

**REGULATORY UPDATE FOR JANUARY 4 (WEEK OF DECEMBER 28)**
**California Public Utilities Commission**
New Proposed Decisions and Draft Resolutions:<sup>1</sup>

A.20-06-005 (Southern California Gas Company Gas Cost Incentive Mechanism). This decision approves Southern California Gas Company’s (SGC) request for a shareholder reward of \$12,806,448 for Year 26 (2019-2020) of the company’s Gas Cost Incentive Mechanism performance. The California Public Utilities Commission’s (Commission) Public Advocates Office verified that SGC’s recorded gas costs were \$81,972,454 below the benchmark, which results in a reward of \$12,806,448 to SGC’s shareholders and a ratepayer benefit of \$69,166,005.

A.20-04-014 (SDG&E Procurement Revenue Requirement). Alternate Proposed Decision of Commissioner Guzman. The Proposed Decision concludes that the calculation of commodity rates is not within the scope of this proceeding but is within the scope of San Diego Gas & Electric Company’s (SDG&E) current general rate case proceeding, A.19-03-002. The Alternate Proposed Decision directs SDG&E to implement rates based upon its 2021 energy requirements sales forecast used to derive the ERRA revenue requirement in this proceeding.

Key Rulings and Filings

PG&E Advice Letter 6033-E. On December 22, 2020, Pacific Gas and Electric (PG&E) submitted a tier 3 advice letter seeking approval of six agreements resulting from PG&E’s 2020 System Reliability Request for Offers – Phase 2 (SR RFO – Phase 2). The table below summarizes the project name, technology type, expected initial delivery date, and term of the agreements.

Counterparty (Project Name)	Technology	Initial Delivery Date	Term (Years)	Size (MW)
Nexus Renewables U.S. INC (AMCOR)	Lithium Ion Batteries	8/1/2022	15	27
Lancaster Battery Storage, LLC (Lancaster Battery Storage)	Lithium Ion Batteries	8/1/2022	15	127
LeConte Energy Storage, LLC (LeConte Energy Storage)	Lithium Ion Batteries	8/1/2022	15	40
North Central Valley Energy Storage, LLC (North Central Valley Energy Storage)	Lithium Ion Batteries	8/1/2023	15	132

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<sup>1</sup> 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.

Daggett Solar Power 2, LLC (Daggett 2 BESS)	Lithium Ion Batteries	8/1/2023	15	46
Daggett Solar Power 3, LLC (Daggett 3 BESS)	Lithium Ion Batteries	8/1/2023	15	15

R.20-11-003 (Summer 2021 Reliability). On December 28, 2020, the assigned commissioner issued a ruling directing PG&E, Southern California Edison, and SDG&E to seek contracts for additional capacity to be available by summer of 2021 or 2022. The utilities are required to submit contracts for Commission consideration through the advice letter process, no later than February 15, 2021. Resource types that may be considered for procurement include incremental capacity from existing power plants through efficiency upgrades, revised power purchase agreements, etc.; contracting for generation that is at-risk of retirement; incremental energy storage capacity; and firm forward imported energy contracts. Resource adequacy only contracts or contracts that include tolling agreements may be proposed.

Voting Meetings:

The Commission’s next voting meeting is scheduled for January 14, 2021. The agenda is scheduled to be published January 4, 2021.

**California Independent System Operator**

Upcoming Meetings and Deadlines:

**Resource Adequacy Enhancements: Draft Final Proposal and Sixth Revised Straw Proposal.** The California ISO will hold public stakeholder calls on January 5-7, 2021 to discuss the draft final proposal and sixth revised straw proposal for the Resource Adequacy Enhancements initiative. Written comments on the draft final proposal and sixth revised straw proposal are due January 21, 2021.

**Market Enhancements for Summer 2021 Readiness: Scope and Schedule Overview.** The California ISO will hold a public stakeholder call on Market Enhancements for Summer 2021 Readiness on January 6, 2021 to review the scope and schedule for this initiative. Comments are due January 14, 2021.

**Status of Day-Ahead Market Enhancements and Extended Day-Ahead Market Initiatives.** The California ISO is postponing stakeholder activities on the Day-Ahead Market Enhancements and Extended Day-Ahead Market until the second quarter of 2021 to focus on other priorities related to summer 2021 readiness.

**BPM Change Management: Proposed Revision Requests and Updated BPMs.** The California ISO has announced the beginning of stakeholder review periods for new Proposed Revision Requests (PRRs) to Business Practice Manuals (BPM), the California ISO recommendations, and final decisions on previously submitted PRRs. The California ISO posted updated versions of BPMs on its BPM change management website.

### **California Energy Commission**

The California Energy Commission's next business meeting is scheduled for January 25, 2021. The agenda for business meetings is generally available about 10 business days prior to the meeting.

### **Minnesota Public Utilities Commission**

#### **Enbridge Line 3 Petition for Reconsideration:**

As a follow-up to a previous update outlining the Minnesota Public Utilities Commission (Commission) hearing on December 4, 2020 and the Commission's December 9, 2020 Order Denying Motion for Stay Pending Appeal, the Red Lake Band of Chippewa and the White Earth Band of Ojibwe (collectively, the Tribes) petitioned for reconsideration requesting that the Commission reconsider its decision denying the Tribes' November 25, 2020 Motion for Stay of the Line 3 Replacement Project Final Orders. The Commission met on December 23, 2020 to consider the Petition for Reconsideration. Ultimately, the Commission denied the Tribes' request to reconsider its prior order and issued a written order later that day.

#### **Minnesota Power Energy-Intensive, Trade-Exposed (EITE) Rate Extension:**

On December 23, 2020, the Commission met to consider Minnesota Power's August 31, 2020 petition seeking to extend the existing EITE Rate until final rates are implemented in its next general rate case. By way of background, the EITE Rate is a rate designed for specific users meeting the statutory definition of Energy-Intensive, Trade-Exposed as defined in Minn. Stat. § 216B.1696. After discussion among the Commissioners, the Commission granted Minnesota Power's request, extending the existing EITE Rate until final rates are implemented in Minnesota Power's next rate case, which is expected to be filed no later than November 1, 2021. In the event that Minnesota Power does not file a rate case by January 1, 2022, the existing EITE Rate will terminate and Minnesota Power is required to submit a filing by February 1, 2022, detailing its plan to wrap up the existing EITE Rate; however, if necessary, the February 1, 2022 filing may include a petition for a new iteration of the EITE Rate.

### **Federal Energy Regulatory Commission**

1. FERC's next open meeting is January 19, 2021.
2. Mark Christie was sworn in as the newest FERC Commissioner on January 4, 2021.