

REGULATORY UPDATE FOR NOVEMBER 23 (WEEK OF NOVEMBER 16)**California Public Utilities Commission**New Proposed Decisions and Draft Resolutions:¹

None.

Voting Meetings:

The California Public Utilities Commission's (Commission) next voting meeting will be held December 3, 2020. The agenda is scheduled to be published November 23, 2020.

The Commission held a voting meeting on November 19, 2020. The agenda included the following items:

Item 6: Proposed Resolution E-5104 (Qualifying Facility Standard Offer Contracts). This Resolution approves, with modifications, the Qualifying Facilities Standard Offer Contracts filed by Pacific Gas & Electric (PG&E) in AL 5853-E, Southern California Edison (SCE) in AL 4229-E, and San Diego Gas & Electric (SDG&E) in AL 3555-E to comply with CPUC D.20-05-006 implementing the Public Utility Regulatory Policies Act of 1978 (PURPA). Therefore, this Resolution also orders PG&E, SCE, and SDG&E to each file new Tier 1 advice letters with Qualifying Facilities Standard Offer Contracts modified to comply with D.20-05-006 and this Resolution. **Approved.**

Item 24: A.19-09-012 (PG&E Catastrophic Event Memorandum Account). This proposed decision would grant the joint motions of applicant PG&E and intervenors Public Advocates Office (Cal Advocates) and The Utility Reform Network (TURN) to approve and adopt their settlement agreement (Settlement Agreement) and approve PG&E's application pursuant to Public Utilities Code Section 454.9 to recover incremental costs recorded in its Catastrophic Event Memorandum Account (CEMA) regarding 13 catastrophic events (Events) in 2017 and 2018 in accordance with the provisions of the Settlement Agreement. The Settlement Agreement's revenue requirement of \$136.7 million for CEMA Events costs reflects a compromise between PG&E's adjusted revenue requirement request of \$157.1 million and the recommended respective revenue requirements of Cal Advocates and TURN of \$118.5 million and \$121.3 million. The parties' settlement also reflects agreement regarding the mechanisms for recovery of PG&E's expense revenue requirement and the revenue requirements associated with Electric Distribution and Gas Distribution capital costs. **Signed, D.20-11-035.**

¹ 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 20 days after the draft resolution appears in the Commission's daily calendar, per Rule 14.5.

Item 35: R. _____ (OIR Emergency Reliability). This rulemaking would identify and execute actions within the Commission’s statutory authority to ensure reliable electric service in the event that an extreme heat storm occurs in the summer of 2021. This rulemaking identifies the near-term actions that the Commission proposes to implement to prepare for an extended heat storm, sets forth the process for obtaining stakeholder and respondent input on the proposed actions, and establishes a schedule that will allow it to adopt relevant changes to its processes, programs, and rules in advance of the summer of 2021. The adopted changes will be in effect for calendar year 2021. **Signed, R.20-11-003.**

Item 36: Proposed Resolution WSD-011. This Resolution implements the requirements of Public Utilities Code Sections 8389(d)(1), (2), and (4) related to catastrophic wildfire caused by electrical corporations subject to the Commission’s regulatory authority. The statute requires the following: “(d) By December 1, 2020, and annually thereafter, the [C]ommission, after consultation with the [Wildfire Safety [D]ivision], shall adopt and approve all of the following: (1) Performance metrics for electrical corporations. (2) Additional requirements for wildfire mitigation plans. (4) A process for the division to conduct annual safety culture assessments for each electrical corporation. To implement Sections (d)(1) and (2), this Resolution provides updates to electrical corporations’ 2021 Wildfire Mitigation Plan (WMP) requirements, including updates to the metrics, templates, reports and maturity model required of electrical corporations for 2020 WMPs. To implement Section (d)(4), this Resolution provides a recommended process for annual safety culture assessments for each electrical corporation.” (Brackets in original.) **Approved.**

Item 37: Proposed Resolution WSD-012. This Resolution implements the requirements of Public Utilities Code Section 8389(d)(3) related to catastrophic wildfire caused by electrical corporations subject to the Commission’s regulatory authority. The statute requires the following: “(d) By December 1, 2020, and annually thereafter, the [C]ommission, after consultation with the [Wildfire Safety [D]ivision], shall adopt and approve all of the following: (3) A wildfire mitigation plan compliance process. To implement Sections [sic] (d)(3), this Resolution provides a recommended process for overseeing Wildfire Mitigation Plan (WMP) compliance for the electrical corporations.” (Brackets in original.) **Approved.**

Item 41: Proposed Resolution UED-004. This Resolution approves a citation program for enforcing the Net Energy Metering interconnection application consumer protection requirements enacted in D.16-01-044, D.18-09-044, and D.20-02-011. **Held to December 3, 2020 meeting.**

California Independent System Operator

November 18-19 Board of Governors Meeting

The California Independent System Operator (California ISO) Board of Governors adopted the Hybrid Resources Phase 2 proposal at its Board meeting last week. The Federal Regulatory Commission also approved the Hybrid Resources Phase 1 proposal last week, which the Board adopted in July. The Board also adopted the Variable Operations and Maintenance Cost Review Proposal. Proposal details are here:

<http://www.caiso.com/Documents/DecisiononVariableOperationsandMaintenanceCostReviewProposal-Memo-Nov2020.pdf>

Upcoming Meetings and Deadlines:

Hybrid Resources Phase 2: Draft Tariff Language Posted. The California ISO will hold a public stakeholder web conference on December 8, 2020, to discuss the draft tariff language for Phase 2 of the Hybrid Resources initiative. Comments are due November 30, 2020.

Maximum Import Capability Stabilization and Multi-Year Allocation: Draft Tariff and BPM Language Posted. The California ISO has scheduled a public stakeholder call on Nov. 30, 2020, to discuss the draft Tariff and Business Practice Manual language for the Maximum Import Capability Stabilization and Multi-Year Allocation initiative. Comments are due November 23, 2020.

2020-2021 Transmission Planning Process Comments due December 1. The California ISO held a public stakeholder call on November 17, 2020 to discuss the 2020-2021 transmission planning process. Written comments are due December 1, 2020.

Energy Storage and Distributed Energy Resources – Default Energy Bid: Draft Tariff Language Posted. The California ISO has published the draft tariff language for the Default Energy Bid proposal, as part of the Energy Storage and Distributed Energy Resources Phase 4 initiative. Comments are due by December 3, 2020.

Affidavits for Allocating and Retaining Transmission Plan Deliverability Due December 4, 2020. Generation interconnection customers must submit Transmission Plan Deliverability (TP Deliverability) affidavits to the California ISO by December 4, 2020 to be eligible to receive or retain deliverability allocations in the annual TP Deliverability allocation process. This also applies to wholesale distribution access tariff projects studied by the California ISO for deliverability.

Review of Final 2021 RA Compliance Filings and Determination of Deficiency. The California ISO has posted its aggregate assessment of the annual Resource Adequacy (RA) plans submitted by load-serving entities (LSE) along with the reliability-must-run units designated by the ISO for 2021. LSEs may submit revised annual RA plans by close of business December 14, 2020.

System Market Power Mitigation, Revised Initiative Schedule. The California ISO has revised the timeline for the System Market Power Mitigation initiative, which will be not be presented to the ISO Board of Governors and Western Energy Imbalance Market (EIM) Governing Body in December, as previously anticipated.

Western EIM Base Schedule Submission Deadline: Draft Tariff Language. California ISO has scheduled a public stakeholder call on December 10, 2020, to discuss the draft tariff language for the Western Energy Imbalance Market Base Schedule Submission Deadline initiative. Comments on the draft language are due by December 7, 2020.

California Energy Commission

On December 3, 2020, the California Energy Commission will hold a [workshop](#) to discuss updates to the California Energy Demand 2019-2030 Forecast. The first session of the workshop will focus on transportation energy demand. The second session of the workshop will center on self-generation and overall electricity demand.

California Air Resources Board

On December 10, 2020, the California Air Resources Board (CARB) will conduct a public meeting to consider selecting additional communities for the Community Air Protection Program created by AB 617 (2017). Community air monitoring systems and/or community emissions reduction programs would be developed and implemented in each of the additional communities chosen for the program. CARB's 2020 Community Recommendations Staff Report is available for review [here](#).

On December 9, 2020, CARB will hold two public workgroup meetings related to the proposed Advanced Clean Fleets regulation to discuss (1) cost methodology for the regulation and (2) how to transition drayage trucks to zero emissions. Meeting materials and registration is available [here](#). CARB, in collaboration with the California Energy Commission, is also now [accepting applications](#) for funding under the Zero-Emission Drayage Truck and Infrastructure Pilot Project.

California Courts of Appeal

On November 20, 2020, the First District Court of Appeal issued an opinion upholding a Superior Court decision holding that the statutory provision requiring any appeals of a California Energy Commission decision siting a thermal powerplant to be heard in the first instance by the California Supreme Court, rather than the superior courts or courts of appeal, was unconstitutional. *Communities for a Better Environment v. Energy Resources Conservation and Development Commission*, Case No. A157299. Opinion may be found here: <https://www.courts.ca.gov/opinions/documents/A157299.PDF>

Minnesota Public Utilities Commission

Fuel Clause Updates

On November 19, 2020, the Minnesota Public Utilities Commission (Commission) met to consider the 2021 fuel adjustment clause (FCA) forecasts for both Minnesota Power and Xcel. For Minnesota Power, the Commission authorized the company to implement its 2021 FCA forecast, based on forecasted sales of 8,187,964 kWh and forecasted fuel costs of \$216,381,920. The Commission also required Minnesota Power, in its 2022 forecast, to provide a more detailed and broken out sales forecast in accordance with the Department of Commerce's recommendations.

For Xcel, the Commission authorized Xcel to implement its 2021 FCA forecast, based on forecasted sales of 26,988,067 MWh and revised forecasted costs of \$749,743,000. Additionally, Xcel is required, in its 2022 true-up filing and all future filings, to identify the number of MWhs of planned outages that were originally classified as unplanned. The Commission also required Xcel to submit a compliance filing with revised tariff sheets and supporting calculations after the Commission's written order.

Commission Inquiry into Utility Privacy Policies

As a follow-up to a previous update, the Commission issued an order in MPUC Docket Nos. 19-505 and 12-1344. This matter was reintroduced upon a petition by Citizens Utility Board of Minnesota (CUB), requesting that the Commission initiate a new proceeding to adopt certain open data access standards for sharing aggregated or anonymized customer energy use data. Similar privacy standards were previously analyzed in MPUC Docket No. 12-1344 in a process that took several years to complete. CUB's petition was opposed by each utility as well as ratepayer advocates. Despite the large coalition of parties opposed, the Commission ultimately approved aspects of CUB's petition. Importantly, understanding the concerns of larger customers, the Commission restricted its order such that it does not apply to commercial/industrial customers with peak demands greater than 5 MW. As far as next steps, the Commission indicated that it will continue to develop the record on specific aggregation practices and requests that the Commissioner of Commerce seek authority to incur costs to retain an independent expert to provide feedback. Each regulated utility must also file an updated aggregation and release policy within 30 days.

Washington Utilities and Transportation Commission

On October 14, 2020, the Washington Utilities and Transportation Commission issued a notice of opportunity to file written comments and a notice of a proposed rule adoption in its Integrated Resource Plan and Clean Energy Implementation Plan rulemaking proceedings (WUTC Docket Nos. UE-10698 and UE-191023). Comments on the proposed rules were due on November 12, 2020, and a hearing on the proposed rules is scheduled for December 9, 2020.

Federal Energy Regulatory Commission

The Federal Energy Regulatory Commission (FERC) issued an order on rehearing of its PURPA Rule ([Order No. 872-A](#)) largely affirming Order No. 872 and dismissing arguments on rehearing. Order No. 872-A offers clarifications related to: (i) states' use of tiered avoided cost pricing; (ii) states' use of variable energy rates in qualifying facilities (QF) contracts and availability of utility avoided cost data; (iii) the role of independent entities overseeing competitive solicitations; (iv) the circumstances under which a small power production QF needs to recertify; (v) the application of the rebuttable presumption of separate sites for the purpose of determining the power production capacity of small power production facilities; and (vi) the PURPA Section 210(m) rebuttable presumption of nondiscriminatory access to markets.

FERC [issued a Notice of Proposed Rulemaking \(NOPR\)](#) on November 19, 2020 that would reform both the pro forma Open Access Transmission Tariff (or OATT) and the

Commission's regulations to improve the accuracy and transparency of transmission line ratings. The NOPR would (i) require transmission providers to implement ambient-adjusted ratings and seasonal line ratings on the transmission lines over which they provide transmission service; (ii) require RTOs and ISOs to establish and implement the systems and procedures necessary to allow transmission owners to electronically update transmission line ratings at least hourly; (iii) require transmission owners to share transmission line ratings and transmission line rating methodologies with their respective transmission provider(s) and, in RTOs/ISOs, with their respective market monitor(s); and (iv) seek comment on whether to require transmission providers to use unique emergency ratings. Comments will be due 60 days after the NOPR is published in the Federal Register.

FERC issued its [2020 Enforcement Report](#). FERC's enforcement priorities in 2020 focused on the same four areas as previous years: (1) fraud and market manipulation; (2) serious violations of the Reliability Standards; (3) anticompetitive conduct; and (4) conduct that threatens transparency in regulated markets. The quantity of FERC's enforcement matters appears to have decreased in 2020: there were just six new investigations (compared to 12 in 2019), settlements totaling approximately \$0.5 million (compared to \$14 million in 2019), and 10 audits (compared to 11 in 2019) directing \$98.4 million in refunds (compared to \$161.2 million in 2019). Surveillance inquiries for both natural gas and electric were up, but referrals for investigations were down slightly.

FERC's next open meeting is December 17, 2020.

FERC announced a roundtable on December 3, 2020 to discuss increased deployment of electric vehicles (EV) and EV charging infrastructure nationwide and their impact on and value to the FERC-jurisdictional transmission system and wholesale electricity markets.