

**REGULATORY UPDATE FOR JULY 6, 2021 (WEEK OF JUNE 28)****CALIFORNIA PUBLIC UTILITIES COMMISSION****New Proposed Decisions and Draft Resolutions<sup>1</sup>**

Draft Resolution E-5125. This Resolution approves, with modifications, Pacific Gas and Electric Company's (PG&E's) Advice Letter (AL) 5750-E and AL 6117-E, and Southern California Edison Company's (SCE's) AL 4164-E/E-A and AL 4413-E to exceed administrative and marketing budget caps for the Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) Programs in compliance with Resolution E-4999 Ordering Paragraph (OP) 2. This Resolution also updates program requirements established in Resolution E4999 OP 2 that directed the DAC-GT and CSGT Program Administrators to file Tier 3 Advice Letters for any above-budget cap spending requests. This Resolution authorizes all DAC-GT and CSGT Program Administrators to file such requests as part of their Annual Budget Advice Letters that are due each February. Additionally, these Annual Budget Advice Letters are elevated from a Tier 1 to a Tier 2 designation to allow for greater opportunity for stakeholder review and additional oversight.

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.

A.18-06-015 (SCE Charge Ready 2 Infrastructure). This decision clarifies that SCE shall not subtract the bridge funding approved in Decision (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.

**Voting Meetings**

The Commission will hold a voting meeting on July 15, 2021. The agenda includes the following items.

Item 5. Draft Resolution E-5154. This Resolution adopts updated contract prices by Product Category for the Renewable Market Adjusting Tariff (ReMAT) using price data from

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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.

Renewables Portfolio Standards (RPS) contracts executed between 2015 and 2020. In addition, it orders PG&E and SCE to amend their Renewable Program tariff to reflect the adopted fixed prices by Product Category paid to the seller. The new prices, by Product Category, are:

ReMAT Product Category	Weighted Average Price (\$/MWh)
As-Available Non-Peaking	\$ 49.02
As-Available Peaking	\$ 50.81
Baseload	\$ 73.50

Item 7. A.20-11-004 (Hydrogen-Related Additions or Revisions to the Standard Renewable Gas Interconnection Tariff). This decision dismisses Application 20-11-004 (Application) for Hydrogen-Related Additions or Revisions to the Standard Renewable Gas Interconnection Tariff, filed by PG&E, Southern California Gas Company (SoCalGas), San Diego Gas & Electric (SDG&E), and Southwest Gas Corporation (all, Joint Utilities). The Application is dismissed because it is incomplete, and its further consideration would be premature and inefficient. The Commission finds that a subsequent, complete application will permit more effective, efficient, and timely progress towards achieving the safe and optimal use of renewable hydrogen. The decision also provides guidance to the Joint Utilities and stakeholders regarding Commission expectations of a future proposed hydrogen demonstration program and funding.

Item 8. R.19-10-005 (EPIC Funding). This decision approves the California Energy Commission's (CEC) proposed interim Electric Program Investment Charge (EPIC) investment plan. In total, the plan would fund \$147.26 million on nine initiatives, as well as administrative expenses over 12 months, ensuring continued investments in energy innovation while this proceeding continues to consider changes to the EPIC program in advance of the next full investment cycle applications.

Item 9. A.14-09-001/A.15-08-005 (Lodi Gas Storage). This decision approves, in part, the petition of Wild Goose Storage, LLC (Wild Goose) and Lodi Gas Storage, L.L.C. (Lodi) to modify D.16-06-014 to eliminate the obligation imposed upon them to seek Commission approval to operate Wild Goose and Lodi as an integrated hub. The decision finds that substantial changes in the natural gas storage market, which were not contemplated when D.16-06-014 was issued, now render operation as an integrated hub impractical and possibly detrimental to maintaining a competitive natural gas storage market within the state. However, the decision also keeps in place the prohibitions from sharing sensitive information, which were implemented by D.08-01-018 and reaffirmed in D.14-12-013 and D.16-06-014.

Item 13. A.10-07-009/A.19-03-002 (SDG&E GRC/Dynamic Pricing). The decision adopts the Settlement Agreement filed by SDG&E, Public Advocates Office at CPUC, Utility

Consumers' Action Network, Federal Executive Agencies, California Farm Bureau Federation, San Diego Airport Parking Company, Small Business Utility Advocates, Solar Energy Industries Association, Energy Producers and Users Coalition, California Large Energy Consumers Association, California City County Street Light Association, Utility Reform Network, and City of San Diego. The settlement resolves all issues among the settling parties except for three: (1) the proposal to adopt a new schools-only rate class; (2) the proposal to extend the load limit exemption for certain small commercial customers with electric vehicle fleets; and (3) the real-time pricing dynamic rate proposal. Regarding these three issues, the decision denies the proposed schools-only rate class. The expired exemption to the small commercial rate for electric vehicle fleets is reinstated with modifications. For the real-time pricing proposal, SDG&E is directed to convene a working group to help design and implement a real-time pricing pilot for its customers. SDG&E is also directed to file a sales forecast application for 2022 within 30 days of the effective date of this decision.

Item 15. Draft Resolution E-5112. This Resolution approves, with modifications, SCE's AL 4182-E, Mid-Cycle Review Compliance Submittal for its 2018-2022 Demand Response funding Application pursuant to D.17-12-003. The Mid-Cycle Review (MCR) is required by D.16-09-056, which increased the DR budget cycle from three years to five years. The MCR provides a full status report of each demand response program, and may recommend minor, non-controversial program changes. This Resolution reviews SCE's proposed changes to its DR programs and protests filed by stakeholders, and approves those changes, with modifications based on party comments. In addition, it finds that some of the changes requested in the protests are inappropriate for the AL process or out of scope of the MCR. SCE must submit a compliance AL with these changes, and must also reduce the Category 5 (Pilots) budget by the entire amount that would have been spent on the previously-planned pilot and baseline analysis. Budget changes should be reflected in SCE's monthly ILP & DRP Report. This Resolution denies SCE's Year-Round Capacity Bidding Program Day Ahead price trigger of \$75/MWh, and instead adopts a trigger price of \$75/MWh for November to April, and an \$80/MWh trigger price for May to October. This Resolution also approves several minor changes to SCE's budget and reporting requirements.

Item 16. Draft Resolution G-3583. This Resolution adopts a Backbone Transmission Service Credit mechanism for the 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 17. Draft Resolution E-5133. This Resolution approves, with modifications, AL 3618-E for SDG&E, and approves SCE's AL 4369-E. This Resolution approves SDG&E's requests for permission to deviate from tariff Schedules E-DEPART and Customer Generation Departing Load Cost Responsibility Surcharge (CGDL-CRS) by waiving departing load charges assessed in 2020 for certain customer generators, but rejects SDG&E's request for revisions to Schedules CGDL-CRS and E-DEPART to include language that would exempt customers from being assessed these departing load charges in instances when called upon to provide grid support. In addition, this Resolution approves SCE's request for a one-time deviation from SCE's Schedule CGDL-CRS and Schedule Departing Load Nonbypassable Charge to refund

departing load and nonbypassable charges incurred to specific customer generators during the August and September 2020 heatwaves.

Item 18. R.19-09-009 (Microgrids). This decision directs PG&E, SCE, and SDG&E to provide rate schedule(s) that suspend the capacity reservation component of their standby charge for eligible microgrids that meet the California Air Resources Board (ARB) air pollution standards for generation. This suspension is intended to allow the Commission and stakeholders to ascertain the costs that the utilities incur to provide standby service to microgrids.

Item 19. Draft Resolution G-3581. This Resolution adopts a Backbone Transmission Service Credit mechanism for the 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 customer's monthly gas bill.

Item 21. A.18-04-002/I.17-04-019 (PacifiCorp GRC). In D.20-02-025 OP 18, the Commission ordered PacifiCorp to file retirement plans for all coal facilities serving California customers, and any associated request for accelerated depreciation, consistent with its Integrated Resource Plan (IRP) filings, by second quarter 2021. PacifiCorp petitions to extend the deadline for filing these documents to the filing date of its 2023 general rate case to allow them to be efficiently considered with information obtained from PacifiCorp's 2021 IRP. This decision grants PacifiCorp's petition.

Item 22. A.20-02-009 (PG&E ERRAs). This decision finds that PG&E, during the 2019 record year, complied with all the requirements that the Commission reviews during the Energy Resources Recovery Account (ERRA) compliance process. Specifically, during the 2019 record year, PG&E (1) prudently administered its energy resource contracts, (2) prudently managed its utility-owned generation facilities and dispatched energy in a least-cost manner, and (3) implemented its Bundled Procurement Plan in procuring greenhouse gas compliance instruments and in procuring and selling resource adequacy (RA). In addition, PG&E has also demonstrated that (except for the account adjustments expressly provided in the parties' Settlement Agreement) the entries PG&E recorded in the ERRAs and Portfolio Allocation Balancing Account, as well as other balancing and memorandum accounts reviewed in this application, are reasonable, appropriate, and accurate. This decision approves a Settlement Agreement entered by all the parties that actively participated in Phase One of this proceeding. The Settlement Agreement resolves all but two contested issues between the parties. This decision approves the unopposed relief that PG&E is requesting in Phase One. For the two contested issues, this decision finds that PG&E shall (1) use the same methodology approved in D.20-02-047 (2020 ERRAs decision) to calculate the Retained RPS adjustment and update the RPS adjustment with actual 2019 recorded sales data, and (2) retain the same Power Charge Indifference Adjustment vintage years for the power purchase agreements PG&E amended in 2019.

Item 23. R.19-09-009 (RA). This decision addresses issues scoped as Track 3B.2 to restructure the RA program and sets forth a process and schedule for further development of PG&E's slice-of-day proposal. The Commission directs parties to develop a final restructuring proposal through workshops over the next approximately six months. Parties shall undertake a minimum of five workshops to develop implementation details. The workshops should cover the

following implementation details: (1) Structural Elements; (2) Resource Counting; (3) Need Determination and Allocation; (4) Hedging Component; and (5) Unforced Capacity Evaluation (UCAP) and Multi-Year Requirement Proposals. The Commission deems an implementable RA framework as one that addresses the above implementation details, as well as the four identified key principles. The Commission also directs parties to consider a final proposed framework's compatibility with existing Commission planning goals and programs, such as the IRP and RPS proceedings. The Commission recommends that the parties that submitted Track 3B.2 restructuring proposals (CalCCA, PG&E, SCE, and SDG&E) facilitate the workshops, individually or jointly. The Commission requests that CAISO and the CEC directly participate in these workshops, particularly on issues that pertain to their direct involvement (e.g., load forecast issues, UCAP, MOO), and that CAISO identify any required tariff modifications as early as practicable to allow for implementation prior to 2024. Energy Division shall be consulted and included throughout the workshop process. At the conclusion of the workshops, an identified party/parties shall prepare and submit a Workshop Report that provides the final proposed framework (identifying consensus and non-consensus items) and discuss how the final proposal addresses the implementation details and the key principles. The Workshop Report shall be filed and served in the RA proceeding in February 2022. Following the submission of the Workshop Report, parties will be given an opportunity to comment. Within 30 days of the effective date of this decision, parties shall reach agreement and inform the Commission (with service to the service list) of the following: (1) the date for the first workshop and placeholder dates for at least two subsequent workshops; (2) the scope of issues for each workshop; (3) identified party(ies) to facilitate each workshop; and (4) identified party(ies) to prepare and submit the Workshop Report to the Commission. The Commission will consider the final proposed framework and intends to issue a decision in the third quarter of 2022 with details for implementation in 2023 for the 2024 RA compliance year.

Item 24. A.20-04-002 (SCE ERRRA). This decision approves SCE's rate recovery for 2019 Record Year costs, including its procurement-related operations and regulatory account management. With respect to its procurement activities, the Commission finds SCE achieved least-cost dispatch of its energy resources and economically-triggered demand response programs pursuant to Standard of Conduct Number Four (SOC 4). The Commission also finds SCE prudently administered, managed, and dispatched its Utility Retained Generation Facilities, Qualified Facilities (QF), and other non-QF contracts, in compliance with all applicable rules and regulations and Commission decisions, including but not limited to SOC 4. With respect to SCE's regulatory account management, the Commission finds SCE's recorded entries in 30 accounts are appropriate, correctly stated, and in compliance with applicable Commission decisions. SCE's recovery of \$1,726,000 in litigation costs and associated interest is deferred to a future ERRRA compliance proceeding. The Commission also finds reasonable and approves a \$16,065,000 net revenue requirement in SCE's 2019 rate levels associated with the following costs: (1) \$15,579,000 in the Residential Rate Implementation Memorandum Account (MA), (2) \$257,000 in the Building Benchmarking Data MA, and (3) \$48,000 in the Power Charge Indifference Adjustment MA. Finally, the Commission authorizes SCE to eliminate the Disadvantaged Communities Single-Family Affordable Solar Homes MA and Preliminary Statement N.22 from its tariffs.

Item 27. A.20-06-001 (SDG&E ERRAs). This decision approves various 2019 ERRA-related activities and costs of SDG&E. In 2019, SDG&E administered and managed its utility-owned generation facilities prudently and its contracts for generation and power purchase agreements in accordance with the contract provisions and Commission guidelines. Except for a disallowance regarding two November 2019 incidents regarding incremental bids for thermal resources, this decision also approves SDG&E's 2019 use of energy resources based upon its achievement of least-cost dispatch.

Item 39. R.18-12-006 (EV Rates and Infrastructure). This decision adopts guidance and a streamlined AL process for PG&E, SCE, SDG&E, Liberty Utilities LLC, Bear Valley Electric Service, and PacifiCorp regarding near-term priority transportation electrification investments and addresses issues of equity as they relate to transportation electrification.

Item 40. Draft Resolution WSD-017. This Resolution ratifies the Action Statement of the Wildfire Safety Division (WSD) approving PacifiCorp's 2021 Wildfire Mitigation Plan (WMP) Update pursuant to Public Utilities Code Section 8386.

Item 41. Draft Resolution WSD-018. This Resolution ratifies the Action Statement of the WSD approving Liberty Utilities' 2021 WMP Update pursuant to Public Utilities Code Section 8386.

Item 42. Draft Resolution WSD-016. This Resolution ratifies the Action Statements of the WSD approving Trans Bay Cable's and Horizon West Transmission's 2021 WMP Updates pursuant to Public Utilities Code Section 8386.

Item 43. Draft Resolution WSD-019. This Resolution ratifies the Action Statement of the WSD approving SDG&E's 2021 WMP Update pursuant to Public Utilities Code Section 8386.

## **CALIFORNIA ISO**

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

**Energy Storage Enhancements - Stakeholder Presentation Working Group Meeting.** The CAISO has invited stakeholders to attend a working group on July 26, 2021. This is an opportunity for stakeholders to showcase proposals for solutions to the issues outlined by the CAISO in the Energy Storage Enhancements issue paper. Presentations are required to be submitted in advance of the working group meeting. Draft presentations are due by July 12, with final presentations posted publicly on July 19.

**New Initiative: Planning Standards - Remedial Action Scheme Guidelines Update, Issue Paper Posted.** Comments on the issue paper for this new initiative are due July 9, 2021.

**New Initiative: External Load Forward Scheduling Rights Process.** The CAISO has launched a new initiative called External Load Forward Scheduling Rights Process and scheduled a public stakeholder workshop webinar on July 13, 2021. The purpose of this first

workshop is to solicit input and provide stakeholders an opportunity to present the issues that need to be addressed and guiding principles for this stakeholder initiative. Requests to present and topics for the workshop are due July 7, 2021.

**New Initiative: EIM Resource Sufficiency Evaluation Enhancements Issue Paper.**

The CAISO has launched a new initiative called Energy Imbalance (EIM) Resource Sufficiency Evaluation Enhancements. Comments on the issue paper and workshop discussions/materials are due July 9, 2021.

**Western EIM Governance Review Committee Executive Session Teleconference Meeting: 7/15/21 Final Agenda.** The CAISO has posted the final agenda for the July 15, 2021 Western EIM Governance Review Committee executive session teleconference meeting. The final agenda may be found here: [FinalAgenda-EIMGovernanceReviewCommitteeMeeting-Jul15-2021.pdf](https://www.westerneim.com/FinalAgenda-EIMGovernanceReviewCommitteeMeeting-Jul15-2021.pdf) ([westerneim.com](https://www.westerneim.com)).

### **CALIFORNIA ENERGY COMMISSION**

**2021 IEPR.** As part of the 2021 Integrated Energy Policy Report (IEPR) proceeding, the CEC will jointly conduct a remote access workshop on July 8-9, 2021 with the CPUC and the CAISO to discuss electric system and natural gas reliability for summer 2021. According to the workshop notice, topics of discussion will include ongoing monitoring and evaluation of summer 2021 reliability and uncertainties presented by hydro power, imports, and demand response.

The workshop will be held in four sessions over two days as follows:

July 8, 2021:

Session 1 (10:00 a.m.) – Hydro Resources and Drought

Session 2 (2:00 p.m.) – Imports, Demand Response, and Multi-Year Outlook

July 9, 2021:

Session 3 (10:00 a.m.) – Gas Reliability Issues and Polar Vortex Impacts and Implications

Session 4 (2:00 p.m.) – Aliso Canyon Reliability Impacts

For more information about each of the above sessions, including remote access instructions, please visit the CEC's [2021 IEPR website](#). According to the workshop notice, a detailed meeting schedule/agenda will also be available on the [2021 IEPR website](#) prior to the workshop.

**EPIC 2021-2025 Investment Plan.** On June 2, 2021, CEC Staff published a Notice of Staff Workshops regarding a series of remote access workshops to discuss the 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 IOUs 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 run through July 2021, culminating 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 detailed list of workshop dates and times, as well as remote attendance instructions, is available [here](#).

**Offshore Wind.** The CEC held a workshop on June 21, 2021 to present the next steps for considering offshore wind energy in federal waters off the California coast. Written comments must be submitted to the CEC Docket Unit by 5 p.m. on July 9, 2021. Additional details regarding the public comment process are available [here](#). For more information regarding the CEC's involvement in offshore renewable energy, see [here](#) and [here](#).

**CEC Business Meetings.** The next CEC Business Meeting will be held remotely on July 15, 2021. The agenda, including remote access instructions, is available [here](#).

### **CALIFORNIA AIR RESOURCES BOARD**

The ARB's next general Board meeting will be held July 22-23, 2021. The meeting agenda will be available [here](#) when published. ARB will also hold a Board meeting on [community air protection](#) on July 29, 2021. The agenda will be made available [here](#).

Following the ARB's [public workshop](#) series on development of the AB 32 Scoping Plan Update for 2022, comments on the workshops can be [submitted](#) to ARB on or before July 9, 2021. Recordings of the workshops are [available online](#).

ARB is also 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.



## MINNESOTA

### Xcel Energy 2020 Stay-Out Docket, MPUC Docket No. 19-688

On June 28, 2021, the Minnesota Public Utilities Commission (Commission) issued an order approving Xcel Energy's implementation of its 2020 sales true-up reflecting the Commission's prior approval of Xcel's 2020 Stay-Out. Parties previously questioned Xcel's implementation of the full sales true-up after the number increased from the initially projected \$78.2 million to \$119.4 million. Additionally, Xcel's updated true-up values burdened demand-billed customers with a total true-up of \$157 million while providing other customer groups with a refund. Notwithstanding this result, the Commission found that approval of an additional 2021 Stay-Out would result in just and reasonable rates.

## OREGON

### New Rules Proposed in Oregon Community Solar Program (CSP) – UM 1930

Last Monday, the Oregon Public Utility Commission (OPUC) Staff proposed informal draft rules for Oregon's CSP, which address two issues. First, the rules establish a process for project pre-certification or certification revocation through a contested case hearing. Second, the rules establish a dispute resolution process for project managers. The draft rules are located [here](#) and are available for public comment. OPUC Staff plans to present the updated draft rules and open a formal rulemaking on July 27, 2021.

### Public Meeting This Week

On Thursday, July 8 at 9:30 a.m., the OPUC will be holding a public meeting to discuss UM 2059 regarding PacifiCorp's application for approval of 2020 all-source request for proposals (RFP). PacifiCorp will offer an update on the RFP process and there will be a public Q&A session regarding the final short list of 2020 RFP bidders (located [here](#)).

## FEDERAL ENERGY REGULATORY COMMISSION

On June 25, 2021, the Commission issued an [Order on Complaint Establishing Paper Hearing Procedures](#) to determine whether the 1% *de minimis* threshold and netting provisions of PJM's solution-based DFAX method of regional transmission cost allocation have become unjust and unreasonable. This marks the first time in a long-running battle between the Merchant Transmission Facility parties in New York and the PJM Transmission Owners that the Commission has entertained the possibility that certain aspects of PJM's transmission cost allocation methodology may be flawed. The proceeding was initiated by a complaint filed by Neptune Regional Transmission System (Neptune) and the Long Island Power Authority (LIPA). The Commission had rejected a similar complaint filed by Linden VFT in 2015 in an order issued just last year. See [Order Denying Rehearing Requests](#). However, based on the allegations in the Neptune/LIPA complaint (which were echoed in the comments filed by Exelon Corporation [here](#)) that the combination of the 1% *de minimis* threshold and the netting provisions

in PJM's tariff distort the assignment of cost responsibility and arbitrarily exclude zones from the cost allocation—including a zone with the highest relative use of the facilities. In establishing a paper hearing, the Commission posed 14 questions to be addressed by PJM and the stakeholders and provided parties 60 days to file comments, and 90 days to file responsive comments. Interested persons who may not yet be parties to the proceeding may seek to intervene and participate in the paper hearing by filing an intervention within 21 days of the date of the order (i.e., by July 19).

The Commission's next open meeting is July 15, 2021.