

**DOCKETED**

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## EXPRESS TERMS

**California Code of Regulations  
Title 20. Public Utilities and Energy  
Division 2. State Energy Resources Conservation and Development Commission  
Chapter 3. Data Collection**

Proposed new language appears as underline (example) and proposed deletions appear as strikeout (~~example~~). Existing language appears as plain text. Three dots or “...” represents the substance of the regulations that exists between the proposed language and current language.

### **Article 6. Local Publicly Owned Electric Utility Capacity Payment**

#### **§1395. Definitions**

For the purposes of this Article, the following definitions apply:

- (a) “Balancing Authority Area” or “BAA” means the collection of generation, transmission, and loads within the metered boundaries of the area within which the balancing authority maintains supply and demand balance.
  
- (b) “California ISO” means the California Independent System Operator as defined in Article 3 (commencing with Section 345) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code.
  
- (c) “CEC” means the State Energy Resources Conservation and Development Commission or the California Energy Commission.
  
- (d) “Credits” means capacity resources used to reduce resource adequacy obligations for the purposes of capacity payment determinations but that are not shown on supply plans.
  
- (e) “DWR” means the Department of Water Resources.
  
- (f) “ESSRRP” means the Department of Water Resources’ Electricity Supply Strategic Reliability Reserve Program established pursuant to Division 29 (commencing with Section 80700) of the Water Code.
  
- (g) “Fiscal year” means a 12-month period starting on October 1st and concluding on September 30th of the following calendar year.

(h) Planning Reserve Margin” or “PRM” means the percentage by which the total available capacity of a utility’s resources exceeds the utility’s forecasted peak demand. The PRM is set by the utility’s local regulatory authority.

(i) “POU” means a local publicly owned electric utility serving end-use customers, as defined in Section 224.3 of the Public Utilities Code.

(j) “Summer” means the months of June, July, August, and September.

NOTE: Authority cited: Section 80714, Water Code. Reference: Section 80714, Water Code.

### **§1396. California ISO BAA Publicly Owned Utility Capacity Payment Determinations and Notification**

(a) This Article applies only to POUs in the California ISO BAA for events located in the California ISO BAA.

(b) In January of each year, the CEC will request from DWR cost information for the previous fiscal year to determine if any POU used resources procured through the ESSRRP in any month during the fiscal year. The ESSRRP will be considered used for a given month if any ESSRRP resource has operated above its minimum operating level during one of the following events to meet a system reliability need:

(1) EEA 1: An energy emergency alert that the California ISO issues to indicate that the California ISO’s real-time analysis shows all resources are in use or committed for use and energy deficiencies are expected.

(2) EEA 2: An energy emergency alert that the California ISO issues to request emergency energy from all resources and to indicate that it has activated emergency energy programs.

(3) EEA 3 – Preparing for Rotating Power Outages: an energy emergency alert that the California ISO issues to indicate that the California ISO grid operator is unable to meet minimum reliability reserve requirements and has declared the initial step of an EEA 3.

(4) EEA 3 – Ordering Rotating Power Outages: an energy emergency alert that the California ISO issues to indicate that the grid operator has ordered utilities to begin rotating power outages to protect grid reliability. The final step of an EEA 3 is

declared when electricity supply is insufficient to meet demand and required reserves cannot be maintained.

(c) If DWR determines that the ESSRRP was used in the relevant fiscal year:

(1) The CEC will request from DWR the costs associated with procuring all the resources that made up the ESSRRP for the fiscal year, including each month in which the ESSRRP was used.

(2) The CEC will request from the California ISO any resource adequacy showings submitted by POU's for use as a starting point to determine whether the POU failed to meet its minimum PRM for any month during which the ESSRRP was used. Upon the CEC's request, a POU shall submit its resource adequacy showings, as well as any other information the CEC requires for this determination, including but not limited to:

(A) A summary of the POU's month-ahead forecasted 1-in-2 coincident peak load.

(B) The POU's minimum PRM. If the POU has not provided a minimum PRM, a 15 percent minimum PRM will be used initially unless the POU provides documentation of an alternate minimum PRM.

(C) Any credits for the month during which the ESSRRP was used.

(D) Total supply capacity shown for the month during which the ESSRRP was used.

(E) The supply plan that the POU submitted to the California ISO for the relevant fiscal year.

(d) The CEC shall provide POU's at least 15 days to respond to any request issued pursuant to subdivision (c)(2) of this section.

(e) A POU shall be deemed deficient if the total capacity shown is less than its total system resource adequacy obligation minus total credits for that month.

(1) A total capacity shown is the sum of the resource adequacy capacity of each resource included on the resource adequacy showings submitted by the POU to the California ISO for the given month.

(2) The total system resource adequacy obligation shall be determined according to the following calculation:

*RA Obligation =*

$$1 - in - 2 \text{ month ahead coincident peak load forecast} * \left( 1 + \frac{PRM(\%)}{100\%} \right)$$

(3) The total capacity credits shown is the sum of the credited resources that the POU submits to the California ISO or the CEC for the given month.

(4) The total deficiency for a month in which the POU is deemed deficient shall be determined according to the following equation:

*Monthly Deficiency =*

$$Total \text{ Shown } RA - \left( RA \text{ Obligation} - \sum Credits \right)$$

*Deficient: Monthly deficiency < 0*

*Excess: Monthly deficiency ≥ 0, then Monthly deficiency = 0*

(f) If CEC staff determines that a POU failed to meet its minimum PRM for any month during which the ESSRRP was used, CEC staff shall do all of the following:

(1) Notify the POU within 14 days after making the determination;

(2) Provide the POU with the information on which CEC staff based the determination; and

(3) Provide the POU with a preliminary estimate of the associated capacity payment determined using the equation in subdivision (h).

(g) If a POU disagrees with CEC staff's initial determination, it may, no later than 30 days after receiving the notification in subdivision (f)(1), submit any information, data, invoices, or other documentation to demonstrate either that the POU met its minimum PRM or that the deficiency amount was lower than that determined by CEC staff, for any month in which CEC staff found the POU to be deficient.

(h) The Executive Director shall assess a capacity payment for a POU in accordance with the following capacity payment unit cost and capacity payment calculations if, after considering any response provided pursuant to subdivision (g) of this section, CEC staff makes a final determination that a POU failed to meet its minimum PRM for any month during which the ESSRRP was used.

$$\begin{aligned}
 & \text{Summer Capacity Payment Unit Cost} \left( \frac{\$}{kW - Mo.} \right) \\
 = & \frac{0.667 * \sum \text{Total Cost}}{(4 \text{ months}) * \left( \frac{1000 kW}{1 MW} \right) * \sum \text{Total Capacity Procured}} \\
 & \text{Other Months Capacity Payment Unit Cost} \left( \frac{\$}{kW - Mo.} \right) \\
 = & \frac{0.333 * \sum \text{Total Cost}}{(8 \text{ months}) * \left( \frac{1000 kW}{1 MW} \right) * \sum \text{Total Capacity Procured}} \\
 & \text{Capacity Payment}(\$) \\
 = & (\text{Capacity Payment Unit Cost}) \times (\text{Monthly Deficiency})
 \end{aligned}$$

(i) The Executive Director may reduce the assessed capacity payment if they determine there were events outside of the POU's control that affected the POU's ability to meet its PRM.

(j) If a capacity payment is assessed, the POU shall, within 30 days from the date of written notification to the POU, remit the assessed capacity payment to the Local Publicly Owned Electric Utility Capacity Payment Account under DWR's Electricity Supply Reliability Reserve Fund.

NOTE: Authority cited: Section 80714, Water Code. Reference: Sections 80714 and 80720, Water Code.