Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY
Cottie Petrie-Norris, Chair
AB 2369 (Rogers) – As Amended March 19, 2026

SUBJECT: Electricity: resource adequacy requirements: transmission facility planning

SUMMARY: Modifies the resource adequacy (RA) program to no longer require resources to be "deliverable," a key component to ensuring system reliability. Rather, this bill requires the RA program to instead value "energy-only" resources – those that aren't guaranteed to be physically delivered at peak grid conditions – and to maximize the interconnection of these resources.

Specifically, **this bill**:

1) Requires the RA program to recognize a reliability contribution for energy-only resources that reflects the value of those resources in supporting grid reliability, including through their importance in charging energy storage resources and ability to support decarbonization in all hours of the year.

2) Requires the RA program to maximize the timely development and interconnection of resources in the IRP portfolio, including by removing procurement barriers for resource types that meet identified reliability, energy, or climate change objectives.

3) Requires the RA program to promote increased use of grid infrastructure, including by leveraging the flexibility of energy storage resources and allowing market signals to guide least-cost solutions.

4) Requires each load-serving entity (LSE) to maintain physical generating capacity, energy storage, and electrical demand response adequate to meet its load requirements, including, but not limited to, peak demand and planning and operating reserves, in order to maintain electrical service system reliability, local area reliability, and flexibility.

5) Deletes the requirement that generating capacity or electrical demand response shall be deliverable to locations and at times as may be necessary to maintain electrical service system reliability, local area reliability, and flexibility.

6) Requires the California Public Utilities Commission (CPUC), in consultation with the California Energy Commission (CEC), to provide the California Independent System Operator (CAISO) projections that identify cost-effective opportunities that increase the reliability contribution or mitigate congestion of planned or existing energy-only resources through transmission capacity expansions.

EXISTING LAW:

1) Establishes and vests the CPUC with regulatory authority over public utilities, including electrical and natural gas corporations. (California Constitution, Article XII)

2) Requires the CPUC, in consultation with the CAISO, to establish RA requirements for LSEs, facilitate the development of resources, equitably allocate costs of generating capacity, minimize enforcement requirements and costs, and maximize the ability of community choice aggregators (CCAs) to determine the generation resources used to serve their customers. (Public Utilities Code § 380)

3) Requires each LSE to maintain physical generating capacity and demand response resources adequate to meet its load requirements and requires that those resources be deliverable to locations and at times necessary to ensure system reliability, local area reliability, and operational flexibility. (Public Utilities Code § 380(c)).

4) Requires the CPUC, in consultation with the CEC, to provide the CAISO with a preferred resource portfolio reflecting expected future renewable energy and zero-carbon resources to inform transmission planning. Existing law further requires the CPUC and the CEC to update projections and planning assumptions to support CAISO's annual transmission planning process (Public Utilities Code § 454.57).

FISCAL EFFECT: Unknown. This bill is keyed fiscal and will be referred to the Assembly Committee on Appropriations for its review.

BACKGROUND:

California's RA Program. Following the 2000–2001 California electricity crisis, the Legislature adopted reforms to reduce the risk of capacity shortfalls, reliability events, including rotating shortages, and insufficient procurement of generating capacity. AB 380 (Núñez, Chapter 367, Statutes of 2005) established the state's Resource Adequacy (RA) program and added Public Utilities Code Section 380, which directs the CPUC, in consultation with CAISO, to establish and enforce RA requirements for all load-serving entities (LSEs), including investor-owned utilities (IOUs), electric service providers (ESPs), and community choice aggregators (CCAs). Although CCAs did not exist at the time of the crisis, they are now fully subject to RA compliance requirements.

LSEs — those that supply electricity to customers — must purchase more power capacity than they expect to need (a "reserve margin") for the busiest time ("peak demand"), so there's always a buffer of extra resources ready to go if demand spikes or something goes wrong. The RA program is the compliance and enforcement program to ensure this adequate supply is always maintained. LSEs demonstrate compliance through annual and monthly filings, showing that their capacity is deliverable to areas with reliability needs. Hence, resources are compensated for being available to provide electricity when called upon, namely during times of system stress, rather than for the actual production of energy. This is the core concept in the RA program of "deliverability."

The CPUC establishes procurement requirements and compliance rules, while the CAISO evaluates system and local reliability needs and determines if procured resources are sufficient to maintain grid reliability.[1]

[1] Public Utilities Code § 380 (a) (1)

Separately, the CEC develops electricity demand forecasts through the Integrated Energy Policy Report (IEPR), which establishes the demand assumptions used across state energy planning.[2] The CPUC uses these forecasts in its Integrated Resource Planning (IRP) process to identify long-term resource needs and in the RA program to set near-term capacity requirements.

RA Requirements and Compliance. The current RA program consists of system, local, and flexible requirements for each month of a compliance year. System requirements are determined for each LSE based on the CEC's IEPR electricity forecast plus a 18% planning reserve margin established by the CPUC.[3] Local requirements are based on annual studies conducted by the CAISO to ensure sufficient capacity is available in transmission-constrained areas under reliability scenarios, including a one-in-ten-year weather assumption and N-1-1 contingency conditions.[4] Flexible RA requirements are based on an annual study by the CAISO that identifies the largest three-hour ramp in each month and are intended to ensure sufficient flexible capacity is available to run the system reliably.[5]

In October, LSEs must demonstrate that they have procured 90% of their system RA obligations for the five summer months (May-September) of the following year. They must also show 100% of their local requirements, and 90% of their flexible requirements for each month of the compliance year. There is an additional monthly reporting requirement for RA, where LSEs must demonstrate they have procured 100% of their monthly compliance across system and flexible RA obligations.

Slice-of-Day Framework. The CPUC is shifting the RA program away from a monthly peak approach and toward a slice-of-day (SOD) framework that evaluates if sufficient capacity is available in each hour of need**.** In 2021, the CPUC determined that this approach better reflects evolving grid conditions, including increased renewable penetration, shifting load profiles, and the growing role of energy storage.[6] Implementation began in 2023, with 2024 serving as a test year and 2025 as the first compliance year.[7] Under SOD, LSEs must demonstrate they have procured sufficient capacity to meet hourly demand plus a planning reserve margin (approximately 17%), evaluated for each hour of the most stressed day in each month.

Deliverability. Deliverability refers to a resource's ability to deliver electricity to load when and where it is needed, accounting for transmission constraints and system conditions. Deliverability is a prerequisite for a resource to receive a net qualifying capacity (NQC) and count toward RA requirements. Resources that have not undergone a deliverability assessment, often referred to as "energy-only" resources, are not eligible to count toward RA compliance because their ability to

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[2] Public Utilities Code § 25302
[3] pg. 5, CPUC, "2026 Resource Adequacy and Slice of Day Guide," September 23, 2025, https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacy-homepage/resource-adequacy-compliance-materials/guides-and-resources/2026-ra-slice-of-day-filing-guide.pdf
[4] N-1-1 Contingency: A sequence of events consisting of the initial loss of a single generator or transmission component (Primary Contingency), followed by system adjustments, followed by another loss of a single generator, or transmission component (Secondary Contingency).
[5] CPUC; "2026 Resource Adequacy and Slice of Day Guide"; pp. 9 (Table 1); Issued September 23, 2025
[6] CPUC, *Decision Requiring Procurement to Address Mid-Term Reliability (2023–2026)*, Decision 21-06-035; Adopted June 24, 2021; https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF
[7] CPUC, *Decision Adopting Local Capacity Obligations for 2024–2026, Flexible Capacity Obligations for 2024, and Reform Track Framework*, Decision 23-06-029; Adopted June 29, 2023; https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M511/K140/511140071.PDF

serve load under system conditions has not been demonstrated. While they contribute energy to the grid, they are not counted toward reliability needs because their ability to deliver electricity during system stress conditions has not been demonstrated.

Energy-Only Resources and Pathways to Deliverability. CAISO has also begun exploring pathways through its Interconnection Process Enhancements to allow certain energy-only resources to seek deliverability after coming online, where sufficient transmission capacity exists and no network upgrades are required. Under this concept, some projects may come online earlier as energy-only and later obtain deliverability if conditions permit. This pathway does not replace the need for additional transmission development. Deliverability remains central to the RA program, as it indicates whether a resource can perform during system stress, and transmission capacity determines whether and when a resource can obtain that designation. Hence, this pathway may allow some projects to come online sooner but does not address the need for sufficient transmission capacity for those resources to be deliverable.

RA Compensation and Resource Counting. Resources used to meet an LSE's RA requirement are compensated for being available when needed. These resources are subject to a "must-offer obligation," meaning they must bid or self-schedule their capacity into the CAISO wholesale market so it is available to support reliability.[8] To count toward RA, a resource must first be assigned a qualifying capacity (QC) value by the CPUC, which reflects how much of its capacity can be counted. The resource must also be evaluated for deliverability by CAISO to determine whether it can serve load when the system is under peak demand.[9]

Recent Trends in the RA Market. The RA market has experienced tightening conditions in recent years, driven in part by resource retirements across the Western United States, changing load patterns, and heightened reliability risks associated with extreme weather events. In response, California energy agencies have taken steps to increase RA requirements for LSEs, including raising the planning reserve margin (PRM) from 15 percent to 16% beginning in 2023,[10] with further increases adopted in subsequent decisions (e.g., 17% for 2025 and 18% for 2026 under the slice-of-day framework).[11]

These changes have contributed to higher system and local RA prices in recent years, reflecting strong demand for qualifying capacity, although prices are declining. Because RA revenues make up a substantial share of a resource's value, eligibility for RA can influence investment decisions. Resources that are not expected to qualify are less likely to be developed. Therefore, resources that cannot qualify for RA, including energy-only resources, may face barriers to development despite contributing energy and other benefits – like decarbonization – to the grid.

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[8] CAISO Tariff § 40.6 (Must-Offer Obligation); https://www.caiso.com/Documents/Section40-ResourceAdequacyRequirements.pdf
[9] CAISO, *On-Peak Deliverability Assessment Methodology for Resource Adequacy Purposes*; Issued Apr. 11, 2024; https://www.caiso.com/documents/on-peak-deliverability-assessment-methodology.pdf
[10] CPUC, *2023 Resource Adequacy Report,* at pp.3 (2023) the CPUC increased the System RA Planning Reserve Margin (PRM) from 15% to 16%" pursuant to Decision 22-06-050); https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacy-homepage/2023-resource-adequacy-reportv2.pdf
[11] CPUC, *2023 Resource Adequacy (Slice-of-Day) Filing Guide* (2024) (reflecting a 17% PRM for the 2025 compliance year); https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacy-homepage/resource-adequacy-compliance-materials/guides-and-resources/2025-ra-slice-of-day-filing-guide121724.pdf

COMMENTS:

1) *Author's Statement.* According to the author, "Today, most of California is functionally off-limits to new renewable energy development due to a lack of interconnection availability caused by transmission constraints. This is especially acute in Northern California, where there is great potential for expansion of wind and geothermal resources. Over 21 gigawatts of projects currently in the queue are functionally unable to be interconnected to the grid, and that's just in 2026. The state risks losing hundreds of GWs of projects over the next two decades if this challenge is not addressed, along with the associated ratepayer benefits, jobs, and reinvestment in our communities. A new approach to grid management can help resolve this problem by allowing vastly more clean energy resources to interconnect to the grid through a smarter approach to grid management. Simply put, California will not reach our ambitious clean energy goals without a better approach to interconnecting new projects to the grid.*"*

2) *Why this Bill?* AB 2369 is designed to address a set of interconnected challenges in California's resource adequacy framework. Under current rules, a resource must demonstrate deliverability through CAISO — meaning it can physically move power to load centers under stressed conditions — in order to count toward an LSE's RA requirements. Resources that can't clear this bar are classified as "energy-only" and, while they can generate electricity, they receive no RA value, making them harder to finance and contract even when they produce power during many hours of the year. This problem is compounded by transmission constraints: in many parts of the state, there simply isn't enough grid capacity to move power to major load centers, blocking projects from ever obtaining deliverability status regardless of their ability to generate. Although CAISO has begun exploring pathways that would let some energy-only projects seek deliverability after coming online where capacity already exists, that does nothing to solve the underlying transmission gap. The cumulative effect is a narrower pool of RA-eligible resources, which the bill's sponsors argue reduces competition among suppliers vying to meet LSE procurement requirements — and may ultimately drive up costs for customers.

3) *Undermine RA.* This measure deletes the requirement that generating capacity or demand response be deliverable to locations and at times necessary to maintain reliability. That requirement is central to the RA program, which depends not only on having sufficient capacity, but on that capacity being able to serve load when and where it is needed. Removing this provision would change that standard. *For this reason, the Committee recommends reverting back to existing law.*

4) *Keep Focus.* Paragraph (8) of Section 380 would require the RA program to "maximize the timely development and interconnection" of resources in the integrated resource plan (IRP), which reflects the CPUC's identified mix of resources needed to maintain reliable electric service and meet the state's clean energy goals. As drafted, the bill does not specify how this directive would be applied within the RA program, which is designed to ensure that sufficient capacity is available and can be relied upon to serve load during stressed system conditions. It also does not explain how the CPUC would determine whether development or interconnection has been "maximized," or how that would relate to whether resources are actually available and deliverable when needed. It is therefore unclear how this requirement can be interpreted within the RA program.

Paragraph (9) would require the RA program to "promote increased use of grid infrastructure," including by leveraging storage and market signals to find the least cost solutions. This is a broad directive that does not fit within the RA framework. At its core, RA is a reliability program. The central question is whether a resource can be counted toward reliability and deliver electricity when and where it is needed most. Grid utilization and market-driven solutions are important considerations but are better addressed in planning and procurement processes where they can be fully assessed. Embedding them in Section 380 could blur the program's reliability focus without a clear mechanism for how the CPUC would implement or measure compliance with those objectives.

For these reasons, the Committee recommends deleting the provisions in paragraphs (7), (8), and (9) from Section 380 of the Public Utilities Code to keep the RA program focused on ensuring sufficient capacity is available to serve load during stressed system conditions.

5) *Energy-Only and Charging.* AB 2369 revises the statutory objectives of the RA program. Paragraph (7) of section 380 would require the CPUC to recognize a reliability contribution for energy-only resources, including their role in charging, storage, and ability to support decarbonization and reliability in all hours of the year. However, the timing matters. How energy-only resources contribute to reliability remains under development at the CPUC and CAISO. The CPUC is implementing the SOD RA framework, and its approach is still being refined.[12]

   One such refinement under study is to allow energy-only resources to count toward RA or storage charging requirements. CAISO has raised two concerns. First, on RA eligibility, CAISO notes that energy-only resources may contribute energy in certain hours, including during non-peak periods, but cannot be relied upon to serve load during stressed system conditions because they have not demonstrated deliverability. Second, on storage charging, CAISO has raised concerns that the ability of energy-only resources to reliably support storage charging has not been fully evaluated. Additionally, transmission constraints may limit when and where that energy can be delivered, and the RA framework does not currently include a transmission study to assess this. Relying on the assumption that energy-only resources can reliably charge storage without supporting analysis could result in storage being insufficiently charged when needed for reliability.[13]

   CAISO is studying this issue as part of the 2026–2027 Transmission Planning Process. That analysis will inform whether it is reasonable to assume that energy-only resources can reliably support storage charging under transmission constraints. Preliminary results are expected in November 2026, with findings incorporated into the Transmission Plan in

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[12] CPUC, Order Instituting Rulemaking to Continue Reforms to the Resource Adequacy Program, R.25-10-003, https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M590/K884/590884355.PDF

[13] CAISO, *Opening Comments on Track 1 Proposals*, Rulemaking 25-10-003; March 2026, pp. 3–4, https://www.caiso.com/documents/mar-6-2026-opening-comments-on-track-1-proposals-resource-adequacy-program-r-25-10-003.pdf

2027.[14] *Given this direction, the Committee further recommends adding a new paragraph (8) to Section 454.57(e), which would require that, no later than January 1, 2029, the CPUC, in consultation with CAISO, develop a methodology for evaluating the contribution of energy-only resources to storage charging sufficiency. The methodology shall be informed by the CAISO's 2026–2027 transmission planning process, including its study of whether energy-only resources can reliably support storage charging under transmission constraints.*

6) *Prior Legislation.*

AB 2368 (Petrie-Norris) modifies several aspects of the RA program and IRP process at the CPUC in order to address challenges with electric reliability. Earlier versions of the bill included requiring the same "counting" rules between the IRP and RA programs. Status: Chapter 713, Statutes of 2024.

REGISTERED SUPPORT / OPPOSITION:

Support

Abundance Network
Advanced Energy United
California Community Choice Association
California Wind Energy Association
Climate Action Campaign
Geothermal Rising
Marin Clean Energy (MCE)
Natural Resources Defense Council (NRDC)
Ormat Technologies, INC.
Renewable Properties
San Diego Community Power
Sonoma Clean Power

Opposition

Edison International and Affiliates, Including Southern California Edison

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[14] CAISO, *Opening Comments on Track 1 Proposals, Rulemaking* 25-10-003; March 2026, pp. 4-5, https://www.caiso.com/documents/mar-6-2026-opening-comments-on-track-1-proposals-resource-adequacy-program-r-25-10-003.pdf