

**REGULATORY UPDATE FOR AUGUST 2, 2021 (WEEK OF JULY 26)****CALIFORNIA**

On July 30, 2021, Governor Newsom issued a proclamation declaring a state of emergency in an attempt to address shortfalls in electric capacity for the summers of 2021 and 2022. The proclamation notes that climate change and extreme heat have created a risk of energy shortages, including the loss of nearly 1,000 megawatts (MW) of hydroelectric capacity due to California's drought, and wildfire threats to transmission, resulting in a reduction of almost 4,000 MW in July 2021 due to fire threats to the California-Oregon Intertie. The proclamation takes a number of actions intended to expedite the development of new capacity, and to make additional capacity available, including directing that the Department of Finance fund new demand reduction programs developed by investor-owned or publicly owned utilities. The demand reduction programs would only be triggered when the California Independent System Operator (ISO) notices a Grid Warning or Grid Emergency.

**CALIFORNIA PUBLIC UTILITIES COMMISSION**New Proposed Decisions and Draft Resolutions<sup>1</sup>

None.

Voting Meetings

The Commission's next voting meeting is scheduled for August 5, 2021. The agenda includes the following energy-related items.

Item 3. Draft Resolution G-3583. This Resolution adopts a Backbone Transmission Service Credit mechanism for the San Diego Gas & Electric Company (SDG&E) customers who pay for, but do not receive, firm Backbone Transmission Services because of maintenance-related outages. The Backbone Transmission Service Credit shall be included in an affected customer's monthly gas bill.

Item 4. Draft Resolution G-3581. This Resolution adopts a Backbone Transmission Service Credit mechanism for the Southern California Gas Company (SoCalGas) customers who pay for, but not do receive, firm Backbone Transmission Services because of maintenance-related outages. The Backbone Transmission Service Credit shall be included in an affected

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<sup>1</sup> Per California Public Regulatory Commission (CPUC or 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 CPUC's daily calendar, per Rule 14.5.

customer's monthly gas bill.

Item 7. I.00-11-001 (Transmission and Distribution Constraints). This decision denies SDG&E's petition to modify Decision (D.) 06-09-003 to exempt it from the requirement to submit quarterly reports concerning its transmission projects.

Item 11. R.14-10-003 (DER Framework). This decision closes R.14-10-003. The proposed decision concludes that the Commission has largely resolved the issues it set out to accomplish through development of the Competitive Solicitation Framework for distributed energy resources, pilots of two additional frameworks for the procurement of distributed energy resources, and updates on the cost-effectiveness analysis framework for distributed energy resources. While these actions have continuing related activities, the decision finds that the continuing activities can be more appropriately resolved in other rulemakings.

Item 13. A.18-06-015 (SCE Charge Ready 2 Infrastructure). This decision clarifies that Southern California Edison (SCE) shall not subtract the bridge funding approved in D.18-12-006 from the authorized Charge Ready 2 budget. SCE is authorized \$436 million for the utility's Charge Ready 2 electric vehicle charging infrastructure and market education program, authorized in Commission D.20-08-045.

Item 14. Draft Resolution M-4856. This Resolution ratifies the June 28, 2021 letter by the Executive Director of the Commission to Pacific Gas and Electric Company (PG&E), directing PG&E to comply with specific additional requirements with regard to PG&E's reliance on tree overstrike criteria in its public safety power shutoff de-energization decision-making during the 2021 wildfire season. These requirements include additional noticing, public safety partner coordination, reporting, assessment of additional resource deployment, and protocol for adjustments or cancellations of PG&E's reliance on tree overstrike criteria.

Item 16. A.19-07-021 (SCE 2017 Drought and Firestorm Recovery). This decision grants SCE the authority it requests to recover the incremental expenses recorded in the Catastrophic Event Memorandum Account, incurred in 2017-2018 responding to catastrophic drought conditions, but denies without prejudice recovery of capital costs incurred in 2017 for responding to catastrophic firestorms.

Item 21. Draft Resolution G-3585. This Resolution eliminates lower and upper action level specifications (as defined in D.14-01-034) for biological contaminants—formally referred to as “biologicals”—from the Standard Renewable Gas Interconnection Tariff, deletes biologicals from the table of “Maximum Constituent Concentrations,” includes biologicals in the pre-injection testing procedure, and implements this modification in each gas utility's respective tariff, as PG&E, SoCalGas, Southwest Gas Company, and SDG&E requested in their Advice Letters (ALs) filed pursuant to Ordering Paragraph 11 of D.20-12-031.

Item 33. Draft Resolution M-4855. In D.20-05-053, approving the Bankruptcy Plan of Reorganization for PG&E, the Commission directed PG&E to file a Tier 3 Advice Letter to establish terms for PG&E to engage an Independent Safety Monitor (ISM). The ISM will fulfill a role that supports the Commission's ongoing oversight of PG&E's activities related to electric

and gas safety. This Resolution directs that the ISM's engagement will begin before the term of the Federal Monitor appointed in PG&E's federal criminal probation proceeding before Judge William Alsup, case number CR 14-00175 WHA (N.D. Cal.), expires in early 2022, and will continue for five years thereafter. On March 15, 2021, PG&E submitted AL 4401-G/6116-E pursuant to D.20-05-053. This Resolution approves portions of the AL with modifications, and denies PG&E's request to establish a memorandum account. Specifically, the Resolution addresses the following: (1) solicitation and selection of the ISM; (2) ISM scope of work; (3) annual budget; (4) schedule and duration; and (5) memorandum account and cost recovery. As directed in D.20-05-053, the Commission seeks to ensure the ISM has a role "functionally equivalent" to the Federal Monitor.

## **CALIFORNIA ISO**

### **Stakeholder Initiatives: Upcoming Meetings and Deadlines**

**2021-2022 Transmission Planning Process.** The California ISO has posted a white paper and held a public stakeholder call on July 27, 2021 to discuss transmission capability information provided to the CPUC through its Integrated Resource Planning Process, and updates for the 2021-2022 transmission planning process and the 20-year transmission outlook. Written comments are due August 10, 2021.

**Day-Ahead Market Enhancements Second Revised Straw Proposal.** Written comments on the Day-Ahead Market Enhancements initiative straw proposal are due by end of day August 18, 2021.

**Summer Market Performance Report for June 2021.** The California ISO has scheduled an informational stakeholder call on August 2, 2021 to discuss its June 2021 Summer Market Performance Report. This is a new report that focuses on market performance and system conditions during the 2021 summer when the California power grid and Western Interconnection are particularly challenged.

## **CALIFORNIA ENERGY COMMISSION**

**EPIC 2021-2025 Investment Plan.** On June 2, 2021, California Energy Commission (CEC) Staff published a Notice of Staff Workshops regarding a series of remote access workshops to discuss the Electric Program Investment Charge (EPIC) 2021-2025 Investment Plan (EPIC 4 Investment Plan) and solicit public input on specific research topics to inform the plan. The workshops will review the research initiatives proposed in the draft EPIC 4 Investment Plan and solicit public input.

As background, the CPUC established EPIC in 2012 to fill a critical gap in funding for public investments in clean energy research and technology innovation that can provide benefits to electric ratepayers through greater reliability, lower costs, and increased safety. On September 2, 2020, the CPUC renewed EPIC for an additional 10 years (January 1, 2021 through December 31, 2030) in D.20-08-042. The CPUC approved the CEC as an EPIC administrator with an annual budget of \$148 million for the first five years and ordered the investor-owned

utilities to collect funds for the renewed EPIC starting January 1, 2021. The decision requires the CEC to file an investment plan to the CPUC by October 1, 2021 to cover the period of January 1, 2021 to December 31, 2025 (referred to as EPIC 4). According to the Public Notice, CEC Staff anticipates that the CPUC will issue a decision on the EPIC 4 Investment Plan in spring 2022. More information on the CEC's administration of the EPIC program is available [here](#).

The series of CEC Staff workshops started on June 14, 2021 and will culminate in an August 4, 2021 workshop entitled "Draft Initiatives for EPIC 4" that will review the research initiatives proposed in the draft EPIC 4 Investment Plan and solicit public input. A copy of the August 4, 2021 workshop notice (including attendance instructions) and the draft initiatives are available [here](#).

**CEC Business Meetings.** The next CEC Business Meeting will be held remotely on August 11, 2021. The meeting agenda is available [here](#).

### **CALIFORNIA AIR RESOURCES BOARD**

On August 3, 2021, the California Air Resources Board (ARB) will host a virtual public meeting of the Assembly Bill (AB) 32 Environmental Justice Committee. A link to the meeting is available [here](#).

On August 12, 2021, the AB 617 Consultation Group will hold a virtual meeting. Meeting information and a link to the meeting are available [here](#).

On August 17, 2021, ARB will hold a [Technical Workshop](#) on development of modeled scenarios that lead to carbon neutrality by 2045, as part of the [AB 32 Scoping Plan Update](#). In June, ARB held a [series of public workshops](#) on development of the 2022 Scoping Plan Update. Recordings of the workshops are [available online](#). Recordings of past technical workshops, including on engineered carbon removal and natural and working lands, are also [available](#). Comments on the engineered carbon removal technical workshop, held August 2, 2021, can be submitted [here](#) on or before August 16, 2021. Comments on the natural and working lands technical workshop, held July 20, 2021, can be submitted [here](#) on or before August 4, 2021.

ARB is accepting informal public comments on the proposed [Advanced Clean Fleets](#) regulation, which aims to achieve a zero-emissions truck and bus California fleet by 2045. Comments may be [submitted](#) on or before September 15, 2021.

The next Board meeting will be held September 9, 2021. The meeting agenda will be made available [here](#) 10 days prior to the meeting.

## **OREGON**

### **Oregon Community Solar Program (CSP) Updates**

Last Wednesday, July 28, the Oregon Public Utility Commission (OPUC) issued an order approving a notice of proposed rulemaking related to the Oregon CSP. The proposed rulemaking relates to dispute resolution and revocation of project certification and pre-certification status under the Oregon CSP. The final draft rules can be found [here](#).

Additionally, last Thursday, July 29, the OPUC issued an order which approved the Cherry Creek Solar Project, located in Klamath County for pre-certification under the Oregon CSP. Further details on the project can be located [here](#).

### **Oregon Adopts Aggressive Clean Energy Transition Goal**

Last Tuesday, July 27, Governor Kate Brown signed HB 2021 into law, which establishes Oregon's goal of reaching 100% clean energy by 2040. Along with HB 2165, HB 2475, and HB 3141, HB 2021 will address climate change by reducing greenhouse gas emissions, creating more clean tech jobs, and enhancing energy efficiency in Oregon.

## **WASHINGTON**

### **WUTC Grants Avista Extension on RFP Filing Deadline**

Last Thursday, July 29, the Washington Utilities and Transportation Commission (WUTC) issued an order granting Avista an extension on its request for proposal (RFP) filing. Avista applied for the extension, arguing that with additional time both the utility and independent power producers would benefit from utilizing better regional resource adequacy metrics. WUTC approved the petition and set the new RFP filing deadline as November 1, 2021. The order can be found [here](#).

## **FEDERAL ENERGY REGULATORY COMMISSION**

The Bonneville Power Administration (BPA) announced last week its intention to join the California ISO's Energy Imbalance Market (EIM) in March 2022. The decision followed an extensive three-year assessment by BPA of the pros and cons of joining the EIM, and ultimately BPA determined that participating in the EIM will provide for better congestion management and more efficient use of its transmission system. The decision is available [here](#).

The Federal Energy Regulatory Commission (FERC) issued two orders further extending non-statutory deadlines, waiving the requirement that certain filings be notarized or supported by sworn declarations, and extending the waiver of the requirement to hold in-person meetings—all related to FERC's response to COVID-19. The recent extension expires January 1, 2022.