

Background

New investments in electric generation infrastructure are expected to exceed \$1 trillion between 2025 and 2030, “[double the amount invested in the prior 10 years](#)” (EEI 2024; Walton 2025). This investment is driven by increased demand from data centers, electric vehicles, public transportation systems, building heating and cooling, manufacturing, and agriculture (Morningstar DBRS 2025).

Ultimately, ratepayers will cover the costs of these new resources, and as utilities make unprecedented capital investments in new electric generation infrastructure, all-source procurement can ensure that this money is spent wisely, while also avoiding overbuilding (Goldenberg, et al. 2025; Kahrl 2021).

What is All-Source Procurement?

Vertically integrated utilities (utilities that own and operate generation, transmission, and distribution systems within their service territories), including investor-owned utilities (IOUs), cooperative utilities, and public utilities (like municipal utilities), “play a dominant role in procuring, owning, and operating the electricity generation resources used to serve their customers” (Shwisberg, et al. 2020, p.15). As of 2020, these utilities owned an average of 68.5% of total generating capacity in the West (see: Shwisberg, et al. 2020).¹

All-source procurement is a technology agnostic approach that allows all resources to compete to fill a utility system need. This competition can reveal least-cost alternatives to the utility’s existing and planned power plants and power purchase agreements (PPAs) – leading utilities to explore alternatives to traditional investments (CNEE 2025; Shwisberg, et al. 2020). In addition to encouraging consideration of least-cost and emerging resources, all-source procurement can open up the utility procurement process to diverse ownership structures, which may still include utility ownership and self-building, but also expand options for customer- and third party-owned resources (Kahrl 2021).

Best Practices for All-Source Procurement

Ideally, all-source procurement yields a portfolio of optimal resources that meets a diverse suite of state policy priorities, ranging from economic development to decarbonization. The process also mitigates the risk of run-away costs by harnessing competition between resources (Shwisberg, et al. 2020). The following best practices can be implemented across different stages of the utility procurement process:



Process Improvements and Activities That Support All-Source Procurement Principles

Source: [RMI, 2021. “Grading Your Utility’s Shopping Habits.”](#)

¹ Min: 36% (CA), Max: 85.8% (WA)

1. Authorize or direct utilities to “write solution-agnostic statements of need that support participation from all resources.” Requirements for specific capacity, ownership types, locations, timing of deployment, and contract terms can create barriers to participation. Neutral requests for proposals (RFPs) can elicit diverse and economically competitive responses to a utility’s solicitation, increasing the likelihood that the competitive procurement process results in the procurement of least-cost resources, including distributed energy resources (DERs) like solar, storage, and electric vehicles, and energy efficiency (Shwisberg, et al. 2020, p. 10; Jacob 2020).
2. Require that utilities provide regulators, project developers, energy service providers, and other parties to the solicitation transparent and clear information about system needs, modeling assumptions, and bid evaluation criteria (Shwisberg, et al. 2020; Jacob 2020). To ensure buy-in from communities, customers, and potential bidders, the development of modeling assumptions and bid evaluation criteria can include a participatory process that includes ample opportunity for feedback that informs assumptions and criteria in advance of a solicitation (see: Jacob 2020).
3. Include opportunities for public input during the development and implementation of the competitive procurement process. Project developers, energy service providers, customers, non-governmental organizations (NGOs), and other parties can provide valuable insights on policy objectives, current market conditions (including barriers to technology adoption), and modeling assumptions that can shape the development of procurement requirements and the outcomes of resource solicitations (Shwisberg, et al. 2020).
4. Require bid evaluations to consider additional benefits for alignment with state policy goals. Traditionally, procurement decisions have been based on cost-effectiveness. Policymakers can direct utilities to consider other state policy priorities, including emissions reductions, resilience, and economic development (Shwisberg, et al. 2020).

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Read more about competitive procurement here: <https://affordability-toolkit.rmi.org/policies/all-source-procurement>