

REGULATORY UPDATE FOR MAY 24, 2022 (WEEK OF MAY 16, 2022)**CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC or COMMISSION)****New Proposed Decisions and Draft Resolutions¹**

Draft Resolution E-5155. This resolution approves Pacific Gas and Electric Company's (PG&E) \$156,000 fund-shifting request to recover unanticipated Information Technology (IT) work costs for increasing its capacity to support up to 200,000 Demand Response Provider (DRP) customers' meter location registration reviews in California Independent System Operator's Demand Response Registration Systems under Electric Rule 24, Direct Participation. This resolution defers to the 2023-2027 Demand Response portfolio proceeding PG&E's recommendation for CPUC to initiate a workshop with DRPs to assess the future need for increased numbers of meter location registrations.

A1-08-013 (SCE 2021 Rate Case). This decision finds reasonable and authorizes Southern California Edison Company (SCE) to recover: (1) the revenue requirement associated with \$384.19 million in incremental 2020 Operations and Maintenance (O&M) expenses recorded in various wildfire mitigation memorandum accounts, representing approximately 81% of SCE's request of \$476 million; and (2) the 2020 revenue requirement of \$15.12 million associated with capital expenditures approved during Track 2, representing 100% of SCE's request. Consistent with the treatment approved for SCE's Track 2 O&M expenses, the approved revenue requirements shall be amortized over a 36-month period. This decision also finds reasonable \$468.39 million in recorded wildfire mitigation capital expenditures, representing approximately 69% of SCE's request of \$679 million. SCE may seek future recovery of these capital expenditures in a separate financing order application.

Draft Resolution E-5172. This resolution approves, with modifications, revisions to Electric Rule 21 requested by PG&E, SCE, and San Diego Gas and Electric (SDG&E). Those revisions include incorporating Integration Capacity Analysis (ICA), a method of assessing the hosting capacity of an electric system based on its thermal, voltage, power quality, protection, and safety limits. Hosting capacity is an estimate of the amount of power output that may be accommodated without adversely impacting power quality or reliability under current configurations and without requiring infrastructure upgrades. Other modifications include applying a 10% buffer to Screen M, updating Screen N to account for thermal overload under three different ICA scenarios, and establishing a standard timeline for design and construction of interconnection-related distribution upgrades.

Draft Resolution G-3589. This resolution adopts an updated annual fee for registered Core Transportation Agents (CTAs). It reduces the base fee from \$3,955 to \$3,864 effective July

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.

1, 2022, and adjusts the variable fee, which applies only to CTAs that have received complaints in 2021, based on the number of complaints processed by the Consumer Affairs Branch and Utility Enforcement Branch for each CTA and the time spent addressing those complaints.

A.21-06-021 (PG&E 2023 GRC). This decision grants PG&E's unopposed request to make its 2023 test year General Rate Case revenue requirement effective as of January 1, 2023 in the event the Commission adopts a final decision in this proceeding after that date. This decision also grants PG&E's request to allow for the recovery of interest, based on a Federal Reserve three-month commercial paper rate, to the extent necessary to keep PG&E, ratepayers, and shareholders relatively indifferent to the timing of the Commission's final decision regarding the 2023 revenue requirement. Additionally, this decision authorizes PG&E to use its three existing memorandum accounts to track and collect or refund any over-collection or under-collection in rates.

R.18-07-003 (RPS Implementation). This decision determines that voluntary allocations pursuant to the Voluntary Allocation and Market Offer process adopted in Decision (D.) 21-05-003 are not re-sales for purposes of determining Portfolio Content Category (PCC) classification for renewable energy credits (RECs). Any subsequent transfer or resale of those allocated RECs will be considered a resale, however, and will result in a change in PCC classification pursuant to D.11-12-052. This decision would also not require investor-owned utilities to submit Advice Letter (AL) filings for approval of executed proforma Voluntary Allocation contracts. However, modified proforma contracts must be approved via a Tier 1 AL filing.

R.21-10-002 (Resource Adequacy). This decision resolves issues in both Phase 2 of the Implementation Track and the Reform Track. In the Implementation Track, this decision adopts local capacity requirements for 2023-2025 and flexible capacity requirements for 2023, establishes effective load carrying capacity (ELCC) values for wind and solar, directs the Energy Division to develop regional wind ELCCs, and declines to adopt the ELCC methodology for hybrid or energy storage facilities. In the Reform Track, this decision adopts SCE's 24-hour slice framework. 2024 will serve as a test year, with full implementation in 2025. To further develop the Resource Adequacy (RA) framework, the decision adopts a proposed schedule that would involve workshops conducted from July through October 2022, with final proposal submitted November 15, 2022, and with a proposed decision issuing in the first quarter of 2023 on the remaining implementation issues.

R.20-01-007 (Long-Term Gas System Planning). This decision would resolve issues related to Track 1A (Reliability Standards) and Track 1B (Market Structure and Regulations). The decision also requires Southern California Gas Company and PG&E to maintain adequate backbone capacity to meet the average day in a 1-in-10 cold and dry year standard previously established by the Commission, and provides a citation structure if the utility fails to maintain that backbone capacity.

Voting Meetings

The Commission held a voting meeting on May 19, 2022. The agenda included the following energy-related items.

Item 4. R.20-05-003 (IRP Proceeding). This decision adopts a Modified Cost Adjustment Mechanism to calculate above-market costs of utility procurement to procure resources for load-serving entities that either opted out of procurement or failed to procure as required in response to procurement D.19-11-016 (total 3,300 MW) or D.21-06-035 (total 11,500 MW). **Signed, D.22-05-014.**

Item 5. Resolution E-5194. This resolution adopts, with modification and clarification, the criteria and process proposed by SDG&E, PG&E, and SCE pursuant to Section 3.5.3 of D.21-01-018 for evaluating the safety and reliability of electric isolation technologies prior to deployment or implementation of the technologies. **Held to June 2, 2022 meeting.**

Item 9. Draft Resolution E-5206. SDG&E filed AL 3936-E on January 19, 2022, requesting the Commission to review and approve two separate but similar purchase and sale agreements (PSAs) with SDCP and CEA. The PSAs are long-term contracts for renewable energy, along with the associated RECs, originating from various facilities in SDG&E's Power Charge Indifferent Amount-eligible RPS portfolio. This resolution approves the PSAs without modification. **Approved.**

Item 10. Draft Resolution E-5204. This resolution approves a 2022 Power Displacement Agreement between SCE and the United States Department of Defense, Edwards Air Force Base. This 2022 Power Displacement Agreement replaces the 2012 Power Displacement Agreement, which expired on December 31, 2021. **Approved.**

Item 11. Draft Resolution E-5205. This resolution approves five energy storage contracts for 498 megawatts (MW) of nameplate capacity, expected to provide 462 MW of incremental September net qualifying capacity, that SCE procured to address 2023 and 2024 mid-term reliability. Those five contracts are for the following projects: AES (Alamitos BESS II, 82 MW), Calpine (Santa Ana III, 40 MW), LS Power (Gateway, 75 MW), Tenaska/Falcon Energy (Condor, 200 MW), and Tenaska/Falcon Energy (Peregrine, 100 MW). All the contracts are RA only, other than the AES contract, which is an RA with put option (which allows seller to put the dispatch rights to SCE). **Approved.**

Item 15. Draft Resolution E5181. This resolution approves PG&E's request to shift funds between categories in PG&E's approved 2018-2022 Demand Response (DR) budget to make up for a shortfall of \$9,999,585 needed to pay for CPUC-required IT system upgrades and related costs. PG&E proposes to shift approximately \$5.8 million from Category 1, Supply Side DR Programs, specifically the SmartAC program. PG&E proposes to shift approximately \$4.2 million from Category 5, Pilots, Resolution E-5181 DRAFT May 19, 2022 PG&E AL 6180-E/WMB 2 because the Commission did not ultimately authorize the Supply Side Pilot beyond the first three years of the program cycle, leaving the remaining budget unspent. **Approved.**

CALIFORNIA ISO

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Extended Day-Ahead Market Initiative. The California ISO has published the straw proposal for the Extended Day-Ahead Market initiative, which will be discussed, along with governance topics, at an upcoming stakeholder meeting on May 25-26, 2022. The deadline to submit written comments on the straw proposal has been extended from June 9, 2022, to June 16, 2022.

2021-2022 Transmission Planning Process. Completed proposals for the Collinsville and Manning substation projects must be submitted prior to the close of business on July 15, 2022. Completed proposals for the Newark – Northern Receiving Station and Metcalf – San Jose B HVDC competitive solicitation projects must be submitted prior to the close of business on August 26, 2022.

Energy Storage Enhancements. The California ISO has postponed the public stakeholder call scheduled for May 19, 2022. This meeting was originally intended to discuss the draft final proposal. The next step in the initiative process will not be to post a draft final proposal. The California ISO is taking additional time to carefully consider stakeholder comments and questions that were raised through the last round of comments and from the April 13, 2022 stakeholder workshop. The California ISO is also working to prepare a matrix with responses to comments and questions that have been received to date. Another notice will be sent in the coming weeks to announce next steps.

FERC Order No. 881 – Managing Transmission Line Ratings. The California ISO is holding a public stakeholder call on May 24, 2022 to discuss its compliance with FERC Order No. 881 – Managing Transmission Line Ratings. Written comments on the discussion are due June 7, 2022.

Price Formation Enhancements. The California ISO will hold a public stakeholder workshop on June 9, 2022 to discuss the new Price Formation Enhancement initiative.

Flexible Ramping Product Refinements Impacts to WEIM Resource Sufficiency Evaluation. The California ISO has published a supplemental document due to stakeholder feedback during the May 10, 2022 call that discussed the interactions between the nodal flexible ramping product the ISO plans to implement in fall 2022 and the existing Western Energy Imbalance Market resource sufficiency evaluation. As a result of feedback received during the call, the deadline for comments on this topic has been extended from May 20 to May 26, 2022.

CALIFORNIA ENERGY COMMISSION (CEC)

Integrated Energy Policy Report (IEPR)

CEC staff will host a remote workshop on May 26, 2022 at 2:00 p.m. PT to solicit comments on proposed transmission-related data collection and analyses for the 2023 Integrated

Energy Policy Report (2023 IEPR) relating to electricity resource plans. According to the Notice, data collection is occurring through the 2022 IEPR Update Docket for use and analysis in the 2023 IEPR. The workshop Notice is available at TN #243069 in [Docket No. 22-IEPR-03](#).

Gas Decarbonization OIIP

The CEC will host a two-session workshop on June 3, 2022 to launch the [Gas Decarbonization Order Instituting Informational Proceeding \(OIIP\)](#). The Gas Decarbonization OIIP was launched in March 2022 and continues the dialogue on gas transition topics and begins carrying out the 2021 Integrated Energy Policy Report (2021 IEPR) recommendations. The proceeding is intended to enhance collaboration among the CPUC, California Air Resources Board, the California ISO, and other state agencies, as well as the various stakeholders with an interest in gas decarbonization issues. The workshop Notice is available at TN #243070 in [Docket No. 22-OII-02](#).

As background, as California decarbonizes its energy system, the state will face various challenges, including addressing declining long-term gas demand from building electrification, the interdependencies between gas and electricity systems, and the potential role of low-carbon fuels and technologies. Volume III: Decarbonizing the State's Gas System of the 2021 IEPR asserts that California needs a comprehensive, inclusive, long-term gas planning process to ensure a safe, reliable, and equitable transition away from fossil gas.

According to the workshop Notice, the proceeding will be a multi-year investigation that will run parallel to and inform the CEC's IEPR processes. The CEC also intends to initiate phases within the OIIP to focus the proceeding's scope and to address new or emerging issues. Phase 1 of the OIIP will provide comprehensive assessments and forecasts of gas supply, demand, prices and rates, and infrastructure topics, including analytical improvements to support long-term gas planning. The workshop will provide an overview of the objectives of the proceeding and solicit stakeholder input on issues to be addressed to achieve decarbonization of the gas system in California. Staff will provide an overview of currently planned activities under the proceeding and seek input on additional activities. A detailed meeting schedule will be posted prior to the workshop [here](#).

Offshore Wind

On May 18, 2022, CEC staff held a workshop on offshore wind energy development off the California coast focused on "Maximum Feasible Capacity and Megawatt Planning Goals for 2030 and 2045." During the workshop, CEC staff presented a [draft report](#) that includes staff's proposed findings and recommendations addressing the requirements of Assembly Bill (AB) 525 for the CEC to evaluate and quantify the maximum feasible capacity of offshore wind to achieve reliability, ratepayer, employment, and decarbonization benefits and establish megawatt offshore wind planning goals for 2030 and 2045. A summary of the workshop can be found on the Stoel Rives Renewable + Law blog [here](#).

Since the May 18 workshop, the CEC has removed Item 3 from the CEC's May 24, 2022 Business Meeting agenda, which had previously indicated that the CEC would consider adoption of the California Offshore Wind Energy Development Report at the May 24, 2022 Business Meeting. On May 23, 2022, the CEC circulated an update regarding the removal of the agenda item to subscribers of the CEC's Offshore Renewable Energy List. The email correspondence stated the following regarding removal of the draft report from the May 24 agenda:

In light of new information [submitted during the workshop and public comment opportunity](#), including information recommending that the CEC establish different megawatt offshore wind planning goals for 2030 and 2045 than those in the draft report based on studies released after the draft report posted; Commissioner Vaccaro will conduct a public workshop to further examine this new information to consider possible changes to the draft report recommendations for megawatt offshore wind planning goals for 2030 and 2045.

The CEC also posted a hearing notice at TN# 243213 in [Docket No. 17-MISC-01](#) regarding the California Coastal Commission's June 8, 2022 meeting. According to Item 7a on the June 8 meeting agenda, the Coastal Commission will consider the Bureau of Ocean Energy Management's proposed leasing associated with future development of the Morro Bay Wind Energy Area. Additional information is available at Item 7a [here](#).

Lithium Valley Commission

The next Lithium Valley Commission meeting will be held on May 26, 2022 at 1:30 p.m. PT in Calipatria, California. The meeting will support in-person and remote participation. Additional details are available at TN #243097 [in Docket No. 20-LITHIUM-01](#).

Energy Conservation Assistance Act

CEC staff will hold a workshop at 10:00 a.m. PT on May 27, 2022 to discuss and solicit public comments on proposed modifications to the existing Energy Conservation Assistance Act (ECAA) program. ECAA is a low-interest loan program providing financing to cities, counties, schools, and other eligible public entities for energy-efficiency and clean energy generation projects. Additional information is available at TN #243090 in [Docket No. 22-ECAA-01](#).

Renewable Portfolio Standard (RPS)

California load-serving entities (LSEs), including retail sellers and local publicly owned electric utilities (POUs), must report 2021 retirements of RECs for California's RPS to the CEC by July 1, 2022. As specified by the [Renewable Portfolio Standard Eligibility Guidebook, Ninth Edition \(Revised\)](#), all LSEs are required to track and report RPS procurement using the [Western Renewable Generation Information System](#) (WREGIS).

POUs are required to submit 2021 Annual Summary Reports and supporting documentation, including new or revised contracts executed in the prior year, e-Tag Reports, and Hourly Reports through the [RPS Online System](#), by the July 1 deadline.

To assist LSEs with annual reporting, CEC staff prepared the following documents:

- [2021 WREGIS Reporting Guidance](#)
- [2021 Annual Reporting Instructions](#)

CEC Business Meetings

The next CEC Business Meetings are scheduled for [May 24, 2022](#) and June 8, 2022.

CALIFORNIA AIR RESOURCES BOARD (CARB)

Meetings and Workshops

CARB will hold its next Board [meeting](#) on June 9, 2022. The full agenda for the meeting will be made available 10 days prior to the meeting date. At the meeting, the Board will conduct a [public hearing](#) on the proposed [Advanced Clean Cars II](#) regulation, which will transition new light-duty vehicle sales in California to 100% zero-emission by 2035. Comments can be submitted to CARB on or before May 31, 2022 [here](#), or provided at the public hearing.

Opportunities for Public Comment

Comments on the [Advanced Clean Cars II](#) regulation can be submitted to CARB [here](#) on or before May 31, 2022.

Comments on the draft [AB 32 Scoping Plan Update](#), which assesses progress towards achieving targets to decrease California's greenhouse gas emissions by 40% below 1990 levels by 2030 and to lay out a path to achieve carbon neutrality by 2045, may be submitted [here](#) on or before June 24, 2022.

CARB held a series of [public workshops](#) on draft regulatory language for the proposed [Advanced Clean Fleets regulation](#) to achieve zero-emission medium and heavy-duty zero-emission truck and bus fleets by 2045. Informal comments on the proposed regulation may be submitted [here](#) on or before December 31, 2022.

MINNESOTA PUBLIC UTILITIES COMMISSION (MPUC)

On May 19, 2022, the MPUC unanimously approved that it has authority to permit the siting of carbon dioxide pipelines. As part of this proceeding, the MPUC directed its staff to commence a rulemaking proceeding consistent with state and federal regulations. The MPUC's news release can be found [here](#). We will provide additional information as it is filed in MPUC Docket No. U-999/CI-21-847.

The May 26, 2022, MPUC meeting has been canceled. The next agenda meeting is set for June 1, 2022. Items on the agenda include those relating to Xcel Energy's Transmission Cost Recovery Rider and Integrated Distribution Plan.

OREGON PUBLIC UTILITIES COMMISSION (OPUC)

Oregon Community Solar Program (CSP) Updates

Last Thursday, the OPUC issued Order 22-173 that certified Jim and Salles Place Apartments in the Oregon CSP. The solar project is 40 kW located in Portland General Electric's (PGE) service territory and is managed by ROSE Community Development. The final order can be located [here](#).

Additionally, the OPUC issued Order 22-172 that directed PGE to accept new applications for market capacity projects into its CSP interconnection queue starting on May 18, 2022. This order removed previous time-based limits on general market capacity CSP applications. As a result, OPUC Staff anticipates that over 9 MW of unallocated capacity is now available in PGE's territory for additional general market capacity CSP projects. The final order can be located [here](#).

OPUC Meetings This Week

On May 25, 2022 at 1:30 p.m. PT, the OPUC is holding a public meeting in Docket AR 631 (related to the procedures, terms, and conditions associated with Standard Qualifying Facility contracts). OPUC Staff will address a wide range of issues at the meeting including (i) the reasonableness standard, (ii) amount of security required and creditworthiness for applicants, and (iii) requirements for site control. The special report on this meeting can be located [here](#).

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION (WUTC)

WUTC Meetings This Week

On May 26, 2022 at 9:30 a.m. PT, the WUTC is holding an open meeting to discuss a wide range of dockets including UE-220226 (related to Avista's Tariff WN U-28, Schedule 98, WA Renewable Energy Credit Revenue Mechanism). The agenda and dial in details can be located [here](#).

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

FERC issued its [2022 summer assessment](#) on May 19, 2022. The report notes that electric markets are expected to have sufficient capacity to maintain reliable operations this summer under normal conditions but that extreme weather events could pose operational challenges. Much of the United States west of the Mississippi is at elevated or high risk of energy shortfalls during peak summer conditions. In the western U.S., weak hydro and wildfire

risk threaten electricity transfers; in Texas, drought-related heat events raise the risk of extreme demand; in the Southwest Power Pool, output from thermal generators may be reduced due to river water levels; and in MISO, capacity shortfalls from generator retirements and increased demand.

During April's open meeting, FERC [issued](#) a Notice of Proposed Rulemaking (NOPR) meant to facilitate future regional transmission development aimed at improving reliability, reducing costs, and achieving long-term resource needs and goals over a 20-year horizon. The NOPR was approved by a 4-1 vote, with Commissioner Danly as the lone dissenting voice. Missing from the proposed reforms, however, were proposed changes to the generator interconnection process – something that many developers had hoped would be addressed in light of the significant delays impacting interconnection queues in several regions of the country. The NOPR resides in Docket No. RM21-17.

Also during the April open meeting, FERC [directed](#) six organized energy market operators to provide information regarding changing system needs and plans for potential reforms. These reports due within 180 days will address current system needs given resources mixes and load profiles, as well as project future needs over the next five and 10 years. The public may comment on the reports for up to 60 days following their filing. Docket No. AD21-10.

This month, PJM plans to file substantial reforms to its generator interconnection procedures, which changes will cause customers to do more in demonstrating project viability and financial commitments in order to advance an interconnection request. A detailed presentation from PJM that outlines the upcoming filing is [here](#).