



Fact Sheet on the Proposed Decision in Track 2 of the Resource Adequacy Proceeding (R.23-10-011)

On December 5, 2024, the California Public Utilities Commission released a Decision D.24-12-003 that addresses issues scoped in Track 2 of the Resource Adequacy (RA) Proceeding, Rulemaking (R.) 23-10-011. The Decision makes certain RA program and modeling refinements to enhance reliability and to support resource procurement efforts.

While the Decision declines to adopt a Planning Reserve Margin (PRM) for 2026 as originally intended, it authorizes the Energy Division to undertake further analysis on how resources and portfolios can meet reliability conditions and reduce outage events. Planning Reserve Margin is extra supply available above peak demand to ensure reliability. Specifically, the Energy Division will revise its 2026 PRM analysis, which plans on the “buffer” of resources needed beyond the forecasted load, in order to maintain a reliable electric system. Among several factors, the PRM includes the capacity needed to cover unexpected power plant failures and the more extreme effects of weather variability. The Decision authorizes the Energy Division to compare the hourly capacity values for wind and solar resources against the most extreme weather profiles; the Energy Division will also evaluate party proposals on the best accreditation method for wind and solar capacity. Additionally, the Energy Division will regularly update its reliability metrics using a Loss of Load Expectations (LOLE) study, which tests CAISO system reliability using the latest dataset inputs to establish the PRM and to support the translation of resource needs under the Slice-of-Day (SoD) Framework.

Finally, the Decision adopts certain modifications to the Central Procurement Entity (CPE) Framework, which was adopted in 2020 to mitigate market power concerns facing LSEs seeking to meet their procurement requirements. The Decision grants LSEs earlier capacity allocation certainty and allows additional time for procurements.

Decision Summary

1. Authorizes the Energy Division to Conduct Additional Analysis to Support System Reliability

- The Energy Division can undertake immediate revisions of its 2026 Planning Reserve Margin (PRM) analysis to correct errors and can release these results in December 2024.
- Authorizes the Energy Division to update the Resource Adequacy (RA) Loss of Load Expectation (LOLE) study at least every two years for consideration in the RA proceeding.
- The Energy Division can undertake an analysis comparing exceedance¹ profiles for wind and solar resources against the weather profiles as modeled by the Strategic Energy Risk Valuation Model (SERVM) analysis, which simulates physical reliability and planning reserve levels to determine costs, economic value, and risk mitigation.
- The Decision clarifies that CEJA/Sierra Club were also requesting an analysis of the different assumptions in the LOLE study, addition to the evaluation of a LOLE metric.

2. Adopts Certain Modifications to the Central Procurement Entity (CPE) Framework

¹ Exceedance is the statistical method used to determine hourly resource values for variable energy resources. Exceedance determines the value that a resource is expected to produce at or above over a given percentage of observations.



- Eliminates the option for Load Serving Entities (LSEs) to voluntarily self-show (for no compensation) their capacity under contract with the local CPEs. Instead, the Energy Division is authorized to collect from LSEs information on their local RA capacity contracts. Once collected, the Energy Division will aggregate, anonymize, and provide this information to inform their annual solicitation and procurement processes.
- Locks in 2027 compliance year allocations a year in advance so that LSEs can have earlier certainty on their requirements and more time to conduct procurements. This modified process will be re-evaluated at the end of 2027.
- The Decision modifies the PD that the CPEs should receive resource ID level information (without the LSE-identifying information) so that the CPEs can effectively use the data to assess local and sub-local needs.
- The Decision modifies the PD that LSEs should report local contract information based on the capacity counting in a given contract and Energy Division will convert calculations for purposes of aggregated CPE reporting.
- The Decision clarifies that the new LSE reporting process does not create new obligations on LSEs, other than as to the accuracy of the reported data.
- The Decision clarifies that the CPE reporting requirements do not apply to LSEs in SDG&E's transmission access charge area.

Procedural Background

This Decision addresses topics and implementation details related to RA program refinements in [R.23-10-011](#). The following processes resulted in the proposals considered in this Proposed Decision:

- On December 18, 2023, the Commission issued a [Scoping Memo and Ruling](#) which set forth a schedule to address a scope of issues into Tracks 1, 2, and 3. Track 1 issues were addressed in Decision (D.) 24-06-004, which was issued on June 26, 2024. Track 2 issues, which are being considered in this Proposed Decision, are as follows:
 - Structural modifications and/refinements to the CPE Framework
 - Modifications to the PRM for compliance years 2026 and 2027, including the results of Energy Division's annual LOLE Study. Consideration of party proposals on the development of study inputs and assumptions.
- The Energy Division issued [Proposed Inputs and Assumptions](#) for its LOLE Study on March 15, 2024.
- On May 31, 2024, the Energy Division issued a [Report on the 2021-2023 CPE Framework](#). This was followed by parties submitting proposals on the CPE Framework and other Track 2 issues on June 14, 2024.
- The Energy Division issued the [LOLE Study for 2026 \(including the Slice-of-Day Tool Analysis\)](#) on July 19, 2024. Thereafter, workshops on Track 2 proposals and the LOLE study were held on July 25-26, 2024.
- The Energy Division issued a [Revised LOLE Study for 2026 and Calibration Tool](#) on August 30, 2024. Parties submitted comments on these tools on September 9, 2024, and reply comments on September 16, 2024.



Links to Additional Information

- The CPUC RA Program: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/resource-adequacy-homepage>
- The Procedural History of this Proceeding: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/resource-adequacy-homepage/resource-adequacy-history>.

Protecting California since 1911

The CPUC regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit, and passenger transportation companies.



@CaliforniaPUC

