

REGULATORY UPDATE FOR AUGUST 23, 2021 (WEEK OF AUGUST 16)**CALIFORNIA PUBLIC UTILITIES COMMISSION**

PG&E Enhanced Oversight and Enforcement. On August 18, 2021, California Public Utilities Commission (CPUC or Commission) President Marybel Batjer sent a letter to Pacific Gas and Electric (PG&E) informing PG&E that President Batjer had directed CPUC staff to conduct a fact-finding review regarding a pattern of self-reported missed inspections and other self-reported safety incidents to determine whether to advance PG&E further within the Commission's enhanced oversight and enforcement process.

The Commission adopted the six-step enhanced oversight and enforcement process as a condition of its approval of PG&E's plan of reorganization. The six-step process is a series of increasingly stringent oversight and enforcement measures that are triggered based on specific criteria set forth in the process. The six steps are: (1) enhanced reporting, (2) Commission oversight of management and operations, (3) appointment of an independent third-party monitor, (4) appointment of a chief restructuring officer, (5) appointment of a receiver, (6) review of PG&E's certificate of public convenience and necessity (CPCN). The final step could result in the withdrawal of PG&E's CPCN and thus its authorization to continue to act as a public utility.

On April 15, 2021, the Commission adopted Resolution M-4852, which placed PG&E into the first step of the enhanced oversight and enforcement process based on the company's failure to sufficiently prioritize clearing vegetation on its highest-risk power lines as part of its wildfire mitigation work in 2020.

President Batjer's letter also notes that the Commission continues to investigate PG&E's part in causing three wildfires—the Kincadee fire, the Zogg fire, and the Dixie fire.

IRP Preferred System Portfolio. The assigned Administrative Law Judge issued a lengthy ruling on August 17, 2021 in R.20-05-003, the Commission's Integrated Resource Planning (IRP) proceeding, setting out a suggested Preferred System Portfolio (PSP) for the proceeding, including suggested resource portfolios through 2032, based on a greenhouse gas goal of 38 million metric tons. As part of the Commission's IRP process, all load-serving entities (LSEs) subject to the Commission's jurisdiction (investor-owned utilities, community choice aggregators, and energy service providers), submit individual resource plans setting out the resources those LSEs plan to rely upon and procure over a ten-year planning horizon. The LSEs submitted IRPs in September 2020, for a planning horizon through 2030. Once those plans are submitted, the Commission aggregates all of those plans and evaluates whether the aggregated plans meet the Commission's reliability and greenhouse gas requirements. Commission staff also worked with the California Energy Commission to include resources under existing contracts with publicly owned utilities, which are not under CPUC jurisdiction.

Commission staff then made two additional adjustments to the portfolio. First, staff added in the resource procurement ordered by the Commission in its June 2021 mid-term reliability decision (D.21-06-035), consisting of 11,500 MWs of net qualifying capacity. Then, because the PSP will be transmitted to the California ISO to be used for the reliability and

policy-driven base case scenario for the 2022-2023 transmission planning process, and that process also covers a ten-year planning horizon (through 2032), staff used modelling to select additional resources for the 2031-2032 period. This was necessary as LSE plans were only required to cover the period through 2030.

The Commission's analysis showed that the aggregated portfolios, with the addition of the mid-term reliability decision procurement, generally met reliability and greenhouse gas goals, only requiring the procurement of an additional 286 MW of utility scale solar to meet greenhouse gas emissions targets. The ruling suggested that this scenario be adopted as the PSP and transmitted to the California ISO for the 2022-2023 transmission planning process. The Commission staff also developed a number of other scenarios as alternate options for the PSP.

The proposed PSP includes a new resource buildout of 14,751 MWs of battery storage, 18,883 MWs of utility-scale solar, 3,553 MWs of wind, 1,500 MWs of out-of-state wind on new transmission, and 1,708 MWs of offshore wind, and 1,000 MWs of pumped hydroelectric storage by 2032. The proposed PSP will result in a portfolio that is 74% RPS-eligible and 87% greenhouse gas-free by 2032.

The ruling also poses numerous questions for parties to the proceeding, including questions about the need to accelerate the mid-term reliability procurement, and whether additional new fossil fuel fired resources are required. The Commission will hold a workshop on the ruling on September 1, 2021. Comments on the ruling are due September 27, 2021, and reply comments are due October 11, 2021.

New Proposed Decisions and Draft Resolutions¹

R.13-11-005 (Energy Efficiency). This decision adopts energy savings goals for ratepayer-funded energy efficiency program portfolios for 2022 – 2032, and provides updated guidance to program administrators for 2022-2023 budget advice letters and 2024-2027 applications.

R.14-07-002 (Net Energy Metering). This decision establishes a process to assess the continued need for an assistance fund for residential customers of the investor-owned electric utilities who have not received the expected benefits of their net energy metering solar installations either due to fraud, poor workmanship, or other violations of Contractors License Law, and where no other administrative remedy for consumer financial assistance is available. A working group will review the status of currently-appropriated funds to assist consumers and provide future data and recommendations to the Commission on the potential need for a new

¹ 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.

funding source. This consolidated proceeding is closed.

Voting Meetings

The Commission's next voting meeting is scheduled for September 9, 2021. The agenda for that meeting is scheduled to be published August 30, 2021.

The Commission held a voting meeting August 19, 2021. The agenda included the following energy-related items.

Item 2. A.19-07-021 (SCE 2017 Drought and Firestorm Recovery). This decision grants Southern California Edison Company (SCE) the authority it requests to recover the incremental expenses recorded in the Catastrophic Event Memorandum Account, incurred in 2017-2018 responding to catastrophic drought conditions, but denies without prejudice recovery of capital costs incurred in 2017 for responding to catastrophic firestorms. **Signed, D.21-08-024.**

Item 9. Draft Resolution E-5158. On October 31, 2019, Shell Energy filed a waiver request via Advice Letter (AL) 20-E for its 2020 year-ahead local Resource Adequacy (RA) requirement in three of the disaggregated PG&E Other local areas in compliance years 2020, 2021, and 2022. This Resolution grants the waiver for compliance years 2021 and 2022, but denies it for compliance year 2020. **Approved.**

Item 11. Draft Resolution E-5156. On October 31, 2019, 3 Phases filed a waiver request via AL 57-E for its 2020 year-ahead local RA requirement in two of the disaggregated PG&E Other local areas for compliance year 2021. This Resolution grants the waiver for compliance year 2021. **Approved.**

Item 12. Draft Resolution E-5157. On October 31, 2019, Pilot Power Group (Pilot) filed a waiver request via AL 52-E for its 2020 year-ahead local RA requirement in one of the disaggregated PG&E Other local areas in compliance years 2020, 2021, and 2022. On December 6, 2019, Pilot filed a supplemental AL 52-E-A to amend the local waiver AL 52-E pursuant to the Energy Division's deficiency notice. In AL 52-E-A, Pilot seeks waiver of an additional local area requirement in 2020. This Resolution grants the waiver for compliance years 2021 and 2022, but denies it for compliance year 2020. **Approved.**

Item 13. Draft Resolution E-5038. This Resolution approves maintaining the threshold for requiring telemetry for projects sized one (1) megawatt (MW) or greater, requires the implementation of certain technical requirements for telemetry, and directs PG&E, San Diego Gas & Electric Company (SDG&E), and SCE to continue development of a telemetry solution using the IEEE 2030.5 communications standards. **Approved.**

Item 14. R.20-05-002 (Climate Credits). This decision reviews the current customer climate credits the State provides through the California Air Resources Board's (CARB's) Cap-and-Trade Program and adopts revisions to ensure that the credits are compliant with current statute and regulation and streamlines certain existing processes. This decision determines the volumetric dispersion of the small business California Climate Credit and the volumetric

dispersion of residential California Climate Credit for Bear Valley Electric Service (Bear Valley) customers do not currently comply with CARB's Cap-and-Trade Regulation. This decision modifies the small business California Climate Credit to be a flat rate approach mirroring the other investor-owned utilities' residential California Climate Credit. This decision directs Bear Valley to utilize the same allocated allowance auction proceeds distribution methods for Emissions Intensive Trade-exposed (EITE), small business, and residential customers as other investor-owned utilities. This decision directs, if and when CARB implements an adopted process to obtain sole responsibility for crediting large EITE facilities to minimize leakage associated with Cap-and-Trade Program costs in purchased energy, the transition procedure recommended in the Staff Straw Proposal on Electric Investor Owned Utility Cap-and-Trade Program Allowance Proceeds Use and updated in Appendix A of this decision be instituted. With respect to the California Industry Assistance for small and medium as well as large EITE facilities, this decision 1) amends the dollar conversion factor formula to eliminate the need for the true-up process; and 2) replaces the existing emissions factors with emission factors calculated by CARB as part of R.20-05-002 the calculation of the allowance allocations for CARB's California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation. For small and medium EITE facilities only, this decision continues the existing once-per-compliance-period self-attestation auditing requirements for 2021-2030. Further, Energy Division will retain responsibility for calculating small and medium EITE facility credits. The current distribution of the residential California Climate Credit in April and October is retained. However, San Diego Gas & Electric Company will retain its August and September distribution through 2022, which will allow for the completion of the two-year (2020-2021) summer distribution pilot approved in Decision (D.) 19-12-002, a Commission review of the two annual reports and a subsequent determination on the continuation of the summer distribution. This decision authorizes Energy Division to hold and host a workshop on August 30, 2021, to discuss updates to Templates D-1 through D-5 of Appendix D of D.14-10-033 (as modified by D.14-10-055 and D.15-01-024), needed to align with changes in this decision. To ensure California Climate Credits are able to adapt to new energy challenges and opportunities, this decision authorizes the Commission Energy Division to solicit informal comments, when the need arises, and, depending upon the responses, may hold a workshop and, if necessary, propose a new rulemaking. Having resolved the issues in the scope of the proceeding, Rulemaking 20-05-002 is closed. **Signed, D.21-08-026.**

Item 15. Draft Resolution E-5163. This Resolution acknowledges SDG&E's failure to fully meet the Combined Heat and Power (CHP) procurement and emission reduction targets adopted in D.10-12-035 and modified in D.15-06-028. This Resolution orders SDG&E to conduct an additional CHP-only solicitation in 2021. **Approved.**

Item 30. Draft Resolution WSD-020. This Resolution ratifies the Action Statement of the Office of Energy Infrastructure Safety approving SCE's 2021 Wildfire Mitigation Plan Update pursuant to Public Utilities Code Section 8386. **Approved.**

CALIFORNIA ISO

2022 Net Qualifying Capacity and Effective Flexible Capacity Values for Resource Adequacy Resources

The California ISO has posted the preliminary 2022 Resource Adequacy Net Qualifying Capacity (NQC) and Effective Flexible Capacity (EFC) lists. Scheduling coordinators are requested to review their information and submit comments by Sept. 10, 2021, for EFC and NQC.

Additional Significant Event Capacity Procurement Mechanism Designations

The California ISO issued an additional Capacity Procurement Mechanism designation to a resource for an additional 63 MW of capacity, effective as of September 1, 2021.

Stakeholder Initiatives: Upcoming Meetings and Deadlines

New Initiative: 2021 Contract Management Enhancements. The California ISO has launched a new initiative called 2021 Contract Management (COMA) Enhancements. Comments on the issue paper and straw proposal are due by August 31, 2021. This initiative will update and clarify a number of policies related to generator interconnection contracts. These changes include the topics: the ISO as an affected system pro forma study agreement, clarify and expand retirement and repower language, aligning modification timelines among the various study processes, allow asynchronous projects to convert to 100 percent storage, revise the droop and dead-band for asynchronous generators, and adjust the effective date of the Generator Interconnection Study Process Agreement. The policy updates will impact Tariff section 25, Appendix DD, Appendix U, Appendix EE, and Appendix FF.

New Initiative: Clarifications to Reliability Must-Run Designation Process. The California ISO has launched a new initiative called Clarifications to Reliability Must-Run (RMR) Designation Process. Comments on the issue paper are due by August 31, 2021. Through this initiative, the primary type of RMR designation will be determined when both local and system reliability need exists simultaneously.

Maximum Import Capability Enhancements: Revised Straw Proposal. The California ISO held a public stakeholder call on August 11, 2021 to discuss the revised straw proposal for the Maximum Import Capability Enhancements initiative. Comments are due by August 25, 2021.

Hybrid Resources Phase 2b. The California ISO will hold a stakeholder call on August 26, 2021 to discuss the second revised draft tariff language for Phase 2(b) the Hybrid Resources initiative.

EIM Resource Sufficiency Evaluation Enhancements Straw Proposal. The California ISO has scheduled a stakeholder call on August 23, 2021, to discuss the straw proposal for the EIM Resource Sufficiency Evaluation Enhancements initiative. Written comments on the proposal and meeting discussion are due September 8, 2021.

CALIFORNIA ENERGY COMMISSION

2021 IEPR. As part of the 2021 Integrated Energy Policy Report (2021 IEPR) process, on August 24, 2021 the CEC will host two sessions of a workshop regarding the evolving role of energy efficiency in achieving California's decarbonization goals (CEC Docket 21-IEPR-06). The first session will begin at 9:30 a.m. and the second session is scheduled to begin at 1:30 p.m. Additional information regarding the workshop, including remote attendance instructions, is available [here](#).

The CEC will host another 2021 IEPR workshop on August 30, 2021 at 1:00 p.m. regarding natural gas forecasting efforts and preliminary results as part of the state's long-term energy planning efforts (CEC Docket 21-IEPR-05). Additional information regarding the workshop, including remote attendance instructions, is available [here](#).

Lastly, the CEC recently announced that a third IEPR workshop will be held on August 31, 2021. The workshop will examine the role of renewable natural gas (RNG) as an energy source for California's clean energy future. The workshop will be held in two sessions on Tuesday, August 31, 2021, as follows:

10:00 a.m. [Session 1](#): RNG Supply, Availability, and Price in California

2:00 p.m. [Session 2](#): Policy Approaches for RNG

For additional information about the 2021 IEPR and upcoming events related thereto, please visit <https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report/2021-integrated-energy-policy-report>.

CEC Business Meetings. During the August 17, 2021 CEC Business Meeting, the Commission adopted two orders specifically related to the July 30 Emergency Proclamation. The orders set forth (i) an expedited process for approval of petitions for changes to facilities licensed by the CEC, and (ii) an emergency approval process for new facilities greater than 10 MW. In each case, the orders only apply to facilities that will contribute to reducing the energy shortfall by October 31, 2021.

The next CEC Business Meeting is scheduled for September 8, 2021.

Energy System Reliability (21-ESR-01). The CEC will host a workshop on August 30, 2021 to provide an update on actions to support electric grid reliability, including the Midterm Reliability Analysis and incremental efficiency improvement potential for natural gas power

plants. The workshop is scheduled to begin at 9:30 a.m. Please visit the [event page](#) for additional information as well as remote attendance instructions.

Building Decarbonization. The CEC's Final Commission Report: California Building Decarbonization Assessment, Publication No. CEC-400-2021-006, is now available [here](#).

CALIFORNIA AIR RESOURCES BOARD

On August 24, 2021, the California Air Resources Board (ARB) will hold a virtual workshop on the AB 617 Community Emissions Reduction Plan for the Portside Community in San Diego. Information on the workshop is available [here](#).

On August 26, 2021, ARB is hosting a virtual meeting of the Assembly Bill (AB) 32 Environmental Justice Advisory Committee. A link to the meeting is available [here](#).

On September 2, 2021, ARB will hold a virtual workshop on the draft Fourth Investment Plan for cap-and-trade auction proceeds. Additional information and registration for the workshop is available [here](#). Comments can be submitted on the Plan [here](#) until September 17, 2021.

On September 8, 2021, ARB will hold a virtual workshop on short-lived climate pollutants, as part of the [AB 32 Scoping Plan Update](#). Also as part of the Update, ARB is accepting comments on the technical workshop held August 17, 2021 on development of modeled scenarios to achieve carbon neutrality by 2045. The workshop recording is available [here](#) and comments can be submitted until September 3, 2021 [here](#). Recordings of other past AB 32 Scoping Plan Update meetings and workshops are available [here](#).

On September 9, 2021, ARB will hold a virtual [workshop](#) on the proposed [Advanced Clean Fleets](#) regulation, which aims to achieve a zero-emissions truck and bus California fleet by 2045. ARB is accepting informal public comments on the proposed regulation, which may be submitted [here](#) on or before December 31, 2021.

The next ARB Board meeting will be held virtually on September 9, 2021. The full meeting agenda will be made available [here](#) 10 days prior to the meeting. At the meeting, ARB will consider the Community Emissions Reduction Program for Eastern Coachella Valley, developed under the AB 617 Community Air Protection Program. Details of the draft Community Emissions Reduction Program are available [here](#) and comments on the draft Program can be submitted [here](#) on or before August 30, 2021.

On September 23, 2021, ARB will consider approval of two components of the State Implementation Plan (SIP) at a virtual meeting: the [Coso Junction PM10 Maintenance Plan](#) and the [Sacramento County PM10 Maintenance Plan](#). At the meeting, ARB will also hear an update on the 2018 PM 2.5 SIP for the San Joaquin Valley and consider a SIP revision to the 15 µg/m³ annual PM2.5 Standard. Notice of the San Joaquin Valley items is available [here](#).

OREGON

OPUC Approves PGE's Advice No. 21-11 Relating to the GEAR Program

Last Wednesday, the Oregon Public Utility Commission (OPUC) issued an order approving PGE's revisions to language in Schedule 55 Green Energy Affinity Rider (GEAR) program tariff. The advice filing was approved subject to several conditions including (i) alternative language that provides PGE an opportunity to review and address contract terms between a Customer Supplied Option (CSO) customer and third-party provider that may shift costs/risks to other utility customers and (ii) PGE must adhere to OPUC's competitive bidding rules while acquiring projects under the GEAR program (unless waived). The final order can be located [here](#).

OPUC Meetings this Week

On Tuesday, August 24 at 9:30 a.m. PST the OPUC will hold a public meeting to discuss a wide range of dockets LC 70 (related to PacifiCorp's 2019 Integrated Resource Plan), UM 1857 (related to Phase 2 of PacifiCorp's Battery Storage Potential Evaluation), and AR 631 (related to terms and procedures associated with Qualifying Facility Standard Contracts).

Later in the week on Thursday, August 26 at 1:30 p.m. PST the OPUC will hold a special public meeting to discuss the Staff's proposal for releasing additional capacity under Oregon's Community Solar Program. The meeting agenda can be located [here](#).

UTAH PUBLIC SERVICE COMMISSION

Request of Dominion Energy Utah to Expand Natural Gas Service to Goshen and Elberta, Utah (Docket No. 21-057-06)

On August 17, 2021, the Utah Public Service Commission approved a Settlement Stipulation that resolves the application of Dominion Energy Utah to extend natural gas service to Goshen and Elberta, Utah. By approving the stipulation, the Commission approved the extension of gas service, approved the proposed costs of the project, and approved Dominion Energy Utah's recovery of those costs through the existing Rural Expansion Tracker. The approval of this settlement stipulation follows the Commission's prior approval of Dominion Energy Utah's extension of natural gas service to Eureka, Utah.

Application of Dominion Energy Utah to Extend Service to Green River, Utah (Docket No. 21-057-12)

On August 5, 2021, Dominion Energy Utah filed an Application for Approval of Rural Natural Gas Infrastructure Development Project to Extend Service to Green River, Utah. In the Application, Dominion Energy Utah seeks approval from the Utah Public Service Commission to purchase an existing gas line currently owned by a third party, and then, to use that acquired gas line and additional infrastructure to be constructed to extend natural gas service to Green

River, Utah. Dominion Energy Utah also seeks to recover its costs for the project through the existing Rural Expansion Tracker. The matter has been scheduled for hearing on December 16, 2021.

Application of Rocky Mountain Power to Establish Export Credits for Customer Generated Electricity (Docket No. 17-035-61)

On October 30, 2020, the Utah Public Service Commission issued an order approving an expert credit rate (“ECR”) and other modifications to Rocky Mountain Power’s proposed Electric Service Schedule No. 137, Net Billing Service. In the Order, the Commission found it just and reasonable to update the ECR annually, and invited comments and reply comments on the concept of an annual update from interested parties. On August 11, 2021, and after an extended comment period, the Utah Public Service Commission approved Rocky Mountain Power’s Schedule 137 update filing, and ordered that Rocky Mountain Power shall provide an annual update of its Schedule 137 ECR 30 days prior to the target effective date of the updated ECR. The annual update will incorporate 12 months of data ending the prior June 30.

Rocky Mountain Power’s Application for Alternative Cost Recovery for Major Plant Additions of the Pryor Mountain and TB Flats Wind Projects (Docket No. 21-035-42)

On August 2, 2021, Rocky Mountain Power filed its Application for Alternative Cost Recovery for the Pryor Mountain and TB Flats wind projects. Through the application, Rocky Mountain Power seeks to recover certain costs for its Pryor Mountain and TB Flats Wind Projects that were not permitted to be recovered through updated rates approved in 2020. The Commission has set the matter for hearing on November 30, 2021.

WASHINGTON

Puget Sound Energy (PSE) Granted Extension for Clean Energy Implementation Plan (CEIP) Filing

Under WAC 480-100-640(1), each electric utility is required to submit a Clean Energy Implementation Plan (CEIP) to fulfill certain objectives outlined in Washington’s Clean Energy Transformation Act. The CEIP is due by October 1, 2021 and every four years thereafter. Last Thursday, the Washington Utilities and Transportation Commission (WUTC) issued an order allowing PSE to file its draft CEIP by October 15, 2021 and its final CEIP by December 17, 2021 in order to provide stakeholder groups with more time to provide input.

FEDERAL ENERGY REGULATORY COMMISSION

The Federal Energy Regulatory Commission (FERC) takes a recess in August, so FERC’s next monthly meeting is September 23, 2021.

FERC will hold a staff-led [technical conference](#) on September 14, 2021 addressing energy and ancillary services markets administered by the RTOs/ISOs. The technical conference will

discuss potential energy and ancillary services market reforms, such as market reforms to increase operational flexibility, that may be needed as the resource fleet and load profiles change over time.

FERC's annual Commissioner-led [reliability technical conference](#) will take place on September 30, 2021.