Energy Division – Jordan Miner	11:10	11:40
6	SDG&E RPS Proposal and SDG&E RA Transaction Framework	SDG&E- Gwen Morien and Josh Chasse	11:40	12:10 pm
7	Lunch		12:10	1:10

Workshop Agenda, Cont'd

	Topic	Presenter	Start	End
8	- Overview / Background of BPP - RPS and RA Product Proposal - Proposed Changes to RA and REC BPP Limits	SCE - Dan Culhane, Shefali Agarwal, and Virginia Grosz	1:10	1:40
9	Overview / Background of BPP; RPS and RA Product Proposal; Proposed Changes to Capacity Procurement Limits	PGE- Robert Gomez and Dean Yacar	1:40	2:10
10	<i>Stretch break</i>		2:10	2:20
11	The proposed pre-approved framework for RPS products; and the excess RA sales framework	CalCCA - Ryan Matley (New Gen) and Alissa Greenwald (Keys and Fox)	2:20	2:50
12	Discussion		2:50	3:20
13	Next Steps, Adjourn	Energy Division	3:20	3:30 pm

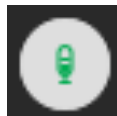
Emergency Evacuation

- Please sign-in on the attendance sheet.
- In the event of an emergency evacuation, please cross McAllister Street, continue south on Van Ness and gather in the courtyard across from City Hall between the War Memorial Building and the Opera.



Logistics

- All attendees have been muted.
- To ask questions, please "raise your hand"  and a moderator/presenter will unmute you so you can ask your question.
- If you would rather type, use the Q + A function and send to "all panelists". Q + A questions will be read aloud by moderators/presenters; attendees may be unmuted to respond to the answer verbally.

*Reminder: Please press mute when done speaking 

- Please silence and remove all AI-generated conversations and notifications to avoid cluttering the chat and Q & A forums
- Use chat only for webinar logistics questions and not substantive comments or questions.

Mute/ Unmute



Participant List



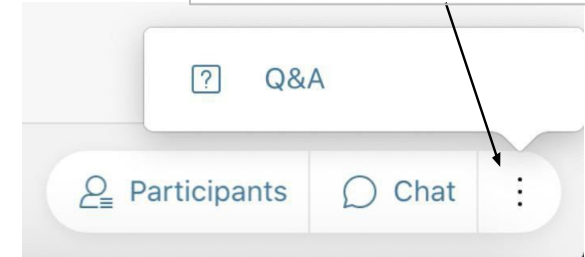
Chat



Audio Options



Q + A: on the bottom right of screen, click "3 dots"



Agenda

- Goals of Workshop
- Introduction to BPPs
- Procedural Background (R.25-06-019)
 - Scoping Memo and Schedule
 - Administrative Law Judge (ALJ) Ruling Overview
- Independent Evaluator Template Update
- UARCD Role in BPP Compliance

Goals of this Workshop

- Review the purpose, statutory basis, and procedural role of Bundled Procurement Plans (BPPs).
- Support parties' understanding of the revised IOU BPPs filed in this proceeding, including major updates and structural elements.
- Provide a forum for clarification and discussion ahead of written comments to ensure parties have a shared understanding of the issues in the Administrative Law Judge's (ALJ) ruling.

Introduction to Bundled Procurement Plans

- **What BPPs Are:**

A CPUC-approved plan that governs how each IOU procures electricity for its bundled customers. BPPs set out the IOU's forecasting methods, resource selection criteria, solicitation and contracting processes, risk management practices, and coordination with Procurement Review Groups.

- **Statutory Origin and Authority:**

Public Utilities Code Section 454.5. AB 57 (2002) established the framework through which IOUs resumed electric procurement following the energy crisis, replacing DWR's role. The statute provides IOUs with upfront transaction standards: procurements conducted in compliance with an approved plan are “**presumed reasonable**” for cost recovery.

- **How They Work:**

BPPs function as the governing rules and procedures for bundled procurement. They give IOUs defined standards for conducting solicitations and managing their portfolios, while giving the Commission and PRGs a structured oversight mechanism.

- **Historic Timing:**

From the mid-2000s to 2015, BPPs were reviewed roughly every 2 years within the Long-Term Procurement Planning (LTPP) process. **The last comprehensive update occurred in 2015** (D.15-10-031). BPPs have not been formally reconsidered since then due to the transition to the IRP framework and other procurement orders.

BPP – Scoping Memo Guidance

- IRP proceeding **R.25-06-019** stated in the October 28, 2025 Scoping Memo (p.4, 9) that this proceeding was the venue for “updates to the investor-owned utility (IOU) bundled procurement plans (BPPs).
 - “In light of the significant market changes and issues raised since the last BPP update in 2015 and other BPP-related issues that have been raised in other procedural venues, the IOUs are asked to submit revised BPPs in this proceeding by April 1, 2026.Prior to filing their updated BPPs, the IOUs are requested to coordinate with each other and their Procurement Review Groups in filing updates that incorporate structural reforms, including measures to enhance streamlining and efficiency. These updates may also include proposals for oversight processes for short-term renewables portfolio standard (RPS) transactions.”

R.25-06-019 Procedural Steps and Schedule

Current Procedural Steps and Schedule	
October 28, 2025	Scoping Memo and Ruling
December 30, 2025	IOUs file for an extension of deadlines
January 2, 2026	ALJ grants extensions
June 1, 2026	IOUs file BPP updates
August 17, 2026	ALJ Ruling Seeking BPP Comments + Replies
September 21, 2026	Workshop on Proposed BPP changes
November 13, 2026	Opening Comments from Parties to ALJ Ruling and Workshop
December 18, 2026	Reply Comments from Parties to ALJ Ruling and Workshop
Proposed Decision	90 Days from Submission of Record

Administrative Law Judge (ALJ) Ruling Overview

- On August 17, 2026, the ALJ issued a ruling requesting comments on the IOUs' updated Bundled Procurement Plans, outlining detailed questions and noticing this workshop.
- **Major Themes in the Questions -**
 1. **RPS Procurement Policies-** Questions focus on short-term RPS transaction frameworks, REC volume limits, pricing requirements, and whether IOU proposals support transparency, affordability, and consistent RPS compliance.
 2. **Resource Adequacy & Market Products**
Addresses IOU authority for RA transactions, integration of new CAISO market products (DAME), UCAP implementation, risk-management approaches, and how RA policies should evolve.
 3. **Procurement Methods & Limits -** Covers procurement mechanics: planning assumptions, ratable-rate formulas, procurement limits, authorized products, transaction methods, and overall reasonableness of IOU methodologies.
 4. **Oversight Processes (PRG & IE)-** Examines proposed updates to PRG and IE roles, reporting templates, and how oversight can become more standardized and adaptable as procurement products change.

ALJ Ruling Overview (Cont.)

- **Major Themes in the Questions (cont.) -**

5. **Congestion Revenue Rights (CRR)**- Reviews whether current CRR restrictions remain appropriate, potential benefits of expanded IOU participation, and alignment with upcoming EDAM congestion-revenue design changes.
6. **GHG / Cap-and-Trade Procurement**- Focuses on appropriate limits, reporting requirements, and ensuring BPP frameworks allow cost-effective procurement of GHG compliance instruments.
7. **Excess RA Sales Framework**- Addresses guidelines for timely resale of excess RA, transparency improvements, and treatment of unsold RA as IOUs manage reliability responsibilities across multiple procurement obligations.
8. **Consistency Across IOU BPPs**- Requires IOUs to compare and justify differences in their BPPs and identify areas where additional standardization would support comparable review and oversight.
9. **Miscellaneous Issues**- Allows parties to raise any additional items not covered above.

Role of an Independent Evaluator

- **Independent Evaluator (IE) Overview**

- Independent third-party oversight to help ensure IOU solicitations are conducted fairly, transparently, and consistent with CPUC rules
- Participates in PRG meetings and provides objective input to Energy Division
- Prepares written reports for Commission consideration that document the IE's review and any concerns identified

- **IE Key Responsibilities**

- Reviews bids, IOU outreach efforts, and the bid-ranking approach
- Monitor contract negotiations and key terms
- Flag issues of concern and document findings in written IE reports

- **Where IE Requirements Are Described in IOU BPPs**

- PG&E – Appendix M
- SCE – Appendix B
- SDG&E – Appendix G

IE Report Template Update

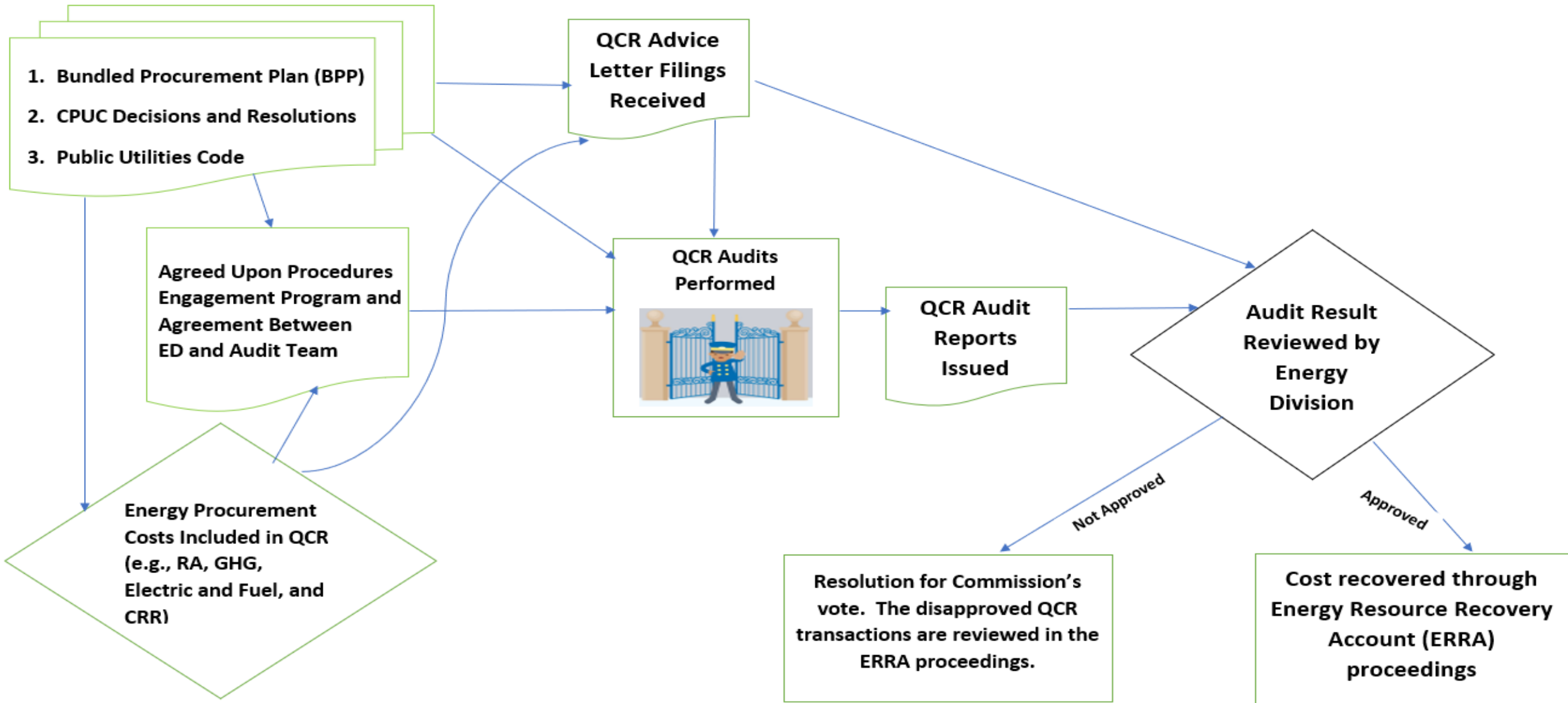
- The new IE Report Template will be utilized by IEs overseeing any energy-related procurement conducted via IOU solicitation, regardless of product type.
- Purpose: The new, standalone IE Report Template replaces the multiple versions that were in-use and had not been updated for at least 10 years. As such, this new template integrates additional questions that better facilitate the evaluation according to emerging oversight priorities of the Commission.
- The updated template is derived from the RA and RPS IE templates, which will be retired from use at the release of this new standalone template.
- Major changes to the IE Report Template include:
 - Formatting improvements, re-organization of questions, and inclusion of long and short-form sub-sections
 - A requirement for the IEs to add their response to each question in-line, moving away from narrative-style summary responses
 - Added questions to the Template. The added questions pertain, but are not limited to:
 - Transmission issues and/or upgrades
 - Accuracy of project viability evaluations
 - Right of First Refusal language
 - An added Appendix on the regulatory background of IE processes and requirements
- The template will be released to Independent Evaluators and be publicly accessible via the RPS, RA, and IRP webpages by September 30, 2026

Utility Audits, Risk and Compliance Division (UARCD)

- **UARCD Role with BPP**

- Utility Audits, Risk and Compliance Division plays an important role with respect to BPP compliance – they review the submitted Quarterly Compliance Reports (QCRs) submitted by IOUs to demonstrate which transactions are presumptively approved under the BPP. UARCD then checks the transactions against the BPP, the Public Utility Code, and prior Commission Decisions to determine if the IOUs QCRs are compliant.
- As an audit, an agreement setting forth the terms of the audit is drafted and agreed to in advance, which highlights the terms of compliance and the ethics that the auditors must follow as licensed professionals.
- After UARCD completes the audit, ED initiates its review, and the Advice Letter which filed the QCR is approved or denied.

QCR Audit and Approval



Issues Raised by Audit Team

- Proposals by IOUs would add to Audit Team workload, which would significantly delay the QCR audit and approval process at the current staffing levels due to all the additional transactions that would be covered.
 - One-to-two additional audit staff would be needed to cover additional workload from adding RPS and 10-year RA transactions.
- Standard of Conduct Acknowledgment: Employees should acknowledge the IOUs' Code of Conduct within one calendar month, as adopted in D.02-10-062 and modified in D.02-12-074. The BPPs should include this guideline.
- **D.12-04-046, OP 8(g).** Audit team seeks clarification as to whether the requirements under OP and Decision, including PRG consultation, apply to **all GHG compliance instruments executed via bilateral and broker transactions**. If not, the BPP should specify the situations where these requirements apply.

Bundled Procurement Plans Workshop

Background on Short-term Renewables Portfolio Standard (RPS) Transactions

Energy Division, Climate Initiatives, Renewables, and Admin. Branch

Renewables Procurement Section

21 Sept 2026



California Public
Utilities Commission

Agenda

- Procedural History of Pre-approved Short-term RPS Transactions
- Current CPUC Review Processes for IOU Short-term RPS Transactions

Procedural History of Pre-approved Short-term RPS Transactions

- A typical IOU short-term RPS transaction is a purchase or sale of Renewable Energy Credits (RECs) for contract terms of 5 years or less
- **Decision (D).14-11-042** : Authorizes IOUs to seek approval of short-term RPS contracts through Tier 1 Advice Letters (AL), instead of through Tier 3 ALs
 - Requirements:
 - Each short-term RPS contract must be filed in a separate Tier 1 AL, does not adopt proposal for quarterly ALs containing all contracts relevant to the time period
 - Requires IOUs to submit their short-term RPS contract pro formas in annual RPS Procurement Plan filings for review and approval
 - Rationales:
 - Tier 1 AL process streamlines the review process while maintaining the appropriate level of oversight for short-term RPS contracts
 - Commission prefers "more current information" on RPS contracting than permitted with quarterly ALs

Procedural History of Pre-approved Short-term RPS Transactions

- **D.23-12-008:** Denies without prejudice the IOU's requests to eliminate the Tier 1 AL approval process for short-term RPS transactions
 - Denies request to include short-term RPS transactions in Bundled Procurement Plans (BPPs)
 - Maintains requirement to seek approval of short-term RPS contracts through Tier 1 ALs
 - Rationale: issue requires more scrutiny....proposal review and implementation involves multiple steps and coordination between CPUC Staff, proposals may require developing additional review standards. Issue may be added to a subsequent RPS Rulemaking
- **D.25-08-009:** Denies IOUs' proposals for pre-approval of short-term RPS transactions based on compliance with upfront & achievable standards in lieu of AL approval
 - Maintains D.14-11-042: IOUs must seek approval of short-term RPS contracts through Tier 1 ALs
 - Rationales:
 - IOUs did not provide sufficient evidence that current Tier 1 AL process puts them at a disadvantage
 - Key elements of IOU upfront standards & criteria lacked info needed for implementation, making it difficult for Audit & ED Staff to determine if short-term transactions comply with upfront criteria
 - Would take time and effort to establish a new review program
 - Commission may consider issue in a new IRP Rulemaking, where necessary modifications to IOU BPPs will be addressed

Procedural History of Pre-approved Short-term RPS Transactions

- **D.25-12-025:** denies IOUs' third request for pre-approval of short-term RPS transactions based on compliance with upfront & achievable standards in lieu of Tier 1 AL approval
 - Rationale: refers the issue to the new IRP Rulemaking, R.25-06-019, as the venue for the Commission to consider the oversight of pre-approved short-term transactions
- **R.25-06-019 - Scoping Memo & Ruling (28 Oct 2025):**
 - Scoping Memo includes the issue of review and necessary modifications to IOU BPPs... including proposals for oversight processes for short-term RPS transactions
 - Directs IOUs to file revised BPPs for Commission review by 1 Apr 2026

CPUC Processes for Reviewing Short-term RPS Transactions

RPS Plans Requests

- IOUs seek authorization for short-term RPS purchases & sales in annual RPS Procurement Plans
- IOU proposals submitted as short-term RPS transaction “frameworks” that include upfront standards & criteria, for example: delivery term lengths, RPS (REC) product, transaction methods, volume limits methodology, pricing methodology (e.g. price floors & caps)

CPUC Decision

- Commission reviews short-term RPS transaction proposals for reasonableness and RPS need
- If approved, annual Decision grants authority to transact short-term RPS products in the next year under the approved upfront standards & criteria of the RPS Procurement Plan
- Commission may approve, reject, or modify proposals in framework

Tier 1 Advice Letter

- Tier 1 AL – for short-term RPS transactions that adhere to the approved RPS Plans framework
- ALs are reviewed by comparing transactions to approved RPS Plan and frameworks
- Energy Division approves short-term RPS Tier 1 ALs in 30 days
- Contracts that do not adhere to approved short-term framework are submitted via Tier 3 AL

Questions?

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Stretch & Snack Break!



Congestion Revenue Rights in BPPs

September 21, 2026

Jordan Miner

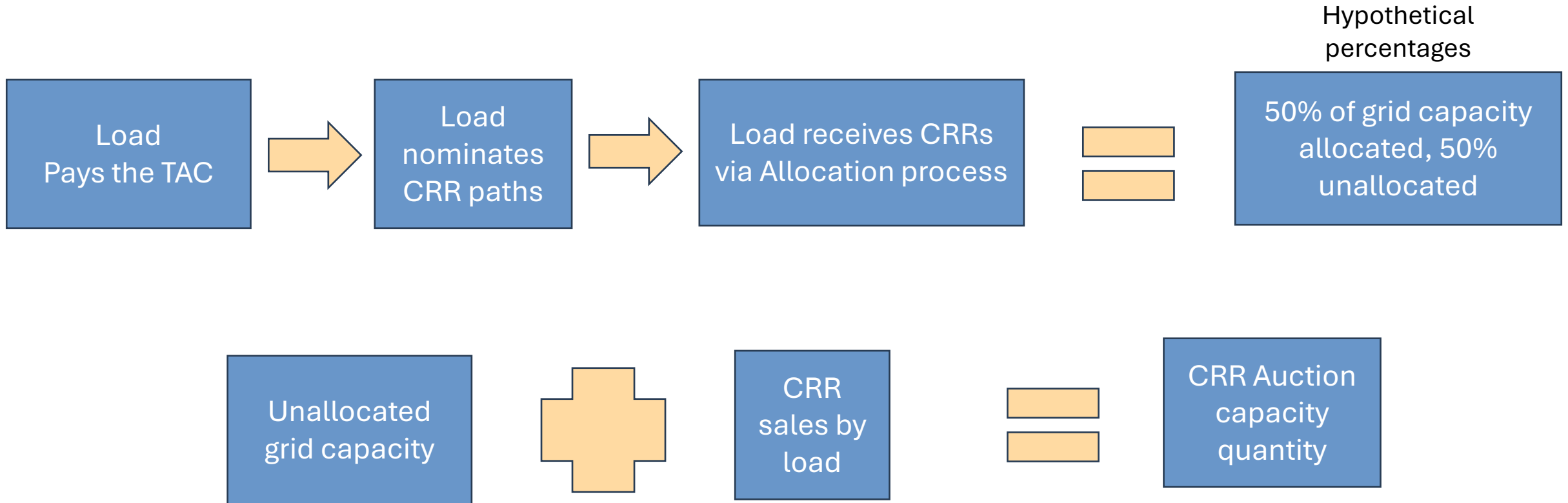


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Background

- Congestion Revenue Rights (CRRs) are a financial hedging instrument intended to be equal to firm transmission rights, allowing entities to protect themselves from differences in Locational Marginal Prices (LMP) and receive the associated congestion revenue.
 - These rights are allocated to load serving entities (LSEs) in an allocation process. LSEs can sell off unwanted CRRs to other market participants in the auction.
 - CAISO offers the residual non-allocated grid capacity into a CRR auction.
- Anyone can participate in the auction if they meet certain credit requirements.
 - Typically: LSEs, Energy Marketers, Generators, and Financial Entities.
 - Energy marketers and generators participate to hedge their congestion risk on their energy schedules.
 - Energy marketers and generators are not allocated CRRs.
 - Financial entities are allowed to participate to provide liquidity and are able to add liquidity to buy a wide array of CRRs.

CRR Processes – simplified



IOU Restrictions

- IOUs are only allowed to optimize their portfolio based on expected grid usage, not speculate.
 - Effectively only able to sell off unwanted CRR positions or buy positions that they need to hedge.
- Restrictions on IOU participation adopted in advance of the Market Redesign and Tariff Update (MRTU). Then recodified in each IOU's BPP, and proposed to be recodified in the BPP drafts.
 - See Resolutions: E-4135, E-4122, E-4134, E-4124, and E-4136
- At the time of the MRTU, the conversion of firm transmission rights to financial transmission rights was a new concept for the CAISO BAA, so a cautious approach to these new market products was warranted.
 - These restrictions do not extend to CCAs or ESPs.
- The Commission at the time was concerned LSEs could speculate and potentially expose ratepayers to financial risk or deprive another LSE of a hedge they needed.

What has materialized?

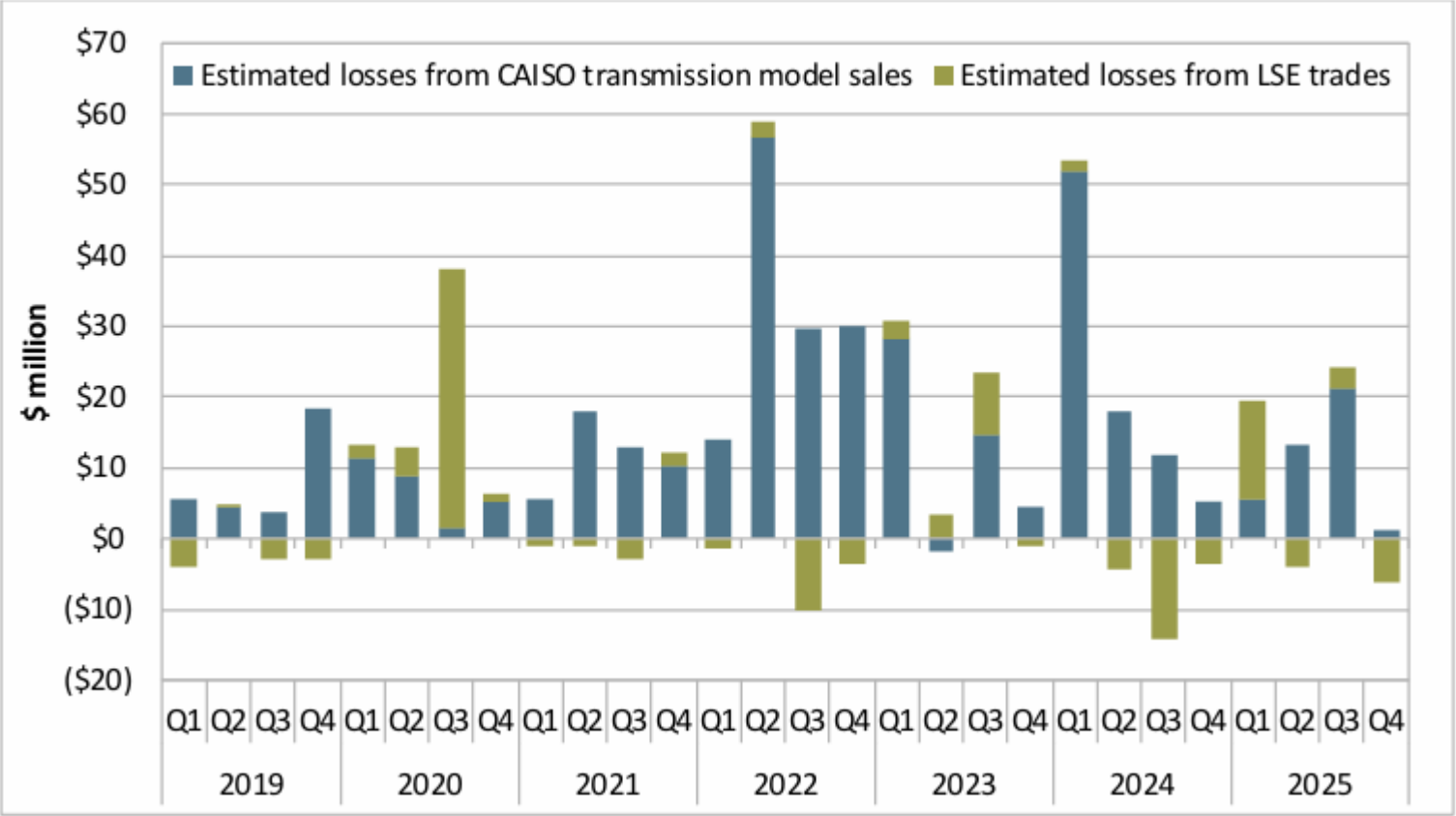
- Ratepayer losses since the launch of the CRR market in 2012 has resulted in **\$1 billion dollars** tied to CRR auction losses.
 - *DMM's analysis has shown that "almost all losses due to CRRs bought by financial traders (not by generators or marketers who might use CRRs as hedges)."*
- If the open positions in the CRR auction were not sold off, that congestion revenue would have been pro-rata returned to ratepayers.
- Auction efficiency is the ability for the CRR auction to accurately predict day ahead market congestion. In a perfect world, this would be 1:1.
 - Pre-2019 changes: 50%
 - 2019-6/2025: 67%
 - However, if you remove the 2019 changes this value remains at 50%.
 - Low auction efficiency allows entities to buy up open positions at cheaper prices than the resulting CRR payouts.

What has materialized?

- Hedging via CRRs is an attempt to minimize exposure to DAM congestion, by buying the right to the resulting congestion revenue collected.
- There are valid reasons why one would discount their auction bids if they were hedging.
 - Risk premiums tied to revenue inadequacy that devalues the resulting hedge.
 - Product misalignment in time of use periods.
- However, if one is engaging in CRR auction speculation you have a pervasive incentive to bid as low as possible, to maximize the spread between CRR bid and CRR payout.
 - Auction inefficiency is less of a concern for speculators, because speculators generally are more concerned with revenue inadequacy, because payouts are capped at what is collected.
- Often, low priced CRRs are low priced, because there is no other demand on them. Low clearing prices indicate there is little to no hedging need for these CRR paths – so hedgers have no interest in these CRRs.
 - These CRR paths have low liquidity, since there is no hedging interest in them.
 - Entities with sufficient capital can buy up these cheap positions with little risk, and extract residual rents or sometimes get lucky and receive large payouts. These residual rents from paths with no hedging need are diverted from being returned to load.
 - Outages can cause a seemingly low-priority path to become quite valuable.

Exposure to transmission model sales

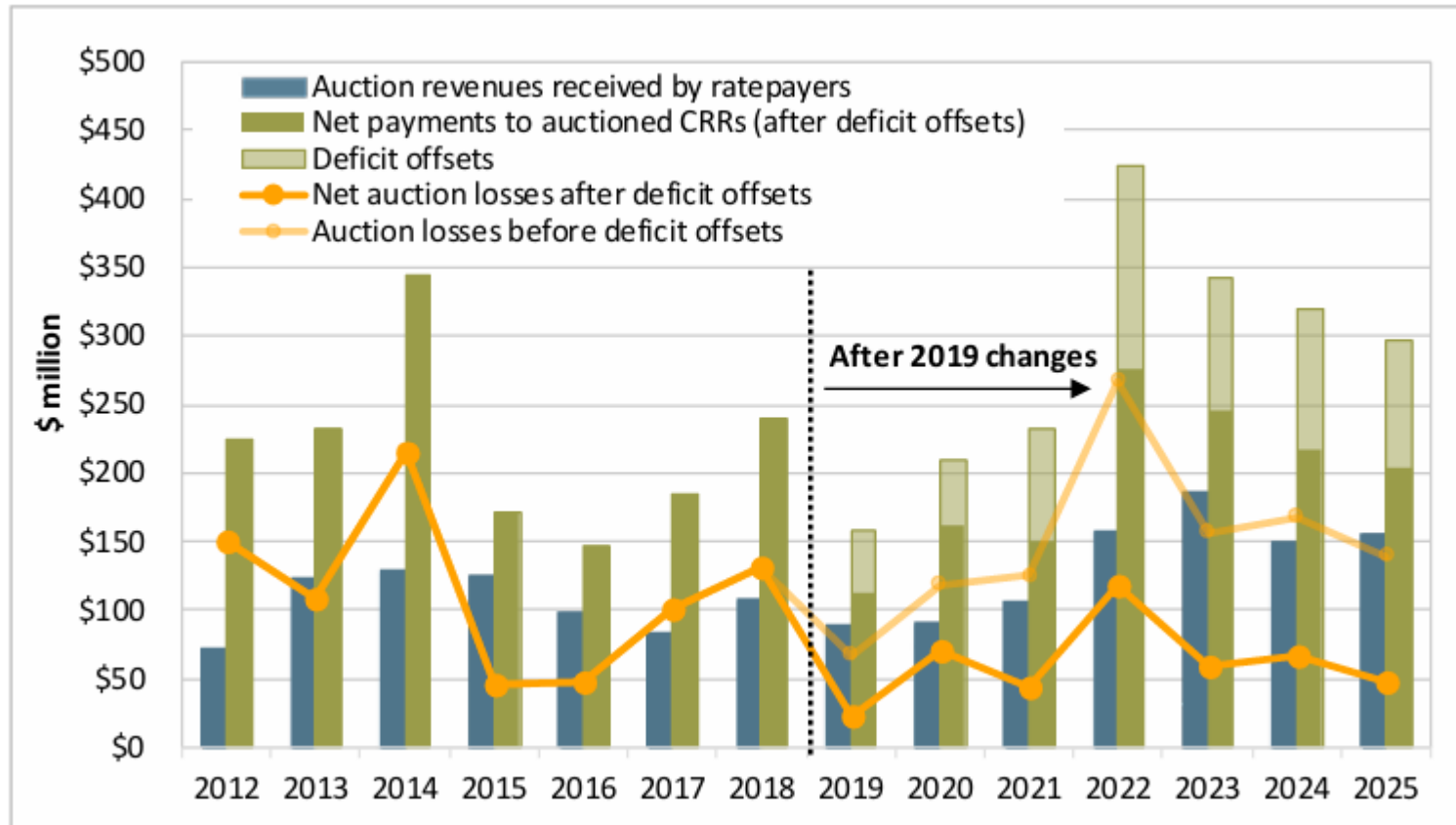
Figure 15.5 Estimated auction losses from CRRs offered by ISO and CRRs sold by LSEs



The unallocated portion of the grid is represented in the blue bars, which has been the overwhelmingly source of auction losses – not LSEs selling off unwanted positions.

Auction Revenue and Payments

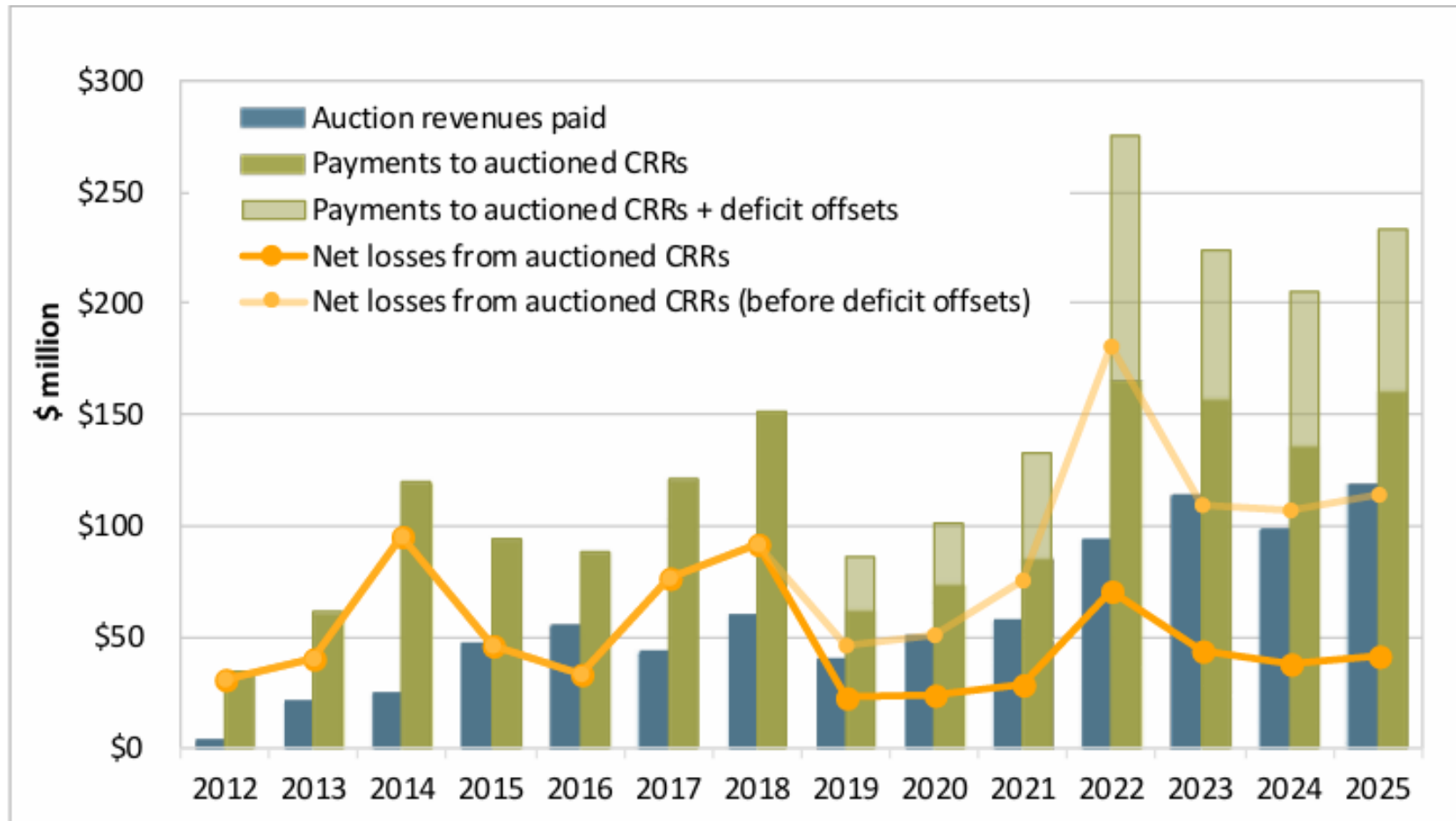
Non-LSEs



CAISO's CRR auction sales have consistently sold at a lower value than the resulting payouts since the market's inception.

Auction Revenues and Payments

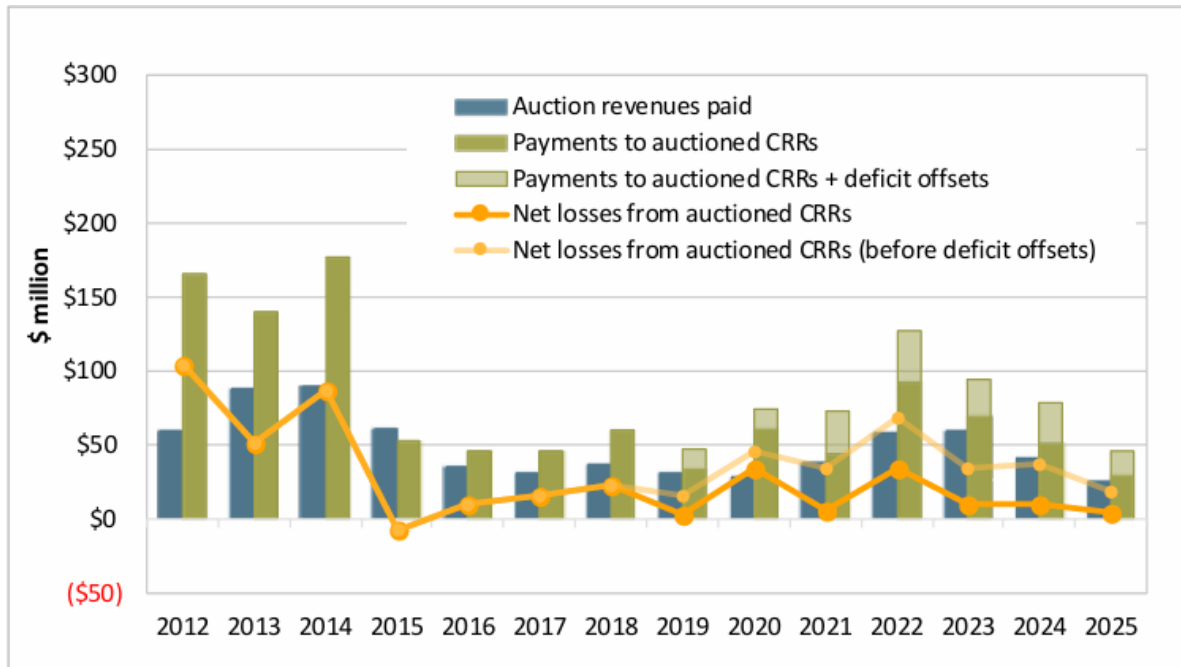
Financial Entities



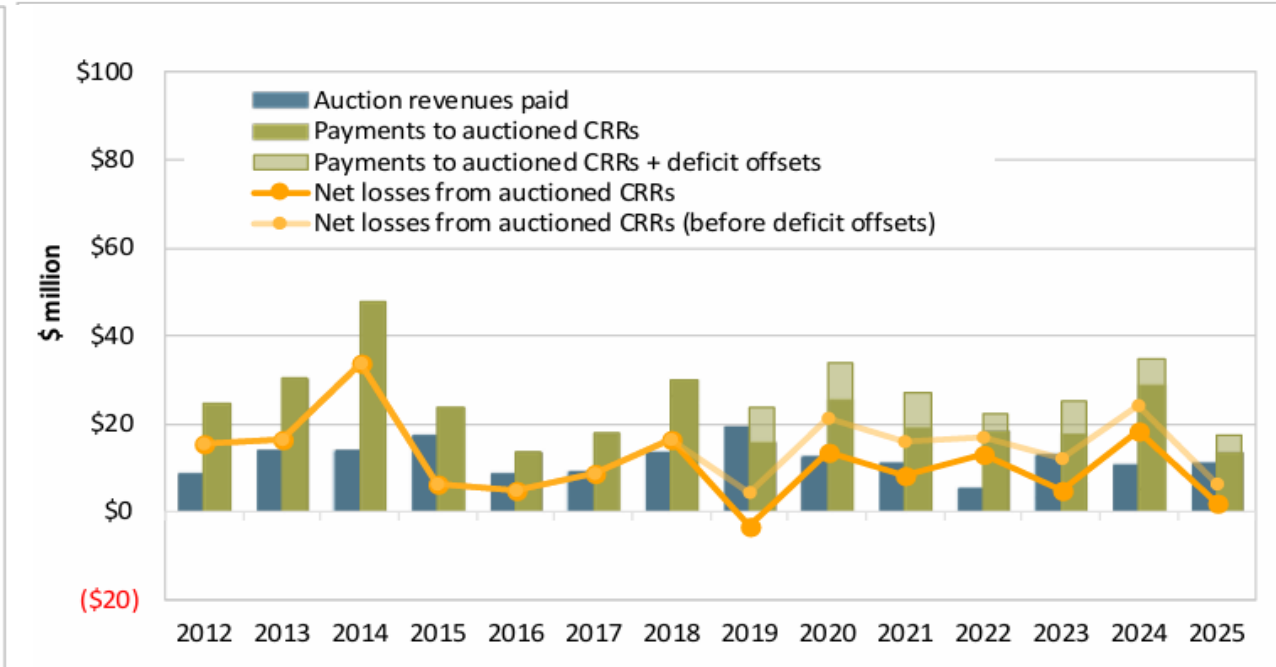
The majority of CRR auction losses have consistently gone to financial entities – who have no energy schedules to hedge. This share has only grown since 2012.

Auction Revenues and Payments

Marketers



Generators



Generators and marketers do have physical energy schedules to hedge, and therefore are willing to pay more than financial entities for these positions. These entities have congestion risk they are trying to mitigate, rather than simply profit maximizing.

Solution?

- ED staff along with other stakeholders have advocated for years at CAISO to pursue reforms that would modify the CRR auction and return it to a more hedging based construct.
 - The most impactful of these reforms as recommended by DMM has been repeatedly punted.
- Eliminating the CRR auction restrictions could allow the ratepayers to have a larger role in the CRR auctions if IOUs decide to pursue that.
 - Increased participation by load could potentially increase clearing prices in the CRR auction which would improve the rate of auction efficiency. Entities would therefore have more competition on these low demand paths.
 - Increased participation is likely to improve the ability for CRR auction to act as a price-discovery mechanism of DAM congestion.
- At the upper bounds of possibilities is increased participation by load could allow load to capture more of these residual congestion rents.

Solution?

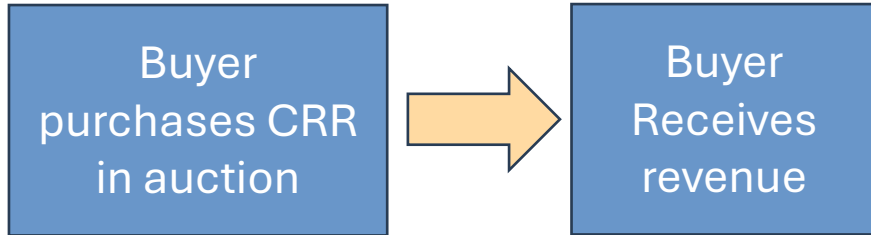
- The Commission itself in 2006, realized there could be value to participation by load in the CRR auctions, but choose not to pursue this path out of potential risk.
 - *“While valuable CRRs that do not reflect the LSE's actual grid use may supply a stream of income to the LSE that would ultimately accrue to the benefit of ratepayers, such CRRs may also become negatively valued over time, leaving ratepayers at a loss.”*
- This more prudent approach was understandable with no experience with CRR auctions.
- Almost 15 years of CRR auction activity – has shown that non-IOU participation in the CRR auction has resulted in load leaving money on the table that could be used to reduce rates.
- Expanded IOU participation would be on the benefit of ratepayers – not shareholders, so all revenues and potential losses would be resolved in the ERRA process.

Potential Concerns with IOU Expanded Participation

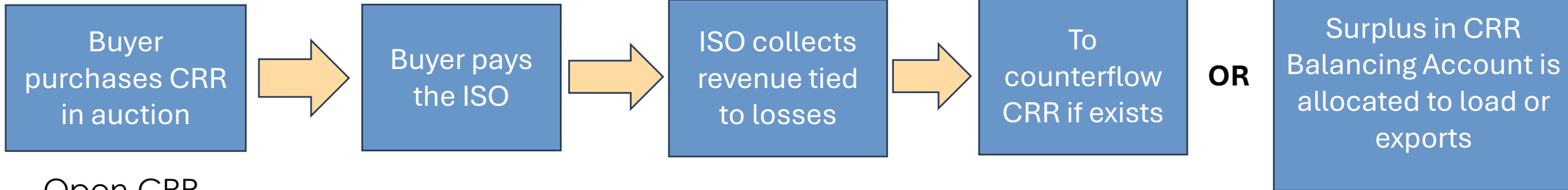
- There is little risk to expanded CRR participation, but at times CRRs can result in charges rather than payouts. A CRR is an obligation regardless if procured via allocation or auction.
- There is also a high degree of circularity in this process if auction participation is allowed to expand. To the extent there are CRR losses tied to load's CRR positions, load would be responsible for paying for those. However, that revenue is returned to the ISO.
- If the entity implements a go-wide strategy to the CRR auctions, CRR losses are mitigated with revenues.

CRR Processes – simplified

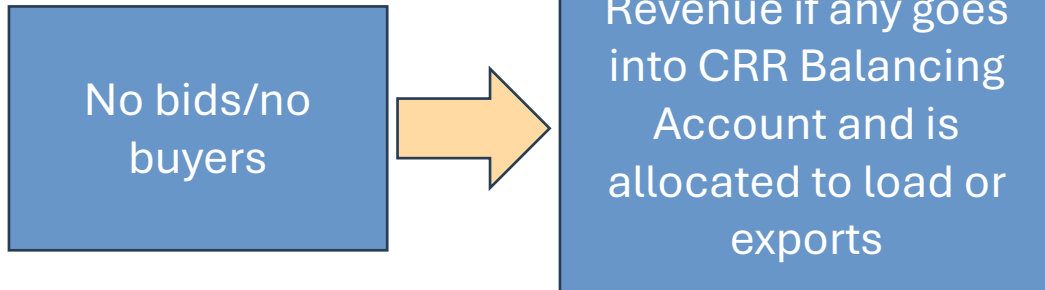
Positive CRR



Negative CRR



Open CRR position



Losses collected flow into the CRR balancing account are redistributed to load, which refunds the ratepayers.

Addressing Concerns with Expanded Participation

- One concern raised in the 2006 CRR resolutions was LSE auction participation could deprive another LSE of a hedge they need.
 - The IOUs are allowed to participate in the auction today in a limited capacity.
- Eliminating the CRR restrictions is not a requirement to expand participation. If an LSE chooses not to, that is their decision.
- Eliminating CRR restrictions would level the playing field – load would no longer be forced to blindly fund payouts to financial entities. If load wants those residual rents, then they can try to get themselves.
- Remember **load pays for the entirety of the grid via the TAC** – why shouldn't load try to capture back all the congestion revenue for the grid that they pay for?
- CRR hedging is typically in the context of expected grid usage, but is not every CRR position a hedging opportunity when you are paying for the entirety of the grid?

Review of Questions

- How have the CRR restrictions adopted in Resolutions E-4135, E-4122, E-4134, E-4124, and E-4136 impacted ratepayers who fund the construction, upkeep, and maintenance of the grid?
 - Are congestion revenues paid in full to ratepayers or are some of those congestion revenues paid to non-ratepayer entities who are purchasing CRRs in the auction? If so, why does this occur?
 - Would liquidity and competition be improved on CRR paths in the auction by reducing or eliminating the restrictions imposed on the IOUs adopted in the previously mentioned resolutions? Why or why not?
- Would expanded CRR market participation by IOUs increase CRR revenues that could reduce rates for customers? Why or why not?
- Are the current restrictions on CRR auction speculation necessary? Why or why not?
- Would authorization of CRR market participation for IOUs and their ratepayers address or create any cost-recovery or ratepayers concerns? Please explain.
- Are modifications to the draft BPPs needed to address future revisions of the Extended Day-Ahead Market (EDAM) Congestion Revenue Allocation design? If so, how should any potential modifications be incorporated into the BPP?



SDG&E Bundled Procurement Plan (BPP)



September 21, 2026

SDG&E Bundled Procurement Plan (BPP)

▪ 2026 BPP Filing Updates

- Renewable Portfolio Standard (RPS) Transaction Framework
- Resource Adequacy (RA) Transaction Framework
- BPP clean-up & edits for market changes

▪ Purpose of BPP

- Upfront achievable standards and criteria framework that allows an Investor Owned Utility (IOU) to optimize its procurement activities and cost recovery
 - Least cost dispatch principles
 - Not speculative
 - Significant activities reported through Procurement Review Group (PRG)
 - Quarterly Compliance Report (QCR) reviews

▪ Confidentiality

- BPPs contain market sensitive data & strategies, disclosure of which could harm bundled and departing load customers

RPS Transaction Framework

CATEGORY	STANDARDS & CRITERIA
Products	Portfolio Content Category (PCC)1, PCC2, PCC3, and Bundled (Energy + Renewable Energy Credit + RA)
Delivery Years	Up to 5 years (min 1-month, max 60-months)
Process/Method	IOU solicitations, 3rd party solicitations, bilateral, and broker/exchange transactions
Contract Method	Pro forma transaction templates, including the Commission-adopted non-modifiable RPS Standard Terms and Conditions
Price Reasonableness	Compare proposed pricing to recent market indicators Select the most competitive offers Ensure least-cost procurement and maximum value for customers
Volume Limits	SDG&E can procure up to its RPS need. SDG&E will actively manage its RPS portfolio and may sell RPS volumes, including those associated with allocated resources as well as volumes that remain unallocated through the Voluntary Allocation and Market Offer (VAMO) process.
Administrative Review	PRG meetings, QCR, and Energy Resource Recovery Account (ERRA) Compliance

RA Transaction Framework



- **Modified RA Transaction Term**

- Delivery term of up to 10 years

- **Slice of Day (SOD) Planning Requirement**

- LSEs must transact to demonstrate sufficient capacity to meet gross load plus Planning Reserve Margin (PRM) for all hours in the worst day of the month.

- **RA Framework**

- Added section on RA Sales as approved in Advice Letter

- **RA Threshold Measure (maximum rates of transaction)**

- Replacing historical Implied Market Heat Rate vs 12-mo Forward implied on peak market heat rate
- Updating to historical 5-year average capacity price vs 12-mo forward capacity price

Lunch



2026 Bundled Procurement Plan Update

Southern California Edison

R.25-06-019

CPUC Energy Division Workshop

September 21, 2026

Energy for What's AheadSM



Agenda

1. BPP Background and Underlying Principles
2. Adding Short-Term RECs to the BPP: Rationale and Overview
 - Short-Term REC Market: Why Transaction Completion Timing Matters
 - Customer Benefits of BPP Authority for Short-Term REC Transactions
 - Short-Term RECs Upfront and Achievable Standards: BPP vs RPS Plan
4. RA Term Extension: Bridging the Five-to-Ten-Year Gap
5. All Other BPP Products: Allow a Full Five-Year Term
6. RA and REC BPP Limits and Ratable Rates
7. Streamlining PRG Consultations

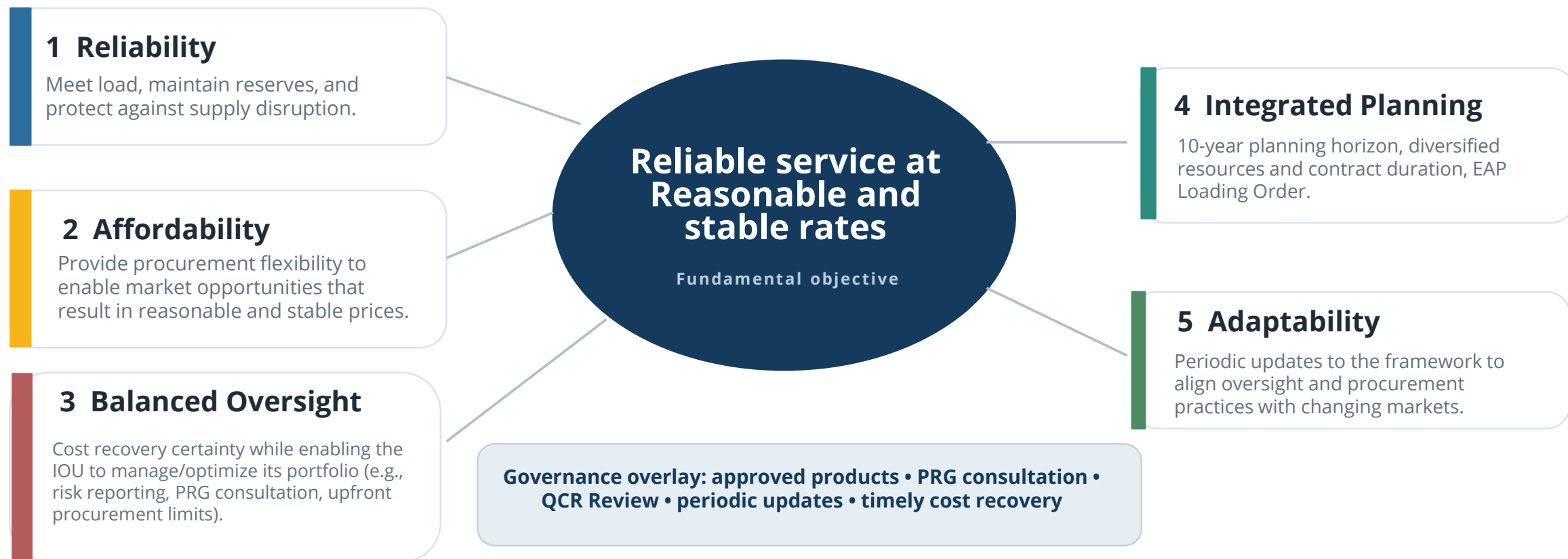
Why AB 57 Plans Were Established

The transition from crisis-era intervention to disciplined, pre-authorized utility procurement for bundled service customers



Key authorities: D.02-10-062; D.03-12-062; D.04-12-048

Bundled Procurement Plans: Anchoring Principles



Key authorities: D.02-10-062; D.03-12-062; D.04-12-048

Overview of BPP Upfront Standards

- BPPs establish upfront standards for procurement→ if compliant, IOU procurement is “per se reasonable”
- Provides cost-recovery certainty→ no need for after-the-fact reasonableness review
- IOUs must submit Quarterly Compliance Reports (QCR) and annually file the ERRA Compliance/Review application

Upfront Achievable Standards

Approved standard and non-standard products

- e.g., energy forward contracts/PPAs, Resource Adequacy capacity, NG transport and storage, financial swaps, emissions allowances, etc.

Position limits and ratable rates

- Determines permissible volumes of various products in a given year

Permitted transactional processes

- e.g., RFOs, brokered transactions, bilateral contracts, etc.

Transaction term limits

- Five years for most products

Independent evaluator requirements

- Required for RFOs seeking terms of two years or more

Procurement Review Group consultation

Short-Term RECs Proposal Review

Adding Short-term RECs to the BPP | Upfront and Achievable Standards-Based Authorization, Not Less Oversight

- REC purchases and sales of five years or less are authorized today under the RPS Plan framework
- SCE proposes to add those short-term RECs to the BPP authorized product lists

Why authorize short-term RECs under the BPP, with QCR review?

1 Affordability and Market Access

- Improves affordability by broadening market access
- Levels the commercial playing field with other LSEs
- REC market has become increasingly liquid
- More certainty for counterparties when transacting
- Reduces administrative burden for routine transactions

2 Oversight, QCR Review, and Procurement Guardrails

- Applies a preapproval model already proven for other BPP products
- Preserves oversight through upfront standards, limits, QCR review, and PRG consultation

3 Portfolio Flexibility and RPS Compliance

- Provide flexibility in managing RPS compliance position while controlling customer costs

4 Regulatory Framework and Procedural Fit

- Clean line of authority: BPP for five years or less, RPS Plan beyond
- Within the scope the Commission set for this proceeding¹

¹ D.25-12-025 deferred changes to the review process for short-term transactions to this BPP proceeding

Short-term REC Market: Why Transaction Completion Timing Matters

How the short-term REC market works today:

- Short-term RECs are transacted through brokers, bilateral markets and RFOs (third-party or SCE).
- Short-term REC pricing and availability are highly dynamic, with offers typically held open for only a few days, not months.
- The REC market has matured: with increasing transaction frequency, liquidity, and price transparency across different procurement channels.

Why transaction completion timing matters:

- The Tier 1 advice letter process can take up to *four months* from contract execution to CPUC approval and start of the delivery term.
- The Tier 1 advice letter approval timeline is not aligned with the pace of the short-term REC market.
- Sellers are often unwilling to hold offers open throughout the approval period and may require a price premium to do so, reducing SCE's ability to capture timely, cost-effective opportunities.
- Developers whose projects achieve commercial operation ahead of their long-term PPA delivery date generally cannot hold short-term REC offers open through a Tier 1 approval cycle and require contracts to be effective at execution.
- Non-IOU load-serving entities (LSEs) are not subject to a comparable approval requirement and can respond to market opportunities immediately, creating an uneven competitive landscape for SCE's bundled customers.

Tier 1 approval requirement introduces a pricing and transaction lag that limits cost-effective procurement rather than safeguarding against imprudent purchases.

Benefits of BPP Authority for Short-Term RECs Transactions

Why short-term REC procurement authorization through the BPP benefits customers and preserves Commission oversight:

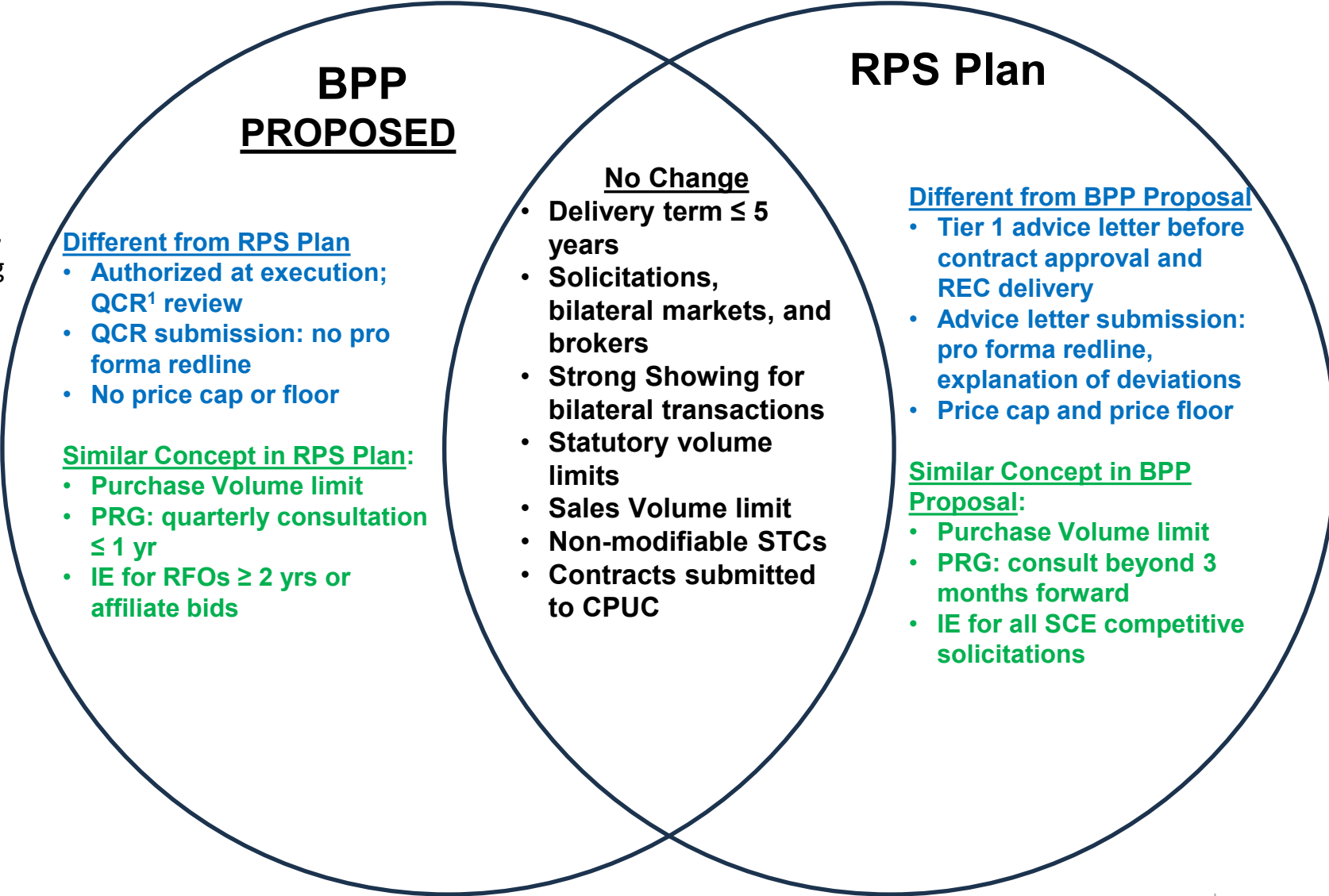
- Greater speed and access to more counterparties give SCE more opportunities to obtain RECs at fair, market-based prices and procure a more cost-effective portfolio.
- Commission oversight is preserved: transactions must meet upfront, achievable standards and limits, reported and reviewed through the QCR process, and require PRG consultation.
- BPP standards have reliably and cost-effectively met SCE's needs for RA and other authorized products and translate well to short-term RECs.

Short-Term RECs Upfront and Achievable Standards: BPP vs RPS Plan

- Same core concepts the Commission approved in the 2025 RPS Plan for short-term RECs.
- Oversight is preserved through upfront and achievable standards and QCR review, not transaction-specific approval via ALs.
- Enables faster contracting, broader market access, and better pricing for customers while maintaining enforceable guardrails.

What is different:

- No purchase price cap or sale price floor: these mechanisms not needed for market-based procurement.
- Pro forma redline and deviation summary: burdensome and unnecessary. Inapplicable in third-party RFOs; zero comments across 25 transactions.



1. Leverage the existing QCR process and report to report and confirm compliance; CPUC auditors review for compliance

Transaction Terms Proposal Review

RA Term Extension: Bridge the Five-to-Ten Year Gap

Authorize RA contracts with contract terms of less than 10 years under BPP upfront achievable standards.



- Supports reliability by reducing the risk of retirement and helping keep RA capacity in-state rather than being committed to out-of-state markets.
- Provides suppliers with longer term revenue certainty, potentially enabling more attractive pricing for contracts longer than five years.
- Avoids lengthy advice letter or application processes that have proven commercially impractical for time-sensitive RA opportunities.
- Enables earlier procurement to mitigate forward RA short positions and exposure to elevated prices.

All Other BPP products: Allow a Full Five-Year Term

Change “less than five years” to “five years or less.”

59

months



60

months

- Aligns contracting authority with SCE’s annual and multi-year portfolio planning horizons
- Avoids odd-duration contract cutoffs
- Simplifies execution and reduces administrative complexity

Limits and Ratable Rates Methodology Update Proposal

Proposed Changes: Limits and Ratable Rates

- RECs: Establish Procurement Limits
 - Annual Purchase Limit: Based on the most negative bank balance in the next 6 years
 - Annual Sale Limit: The volume of RECs that would maintain 100% confidence for the current compliance period and 95% confidence for the subsequent compliance period.
- RA: Modify Limits and Ratable Rates
 - Annual Purchase Limits: Based on a ratable procurement percentage, SCE can procure up to 100% of its RA short position for current year (Y) to Y+3 and 50% of its maximum annual short position for Y+4
 - Previous limit for Y+4 was 33% of the RA short position (updated in 2022)
 - Proposed limit provides additional flexibility to meet mid-term RA need
- Trigger to determine 2X Ratable Rate Limits: Based on a two standard deviation high benchmark of historical RA capacity market prices, SCE may procure up to 2x the annual purchase limits when prompt 12-month forward RA capacity prices are below the benchmark
 - Previous trigger was based on a two standard deviation implied market heat rates measures
 - Proposed trigger replace the heat rate with a transparent, observable RA capacity-price benchmark

Proposal to Update PRG Processes

Streamline PRG Consultations

Current Requirement

- BPP and RPS Plan require PRG consultation for transactions with delivery terms over three months, or starting more than three months forward¹

Proposal

- For transactions with delivery terms between three months and one year, and a contract term no greater than current year + 1, PRG consultation would be accomplished by:
 - Previewing procurement plans and parameters at the Q1 quarterly meeting
 - Reporting pending and executed transactions at the quarterly deep dives

Rationale

- Transactions of these delivery terms have become straightforward and frequent (e.g., RA, RA Imports, Short-Term RECs)
- Streamlined consultation for these transaction types is more efficient for SCE and for stakeholders
- SCE will continue to consult with the PRG:
 - Prior to launching its RFOs, and prior to selection or execution, when it runs solicitations
 - Prior to executing contracts with a delivery term greater than current year + 1

1. Current BPP and RPS Plan also state that pre-execution consultation with the PRG is not required for transactions that (1) cannot wait for PRG consultation; (2) are in keeping with a strategy already approved in PRG review; and (3) involve transparent exchanges, brokers, or electronic solicitations.

PG&E's 2026 BPP Update Overview

September 21, 2026





Agenda

- BPP Overview
- RPS Product Proposal
- RA Product Proposal
- RA Capacity Procurement Limit Proposals



BPP Overview: History and Evolution

The BPP establishes upfront standards for procurement, compliance, oversight, and cost recovery.

The BPP is the Commission-approved framework governing how PG&E procures energy and related products for bundled customers.

- **2000–2001:** California's energy crisis highlighted the need for stronger procurement planning and oversight.
- **2002:** AB 57 established the statutory procurement-plan framework; the CPUC implemented it through short- and long-term procurement planning proceedings
- **2015:** The Commission approved PG&E's current BPP through D.15-10-031.
- **Since 2015:** Commission-approved updates have added or clarified procurement authority as markets and policies evolved.
- **2026:** PG&E submitted a proposed comprehensive update in R.25-06-019.



BPP Overview: A Shared Framework

The BPP gives PG&E the flexibility to procure effectively while preserving Commission oversight and accountability.

Why the BPP Matters to Customers, PG&E and the Commission

Customers:

- Supports reliable and affordable electric service
- Manages supply and market-price risks
- Advances California's energy and environmental priorities

PG&E:

- Provides authority to act within approved plans
- Enables timely action in fast-moving markets and adaptation to new products and processes
- Supports cost recovery for compliant procurement

The Commission:

- Establishes enforceable procurement standards
- Preserves oversight through reporting and review
- Protects customers without the need to review each transaction in advance



BPP Updates: RPS Product Overview

Background

- The IOUs requested pre-approval of certain short-term RPS transactions subject to a set of proposed upfront standards and criteria to replace the existing Tier 1 Advice Letter approval process in their 2024 and 2025 RPS Plans.
- The CPUC denied the IOUs' request without prejudice and directed them to move this request to the BPP.

BPP Update Proposal

- Short-Term RPS added as an approved product to be transacted under defined standards in the BPP.
- Transaction limitations and methodologies for short-term RPS products were aligned or integrated with existing BPP transaction definitions and QCR approval processes where possible.

Commercial Benefits of PG&E's RPS Product Proposal

- Better aligns the transactional flexibility for short-term RPS products with that of other products (like RA).
- Levels the playing field with other LSEs, making PG&E more competitive.
- Accelerated delivery of product means more volume available for compliance and potential realized savings.
- Process of no standard form contract while including CPUC standard terms and conditions allows for broader contracting flexibility (ex. via exchanges, etc.).



BPP Updates: RPS Product Details

Within a set of defined procurement limits, PG&E's BPP proposal allows for transactional flexibility using existing and proven BPP processes, including submitting transactions with terms of five years or less for approval using the QCR process.

Term	Definition
Product	Bundled (REC + Energy) and unbundled RECs
Transaction Types	Buy and Sell
Transaction Methods	Standard BPP procurement processes (PG&E and other LSE solicitations, bilaterals, brokerages and exchanges)
Delivery Terms	- Delivery term of five years or less. - Delivery term is defined as the time-period for which the transacted volume of RPS product is delivered to the buyer.
Procurement Limit	- Procurement Limits are based on the existing methodology for calculating the procurement limits for RA and are set at the compliance period level.
Sales Volume Available	Available sales volume is limited by the quantity of Tradeable RPS products in PG&E's portfolio, with the term Tradeable RPS products defined as PG&E's forecasted volumes less any that are subject to statutory and/or regulatory limitations that prevent their sale.
Contracting	Must include applicable Commission-adopted non-modifiable standard terms and conditions.
Evaluation Method	Strong showing for bilaterals (transactions are reasonable based on available & relevant market data).
PRG Consultation	PRG consultation required for transactions greater than one year.
Review Process	Reported and audited through the Quarterly Compliance Report (QCR) process; similar to RA approval.



BPP Updates: RA Product Proposal

Extending pre-approval of the RA product to 10 years provides necessary flexibility to address longer-term reliability needs and better positions PG&E to compete with Load Serving Entities who can procure along this same time horizon.

Background & Motivation

- Current BPP allows pre-approved RA procurement for no more than 5 years and requires an Application for anything greater than 5 years
- Due to the expiration of existing contracts and the potential for large load growth over the next 10 years, PG&E's bundled portfolio is forecasted to have significant RA needs beyond the current 5-year preapproval window

BPP Update Proposal

- Moving from the current 5-year pre-approval authority to a 10-year pre-approval authority
- Ability to enter into transactions longer than ten years would be possible via submission of an Application
- Sales would still be governed by Appendix S of the BPP
- Existing QCR processes and procedures will remain the same
- PRG consultation required for transactions greater than one year

Objectives & Commercial Benefits of BPP's RA Product Proposal

- Additional flexibility on longer term RA procurement would allow PG&E to more effectively respond to forecasted needs and compete with other LSEs who would also be procuring within the 10-year timeframe
- Provides the option but not the requirement to enter into long term transactions
- In conjunction, capacity procurement limit methods to be modified to accommodate more meaningful capacity procurement amounts (next slide)



BPP Updates: Capacity Procurement Limits

Capacity Procurement Limits modified to be commensurate with the proposed 10-year preapproval authority and a change to a more meaningful measure that determines whether the PG&E can procure at 1x or 2x the ratable rate.

Item	Modification / Rationale
Yearly Capacity Procurement Percentages	Move from no procurement limits for current plus next year to no limits for current plus next 3 years - Increases the percentage of allowed procurement for each year - Facilitates the extension of commercial RA procurement from 5 to 10 years
1x / 2x Capacity Procurement Level Threshold Measure	Replace the Implied Market Heat Rate (IMHR) measure with a more relevant \$/kW-yr. metric - The calculation is easy to explain and more relevant to RA capacity markets than the existing IMHR measure - Requires minimal changes to the existing BPP
2x Capacity Procurement Levels	Remove the condition that 2x procurement levels are only available through year 5 2x procurement level will be available for all years if threshold measure is met - Consistent with extending RA procurement for 10 years

Delivery Year	PG&E Current: Procurement Limit in 2026	Proposed: Procurement Limit in 2026
2026	n/a	n/a
2027	n/a	n/a
2028	50%	n/a
2029	33%	n/a
2030	25%	50%
2031	20%	33%
2032	17%	25%
2033	14%	20%
2034	13%	17%
2035	11%	14%
2036	10%	13%

At 1x Ratable Rate

Stretch & Snack Break!



CALIFORNIA PUBLIC UTILITIES COMMISSION

Energy Division Workshop

IOU BUNDLED PROCUREMENT PLANS

Rulemaking R.25-06-019 | September 21, 2026

RYAN MATLEY, PRINCIPAL, NEWGEN STRATEGIES & SOLUTIONS, LLC

ALISSA GREENWALD, ASSOCIATE, KEYES & FOX LLP

WHAT ARE BUNDLED PROCUREMENT PLANS?

The Commission-approved framework for how investor-owned utilities (IOUs) manage procurement-related products and transactions on behalf of bundled customers.

Procurement of
Energy Market
Products

Sales of Energy
Market Products

Risk Management
Strategies

Compliance with and
Use of Commission
Processes

Clear Bundled Procurement Plans (BPPs) make utility decisions transparent and engender trust that the IOUs have taken the steps necessary to optimize their portfolios and keep costs down for all customers.

WHY ARE BUNDLED PROCUREMENT PLANS IMPACTFUL FOR UNBUNDLED CUSTOMERS?

The Power Charge Indifference Adjustment (PCIA) is the non-bypassable charge assigned to bundled and unbundled customers to recover the above-market costs of the IOU's portfolio.

OVERVIEW OF PCIA RATESETTING: INDIFFERENCE AMOUNT



All other things being equal, an IOU's failure to sell PCIA-eligible Resource Adequacy (RA) and Renewable Portfolio Standard (RPS) products increases PCIA rates for all customers.

WHAT ARE CALCCA'S CONCERNS WITH THE IOUS' BPPS?

Lack of transparency into IOU processes for making Excess RA available



High quantities of Unsold RA



Concern that the IOU failed to optimize its portfolio

Lack of firm standards to govern the reasonableness of RPS transactions



Lack of transparency in RPS sales decision-making



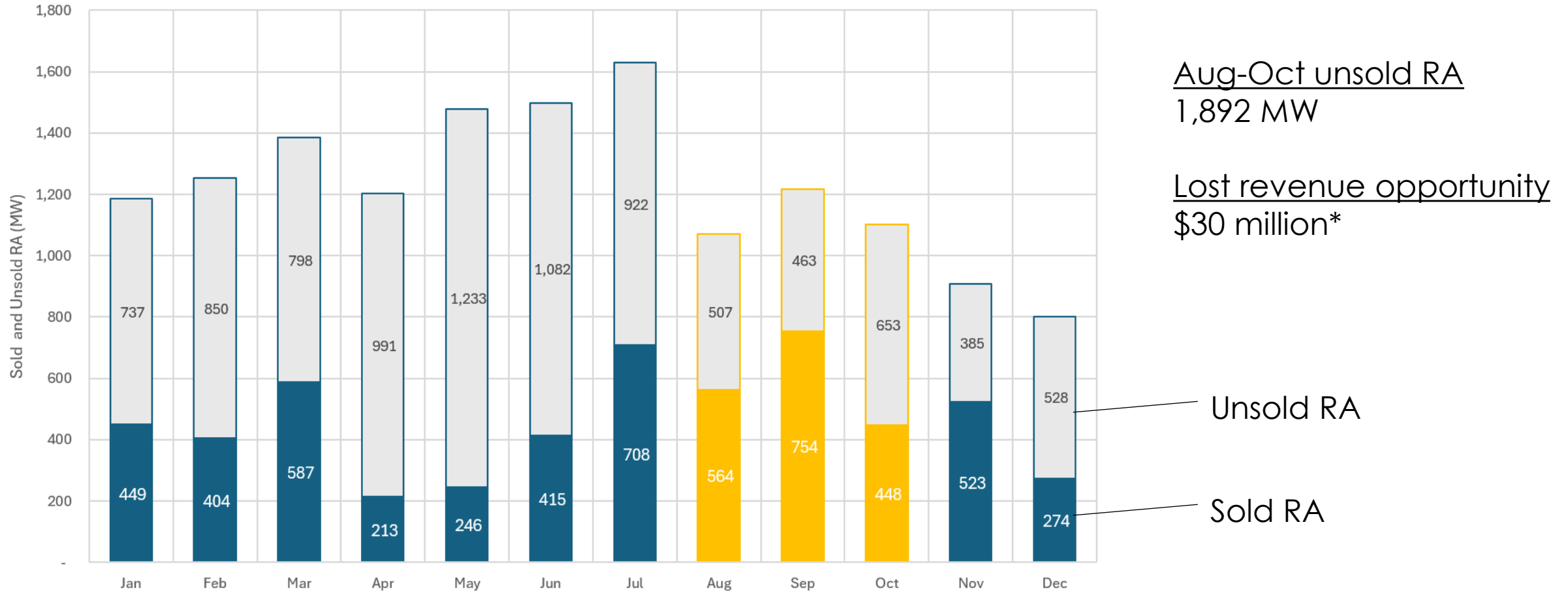
Concern that the IOU failed to optimize its portfolio

Many of CalCCA's concerns can be resolved through the simple addition of detail to the IOUs' BPPs.

EXCESS RA FRAMEWORK ACROSS BPPs

Category	PG&E	SCE	SDG&E
Determining RA Capacity to Offer for Sale	Prescriptive Transparent	Qualitative Non-Transparent	Qualitative Non-Transparent
Process for Offering RA Capacity	Prescriptive Diverse Transparent	Qualitative Diverse Non-Transparent	Qualitative Non-Diverse Non-Transparent
Bid Evaluation Methodology	Prescriptive Transparent	Prescriptive Non-Transparent	Prescriptive Non-Transparent
Overall Assessment	Satisfactory	Needs Improvement	Needs Improvement
Unsold Summer Excess RA Volumes	Medium	Low	High

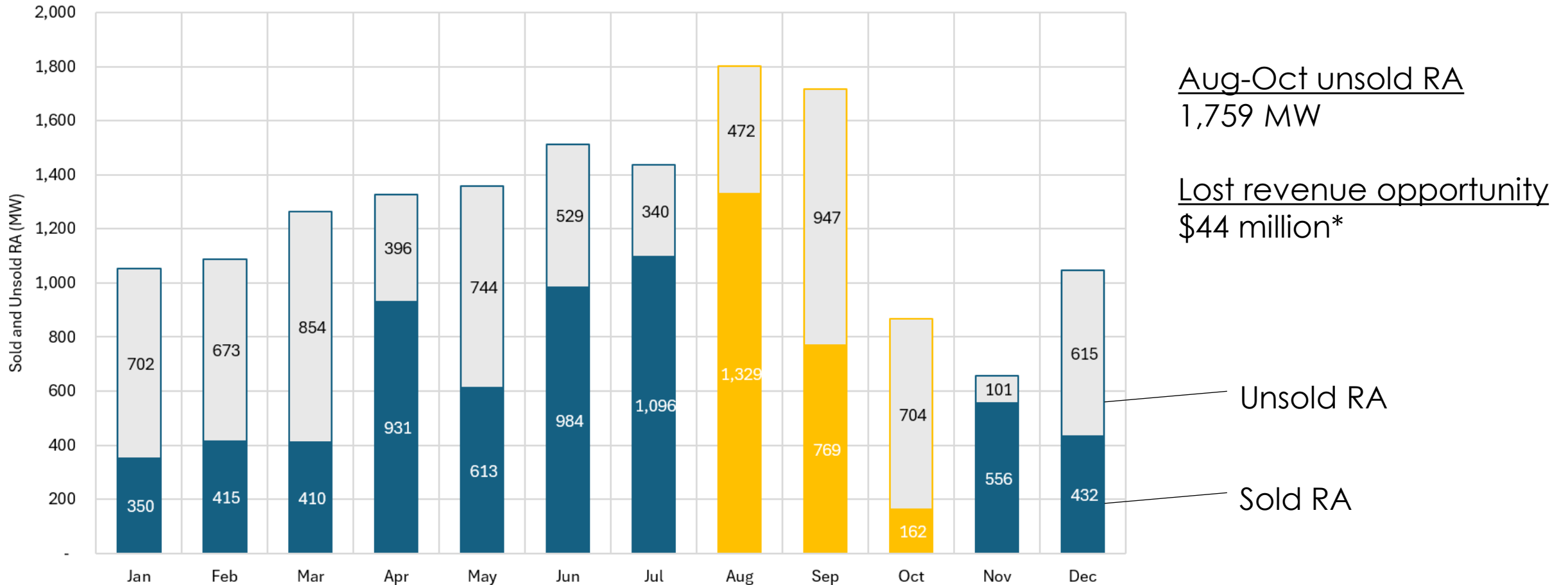
SDG&E AS A CASE STUDY: 2025 Sold and Unsold RA



Source: 2025 PABA Summary, December 2025 Monthly Volumes Report

*determined assuming all unsold RA were sold at the price of other LSE RA transactions in each month, as reported in the quarterly EQR.

SDG&E AS A CASE STUDY: 2024 Sold and Unsold RA

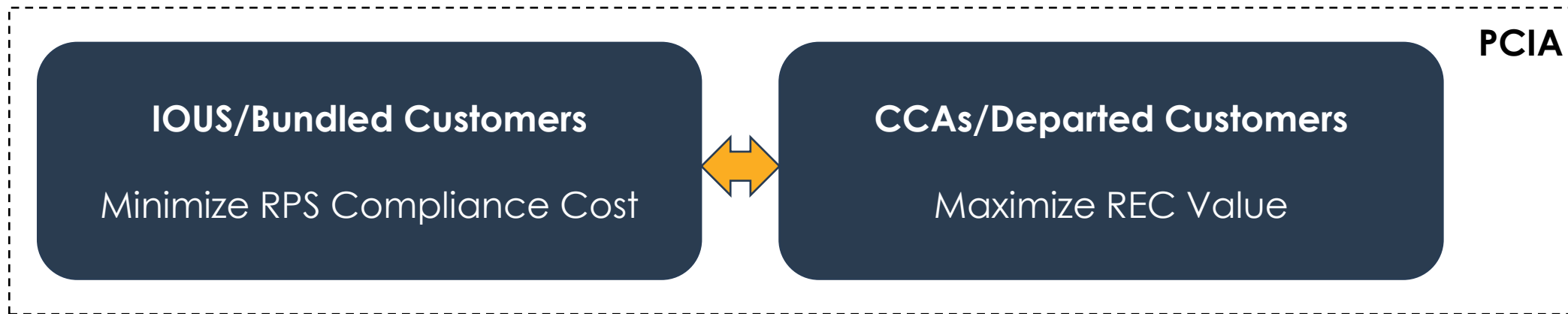


Source: 2024 PABA Summary, December 2024 Monthly Volumes Report

*determined assuming all unsold RA were sold at the price of other LSE RA transactions in each month, as reported in the quarterly EQR.

RPS PRODUCT PRE-APPROVAL FRAMEWORK

- There is an inherent tension between the objectives of IOUs and CCAs in regards to renewable energy credits as a result of the PCIA structure
- PCIA Structure
 - RECs are paid for by bundled and departed load at the time of generation
 - RECs are valued at the RPS MPB when used to meet bundled customer compliance
 - IOUs must be a good steward of value for the CCA's cost share of PCIA resources



RPS PRODUCT PRE-APPROVAL FRAMEWORK

- Unique nature of RECs creates new considerations
 - RECs can be banked indefinitely, value stored for the future
- Scenarios of concern
 - IOUs could bank current period RECs (generated in the current year) for the opportunity to purchase RECs below the RPS MPB
 - Lowers costs for bundled customers
 - Delays value provided to departed load, raising costs
 - Results in added costs across California, as utilities could store RECs that have been paid for, and also pay for incremental REC purchases
 - Does not maintain indifference

RPS PRODUCT PRE-APPROVAL FRAMEWORK

- Specific areas of utilities' BPPs need to be revised
 - SDG&E – lacks specifics in RPS Product framework, such as procurement limits, process for determining volumes made available for sale, and providing and prioritizing overarching objectives.
 - Nearly any transaction could be deemed reasonable against the standards provided
 - Process for determining RECs to make available to sell:
 - SCE's 100% certainty of meeting RPS Compliance not reasonable
 - PG&E's option to hold back RECs for sale to "provide value to bundled customers" is vague and unsupported
 - Competing objectives need to be prioritized across all three BPPs
 - Providing value to departed load from bundled customer use of PCIA resource compliance vs.
 - Trading RECs to minimize current and future bundled customers RPS compliance cost

QUESTIONS & DISCUSSION

Rulemaking R.25-06-019 | September 21, 2026

IOU Bundled Procurement Plans

APPENDIX

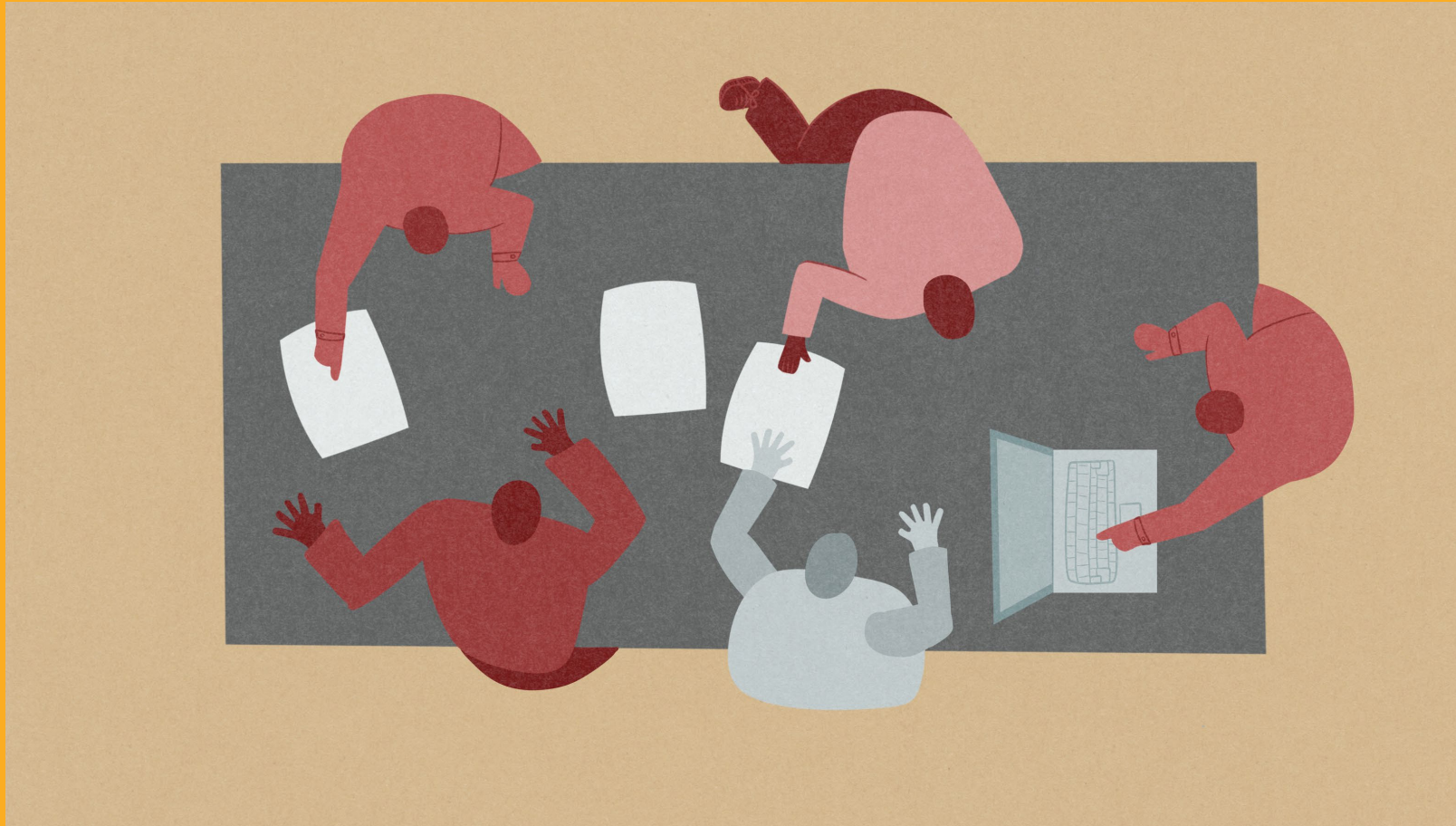
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IOU Bundled Procurement Plans

SDG&E AS A CASE STUDY: BPP DEFICIENCIES

Deficiency	Relevant Excerpts
SDG&E's BPP does not set forth details as to how SDG&E should determine or apply a reserve price	"In conducting Requests for Proposals (RFPs), where SDG&E is selling to the market, SDG&E may employ a reserve price or price floor." (<i>Id.</i> at Original Sheet No. 63).
SDG&E's BPP allows it to consider vague "other considerations" in determining available Excess RA	"...SDG&E's RA portfolio position, which is made up of the available RA Capacity from SDG&E's generating resources, considering changes in the Net Qualifying Capacity (NQC) of its resources...and other considerations." (June 1, 2026, BPP Update, Original Sheet No. 41)
SDG&E's prior BPP did not require it to try to sell Excess RA; its proposed update should include a clearer mandate	• "SDG&E <i>may</i> offer excess RA products to the market..." (<i>Id.</i> at Original Sheet No. 40, emphasis added); • "SDG&E will seek to make all RA in its portfolio not required for these purposes ("Excess RA") available to the market via RFO, bilateral negotiation or through a broker." (<i>Id.</i> at Original Sheet No. 41)
SDG&E's BPP allows it to utilize RA "buffers" in its solicitations, but does not definitively require it to try to transact buffer quantities after solicitations conclude	"If SDG&E determines that RA previously not made available in a solicitation (<i>i.e.</i> , RA initially deemed not to be Excess RA) is no longer needed for compliance, it will endeavor to sell such RA capacity to the market." (<i>Id.</i> at Original Sheet No. 42)
SDG&E's BPP does not set forth SDG&E's process for selecting bids	N/A
SDG&E's BPP does not require SDG&E to retain documentation of bilateral and broker-facilitated sales efforts for subsequent review	N/A

Afternoon Discussion



Next Steps, Adjourn

(R.25-06-019) BPP Schedule	
Energy Staff Workshop	September 21, 2026
Opening Comments in Response to ALJ Ruling and Workshop	November 13, 2026
Reply Comments in Response to ALJ Ruling and Workshop	December 18, 2026
Proposed Decision	90- Days from Submission of Record



California Public Utilities Commission