

## REGULATORY UPDATE FOR JULY 20 (COVERING WEEK OF JULY 13)

### California Public Utilities Commission

#### New Proposed Decisions and Draft Resolutions<sup>1</sup>:

The Commission issued several draft resolutions which would approve resource adequacy capacity procurement by Southern California Edison (SCE).

Draft Resolution E-5099: This Resolution would approve SCE's contract with GenOn Energy Management, LLC for Units 1 and 2 of the Ormond Beach Generating Station from 2021 through 2023 to meet SCE's system, local and flexible resource adequacy requirements.

Draft Resolution E-5098: This Resolution would approve SCE's contract with AES Alamos, LLC for Units 3, 4 and 5 of the AES Alamos Generating Station from 2021 through 2023 to meet SCE's system, local and flexible resource adequacy requirements.

Draft Resolution E-9097: This Resolution would approve SCE's contract with Dynegy Moss Landing, LLC for Units 1 and 2 of the Moss Landing Generating Station from 2021 through 2022 to meet SCE's system resource adequacy requirements.

#### Voting Meetings:

The Commission held a voting meeting on July 16. The results included:

Item 3: Draft Resolution UEB-400. **Held until 8/27 meeting.** This Resolution would establish a citation program under the administration of the Director of the Consumer Protection and Enforcement Division to enforce compliance with the consumer protection measures authorized by the California Public Utilities Commission for net energy metering customers. This citation program is applicable to Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company, providing grid interconnection services for residential rooftop solar customers taking service under the CPUC's NEM tariff. This citation program does not cover interconnection applications for new home construction.

Item 10: R.16-02-007. **Approved, D.20-0-009.** This decision denied the petition for modification (PFM) of Decision (D.) 19-11-016 filed by the California Energy Storage Alliance (CESA) on April 1, 2020. In its PFM, CESA sought to require that any contracts entered into by the investor-owned utilities for the online date of August 1, 2021 be processed by the Commission with Tier 2 advice letters, instead of Tier 3 advice letters as required by D.19-11-016. Though the PFM was denied, the decision commits to processing the IOU filings for 2021

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<sup>1</sup> Per Commission Rules of Practice and Procedure, Rule 14.3, Comments on proposed decisions are due 20 days after issuance of the proposed decision, and reply comments are due five days thereafter. Comments on Draft Resolutions are due twenty days after the draft resolution appears in the Commission's daily calendar, per Rule 14.5.

as quickly as possible, including utilizing all appropriate means of expediting Tier 3 advice letters.

Item 18: R.19-07-017. **Approved, D.20-07-014.** This decision approved servicing orders to be executed between the California Department of Water Resources and the large electrical corporations in order to support the collection of a Wildfire Fund non-bypassable charge contemplated by AB 1054 and adopted by D.19-10-056.

Item 45: Proposed Order Instituting Rulemaking to Further Develop a Risk-Based Decision -Making Framework for Electric and Gas Utilities. **Approved, R.20-07-013.** This new rulemaking will consider ways to strengthen the risk-based decision-making framework that regulated energy utilities use to assess, manage, mitigate and minimize safety risks. The rulemaking will build on requirements for a utility risk framework adopted in the first Safety Model Assessment Proceeding, Application 15-05-002 et al, and in Rulemaking 13-11-006, the Risk-Based Decision-Making proceeding, with the goal of further prioritizing safety by electric and gas utilities.

### **California Independent System Operator**

#### Upcoming Meetings and Deadlines:

**Maximum Import Capability Stabilization and Multi-Year Allocation, Draft Final Proposal.** The California ISO will hold a public stakeholder call on July 21, 2020, to discuss the draft final proposal for the Maximum Import Capability Stabilization and Multi-Year Allocation initiative. Written comments are due August 4.

**Resource Adequacy Enhancements, Fifth Revised Straw Proposal.** The California ISO held public stakeholder calls on July 14-16, 2020, to discuss the fifth revised straw proposal for the Resource Adequacy Enhancements initiative, which it issued on July 7, 2020. The deadline to provide comments on the fifth revised straw proposal has been extended from July 30, to August 7, 2020.

The CAISO's fifth revised straw proposal considers enhancements to RA counting rules and assessments. This includes considering methodologies for determining forced outage rates for system, local, and flexible RA requirements. It is common practice among other independent system operators (ISOs) and regional transmission organizations (RTOs) to include an assessment of unforced capacity values that relies on the probability a resource will experience a forced outage or derate at some point when it has been procured for RA capacity. The CAISO proposes to develop a methodology for calculating unforced capacity values and a portfolio assessment to ensure the shown RA capacity is collectively adequate to meet the CAISO's operational needs in all hours.

The CAISO is also proposing that RA resources will have a 24 by 7 must offer obligation into the day-ahead market unless explicitly provided an exemption to this requirement through the proposed policy modifications. The CAISO is also proposing that RA resources will be subject to bid insertion, unless exempted.

The CAISO is also proposing several changes to the existing planned outage provisions and the planned outage process, including changes are intended to provide higher assurance that planned outages scheduled by 45 days prior to the month can be taken when scheduled. The CAISO proposes to redesign the planned outage process to reflect system UCAP targets rather than traditional NQC targets. This proposal includes a process that accounts for the need for planned outages in the upfront procurement and eliminates the need for all planned outage substitution. Under this proposal, the CAISO will (1) eliminate RAAIM, and (2) retain complete discretion to grant or deny all opportunity outages.

The CAISO also proposes modifications to the RA import provisions. The SC for the RA resource will be required to submit supporting documentation demonstrating that any RA import resource shown on annual and monthly supply plans represent physical capacity that has not been sold or committed to any other entity for the applicable RA period. The CAISO will require that all RA imports, at minimum, identify the source BA and resource or aggregation or portfolio of resources within a single BAA that will provide the capacity.

The CAISO is also proposing a new flexible RA framework that more deliberately captures the CAISO's operational needs for unpredictable ramping needs between day-ahead and real-time markets.

The CAISO is also proposing modifications to its backstop capacity procurement provisions to align backstop authority with the resource adequacy counting rules and adequacy assessments. These proposed modifications include new procurement authority to use the capacity procurement mechanism as an option to fulfill load serving entities' unforced capacity deficiencies and system deficiencies as determined through a resource adequacy portfolio showing analysis.

**Energy Storage and Distributed Energy Resources, Draft Tariff Language.** The California ISO will hold a public stakeholder web conference on July 20, 2020, to discuss the draft tariff language for Phase 4 of the Energy Storage and Distributed Energy Resources (ESDER) initiative. The draft language is available on the ESDER initiative webpage at [http://www.caiso.com/informed/Pages/StakeholderProcesses/EnergyStorage\\_DistributedEnergyResources.aspx](http://www.caiso.com/informed/Pages/StakeholderProcesses/EnergyStorage_DistributedEnergyResources.aspx)

### **California Energy Commission**

The California Energy Commission has opened the public comment period for the Negative Declaration and Initial Study it has prepared under the California Environmental Quality Act in support of the Commission's [proposed amendments](#) to the Renewables Portfolio Standard (RPS) enforcement regulations for local publicly owned electric utilities. The public comment period starts July 10, 2020 and ends August 10, 2020. The proposed amendments to the RPS enforcement regulations center on implementing changes to RPS procurement requirements, optional compliance measures, reporting requirements, and special exemptions and exclusions, as well as changes to facilitate implementation of the RPS program. Written comments on the Negative Declaration can be submitted to the Commission here. Oral

comments will be accepted during the Commission's [public hearing scheduled for August 12, 2020](#).

On July 1, 2020, the California Energy Commission (CEC) held a public workshop related to offshore wind energy off the Central Coast of California. The workshop was part of the Bureau of Ocean Energy Management (BOEM) California Intergovernmental Renewable Energy Task Force (California Task Force) and was a follow-up to the [Outreach on Additional Considerations for Offshore Wind Energy off the Central Coast of California](#) presented to the California Task Force during the [March 9, 2020 California Task Force meeting](#). The purpose of the public workshop was to take public comment on potential additional offshore wind energy locations off the Central Coast of California. Written comments are due by 5:00 p.m. on July 31, 2020.

### **California State Water Resources Control Board**

On June 19, 2020, the State Water Resources Control Board (State Water Board) published a [third revised public notice](#) changing the date of the State Water Board meeting wherein the State Water Board will conduct a public hearing and consider adoption of a proposed amendment to the Water Quality Control Policy On the Use of Coastal and Estuarine Waters for Power Plant Cooling ("OTC Policy"). The State Water Board meeting will now be held on September 1, 2020 at 9:30 a.m. According to the notice, no changes were made to the public comment period, which ended on May 18, 2020. For more details about the amendment, please visit the State Water Board [program page](#).

### **Minnesota Public Utilities Commission**

#### **Citizens Utility Board's ("CUB") Petition to Adopt Open Data Access Standards (MPUC Docket No. 19-505)**

Last week the Commission considered CUB's petition for Open Data Access Standards. CUB's petition sought to expand upon the lengthy stakeholder process that previously occurred in MPUC Docket No. 12-1344. The stakeholder comment process took place in 2019, and the petition was strongly opposed by the utilities and ratepayer advocates. Additionally, Commission Staff briefing papers, published in advance, were highly critical of CUB's petition. Despite strong opposition, the Commission voted 3-2 to adopt a narrow portion of CUB's petition relating to whole building aggregated customer energy use data. The Commission also adopted an exemption for industrial or commercial customers with peak demands greater than 5 MW to help protect those consumers from the release of competitively sensitive data. The Commission ordered continued record development through comments for the remaining issues as well as further refinement of the industrial/commercial customer exemption threshold. The Commission's forthcoming order should provide stakeholders with more guidance on how the process will unfold.

## **Federal Energy Regulatory Commission**

FERC [issued a final rule overhauling its PURPA regulations](#). Order No. 872 substantially changes the ground rules for developing qualifying facilities (QFs). Among the revisions, projects more than 1 mile but less than 10 miles of each other no longer benefit from an irrebuttable presumption that they are separate sites, there are more arduous requirements for establishing a legally enforceable obligation and easier challenges to QF status, the threshold for must-purchase opt outs is dropped from 20 MW to 5 MW, and states have more flexibility in establishing avoided-cost rates, including the option to eliminate fixed-cost rates. For more analysis, see our full post [here](#).

FERC [issued a Notice of Proposed Rulemaking](#) to update its hydropower project safety regulations. The proposed rule would establish a two-tier inspection structure, with both comprehensive and periodic inspections being performed by independent consultants in addition to FERC staff's regular dam safety inspections. FERC is also soliciting public review and comment on its engineering guidelines.

FERC [issued an order dismissing](#) the petition for a declaratory order by the New England Ratepayers Association regarding the validity of current net metering practices. The petition requested that FERC declare jurisdiction over sales from behind-the-meter generation and order that the rates for such sales be avoided-cost rates. The dismissal was unanimous but on procedural grounds only. Commissioners McNamee issued a concurrence emphasizing that the dismissal does not address the substantive issues and Commissioner Danly issued a concurrence expressing concern that it may result in a patchwork of conflicting decisions.

FERC [issued an order](#) addressing arguments raised on rehearing regarding Virginia Electric and Power Company (Dominion) move from a 1-CP to a 12-CP method of cost-allocation for Network Service Peak Load contributions for Network Customers for the Dominion Zone.

FERC [issued an order](#) finding PJM's current uplift allocation rules to be unjust, unreasonable, and unduly preferential because they do not allocate uplift to UTCs (Up-to-Congestion transactions).

FERC will hold a [technical conference](#) on July 23 on hybrid resources. The conference will address technical and market issues prompted by growing interest in generation and electric storage resources paired at the same plant location.

FERC [announced a technical conference on October 27](#) on offshore wind generation integration in RTOs/ISOs. The conference will address whether existing Commission transmission, interconnection, and merchant transmission facility frameworks in RTOs/ISOs can accommodate anticipated growth in offshore wind generation in an efficient and effective manner that safeguards open access transmission principles and to consider possible changes or improvements to the current framework should they be needed to accommodate such growth. Commissioners may participate in the technical conference. Individuals interested in participating as panelists should submit a self-nomination form by [Friday, August 14, 2020](#).

FERC [announced a technical conference on September 30](#) on carbon pricing in organized wholesale electricity markets. The conference will address state adoption of mechanisms to price carbon dioxide emissions, commonly referred to as carbon pricing, in regions with Commission-jurisdictional organized wholesale electricity markets.