

**REGULATORY UPDATE FOR OCTOBER 22, 2024  
(WEEK OF OCTOBER 14, 2024)**

**CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC OR COMMISSION)**

Proposed Decisions and Resolutions

Application (A.) 22-05-015; A.22-05-016 (General Rate Cases of Southern California Gas Company and San Diego Gas & Electric Company). This decision addresses Track 1 of the 2024 Test Year (TY) general rate case (GRC) applications of San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) (jointly Sempra Utilities). The decision adopts a 2024 TY revenue requirement of \$4.062 billion for SoCalGas, which is \$371.4 million lower than the \$4.434 billion that SoCalGas had requested in its update testimony. The adopted revenue requirement represents an increase of \$522.966 million or a 14.8 percent increase over the current revenue requirement of \$3.539 billion for 2023. Based on a high-level estimate, it is anticipated that an average residential non-California Alternate Rates for Energy (CARE) customer can expect an average monthly bill increase of \$4.12 or 5.8 percent., An average residential CARE customer can expect an average monthly bill increase of \$2.33 or 5.9 percent. The decision adopts a 2024 TY (revenue requirement of \$2.8 billion for SDG&E's combined operations (\$2.198 billion for electric and \$602.123 million for its gas operations), which is \$206.659 million lower than the \$3.007 billion that SDG&E had requested in its update testimony. The adopted revenue requirement represents an increase of \$266.962 million or a 10.5 percent increase over the current revenue requirement of \$2.533 billion for 2023. Based on a high-level estimate, it is anticipated that a typical non-CARE residential electric customer can expect a monthly bill increase of \$4.46 or 2.7 percent, and a CARE residential electric customer can expect a monthly bill increase of \$2.90 or 2.7 percent. An average SDG&E non-CARE residential gas customer can expect a monthly bill increase of \$5.01 or 8.6 percent, and a CARE residential gas customer can expect an increase of \$3.47 or 8.8 percent for gas services. The decision authorizes a PTY base revenue increase (operations and maintenance and capital revenue requirement) of 4 percent each year for 2025, 2026, and 2027. For SoCalGas, the decision adopts a PTY revenue requirement of \$4.220 billion for 2025, \$4.384 billion for 2026, and \$4.555 billion for 2027. For SDG&E, the decision adopts a PTY revenue requirement of \$2.910 billion for 2025, \$3.025 billion for 2026, and \$3.145 billion for 2027. The balance recorded in SoCalGas's and SDG&E's GRC Revenue Requirement Memorandum Account from January 1, 2024, until the new tariffs authorized in this decision are implemented, will be amortized in rates over 18 months from the date the new tariffs are implemented.

This decision authorizes funds to underground additional miles of electric lines, but not to the degree requested by SDG&E. Other improvements adopted in this decision include upgrades to natural gas compressor stations, control centers, natural gas leak detection systems, and drones to inspect electric lines. This decision authorizes clean energy innovations that Sempra Utilities demonstrated would benefit ratepayers and be cost effective, but not other innovations, such as using hydrogen, that have not been demonstrated to be directly related to its core function of providing safe and reliable gas service. The decision highlights a pattern of misclassification of costs at Sempra Utilities, where the company has charged ratepayers for lobbying, political activities, and expenses related to outside legal firms. The decision also adopts two settlement

agreements, the Insurance and Customer Services-Information, without modification, and denies the settlement between Sempra Utilities and Cal Advocates on various issues.

### Voting Meeting

The CPUC held a voting meeting in Sacramento, California on October 17, 2024 at 11:00 a.m. The following are [results](#) for energy-related items on the [agenda](#):

Item 3. Resolution (Res) E-5330 (California Contractors State License Board for Solar Energy System Disclosure Document). This resolution updates the inputs and assumptions used in bill savings estimates provided to potential Investor-Owned Utility (IOU) solar customers by solar providers to align with the net billing tariff, pursuant to Decision (D.) 23-11-068 and D.20-08-001. Following Commission adoption of this resolution and the stakeholder review process, the California Contractors State License Board will make any edits suggested by the Commission or the stakeholders if they are consistent with the requirements of Business and Professions Code § 7169(c) and finalize the Solar Energy System Disclosure Document. This disclosure document is incorporated into the required documentation necessary to interconnect as residential solar and storage system under the NEM and NBT tariffs. **Withdrawn.**

Item 4. Res ALJ-463 (Shell Energy North America (US), L.P. d/b/a Shell Energy Solutions' (Shell Energy) appeal of Citation No. E-4195-0113 by the Commission's Consumer Protection and Enforcement Division). Citation E-4195-0113 cites and fines Shell Energy \$567,132.50 for failing to procure certain of its 2020 local resource adequacy (RA) obligations in the Stockton local reliability area. The issues addressed in the appeal related to: (1) whether the citation correctly identified Shell Energy's deficiencies in meeting its local RA obligations, and (2) whether the citation penalty for Shell Energy's local RA deficiencies was correctly calculated and lawfully assessed based on the five-factor test identified in D.98-12-075. This resolution denies the appeal and closes this proceeding. **Approved.**

Item 5. A.23-04-005 (Merced Dairy Biomethane Pilot Project Costs). This decision finds reasonable and authorizes Pacific Gas & Electric Company (PG&E) to recover in rates and reimburse Maas Energy Works, Inc. (MEW) \$4,917,819 above the bid amount of \$10,183,855 approved for the Merced Pipeline Dairy Digester Cluster Project. The amount represents approximately 58% of MEW's requested overage of \$8,517,000. PG&E procured the MEW project pursuant to Senate Bill (SB) 1383 (Stats. 2016, Ch. 395), which requires a comprehensive strategy to reduce statewide emissions of methane by 40% below 2013 levels by 2030. **Signed, D.24-10-004.**

Item 12. A.23-07-005 (SoCalGas Cost Incentive Mechanism). This decision approves SoCalGas's request for a shareholder reward of \$22,680,519 for Year 29 (2022-2023) of the company's Gas Cost Incentive Mechanism (GCIM) performance. The Commission's Public Advocates Office verified that SoCalGas's recorded gas costs were \$417,641,233 below the benchmark, which results in a reward of \$22,680,519 to SoCalGas's shareholders and a ratepayer benefit of \$394,960,714. The purpose of the GCIM is to provide SoCalGas with a financial incentive to purchase and transport gas for core ratepayers at a cost that is equal to, or less than, prevailing market prices. **Signed, D.24-10-007.**

Item 13. Res E-5349 (SoCalGas Demand Response Tariffs). This resolution authorizes certain changes to Southern California Edison Company's (SCE) Summer Discount Plan (SDP), Base Interruptible Program (BIP), and Agricultural & Pumping Interruptible (AP-I) programs, as proposed in SCE Advice Letters 5237-E and 5237-E-A. Specifically, the following proposed changes are approved: changes to BIP and AP-I enrollment and retention conditions; changes to BIP and AP-I reliability cap and lottery system; and removal of event days for incentive calculations. This resolution also directs SCE to submit a Tier 2 Advice Letter within 30 days of the issuance of this resolution, proposing updated incentive rate levels for SDP and AP-I. The calculation of updated incentive rate levels must incorporate the use of accurate and current variables, including but not limited to a reduction of the Planning Reserve Margin adder from 9% to 0% consistent with D.23-06-029. **Approved.**

Item 14. A.22-04-008 et al. (IOU Modifications of the Energy Cost of Capital Mechanism and Future Cost of Capital Applications). This decision modifies the Cost of Capital Mechanism that impacts the authorized cost of capital for PG&E, SCE, SDG&E, and SoCalGas (Applicants) with an effective date of January 1, 2025 and the following returns on equity for each Applicant: PG&E 10.28%, SCE 0.33%, SDG&E 10.23%, and SoCalGas 10.08%. This decision also adopts a filing date of March 20 in the year prior to the test year for cost of capital applications being filed by the Applicants. This decision declines to implement distinct electric and gas returns on equity for combined service gas and electric utilities. This decision further denies PG&E's Yield-Spread Adjustment request. This decision does not make any other policy modifications to future cost of capital applications. **Signed, D.24-10-008.**

Item 15. Rulemaking (R.) 24-01-017 (Renewables Portfolio Standard Program Compliance Period 2017-2020). This decision enforces California's Renewables Portfolio Standard (RPS) program and rules against CleanPowerSF, Direct Energy Business, LLC, and Pilot Power Group, LLC for non-compliance with mandatory inclusion of non-modifiable standard terms and conditions in their RPS contracts. The decision substantially reduces the initial proposed penalties of \$10,010,909, \$5,927,057, and \$1,014,667, respectively, and instead directs each retail seller to pay a penalty of \$500. This decision also finds that CleanPowerSF, Direct Energy Business, LLC, and Pilot Power Group, LLC have complied with the RPS program procurement quantity requirements for Compliance Period 3, covering 2017-2020. Therefore, the decision finds that pending waiver requests to determine compliance with the RPS procurement reporting requirements and to rescind the assessed penalties are moot and do not require further resolution. **Signed, D.24-10-009.**

Item 19. Petition 24-03-013 (Petition of the Public Advocates Office to Adopt, Amend, or Repeal a Regulation Pursuant to Public Utilities Code Section 1708.5). This decision denies the Public Advocates Office's petition to open a rulemaking to align demand-side program designs and budgets with California's current electrification, decarbonization, equity, and reliability goals (Petition). The Petition intends to exclusively align energy efficiency, low-income energy efficiency, and demand response program designs and budgets with the state's current climate and energy goals. The decision finds that although the Petition raises important issues related to affordability and other energy and climate goals, it is duplicative of active Commission proceedings, or has already been considered in other Commission proceedings within the previous 12 months. The decision also finds that the Petition is overly broad in scope

and fails to meet the requirements of Rule 6.3 of the Commission's Rules of Practice and Procedure. **Signed, D.24-10-011.**

Item 21. Res E-5347 (PG&E Medium and Heavy-Duty Electric Vehicle Charging Infrastructure Program and EV Fleet). This resolution approves PG&E's request to modify one *per se* reasonableness metric for its medium- and heavy-duty electric vehicle (EV) charging infrastructure program, EV Fleet: its program site requirements. This resolution denies PG&E's request to increase the program administration cap to 12% of the infrastructure budget. **Approved.**

Item 44. R.21-06-017 (Distribution Planning and Execution Process Improvements). This decision adopts near-term improvements to the distribution planning and execution process and directs the IOUs to comply with certain recommendations from the Staff Proposal to Improve the Distribution Planning and Execution Process. The decision provides flexibility to the IOUs to use the results of the annual Distribution Planning Process as a basis for requesting forecasting distribution upgrade costs within a general rate case and removes Ordering Paragraphs 2(h) and 2(i) of D.18-02-044 which limited such requests. The decision also makes several changes related to the Integration Capacity Analysis results in the data portals and the data portals themselves. **Signed, D.24-10-030.**

#### Upcoming Workshops and Events

*DER Working Group Workshops.* As part of Track 2 of the Commission's R.22-11-013 to consider Distributed Energy Resource (DER) Program Cost-Effectiveness Issues, Data Access and Use, and Equipment Performance Standards, the Commission is hosting a series of workshops from August 2024 through January 2025 to convene stakeholders and assess data needs, use cases, and desired delivery tools. This may include examination of data privacy and confidentiality rules, cybersecurity issues, and other issues. These meetings will culminate in a draft and final report with recommendations for the CPUC to consider. The remaining meetings are scheduled to occur on the following Mondays from 2:00 to 5:00 p.m.: November 18, December 16, and January 13. Additional information regarding the DER Working Group is available [here](#), and event registration details are available [here](#).

### **CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO)**

#### Stakeholder Initiatives: Upcoming Meetings and Deadlines

**FERC Order No. 1920 Engagement Period.** CAISO will initiate an engagement period as required under FERC Order No. 1920, to enable engagement with relevant state entities on a Long-Term Regional Transmission Cost Allocation Method and/or State Agreement Process, on November 1, 2024 and end this engagement period on May 1, 2025. Further information is available [here](#).

**Storage Bid Cost Recovery and Default Energy Bids Enhancements.** CAISO has posted the Storage Bid Cost Recovery and Default Energy Bids Enhancements addendum to the

draft final proposal and a spreadsheet containing additional examples. Further information is available [here](#).

**Resource Adequacy Modeling and Program Design.** CAISO has published an updated White Paper detailing the interactions between the CPUC forthcoming Slice of Day Resource Adequacy (RA) framework and the ISO's RA processes. This updated document provides refreshed guidance based on changes made to the CPUC's Slice of Day framework following the original document's publication in January 2024. Further information is available [here](#).

**Annual Policy Initiatives Roadmap 2025.** CAISO has posted the Policy Initiatives Catalog and Roadmap Process document related to the 2025 Annual Policy Initiatives Roadmap Process to its [website](#). This document describes the policy catalog and roadmap development process and identifies opportunities for stakeholder engagement.

**Penalty Proceeds and Nonrefundable Interconnection Funds.** CAISO announced that it is distributing penalties collected under the Rules of Conduct for 2023, posting an informational report of penalties collected, and distributing forfeited nonrefundable interconnection study deposits for 2023. Further information is available [here](#).

**Interconnection Process Enhancements 2023 Track 2.** CAISO has posted revisions to the Constraint Mapping 2024 Interconnection Process Enhancements and Interconnection Area Substation Point of Interconnection documents related to Cluster 15 Interconnection facility information. Further information is available [here](#).

**Final 2025 Effective Flexible Capacity.** CAISO has posted the final 2025 RA Effective Flexible Capacity list to its website, available [here](#).

**Final 2025 Net Qualifying Capacity.** CAISO has posted the Final 2025 RA Net Qualifying Capacity list for requesting resources, available [here](#).

**Transmission Capability Estimate Inputs.** CAISO has posted updated information on the transmission capability estimate inputs for the CPUC integrated resource planning. Further information is available [here](#).

**Cluster 15 Application Resubmission Window.** CAISO has informed generation interconnection customers that the Cluster 15 Generation Interconnection Application Resubmission window for existing applications will be open October 1 through December 2, 2024. Further information is available [here](#).

**CAISO Stakeholder Symposium.** CAISO will host its Stakeholder Symposium on October 30, 2024 in downtown Sacramento, California, along with a welcome reception on the evening of October 29. Additional information, including reception details, event registration, and sponsorship opportunities, is available [here](#).

**Interconnection Process Enhancements 2023 Track 3A.** CAISO held a working group call on October 17, 2024, to discuss Transmission Plan Deliverability for Track 3A of the

Interconnection Process Enhancements 2023 initiative. Written comments are due October 24, 2024. Further information is available [here](#).

**Western Energy Markets Regional Issues Forum.** The Western Energy Markets Regional Issues Forum has announced that it will hold a meeting at the Safe Credit Union in Sacramento, California, on October 29, 2024. Registration is requested for in-person attendees. Additional information is available [here](#).

**2026 Local Capacity Requirements.** CAISO will hold a public stakeholder call on October 31, 2024, to discuss the criteria, methodology, and assumptions to be used in the 2026 Local Capacity Technical study. CAISO has also posted a draft study manual that addresses these topics. Written comments on the study manual are due on November 14, 2024. Further information is available [here](#).

**New Initiative Congestion Revenue Rights Enhancements.** CAISO has launched a new Congestion Revenue Rights Enhancements Initiative. CAISO will host a hybrid stakeholder working group meeting on November 14, 2024, with a tentative discussion paper posting on November 7, 2024. Further information is available [here](#).

**Resource Adequacy Modeling and Program Design.** CAISO will hold two Resource Adequacy Modeling and Program Design (RAMPD) policy hybrid workshops on November 18, 2024, and November 19, 2024. Attendees may choose to participate in person or virtually, and registration is due November 8, 2024. Further information is available [here](#).

## **CALIFORNIA ENERGY COMMISSION (CEC)**

### 2024 Integrated Energy Policy Report (IEPR) Update

The CEC is working on its 2024 IEPR Update and ongoing workshops are being held through December 2024 to develop the record. The policy recommendations included in the 2024 IEPR Update will be based on the record developed during the proceedings, including data and technical analyses by staff and stakeholders. Upcoming IEPR workshops include the following (note: the [workshop schedule](#) is subject to change):

**November 7, 2024:** [Electricity Forecast, Load Modifier Results](#) – 1:00 p.m.

**December 12, 2024:** Electricity Forecast, Annual and Hourly Results – 1:00 p.m.

**January 2025 TBD:** Business meeting to consider adoption of the Electricity Demand Forecast.

**February 2025 TBD:** Business meeting to consider adoption of the 2024 IEPR Update.

In addition, on September 27, 2024, the CEC circulated a “Save the Date” to the IEPR listserv recipients regarding a Demand Analysis Working Group (DAWG) meeting to discuss 2024 IEPR Update Load Modifiers Draft Results. According to the email, topics of discussion at the

meeting will be to discuss the draft results for the following forecast components: behind-the-meter PV and storage; additional Achievable Transportation Electrification; additional Achievable Energy Efficiency and Fuel Substitution; and data centers. This is an in-person and remote (hybrid) workshop. An agenda, supporting materials, and attendance instructions will be available in advance of the meeting on the [DAWG website](#).

#### Electric Program Investment Charge (EPIC)

The 10th Annual [EPIC Symposium](#) will be held in Sacramento, California on October 28, 2024. The CEC is one of four EPIC administrators, alongside PG&E, SCE, and SDG&E, that fund research, development, and demonstrations of clean energy technologies and innovations, such as battery manufacturing, zero-carbon fleets, and industrial decarbonization. Registration for the Symposium is free and is now [open](#) on the CEC's website. The agenda for the Symposium is available [here](#), and includes two breakout sessions that will focus on (1) Medium- and Heavy-Duty Transportation Electrification, and (2) DER integration.

On November 5, 2024, the CEC will host a webinar regarding current floating offshore wind research and development projects funded by the EPIC Program. Attendance instructions and additional information are available [here](#).

#### SB X1-2 Pre-Rulemaking Workshop

The CEC announced it will host a workshop on November 12, 2024 from 10:00 a.m. to 12:00 p.m. to discuss the proposed rulemaking to implement provisions of the Public Resources Code in response to SB X1-2 (Stats. 2023), which amended the Petroleum Industry Information Reporting Act of 1980 to include additional reporting requirements designed to collect data regarding refinery spot market transactions, inventory, and other industry information. Additional information regarding the regulations is available on Docket No. 23-OIR-03, available [here](#).

#### RPS Guidebook Tenth Edition Guidebook Update

On October 18, 2024, the CEC issued a notice and request for comment on the proposed scope for the Draft RPS Eligibility Guidebook, Tenth Edition. The RPS Guidebook provides information regarding facility certification requirements and generation reporting requirements. It is the primary resource to learn about RPS participation and overall program guidance. The RPS Guidebook is revised periodically to reflect statutory, market, and regulatory developments. The most recent edition of the Guidebook ([the Ninth](#)) was adopted in 2017. The proposed scope of updates is included in the Notice, available [here](#), and written comments on the scope may be submitted through 5pm on November 1, 2024.

#### Power Source Disclosure (PSD) Program – Amended Regulations

On September 30, 2024, the CEC issued a [notice](#) formally announcing its postponement of its hearing date to consider and possibly adopt the proposed amendments to the PSD Program regulations. The CEC states that it has postponed the hearing date in light of comments received

during the public meeting held on June 11, 2024, and the 45-day comment period. On October 1, 2024, the CEC issued a notice reopening the 45-day comment period and providing proposed revisions to the amended regulations. A [revised notice](#) of availability was published on October 4, 2024. A link to the proposed amendments is available [here](#), and additional information regarding the proposed amendments to the PSD regulations is available on the 21-OIR-01 docket, [here](#). Comments on the revised proposed amendments may be submitted to the docket through November 19, 2024.

### Gas Reliability

The CEC will host a [remote workshop](#) on October 30, 2024 to discuss 2024-25 Winter Gas Reliability. According to the workshop notice, “CEC staff’s Winter 2024-25 Gas System Reliability Assessment provides an independent analysis of the expected reliability of service in Winter 2024-25 for both the PG&E and SoCalGas systems” and this is the “first assessment that includes a winter analysis of the PG&E system.”

### CEC Business Meetings

The next CEC Business Meeting is scheduled for November 13, 2024.

## **CALIFORNIA AIR RESOURCES BOARD (CARB)**

### Meetings, Workshops, and Notices

CARB will hold its next [Board meeting](#) on October 24, 2024. The agenda for the meeting is available [here](#). At the meeting, CARB will consider [amendments](#) to the Advanced Clean Trucks regulation.

CARB has issued a [notice](#) regarding updates to the Cap-and-Trade Regulation, including anticipated topics for forthcoming amendments to the regulation.

On October 23, 2024, CARB will hold a webinar on the [discussion draft](#) of the 2025 Mobile Source Strategy. More information is available [here](#).

On October 24, 2024, CARB will hold a public workshop to discuss the development of the first [statewide aircraft emissions inventory model](#). Additional information is available [here](#).

On October 24, 2024, the [ZEV Tour Clean Fleet Experience](#) will be hosted in Lodi, California at Western Truck Center. CARB, CALSTART, local agencies, air districts, utilities, and clean transportation companies will be present at the event to offer information on clean fuel vehicles, infrastructure and energy programs, CARB’s Advanced Clean Fleets and Clean Truck Check rules, incentives, funding, and test drives of zero-emission trucks.

On October 29, 2024, CARB will host a [meeting](#) of the [Advanced Clean Fleets](#) regulation, Outreach Truck Regulation Implementation Group. Registration is available [here](#).



On November 1, 2024, CARB will hold a [webinar](#) on exemptions and extensions for the [Advanced Clean Fleets](#) regulation. Participants should submit any questions on the webinar topic in advance of the webinar [here](#) on or before October 22, 2024. Registration is available [here](#).

On November 4, 2024, CARB will host a [meeting](#) of the [Advanced Clean Fleets](#) regulation, Infrastructure Truck Regulation Implementation Group on hydrogen as a fuel and related topics. Registration is available [here](#).

On November 7, 2024, CARB will conduct a joint public meeting with the California Transportation Commission and the California Department of Housing and Community Development. More information is available [here](#).

On November 7, 2024, the Public Health Workgroup of the California Climate Action Team will hold a [virtual meeting](#) about the Public Health Report of California's [Fifth Climate Change Assessment](#).

On November 8, 2024, CARB will hold a [public hearing](#) to consider amendments to the [Low Carbon Fuel Standard](#). Modified text of the proposed amendments and additional rulemaking documents are posted [here](#).

On November 13, 2024, CARB and CALSTART will host a [Zero-Emissions Showcase and Ride & Drive](#) event in Pomona, California, featuring medium- and heavy-duty trucks, heavy-duty off-road equipment, school and transit buses, and commercial vans.

On November 21, 2024, at its regular Board meeting, CARB will conduct a public meeting to consider approval of the Fiscal Year 2024-25 proposed [Funding Plan for Clean Transportation Incentives](#). The proposed plan is available [here](#).

The F-gas Reduction Incentive Program is accepting applications from October 14, 2024 to January 31, 2025 to receive funding to install climate-friendly refrigerant technologies at commercial and industrial facilities. Applications and more information are available [here](#).

The [California Volkswagen Mitigation Trust](#) is accepting applications for funds on a first-come, first-served basis for combustion freight and marine and zero-emission class 8 trucks. Applications for funding are available [here](#).

#### Opportunities for Public Comment

CARB has made available for public comment [proposed amendments](#) to the [Advanced Clean Trucks](#) regulation and the [Zero-Emission Powertrain Certification](#) test procedure. Public comment on the proposed amendments may be provided to CARB [here](#) on or before October 22, 2024.

Comments on the upcoming [joint public meeting](#) of CARB, the California Transportation Commission, and the California Department of Housing and Community Development may be submitted during the meeting or prior to the meeting [here](#) no later than October 28, 2024.

CARB is accepting public comments on the Fiscal Year 2024-25 proposed [Funding Plan for Clean Transportation Incentives](#) in advance of the November 21, 2024 meeting where the Board will consider adoption of the plan. Comments may be submitted [here](#) on or before November 12, 2024.

### **MINNESOTA PUBLIC UTILITIES COMMISSION (MPUC)**

At its October 24, 2024, agenda meeting, the MPUC will consider whether to approve the Minnesota Energy Resources Corporation's petition for approval of its 2024 depreciation rates (including its plant in service, depreciation reserve, and depreciation accruals), effective January 1, 2024, as recommended by the Department of Commerce. The MPUC Docket No. for this matter is G-011/D-24-209.

Additionally, the MPUC will consider whether to accept the settlement offer in Minnesota Power's request to increase its electric service rates in Minnesota, as recommended by the Administrative Law Judge, in which parties agreed to a gross revenue deficiency of \$89.2 million (or \$33.97 million, net of riders). The MPUC Docket No. for this matter is E-015/GR23-155.

On October 29, 2024, the MPUC will hold a planning meeting regarding data centers and their development in Minnesota. The agenda is available [here](#).

### **FEDERAL ENERGY REGULATORY COMMISSION (FERC)**

At the October 17, 2024 Open Meeting, the Commission issued [Order No. 904: Final Rule, Compensation for Reactive Power Within the Standard Power Factor Range](#) in Docket No. RM22-2. FERC found that allowing transmission providers to charge transmission customers for a generating facility's provision of reactive power within the standard power factor range is unjust and unreasonable. Therefore, FERC revised Schedule 2 of its *pro forma* open-access transmission tariff (OATT), section 9.6.3 of its *pro forma* large generator interconnection agreement (LGIA), and section 1.8.2 of its *pro forma* small generator interconnection agreement (SGIA).

FERC explained, the revision to Schedule 2 of the *pro forma* OATT prohibits separate compensation for the provision of reactive power within the standard power factor range specified in an interconnection agreement. FERC further explained that the revisions to the *pro forma* LGIA and *pro forma* SGIA prohibit a transmission provider from including in its transmission rates any charges associated with the supply of reactive power within the specified power factor range from a generating facility. As a result, transmission providers will be required to pay an interconnection customer for reactive power only when the transmission

provider requests the interconnection customer to operate its facility outside the power factor range set forth in its interconnection agreement.

All transmission providers must make compliance filings within 60 days of the effective date of the final rule, which will be 60 days after the order is published in the Federal Register. In addition to the revisions to the *pro forma* OATT, LGIA, and SGIA, the compliance filings must include a proposed effective date within 90 days from the date of the compliance filing. However, FERC noted that it will allow ISO-NE, NYISO, and PJM to request a later effective date.

On November 1, FERC will hold a Commissioner-led technical conference to discuss issues related to the co-location of large loads at generating facilities. The technical conference will take place on November 1, 2024, from 10:00 a.m. to 3:00 p.m. Eastern Time, with a lunch break. The technical conference will be held in-person at the Commission's headquarters at 888 First Street NE, Washington, D.C. 20426, in the Commission Meeting Room and will be webcast. Broadly, issues to be explored at the technical conference include whether co-located loads require the provision of wholesale transmission or ancillary services, related cost allocation issues, and potential RA, reliability, affordability, market, and customer impacts.

The initial agenda indicates that the technical conference will explore potential issues associated with the development and operation of large loads co-located at generating facilities, such as (1) various configuration options for large loads co-located with existing or new generation; (2) whether and how large co-located loads receive wholesale market services or benefits from the transmission system, how those benefits vary by configuration, whether and how those benefits can or should be measured for the purposes of cost allocation, what challenges arise in ensuring appropriate cost allocation, and any potential for cross-subsidization; (3) what impact various co-location configurations may have on reliability and RA; (4) cost and impact of backup services for large co-located loads; (5) what impact large co-located load arrangements may have on Commission-jurisdictional markets, such as implications for energy, ancillary services, and capacity market prices; and (6) whether any necessary studies on reliability or grid impacts should be conducted by the relevant RTO/ISO or utility. Additionally, a roundtable with consumer advocates, state Public Utility Commissioners, and other state representatives will explore issues pertaining to affordability, consumer impacts, and state policy issues associated with large co-located load arrangements, including retail and wholesale issues such as financial subsidies. State policy issues may include, but are not limited to, policies that support the development of large loads as economic investments, policies restricting the development of large co-located loads, and policies regarding retail contracts and tariffs relevant to co-locating large loads. The panelists will also discuss the interaction between state and federal jurisdiction as it relates to large co-located loads. Further information is available [here](#).