

# All-Source Procurement

COST CONTROL

AT A GLANCE



**TARGET COST DRIVERS**

The policy can help to ease customer cost pressures created by these drivers

- Load growth
- Fuel price volatility
- Aging grid infrastructure
- Misaligned utility incentives



**IMPACT TIME HORIZON**

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How long it typically takes before changes materialize in utility behavior or customer bills



Medium-term (2–5 years)



**POTENTIAL COST SAVINGS**

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The level of cost savings that can reasonably be expected to result from this policy



Medium

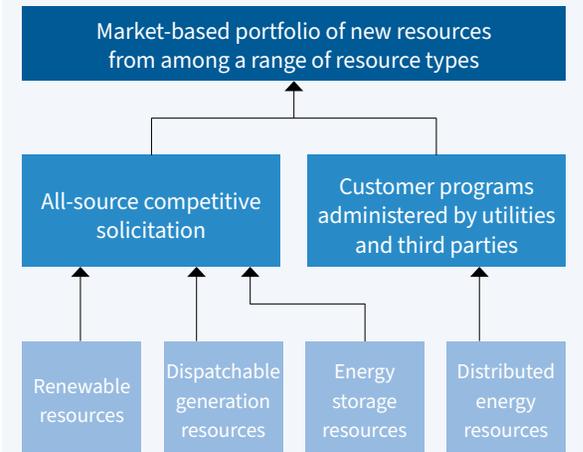
CONTEXT AND BACKGROUND

All-source procurement is a [framework](#) that requires utilities to consider a full range of supply, and ideally, demand-side resources — energy efficiency, demand response, energy storage, and all types of generation — when planning new investments or meeting future energy needs.

Rather than defaulting to a specific technology or ownership structure, all-source procurement can be a competitive, technology-neutral process that maximizes cost-effectiveness and reliability. This approach [helps reduce costs and improve grid flexibility](#).

While utilities have implemented all-source procurement without a requirement in some cases, as of 2025, several states, including Colorado, Michigan, and Oregon, have implemented requirements for utilities

All-source competitive procurement



to use all-source procurement through legislation or regulation. Utility planning, such as integrated resource plans (IRPs), typically identifies a specific portfolio of technologies that can cost-effectively meet demand. Procurement actions work to implement these plans.

All-source solicitation, where utilities define their system needs and invite competitive bids, can work synergistically with IRPs: procurement

processes provide real-time validation of key planning assumptions such as resource costs, and updated IRPs can better tailor all-source procurements to

meet system needs.

This approach promotes affordability by maximizing competition, ensuring up-

to-date pricing, and exposing risks like fuel price volatility through actual bid responses rather than relying solely on historical or projected data.

## REAL-WORLD EXAMPLES

As of 2025, [at least eight states](#) have some degree of competitive electricity procurement.



**Colorado's** Public Utility Commission (PUC) [requires investor-owned utilities to conduct all-source solicitations](#) as part of their electric resource planning process. In 2017, Xcel Energy's Colorado subsidiary, the Public Service Company of Colorado, [completed an all-source supply-side procurement](#) as part of this requirement, which it [claimed would save customers over \\$200 million](#) when compared to Xcel's original planning phase portfolio, in part through retiring coal plants. Colorado's [state code of regulations](#) requires electric utilities subject to PUC authority to submit comprehensive resource plans.



**Georgia's** [state rules and regulations](#) require all electricity supplies whose rates are fixed by the state's Public Service Commission (PSC) to develop IRPs for PSC review and approval. Building on that requirement, the PSC required Georgia Power Company to conduct an all-source solicitation as part of its [2022 Integrated Resource Plan \(IRP\) Final Order](#).



**Washington's** Utilities and Transportation Commission (UTC) [issued a rule](#) in December 2020 to establish an [all-source procurement requirement](#). The move was [part of an effort by the UTC](#) to act on new statutory requirements established by state bills, including the 2019 Clean Energy Transformation Act.



### IMPACT TIME HORIZON

#### Medium-term (2–5 years)

Impacts are realized as utilities update resource plans and conduct new procurement cycles.



### POTENTIAL COST SAVINGS

#### Medium

While cost savings will vary based on policy design and implementation, competitive procurement can lead to billions of dollars in savings and lower overall system costs by avoiding overbuilt infrastructure and leveraging lower-cost energy resources. For example, [Northern Indiana Public Service Company used an all-source solicitation for its 2018 IRP](#) and was able to reduce forecast costs by \$1.1 billion (approximately 10%) relative to its 2016 IRP scenario by retiring additional coal-fired generation and leveraging clean energy.



### FURTHER READING

- [“How to Build Clean Energy Portfolios,”](#) RMI, 2021
- [“All-Source Competitive Solicitations: State and Electric Utility Practices,”](#) Berkeley Lab, 2021
- [“Making The Most Of The Power Plant Market: Best Practices For All-Source Procurement Of Electric Generation,”](#) Energy Innovation, 2020
- [“Experience with Competitive Procurements and Centralized Resource Planning to Advance Clean Electricity,”](#) Resources for the Future, 2021
- [“The Benefits of an All-Source RFP in Duke Energy Indiana’s 2021 Integrated Resource Planning Process,”](#) Synapse Energy Economics, 2020



## LEGISLATIVE DESIGN AND IMPLEMENTATION CONSIDERATIONS

To enable and unlock the full benefits of all-source procurement, legislation can include the following:

### Mechanism components

Require utilities to use competitive, all-source solicitations that are directly informed by integrated resource planning outcomes. This ensures that procurement decisions reflect long-term system needs and stakeholder priorities. Requirements that utilities issue solicitations based on grid services (e.g., capacity, flexibility, resilience), rather than specific technologies, will also allow diverse solutions, including distributed energy resources, to compete.

### Reporting and transparency

Requiring independent evaluators or regulatory oversight to assess bids will help ensure that utility-owned proposals are evaluated on an equal footing with third-party offers.

### Coordination with other programs

Directing regulators to consider broader public interest goals, such as resilience, when approving procurement plans and evaluating bids will help align those plans with state targets.

### Policy structure

Require utilities to account for the long-term risks of fuel price volatility when comparing resource options, helping to level the playing field across different types of generation resources.

### Regulatory enforcement

In addition to ensuring the state has rules encouraging all-source procurement, ensuring the state has a commission that can support those rules is important for effective monitoring of procurement processes.

The table below provides examples of how authority and responsibility for all-source procurement procedures may be distributed across key entities.

VENUE	POTENTIAL ROLES
<b>Legislature</b>	<ul style="list-style-type: none"> <li>Require all-source procurement</li> <li>Define procurement evaluation criteria, including how to incorporate state policy goals</li> <li>Direct procurement be aligned with IRPs</li> <li>Outline transparency and competitiveness requirements and the process for independent evaluation</li> </ul>
<b>Regulator</b>	<ul style="list-style-type: none"> <li>Require all-source procurement through an order or administrative rules update</li> <li>Define procurement evaluation criteria, including how to incorporate state policy goals</li> <li>Oversee and review procurement plans</li> <li>Direct procurement plans to be aligned with IRPs</li> </ul>
<b>Administration</b>	<ul style="list-style-type: none"> <li>Direct procurement procedures to incorporate state policy goals</li> </ul>
<b>RTO/ISO</b>	<ul style="list-style-type: none"> <li>Align transmission procurement processes with utility procurement plans</li> </ul>