

REGULATORY UPDATE FOR FEBRUARY 16 (WEEK OF FEBRUARY 8)**California Governor Makes Energy Agency Appointments**

On Tuesday, Governor Newsom made appointments to the California Public Utilities Commission, the California Energy Commission, and the California Independent System Operator Board of Governors.

Darcie Houck, 51, of Davis, has been appointed to the California Public Utilities Commission. Houck has served as Chief Counsel for the California Energy Commission since 2019. She was an Administrative Law Judge at the California Public Utilities Commission from 2016 to 2019, a Partner at Fredericks Peebles & Morgan from 2005 to 2016, and Staff Counsel and Policy Advisor at the California Energy Commission from 2000 to 2005.

Siva Gangadhar Gunda, 42, of Davis, has been appointed to the California Energy Commission. Gunda has served as Deputy Director of the Energy Assessments Division at the California Energy Commission since 2018 and was Office Manager for the Demand Analysis Office at the Commission from 2017 to 2018. He held multiple positions at the University of California, Davis Energy and Efficiency Institute, including Director of Research & India Initiatives from 2016 to 2017, Director of Research from 2015 to 2017, and Program Manager from 2011 to 2015.

Mary Leslie, 61, of Los Angeles, has been reappointed to the California Independent System Operator Board of Governors, where she has served since 2019.

Jan Schori, 68, of Sacramento, has been appointed to the California Independent System Operator Board of Governors. Schori was a member of the Board of Trustees of the North American Electric Reliability Corporation from 2009 to 2021. She was Of Counsel at Downey Brand LLP from 2008 to 2012. Schori held multiple positions at the Sacramento Municipal Utility District from 1984 to 2008, including Chief Executive Officer and General Manager, General Counsel, Assistant General Counsel, and Attorney.

All four appointments require Senate confirmation.

California Public Utilities Commission

New Proposed Decisions and Draft Resolutions:¹

Draft Resolution E-5132. This Resolution approves with modification Pacific Gas and Electric (PG&E) Advice Letter (AL) 6017-E, and grants PG&E's request for a tariff deviation for its Standalone Power System Supplemental Provisions Agreement, attached in its AL, up to a total two megawatt cap. The California Public Utilities Commission (Commission or CPUC) anticipates the experience gained will help inform further microgrid development.

Voting Meetings:

The Commission held a voting meeting on February 11, 2021. The agenda included the following items:

Item 8. Draft Resolution E-5109. In AL 5905-E, PG&E requests several modifications to Appendices A, B, and S of its 2014 Conformed Bundled Procurement Plan (2014 BPP). Some modifications would enable PG&E to access products and procurement processes that are substantially similar to those that the Commission approved for Southern California Edison (SCE) in Resolution E-5063. Other revisions would clarify portions of the 2014 BPP or would broaden PG&E's procurement flexibility in response to recent decisions and market conditions. Among other changes, this Resolution would allow PG&E to classify RA products as non-standard products and thus "to pursue longer-term RA contracts via certain bilateral transactions, in addition to the more competitive (and preferred) methods," such as competitive solicitations in the form of requests for offers. This Resolution approves PG&E's request in AL 5905-E without modification. **Approved.**

Item 12. R.14-10-003 (OIR re Integrated DERs). This decision adopts pilots to test two frameworks for procuring distributed energy resources to avoid or defer utility distribution investments: (1) a five-year distributed energy resources distribution deferral tariff pilot called the Partnership Pilot because of its reliance on several partnerships; and (2) a three-year standard offer contract pilot for procuring distributed energy resources to defer distribution investments. **Signed, D.21-02-006.**

Item 14. R.20-08-020 (NEM Proceeding). This decision adopts eight guiding principles to assist in the development and evaluation of proposals for a successor to the current net energy metering tariff. The principles reflect the statutory requirements of Public Utilities Code Section 2827.1, as well as equity, consumer protection measures, the fair consideration of all eligible technologies, coordination with the Commission and California's energy policies, transparency,

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.

maximizing the value of customer-sited renewable generation, and competitive neutrality among Load Serving Entities. **Signed, D.21-02-007.**

Item 16. R.20-05-003 (IRP Proceeding). The purpose of this decision is to recommend electricity resource portfolios to the California Independent System Operator (CAISO) to study in its 2021-2022 Transmission Planning Process. The general recommendations are as follows:

- Base case portfolio, for both reliability and policy-driven purposes, to be used to determine transmission investments needed: a portfolio that meets a 46 million metric ton (MMT) greenhouse gas (GHG) emissions target in 2031, with additional pumped storage and out-of-state renewables included compared to the portfolio adopted in Decision (D.) 20-03-028. This base case portfolio includes approximately 10 gigawatts (GW) of new battery storage, 10 GW of new in-state renewables, and over 1 GW of out-of-state renewables.

- Two sensitivity portfolios, for study purposes: (1) a portfolio that meets a 38 MMT GHG emissions target in 2031, which portfolio includes approximately 20 GW of new in-state renewables, over 10 GW of new battery storage, and 3 GW of out-of-state renewables, and (2) a portfolio that includes a large segment of offshore wind, to improve the transmission assumptions relevant to offshore wind for the benefit of future planning.

- Resource-to-busbar mapping methodology: includes improvements to the initial recommended methodology to prioritize siting of preferred resources, especially battery storage, in disadvantaged communities and/or local capacity areas with poor air quality. The methodology is also updated to use the CAISO's updated deliverability, congestion, and curtailment information. **Signed, D.21-02-008.**

Item 40. R.20-11-003 (Summer 2021 Resiliency). This decision directs and authorizes PG&E, SCE, and San Diego Gas & Electric Company to contract for capacity that is available to serve peak and net peak demand in the summer of 2021 and seek approval for cost recovery in rates. This decision outlines the parameters and timelines these three large electric investor-owned utilities must adhere to in seeking approval from the Commission. **Signed, D.21-02-028.**

California Independent System Operator

Commitment Cost and Default Energy Bid Enhancements Phase 1: Deployment Effective for Trade Date 2/16/21. Gas prices on the southern parts of the California system were exceptionally late last week due to the impact of cold winter conditions in other parts of the country. The Commitment Cost and Default Energy Bid Enhancements (CCDEBE) Phase 1 functionality provides suppliers an ability to update their fuel costs used in the calculation of commitment costs (start-up and minimum load costs) and default energy bids. Therefore, the CAISO has expedited and completed the testing for its applications and systems to support CCDEBE Phase 1 functionality. As such, the CAISO is deploying the functionality of its CCDEBE Phase 1 initiative, effective for trade day February 16, 2021. Specifically, the functionality will be available on the morning of February 15 for the day-ahead market so that it is effective for the real time trade day February 16 at hour ending 1:00 a.m.

Upcoming Meetings and Deadlines:

Western EIM Sub-Entity Scheduling Coordinator – Revised Straw Proposal.

Comments on the revised straw proposal for the Western EIM Sub-Entity Scheduling Coordinator initiative are due February 18, 2021.

2020-2021 Transmission Planning Process. CAISO has posted the Draft Plan and Appendices, and scheduled a call for February 9, 2021 to discuss the Draft Plan. Written comments are due by February 23, 2021.

Maximum Import Capability Stabilization and Multi-Year Allocation. Revised Draft Tariff and BPM Language has been posted. CAISO has scheduled a public stakeholder call on February 18, 2021 to discuss the revised draft Tariff and Business Practice Manual language for the Maximum Import Capability Stabilization and Multi-Year Allocation initiative. Written comments are due by February 17, 2021.

Market Enhancements for Summer 2021 Readiness. CAISO has scheduled stakeholder calls on February 18 and 19, 2021 to discuss the draft final proposal, draft tariff language, and business requirements specification for the Market Enhancements for Summer 2021 Readiness initiative. Comments are due by February 25, 2021.

California Energy Commission

The California Energy Commission (CEC) seeks public comments on Volume III of the Draft 2020 Integrated Energy Policy Report Update (Draft 2020 IEPR Update). The Draft 2020 IEPR Update, Volume III: California Energy Demand Forecast Update is available on the CEC's 2020 IEPR Update web page. The Draft 2020 IEPR Update, Volume I: Blue Skies, Clean Transportation, was posted January 6, 2021 and is available on the same web page. The Draft 2020 IEPR Update, Volume II: The Role of Microgrids in California's Clean and Resilient Energy Future will be available later. Written comments on the Draft 2020 IEPR Update, Volume III: California Energy Demand Forecast Update must be submitted to the Docket Unit by 5:00 p.m. on February 18, 2021.

California Air Resources Board

On February 17, 2021, California and Québec, Canada will hold the first quarter 2021 [joint auction](#) of greenhouse allowances under the [California Cap-and-Trade Program](#) and the Québec Cap-and-Trade System. The minimum price for California allowances for the auction is \$17.71.

On February 25, 2021, the California Air Resources Board (ARB) will consider adoption of [amendments](#) to the designation of certain air basins within the state as attainment, nonattainment, or nonattainment-transitional, under the state ambient air quality standards, or AAQS. During this annual review, ARB is proposing to change the designation for ozone in areas of four air basins and the designation for fine particulate matter (PM_{2.5}) in one area, based on ARB's evaluation of recent air quality data. Additional details are available [here](#). Written

comments can be submitted to ARB [here](#) on or before February 22, 2021, though ARB recommends filing comments at least 10 days before the hearing.

On February 25, 2021, ARB will consider [selection of three additional communities](#) for participation in the Community Air Protection Program, established under Assembly Bill 617 (C. Garcia, 2017) to develop and implement community air monitoring systems and community emissions reduction programs. Additional information on the Community Air Protection Program and the proposed communities is available [here](#). Note: This item was originally scheduled for hearing at ARB's December 2020 meeting; however, ARB is still accepting comments. Written comments can be submitted to ARB [here](#) on or before February 22, 2021, though ARB recommends filing comments at least 10 days before the hearing.

ARB's [Compliance Offset Protocol Task Force](#) will hold its third meeting on March 2, 2021. The Task Force provides guidance to ARB in establishing new [offset protocols](#) for the [California Cap-and-Trade Program](#). In October 2020, the Task Force issued a report with its [Initial Draft Recommendations](#) for the Compliance Offset Program.

MINNESOTA

1. [In the Matter of an Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from the COVID-19 Pandemic, MPUC Docket No. E999/CI-20-492](#)

As a follow up to a previous update, the Minnesota Public Utilities Commission ("Commission") met on February 11, 2021, to consider various utilities' reports on ongoing, planned, or possible investments that may assist in Minnesota's economic recovery from the COVID-19 pandemic. The Commission also analyzed the evaluation process for proposed utility investments and which metrics and reporting requirements should be used as part of its inquiry. By way of background, this docket was opened in response to a [memorandum](#) circulated by Commissioner Joseph K. Sullivan soliciting the utility proposals for accelerated investments, and, since opening the docket, various utilities filed reports in this docket. Ultimately, the Commission accepted the reports and the utilities must meet additional reporting requirements.

2. [In the Matter of a Proposal by Xcel Energy for Authorization to Recover Costs for Investments that May Assist in Minnesota's Economic Recovery from the COVID-19 Pandemic, MPUC Docket No. E,G002/M-20-716](#)

Related to item number one above, on September 16, 2020, Northern States Power Company d.b.a Xcel Energy ("Xcel") filed a petition seeking Commission approval of two tranches of accelerated investments in response to the Commission's directive. In sum, Xcel's proposed investments totaled \$3 billion.

The Commission met on February 11, 2021, to consider approval of the first tranche of Xcel's proposed investments. Tranche I included various transmission, distribution, natural gas, accelerated asset removal, and electric vehicle investments. After various stakeholders

expressed concern with Xcel's proposed investments, the Commission found that Xcel's first Tranche of investments have the potential to be consistent with the Commission's previous request for proposals that could assist with economic recovery; however, the Commission will make decisions about reasonableness, prudence, and cost recovery in a future rate case. Additionally, in the event Xcel elects to move forward with accelerated investments absent Commission approval, such acceleration will not be the sole basis for any disapproval in the future.

OREGON

1. Oregon Public Utility Commission (OPUC) PURPA Stakeholder Meeting on February 17, 2021

On February 17, 2021, at 9:00 a.m. PST, OPUC will present its PURPA docket strategy for 2021. The Commission will be discussing workshop timelines and objectives that relate to AR 631, a staff proposal updating PURPA implementation procedures in Oregon. The staff proposal can be located [here](#).

2. Resource Value of Solar – UM 1910, 1911, 1912

OPUC held a public meeting last week in Dockets UM 1910 (PacifiCorp), 1911 (Idaho Power), and 1912 (Portland General Electric (PGE)) to discuss the resource value of solar energy. At the February 11, 2021 meeting, OPUC adopted its staff's recommendation and approved the compliance filings of all three investor-owned utilities. Subsequently, the Oregon Solar Energy Industries Association submitted comments critiquing the utilities' market price and rate methodology. Other renewable coalitions are expected to issue comments soon.

3. PacifiCorp Proposes to Extend Timeline for 2021 IRP Filing – LC 77

Last Friday, February 12, 2021, PacifiCorp moved to extend the 2021 IRP filing date from April 1, 2021 to no later than September 1, 2021. The extension will ensure that the 2021 IRP is fully aligned with results of the 2020 All Source Request for Proposals, which is scheduled to have a final shortlist by June 1, 2021.

4. Staff Report Issued in Regard to PGE's Green Tariff – UM 1953

Last Wednesday, February 10, 2021, the OPUC staff issued a report recommending that OPUC approve PGE's rate and credit calculations under Phase 1 Customer Supply Option offerings of its voluntary renewable energy tariff (i.e., GEAR program). Schedule 55 is the tariff that describes the rates and rules that apply to subscribing customers under the GEAR program. Under this tariff, subscribing customers pay the cost of the power purchase agreement from the GEAR resource, plus associated firming/shaping costs. In return, the subscriber receives energy and capacity credits for the value of the supply from the GEAR resource to PGE. After a thorough review of PGE's filings, the OPUC staff recommended approving the proposed rate methodology.

WASHINGTON

1. PacifiCorp IRP Open Meeting Postponed – UE 200420

Last Thursday, February 11, 2021, the Washington Utilities and Transportation Commission (WUTC) granted PacifiCorp exemption from certain requirements under WAC-480-100-625(3), a new rule intended to implement mandates under the Clean Energy Transformation Act. Specifically, PacifiCorp was granted exemption from the requirement that an investor-owned utility conduct an open meeting to hear public comment on the draft IRP. While PacifiCorp's draft IRP was filed on January 4, 2021, the utility sought to postpone the public meeting from February 22, 2021 until after April 1, 2021 when the final IRP is filed. WUTC recognized that PacifiCorp required additional time to complete the modeling and analyses necessary to comply with new content requirements set forth in WAC-480-100-625(3), thus the petition was granted.

SPP, MISO, ERCOT, and PJM

A surge of arctic air pushed into the central United States this past weekend, dipping as far south as northern Mexico and leaving energy market operators scrambling to meet extreme levels of demand while also experiencing widespread forced outages in their generation fleet. SPP, MISO, and ERCOT were all directly impacted, although prices in PJM also reflected the circumstances occurring in neighboring systems. Energy prices in PJM reached several hundred dollars per megawatt-hour, while prices in ERCOT hit \$9,000 per megawatt-hour as the market operator instituted rolling blackouts statewide.

Federal Energy Regulatory Commission

1. On February 8, 2021, the Federal Energy Regulatory Commission (FERC) accepted a facilities service agreement among Northern States Power, MISO, and Walleye Wind that was filed on an unexecuted basis and that provided the transmission owner, Northern States Power, with the right to self-fund network upgrades for the subject interconnection. Chairman Glick and Commissioner Clements indicated their discomfort with the self-funding option and transmission owners' abilities to potentially use it in a discriminatory manner; however, both nevertheless concurred with FERC's decision because MISO's rules continue to allow for self-funding.

2. MOPR! MOPR! MOPR! This week's open meeting at FERC features two Minimum Offer Price Rule dockets on its agenda: those from PJM and New York ISO. But do not be surprised if the orders issued are part of the growing "FERC After Dark" series. More to come later this week.

3. On February 12, 2021, 14 utilities and cooperatives located in the southeastern United States asked FERC to approve a new energy exchange market that would span a territory of 10 states. This new market, called the Southeast Energy Exchange Market or SEEM, would

permit members to make 15-minute intra-hour non-firm trades utilizing non-firm transmission capacity.

4. Chairman Glick announced plans to better incorporate environmental justice and equity concerns into FERC's decision-making process by creating a new senior position to coordinate that work.

5. FERC will hold a technical conference on February 25-26, 2021 to discuss principles and best practices for credit risk management in organized wholesale electric markets. The conference may address the following aspects of credit policy: the credit and risk management infrastructure of the Regional Transmission Organizations and Independent System Operators; best practices and principles underlying capitalization requirements, financial security requirements, and unsecured credit allowances; the applicability of Know Your Customer protocols and other counterparty risk management tools; considerations for implementing Financial Transmission Right-specific credit policies, such as a mark-to-auction mechanism; and the relationship between credit policy and wholesale electric market design.