



Fact Sheet on the Decision in Track 3 of the Resource Adequacy Proceeding (R.23-10-011)

On June 27, 2025, the California Public Utilities Commission released [D.25-06-048](#) that addresses issues scoped in Track 3 of the Resource Adequacy (RA) Proceeding, Rulemaking (R.) 23-10-011.

The Decision sets the near-term reliability requirements for CPUC's jurisdictional Load Serving Entities' (LSE) obligations to procure System, Local, and Flexible Resource Adequacy capacity, that the CPUC issues annually. The decision adopts Local Capacity Requirements (LCR) for 2026-2028, Flexible Capacity Requirements (FCR) for 2026, and adopts a 18 percent Planning Reserve Margin (PRM) for LSEs under the Slice of Day (SOD) framework with an effective PRM procurement target of 1,260 – 2,300 MW for June to October months for the 2026 and 2027 RA compliance year. The Decision also makes program rule clarifications and refinements to the RA program.

Decision Summary

1. Establishes near-term Resource Adequacy requirements for Local, System, and Flexible Resource Adequacy Programs.¹

- **System Requirements at a 18% Planning Reserve Margin (PRM) for 2026-2027: PRM²:** Increases the PRM from 17% to 18% for the 2026 and 2027 compliance years. This 18% PRM is added to each LSE's hourly load forecast under the SOD framework to determine its System RA obligations.
- **Effective Planning Reserve Margin at a ~22.5% PRM (or 1,260-2,300 MW) for 2026-2027:** Extends the use of an effective PRM procurement target to provide additional summer reliability targeted resources above the 18 percent RA PRM. The effective PRM mechanism orders Investor-Owned Utilities (IOUs) to procure both resource adequacy eligible and non-resource adequacy eligible reliability resources of 1,260-2,300 megawatts (MW).
- **Local and Flexible Requirements for 2026-2028:** Local RA requirements are set annually to ensure that transmission constrained local areas have sufficient resources to serve load based on a 1-in-10 weather year and N-1-1 contingency criteria. Flexible requirements were developed in response to the increased penetration of variable resources on the system and the need to ensure there would be enough flexible capacity to meet energy demands when variable energy resources stop producing. Flexible RA requirements are set based on an annual CAISO study that looks at the largest three-hour ramp for each month needed to run the system reliably. The Proposed Decision adopts flexible

¹ The CPUC requires all Load Serving Entities (LSE) to maintain adequate generating capacity to meet each LSE's local, system, and flexible demands. To meet local requirements, LSEs must procure resources sited in locations where supply is needed due to insufficient transmission. For system requirements, LSEs must contract for or generate sufficient resources to meet their share of the system's peak demand, plus a Planning Reserve Margin (PRM). To meet flexible requirements, LSEs must procure resources that can ramp up or down on short notice to meet variations in demand and production.

² The PRM is the proportional value aimed to achieve a given reliability metric, in this case the metric is .1 LOLE (one loss of load event every ten years) (e.g., the margin required to avoid the probability that demand will exceed available generating capacity, or a loss of load scenario).



capacity requirements (FCR) for 2026 and local capacity requirements (LCR) for 2026-2028. Specifically, the Commission proposes to adopt:

- FCRs for 2026 that range from 22,505 MWs in March to 26,329 MWs in June. This represents a shift from historical FCRs where the largest three-hour ramp has been expected to occur in the spring months and the smallest ramps in the summer. The total 2026 FCRs have increased by ~2 percent when compared to 2025.
- LCRs that would be set annually at 23,016 MWs for 2026; 23,891 MWs for 2027, and 24,496 MWs for 2028. This reflects a ~1 percent increase in total LCRs from the prior years study.

2. Modifies or Clarifies Resource Adequacy Program Rules in Key Areas to Support Reliability and Compliance

- **Modification of the Availability Assessment Hours (AAH).** Beginning with the 2026 RA compliance year, RA measurement hours shall be 6:00-10:00 pm, or HE (Hour Ending) 18-HE 22, for the winter months (November to February). The current RA measurement hours for the spring months (March to May) of 6:00-10:00 pm, or HE 18-HE 22, and for the summer months (June to October) of 5:00-9:00 PM, or HE 17-HE 21, will remain unchanged.
- **Co-located resource counting rules for Partial Capacity Deliverability Status (PCDS) and Full Capacity Deliverability Status (FCDS) co-located resources:** Clarifies that the variable energy component of a co-located resource with PCDS or FCDS will count for RA requirements and off-site charging sufficiency requirements up to its deliverable capacity as long as the combination of shown generation plus storage does not exceed the POI in the same hour.
- **Penalties for Deficiencies Cured by T-1 Deadline:** In D.24-06-00 the Commission adopted an interim rule which allows LSEs with new resources to cure their deficiencies during the June-September month-ahead RA filings if the resources are participating in CAISO's energy markets under its Must Offer Obligation (MOO) and the resources are online and deliverable before the start of the compliance month. The Proposed Decision modifies this interim rule to not assess RA penalties if an LSE cures its deficiency with a new resource by T-1.
- **Off-peak Import Counting Rule:** Extends the off-peak import counting rule adopted in D.24-06-004, which allow LSEs to count off-peak imports towards their Slice of Day RA requirements, to apply to 3rd Quarter of 2025 and 3rd Quarter of 2026. Previously it only applied to 3rd Quarter of 2025.
- **Load Migration Update:** Modifies the mid-year load migration update timeline to align with the mid-year revised allocation timeline. Specifically, the mid-February load migration update would cover June to December load migration rather than May to December load migration.
- **Local Central Procurement Entity (CPE) Data Collection:** Revises the Local CPE data collection process to incorporate it into the annual year-ahead filing process. The prior process used an annual LSE data request sent to LSEs in January. Energy Division is authorized to use the data request template sent out in January 2025 to be incorporated in the annual RA compliance filings due October 31.

3. Authorizes Additional Analysis and/or Future Development Regarding Certain Topics:

- **Unforced Capacity (UCAP) Framework for Thermal and Storage Resources:** A UCAP framework accounts for the expected availability of a resource by adjusting its capacity value based on historical outage rates, ensuring a more accurate reflection of the resource's reliable contribution to



meeting demand. The proposed decision authorizes further development of Energy Division's UCAP proposal, in coordination with the CAISO. Energy Division is authorized to hold a workshop with stakeholders on its refined UCAP proposal before the end of 2025. The Commission targets the 2028 RA compliance year as the implementation year for a UCAP framework.

- **Hourly Load Obligation Trading:** Declines to adopt CalCCA's proposal to allow LSEs to transact load obligations on an hourly basis under the SOD framework. Load obligation trading would add both complexity to the new SOD framework and substantial administrative burden on Energy Division Staff to track transactions and verify compliance. The first binding year of the SOD framework is currently underway with the 2025 RA year. The Commission has yet to consider whether transactability concerns exist because we are mere months into the first year of binding RA filings, and Energy Division Staff and LSEs are adjusting to the first year of SOD implementation. Therefore, it is premature to determine that transactability concerns exist under the SOD framework and that there is a need for CalCCA's proposal. Orders Energy Division to conduct an evaluation after a full year of SOD implementation to assess the need, benefits, and feasibility of an hourly load obligation trading mechanism, and prepare a report on whether transactability issues exist in Q2 2026.
- **Long Duration Energy Storage (LDES):** Declines to adopt CESA's IRP-LDES classification to include an 8 hour+ classification in the RA program. Declines to adopt CESA's proposal to use Effective Load Carrying Capacity (ELCC) for LDES resources. Declines to adopt Form Energy's proposal that Multi-Day Storage (MDS) resources should be accredited at their Pmax value over the shown 24-hour period without a charging sufficiency test. Declines to adopt Hydrostor's minimum procurement requirement in the RA program. The Commission authorizes Energy Division to hold a workshop in Fall of 2025 on LDES issues. Parties are encouraged to further develop LDES proposals following the workshop and submit proposals into the successor RA proceeding.
- **Accreditation for Solar and Wind Resources:** Declines to adopt a probabilistic counting methodology for solar and wind resources, as previously proposed in Tracks 1 and 2. Energy Division is authorized to continue working on an analysis comparing exceedance values for wind and solar against SERVIM weather profiles and submit it into the successor RA proceeding.
- **Residual Unit Commitment Bids:** Declines to adopt SCE's proposal because the zero dollar bid requirement was adopted in conjunction with the prohibition on RA resources receiving RUC revenue in D.05-10-042, the Commission defers consideration of the zero dollar bid requirement for Reliability Capacity Up/Reliability Capacity Down (RCU/RCD) and Imbalance Reserve products, and the appropriate allocation method for revenues collected, and whether those revenues should be credited back to the LSE that has procured the RA capacity value of the resource. The Commission will consider these issues in the successor RA proceeding.
- **Demand Response:** The Commission encourages further refinement of the Ohmconnect/Leap's proposal to consider the underlying technologies and load profiles of the resources in a DR provider's portfolio to award QC outside of the AAHs during the QC process. The Commission encourage further refinement of the proposal.

Next Steps

Proceeding R.23-10-011 is closed. A new Order Instituting Rulemaking (OIR) will be opened in the fall of 2025.



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 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 were addressed in D.24-12-003, which was issued on December 12, 2024.
- On November 1, 2024, the Commission issued an [amended Scoping Memo and Ruling](#) for Track 3. Track 3 issues are being considered in this Proposed Decision.
- On December 23, 2024, the Commission staff issued [Appendix B](#) To Loss of Load Expectation (LOLE) Study For 2026.
- On January 21, 2025, the Commission staff issued a [Staff Proposal](#) on numerous items including UCAP or UCAP-Light for thermal resources and battery storage and 2026 PRM price mitigation proposals.
- On January 23, 2025, the Commission hosted workshops addressing the revised LOLE study.
- On February 12 and 13, 2025, the Commission staff hosted workshops addressing the staff proposals and party proposals topics.
- On May 1, 2025, CAISO filed its [Final 2026 and 2030 LCR Study](#).
- On May 16, 2025, CAISO filed its [Final 2026 FCR Study](#).

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>