

REGULATORY UPDATE FOR DECEMBER 14 (WEEK OF DECEMBER 7)**California Public Utilities Commission****New Proposed Decisions and Draft Resolutions:¹**

Proposed Resolution E-5117. This Resolution approves San Diego Gas & Electric Company's (SDG&E) request to procure 124 megawatts (MW) of nameplate energy storage capacity to satisfy the procurement requirements ordered in D.19-11-016, comprised of Resource Adequacy contracts for LS Power's 10 MW Vista Energy Storage Project and Terra Gen's 50 MW Valley Center Energy Storage Project and a power purchase agreement for Terra Gen's 54 MW Valley Center Energy Storage II Project. All three contracts are for a term of 15 years. The Resolution also denies approval of two 20 MW Fluence energy storage projects (Melrose Energy Storage and Kearney Energy Storage) that were to be utility-owned.

R.18-07-003 (RPS Proceeding). This decision authorizes Pacific Gas and Electric Company (PG&E) not to hold an annual RPS procurement solicitation for new resources in 2021, and allow it to have a minimum of two RPS sales solicitations in 2021 for short-term deliveries in 2021 and 2022. It also approves the draft 2020 RPS plans, with modifications, of PG&E, Southern California Edison (SCE), and SDG&E. The decision authorizes SDG&E to hold a solicitation in 2021 for short and long-term deliveries, and grants SCE the option of holding a solicitation in 2021 if the IRP process determines a need. This decision also accepts, with modifications, the draft 2020 RPS Procurement Plans filed by other retail sellers of electricity subject to California's RPS program.

Voting Meetings:

The Commission's next voting meeting will be held on December 17, 2020. The agenda includes the following items:

Item 4: A.19-02-015 (Renewable Natural Gas Tariff). This proposed decision adopts a three-year voluntary pilot Renewable Natural Gas Tariff program for Southern California Gas Company and SDG&E (the Utilities). The Utilities are authorized to offer this program to their respective eligible core customers.

Item 8: A.19-07-006 (SDG&E EV High Power Charging Rate). This decision approves with modifications a proposal by SDG&E for a new rate for separately-metered electric vehicle charging loads with an aggregated maximum demand of 20 kilowatts or greater, excluding single-family residential customers.

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

Item 11: R.19-07-017 (Wildfire Fund Non-Bypassable Charge). This decision directs the large electrical corporations to charge a Wildfire Fund Non-Bypassable Charge of \$0.00580/kilowatt-hour to customers pursuant to Decision (D.) 19-10-056, and establishes the process for considering the amount of the annual Wildfire Fund Non-Bypassable Charge going forward.

Item 15: R.18-12-006 (Vehicle Electrification). This decision adopts elements of a Transportation Electrification Framework staff proposal regarding utilization by the large electrical corporations of certain proceeds they earn through the Low Carbon Fuel Standard program. The large electrical corporations are directed to spend certain Low Carbon Fuel Standard proceeds in accordance with the guidance and regulations established by the California Air Resources Board and the Commission. The large electrical corporations are also directed to file their plans for Low Carbon Fuel Standard expenditures as a Tier 2 Advice Letter, and coordinate their marketing, education, and outreach activities related to their Low Carbon Fuel Standard projects with other transportation electrification initiatives.

Item 17: Resolution E-5110. This Resolution adopts with modifications PG&E, SCE, and SDG&E's 2022 Demand Response Auction Mechanism (DRAM) Request for Offers and Contract Language, with the solicitation to be conducted in Q1 of 2021, resulting in Resource Adequacy contracts for third party Demand Response resource capacity to be delivered in 2022. This Resolution approves several proposals for technical improvements in the DRAM design, rejects or defers some of the refinement proposals, and clarifies certain contract implementation issues based on existing Commission decisions, including a significant correction by the Energy Division to capacity invoice payment calculation in the 2022 DRAM pro forma.

Item 18: A.20-07-009 (SDG&E PCIA). This proposed decision authorizes SDG&E to increase Power Charge Indifference Adjustment (PCIA) rates on departing load customers to recover an undercollection of \$8.92 million. The temporary rate increase will begin January 1, 2021 and end December 31, 2021.

Item 19: R.18-12-006 (Vehicle Electrification). This decision adopts strategies and metrics to further the integration of electric vehicles as electrical grid resources, and fulfills obligations imposed on the Commission by Senate Bill 676.

Item 23: R.13-02-008 (Biomethane Standards). This decision adopts with modification the standard renewable gas interconnection and operating agreement.

Item 39: A.20-07-004 (SCE ERRA Forecast). This decision approves SCE's total 2021 Energy Resource Recovery Account (ERRA) electric procurement cost revenue requirement forecast of \$4,454.131 million, consisting of both a generation service component and a delivery service component.

Item 40: A.19-05-007 (SDG&E 2018 ERRA Approval). This decision approves entries and costs recorded in the ERRA and other accounts as appropriate and correctly stated, and finds that SDG&E's procurement of greenhouse gas compliance instruments during the Record Year is consistent with Commission directives. The decision orders return of the 2018 overcollection in

the Local Generation Balancing Account to ratepayers in SDGE's ERRA forecast application for 2021.

Item 42: A.20-04-014 (SDG&E Revenue Requirements). This decision adopts a 2021 forecast electric procurement revenue requirement for SDG&E of \$1,161.437 million. The proposed decision also adopts a 2021 forecast Tree Mortality Non-Bypassable Charge revenue requirement. In addition, this decision approves SDG&E's 2021 (1) forecast GHG allowance revenues of \$115.84 million and its adjusted forecast GHG allowance revenues eligible to return to customers of \$96.03 million, (2) forecast GHG clean energy/energy efficiency program set-asides of \$17.77 million, including \$16.74 million for the Solar on Multifamily Affordable Housing program and \$1.03 million for the Disadvantaged Communities Single Family Solar Homes program, (3) forecast GHG revenue returns of \$(1.66) million to small business and \$(0.84) million to emissions-intensive trade-exposed retail customers, (4) forecast GHG administration, customer education, and outreach plan costs of \$45,133, (5) forecast revenue returns to residential customers via the California Climate Credit of \$(93.54) million, and the associated semi-annual California Climate Credit of \$34.60 per household, (6) proposed PCIA rates, and (7) proposed rate components for the Green Tariff Shared Renewables program.

Item 44: A.20-07-002 (PG&E ERRA Forecast). This decision adopts the following PG&E forecasts and proposals, as modified: (1) 2021 forecast of electric sales; (2) 2021 forecasted energy procurement revenue requirements to be effective in rates on or after January 1, 2021; (3) GHG allowance revenue return forecast and costs; (4) 2021 Green Tariff Shared Renewables and Enhanced Community Renewables rate design proposals; (5) proposals to credit customers for the 2019 and 2020 ERRA overcollections; and (6) proposal to refund the 2020 balance of the PCIA Undercollection Balancing Account to bundled customers.

2021 Revenue Requirement (millions): ERRA \$2,666; Ongoing Competition Transition Charge \$3; PCIA \$2,233; Cost Allocation Mechanism \$262; Tree Mortality Non-Bypassable Charge \$66; ERRA PCIA Financing Subaccount Credit (\$14); Revenue Requirement for Rate Setting \$5,107; less: Utility Owned Generation Related Costs (\$2,250). Total \$2,965.

2021 GHG Revenue Return, Costs, and Set-Asides (millions): GHG Administrative and Outreach Expenses \$0.85; 2020 Solar on Multifamily Affordable Housing (SOMAH) Set-Aside \$20.86; 2016-2019 SOMAH True-Up Set-Aside \$4.45; 2021 Clean Energy and Energy Efficiency Programs Set-Aside \$42.45; Net GHG Revenue Return \$202.40; Semi-annual Residential California Climate Credit \$17.20.

Item 50: R.20-05-003 (IRP). This decision adopts requirements for all load-serving entities (LSEs) required to procure electric capacity by D.19-11-016, that did not opt out of providing their assigned capacity, to file bi-annual updates of their procurement progress relative to contractual and procurement milestones defined in this decision. The compliance filing information is required on February 1 and August 1 of 2021, 2022, and 2023. The decision also lays out general criteria for Commission staff to use in reviewing the procurement information provided by LSEs. After review of contractual progress of all LSEs self-providing capacity toward the D.19-11-016 procurement requirements, Commission staff are required to bring a resolution before the Commission for a vote, recommending initiation of backstop procurement

by particular investor-owned utilities if the procurement activities of other self-providing LSEs with customers in their service territory are determined to be falling short of procurement goals. The details of the cost allocation of any backstop procurement required by the Commission will be addressed in a subsequent decision.

Item 51: Resolution UED-004. This Resolution approves a citation program for enforcing the Net Energy Metering interconnection application consumer protection requirements enacted in D.16-01-044, D.18-09-044, and D.20-02-011.

California Independent System Operator

Upcoming Meetings and Deadlines:

Board of Governors Meeting. California Independent System Operator (ISO) Board of Governors will meet on December 16 and 17, 2020. Agenda is available here: http://www.caiso.com/Documents/Agenda-BoardofGovernorsMeeting-Dec16-17_2020.pdf.

Review of Final 2021 RA Compliance Filings and Determination of Deficiency. The California ISO has posted its aggregate assessment of the annual Resource Adequacy (RA) plans submitted by LSEs along with the reliability-must-run units designated by the ISO for 2021. LSEs may submit revised annual RA plans by close of business December 14, 2020.

Western EIM Governance Review: Revised Straw Proposal. The Western Energy Imbalance Market (EIM) Governance Review Committee is hosting a general session teleconference meeting on December 18, 2020, to discuss the revised straw proposal for the Western EIM Governance Review. The proposal will be available prior to the meeting on the dedicated initiative page.

California Energy Commission

On December 4, 2020, the California Energy Commission (CEC) held a remote-access workshop jointly with the California Public Utilities Commission (CPUC) and California Air Resources Board (CARB) to discuss the draft 2021 Senate Bill (SB) 100 Joint Agency Report. SB 100 established a policy requiring that renewable energy and zero-carbon resources supply 100% of electric retail sales to end-use customers and 100% of electricity procured to serve state agencies by December 31, 2045. SB 100 requires the CEC, CPUC, and CARB to complete a joint agency report to the Legislature evaluating the 100% zero-carbon electricity policy by January 1, 2021, and at least every four years thereafter.

While oral comments were accepted during the December 4, 2020 workshop, written public comments are being accepted until 5 p.m. on December 18, 2020. See the [SB 100 Joint Agency Report webpage](#) for additional details, including a copy of the 2021 SB 100 Joint Agency Report and the 2021 Joint Agency Report Workshop Presentation, as well as a link to the SB 100 docket log (CEC Docket No. 19-SB-100).

On December 22, 2020, during its business meeting, the CEC will consider and possibly vote on proposed amendments to the regulations governing enforcement of the Renewables Portfolio Standard for local publicly owned electric utilities. Notice of the hearing and the CEC's latest round of revisions to the proposed amendments are available [here](#).

California Air Resources Board

Liane Randolph has been appointed by California Governor Gavin Newsom to serve as Chair of the California Air Resources Board. Randolph has been a Commissioner at the California Public Utilities Commission since 2015. Among her other positions with public agencies and in private practice, Randolph was Deputy Secretary and General Counsel at the California Natural Resources Agency from 2011 to 2014. Commissioner Randolph will succeed Mary Nichols as the Chair of the California Air Resources Board. Mary Nichols has held the position since 2007.

Minnesota Public Utilities Commission

Minnesota Power 2019 Rate Case

As a follow up to previous updates and after receiving approval from the Administrative Law Judge on November 24, 2020, the Minnesota Public Utilities Commission (Commission) approved Minnesota Power's request to withdraw its 2019 rate case.

Minnesota Power Energy-Intensive, Trade-Exposed (EITE) Extension Hearing

On December 11, 2020, the Commission issued a Notice of Commission Meeting for December 23, 2020, to analyze Minnesota Power's current EITE petition. Upon resolution of Minnesota Power's 2019 Rate Case and after comments from the parties, the Commission will determine whether to extend Minnesota Power's existing EITE rate until final rates are implemented in the Company's next general rate case.

Xcel Energy Dockets:

The Commission held two days of hearings last week on various Xcel Energy matters, including a rate case, a stay-out request, and motion to consolidate various dockets into the rate case. Local news coverage is available [here](#). The Commission will meet this Thursday, December 17, to determine whether to allow Xcel Energy to continue its proposed true-up mechanism or whether a full rate case is appropriate, and if the latter, what issues should be under consideration.

Federal Energy Regulatory Commission

Following her confirmation, Allison Clements was sworn in as a member of the Federal Energy Regulatory Commission (FERC) on December 8, 2020.

FERC has an open meeting scheduled for December 17, that is expected to address the following noteworthy matters:

1. A Notice of Proposed Rulemaking on Cybersecurity Incentives (RM21-3).
2. The Commission's denial of rehearing of its August order accepting PJM's revisions to Attachment M-3 of its tariff that identified and included Asset Management Projects within the existing planning procedures and included procedures for the identification and planning for end-of-life needs (ER20-2046) and an associated docket to revise PJM's Operating Agreement (ER20-2308).
3. Action on a Notice of Inquiry regarding Virtualization and Cloud Computing Services issued in February under RM20-8.
4. Action on a Notice of Proposed Rulemaking issued in October to amend the definition of useful thermal energy output in § 292.202 of FERC's regulations implementing PURPA to include thermal energy that is used by a Solid Oxide Fuel Cell system with an integrated steam hydrocarbon reformation process for production of fuel for electricity generation (RM21-2).