Market Price Benchmark Calculations 2025
October 1, 2025

Pursuant to Decision (D.) 22-01-023, Energy Division issues values for the Power Charge Indifference Adjustment (PCIA) Forecast and True-Up, which the investor-owned utilities (IOU) will use for their 2026 Energy Resource Recovery Account (ERRA) Forecast Updates in early October 2025. The PCIA calculations incorporate Market Price Benchmarks (MPB) – the Energy Index, Renewable Portfolio Standard (RPS) Adder, and Resource Adequacy (RA) Adder – as defined by D.18-10-019 and revised by D.19-10-001, D.22-01-023, D.23-06-006, and D.25-06-049. D.22-01-023 directed Energy Division to calculate and distribute these values by the first business day in October each year, and D.23-06-006 directed Energy Division to calculate and distribute a Greenhouse Gas Free (GHG-Free) Adder, if applicable.

Tables 1 and 2 below show the 2025 and 2026 MPBs, which are used to calculate the 2026 PCIA. The 2025 Final MBP, shown in Table 1, with the 2024 Final MPB for comparison. Table 2 shows the 2026 Forecast MPB, with the 2025 Forecast MPB for comparison.

Table 1. 2025 Final Market Price Benchmarks Used in PCIA Calculations

		2024 Final Market Price Benchmarks			2025 Final Market Price Benchmarks
		PG&E	SCE	SDG&E	All IOUs
RA Adder ($kW-Mo)	System RA	$28.65			$11.21
	Local RA	$12.22	$10.26	$17.21	
	Flexible RA	$12.89			
RPS Adder ($/MWh)		$54.56			$63.86

Table 2. 2026 Forecast Market Price Benchmarks

		2025 Forecast Market Price Benchmarks			2026 Forecast Market Price Benchmarks		
		PG&E	SCE	SDG&E	PG&E	SCE	SDG&E
Energy Index ($/MWh)	On-Peak	$55.02	$41.54	$41.54	$50.20	$39.90	$39.90
	Off-Peak	$53.18	$47.84	$47.84	$52.31	$48.48	$48.48
RA Adder ($/kW-month)	System RA	$42.54			$11.53		
	Local RA	$13.29	$11.10	$9.99			
	Flexible RA	$14.16					

RPS Adder ($/MWh)	$71.24	$62.45

Note: The 2024 Final values and 2025 Forecast values in Table 1 and Table 2 represent the Market Price Benchmarks issued to the service list on October 11th, 2024 as an ERRATA, which were applied in each Investor-Owned Utilities ERRA forecast proceeding.[1]

Market Price Benchmarks Background

The PCIA calculation was established in D.11-12-018 and refined in D.25-06-049. The PCIA is the amount by which the IOU is indifferent to the energy power costs after load departs from bundled service and is equivalent to an IOU's total PCIA eligible portfolio costs less the portfolio's market value in a given year. Market value is defined in D.19-10-001 as "the estimated financial value, measured in dollars, that is attributed to an IOU portfolio of energy resources for the purpose of calculating the PCIA for a given year."[2] D.19-10-001 defines MPBs as "estimates of the value per unit (not total portfolio value) associated with three principal sources of value in IOU portfolios (energy, resource adequacy, and renewable energy)."[3] MPBs are multiplied by the relevant portfolio volume as part of the overall calculation of market value. The forecast adders are mechanisms that aim to reduce uncertainty of the indifference amount, and the true up adders are mechanisms that aim to align realized market revenues with forecasted values.

Energy Index

Energy Index is the MPB that reflects the estimated market value of each unit of energy in an IOU's PCIA-eligible portfolio, in dollars per megawatt hour ($/MWh). The Energy Index was previously referred to as the "Brown Power Index."[4]

The Energy Index above was calculated using Platts-ICE Forward Curve-Electricity market data. Energy Division received a Platts on-peak and off-peak forward price for each month of 2026 and each electrical zone (NP15 and SP15), as calculated on each individual non-holiday weekday from September 1, 2025 through September 30, 2025 (inclusive). Using this data, Energy Division calculated a 2026 monthly average price for each peak period and each electrical zone, thereby arriving at the values in Table 1 above. The IOUs will use weighted averages of these values in the October Updates to their 2026 ERRA Forecast Applications.

RA Adder

The RA Adder calculates the estimated value of each unit of capacity in an IOU's PCIA-eligible portfolio that can be used to satisfy Resource Adequacy obligations, in dollars per kilowatt-month ($/kW-month).

[1] Energy Division issued a subsequent set of revised MPB values to the service list on November 5th, 2024 for informational purposes, which was not used in the ERRA proceeding.
[2] D.19-10-001 at 6.
[3] D.19-10-001 at 6.
[4] D.19-10-001 at 7.

D.25-06-049 modified the RA MPB methodology adopted in D.19-10-001 to calculate a single unified RA MPB rather than calculate a separate system, local, and flexible value. The RA Forecast MPB and RA Final MPB are calculated as ordered in Ordering Paragraph 1 of D.25-06-049.[5]

- **The Forecast RA Adder** was calculated using the volume-weighted average of all IOU, CCA, and ESP RA market transactions executed from December 2022 through August 2025, with delivery in 2026.
- **The Final RA Adder** was calculated using the volume-weighted average of all IOU, CCA, and ESP RA market transactions executed from December 2021 through August 2025, with delivery in 2025.

RPS Adder

The RPS Adder is the MPB that reflects the estimated value (incremental to the Energy Index) of each unit of RPS-eligible energy that is attributable to its RPS eligibility, in dollars per megawatt hour ($/MWh). Both the forecast and the final adders are based on bundled, short-term (under ten years), index-plus[6] , Portfolio Content Category 1 (PCC-1)[7] transactions.

- **The Forecast RPS Adder** was calculated using the volume-weighted average of all eligible IOU, CCA, and ESP market transactions executed from September 2024 through August 2025, with delivery in 2026.
- **The Final RPS Adder** was calculated using the volume-weighted average of all eligible IOU, CCA, and ESP market transactions executed from December 2023 through August 2025, with delivery in 2025.

GHG-free Energy Adder

The GHG-free Energy Adder reflects the estimated value of the GHG-free, non-RPS resources that is attributable to verifiable added market value of the GHG-free energy attribute, for the purpose of counting toward the LSEs' Portfolio Content Label.

- **The Forecast GHG-free Adder** is calculated using the volume-weighted average of all eligible IOU, CCA, and ESP transactions from September 2024 through August 2025 and with delivery in 2026 and;
- **The Final GHG-free Adder** is calculated using volume-weighted average of all eligible IOU, CCA, and ESP market transaction transactions from December 2023 through August 2025 and with delivery in 2025.

The GHG-free Energy Adder was adopted in D.23-06-006 as a second option for allocating the value of GHG-free resources to LSEs. IOUs may opt to allocate the GHG-free energy attributes directly to LSEs based on load share or calculate the GHG-free Energy Adder as part of the PCIA. To date, the IOUs have

[5] D.25-06-059 at 35.
[6] Index-plus refer to contracts for the market price of energy plus a REC bid premium.
[7] D.11-12-052 defines PCC-1 as Facilities with a First Point of Interconnection within a California Balancing Authority (CBA) or with a Generation Scheduled into a CBA.

opted to allocate the GHG-free energy attributes. As such, the calculation of the GHG-free Energy Adder would be for informational purposes.

Energy Division is continuing to review the underlying contracts submitted as part of GHG-Free Adder to confirm whether the qualifying capacity meets the 1,000 GWh threshold set by D.23-06-0061 to set an MPB. Energy Division will provide an update once this analysis has been completed.