

**REGULATORY UPDATE FOR MARCH 22 (WEEK OF MARCH 15)****CALIFORNIA PUBLIC UTILITIES COMMISSION****Recent Advice Letter Approvals:**

As required by D.21-02-028, Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and San Diego Gas and Electric (SDG&E) filed Tier 1 advice letters on February 16, 2021, seeking approval of contracts for additional energy and capacity to meet summer 2021 demands. Those advice letters were:

PG&E Advice Letter No. 6088-E: This advice letter sought approval of 10 agreements with resources within PG&E's portfolio for incremental energy supply. Nine of these agreements are Letter Agreements for Additional Energy that provide incremental energy through increased exports via one or a combination of (1) the reduction of host load (for Combined Heat and Power resources) or (2) increased output above what would otherwise be scheduled or contractually allowed. In a CAISO system emergency or Flex Alert conditions, these letter agreements allow PG&E to call on resources for incremental energy. The tenth agreement takes the form of a contract amendment and secures incremental energy supply in peak and net peak periods.

PG&E Advice Letter No. 6089-E: This advice letter sought approval of two firm energy import agreements with Calpine and TransAlta.

SCE Advice Letter 4415-E: This advice letter sought approval of a resource adequacy only agreement with Calpine Energy Services, L.P. and two tolling agreements with Walnut Creek Energy, LLC and El Segundo Energy Center, LLC.

SDG&E Advice Letter 3689-E: This advice letter sought approval of an resource adequacy only agreement with Sentinel Energy Center, LLC, and two firm energy import agreements with TransAlta Energy Marketing (U.S.) Inc. and Calpine Energy Services, L.P.

On March 17 and 18, 2021, the Energy Division issued disposition letters approving PG&E Advice Letters 6088-E and 6089-E and SCE Advice Letter 4415-E. SDG&E Advice Letter 3689-E has not yet been approved.

**New Proposed Decisions and Draft Resolutions<sup>1</sup>**

None.

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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 Commission's daily calendar, per Rule 14.5.

## Voting Meetings

### **March 25, 2021 Voting Meeting**

The CPUC's next voting meeting is scheduled for March 25, 2021. The agenda includes the following items:

Item 10: R.20-11-003 (2021 Reliability). This proposed decision directs PG&E, SCE, and SDG&E to take specific actions to decrease peak and net peak demand and increase peak and net peak supply to avert the potential need in the summers of 2021 and 2022 for rotating outages that are similar to the events that occurred in the summer of 2020. Those actions include:

1. Fund a Statewide Flex Alert Paid Media campaign, to be paid by ratepayers.
2. Modify Critical Peak Pricing rate design programs.
3. Develop and administer an Emergency Load Reduction Program pilot, to be in place and operable no later than June 20, 2021.
4. Modify existing demand response programs.

The proposed decision would also effectively raise the planning reserve margin (PRM) to 17.5%, to remain in effect until superseded by Commission decision. PG&E, SCE, and SDG&E are ordered to continue their procurement efforts and endeavor to meet and exceed their respective incremental procurement targets to achieve this effective 17.5% PRM for the months of concern.

### **March 18, 2021 Voting Meeting**

The CPUC held a voting meeting March 18, 2021. The agenda included the following items:

Item 3. Draft Resolution E-5127. This resolution approves PG&E's Community Microgrid Enablement Program and PG&E's pro forma Community Microgrid Enablement Tariff, attached as Appendix 4 to PG&E Advice Letter (AL) 5918-E, for use on an experimental basis as part of the PG&E Community Microgrid Enablement Program (CMEP), with the understanding that PG&E will transmit PG&E's pro forma Microgrid Operating Agreement for Commission review within 30 days. This resolution also instructs PG&E that it may seek modifications to the CMEP, including the Community Microgrid Enablement Tariff, prior to or after filing its program evaluation as part of its 2023 General Rate Case Application through an additional subsequent Tier 2 AL on its own motion or in response to direction from the Commission. **Approved.**

Item 4. Draft Resolution E-5126. This resolution would approve four SCE bilateral resource adequacy transactions, described as follows:

Sky River Transaction: SCE held three PPAs with NextEra's Sky River facility that were due to terminate on December 31, 2019 to allow for a repowering of the facilities. NextEra delayed the repowering and requested that SCE allow the facilities to continue generating on a merchant basis until construction of the repowering begins. After SCE completed its January/February 2020 Resource Adequacy (RA) solicitation, some of its position remained open. Therefore, SCE allowed the facilities to continue generating on a merchant basis and negotiated with NextEra to purchase all eligible RA associated with the facilities for 2020 and 2021. SCE argues that the NextEra transaction was competitive with procurement that occurred in its January/February RA solicitation and recent RA solicitations.

LA Basin – Exelon Generation Company, LLC (Exelon): The two bilateral transactions with Exelon conveyed Local LA Basin RA capacity required for SCE to meet is three-year forward Local RAR and was in the range of similar brokered offers conveying the same Local RA attribute.

Big Creek-Ventura – Calpine Energy Services, L.P. (Calpine): The bilateral transaction with Calpine provided Local Big Creek-Ventura RA capacity required for SCE to meet is three-year forward Local RAR and was comparable to, or cheaper than, similar offers conveying the same Local RA attribute. **Approved.**

Item 5. Draft Resolution E-5129. PG&E's 2014 Conformed Bundled Procurement Plan enables PG&E to procure various products for terms of up to five years without the Commission's pre-approval, provided that no term extends beyond December 31, 2024. This Resolution approves, without modification, the request of PG&E to extend its five-year procurement authority on a rolling basis until the Commission revises or replaces the investor-owned utilities' (IOU) 2014 Bundled Procurement Plans. **Approved.**

Item 8. Draft Resolution E-5132. This Resolution approves with modification PG&E 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 2 MW cap. The Commission anticipates the experience gained will help inform further microgrid development. **Approved.**

Item 22. Proposed OIR re Provider of Last Resort. This Order Instituting Rulemaking (OIR) is intended to implement the provider of last resort (POLR) requirements and framework directed by Senate Bill (SB) 520 (Hertzberg; 2019, Ch. 408). Pursuant to SB 520, each IOU is the POLR in its service territory. The Commission will begin this OIR by establishing cost allocation and recovery for the POLR and by taking steps to ensure that electrical service will be provided to customers without disruption in the event a Load-Serving Entity fails to provide or denies service to a retail end-use customer. Because most aspects of procurement and cost recovery are already being addressed in other proceedings (such as the RA and Integrated Resource Planning proceedings), this OIR will focus on (i) assessing whether existing procedures are sufficient; (ii) resolving procurement continuity risks; and (iii) resolving gaps and misalignments between existing proceedings and programs. This examination includes whether,

given the specific directives and authorizations of SB 520, overall improvements can be made to the existing procurement and cost-recovery framework. **Signed, R.21-03-011.**

### **CALIFORNIA INDEPENDENT SYSTEM OPERATOR**

**Board of Governors Meeting.** The California ISO's next Board of Governors meeting is scheduled for March 24-25, 2021. The agenda includes decisions on Market Enhancements for Summer 2021 Readiness, Resource Adequacy Enhancements Phase 1, and the 2020-2021 Transmission Plan. Full agenda is here: <http://www.caiso.com/Documents/Agenda-Board-Governors-Meeting-Mar-24-25-2021.pdf>

**Market Surveillance Committee Meeting March 23, 2021.** The California ISO has posted the Market Surveillance Committee's (MSC) final agenda and draft opinion on RA enhancements phase 1: minimum state of charge requirements for the MSC teleconference meeting on March 23, 2021, in which the MSC will consider adoption of the opinion.

Stakeholder Initiatives: Upcoming Meetings and Deadlines

**Western Energy Imbalance Market (EIM) Sub-Entity Scheduling Coordinator Role.** The California ISO has scheduled a public stakeholder call on March 25, 2021 to discuss the draft final proposal for the Western EIM Sub-Entity Scheduling Coordinator Role initiative. Comments on the draft final proposal are due April 9, 2021.

**Flexible Ramping Product Refinements.** The California ISO has posted revised draft tariff language for the Flexible Ramping Product Refinements initiative and is planning to file the language with the Federal Energy Regulatory Commission in April 2021.

**New Initiative: Maximum Import Capability Enhancements.** The California ISO has launched a new initiative called Maximum Import Capability Enhancements. Comments on the issue paper for this initiative are due April 1, 2021.

**Resource Adequacy Enhancements: Final Proposal – Phase 1.** The California ISO released the Final Proposal for Phase 1 of its Resource Adequacy Enhancements initiative on February 17, 2021. The California ISO has scheduled a public stakeholder call on March 22, 2021 to discuss the draft tariff language for phase 1.

### **CALIFORNIA ENERGY COMMISSION**

On March 15, 2021, the California Energy Commission (CEC) issued the final SB 100 Joint Agency Report. In response to public comment, the final Report made the following changes to the draft Report issued December 3, 2020:

- Clarifying language and updating statistics
- Adding a summary of the Draft 2021 Report Workshop
- Clarifying renewable and zero-carbon resource eligibility, including clarifying that the list of modeled resources may be updated for future SB

100-related modeling

- Updating generation resources to include a missing resource (1,600 MW pumped hydro energy storage) and several smaller resources that were miscategorized (300 MW of existing large hydro that are actually small hydro)
- Updating geothermal capacity factors to better reflect actual operations
- Updating charts and graphs to meet accessibility requirements

These changes resulted in a 2 GW increase in utility-scale solar built, a 1 GW decrease in battery storage built, a 1 GW decrease in gas capacity retention, and a \$200 million increase in total resource cost for the SB 100 Core scenario. Other scenarios resulted in similar changes.

In addition to the Final 2021 SB 100 Report, the SB 100 RESOLVE model package has been posted on the CEC's website.

The Report is available here: [California Energy Commission – Docket Log](#).

On March 16, 2021, the CEC posted the 2021 Integrated Energy Policy Report (IEPR) Scoping Order. According to the Scoping Order, the 2021 IEPR will address four major areas: (1) energy reliability over the next five years; (2) natural gas outlook and assessments; (3) building decarbonization and energy efficiency; and (4) energy demand. The 2021 IEPR will also include an analysis of the benefits of transitioning to a clean transportation system, as required by statute. For additional information, visit <https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report/2021-integrated-energy-policy-report>.

Last week, the CEC published the [2020 California Clean Energy Almanac – Road to 100 Percent Clean Energy](#) (Almanac). The Almanac addresses nine distinct areas:

- [Greenhouse gas emissions](#)
- [Energy equity](#)
- [Innovation](#)
- Efficiency
- Impacts of COVID-19
- [Clean transportation](#)
- [Investments in clean energy](#)
- [Energy storage](#)
- [Renewable energy](#)

### **CALIFORNIA AIR RESOURCES BOARD**

At its March 25, 2021 meeting, the California Air Resources Board (ARB) will consider adoption of the proposed Triennial Strategic Research Plan for 2021-2024, as well as the proposed research for fiscal year 2021-2022. The Triennial Plan identifies ARB's highest priority research initiatives and serves as a guide for the annual selection of individual research projects.

## **CALIFORNIA STATE WATER RESOURCES CONTROL BOARD**

On March 16, 2021, the State Water Resources Control Board (“State Board”) published a Notice of Public Meeting and Notice of Draft Report Availability regarding the Draft 2021 Report of the Statewide Advisory Committee on Cooling Water Intake Structures. As background, the Statewide Advisory Committee on Cooling Water Intake Structures (SACCWIS) advises the State Board regarding the implementation of the Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (OTC Policy) to ensure that implementation plans and schedules established by the OTC Policy are realistic and will not cause disruption to the State’s electrical power supply. The next SACCWIS public meeting is scheduled for March 26, 2021. Additional details regarding the upcoming public meeting and a copy of the Draft 2021 Report are available [here](#).

## **OREGON**

### **Public Meeting on PURPA Dispute Resolution – AR 629**

On Tuesday, March 23, 2021 at 9:30 a.m. PT, the Oregon Public Utility Commission (OPUC) will host a public meeting addressing AR 629. AR 629 proposes rules for dispute resolution related to PURPA contracts. The OPUC staff proposed new administrative rules in the attached draft [order](#), which will institute a mediation process for certain disputes, complaint filings, and requests for declaratory rulings. The new rules will also establish certain objectives/expectations from case management conferences for contested PURPA cases.

### **PGE Submits 2020 Report on Fixed Renewable Option Resource Development Fund – RE 110**

Last Monday, March 15, 2021, Portland General Electric filed its annual report regarding its Fixed Renewable Option Resources Development Fund. Schedules 7 and 32 of PGE’s tariff allow residential and certain commercial customers the option to contribute toward renewable development. The funds are dispersed to qualifying public renewable projects within PGE’s service territory. More information on the fund can be located [here](#) as well as the published 2020 report, which is located [here](#).

### **House Committee Proposes Amendments to HB 2021**

On Monday, March 22, 2021 at 1 p.m. PT, the House Committee on Energy and Environment will hold a public meeting to discuss proposed amendments to House Bill (HB) 2021. If it passes, HB 2021 will require that utilities supply only renewable sourced electricity by 2040. The bill also establishes emission reduction milestones where utilities must reduce their baseline emissions by 80% in 2030 and 90% in 2035. The most recent proposed amendments are [2021-1](#) and [2021-3](#).

## **WASHINGTON**

### **Puget Sound Energy Seeks Extension for Demand Response and Distributed Energy RFPs – UE-200413**

On Thursday March 25, 2021 at 9:30 a.m. PT, the Washington Utilities and Transportation Commission will hold an open meeting to discuss Puget Sound Energy’s petition requesting an extended deadline for its draft request for proposal (RFP) for demand response resources. Specifically, the petition requests that the deadline be pushed from April 1, 2021 to November 15, 2021. Additionally, the petition requests that the scope of the RFP also include all distributed energy resources.

## **NEW YORK INDEPENDENT SYSTEM OPERATOR**

### **1. Gizman Abbas and Joseph Oates Selected to Board of Directors**

On March 17, 2021, the New York Independent System Operator announced the selection of Gizman Abbas and Joseph Oates to its Board of Directors, effective April 20, 2021. Abbas and Oates’ selection culminated a stakeholder-based search with collaboration from representatives in each market sector.

Mr. Abbas has nearly 30 years of experience in the energy and investment field, recently co-founding Twenty First Century Utilities, which worked to transform regulated utilities to a model of mass adoption of clean, low-cost, energy-producing and energy-efficient technologies. In addition, Mr. Abbas founded Direct Investment Development, a New York City-based real estate investment firm focused on sustainable development in underserved urban communities in the U.S.

Mr. Oates has more than 35 years of experience in the energy industry, 33 of which were at Con Edison. Mr. Oates has worked in various roles of increasing responsibility during his time with Con Edison, most recently as the Chairman of Con Edison Clean Energy Businesses, which focused on investments in clean energy infrastructure.

## **NEW YORK PUBLIC SERVICE COMMISSION**

### **1. Public Service Commission Initiates Rulemaking Proceeding to Amend Gas Safety Regulations**

On March 18, 2021, the New York Public Service Commission (Commission) initiated the process for promulgating amendments to its gas safety regulations. The Commission proposed and seeks public comment on draft amendments to address issues in the qualification and competency for individuals working on pipeline operators’ systems. The proposed amendments (i) add to the definition of “covered tasks” that require use of qualified operators, (ii) limit the number of non-qualified individuals who may be supervised by qualified operators when performing a covered task, and (iii) add to the minimum requirements for operator qualification

and requalification of operator employees and contractor workers who perform covered tasks on a pipeline facility. The minimum requirements now include detail regarding the evaluation process of individual qualified operators and require a management of change procedures to ensure changes in procedure and/or equipment are conveyed to affected employees. Further, the minimum requirements require procedures to measure the effectiveness of the qualification program. Comments can be submitted electronically by e-filing or via email to the Secretary at [secretary@dps.ny.gov](mailto:secretary@dps.ny.gov) by June 7, 2021.

## 2. Commission Approves Electric Reliability Standards to Meet Peak Summer Demand

On March 18, 2021, the Commission approved an increase to the amount of electricity kept in reserve during the summer peak in New York State to ensure adequate levels of electricity capacity are available to serve peak load and system emergency conditions. The Commission's action was taken in response to the New York State Reliability Council's (Council) December 4, 2020 proposal of an Installed Reserve Margin (IRM) of 20.7% for the upcoming capability year beginning May 1, 2021 through April 30, 2022, a 1.8% increase from the previous year. The IRM is the amount of installed capacity that must exist to ensure RA reliability criteria are met. The Council estimated peak summer load in New York to be 32,243 MW. Actual summer peak load in 2020 was 30,450 MW, over 5% lower than the initial prediction. Due to statewide energy efficiency gains, New York's peak summer load has been declining in recent years.

## FEDERAL ENERGY REGULATORY COMMISSION

1. The Federal Energy Regulatory Commission's (FERC or Commission) open meeting on Thursday, March 18, 2021 was packed with notable orders, including the following:
  - a. FERC reversed its September 2020 order in Broadview Solar, and reinstated its longstanding "send-out" analysis, which determines a facility's power production capacity based on the electricity that it can actually deliver to the interconnecting electric utility. For more on this proceeding please see our blog post [here](#).
  - b. FERC took action on a petition for a declaratory order by Hollow Road Solar LLC and confirmed that a solar project will not be subject to the PJM MOPR as a result of it being granted local property tax relief under a Virginia pollution control statute. For more on this proceeding please see our blog post [here](#).
  - c. FERC [took action](#) on a petition for a declaratory order by NextEra regarding the acquisition of voting securities by financial institutions that have received blanket authorizations from the Commission and held that while such interests were not passive, they do not create affiliations and will not be reflected in FERC's relational database as affiliations. FERC also re-affirmed that entities will only be able to make passive interest representations if the securities comport with *AES Creative Resources* and otherwise need to obtain guidance through a declaratory order.
  - d. FERC [issued an order providing for further consideration](#) of requests for rehearing and clarification of [Order No. 2222](#), which opened RTO/ISO markets to distributed energy resource aggregations. FERC clarified that while aggregations



of solely demand response would continue to be subject to states' ability to opt out (and prevent retail demand response aggregations from participating in the RTO/ISO markets), that the opt-out would not extend to aggregations made up of a mix of demand response and other distributed energy resource aggregations. FERC also clarified that it was declining to exercise jurisdiction over the interconnections of distributed energy resources, including the interconnections of QFs, to distribution facilities for the purpose of participating in RTO/ISO markets exclusively as part of a distributed energy resource aggregation.

- e. FERC [issued a notice of inquiry](#) seeking comment on whether to continue its current policy, set forth in Order Nos. 719 and 719-A, allowing states to opt out of retail customer demand response aggregation in the RTO/ISO markets. FERC has requested comments on the potential impacts of eliminating the ability of states to prevent demand response resources from participating in organized wholesale markets. FERC is asking whether the circumstances relevant to this demand response opt-out have changed since the opt-out was established in Order Nos. 719 and 719-A, and what are the potential benefits or burdens of removing it. Comments are due 90 days after publication in the Federal Register, with reply comments due 30 days after that.
  - f. FERC [directed PJM Interconnection, L.L.C.](#) (PJM) to revise how it protects the region's consumers from sellers exercising market power in the PJM capacity market after finding that the existing default market seller offer cap fails to allow for adequate review of potential market power concerns in the capacity market, because it is based on an unreasonable expectation of the number of performance assessment intervals PJM will experience in a given delivery year. The Commission directed parties to propose alternative methods for market power review and mitigation in the capacity market. FERC's action will not interfere with PJM's upcoming May 2021 capacity auction for delivery year 2022-2023 and the auction should take place as scheduled under current rules.
  - g. In a natural gas pipeline proceeding, [FERC for the first time assessed the significance of the proposed natural gas pipeline project's greenhouse gas emissions](#) and their contribution to climate change. While FERC found that the project's greenhouse gas emissions would not be significant, the Commission's analysis was a step forward, as FERC's approach has been a topic of strong disagreement among the Commissioners for several years. Chairman Glick stated that "Going forward, we are committed to treating greenhouse gas emissions and their contribution to climate change the same as all other environmental impacts we consider."
2. The timeframe for market-based rate sellers to file their baseline filings in compliance with FERC Order No. 860 is drawing near—April 1, 2021. The relational database system is open through March 31, 2021 for testing, and then the system will be open for baseline filings until early August 2021.

3. FERC will convene a [technical conference on RA](#) in the evolving electricity sector on Tuesday March 23, 2021, from approximately 9 a.m. to 5 p.m. ET, and Wednesday March 24, 2021, from approximately 9 a.m. to 12 p.m. ET. The conference will be held remotely.
4. FERC will hold a [technical workshop](#) on March 25, 2021 from 10 a.m. to 3 p.m. ET to discuss the functionality and features of the relational database through which FERC will begin collecting certain market-based rate (MBR) information in accordance with Order No. 860 (MBR Database).