Fact Sheet:
DECISION GRANTING, WITH MODIFICATIONS, LONG DURATION ENERGY STORAGE COUNCIL'S PETITION FOR MODIFICATION OF DECISION 21-06-035

Background

In June 2025, the CPUC modified prior orders related to the definition of eligible resources that meet Mid-Term Reliability (MTR) Long Duration Energy Storage (LDES) procurement order requirements.

The CPUC adopted Decision (D.) 25-06-005 grants, with modifications, the Long Duration Energy Storage (LDES) Council's Petition for Modification (PFM) of D.21-06-035. The LDES Council filed a PFM to request the CPUC clarify the definition of what resources count towards the requirements, and whether a single resource or stacked resources could count towards the long duration requirement.

Since adopting Integrated Resource Planning (IRP) MTR Procurement Orders in 2021 in Rulemaking (R) 20-05-003, the CPUC has required Load-Serving Entities (LSEs) to procure their load-proportional share of 1,000 MM of Net Qualifying Capacity (NQC) under MTR LDES procurement obligations by 2026, with compliance timelines extending to 2031. The MTR LDES requirements are a subset of the IRP Procurement Orders.

Overview of Decision of D.25-06-005

This June 2025 decision modifies prior orders yet reinforces MTR LDES as a distinct procurement category that directly supports grid stability during multi-hour or multi-day reliability events and enables deeper renewable integration.

The modifications in D.25-06-005 address inconsistent interpretations of what qualifies for MTR LDES compliance. Specifically, the decision aims to prevent the use of short-duration resources (e.g., four-hour lithium-ion batteries) from counting towards MTR LDES compliance by requiring resources to be capable of dispatching full power output for eight continuous hours at maximum capacity.

Clarification of Definition of LDES Resources Eligible to meet MTR LDES Procurement Requirements

To qualify for MTR LDES compliance, the product must be able to deliver at maximum capacity (i.e., the highest power output that can be dispatched continuously at the full installed or guaranteed capacity in the contract), for at least eight hours.

Eligible resources may include:

- A qualifying single standalone resource.
- The storage component of a hybrid generation and storage resource, if the storage can operate as a single qualifying product.
- The storage component of a co-located resource, if the storage can operate as a single qualifying product.
- A qualifying resource from a multiple-offtake project, where the LSE contracts for a share of the full resource capability that can independently meets the 8-hour discharge requirement.

Resources Excluded from MTR LDES compliance

The following are not eligible for MTR LDES compliance:

- Derated resources such as a four-hour lithium-ion battery slowed to discharge over eight hours.

- Resources that are unable to maintain full power output for eight continuous hours.
- Resources with contractual configurations or strategies that simulate compliance without meeting the physical qualifying capabilities.

Submitting for MTR LDES eligibility

LSEs must provide CPUC staff with operational characteristics to demonstrate MTR LDES eligibility. These may include, but are not limited to:

- facility description
- maximum throughput
- total unit dispatchable range
- inverter size (if applicable)
- interconnection capacity
- discharge and charge rates

This guidance is provided by Energy Division Staff to facilitate LSE compliance with Commission Decisions. This guidance does not modify any Commission Decision, and where any apparent or explicit or implicit conflicts between this guidance may arise the language of Commission orders prevails.

Helpful Links to Learn More:
CPUC IRP Website: IRP Procurement Track
CPUC Decision: D.25-06-005