

REGULATORY UPDATE FOR MAY 3, 2022 (WEEK OF APRIL 25, 2022)**CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC or COMMISSION)****New Proposed Decisions and Draft Resolutions¹**

A.19-07-021 (SCE Catastrophic Memorandum Account). This decision grants Southern California Edison Company (SCE) the authority it requests to recover the capital costs recorded in its 2017 Firestorms Catastrophic Event Memorandum Account, incurred in responding to the 2017 Canyons 1 and 2, Creek, and Pier Fires. As discussed in Decision (D.) 21-08-024, the costs related to the Thomas and Rye Fires continue to be denied without prejudice. This decision closes this proceeding.

P.22-01-018 (Petition to Adopt, Amend, or Repeal Regulation). This order denies the petition of Regents of the University of California, School Project for Utility Rate Reduction, and E&B Natural Resources Management Corporation to open a rulemaking to consider the inequitable effects of the Commission's direct access rules and associated investor-owned utility (IOU) tariffs and requested relief for overbilled Power Charge Indifference Adjustment surcharges.

Draft Resolution E-5198. Public Utilities Code Section (PU Code Section) 381.1 gives Community Choice Aggregators (CCAs) the option to elect to become an administrator of cost-effective energy efficiency (EE) programs, subject to CPUC adoption of a CCA's EE Program Administration Plan (EE Plan) that has been approved by the CCA's governing board. Sonoma Clean Power (SCP) submitted a three-year budget request of \$3,074,682 to the CPUC on December 1, 2021, via Tier 3 advice letter (AL) 16-E and supplemental AL 16-E-A on March 9, 2022. This resolution approves SCP's request to elect to administer its EE Plan according to the criteria set forth in PU Code Sections 381.1(e) and (f)(1)-(6) and CPUC direction in D.14-01-033 on enabling CCAs to administer EE programs. The budget that SCP requested to receive to fund its EE Plan is \$3,074,682. The Pacific Gas and Electric Company (PG&E) is ordered to transfer \$3,074,682 to SCP for its three-year EE Plan.

R.18-07-017 (PURPA Implementation). This decision: (1) authorizes the IOUs to offer the New Qualifying Facilities Standard Offer Contract (New QF SOC) to storage-paired QFs; (2) authorizes the Joint IOUs to modify the New QF SOC to add their proposed Section 9.02(j) (Additional Covenants by Seller) and Section 9.04(i) (Indemnity) from their June 2020 ALs for storage-paired QFs that exclusively charge from the eligible energy resources; (3) requires IOUs to submit a Tier 1 AL each within 15 days of issuance of this decision with a pro forma New QF SOC including a redline version comparing the new contract with the superseded prior contract; (4) authorizes the IOUs to bilaterally negotiate with storage-paired QFs charging from the grid

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.

while using the New QF SOC as the base contract and submit a Tier 2 AL for approval of the nonstandard contract; the negotiations are limited to modifying the New QF SOC's scheduling and metering provisions and revising or eliminating Section 9.02(j) and Section 9.04(i); (5) clarifies that storage-paired QFs that include hybrid and co-located storage configurations with a combined nameplate capacity above 20 megawatts (MWs) are eligible for the New QF SOC as long as the net power production capacity is limited to 20 MW at the point of interconnection; (6) defers to the Resource Adequacy Proceeding to define hybrid and co-located storage-paired QFs considering the California Independent System Operator initiatives for market participation and operationalization of these resources, and the definitions adopted in D.20-06-031 shall continue to apply; and (7) declines to adopt any specific pricing mechanism for storage paired with QFs. The pricing options adopted in D.20-05-006 for capacity and energy remain unchanged.

A.21-11-021 (CEC EPIC Plan). This decision approves the Electric Program Investment Charge 2021-2025 (EPIC 4) Investment Plan filed by the California Energy Commission (CEC), subject to several modifications. Authority to continue EPIC in 2021 to 2025 and its annual funding of \$147.26 million were already authorized by the Commission in D.20-08-042. In addition, an interim EPIC 4 Plan for 2021 was already authorized in D.21-07-006. Thus, what is specifically being authorized in this decision is year two to five of the EPIC 4 Plan for 2022 to 2025. The total budget for these four years of \$592 million was already authorized in D.20-08-042.

Draft Resolution L-616. On April 14, 2022, Commissioner Rechtschaffen of the CPUC signed, on the CPUC's behalf, a multiparty Memorandum of Understanding (MOU) designed to support and participate in the Vehicle-to-Everything (V2X) Collaboration (Collaboration). This resolution ratifies that action. The Collaboration will explore opportunities for research, engineering, and infrastructure investments that will accelerate and enable bidirectional plug in electric vehicle integration into the electrical grid, potentially by establishing demonstration bidirectional charging stations, collecting and analyzing demonstration data, and preparing analyses to evaluate the business case for V2X. The Collaboration will aim to bring together cutting-edge resources from the U.S. Department of Energy (DOE), the DOE National Laboratories, state and local governments, utilities, and private entities to evaluate the technical and economic feasibility of integrating bidirectional charging into energy infrastructure. The current signatories to the MOU are the CEC, DOE, National Electrical Contractors Association – Los Angeles, International Brotherhood of Electrical Workers – Chapter 11, Fermata Energy, the Waste Management Company-Lancaster, Los Angeles Department of Water and Power, Rhombus, BYD Motors, Inc., the City of Lancaster and City of Lancaster Community Choice Aggregator, SCE, Zeem Solutions, PG&E, General Motors LLC, Ford Motor Company, San Diego Gas & Electric (SDG&E), Sacramento Municipal Utility District, and Lucid Group, Inc.

R.20-11-003 (2021 Summer Reliability). On January 31, 2022, Valley Clean Energy (VCE), Polaris Energy Services, and Temix Inc. (Pilot Partners) filed a petition for modification requesting that the Commission modify specific provisions of D.21-12-015 (the 2022 and 2023 Summer Reliability Decision) that relate to the VCE Dynamic Rate Pilot (VCE Pilot) that was authorized in that decision. This decision resolves that petition for modification. D.21-03-056 is modified to allocate an incremental \$690,000 to VCE for the purpose of carrying out

administrative activity in the implementation and execution of the VCE Pilot. All other requests for modification that the Pilot Partners made in the petition for modification are denied.

Voting Meetings

The Commission's next voting meeting will be held on May 5, 2022. The agenda includes the following energy-related items.

Item 2. Resolution E-5192. This resolution approves a total budget of \$11.7 million for PG&E to implement three short-term pilots to address specific barriers to vehicle-grid integration:

- Pilot #1: Vehicle-to-grid Residential Pilot Program (residential pilot) is approved as modified in this resolution at \$7.5 million.
- Pilot #2: Vehicle-to-grid Commercial Pilot Program (commercial fleets pilot) is approved as modified in this resolution at \$2.7 million.
- Pilot #3: Vehicle-to-microgrid Public Safety Power Shutoff Microgrid Pilot (microgrids pilot) is approved as modified in this resolution at \$1.5 million.

This resolution also denies the proposed budget of \$2.3 million for pilot #4 to explore vehicle-to-grid export value because AL 6259-E does not fully comply with D.20-12-029 requirements regarding budget, scope, and reporting. This resolution does, however, authorize PG&E to refile a new Tier 2 AL within 60 days to correct these deficiencies, if it chooses.

Item 3. A.21-07-017 (SDG&E Rate Relief for Wildfire Mitigation Plan Costs). This decision denies SDG&E's request for authorization to establish an interim rate recovery mechanism for costs recorded in the utility's Wildfire Mitigation Plan Memorandum Accounts. After reviewing SDG&E's request and intervenors' objections, including SDG&E's financial standing, as described in Application (A.) 21-07-017, and considering the timing of SDG&E's next General Rate Case (GRC) filing, the Commission concludes that SDG&E did not sufficiently demonstrate a need for interim rate relief. Pursuant to PU Code Section 8386.4(b), SDG&E is directed to file for reasonableness review and cost recovery of wildfire mitigation plan costs through its GRC or via a separate application filed at the conclusion of the three-year wildfire mitigation plan cycle.

Item 5. Resolution E-5197. PU Code Section 381.1 gives CCAs the option to elect to become an administrator of cost-effective EE programs, subject to CPUC adoption of a CCA's EE Plan that has been approved by the CCA's governing board. Peninsula Clean Energy (PCE) submitted a three-year budget request of \$4,678,563 to the CPUC on November 19, 2021, via Tier 3 AL 20-E and supplemental AL 20-E-A on January 28, 2022. This resolution approves PCE's request to elect to administer its EE Plan according to the criteria set forth in PU Code Sections 381.1(e) and (f)(1)-(6) and CPUC direction in D.14-01-033 on enabling CCAs to administer EE programs. The budget that PCE requested to receive to fund its EE Plan is \$4,678,563. The PG&E is ordered to transfer \$4,678,563 to PCE for its three-year EE Plan.

Item 6. Resolution E-5179. This resolution approves SCE's plan to shut down and decommission the Tehachapi Storage Project (TSP), with modifications to cost recovery as recommended by the Public Advocates Office. SCE stated that decommissioning of the TSP is necessary due to SCE's inability to source components for the TSP's first-generation battery storage system. SCE justified the decommissioning of the project based upon the costs required to continue operations of the TSP, a lack of impact on grid reliability from decommissioning, and safety concerns. SCE stated that decommissioning the TSP will avoid exceeding the authorized funding if operations were to otherwise continue. SCE ceased operations of the TSP on May 17, 2021. The resolution concludes that costs of prudent safety upgrades that would allow safe continued operation would overwhelm potential benefits of future operations.

Item 7. 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).

Item 8. Resolution E-5196. In AL 3738-E, SDG&E requests several modifications to Appendices A, B, D, E, F, H, J, and K of its 2014 Conformed Bundled Procurement Plan. These changes, as proposed, would allow SDG&E more procurement flexibility to respond to changes in the marketplace and changes due to regulation. This resolution approves SDG&E's request in AL 3738-E without modification.

Item 9. R.14-10-003 (IDER Framework). This proposed decision adopts several changes to the Avoided Cost Calculator used in a variety of Commission proceedings, and changes the procedural framework for future updates, including eliminating the minor updates that previously occurred during odd-numbered years, to allow greater time to focus on major updates that occur during even-numbered years.

Item 10. 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.

Item 16. A.21-06-004 (SDG&E ERRAs). This decision finds that SDG&E meets the standard for compliance under the Energy Resources Recovery Account (ERRA) regulatory compliance process for the 2020 record year. It further finds that during the 2020 record year, SDG&E complied with all the requirements that the Commission reviews during the ERRA compliance process, and that SDG&E demonstrated that, during the 2020 record year, (1) it prudently administered and dispatched its utility-owned generation resources and portfolio of contracts, in compliance with its procurement plan, (2) all entries and costs in the balancing and memorandum accounts reviewed in this proceeding, including the ERRA and Portfolio Allocation Balancing Account, after accounting for adjustments specified in the Settlement Agreement, are correctly stated and in compliance with the Commission's directives, and (3) its procurement of greenhouse gas (GHG) compliance instruments is consistent with the Commission's current directives. This decision approves a Settlement Agreement entered into by

all the parties in Phase One of this proceeding. The Settlement Agreement resolves all the contested issues in Phase One. A.21-06-004 remains open to consider the issues in Phase Two. The issues in Phase Two address the unrealized sales and revenues resulting from SDG&E's Public Safety Power Shutoff events in 2020.

CALIFORNIA ISO

Stakeholder Initiatives: Upcoming Meetings and Deadlines

WEIM Resource Sufficiency Evaluation Enhancements Phase 1B. The California ISO has scheduled a stakeholder call on May 3, 2022, to present analysis as part of the Western Energy Imbalance Market Resource Sufficiency Evaluation Enhancements Phase 1B initiative. Comments on the analysis are due May 12, 2022.

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.

Transmission Development Forum. The California ISO, in conjunction with the Commission and the participating transmission owners, held its quarterly public stakeholder call on April 26, 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 May 10.

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 will hold a public stakeholder call on May 19, 2022, to discuss the draft final proposal for the Energy Storage Enhancements initiative. Comments on the draft final proposal are due May 31, 2022.

Interconnection Process Enhancements 2021 – Phase 1. The California ISO held a public stakeholder call on April 28, 2022, to discuss the Draft Tariff Language and Final Proposal for the Interconnection Process Enhancements 2021 – Phase 1 initiative. Written comments on the Draft Tariff Language are due May 5, 2022.

Day-Ahead Market Enhancements. The California ISO held a public stakeholder call on April 29, 2022, to discuss the third revised straw proposal for the Day-Ahead Market Enhancements initiative. Written comments on the third revised straw proposal are due May 19, 2022.

Market Parameter Changes Enhancement. The California ISO held a public stakeholder call on May 2, 2022, to discuss the straw proposal for the new Market Parameter Changes Enhancement initiative. Written comments are due May 9, 2022.

CALIFORNIA ENERGY COMMISSION (CEC)

2022 Integrated Energy Policy Report (IEPR) Update

On March 2, 2022, the CEC commenced the 2022 IEPR Update proceeding. When the proceeding commenced, the notice accompanying the draft scoping order contained the following proposed schedule for the 2022 IEPR Update:

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| • Final Scoping Order Released | April 2022 |
| • Public Workshops on Specific Topics | April – December 2022 |
| • Adopt order instituting informational proceeding for 2022 Update | April 2022 |
| • Release Draft 2022 IEPR Update | October 2022 |
| • Release Final 2022 IEPR Update | January 2023 |
| • Adopted 2022 IEPR Update | February 2023 |

In accordance with the March 2, 2022 Notice, the [Final Scoping Order](#) was released on April 22, 2022. As proposed in the Draft Scoping Order, the Final Scoping Order outlines three major topic areas for the 2022 IEPR Update: (i) to establish a framework to center equity and environmental justice throughout CEC efforts; (ii) to create a California Planning Library; and (iii) to address emerging topics.

Offshore Wind

On April 25, 2022, the CEC circulated a “Save the Date” for a May 18, 2022 workshop wherein CEC staff will present a draft report addressing the requirements in AB 525. According to the “Save the Date,” the draft report evaluates and quantifies “the maximum feasible capacity for offshore wind to achieve reliability, ratepayer, employment, and decarbonization benefits and establish megawatt planning goals for 2030 and 2045.” A workshop notice has not yet been released but will be published in advance of the workshop, along with a copy of the CEC staff’s draft report.

Lithium Valley Commission

The next Lithium Valley Commission meeting will be held on May 12, 2022 at 1:30 p.m. in Imperial, California. The meeting will support in-person and remote participation. Additional details are available at TN #242917 [here](#).

CEC Business Meetings

The next CEC Business Meeting is scheduled for May 11, 2022. The agenda for the May 11, 2022 meeting is available [here](#).

CALIFORNIA AIR RESOURCES BOARD (CARB)

Meetings and Workshops

CARB is holding 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. Registration and further information is available [here](#). The May 4, 2022 workshop will focus on proposed requirements for state and local government fleets. Registration and further information is available [here](#). The May 6, 2022 workshop will focus on proposed requirements for drayage trucks. Registration and further information is available [here](#). A [workshop on May 2, 2022](#) focused on high priority and federal fleets, including new proposed requirements to include light-duty last-mile package delivery vehicles and the 100% zero-emission vehicle sales requirement.

On May 19, 2022, CARB will conduct a public hearing to hear an informational update on the AB 617 Community Air Protection Program statewide strategy, the [Program Blueprint](#). Notice of the meeting is available [here](#), and public comments can be submitted to CARB [here](#) in advance of the hearing.

Opportunities for Public Comment

CARB is holding virtual [public meetings and workshops](#) as part of the AB 32 Scoping Plan Update, which will assess progress towards achieving targets to decrease California's GHG emissions by 40% below 1990 levels by 2030 and to lay out a path to achieve carbon neutrality by 2045. On April 20, 2022, CARB held a workshop to present the initial results of its analysis of air quality and health impacts and its economic analysis of the various scenarios developed for the AB 32 Scoping Plan Update, for both GHG sources regulated under AB 32 and natural and working lands. Comments on the analyses can be submitted [here](#) on or before May 3, 2022.

Comments on the upcoming hearing on the AB 617 [Community Air Protection Program Blueprint](#) can be submitted to CARB [here](#) on or before May 9, 2022.

Comments on the Oil Production Greenhouse Gas Emissions Estimator model for the Low Carbon Fuel Standard can be submitted [here](#) on or before May 10, 2022.

Comments on the draft environmental analysis for the federal Clean Air Act 2022 State Implementation Plan Strategy can be submitted [here](#) on or before May 13, 2022.

Informal comments on the proposed [Advanced Clean Fleets](#) rulemaking may be submitted [here](#) on or before December 31, 2022.

MINNESOTA PUBLIC UTILITIES COMMISSION (MPUC)

Commission Agenda Meetings on May 3, 2022 and May 5, 2022

The MPUC will meet two times this week. On May 3, 2022, the MPUC will meet at 8:00 a.m. PT to address the process of establishing frameworks to compare lifecycle GHG emission intensities as part of the process to develop natural gas utilities' innovation plans, in MPUC Docket No. 21-566. The MPUC will meet again at 8:00 a.m. PT on May 5, 2022, to address the following three matters: (1) Xcel Energy's pending transfer agreement docket (MPUC Docket No. 22-129); (2) Byron Solar's petition for a certificate of need, and site and route permits (MPUC Docket Nos. 20-763, 20-764, and 20-765); and (3) Xcel Energy's proposed tariff revisions for updating the community solar garden tariff (MPUC Docket Nos. 21-695 and 13-867).

OREGON PUBLIC UTILITY COMMISSION (OPUC) AND LEGISLATIVE UPDATES

OPUC Approves PacifiCorp's 2022 All Source Request for Proposal (RFP)

Last Thursday, April 28, the OPUC issued Order 22-130 which approved PacifiCorp's 2022 IRP subject to certain modifications and conditions. Conditions of approval include changing the commercial operation date for RFP resources to before December 21, 2027, and allowing bids with conditional firm transmission rights to participate in the process. The final order can be located [here](#).

OPUC Approves Wildfire Mitigation Plans for PacifiCorp and PGE

Last Thursday, April 28, the OPUC approved PacifiCorp and PGE's 2022 wildfire mitigation plans via Orders 22-131 and 22-132. The plans were filed pursuant to OAR 860-300-0020 and include details on "Fire High Consequence Areas" in each utility's service territory. The final orders can be located [here](#) and [here](#).

OPUC Meetings This Week

On Thursday, May 5 at 9:30 a.m. PST, the OPUC is hosting a public meeting to discuss a wide range of dockets including AR 654 (related to rulemaking with respect to transportation electrification planning) and ADV 1383 (related to PacifiCorp's Advice No. 22-004 on its irrigation demand response program).

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION (WUTC)

WUTC Approves Amendment to Puget Sound Energy (PSE) and Tanner Electric Cooperative's (Tanner Electric) Service Territory Agreement

Last Thursday, April 28, the WUTC issued an order which approved a modification to the service territory agreement between PSE and Tanner Electric. The original agreement between the utilities was approved in 2012. Because of construction on the service territory border, the utilities agreed to execute a minor amendment which transferred a single customer from PSE to Tanner Electric's service. The amendment does not transfer any electric facilities from PSE to Tanner Electric. The final order can be located [here](#).

WUTC Meetings This Week

On Friday, May 6 at 9:30 a.m. PST, the WUTC will be holding a hearing to discuss adoption of new rules under Docket 2021-210183. The rules will implement RCW 19.405.040 and 19.405.050 of the Clean Energy Transformation Act. The summary of stakeholder comments on these rules, as well as the dial-in information for the hearing, can be located [here](#).

MIDCONTINENT INDEPENDENT SYSTEM OPERATOR (MISO)

On April 26, 2022, stakeholders met to discuss cost allocation for the second half of MISO's long-range transmission planning process. At the meeting, MISO staff stated that they are currently against the idea of creating a "generator pays" element in long-range transmission cost allocation. MISO's long-range planning process will occur in four parts. The first two parts focus on the transmission needs in the Midwest while the third part involves transmission in MISO South. The fourth part will evaluate solutions to increase transfer capability between MISO South and the Midwest. MISO is currently designing a different cost allocation to apply to the third and fourth cycles of its multiyear long-range transmission plan, which it hopes to make effective by the end of 2023.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

During last month'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 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.

Late last week, FERC rejected a proposal by MISO that would have extended the Self-Funding Option to allow transmission owners to unilaterally elect to fund and receive a return on and of the capital cost of network upgrades, necessary upgrades, and protection facilities identified for the interconnection of Merchant High Voltage Direct Current (MHVDC) transmission lines. The Self-Funding Option has been controversial since it was put in place several years ago for generator interconnection; however, FERC rejected MISO's attempts to extend the funding option to MHVDC lines, in part, because merchant transmission developers do not have the same funding options available to them as do generator interconnection customers. Commissioner Danly dissented. The order is available [here](#).

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](#).