

REGULATORY UPDATE FOR JUNE 22 (COVERING WEEK OF JUNE 15)**California Public Utilities Commission****New Proposed Decisions and Draft Resolutions¹:**

R.12-11-005. The proposed decision would grant in part the California Solar and Storage Association's (CalSSA) Petition for Modification of D.19-01-027 and D.20-01-021. The proposed decision would: (1) Modify Decision D.19-09-027 to clarify that single family residences in Indian Country eligible for California Alternate Rates for Energy are eligible for the Self-Generation Incentive Program equity budget, and multi-family buildings in California Indian Country may use an owner affidavit process to demonstrate equity budget eligibility; (2) Modify D.19-09-027 to correct an inadvertent error in Ordering Paragraph 26 referring to incentive step-down requirements; (3) Modify D.19-09-027 and D.20-01-021 to allow projects using general market and equity budget storage incentives to choose the incentive step-down structure adopted in D.16-06-055 if the customer does not plan to island or provide backup power during electrical outages and, as a result, does not wish to undertake the eight measures adopted in the same decisions to ensure safe islanding during outages (the eight safety measures adopted in D.19-09-027 and D.20-01-021 remain required for all projects using equity resiliency or general market resiliency adder incentives); (4) Deny CALSSA's request to modify D.19-09-027 to remove system sizing limits that establish incentive levels for general market energy storage systems designed to provide backup capability; and (5) Modify D.20-01-021 to grant automatic eligibility for equity resiliency budget incentives to all homeless shelters, food banks and independent living centers if they are located in a Tier 2 or Tier 3 High Fire Threat District or their electricity was shut off during two or more discrete Public Safety Power Shutoff events.

Other Filings:

None.

Voting Meetings:

The Commission will hold a voting meeting on June 25. The following items are on the agenda for that meeting:

Item 11: R.17-09-020/R19-11-009. Proposed Decision on rehearing of D.19-10-021, and on track one proposals in R.19-11-009 concerning import resource adequacy requirements. The proposed decision would require non-resource specific import RA to meet the following requirements: (1) The contract is an energy contract with no economic curtailment provisions; (2) The energy must self-schedule (or in the alternative, bid in at levels between negative

¹ Per 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 twenty days after the draft resolution appears in the Commission's daily calendar, per Rule 14.5.

\$150/MWh and \$0/MWh) into the day-ahead and real-time CAISO markets for delivery; (3) The energy must self-schedule (or in the alternative, bid in at levels between negative \$150/MWh and \$0/MWh) during the Availability Assessment Hours throughout the RA compliance month, consistent with the MCC buckets; and (4) The energy contract must include the following terms: a. The sale of energy to the LSE denominated in \$/MWh or \$/kWh; b. That the sale of energy delivery is to the LSE specifically, not to the CAISO generally; and c. A requirement that the import is not sourced from resources internal to the CAISO Balancing Area.

Item 18. R.19-11-009. Proposed decision would adopt local capacity requirements for 2021-2023 and flexible capacity requirements for 2021 applicable to Commission-jurisdictional load serving entities. This decision would also adopt the following refinements to the Resource Adequacy program: (1) a new optional QC counting convention is adopted for dispatchable hydro resources, (2) a new QC counting convention for hybrid and co-located resources (including at least one energy storage device) subject to ITC charging restrictions, (3) new testing requirements for third-party DR resources procured by non-LSEs, (4) revises the maximum cumulative capacity (MCC) buckets, (5) increases a shaped system penalty price that is \$8.88/kW-month in summer months (May to October) and \$4.44/kW-month in non-summer months for system capacity shortfalls, and (6) caps EFC for storage resources at two times the QC.

Commission workshops

June 24, 2020, 1 p.m. to 3:30 p.m. Public Webinar: Interconnection Discussion Forum Quarter 2-2020.

June 30, 2020, 9 a.m. to 4 p.m. Public Webinar: 2020 Demand Response Auction Mechanism (DRAM) Refinements Workshop.

California Independent System Operator

Upcoming Meetings and Deadlines:

System Market Power Mitigation, Draft Final Proposal. The California ISO will hold a public stakeholder web conference on June 24, 2020, to discuss the draft final proposal for the System Market Power Mitigation initiative. Written comments are due July 14.

Resource Adequacy Enhancements. Comments on the Resource Adequacy Enhancements working group presentation on June 10 are due on June 24, 2020.

California Energy Commission

On June 19, 2020, the California Energy Commission (CEC) published a [notice](#) regarding a public workshop related to offshore wind energy off the Central Coast of California. The workshop is part of the Bureau of Ocean Energy Management (BOEM) California Intergovernmental Renewable Energy Task Force (California Task Force) and is a follow-up to the [Outreach on Additional Considerations for Offshore Wind Energy off the Central Coast of](#)

[California](#) presented to the California Task Force during the [March 9, 2020 California Task Force meeting](#). The purpose of the public workshop is to take public comment on potential additional offshore wind energy locations off the Central Coast of California. The workshop will be held remotely on July 1, 2020 at 10:00 a.m. Written comments are due by 5:00 p.m. on July 31, 2020.

California State Water Resources Control Board

On June 19, 2020, the State Water Resources Control Board (State Water Board) published a [third revised public notice](#) changing the date of the State Water Board meeting wherein the State Water Board will conduct a public hearing and consider adoption of a proposed amendment to the Water Quality Control Policy On the Use of Coastal and Estuarine Waters for Power Plant Cooling (“OTC Policy”). The State Water Board meeting will now be held on September 1, 2020 at 9:30 a.m. According to the notice, no changes were made to the public comment period, which ended on May 18, 2020. For more details about the amendment, please visit the State Water Board [program page](#).

Minnesota Public Utilities Commission

COVID-19 Dockets

Previously, the Minnesota Public Utilities Commission (the “Commission”) initiated its own investigation into the impacts of the COVID-19 pandemic on utility service. Building off of that, several Minnesota utilities (the “Joint Petitioners”) also filed a request for deferred accounting to allow tracking of COVID-19-related expenses for potential cost recovery. Ultimately, at a Commission hearing in early May 2020, in a procedurally unusual proceeding, the Commission approved the Joint Petitioners’ request for deferred accounting, prior to stakeholders filing comments.

At the same hearing, the Commission also responded to a policy memorandum circulated by Commissioner Sullivan. In the memorandum, Commissioner Sullivan requested that the Commission open a new docket to explore various ways utilities may “accelerate investments” and aid recovery from the COVID-19 pandemic. Commissioner Sullivan’s idea was unanimously approved by the Commission, which opened a docket, MPUC Docket No. E, G999/CI-20-492, allowing utilities to file reports pursuant to Commissioner Sullivan’s memorandum. The initial reports were due on June 17, 2020. Reports were filed by Minnesota Power, Xcel Energy (“Xcel” or the “Company”), Dakota Electric Association, Greater Minnesota Gas, Minnesota Energy Resources Corporation, Otter Tail Power Company, CenterPoint Energy, Great Plains Natural Gas Company, and Northwestern Wisconsin Electric Company. Both Xcel’s and Minnesota Power’s reports are summarized below.

Xcel’s [Report](#) outlines: (1) previous actions it took; and (2) additional investments Xcel proposes to make or accelerate to further support economic recovery after COVID-19. Though Xcel details the steps it is already taking, the essential parts of the filing are the Company’s future proposals. Xcel notes that its initial proposal includes nearly \$3 billion in utility investments, of which about half are incremental to the Company’s five-year plan. The Report provides an

overview of a suite of investments, including transmission and distribution projects, gas investments, and various clean energy projects. The clean-energy-projects proposals contemplate various solar projects as well as additional electric vehicle proposals. Additionally, the Report discloses that, for the second year in a row, Xcel will attempt to avoid litigating a rate-case petition with the Commission (Xcel successfully withdrew its 2019 rate-case filing after the Commission approved an alternative proposal centered around various financial true-up mechanisms).

Similarly, Minnesota Power also filed its [Report](#) on June 17, 2020. In its Report, Minnesota Power outlines various economic development, energy conservation, electrification, demand response, and solar energy efforts and future goals. Some of the specific proposals include: (1) revisions to the Business Development Incentive Rider to encourage economic development; (2) a suite of future electric vehicle pilot programs including a time-of-use-rate option, charger rebate programs, increased fast charger installations, and a potential mine truck electrification pilot; (3) continued exploration of demand response options including the potential expansion of industrial demand response to smaller industrial customers; (4) updates to the existing SolarSense program; and (5) accelerated utility-scale solar projects, seeking Commission approval to advance approximately \$40 million of new solar investments within Minnesota Power's service territory. Various stakeholders filed letters of support to accompany Minnesota Power's Report.

The Commission has not issued a notice of comment period for stakeholders to comment on the various utility reports, so it is unclear how the Commission intends to address the reports and the various utility-investment proposals contained therein. Given that each report contains information and proposals specific to each utility, standard practice is that the Commission will address specific investments in individual dockets. However, due to the unconventional nature of this proceeding, the Commission's forthcoming notice of comment period will inform stakeholders of how to proceed.

Lastly, on June 18, 2020, the Commission met to consider its own Inquiry into Actions by Electric and Natural Gas Utilities in Light of the COVID-19 Pandemic Emergency docket. The hearing focused on specific reporting requirements and various procedural issues, and there was general agreement amongst the stakeholders. Ultimately, the Commission established requirements for utilities': future reporting and notice, actions through the end of the Minnesota peacetime emergency, and publication and translation of specific documents. A written order is forthcoming.

Federal Energy Regulatory Commission

1. FERC [announced a technical conference on October 27](#) on offshore wind generation integration in RTOs/ISOs. The conference will address whether existing Commission transmission, interconnection, and merchant transmission facility frameworks in RTOs/ISOs can accommodate anticipated growth in offshore wind generation in an efficient and effective manner that safeguards open access transmission principles and to consider possible changes or improvements to the current framework should they be

needed to accommodate such growth. Commissioners may participate in the technical conference. Individuals interested in participating as panelists should submit a self-nomination form by [Friday, August 14, 2020](#).

2. FERC [announced a technical conference on September 30](#) on carbon pricing in organized wholesale electricity markets. The conference will address state adoption of mechanisms to price carbon dioxide emissions, commonly referred to as carbon pricing, in regions with Commission-jurisdictional organized wholesale electricity markets.
3. FERC staff published a [white paper](#) discussing a potential new framework for providing transmission incentives to utilities for cybersecurity investments.
4. Hundreds of comments were submitted to FERC in Docket No. EL20-42 in response to a petition by the New England Ratepayers Association that essentially requests that FERC end retail net metering by requesting that the Commission rule that FERC has exclusive jurisdiction over wholesale energy sales from generation sources located on the customer side of the retail meter and that such rates be priced in accordance with PURPA.
5. The Commission held an open meeting on June 18, 2020 and issued the following notable decisions:
 - a. EQR Updates: The Commission issued an order in Docket No. RM01-8-000 revising its Electric Quarterly Report (EQR) reporting requirements to require time zone information to be reported in connection with transmission capacity reassignments and clarify the information that should be reported in the EQR with respect to ancillary services, including black start service, and tariff-related information.
 - b. Notice of Inquiry on CIP Reliability Standards: The Commission issued a notice of inquiry in Docket No. RM20-12-000 requesting comments on certain potential enhancements to the currently effective Critical Infrastructure Protection (CIP) Reliability Standards; specifically, cybersecurity risks pertaining to data security, detection of anomalies and events, mitigation of cybersecurity events, and the potential risk of a coordinated cyberattack on geographically distributed targets.
 - c. ISO-NE Fuel Security: The Commission issued an order in Docket No. ER19-1428-003 accepting as a just and reasonable short-term solution ISO-NE's filing creating an Inventoried Energy Program to compensate resources for maintaining inventoried energy during the winter months of 2023-2024 and 2024-2025. Commissioner Glick dissented on the grounds that the inventoried energy program would result in payouts to nuclear, coal, and hydropower generators who are not expected to change their behavior as a result of the program.

The next Commission meeting is scheduled for [July 16, 2020](#).

