

REGULATORY UPDATE FOR JANUARY 18, 2022 (WEEK OF JANUARY 10, 2022)**CALIFORNIA PUBLIC UTILITIES COMMISSION (“CPUC” or “COMMISSION”)**New Proposed Decisions and Draft Resolutions¹

None.

Workshops and Hearings

R.19-11-009 (Resource Adequacy). Workshop on UCAP and multi-year compliance issues will be held on January 19, 2022. Informal comments are due January 26, 2022.

Voting Meetings

The Commission held a voting meeting on January 13, 2022. The agenda included the following energy-related items:

Item 5. Resolution 5180. This Resolution certifies CleanPowerSF’s request to elect to administer its energy efficiency program administration plan, and directs Pacific Gas and Electric Company (“PG&E”) to transfer \$4,579,056 to CleanPowerSF for its three-year energy efficiency plan. **Approved.**

Item 7. Resolution E-5186. This Resolution finds that San Diego Gas & Electric Company (“SDG&E”) complied with Ordering Paragraph (“OP”) 53 of Decision (“D.”) 17-12-003 in that SDG&E Advice Letter (“AL”) 3562-E contains all the reporting elements on Demand Response (“DR”) program cost effectiveness that were required by D.17-12-003. This Resolution orders SDG&E to propose significant improvements to its DR portfolio to address its DR programs’ failing cost effectiveness and include the proposals in its 2023-2027 DR Portfolio Application. OP 61 of D.17-12-003 directed SDG&E to file its 2023-2027 DR Portfolio Application on November 1, 2021, which has been extended to May 2, 2022. **Approved.**

Item 9. A.21-06-003 (SCE ERRA Forecast). This decision approves Southern California Edison Company’s (“SCE”) total 2022 Energy Resource Recovery Account (“ERRA”) electric procurement cost revenue requirement forecast of \$4.768 billion, modifying SCE’s requested revenue requirement of \$4.751 billion by \$16.200 million to account for a \$17.954 million increase to the Solar on Multifamily Affordable Housing (“SOMAH”) program allocation and a \$1.754 million decrease from deferred recovery of litigation costs related to SCE’s efforts to recover refunds from generators that overcharged SCE during the 2000-2001 California Energy Crisis. SCE is directed to form a working group within 60 days and to file a petition for modification of either D.17-12-022 or D.20-04-012 within 120 days of the issuance date of this

¹ Per CPUC 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.

decision. The petition for modification will address whether the current rules for SOMAH require the investor-owned utilities to wait for recorded revenues from the previous four quarters before applying the \$100 million amount to the SOMAH allocation in an ERRA forecast or Energy Cost Adjustment Clause proceeding. This decision approves SCE's forecast greenhouse gas ("GHG") costs, including \$152.852 million in direct GHG Cap-and-Trade costs and \$732.458 million in net 2022 GHG forecast auction proceeds. SCE is directed to return \$647.824 million in GHG auction proceeds to SCE's customers, after setting aside \$90.592 million in funding for clean energy and energy efficiency projects and \$404,474 for outreach and administrative expenses. This decision also authorizes SCE to return \$33.029 million to emissions-intensive and trade-exposed customers and \$614.365 million through the California Climate Credit. In addition, this decision approves SCE's ERRA Trigger Mechanism application and adopts Cost Responsibility Surcharge rates. **Signed, D.22-01-003.**

Item 10. R.18-07-003 (RPS Implementation). This decision adopts, with modifications, the 2021 Renewable Portfolio Standard ("RPS") plans for the load-serving entities under Commission jurisdiction, including investor-owned utilities and community choice aggregators. Final plans are due no later than 30 days after issuance of this decision. **Signed, D.22-01-004.**

Item 11. Resolution 5185. SDG&E filed AL 3812-E on July 16, 2021, requesting CPUC review and approval of one Portfolio Sales Agreement ("PSA") with Sonoma Clean Power Authority ("SCPA"). The PSA is a short-term contract for renewable energy and associated renewable energy credits ("RECs") originating from the HL Power Company biomass facility, with which SDG&E has a Bioenergy Renewable Auction Mechanism Power Purchase Agreement. This Resolution approves the PSA between SDG&E and SCPA without modification. SDG&E's execution of the PSA is consistent with SDG&E's 2020 RPS Procurement Plan, approved in D.21-01-005, which authorized SDG&E to hold solicitations and execute contracts for short-term RPS sales, subject to CPUC approval. **Approved.**

The Commission also has a voting meeting scheduled for January 27, 2022. The agenda includes the following energy-related items:

Item 4. R.17-06-026 (PCIA). This decision adopts improvements to support efficient consideration of Power Charge Indifference Adjustment ("PCIA") issues in Energy Resource Recovery Account (ERRA) proceedings. This decision modifies the PCIA market price benchmark release date and deadlines for ERRA forecast applications to enable the Commission to timely issue decisions on ERRA forecast applications. This decision adopts party proposals to establish a policy for disposition of the year-end balance in the ERRA account and to modify the calculation of the ERRA trigger point and threshold. This decision also adopts party proposals to support efficient party access to ERRA forecast proceeding data. This proceeding remains open to consider additional Phase 2 issues, including: (a) whether greenhouse gas-free resources are under-valued in the PCIA, and if so, whether to adopt an adder or allocation mechanism, (b) whether to adopt a new method to include long-term fixed-price transactions in calculating the Renewables Portfolio Standard ("RPS") adder, (c) whether to modify the calculation of the PCIA energy index market price benchmark, and (d) whether to provide community choice aggregators with access to confidential, market-sensitive ERRA monthly report information for the non-proceeding purpose of creating PCIA rate forecasts.

Item 7. R.18-07-003 (RPS Implementation). This decision imposes a penalty of \$348,500 on Gexa Energy California LLC (“Gexa”) for failing to include required non-modifiable standard terms and conditions in a contract it entered into for purposes of RPS compliance. The decision reverses an Energy Division Compliance Determination Notice that found that Gexa had not met the long-term contracting requirement, finding that the contract, though ambiguous, was a long-term contract for purposes of RPS compliance.

Item 8. Resolution E-5190. On February 11, 2021, CPUC issued D. 21-02-006 adopting pilots to test two frameworks for procuring Distributed Energy Resources to defer or avoid investor-owned utilities (“IOU”) traditional distribution capital investments as part of the Distribution Investment Deferral Framework. The pilots are the Standard Offer Contract (“SOC”) and the Partnership Pilot. D.21-02-006 required an Energy Division-led process for establishing evaluation criteria for the SOC and Partnership Pilot. Energy Division was tasked with inviting party proposals on evaluation criteria and facilitating a workshop to discuss proposals. The IOUs were ordered to file a joint advice letter with proposed evaluation criteria taking party proposals and discussion at the workshop into consideration. This Resolution approves with modifications the proposed evaluation criteria for the SOC and Partnership Pilot put forth in the Joint AL SDG&E 3780-E, PG&E 6218-E, and SCE 4514-E pursuant to D.21-02-006.

Item 15. R.20-05-003 (IRP). This decision adopts a Preferred System Plan (“PSP”) portfolio that meets the statewide 38 million metric ton (“MMT”) GHG target for the electric sector in 2030. This portfolio was developed first with an aggregation of the individual integrated resource plans (“IRPs”) of all load serving entities (“LSEs”), reflecting the resource preferences of those LSEs. Then, Commission staff made adjustments to extend the timeframe beyond 2030 to 2032 for transmission planning purposes and to add the resources required in D. 21-06-035 for mid-term reliability purposes. Finally, the portfolio utilizes a managed mid-demand paired with high electric vehicle (“EV”) demand forecast from the California Energy Commission’s (“CEC”) Integrated Energy Policy Report (“IEPR”) of 2020. This decision further recommends to the California Independent System Operator (“CAISO”) that the 38 MMT PSP portfolio be utilized as both the reliability base case and the policy-driven base case for study in its 2022-2023 Transmission Planning Process (“TPP”). This decision also delegates to Commission staff to explore with CEC and CAISO staff the development of a policy-driven sensitivity case designed to test the transmission buildout needed for a more aggressive GHG reduction case: the 30 MMT core portfolio with high electrification. The decision also evaluates the 2020 individual IRP filings of all LSEs under the CPUC’s IRP purview—it approves 20, and finds that 24 plans are incomplete and require additional revisions through a Tier 2 advice letter. The decision also adopts an interim definition of renewable hydrogen, and orders the procurement of two storage resources that were identified by the CAISO as alternatives to transmission upgrades in the previous TPP cycle.

CALIFORNIA ISO

Board of Governors Meetings

The Board of Governors and the Western EIM Governing Body will hold a joint general

session on January 20, 2022. The agenda may be found [here](#), and includes a vote on the Transmission Service & Markets Scheduling Priorities Initiative – Phase 1. Last year, the ISO developed and implemented interim provisions that establish wheeling through self-schedule priorities as part of the ISO’s market enhancements for summer 2021 initiative. The interim provisions are set to expire on June 1, 2022. The Phase 1 proposal would extend the interim tariff provisions approved last year through May 31, 2024. The proposal would also make certain data availability and system enhancements to provide increased transparency regarding information related to intertie transactions, in response to stakeholder requests.

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Central Procurement Entity Implementation and RAIM Settlement Modification. The California ISO held a public stakeholder call on January 6, 2022, to discuss the draft final proposal for the Central Procurement Entity Implementation and Resource Adequacy Availability Incentive Mechanism (“RAAIM”) Settlement Modification initiative. Written comments on the draft final proposal are due on January 20, 2022.

Transmission Service and Market Scheduling Priorities Phase 2 Initiative. The California ISO has scheduled a series of limited stakeholder working group meetings on January 14, 2022, January 31, 2022, and February 4, 2022, for working groups 2 and 3 as part of the Transmission Service and Market Scheduling Priorities Phase 2. Discussion topics for working group 2 include transmission products and reservation processes and topics for working group 3 include the study process and transmission upgrades.

Day-Ahead Market Enhancements. The California ISO will hold a public stakeholder workshop on January 24, 2022, to discuss the Day-Ahead Market Enhancements (“DAME”) initiative. Comments on the workshop materials and discussion are due on February 7, 2022.

Annual Policy Initiatives Roadmap Process. The California ISO will hold a call on January 19, 2022, to discuss the 2022 Draft Final Policy Initiatives Roadmap, as part of the Annual Policy Initiatives Roadmap Process. Comments on the 2022 Draft Final Policy Initiatives Roadmap are due January 26, 2022.

Adjustment to Intertie Constraint Penalty Prices: Draft Final Proposal and Draft Tariff Language. The California ISO will hold a call on January 20, 2022, to discuss the Adjustment to Intertie Constraint Penalty Prices draft final proposal and draft tariff language. Comments are due February 3, 2022.

2022-2023 Transmission Planning Process, Unified Planning Assumptions. The California ISO is seeking stakeholder input on demand response assumptions and generation or other non-transmission alternatives for consideration in the draft unified planning assumptions and 2022-2023 study plan. Stakeholder input for unified planning assumptions is due February 14, 2022.

EIM Resource Sufficiency Evaluation Enhancements Phase 1 Draft Tariff Language. The California ISO will hold a stakeholder call on February 4, 2022, to discuss the

draft tariff language for Phase 1 of the EIM Resource Sufficiency Evaluation Enhancements initiative, which is available on the initiative webpage. Comments on the draft language are due January 25, 2022.

Other Meetings

Western EIM Regional Issues Forum. The final agenda for the January 25, 2022 Regional Issues Forum has been published, and may be found [here](#).

Transmission Development Forum. The California ISO, in conjunction with the California Public Utilities Commission and the participating transmission owners, will hold public stakeholder call on January 21, 2022, to provide status updates on the transmission projects previously approved through the transmission planning process and network upgrades identified in the generation interconnection process. Comments on the stakeholder call discussion are due February 4, 2022.

CALIFORNIA ENERGY COMMISSION (“CEC”)

Energy System Reliability (Docket No. 21-ESR-01)

On January 14, 2022, CEC staff held a workshop to discuss the Summer 2022 Stack Analysis. Comments are due by 5:00 p.m. on January 21, 2022. Additional information as well as a link to the zoom recording of the workshop is available [here](#). Background materials regarding the Summer 2022 Stack Analysis are available in [Docket No. 21-ESR-01](#).

2021 Integrated Energy Policy Report (“IEPR”)

In December 2021, the CEC released three of the four Draft 2021 IEPR volumes for public comment. Comments on volumes I, II, and IV were due by December 21, 2022. On January 13, 2022, CEC staff [published](#) Draft 2021 IEPR Volume III – Decarbonizing the State’s Gas System. Written comments on Draft 2021 IEPR Volume III are due by January 26, 2022. Copies of all Draft 2021 IEPR volumes, as well as comments received by the CEC on volumes I, II, and IV, are available [here](#).

Lithium Valley Commission

The next Lithium Valley Commission meeting is [scheduled](#) for January 27, 2022 at 1:30 p.m.

CEC Business Meetings

The next CEC Business Meeting is scheduled for January 26, 2022. The agenda is available [here](#).

CALIFORNIA AIR RESOURCES BOARD (“ARB”)

ARB’s next regular Board meeting will be held January 27-28, 2022. The agenda will be available [here](#) 10 days prior to the meeting.

MINNESOTA PUBLIC UTILITIES COMMISSION (“MPUC”)

1. Northern States Power Company d/b/a Xcel Energy (“Xcel”) Petition for Approval of a Workforce Training and Development Program Pilot, PUC Docket No. 21-558

On January 12, 2022, the Commission met to consider Xcel’s proposed workforce training and development pilot program. The pilot aims to engage and provide women and BIPOC participants with apprenticeship-readiness training in an effort to have participants enter apprentice programs. Xcel estimated that the pilot will cost approximately \$4 million, which Xcel determined will be part of its next rate case. After stakeholder participation and commissioner questions, the Commission approved Xcel’s pilot. A written order is forthcoming.

2. Minnesota Power, Xcel, and Otter Tail Power Co. Safety, Reliability, and Service Quality Standards Reports, PUC Docket Nos. 21-237, 21-225, and 21-230

On January 13, 2022, the Commission met to consider the safety and reliability portions of Minnesota Power’s, Xcel’s, and Otter Tail Power Company’s annual Safety, Reliability, and Service Quality Reports for 2020. During discussions, the Commission expressed the importance of maintaining reliability in rural regions in the state and also expressed disappointment with service quality statistics in specific rural areas. After this discussion, however, the Commission approved the reports and set additional reporting requirements. A written order is pending.

3. In the Matter of the Review of Minnesota Power’s July 2018-December 2019 Annual Automatic Adjustment Reports Contested Case, PUC Docket No. 20-171

On January 13, 2022, the Commission met to consider the Administrative Law Judge’s (“ALJ”) Report pertaining to Minnesota Power’s July 2018-December 2019 Annual Automatic Adjustment Report. The matter had previously been referred to a contested case proceeding to develop the record on whether Minnesota Power’s forced outage costs were reasonably and prudently incurred. The Minnesota Department of Commerce (“Department”) hired an expert to review and analyze Minnesota Power’s forced outages, and the Department ultimately focused on three specific incidents: (1) a hot reheat (“HRH”) line failure at Boswell Unit 4; (2) a hydrogen leak at Boswell Unit 3; and (3) a bushings failure at Boswell Unit 3. The ALJ recommended a customer refund for the forced outage costs incurred for the Boswell 4 HRH outage at a value of approximately \$4.48 million but found that Minnesota Power’s actions were consistent with good utility practice with respect to Boswell 3.

At the hearing, the Commission largely focused on the ALJ’s recommendations surrounding the Boswell 3 outages. The Department and other ratepayer advocates argued that

Minnesota Power failed to exercise good utility practice by introducing and subsequently failing to drain extra oil to the unit in its attempt to resolve the hydrogen leak, which then soaked the bushings, causing the phase bushing outage. Minnesota Power, however, contended that its actions were prudent in the absence of an industry standard for resolving the novel hydrogen leak at Boswell 3. Two of the Commissioners were critical of Minnesota Power’s response and persuaded by the Department and ratepayer advocates; however, the remaining three relied on the ALJ’s recommendation. Ultimately, the Commission voted 3-2 to accept the ALJ’s Report, and Minnesota Power will refund ratepayers approximately \$4.48 million plus interest for the costs associated with the Boswell 4 forced outage. A written order is pending.

4. Commission January 18, 2022 Planning Meeting

On Tuesday, January 18, 2022 at 8:00 a.m. PT, the Commission will hold a planning meeting to discuss the topic of “Taking Renewable Energy to Scale in Minnesota: Siting Opportunities and Challenges.” Presenters include the Minnesota Department of Commerce, Clean Grid Alliance, LIUNA of Minnesota and North Dakota, and Minnesota Farmers Alliance. Access to the meeting can be found [here](#).

5. Commission January 20, 2022 Agenda Meeting

The Commission will consider the following items at its weekly agenda meeting on Thursday, January 20, 2022 at 8:00 a.m. PT: (1) the joint request of the City of Mountain Iron and Lake Country Power for approval to update electric service territory records; (2) the joint request of Madelia Light and Power and South Central Electric Association for approval to update electric service territory records; (3) Minnesota Power’s petition for approval of a variance to customer service rules governing billing errors; and (4) review of the ongoing investigation related to the generic standards for the interconnection and operation of distributed generation facilities established under Minn. Stat. Section 216B.1611. A link to the agenda can be found [here](#).

MIDCONTINENT ISO (“MISO”)

Later this month, MISO’s Planning Advisory Committee (“PAC”) will consider draft changes to the business practices for generator interconnection that address how interconnection customers and transmission owners go about adjusting “interim milestones” within generator interconnection agreements—those milestones that precede COD. To date, the process for adjusting such milestones has been ad hoc and used side letters between customers and utilities—something MISO generally stayed out of—but soon the PAC will consider a more official process for these changes. If approved they would become effective immediately.

OREGON PUBLIC UTILITY COMMISSION (“OPUC”)

New Program Rules Adopted in Oregon Community Solar Program (“CSP”) – UM 1930

Last Tuesday, the OPUC issued Order 22-007, which approved modifications to the Oregon CSP’s implementation manual. Among other things, the new rules modify the carve-out eligibility criteria, project manager and subscription manager capacity limits, and revisions to the certification requirements. The final order and new implementation rules can be located [here](#).

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION (“WUTC”)

Avista’s 2022 Draft Request for Proposal (“RFP”) – UE-210832

Last Thursday, the WUTC approved Avista’s petition for an extension of its 2022 draft RFP approval date due to recent stakeholder comments requiring further revisions to the RFP. WUTC approved the petition and intends to review and approve the 2022 RFP at the open meeting held on February 10, 2022. The final order can be located [here](#).

WUTC Meetings this Week

On Tuesday, January 18, 2022, the WUTC is holding an open meeting to discuss Avista, Cascade, Northwest Natural, PacifiCorp, and PSE’s biennial conservation plan, which is required under WAC 480-109-120. The dial in details can be located [here](#).

NEW YORK INDEPENDENT SYSTEM OPERATOR (“NYISO”)

New York Transmission Owners Respond to LS Power Request for Rehearing Regarding Designation of Transmission Investment for Carbon Reduction Goals

On January 4, 2022, New York transmission owners, including all IOUs in the State, the New York Power Authority, and the Long Island Power Authority (“Respondents”), filed a [Response](#) to LS Power Grid New York Corporation’s (“LS Power”) October 2021 request for rehearing of the New York Public Service Commission’s (“Commission”) order that created a new category of local transmission investments that are made primarily for the purpose of achieving the carbon reduction goals in the Climate Leadership and Community Protection Act (“CLCPA”). The CLCPA requires that 70% of electricity generation come from renewable resources by 2030 and that generation be 100% carbon-free by 2040. The Commission’s order was meant to create a planning process to address current areas where renewable generation already is bottled.

In its request for rehearing, LS Power argued that the proposed cost allocation for this new category of transmission facilities was (i) pre-empted by the Federal Energy Regulatory Commission’s (“FERC”) exclusive jurisdiction over transmission via the NYISO Order No. 1000 process; and (ii) that the Commission should clarify that facilities operating over 200kV are not local transmission subject to this proposal. In their response, the Respondents argued that the

rehearing request was facially deficient because it “points to no errors of fact or changed circumstances, and the legal errors it alleges are wrong as a matter of law and/or are procedurally barred.” The Respondents also argued that (1) the NYISO Order No. 1000 competitive solicitation and planning process does not displace alternative, voluntary, multi-transmission owner funding of transmission projects; (2) LS Power’s attempt at creating a bright line of local transmission at under 200kV runs afoul of prior Commission precedent; and (3) the argument of preemption fails because the Commission explicitly recognized and accounted for FERC’s jurisdiction in its order.

FEDERAL ENERGY REGULATORY COMMISSION (“FERC”)

FERC’s next open meeting is January 20, 2022.

FERC has extended the waiver of its requirement that filings be notarized or supported by sworn declarations until March 31, 2022. FERC also extended the waiver of its requirements to hold in-person meetings or submit notarized documents for open access transmission tariffs.

Market-Based Rate (“MBR”) Database: Less than two weeks left! The deadline for baseline submissions to the new MBR relational database is February 1, 2022. Baseline submissions are required for all entities with MBR authorization.

Reactive Power Capability Compensation: On November 18, 2021, FERC issued a Notice of Inquiry (“NOI”) seeking comments on reactive power capability compensation and market design. ([Link to NOI here.](#)) Reactive power is a critical component of the bulk electric system and over the last decade has become a key component in cost recovery for renewable resources including solar and wind facilities. In 1999, FERC approved a method proposed by American Electric Power Service Corporation (“AEP”) for allocating costs for a synchronous generator between real and reactive power capability. This so-called AEP methodology is now recommended by FERC when an entity seeks to recover reactive power capability costs. In the NOI, FERC is performing a holistic review of the applicability of the AEP methodology to renewable resources.

Initial Comments are due on January 31, 2022, and Reply Comments are due on February 28, 2022. Please see our related [blog post](#) for details regarding this NOI.